Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Issued: September 2003

First Revision:
January 2009

Second Revision:
June 2014

Minor Revisions & Addition of
Appendix - GST/HST Procedure Manual:
June 2015
Ontario Association of School Business Officials  
Finance Committee  
Guidelines for School Generated Funds

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Ontario Association of School Business Officials

Finance Committee

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School Generated Funds

Section 1

Introduction
Introduction

Background

Schools and school boards are accountable for the use of public funds. Funds are generated at the school level from a number of different sources and used in a number of different ways to enhance the development of educational programs and to support school initiatives and activities. These funds are referred to as “school generated funds”

Representatives from the OASBO Finance Committee collaborated to prepare this revised guideline building on the original document of 2003 and the revised 2009 document, and ensuring that it aligns with new Ministry guidelines and reporting.

Objectives

- To align with new ministry guidelines and reporting requirements
- To provide appropriate guidance, authority and protection to school staff and fundraising volunteers by providing specific administrative procedures for recording and reporting school generated funds.
- To meet the public’s expectations and validate the public’s trust regarding the stewardship of school generated funds.
- To ensure consistency and standardization of guidelines across all school boards in Ontario.

Specifics

1. Key Considerations in the Development of the Guidelines

- The guidelines have been developed and written with the Principal and Secretary/Financial Accounts Administrator in mind.

- They attempt to simplify (as much as possible) the procedures which will assist schools in administering, recording and reporting the various types of funds and expenditures flowing through the school.

- Recognizing the time constraints which exist at all schools, they establish the minimum requirements which should be followed to address accountability relating to the management of school generated funds.
2. About The Guidelines

- Although organized by topic, the information presented in a particular section is not exclusive and should not be read in isolation from another section.

- This manual does not supersede board policies currently in place; however, it is hoped that boards will adopt this manual as their standard.

- It is expected that this document will be updated on a periodic basis to reflect changes as required.

3. Acknowledgements

The Committee would like to thank the following for their contribution to the original guidelines:

- School boards that have submitted copies of their existing procedures/guidelines relating to school generated funds

- Robert Brakel & Associates Ltd.

- OASBO Finance Committee

- KPMG LLP
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Introduction

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Section 2

Sources and Uses of Funds
Sources and Uses of School Generated Funds

Background

Funds are generated in schools from a number of different sources and used in a number of different ways. This manual applies to all funds that are received, raised, or collected in the name of the school or school activity. These funds are under the direction and control of the School Principal. Generally this will mean all funds available to the school, other than funds provided by the approved budget of the board.

Objectives

- To identify and categorize the sources of school generated funds to which this manual applies.
- To outline generally acceptable uses of these funds and some unacceptable uses of these funds.

Specifics

1. General classifications of school generated funds

   - **Funds raised through a board wide initiative.** In this category, funds are raised through board wide initiatives such as vending machine contracts.

   - **Funds raised through local school initiatives.** In this category, where approved by the board, schools raise funds from such things as cafeteria services, snack vending machines, coffee machines, etc. Any profits generated are retained at the school. Any contracts entered into must conform to board purchasing policy (refer to Section 10).

   - **Funds raised through School Council/Student Council.** In this category, funds are raised however the direct involvement of the local School Council or parent community is evident or is done on behalf of and with the Student Council and/or the parent community. This category is identified separately because board policy often requires School Council/Student Council involvement in expenditure decisions and disbursements when funds are raised jointly.

   - **Funds donated to schools.** This category deals strictly with donations made to a particular school either for a specific purpose or for general use. Such donations may be eligible for a charitable donation tax receipt (refer to Section 16).
2. Classifications of School Generated Funds for EFIS Reporting Purposes

- **Field Trips and Excursions** – This line item captures all amounts raised/received and the costs to support in province or out of country excursions or any field trips.

- **External Charities** – This line item captures all amounts raised/received in support of, and the costs in support of an external charity where the school provides the administrative process for collecting the funds. This charity would be registered with the Canada Revenue Agency.

- **Student Activities and Resources** – This line captures all amounts raised/received and costs related to student activities and resources such as use of lockers, yearbooks or student activity fees. Athletic activities are recorded under this category. Field trip/excursions are excluded as they are captured separately as per above.

- **Capital Assets** – This line captures all amounts raised/received and the costs related to the purchase of capital assets that will be amortized. Even if funds were raised for band equipment, pottery equipment or technology investments (normally recorded under the Student Activities and Resources line), if these items meet the capitalization threshold as per the TCA Guide, they would be recorded in the Capital Asset category and the data here will be transferred to the corresponding EFIS schedule.

3. Acceptable and Unacceptable Uses of School Generated Funds

- The ministries guidelines determine acceptable and unacceptable uses of school generated funds to be adopted by all school boards.

- All purchases made using school generated funds must comply with board policy and procedures. Relevant board policies/procedures with which to ensure compliance include a Fundraising, Student Fees, School Council and Purchasing policies, where applicable.

- Funds raised must be used for the intended purpose as outlined in the Plan for School Generated Funds. The accounting records should track each category separately. Amounts carried forward into the next year should be kept to a minimum unless it is part of a multi-year fundraising initiative. Refunds should be considered where large surpluses remain. Deficits for any category should not be permitted, unless subsidized by other general fundraising activities. A plan should be in place to address these deficits on a timely basis.
Sources and Uses of School Generated Funds

Examples of School Generated Funds Activities:

- Pizza days, hot dog days, bake sales, etc.
- Fundraising Campaigns (Chocolate Bars/Popcorn/Freezer Foods)
- Walk-a-thons, dance-a-thons, swim-a-thons, read-a-thons, etc.
- Dress down days
- School dances
- School plays and concerts
- Juice and milk sales
- School clothing sales (e.g. gym uniforms) and school memorabilia
- School picture rebates/commissions
- Excursion fees
- Book (non-textbook) and magazine sales
- Special school luncheons
- Public transit tickets
- Games of chance (lotteries, raffles, bingos, Nevada tickets, etc.)

Examples of Unacceptable Uses of School Generated Funds would include but are not limited to:

- Items that are to be purchased from the board’s budget such as classroom learning materials, textbooks, etc.
- Goods or services from employees, where such purchase would contravene Section 217 of the Education Act.
- Monetary payments to employees for services.
- Gifts to employees
- Staff professional development/travel, meal and hospitality
- Investments other than those permitted by the board and Regulation 471/97 of the Education Act (Eligible Investments).
- Capital infrastructure improvements and maintenance or upgrades
- Support for political activities, groups or candidates
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Section 3

Accountability – Roles and Responsibilities
Accountability – Roles and Responsibilities

Background

The board has a responsibility to ensure that all school generated funds are collected in accordance with board policies and municipal, provincial and federal laws and regulations. This responsibility includes ensuring that all funds are adequately protected, that they are controlled through proper accounting procedures and that accountability for the funds is maintained.

Objectives

- To clarify the roles and responsibilities of individuals involved in school generated funds.

Specifics

1. Roles and Responsibilities of the Senior Business Official or Designate

   - Establish guidelines for school generated funds.
   - Provide training to staff on the appropriate application of the guidelines.
   - Complete and/or follow-up on audit/review reports as determined by board best practice.
   - Ensure accurate and timely completion of ministry reporting
   - Ensure that all schools have suitable accounting systems and/or technology available for administering the school generated funds.

2. Roles and Responsibilities of the School Superintendent

   - Reinforce to School Principals the need to adhere to board policies/procedures and guidelines.
   - Ensure that schools are complying with the reporting requirements of the Guidelines for School Generated Funds (particularly Section 4 and 5).
   - Report to the Senior Business Official or designate
     - if funds are lost or stolen
     - any misuse of funds
     - failure to follow any policy or guidelines
3. Roles and Responsibilities of the Principal

- Ensure that the Guidelines for School Generated Funds are implemented in compliance with board policies/procedures for example: nutrition, excursions, student fees, and purchasing policies/procedures.
- Act as one of the approved signing officers on the school bank account(s).
- Appoint the designated individual responsible for receipts, disbursements, banking and record keeping.
- Ensure that processes are in place to adequately control the funds within the school including security over cash and records.
- Ensure that no staff members or members of the community are collecting and managing funds in their own personal bank account or any other account not approved by the board.
- Communicate responsibilities to staff members.
- Ensure that there is a primary contact for each club or class involved with financial transactions.
- Review, sign and date the monthly bank reconciliation.
- Review records periodically. Question and determine how to address any shortages or overages associated with the various activities.
- Review, sign and date the annual Financial Reports.
- Distribute and/or make available the annual financial reports as outlined in the section on Financial Reporting.
- Notify the School Superintendent and the Senior Business Official immediately if funds are lost or stolen.
- Ensure that the school or any individual associated with the school does not enter into contracts in the name of the school or the board. (See section 10)
- Ensure that the School Council chair is aware of and understands their roles and responsibilities.
- Creation of the Annual School Fundraising Plan Ensure that funds received are disbursed as per the intent of the funds raised or collected.
- Provide reports to School Council as required
- Participate during audit/review and ensure implementation of recommendations

4. Roles and Responsibilities of the Designated Individual in the school (usually the School Secretary/Financial Accounts Administrator)

- Comply with the guidelines for school generated funds as directed by the School Principal and advise the School Principal of deviations from the guidelines outlined in this manual
- Act as one of the approved signing officers on the school bank account.
- Verify funds received for deposit.
- Prepare bank deposits and deposit funds at the bank on a timely basis.
Accountability – Roles and Responsibilities

- Issue cheques ensuring that all requests for payments are properly supported and approved by the School Principal.
- Record transactions on a timely basis.
- Complete the monthly bank reconciliation.
- Prepare transaction reports as required for the School Principal, staff and School Council.
- Maintain appropriate supporting documentation, and efficient filing system for records retention purposes.
- Prepare the Annual Financial Report and submit to School Principal (if required by the Board).
- Assist during audit/review.
- Participate in board training related to school generated funds.

