

# SILENT AUCTION / EVENT REQUIREMENTS

## Charity Auctions

- The right to participate in an auction to be held at a fundraising event will not be viewed as an advantage. A person donates something to be auctioned off. The value of the item they purchased can be receipted to them **if they provide the receipt for the purchase of the item.**
- A business donates one of their products to be auctioned off. The **net** value of the item can be receipted to the business. Example: The item they donate *sells* for \$400, but it *cost* them \$100, the receiptable amount is \$300. **Documentation must be provided to prove the value.**
- Someone donates a bicycle to a silent auction. The bicycle was purchased at Wal-Mart for \$200. At the auction, the winning bidder paid \$300 for the bicycle. The bidder would only be eligible for a receipt for the **\$100**. If the winning bid was \$200 or less, there is no receipt for the buyer.
- For auctions, we need a spreadsheet showing the retail value of the items donated to the auction, the receipt for that item for proof, the winning bid amount, and the resulting excess or shortfall, and the winning bidder's name, mailing address and phone number.
- **If the FMV (Fair Market Value) of the bicycle was not made known to bidders in advance of the auction, a receipt cannot be issued to the winning bidder.**

Item	Retail Value	Winning Bid Amount	Difference	Winning Bidder	Mailing address	Phone #
Bicycle	\$200	\$300	\$100	Joe Smart	Box 123 Outlook, SK	306-123-4567
Painting	\$300	\$100	(\$200)	Non-receiptable	N/A	N/A

## Events, Dinners etc

- An advantage is what a donor may receive in return for his or her donation (for example, a meal, tickets to a show), and it must be taken into consideration when determining the eligible amount of a gift for receipting purposes.
- If the value of the advantage is 80% or less of the fair market value of the donation, then a receipt may be issued for the difference.

For example, an individual donates \$100 to a TeleMiracle fundraiser, and in return they receive a ticket to an event. The tickets for that event usually sell for \$50. So...

Fair Market Value (FMV) of donation:	\$100
Fair Market Value (FMV) of advantage (ticket):	\$ 50
Intention to make a gift threshold (80% of FMV of donation)	\$ 80

Since the FMV of the ticket received by the donor is \$50 which is less than the 80% threshold, they are eligible for a **receipt of \$50** from TeleMiracle

If the ticket's FMV had been greater than the Intention (ie \$81 or more), then no receipt would be allowed.

- If the value of an advantage is not more than \$75 or 10% of the value of the donation, whichever is less, it is considered nominal, and it need not be deducted from the amount of the gift for receipting purposes. In the example above, if the ticket price \$5, then the ticket price would be considered nominal (lesser of either \$75 or 10% of \$100) and not deducted. Receipt would be issued for \$100.
- If the **FMV of the advantage** cannot be determined, a receipt **CANNOT** be issued.

If someone attends any kind of event, and pays **more** than the tickets price, they are eligible to receive a tax receipt for the amount they paid above the price of the ticket. For example, if they attend a dinner, the dinner ticket cost is \$30, but they give \$50 for their dinner ticket, they are eligible to receive a tax receipt for the extra \$20. And of course, in this case, a Fundraising Sheet (provided by our office) must be submitted with the names, **mailing** addresses and phone numbers of those that paid extra for their tickets.

### **Steak Nights**

If a group holds a dinner for which 500 tickets are sold for \$250 each.

A comparable meal could be purchased for \$100, before tax.

The total value of the door prizes is \$3,500. Based on 500 tickets sold, the value per ticket is \$7.

Each attendee receives a logo pen and a key chain with a total retail value of \$10.

The door prizes, the key chain and the logo pen are complimentary benefits or items provided to all participants for attending the fundraising dinner.

The total value of the door prizes and complimentary items is \$17 per ticket sold, which is less than the lesser of 10% of \$250 (\$25) and \$75. This means that by applying the nominal threshold, the value of the door prizes and the complimentary items will not be viewed as an advantage in determining the eligible amount. Determination of the eligible amount for this example:

Ticket Price:	\$250
Less Meal:	- \$100
Less Complimentary Items/Door Prizes:	- \$0
Eligible Amount:	\$150

### **Eligible Amount of Gift**

This is the amount by which the fair market value of the gifted property exceeds the amount of any advantage received or receivable as a result of the gift. This is the amount for which TeleMiracle can issue a receipt.

For example, a donation of \$1,000 is made to the Anytown Ballet Company, which is a registered charity. In gratitude, the charity gives the donor three tickets to a show that are valued at a total of \$150. The donor is considered to have received an advantage of \$150. Therefore, the eligible amount of the gift is \$850 (\$1,000 - \$150).

Donation to Anytown Ballet Company:	\$1,000
Gift from Anytown Ballet Co to donor:	- \$150
Receipt to donor:	\$850

### **Lotteries/raffles**

It is the CRA's view that participants in lotteries, while perhaps influenced in choosing which lottery they will participate in by the identity of the organizing charity, are primarily motivated by the chance to win the prizes that are offered. Therefore, while there may be an element of a gift in some cases, the amount of the advantage cannot be reasonably quantified. Accordingly, no part of the cost of a lottery/raffle ticket is a gift which may be receipted for income tax purposes.