

# NAIT *Guideline*

FR 2.1

## Donations

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#### 1.0 Purpose

Donations represent an important supplemental resource which can contribute significantly to the Institute's ability to fulfill its mandate. This Guideline provides direction for Institute representatives with respect to the acceptability of donations and appropriate conduct during initial negotiations with potential donors.

#### 2.0 Responsibilities

The Vice President External Relations and CDO shall be responsible for the development, administration, and maintenance of Procedures to be implemented in compliance with these Guidelines.

The Vice President Administration and CFO shall be responsible for ensuring compliance with the rules and regulations of the Canada Revenue Agency when issuing a donation tax receipt and in recording any donation in the financial records of NAIT.

### 3.1 Definitions

#### **Gift or Donation**

Is a voluntary transfer of property without valuable consideration. Generally a gift or donation is made if all three of the conditions listed below are satisfied:

- some property, usually cash, is transferred by a donor to a registered charity;
- the transfer is voluntary; and
- the transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value.

#### **Receiving Business Unit**

The business unit or program which the potential gift or donation will benefit.

### 4.0 Factors affecting acceptability of non-cash donation (in kind)

The Program Chair or Manager of the receiving business unit shall, in consultation with their Dean/Director:

- 4.1 Ensure the potential donation is required and can be integrated into the Institute activities to provide a benefit to NAIT;
- 4.2 The potential donation can be used for its intended purpose when received;
- 4.3 Sufficient space and physical plant capacity (power, load bearing, etc.) is available or can be made available;
- 4.4 The receiving business unit has sufficient funds available to pay for the following as required to receive and put the donated items in operations:
  - 4.4.1 Independent appraisal costs, if an appraisal is required for issuance of a donation tax receipt, or for properly accounting for the gift or donation;
  - 4.4.2 Transportation and delivery costs;
  - 4.4.3 Installation costs, including additional power or construction.
- 4.5 In order to preserve the option of returning donated equipment or supplies to the donor, donations should not be put into service until all formal acceptance procedures are completed.

### 5.0 Terms and Conditions of Donation

The NAIT Advancement Office shall determine if the terms and conditions of the donor are acceptable to NAIT.

All gift in kinds that have the features of a lease (NAIT has use of the equipment for a limited period of time) must be reviewed and approved by the Vice President Administration and CFO in accordance with Section 5.6 "Leases" of the Capital Equipment Guideline, OA 6.18.

Negotiable instruments/securities will be transferred to NAIT's Investment Custodian to be negotiated and converted to cash within 30 days of receipt unless otherwise authorized by the Vice President Administration and CFO.

## **6.0 Recording Donated Equipment, Supplies and Services in NAIT's Financial Records**

The Vice President Administration and CFO, or designate, will ensure donated equipment, supplies and services are recorded in NAIT's financial records when the following conditions have been met, as required by Canadian generally accepted accounting principles:

- 6.1 A fair value for the equipment, supplies or services can be reasonably estimated;
- 6.2 The equipment, supplies or services are used in the normal course of the Institutes operations; and
- 6.3 The equipment, supplies or services would otherwise have been purchased.

## **7.0 Donation Tax Receipts**

- 7.1 The NAIT Advancement Office, in consultation with the Director, Corporate Services, shall be responsible for determining if the gift qualifies for a donation tax receipt in accordance with Canada Revenue Agency rules and regulations.
- 7.2 The value of the gift will be determined in accordance with Canada Revenue Agency rules and regulations, including the requirement to obtain an independent appraisal for items over \$1,000 for those items where NAIT does not have the information or expertise available to obtain a valuation.
- 7.3 The NAIT Advancement Office will issue non-tax receipts for gifts that do not qualify as charitable donations under the Canada Revenue Agency rules and regulations, or for qualified gifts in which the donor requests a non-tax receipt.

## **8.0 Donor Recognition**

The donation to NAIT will be acknowledged and recognized through established donor recognition procedures. Gift valuation for NAIT's financial records may differ from the gift valuation used for public recognition purposes, with the reasons for the differences being clearly documented by the NAIT Advancement Office. Sufficient donor information is to be collected so that an appropriate acknowledgement can be given.

Donor recognition and tax receipts, if eligible, will be based on such appraisals.

Multi year pledges with appropriate donation agreements may be recognized in a single amount. NAIT formalized statements are subject to Auditor General interpretation and these donations may be reported on the balance sheet or in notes to the financial statements.

## **9.0 Non-arms Length Transactions**

There may be occasions when donations are made to the Institute in non-arms-length transactions (e.g. employee donations, private companies with which an employee is connected, company donations which are linked to Institute purchasing decisions). In these circumstances, the Institute Policy and Guideline on Conflict of Interest, should be consulted, and the appropriate Dean/Director advised.

## **10.0 Matching Grant**

Donations received by the Institute may be eligible for matching grant consideration by the Provincial Government, when such programs are available. When considering a donation for acceptance, no commitment can be given to the donor that the donation will receive matching grant funds. Where the issue of matching grant eligibility is important to the donor, direction is to be sought from the Vice President External Relations and CDO and Vice President Administration and CFO.

The Vice President Administration and CFO is responsible for reporting all donations available for matching to the appropriate office of the Alberta Government.

## **11.0 Cash Donations**

Cash donations are subject to the conditions of this Guideline, except that they will be processed in accordance with established cash handling procedures.

*Author: Advancement Office and Corporate Services*