5. Roles and Responsibilities of Staff Members

- Collect money from students or other sources as applicable.
- Count money collected and record amount and intended use on the Funds Received Form as indicated in the section on Banking, Receipts and Disbursements.
- Ensure funds collected are securely delivered to the designated individual on a daily basis.
- Ensure that invoices have the appropriate approval and are delivered to the designated individual for payment in a timely manner.
- Request and review transaction reports on a regular basis to ensure details of financial activity related to their class or club are recorded correctly and that funds received are disbursed as per the intent of the funds raised or collected. Advise the designated individual of any discrepancy.

6. Roles and Responsibilities of School Council Chair

- Ensure fundraising activities involving the students and/or the school are in compliance with board policies and procedures and no direct or indirect benefit is derived by a member of the School Council.
- Ensure that School Council members are aware that where conflicts of interest exist, they are disclosed.
- Distribute and/or make available the annual School Council financial reports as indicated in the section on School Councils.
- Ensure the Treasurer understands their responsibility for receipts, disbursements, banking and record keeping including regular financial reporting for School Council meetings.
- Approves all requests for disbursements out of all School Council categories.
- Ensure all funds collected are counted and are kept at the school for safe keeping until deposited.
The following School Council Chair Responsibilities are only applicable to boards where School Council is permitted to have a separate school bank account. (Not recommended)

- Act as one of the approved signing officers on the School Council bank account.
- Ensure that the School Principal is a signing officer on the School Council bank account.
- Follow processes outlined by the School Principal to adequately control the funds and ensure security over cash and records of the School Council.
- It is recommended that the School Council Treasurer position be for a term not to exceed two years.
- Prepare the monthly bank reconciliation for the School Principal’s review and approval
- Ensure that all records and financial reports are available for review at the school as indicated in the section on School Councils.
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Section 4

Banking – Receipts and Disbursements
Banking – Receipts and Disbursements

Background

All schools must have a bank account for school generated funds and a process to record transactions. It is essential that controls be in place to assist in the management of these funds.

Objective

- To simplify banking practices while:
  - ensuring security of funds
  - protecting those responsible for handling the money
  - maintaining adequate records

Specifics

The following practices represent the minimum procedures recognizing the balance between limited staffing and the need to meet basic security and reporting requirements.

1. Establishing a Bank Account

- The school should have only one "school generated funds" bank account.
- Where board policy or procedure permits, School Councils may have a separate bank account; however, this is not recommended.
- Where schools participate in Lotteries and Games of Chance (see section 9) a second separate trust bank account must be maintained as required by the Alcohol and Gaming Commission of Ontario
- The bank account(s) shall be in the name of the school.
- Cheques for the school bank account(s) should be pre-numbered and electronically generated cheques are recommended.
- The account(s) must require two signatures on all cheques one of which must be the School Principal. It is recommended to have a minimum of three signing officers.
- Bank account(s) established should be such that statements are issued on a monthly basis along with returned cheques or cheque images
- Use of client cards or bank machines is not permissible
- The bank statement(s) must cut-off on the last day of the month for reconciliation and reporting purposes.
- Internet banking is permissible only for viewing and downloading transactions and must not be used to make payments, transfers or disbursements.
2. Receipts

- All money collected in the name of the school must remain onsite and be stored in a designated locked and safe location which has limited access until deposited. It is recommended that each school have a secure safe.
- All money collected is to be deposited intact to the bank account promptly. Expenditures cannot be paid from the cash collected. The total funds must be deposited to the bank and a cheque written to pay for any expenditure.
- All staff collecting money must complete the attached “Funds Received Form” and forward both the money and the form together to the designated individual in the school office.
- Where possible, money should be counted in the presence of two individuals.
- When the funds have been verified and prepared for deposit by the designated individual, a copy of the “Funds Received Form”, indicating the actual money count is to be returned to the staff member who originally submitted the funds.
- You may use the same procedure for receipting funds received directly from individuals or groups not employed by the board.
- The “Funds Received Form(s)” must be filed with the school copy of the bank deposit form.

3. Disbursements

- All payments must be approved by the School Principal in advance of incurring the expense.
- All disbursements must comply with the board’s procurement policy and procedures.
- All disbursements must be recorded on a timely basis.
- All payments must be made by cheque.
- Pre-signing of cheques is not acceptable.
- Signature stamps or electronic signatures are not acceptable.
- Payments should only be made upon the presentation of original invoices or itemized receipts. Payments cannot be made from company statements, credit card or debit slips.
- When a cheque is issued the supporting documentation must be marked paid and the cheque number and date recorded.
- Partially completed cheques,(i.e. No payee name or amount), cheques made payable to cash or pre-payments in advance are not acceptable.
- Reimbursements to School Principals should be approved by their Superintendent for proper segregation of duties and approval authority.
- Using the number control feature, all cheques should be accounted for.
- Voided cheques should be marked “VOID” and retained.
- Unused cheques should be stored in a designated, secure location in order to prevent loss or theft.
4. **Investments**

Although this practice is not recommended, where a school has excess funds, they may be invested in the name of the school as permitted by Reg. 471/97 of the Education Act (Eligible Investments) and board policy and practices (e.g. term deposits, GIC’s, etc.). These funds should be invested on a short term basis (i.e. less than a year).

5. **Bank Reconciliation**

- Bank reconciliations must be completed monthly.
- Cheques not cashed within six months are stale-dated and should be reversed in the school’s records after issuing a stop payment to the bank.
- The School Principal shall review the monthly bank reconciliation, sign it, and retain it in the schools files.

6. **Records Retention**

- All original documents, including paid invoices, cancelled cheques, bank statements, support for deposits and bank reconciliations shall be retained for seven years.
- The records of each year should be boxed, labeled with a description of contents and the record destruction date, and securely stored in the school.

**Caution**

Deviation from the above guidelines will leave the school vulnerable to potential problems. The need to have guidelines in place is often not recognized until something goes wrong. The goal is to have controls that ensure money is handled appropriately, that staff are protected, and that records are accurate, up to date and useful. The controls are only as good as their enforcement. It is important that school administrators support and follow the established practices.
### Sample Manual

**Bank Reconciliation**

<table>
<thead>
<tr>
<th>School Name</th>
<th>Bank Account Number</th>
<th>Last Date on Bank Statement</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Last balance shown on bank statement</th>
<th>(A)</th>
</tr>
</thead>
</table>

From the accounting records, list all deposits or credits which do not appear on this statement and have not been marked off:

- 
- 
- 

From the accounting records, list all withdrawals/cheques/debits which do not appear on this bank statement and have not been marked off:

- 
- 
- 

<table>
<thead>
<tr>
<th>Total</th>
<th>(B)</th>
</tr>
</thead>
</table>

| Subtotal (A) + (B) = (C) |   |

| Final Total (C) – (D) = (E) |   |

The balance (E) should agree with the accounting records (F).

Balance in Accounting Records (F)

---

Principal’s Signature & Name (printed)  Date
Banking – Receipts and Disbursements

School Generated Funds Sample Funds
Received Form

School Name ________________________________

Amount of Funds ______________ (see reverse)

Source and Purpose of Funds

(e.g. car wash for grade 8 trip)

Name ____________________________

Signature ________________________

Date ____________________________

Office Use Only

Actual Funds Counted ______________

Difference (should be 0) ______________

Counted by ____________________________ Date _____________

Name (printed) and signature

Retain original and forward a copy to the individual who submitted the funds.
# School Generated Funds Received Form
(Reverse Side of Page)

<table>
<thead>
<tr>
<th>Coin</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>X 5.00</td>
<td></td>
</tr>
<tr>
<td>X 10.00</td>
<td></td>
</tr>
<tr>
<td>X 20.00</td>
<td></td>
</tr>
<tr>
<td>X 50.00</td>
<td></td>
</tr>
<tr>
<td>X 100.00</td>
<td></td>
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</tbody>
</table>

Total Cash  

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
</tr>
</thead>
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<tr>
<td></td>
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</table>

Total Cheques

Total (A + B)

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**Issued:** September 2003  
**Revised:** June 2014
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Section 5

Reporting
Background

A substantial amount of money is generated in schools for the benefit of students. The School Principal is accountable for the money to both the school community and the board. Financial reports demonstrate accountability and, at the same time, provide information to the school community and the board.

Objective

- To provide a format for financial reporting including:
  - Who will be responsible for preparing the reports
  - What will be included in the reports
  - The fiscal period that will be covered
  - The reports that are required
  - When they will be distributed
  - To whom they will be distributed
  - Protecting the privacy of personal information.

