

# NAIT Procedure

FR 2.1

## Donations

Implementation Date: July 1, 2008

Replaces: December 20, 2006

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#### 1. Acceptance of donations of equipment, supplies or services:

- 1.1 When a potential donation has been identified or offered to NAIT, the donor shall be requested to provide a letter offering the donation and related details (see Appendix 1) including any conditions which the donor attaches to the donation. Sufficient information about the donor and donation should be provided to enable NAIT to properly acknowledge the donation.
- 1.2 The receiving unit shall initiate and complete a Donation to NAIT Form ("Form"), which can be secured from the NAIT Advancement Office. All required approvals must be obtained before the donation is accepted. If the donation is accepted, the form, along with the donor letter, should be forwarded to the Advancement Office.
- 1.3 The Dean/Director is to sign the donation form, acknowledging the following:
  - 1.3.1 The potential donation is required and can be integrated into the Institute activities to provide a benefit to NAIT;
  - 1.3.2 The potential donation can be used for its intended purpose when received;
  - 1.3.3 Sufficient space and physical plant capacity (power, load bearing, etc.) is available or can be made available;
  - 1.3.4 The receiving business unit has sufficient funds available to pay for the following as required to receive and put the donated items in operations:
    - 1.3.4.1 Independent appraisal costs, if an appraisal is required for issuance of a donation tax receipt, or for properly accounting for the gift or donation;
    - 1.3.4.2 Transportation and delivery costs;
    - 1.3.4.3 Installation costs, including additional power or construction.
    - 1.3.4.4 The form and a copy of the letter should be sent to the Advancement Office.

- 1.4 If the donation is not accepted by NAIT, then the Dean/Director or designate, of the area involved, shall write a letter of regret to the potential donor.
- 1.5 When the form is received by the Advancement Office, the staff will record relevant details (make a copy of the in-kind form) about the potential donation, and then forward the form to Materials Management.
- 1.6 Materials Management is responsible for obtaining a credible valuation of all non-cash donations (equipment, leases, supplies and services) based on the actual use of the donated item and the fair market value of the item for that use. This valuation will be used for financial record purposes and for donation tax receipt purposes, if required. Non-cash donations must be sent to Materials Management for valuation before they are put into use by the intended recipient. If the item is to be picked up by NAIT, the Logistics/Purchasing Manager shall be so advised on the Form.
- 1.7 If a potential donation is delivered to the intended recipient before being valued by Materials Management, the recipient shall ensure that the item is sent to Materials Management so that a valuation can be made, or shall notify the Logistics/Purchasing Manager that it is impractical to transfer the item. Materials Management shall arrange for a valuation to be made.
- 1.8 When Materials Management has determined a value for the donation, the Logistics/Purchasing Manager will document the value on the Form, which will be returned to the Accountant for the Advancement Office.
- 1.9 The Form is then provided to the Vice President Administration and CFO or designate, who will accept or reject the valuation based on the documentation made, determine the accounting treatment of the donation and if the donation is eligible for a donation income tax receipt..
- 1.10 All gifts in-kind 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. An Equipment Loan Agreement will need to be created at this time and signed by the Dean of the School and the Vice President Administration and CFO or his designate.
- 1.11 The Advancement Office, in conjunction with the receiving unit, will advise the donor of the results of the valuation and whether the item donated is eligible for an income tax receipt. If the donor concurs with the valuation and confirms the donation, the item can then be moved from Materials Management to the receiving unit.
- 1.12 If the donor does not concur with the valuation, the donor shall be requested to provide further documentation supporting their valuation, which will be reviewed by Materials Management and the Vice President Administration and CFO, or designate. If the donor continues to oppose the valuation, NAIT shall not accept the donation.
- 1.13 The Advancement Office will finalize the donation transaction by issuing the appropriate letter of recognition to the donor, and by preparing an income tax receipt, if required. A copy of the letter shall be sent to the receiving unit of the donation. Appropriate documentation shall be forwarded to Financial Services to properly record the donation in the financial records.
- 1.14 If additional recognition is required, the information will be forwarded to the Stewardship Officer for completion.

## **2. Acceptance of cash donations:**

- 2.1. If the potential donation is a cash or cheque donation, the Institute representative should initiate and complete a Cash Donation form available from the Advancement Office. This form, along with the cash donation, should then be delivered to the NAIT Advancement Office, which will prepare the appropriate recognition letter and income tax receipt. The Advancement Office shall make a photocopy of all cheques.
- 2.2. All cash and cheques should be deposited in the Cash Office as soon as possible after received.
- 2.3. Donations to be received over a number of future years shall be recorded as a Pledge Receivable in NAIT's financial records in accordance with Canadian generally accepted accounting principles.

*Author: Advancement Office and Corporate Services*

**Appendix 1 - Draft Letter From Donor**

(to be retyped on Donor's letterhead)

Date

NAIT  
 11762 - 106 Street  
 Edmonton, Alberta  
 T5G 2R1

Attention: Dean/Director of Program

Dear \_\_\_\_\_

I am pleased to donate the following to NAIT for use in the \_\_\_\_\_  
 program/department:

{The information below can be attached in a schedule if necessary}

Description of item(s):Serial Number(s):Value of each item (please indicated the basis of the valuation):Age of each item:Condition:Other Information:

The equipment is donated for use by the \_\_\_\_\_ program/department, subject  
 to the following conditions:

{Please list all conditions, including whether the item(s) can be used for commercial purposes or  
 restricted for educational use only.}

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Sincerely,

Donor Name