Specifics

- The financial reports shall be prepared under the direction of the School Principal.
- The reports shall encompass all money generated in the name of or under the auspices of the school regardless of its source or use.
- The fiscal year for the reports shall be consistent with board reporting.
- The School Principal must review, sign and date all reports.
- The reports should be made available at the school for the members of the school community.
- The reports must be kept with the records for the school generated funds for seven years.

Required Reports

Each accounting system produces reports that are unique to the system. The report descriptions that follow are intended to give a general picture of the reports that the system should be able to produce in order to manage school generated funds.
1. Plan for School Generated Funds

The Plan for School Generated Funds shows the purpose to which the net proceeds will be applied, how the funds are intended to be raised, the amounts projected to be raised, and the associated fund raising costs.

The plan must comply with the Ministry and board fundraising guidelines and procedures.

The Plan will be prepared at the beginning of the school year by the School Principal after seeking sufficient and appropriate input from the school community. The purpose of the Plan is to identify the activities that will take place, ensure that they are in accordance with board policies, aligned with the School Improvement Plan, and to determine at the end of the year if the expectations were met.

The Plan will include all money generated in the name of or under the auspices of the school regardless of its source or use and indicate the following:

- The purpose for which the net proceeds will be used and the anticipated total costs of the item(s) being fundraised for:
- The source of revenue
- The time period during which it will be generated
- The person or group responsible for the activity
- The anticipated fundraising proceeds
- The anticipated fundraising expenses
- The anticipated net proceeds

A copy of the Plan signed by the School Principal will be submitted to the School Superintendent or designate for approval.

The School Superintendent or designate should review the Plan, make any necessary adjustments and communicate those adjustments to the School Principal. A signed copy of the Plan should be returned to the school by the end of October. In the interim period activities similar to those in previous years may be undertaken.

A copy of the approved Plan will be kept in the school and used in conjunction with the review of the monthly and annual financial reports.

It is suggested that the approved Plan be communicated to the school community. The purpose of fundraising initiatives should be communicated to the school community prior to any funds being raised.
2. **Summary of Activities for School Generated Funds**

The Summary of Activities for School Generated Funds will be prepared for the period starting at the beginning of the fiscal year and ending at the end of each month. The Summary of Activities for School Generated Funds will show for each activity:

- Beginning balance – total for the fund at the end of the previous year
- Total receipts/revenue during the period
- Total disbursements/expenses during the period
- Net Proceeds
- Total transfers to/from other activities
- Closing balance

This report should be available to the school community and the board.

A detailed listing of receipts, disbursements and transfers should be maintained at the school to support the summary for each activity in this report.

3. **Bank Reconciliation Report**

Each month, the bank account balance(s) will be reconciled to the totals shown in the list on the Summary of Activities for School Generated Funds. The School Principal will review and sign the Bank Reconciliation Report along with the related bank statement, returned cheques or cheque images and other items. Any questionable items should be investigated. The form and content of this report is discussed in the section titled “Banking/Receipts/Disbursements”.

This report along with the bank statement(s) should be available to the board.

4. **HST Reports**

Information related to HST will be included in an appendix to this document.
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Section 6

Accounting Systems
Background

Within a board’s jurisdiction, a variety of computerized accounting systems or manual systems may be used to track school generated funds. Regardless of the system in use, this guideline outlines the common components that should be found in all systems.

Objective

- To identify the minimum information to be recorded while
  - Safeguarding the money
  - Protecting those responsible for handling the money
  - Properly accounting for transactions that occur electronically
  - Maintaining a thorough set of records regarding the receipt and disbursement of the money

Specifics

Revenue and Expenditure Records (computerized or manual)

- All revenue and expenditures must be recorded promptly.

- For money received, the following information is required:
  - Date received
  - Amount collected
  - Purpose of funds collected
  - Name and signature of person from whom money is received
  - Date deposited

- For payments made, the following information is required:
  - Date cheque issued
  - Amount of cheque
  - Name of payee
  - Reason of payment issued
  - HST paid
Notes

- The accounting system must track and report revenue and expenditures for each school activity. The accumulated balance of all school activities should equal the reconciled bank balance.

- The revenue and expenditure records should be reviewed periodically by the School Principal.

Caution

- Computerized accounting packages are available and designed to reduce the effort and time required to keep a good set of books. As with all other electronic systems, the records are only as good as the information entered. It is important that the records be kept up to date and errors corrected promptly. Computerized accounting packages that might be used in schools:
  - SchoolCash Accounting
  - Quicken
  - Accpac
  - School BAS
  - SAP
  - Simply Accounting
  - Microsoft Money

- To ensure appropriate controls are in place, it is critical to keep accurate, up-to-date records regarding the receipt and disbursement of funds. This will ensure that the money is handled appropriately, that staff are protected and that written records exist which can be relied on for review/audit purposes. The controls are only as good as their enforcement. It is important that school administrators support and follow the established practices.

- Ensure that a reliable back-up system is in place and that it has been secured and tested.

- To ensure accountability, logins to computerized accounting systems should not be shared with other users.

- Where data is hosted outside of the board, boards should ensure data is appropriately protected and secured by the third-party.
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 7

Financial Review/Audit
Financial Review/Audit

Background

Regular reviews/audits of school generated funds help to ensure compliance with board policies and procedures. It is recommended that boards conduct regular reviews/audits of school generated funds.

Some school boards have appointed an internal auditor to conduct audits of school generated funds. Boards that have not appointed an internal auditor should perform financial reviews of school generated funds.

Both an audit and a review will follow the process described in this section. The difference between these two functions is that the internal auditor will make recommendations and others will ensure that they are followed while a reviewer will make recommendations and assist school staff with implementing them. The internal auditor remains independent and objective.

Boards may also have audits of school generated funds performed by their Regional Internal Audit Team or external audit firms.

Objectives

- To outline the process involved in a review/audit of school generated funds.
- To provide an audit program (detailed steps) for the review/audit.
- To provide a sample report from the review/audit.

Specifics

Description of a Review/Audit

1. Purpose

A review/audit is an independent examination of specified activities, which is used to assist management in the assessment of whether the organization’s plans are carried out; policies and procedures are observed; and accounting is accurate for assets, liabilities, revenues, and expenses and reporting is done on a timely basis. The audit/review usually consists of analysis, recommendations, and comments regarding the activities reviewed/audited.

This section of the Guidelines provides guidance for a review/audit of school generated funds as outlined in the section on Sources and Uses of school generated funds.
2. Scope
The scope of the review/audit includes:

- Evaluating the adequacy and application of financial and other operating controls
- Reviewing compliance with related board policies, Ministry guidelines
- Evaluating the timeliness, accuracy, and usefulness of the school’s records and reports
- Ensuring that school generated funds are properly accounted for and safeguarded from loss
- Commenting on the extent to which funds raised are used efficiently, effectively, and for the purpose stated prior to the funds being raised.

The review/audit should examine the most recent completed fiscal year. The financial reports for previous fiscal years may be used for comparative purposes.

3. Involvement of School Superintendent, School Principal, school staff, School Council, Student Council

It is expected that the School Superintendent, School Principal, Vice-Principal(s) if any, other school staff, and representatives of the School Council and Student Council, where one exists, will be called upon at times to provide information and records and to clarify such information. It is expected that full cooperation and access to school records will be given to the reviewer/auditor. The reviewer/auditor should take into account time pressures on school staff when making requests for records and should not unduly interfere with school operations.

4. Review
The review/audit will consist of the following elements:

- A meeting with School Principal
- Follow-up meeting with School Principal, school staff, School Council and Student
- Council representatives, as necessary
- Gathering of relevant records from the school, banking institutions, School Council, Student Council, and the board’s Accounting and Budget departments, as necessary
- Examination of records
- Preparation of draft review/audit report and meeting with the School Principal to discuss and review findings. This meeting will give the reviewer/auditor the opportunity to informally discuss findings and to give the School Principal the opportunity to identify any errors or omissions in the draft report
- Preparation of the final review/audit report incorporating any responses to recommendations from the School Principal.
- Follow-up Review and Reporting
5. Reporting
Following completion of the review/audit, the final report could be submitted to the, the Senior Business Official, the School Superintendent and the School Principal for action, as required.

The Review/Audit Process

**Step 1 - Initial Meeting with the School Principal**

An initial meeting with the School Principal and where desired, the School Superintendent, is conducted to introduce the reviewer/auditor and the review/audit process. Expectations will be expressed and clarified at this time.

In addition, the School Principal and/or Superintendent may identify any school practices or procedures they wish to have reviewed and identify any potential or perceived problem or area of concern.

Follow-up meetings may be held with the School Principal, school staff, School Council and Student Council representatives to further clarify their involvement.

It should be stressed that the main purpose of the review/audit is to assist and advise the School Principal how best to fulfill the board’s requirements in complying with policy and procedures and to facilitate timely reporting.

**Step 2 - Access to Records**

The School Principal is responsible for adequate record keeping and reporting of fund raising and expenditure activities. Hence, it is expected that the School Principal will provide access to all records.

**Step 3 - Review of Records by Reviewer/Auditor**

The review of the records should primarily focus on the adequacy and effectiveness of the school’s internal controls related to school generated funds. Controls are adequate if they ensure adherence to board policy and procedures. Controls are effective if they are achieving the intended results.
A review/audit should look at five basic objectives of internal controls:

- Reliability and integrity of information
- Compliance with policy, procedures, laws, and regulations
- Safeguarding of assets
- Economical and efficient use of resources
- Accomplishment of established goals and objectives

Depending on the extent of fund raising activities in a given school, some of the above may be less critical than others, however, all schools should have a general expectation that their procedures and controls meet these standards and objectives. The review/audit report should assist schools in achieving adequate and effective internal controls by identifying omissions and/or problem areas and recommending corrective action where necessary. It should identify best practices that already exist and may be shared with other schools.

**Step 4 - Preparation of Draft Report**

The draft report should:

- provide an overview of the types of fund raising activities conducted in the school
- describe the areas reviewed
- comment on the degree of compliance with board policy and procedures
- describe any deficiencies that exist
- make recommendations for improvement or corrective action

In conducting the review and preparing the draft report, the internal auditor will meet with the School Principal to discuss findings and possible recommendations. This will assist in ensuring accuracy of the review and in establishing a collaborative approach to implementing corrective measures.

If a disagreement over findings or recommendations arises between the reviewer/auditor and the School Principal every effort should be made to resolve the disagreement during this process. If the disagreement cannot be resolved, the reviewer/auditor will have the responsibility to report on their findings using their own judgment.

Regardless of whether or not such a disagreement or resolution exists, the School Principal will formally respond to the report and its findings. Responses should be included in the body of the final report, immediately after the related finding and recommendation, if any.
The response of the School Principal should contain the following:

- An indication as to their agreement or disagreement with the finding. If they disagree, a description of the rationale for disagreement with the finding should be included.
- An indication as to whether or not they will implement the suggested corrective measures. If they would prefer to take alternate steps to correct the matter, a description of those alternate measures. If corrective measures will be taken, what the time frame may be for implementing these measures.

**Step 5 - Final Report**

Following completion of the review/audit, the final report should be submitted to the, the Senior Business Official, the School Superintendent and the School Principal for action, as required.

**Step 6 - Follow-up Review and Reporting**

The reviewer/auditor should conduct a follow-up review to determine that corrective measures have been implemented and that they are achieving the desired results.

Where corrective measures have not been implemented, the School Principal and School Superintendent should be provided with a summary of measures which are still outstanding and be asked to comment.

A follow-up report will then be completed indicating the measures implemented and their effectiveness. In addition, any measures still outstanding will be identified, including comments from the School Principal and/or School Superintendent and any follow-up action that is scheduled or contemplated. The reviewer/auditor may also comment on the impact and/or risks of not implementing corrective measures.

The follow-up report should be issued on a timely basis.

The following pages contain a Review/Audit Program developed by the Internal Audit Sub-Committee of the OASBO Finance Committee. The Review/Audit program sets out procedures that may be useful for performing a review/audit of school generated funds.
## Audit of School Generated Funds

<table>
<thead>
<tr>
<th>Step#</th>
<th>Audit Program</th>
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<tbody>
<tr>
<td>1</td>
<td>1 Discussion with Principal</td>
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<td>2</td>
<td>2 Discussion with Secretary</td>
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<td>3</td>
<td>3 Bank Accounts</td>
<td>6</td>
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<td>4</td>
<td>4 Bank Reconciliation</td>
<td>7</td>
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<td>5</td>
<td>5 HST</td>
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<tr>
<td>6</td>
<td>6 Revenue</td>
<td>9</td>
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<td>7</td>
<td>7 Purchases</td>
<td>12</td>
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<tr>
<td>8</td>
<td>8 General Review</td>
<td>16</td>
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<tr>
<td>9</td>
<td>9 Economical and Efficient</td>
<td>17</td>
</tr>
<tr>
<td>10</td>
<td>10 Safeguarding of Assets</td>
<td>18</td>
</tr>
</tbody>
</table>

**School Name:** ABC Elementary

**Auditor:**

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<th>Name</th>
<th>Phone</th>
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**Principal**

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
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**Secretary**

<table>
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<th>Name</th>
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</table>

**Superintendent**

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
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</tbody>
</table>

**Time Period for Audit:** 01-Sep-12 to 31-Aug-13

**Bank Account(s) covered by this audit:**

1
2
3

**Dates:**

<table>
<thead>
<tr>
<th>Audit Reporting Letter</th>
<th>Follow up Visit</th>
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</thead>
<tbody>
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</table>

**Issued:** September 2003  
**Revised:** June 2014  
**Page 38 of 94**
<table>
<thead>
<tr>
<th></th>
<th>Discussion with School Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Questions</strong></td>
<td><strong>Com</strong></td>
</tr>
<tr>
<td><strong>1</strong></td>
<td>Obtain a trial balance, financial statement and Fundraising Plan for the period under review. Review these 3 reports with the School Principal. Include all 3 reports with audit documentation. In Particular, discuss any negative fund balances.</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>How do you know that all of the funds/bank accounts are included in the system/ledger i.e. breakfast program?</td>
</tr>
<tr>
<td><strong>3 a</strong></td>
<td>Are all bank accounts included in the system/ledger?</td>
</tr>
<tr>
<td><strong>3 b</strong></td>
<td>Are all funds/monies collected in the school deposited into the bank account(s)?</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Are you aware of any activities which do not run through school generated funds or the school’s bank account?</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Do you encourage teaching staff to hand in funds as soon as they are collected from students?</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>How do you know that the information recorded in the System/ledger is correct?</td>
</tr>
<tr>
<td><strong>7 a</strong></td>
<td>Do you review the bank reconciliation and financial reports for reasonableness on a monthly basis?</td>
</tr>
<tr>
<td><strong>7 b</strong></td>
<td>Do you initial and date the bank reconciliation(s) and financial reports on a monthly basis?</td>
</tr>
<tr>
<td><strong>8 a</strong></td>
<td>How do you know when an invoice is paid?</td>
</tr>
<tr>
<td><strong>8 b</strong></td>
<td>Does the supporting documentation accompany each request for payment?</td>
</tr>
<tr>
<td><strong>8 c</strong></td>
<td>Do you review the supporting documentation before signing the cheque?</td>
</tr>
<tr>
<td><strong>8 d</strong></td>
<td>What do you look for when reviewing the supporting documentation?</td>
</tr>
<tr>
<td><strong>9</strong></td>
<td>Have you ever pre-signed cheques that were not completed in full?</td>
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</tr>
<tr>
<td><strong>10</strong></td>
<td>Are activities' revenue and expenses reported gross or net? (Are expenses paid from money received before it is deposited?)</td>
</tr>
<tr>
<td><strong>11 a</strong></td>
<td>Are any of the funds in a deficit balance at year end?</td>
</tr>
<tr>
<td><strong>11 b</strong></td>
<td>If so, are there plans to repay the monies?</td>
</tr>
<tr>
<td><strong>12</strong></td>
<td>How long do you keep your records? Where are the old records kept? Who has access to the school records?</td>
</tr>
<tr>
<td><strong>13 a</strong></td>
<td>Do you have a School Council /Parent Fundraising Group? If so:</td>
</tr>
<tr>
<td><strong>13 b</strong></td>
<td>Do they have their own bank account?</td>
</tr>
<tr>
<td><strong>13 c</strong></td>
<td>Do you do the bookkeeping in the SGF accounting system?</td>
</tr>
<tr>
<td><strong>14</strong></td>
<td>Do you have a Fundraising Plan?</td>
</tr>
<tr>
<td><strong>15</strong></td>
<td>Have any concerns been expressed at School Council meetings about the amount/frequency of collections from fundraising activities?</td>
</tr>
<tr>
<td><strong>16</strong></td>
<td>Do you record in the minutes of meetings with School Council/ Parent Fundraising Groups how monies raised are to be spent, prior to the actual fundraising activity?</td>
</tr>
<tr>
<td><strong>17</strong></td>
<td>Do you have any concerns or need help with anything with respect to the management of school funds?</td>
</tr>
<tr>
<td><strong>18</strong></td>
<td>Are you aware of any fraudulent activities or illegal acts with respect to the management of school funds?</td>
</tr>
</tbody>
</table>
### Discussion with Secretary

<table>
<thead>
<tr>
<th>Purchases</th>
<th>Questions</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are unused cheques kept under lock &amp; key? Where is the key kept?</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>a) Are cheques pre-numbered?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) If so, are all #’s accounted for including retained voided cheques.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Are you always given invoices or supporting documentation for payments you are asked to make?</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Are payments made from original invoices only?</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Are vouchers/invoices/chits cancelled/markeds “paid” after the preparation of the cheque?</td>
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<tr>
<td>6</td>
<td>Does the supporting documentation accompany each request for payment? Is it reviewed by the signing authority?</td>
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</tr>
<tr>
<td>7</td>
<td>a) Are signature stamps used?</td>
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</tr>
<tr>
<td></td>
<td>b) Have you ever signed the principal’s signature?</td>
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<tr>
<td>9</td>
<td>Have you ever pre-signed cheques that were not completed in full?</td>
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<tr>
<td>10</td>
<td>Does at least one person who has responsibility for signing cheques, not have access to the accounting system/records?</td>
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<tr>
<td>11</td>
<td>Is cash used for disbursements? (If yes, ask for examples.)</td>
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<tr>
<td>12</td>
<td>Does School Generated Funds have a Cash box? If so, does the total of the cash &amp; receipts equal the cash fund balance?</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
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<tr>
<td>13</td>
<td>Is the bank account set up to be statement only? (No passbook should be used.)</td>
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<tr>
<td>14</td>
<td>Is there segregation of duties between the collection &amp; summarization/recording of cash and the maintenance of the accounting records?</td>
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<tr>
<td>15</td>
<td>Prior to submitting receipts for larger deposits does a 2nd individual count the funds and confirm the total and sign the deposit form?</td>
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<tr>
<td>16</td>
<td>Does the school use the Deposit Form &amp; the Cash Receipts Log?</td>
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<tr>
<td>17</td>
<td>Are cash deposits made intact with no purchases prior to deposit?</td>
<td></td>
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<tr>
<td>18</td>
<td>For school trips, are all revenues being recorded? Is there any comparison of expenses against revenue to ensure it is all being reported and recorded?</td>
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<tr>
<td>19</td>
<td>Do you use the deposit slips created from school banking? (Royal Bank does not accept School Cash Accounting deposit slips)</td>
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<tr>
<td>20 a)</td>
<td>Are cheques stamped for deposit/endorsed immediately upon receipt?</td>
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</tr>
<tr>
<td>20 b)</td>
<td>Are deposits made promptly?</td>
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<tr>
<td>21</td>
<td>Are there measures in place to ensure that monies are kept secure prior to deposit? Describe the measures.</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Are staff funds included in the SGF accounts?</td>
<td></td>
</tr>
</tbody>
</table>
3 Bank Account(s)

1 How many bank accounts containing School Generated Funds does the school have?
   School Controlled _______  School Council Controlled _______

2 Provide the following information for each account:

3 Attach a copy of the most recent bank statement and reconciliation report for each bank account.

<table>
<thead>
<tr>
<th>BANK NAME</th>
<th>ACCOUNT NAME</th>
<th>ACCOUNT NUMBER</th>
<th>ADDRESS</th>
<th>PHONE NUMBER</th>
<th>CONTACT</th>
<th>SIGNING AUTHORITIES</th>
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<td>NAME &amp; TITLE</td>
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BANK NAME
Purpose for account:

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<th>ACCOUNT NAME</th>
<th>ACCOUNT NUMBER</th>
<th>ADDRESS</th>
<th>PHONE NUMBER</th>
<th>CONTACT</th>
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BANK NAME
Purpose for account:

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BANK NAME
Purpose for account:

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<th>CONTACT</th>
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<td></td>
<td>NAME &amp; TITLE</td>
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</tbody>
</table>
## Bank Reconciliation

1. Obtain the bank statements, returned cheques and bank reconciliation reports for the most current month and at least one other month.

2. Answer the following questions for each month:

   A. Has the report been signed and dated by the School Principal?
   B. Do the numbers on the report agree to the system/Ledger?
   C. Do the numbers on the report agree to the bank statement?
   D. Have the cheques been signed by 2 authorized signatories?
   E. Do the deposits agree between the bank statement and the system/ledger?
   F. Review the outstanding cheques list for unusual items, inaccuracies and duplications.
   G. Are any of the cheques over 6 months old at the time of reconciliation?
   H. Review the outstanding deposits list for unusual items, inaccuracies and duplications.
   I. Are the outstanding deposits received by the bank the next banking day?

<table>
<thead>
<tr>
<th>MONTH</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
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**NOTES:**
5. **HST**

1. Attach a copy of one HST Rebate Report from the period under review.

2. Has the rebate been deposited into the bank account and recorded correctly in the system/ledger?

3. If there is no HST Rebate Report, create and attach a HST Rebate Report.

4. Select 5 amounts from the Rebate Report. Record details and examine as follows:

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<th>Chq #</th>
<th>Date</th>
<th>Amount</th>
<th>Invoice</th>
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**NOTES:**

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SAMPLE
6 Revenue

1. Describe the procedure for receiving, counting and depositing money.

2. Print a listing of all deposits. (Include it with audit documentation.)
   - Are deposits in numerical order according to date?
   - List any deposit numbers missing and obtain an explanation.
   - Do all deposits have the required details? (Date, Description, Category, Amount)
   - Are any deposits recorded as negative amounts (other than NSF cheques)?
   - Are there a significant number of NSF cheques received? (Y/N) _____? If Y, note below

3. Review the deposit documentation
   - Is backup documentation filed in numeric order?

4. Select 10 deposits to be reviewed
   - Is the purpose of the money received clear?
   - Was the deposit made promptly?
   - Are the deposit forms and other documentation completed properly and on a timely basis?
   - Are stamped deposit slips kept intact?
   - Are deposits numbered?
   - Do the deposit amounts agree to the system/ledger?
   - Do the deposit amounts agree to the Bank Statement?

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NOTES:
Perform an analytical review on revenue to gain evidence over completeness. Compare actual amounts to the Fundraising Plan and/or prior years. Obtain explanations for significant variances.

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<th>Budget</th>
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<th>Explanation</th>
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7 Purchases

1 Describe the procedure for making payments.

2 Print a listing of all disbursements. (Include it with audit documentation.)
   a Are cheques in numerical order according to date?
   b List any cheque numbers missing and obtain an explanation.
   c Do all payments have the required details? (Date, Description, Category, Amount)
   d Are any cheques recorded as negative amounts (other than refund cheques)?
   e

3 Review the payment documentation
   a Is backup documentation filed in cheque number order?

4 Voided Cheques
   a Review 5 voided cheques from the listing of disbursements
      A The cheque was retained and defaced.

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5 Payments made to the Board
   a Print and attach the report that lists the payments made to Board.
   b Review 5 payments from the list.
      A Payment is supported by invoices paid by the Board
      B Payment is net of the HST rebate. (No HST Rebate claim is made for this payment in the school. The Rebate is claimed at the board level.)

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6 Unusual payments

1 Review the system/ledger for unusual payments - e.g. payments to School Principal, secretary or other unusual items.

2 Select payments and review as follows:
   A Is the payment reasonable and is appropriate documentation attached?
   B Does the payment comply with board policies and procedures?

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<th>Reason for payment</th>
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## Purchases (continued)

Select 20 payments to be reviewed -

- A Is the HST and rebate calculation correct?
- B Are packing slips checked against invoices (if applicable)?
- C Are invoices recorded accurately in the system/ledger?
- D Do details agree to the cancelled cheque from the bank?
- E Are there original signatures of two authorized signatories?
- F Are original invoices marked paid?
- G Are funds used appropriately according to Board/BPS/Ministry guidelines?
- H Are any payments made to "Cash"? If so, follow up for receipts / invoices.

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<th>Conclusions / Recommendations</th>
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</tr>
<tr>
<td>Question</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1 Review School Council minutes and make note of interesting or unusual items related to SGF.</td>
</tr>
<tr>
<td>2 Are accounting records complete and up to date for the time period being audited?</td>
</tr>
<tr>
<td>3 Are records kept neatly in binders or folders?</td>
</tr>
<tr>
<td>4 Is backup documentation for deposits and payments easy to find?</td>
</tr>
<tr>
<td>5 Where applicable, is the accounting system backed up each time it is used or at the end of the day?</td>
</tr>
<tr>
<td>6 Are records for prior years stored and labeled neatly and securely? How long are the records retained?</td>
</tr>
<tr>
<td>7 Where applicable, is the school compliant with municipal/provincial laws re: lottery/bingo/nevada activities?</td>
</tr>
</tbody>
</table>
Economical and Efficient Use of Assets

(Observations of Auditor)

1. **Comment on any need for a more efficient, less costly process**

2. **Comment on best practices re efficiencies and cost savings.**

<table>
<thead>
<tr>
<th>Finder's / Observations</th>
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## 10 Safeguarding of Assets

(Observations of Auditor)

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<tr>
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<th>Y/N</th>
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<tbody>
<tr>
<td>1</td>
<td>Is access to systems and funds limited to School Principal and Secretary?</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Is the cheque stock locked in a secure location, i.e. safe, drawer or cabinet? Who has access to the cheque stock?</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Are there any blank cheques signed?</td>
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<tr>
<td>4</td>
<td>Are the proper procedures followed for all expenditures, i.e. supporting documentation?</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Is revenue placed in a secure location prior to deposit? Who has access to deposits prior to them being brought to the bank?</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Is there a designated person for depositing funds to the bank? Does more than one person go to the bank when a significant amount has been collected?</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Is there an alternate person for depositing funds to the bank?</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Are all funds counted at the school and retained at the school following verification?</td>
<td></td>
</tr>
</tbody>
</table>

### Findings / Observations

- [ ]
- [ ]
- [ ]
- [ ]

### Conclusions / Recommendations

- [ ]
- [ ]
- [ ]
- [ ]
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 8

Charitable Donations
Charitable Donations

Background

The Canadian tax system encourages taxpayers to support the activities of registered charities by allowing an income tax credit to be claimed by a donor. If the board is a registered charitable organization, it may issue receipts that may be used by a donor to claim an income tax credit.

Objective

- To describe:
  - The types of donations that qualify for tax receipts
  - The types of donations that do not qualify for tax receipts
  - A process for issuing tax receipts

Specifics

1. Definition

A charitable donation for which a charitable donation receipt can be issued is a voluntary transfer of property or cash without valuable consideration (benefit of any kind) being received by the donor.

A donation is made when all three of the following conditions are met:

a) Property or cash is transferred by a donor to the board
   - Cheques should be made payable to the board/foundation and not payable directly to the school.
   - **Note** Contribution of services (e.g. times, skills, effort) does not qualify. However, there is nothing to prohibit the board from paying for services and later accepting all or a portion of the payment back as a donation, provided that it is returned voluntarily.

b) The donation is voluntary.

c) The donation is made without expectation of a return.
   - No valuable consideration (no benefit of any kind) to the donor or to anyone designated by the donor may result from the donation.
   - Donations made to the board can be subject to general direction (e.g. to the benefit of a specific school) but cannot be directed to the benefit of a specific individual.
2. Gifts in Kind

A gift in kind is a donation other than cash. It does not include a gift of services. Examples which would qualify are computer equipment, books, furniture etc.

The date of donation is the date that the donor transfers legal ownership to the board. This may not be the date of physical delivery since an object may be on loan to the board before the date of donation.

For donations of gifts in kind, the board may issue a charitable donation receipt stating the fair market value of the donation once the object has been appraised.

For new items, the donation receipt will be for an amount equal to the original invoice amount less HST.

For used items, the amount of the donation receipt will be based on the appraised fair market value of the item.

Although fair market value is not defined in the Income Tax Act, the generally accepted meaning is the highest price, expressed in terms of money, that the property would bring in an open and unrestricted market between a willing buyer and a willing seller, both of whom are knowledgeable, informed, and prudent and, who are acting independently of each other.

The person who determines the fair market value of the property must be independent of the transaction, competent and qualified to evaluate the particular property being transferred by way of a donation. They must also put their evaluation in writing.

Property of little value will not qualify as a “gift in kind”. Used clothing would be an example of a non-qualifying donation.

3. Inducements

The general rule that no benefit of any kind may be made available to the donor in recognition of their contribution does not include items of little or no value. For example, the school may wish to give the donor a small token as a gesture of appreciation. These items (e.g. a single flower, a pamphlet, a plastic pin, tag, envelope seals) have no resale value, and accordingly, such inducements are to be ignored; they do not disqualify the donation.
4. Charitable Donation Receipts

There are no regulations requiring the issuance of charitable donation receipts within a particular time frame; but it is suggested that they be issued at least by the last day of February following the calendar year when the donation was made.

The more important date is the date of the donation. Donations received after the end of the year may not be added to the prior year’s donations unless the donation was postmarked in the previous year.

Charitable donation receipts issued will be mailed directly to the donor by the board Office.

Charitable donation receipts will be issued for donations. The minimum amount receipted is determined by the board, however, it is recommended receipts for amounts less than $25.00 will be issued only upon request.

Submission of the completed “Charitable Donation Control Form” along with the monetary donation and/or independent appraisal will trigger the issuance of an official tax receipt from the board office.

Caution

Schools, School Councils or other bodies affiliated with the school should neither have nor obtain Charitable Registration Status with Canada Customs and Revenue Agency.

Before indicating to a prospective donor that a tax receipt will be issued, the School Principal must contact the board office to assess whether the activity qualifies for a charitable donation receipt.
## Charitable Donations

**Charitable Donation Control Form**

<table>
<thead>
<tr>
<th>Type of Donation</th>
<th>Name &amp; Address of Donor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheque</td>
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<tr>
<td>Gift in Kind*</td>
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<tr>
<td>Cash</td>
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<tr>
<td>Cheque</td>
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<tr>
<td>Gift in Kind*</td>
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<tr>
<td>Cash</td>
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<tr>
<td>Cheque</td>
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<tr>
<td>Gift in Kind*</td>
<td></td>
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</tr>
</tbody>
</table>

*Note: For Gifts in Kind, an independent written appraisal must accompany each request for tax receipt.*

Principal Signature ___________________________ Date ________________

**Sample**
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 9

Lotteries and Games of Chance
Lotteries and Games of Chance

Background

Board policy may prohibit schools and School Councils from engaging in lotteries and games of chance.

Lotteries and games of chance are governed by the Criminal Code of Canada which permits licensing of these activities. They may include bingo events, raffles, break open tickets and social gaming events.

The Alcohol and Gaming Commission of Ontario is responsible for administering the lottery licensing program in Ontario. Municipalities issue licenses for the smaller lotteries and games of chance in which schools may be involved.

Objective

- To provide information for schools and School Councils so that they can readily comply with the rules and regulations of the Alcohol and Gaming Commission as they relate to lotteries and games of chance in which schools and School Councils may be involved.

Specifics

1. Application Process

Municipalities issue licenses for:
- Bingo events with prize boards of up to $5,500
- Break open tickets for local organizations (Nevada tickets)
- Raffle lotteries for total prizes of $50,000 and under
- Bazaar lotteries which include - wheels of fortune with a maximum bet of $2.00, raffles not exceeding $500, and bingo events up to $500

If a school is involved in events that exceed these limits, they are required to obtain a license from the Alcohol and Gaming Commission of Ontario. This process is not covered in these instructions.

Detailed information about lotteries and games of chance including Nevada tickets can be obtained on the Internet at [http://agco.on.ca/en/c.gaming/c.gaming.html](http://agco.on.ca/en/c.gaming/c.gaming.html).

Contact the local municipality, explain the type of activity contemplated and follow their instructions. The application should be prepared in the name of the school and signed by the School Principal. The application may take a few weeks to a month, so start the process as early as possible.
Lotteries and Games of Chance

2. Banking

All licenses require that a separate and distinct school bank account be used for revenue and expenses. A single account may be used for multiple licenses as long as the accounting system permits separate reporting for each license.

3. Reporting

A condition of all licenses is reporting on the financial activity of the project. Detailed reporting requirements are outlined in the license. Prior to starting the project, ensure that the school’s accounting system is able to provide the reports required. If the accounting system cannot generate the information, it will be necessary to set up a system that will provide the required information.

4. Audit

All licenses provide for examination of the licensee’s books and records by the licensing agent. Therefore, records should keep in such a way that an auditor would be able to find the required information easily.

Caution

The person who runs a lottery or game of chance without a license is subject to penalties under the Criminal Code of Canada.

Always check with the municipality before commencing one of these activities. If the person who responds says a license is not needed for a particular activity, document the call with details including the name of the person, the date of the conversation and details of the conversation.
Ontario Association of School Business Officials

Finance Committee

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Section 10

Entering Into Contracts
Entering Into Contracts

Background

Board Administration, in consultation with schools, will determine the extent to which schools can enter into individual school contracts. In many cases, board policy, procedures and guidelines will establish the parameters regarding the dollar amount and the duration of contracts into which schools may enter.

Objective

- To define different types of contracts
- To outline why some contracts require closer scrutiny

Specifics

1. Corporate Sponsorship

Boards may enter into corporate sponsorships in order to enhance the educational opportunities for an improved learning environment for students. Corporate sponsors exchange goods, money or services in return for advertising or other benefits. This type of contract may either be done on a board wide basis or at the local school level. In most cases, schools will not have the authority to unilaterally enter into this type of contract.

Sponsorship agreements will vary in nature depending on the situation; however, all agreements must be in writing. Agreements should clearly outline the expectations, roles and responsibilities of both parties. The agreement should be signed by the Senior Business Official or designate.

Schools should refer to specific board policies/practices and particular attention should be paid to board purchasing policies.

2. Lease Agreements

Lease agreements, by their nature, usually extend over multiple years. It is unlikely that boards will grant principals the authority to enter into a lease agreement for either goods or services since the commitment for future expenditure will often exceed the term of their principalship at that particular school. Where lease agreements are being contemplated at the school level, the original agreement should be sent to the Senior Business Official or designate for review.
3. **Vending Machine and Cafeteria Contracts**

A steady and reliable source of revenue for many schools is derived from sales made through on site vending machines and cafeterias. Many boards have adopted board wide contracts while some will allow individual schools to enter into contracts. A close review of the board’s policies and practices will assist you in determining if the right to enter into these types of contracts is available to you.

Where schools enter into agreements, the school will bear the responsibility for the collecting, reporting and remitting of applicable taxes.

4. **Day-To-Day Contracts**

The agreement to purchase a good or service constitutes a contract. While it is true that in most cases schools do not enter into long term contracts, certainly on a day to day basis schools are within their rights to enter into contracts. For example schools will regularly agree to purchase (contract for) a bus service to transport students to or from a co-curricular event. Even in these normal day-to-day contractual situations, schools are still required to follow board policies and procedures.

Some examples of contracts that schools will enter into on a day-to-day basis are:

- Yearbooks
- Agendas
- Busing (individual events)
- Picture Day

**Caution**

When a school contract for a good or service spans an extended period of time or commits to a significant amount of money, School Principals must contact the board office to determine the appropriateness of such actions.

Contracts that are being contemplated may cover many areas of law and a poorly executed contract can cost the board in both dollars and time. Among other things, consideration should be given to the following:

- insurance
- safety standards
- competitive bidding
- criminal background checks
- conflict of interest
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 11

School Councils
Background

Under the Education Act Regulation 612, school boards in Ontario are required to establish a School Council for each school within the board. These Councils provide input to the School Principal or the board on any matter. The School Principal is ultimately responsible for activities related to the school and therefore is also responsible for School Council activities. Many School Councils are active in fundraising activities in the name of the school and as such are required to conform to the appropriate sections of Regulation 612 to the Education Act that deal with fundraising issues.

Objective

- To clarify:
  - Ownership of School Council funds
  - Banking procedures
  - Financial reporting requirements
  - Record retention

Specifics

1. Ownership of School Council Funds

The Ministry of Education’s document, School Councils: A Guide for Members (2002), states “School Councils should be aware that, because the school board is a corporate entity and the school is not, any funds raised by the school council (and any assets purchased with those funds) belong, legally, to the board.” Fundraising for schools by School Councils is a collaboration between the school, the board and the fundraising group. The full document can be viewed at http://www.edu.gov.on.ca/eng/general/elemsec/council

All fundraising activities and expenditures must be conducted in accordance with board policies, Ministry guidelines and municipal regulations. School Council activities must also align with the annual Plan for school generated funds, prepared by the School Principal. Particular attention needs to be paid to policies on procurement, conflicts of interest, fundraising, and other similar policies. This is clearly stated in Regulation 612, section 22 to the Education Act.
2. Banking Procedures

Signing officers on the School Council bank account, where a separate account exists, must include the School Principal and a member of the School Council. It is common practice to have the School Principal and two members of the School Council authorized to sign cheques. Where this is the case, any two of the three signatures, one of which must be the School Principal, are required.

The section in this manual dealing with Banking/Receipts/Disbursements also applies to School Council accounts. For the security of the funds and to protect anyone handling money raised through School Council activities, all money needs to be counted and kept in the school for prompt deposit to the bank account. Requests for disbursements from School Council funds must be accompanied by appropriate supporting documentation and approved by the School Principal.

3. Financial Reporting Requirements

Information in the form of monthly summary reports outlining the sources and uses of the funds and the current financial position of the School Council should be provided by the school for fundraising activities.

The monthly summary report should be presented at the School Council meeting and the minutes should note that it was received and approved.

In some schools, separate groups such as a parent teacher association administer fundraising activities. These groups, as subcommittees of the School Council, must follow the same processes prescribed for School Councils.

The fiscal year for School Councils is September 1 to August 31 of the following year. This is the same as the boards’ fiscal year prescribed by the Province of Ontario. Annual financial reports shall reflect the activities undertaken during this timeframe. These reports will allow the Council to confirm that disbursements made coincide with previously approved disbursements.

Regulation 612, section 24, to the Education Act, School Councils states that “every School Council shall annually submit a written report on its activities to the School Principal of the school and to the board”. It further states “If the School Council engages in fundraising activities, the annual report shall include a report on those activities.”
4. Where a separate School Council bank account exists, monthly reports should include:

   a. A Treasurer’s Report containing
      - Opening Balance in records (should equal last month’s closing balance)
      - Deposits made during the month
      - Cheques issued or any other charges to the account during the period
      - Closing Balance in records (the following month opening balance)

   b. A Bank Reconciliation containing
      - The bank balance on the bank statement
      - Plus outstanding deposits, including details of deposits
      - Less outstanding cheques, including a detailed listing of cheques
      - The balance shown in the Treasurer’s records

5. Annual Report

6. Record Retention

Regulation 612, section 16, to the Education Act, states that
“(1) A School Council shall keep minutes of its meetings and records of all of its financial transactions.”
“(2) The minutes and records shall be available at the school for examination without charge by any person.”
“(3) Subsections (1) and (2) do not apply to minutes and records that are more than four years old.”

As a matter of consistency with other financial record retention requirements, all records are to be maintained on board premises for a period of seven years.

Caution

School Councils are reminded that Regulation 612 to the Education Act governs their activities, responsibilities and reporting requirements. School Principals should monitor School Council activities to ensure compliance with the Regulation or board policies and procedures.
Bank Reconciliation

Steps To Reconcile Your Bank Account

1. In your accounting records mark off all deposits and withdrawals appearing on the bank statement.
2. Enter into your accounting records any deposits or withdrawals appearing on the bank statement not previously recorded (e.g. bank fees, bank interest, NSF charges).
3. Complete this worksheet

Last date on bank statement  ___________

Last balance shown on bank statement

From the accounting records, list all deposits or credits which do not appear on this statement and have not been marked off

______  ____  ____  ____  ____

Total  ____  ____  ____  ____  ____  ____  ____  ____

Subtotal A + B  ____

From the accounting records, list all withdrawals/cheques/debits which do not appear on this bank statement and have not been marked off

______  ____  ____  ____  ____

Total  ____  ____  ____  ____  ____

Final Total C-D  ____

(E) This balance should agree with your school generated funds records

Balance in Accounting Records  ____

__________________________  ____________________________  __________
School Principal  signature and name (printed)  Date

__________________________  ____________________________  __________
School Council Chair  signature and name (printed)  Date

__________________________  ____________________________  __________
School Council Treasurer  signature and name (printed)  Date
Ontario Association of School Business Officials – Finance Committee
Guidelines for School Generated Funds

School Councils

Monthly School Council Treasurer’s Report

School Name ____________________________________________________________

Month end (Month/Year) __________________________________________________

Opening Cash Balance per Books $___________ (A)

Add Sources of Revenue

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<tr>
<th>Source</th>
<th>Amount</th>
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Total $___________ (B)

Less Expenditures

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<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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Total $___________ (C)

Funds Remaining per Books (A + B + C) $___________ (D)

(A + B + C)

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<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</table>

School Principal signature and name (printed) Date

School Council Chair signature and name (printed) Date

School Council Treasurer signature and name (printed) Date
### Annual School Council Treasurer’s Report

**School**

**Year**

**September 1st Cash Balance per Books** $ __________(A)

**Add Sources of Revenue**

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<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<td>$</td>
</tr>
</tbody>
</table>

**Less Expenditures**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

**Total** $ __________(B)

**August 31st Funds Remaining per Books** (A + B + C) $ __________(C)

(to (E) on Bank Reconciliation)

**Total** $ __________(D)

---

**School Principal** signature and name (printed) Date

**School Council Chair** signature and name (printed) Date

**School Council Treasurer** signature and name (printed) Date
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 12

Student Council
Ontario Association of School Business Officials – Finance Committee
Guidelines for School Generated Funds

Student Council

Background

Student Councils often perform fundraising activities. Keeping track of the money raised and spent is considered an educational experience for the students involved. Student Councils require financial reports that show the results of their efforts. The same principles would apply to student clubs, teams and groups.

Objective

- To clarify:
  - Ownership of Student Council Funds
  - Banking arrangements for Student Councils
  - Reporting requirements for Student Councils

Specifics

- Student Council funds and any assets purchased with these funds belong to the school board.
- Banking transactions for Student Councils should be integrated with the fundraising transactions in the school generated funds bank account. There will not be a separate Bank Reconciliation report for Student Councils.
- The accounting system should be such that transactions related to the Student Council activities can be reported separately.
- The reports for the Student Council should be the same as those set out in the section titled “Financial Reporting” but include just the transactions related to the Student Council activities.

Note

Nothing in this section precludes Student Councils from keeping a separate set of records to enhance their educational experience. Such separate records can be used for comparable purposes with the office records of the school.
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 13

Home and School Associations
Ontario Association of School Business Officials – Finance Committee
Guidelines for School Generated Funds

Home and School Associations

Background

Home and School Associations exist as entities separate from District School Boards when they are constituted under the umbrella of the Ontario Federation of Home and School Associations. They may engage in fundraising activities to support the goals and objectives of their organization. The proceeds from these activities are not a part of school generated funds.

Objective

- To clarify the relationship between:
  - Home and School Associations and District School Boards

Specifics

- Local associations are part of the Ontario Federation of Home and School Associations. The provincial association is a member of the Canadian Home and School Federation.
- Further information about these two federations can be found on the Internet at http://www.ofhsa.on.ca and http://www.canadianhomeandschool.com/CHSF/Welcome.html.
- The Home and School Association will hold its own bank account separate from the school generated funds account.
- Although the Home and School Association may engage in fundraising activities that support the school community, all decision making and responsibility for management of funds remain with the Home and School entity.
- A school may have both a School Council and a Home and School Association. The School Principal may act as a liaison between both groups to ensure there is no duplication of effort.
- The School Principal should be aware of fundraising activities of the Home and School Association and ensure they are being done in the name of the Home and School Association and not in the school's name.
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 14

Change in School Principal and Administrative Staff
Ontario Association of School Business Officials – Finance Committee
Guidelines for School Generated Funds

Change in School Principal and Administrative Staff

Background

Changes in School Principals and administrative staff at schools may occur as part of regular school board operations and should not impact on the day-to-day administration of school generated funds.

Objectives

- To ensure that when the School Principal or administrative staff changes, basic financial information is transferred.

Specifics

- The accompanying form is to be completed by the exiting School Principal and/or administrative staff and a copy of the completed form is to be forwarded to the School Superintendent or delegate immediately. Where possible, it should be reviewed with the incoming School Principal and/or administrative staff in person.

- The incoming School Principal and/or administrative staff, upon receipt of the completed document, is to verify its accuracy and forward the original to the School Superintendent or delegate. Any discrepancies should be clearly outlined.

- The School Principal should arrange for the signing authorities to be updated with the financial institution.

- It is strongly recommended that schools arrange to change safe combinations and/or passcodes whenever there is a change to School Principals and/or administrative staff. In addition, any keys required to access a safe or vault should be returned to the school upon transfer or retirement of that employee.

- School Principals and/or administrative staff should also advise the school board upon transfer or retirement so that access to electronic financial systems can be changed accordingly.

- The plan for school generated funds should be shared with the incoming School Principal to ensure they are aware of all commitments and upcoming fundraising activities within the school.

- New School Principals and/or administrative staff are responsible for ensuring they receive required training in their roles and financial responsibilities.
### Change in School Principal and Administrative Staff

<table>
<thead>
<tr>
<th>School Name</th>
<th>Date of Change</th>
<th>Incoming</th>
<th>Outgoing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(Please print full name)</td>
<td>(Please print full name)</td>
</tr>
</tbody>
</table>

**School Banking Arrangements**

The following represents all bank accounts held in the name of the school (including those held by the School Council):

<table>
<thead>
<tr>
<th>Bank Account Name</th>
<th>Bank Name and Address</th>
<th>Bank Account Number</th>
<th>Names of Signing Authorities</th>
<th>Bank Balance (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please attach:
- A copy of the most recent bank statement for each of the accounts listed above
- A copy of the most recent bank reconciliation for each of the accounts listed above
- A copy of the most recent financial report for each of the accounts listed above

(1) Bank balance on date of change per school accounting system.
Petty Cash or Cashbox

☐ Does the school operate a petty cash fund or Cashbox?  [  ] Yes  [  ] No

If yes, the petty cash fund/Cashbox is what amount?

Total cash in Fund Today

Add total Receipts on Hand

Total

The following represents a summary of all significant future commitments, using school generated funds that have been entered into by the school or School Council:


☐ I have reviewed the current year’s plan for school generated funds?  [  ] Yes  [  ] No
Ontario Association of School Business Officials – Finance Committee
Guidelines for School Generated Funds

Change in School Principal and Administrative Staff

Sign off

☐ The above information represents an accurate representation of the school finances as at the following date __________________________

Signature of Exiting Principal

☐ I have reviewed the above information and agree that it appears to accurately represent the financial position of the school with the following exceptions:

__________________________

__________________________

__________________________

__________________________

__________________________

Signature of Incoming Principal

Forward the original completed form to School Superintendent or delegate

Issued: September 2003
Revised: June 2014
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 15

Chart of Accounts
Chart of Accounts

Background

Public Sector accounting requires the inclusion of all School Generated Funds in school board financial statements. By categorizing various revenues and expenditures, the information becomes consistent across all schools and school boards and is therefore more relevant and useful.

Objectives

- To provide a standard chart of accounts with broad revenue and expenditure categories that provide sufficient and appropriate information to schools, school councils, school boards and the Ministry of Education to report on and effectively manage School Generated Funds

- To be broad enough that categorization is not onerous on schools while restrictive enough that it allows for reporting on a board-wide level to the Ministry and for internal review purposes

Specifics

- The School Generated Funds chart of account should provide for school-level detailed accounts to be grouped for summary level reporting.
- The highest level summarizes the information at the board level.
- The next level differentiates between the elementary and secondary panels.
- The third level differentiates among broad categories within each panel.
- Appendix A and B to this section provides standard categories for elementary and secondary revenues and expenditures.

Caution

Recognizing that each school records School Generated Funds transactions independently to meet their local needs; moving beyond these standard broad categories to a more detailed level may result in confusion and potentially more errors at the school level.
Revenue: School Generated Funds revenue is all money raised/received by students, staff, or the community from activities sanctioned by the school. All money collected is to be deposited intact to the bank account promptly. This means that expenditures are not paid from the cash collected. The total funds are deposited to the bank and cheques are written to pay for expenditures.

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Charities</td>
<td>All money raised/received in support of an external charity. This charity would be registered with the Canada Revenue Agency.</td>
<td>Terry Fox, United Way, Share Life, Jump Rope for Heart, Heart &amp; Stroke</td>
</tr>
<tr>
<td>School Council</td>
<td>All money raised/received by the School Council but not money for external charities.</td>
<td>hot lunches, milk, other fundraisers such as teacher wish lists, school trips, playground equipment</td>
</tr>
<tr>
<td>Student Council/Government</td>
<td>All money raised/received by the Student Council but not money for external charities.</td>
<td>graduation funds, dances, penny drives</td>
</tr>
<tr>
<td>Fundraising</td>
<td>All money raised/received for products sold or activities that are intended to generate profits for a specific purpose and should be recorded in a manner where revenues can be tracked separately.</td>
<td>magazines, wrapping paper, cheese, cookie dough, poinsettias, flowers, dance-a-thon, car wash, spirit day, book fairs</td>
</tr>
<tr>
<td>Capital Asset Fundraising</td>
<td>All money raised/received for activities that are intended to generate profits for a specific capital purpose and should be recorded in a manner where revenues can be tracked separately.</td>
<td>magazines, wrapping paper, cheese, cookie dough, poinsettias, flowers, dance-a-thon, car wash, spirit day, book fairs</td>
</tr>
</tbody>
</table>
### Chart of Accounts

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field Trips/Excursions</td>
<td>All money raised/received to support the cost of excursions and field trips (including admissions, busing, and accommodations). Each event should be recorded in a manner where revenues can be tracked separately.</td>
<td>Science Centre, Pioneer Village, ROM, Wonderland, Ottawa trip, farm visit</td>
</tr>
<tr>
<td>Student Activities/Resources</td>
<td>All money raised/received relating to student activities/resources not categorized above. These may be recorded by department/club.</td>
<td>activities: agendas, yearbooks, locks, author presentations, special grants or community donations, nutrition programs, department/club: Music, French, Phys Ed, Drama</td>
</tr>
<tr>
<td>Banking</td>
<td>All money raised/received from investments or bank accounts</td>
<td>Interest</td>
</tr>
<tr>
<td>Other non-student Activities/</td>
<td>All money raised/received that does not fit under the above categories.</td>
<td>commissions from pictures, vending machines, pay phone, GST rebate</td>
</tr>
</tbody>
</table>
Expenditures: All payments should be made by cheque.

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Charities</td>
<td>All cheques written in support of external registered charities (100% of what is raised). Supporting documentation is the acknowledgement of receipt received from the charity.</td>
<td>Terry Fox, United Way, Share Life, Jump Rope for Heart, Heart &amp; Stroke</td>
</tr>
<tr>
<td>School Council</td>
<td>All cheques written and transfers approved by the School Council.</td>
<td>hot lunches, milk, other fundraisers such as teacher wish lists, school trips</td>
</tr>
<tr>
<td>Student Council/Government</td>
<td>All cheques written and transfers approved by the Student Council.</td>
<td>graduation funds, dances, penny drives</td>
</tr>
<tr>
<td>Fundraising</td>
<td>All cheques written for costs associated with conducting the fundraising event. This does not include the cost of items purchased with the fundraising profits. Separate accounts are required to record the cost of the items purchased with the fundraising profits.</td>
<td>magazines, wrapping paper, cheese, cookie dough, poinsettias, flowers, dance-a-thon, car wash, spirit day, book fairs</td>
</tr>
<tr>
<td>Capital Asset Fundraising</td>
<td>All cheques written for costs of the items purchased from conducting the fundraising event.</td>
<td>Playground and other outdoor structures, technology, classroom equipment</td>
</tr>
<tr>
<td>Field Trips/Excursions</td>
<td>All cheques written for costs associated with excursions and field trips including admissions and busing accommodations. Expenses should be recorded in a manner where each trip can be tracked separately.</td>
<td>Science Centre, Pioneer Village, ROM, Wonderland, Ottawa trip, farm visit, Quebec Ski Trip, New York Band Trip, Europe Art Trip</td>
</tr>
<tr>
<td>Category</td>
<td>Definition</td>
<td>Examples</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Student Activities/Resources</td>
<td>All cheques written for costs associated with student activities/resources not categorized above. These maybe recorded by activity or by dept./club.</td>
<td>activities: agendas, yearbooks, locks, author presentations, breakfast and snack programs department/club: Music, French, Phys Ed, Drama</td>
</tr>
<tr>
<td>Banking</td>
<td>All costs associated with bank accounts.</td>
<td>service fees, interac charges</td>
</tr>
<tr>
<td>Other non-student Activities/Resources</td>
<td>All cheques written or funds transferred for costs associated with other expenses not included above.</td>
<td>Subsidies for students who are unable to pay for activities or resources, funds to supplement activities noted above, or general expenses for other school purposes outside of school budget funds</td>
</tr>
</tbody>
</table>
Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 16

External Charities
External Charities

Background

An external charity is a charitable organization that is not related to the school board. Schools often collect money for external charities as a way to teach students about community responsibility. Examples of these charities: Terry Fox Foundation, Heart and Stroke Foundation.

There are occasions when a school may raise funds for a specific or unique community situation. An example of this could be a student whose home has burned down.

Objective

- To provide information and guidance:
  - For raising and distributing funds to external charities
  - About the types of external charities to which a school can contribute
  - About the Canada Revenue Agency (CRA) guidelines for contributing to external charities
  - About raising funds for specific or unique community situations

Specifics

1. Raising and distributing funds to external charities:

- The collection of funds for an external charity is a partnership between the school and the external charity. The partnership may be documented in writing which can be as simple as a letter of understanding between the school and the external charity.
- The external charity may provide the administrative processes for collecting the funds. In this case, the school should follow the directions from the external charity and request an accounting from the external charity of the total funds collected.
- Where the school provides the administrative process for collecting the funds, the procedures in this Guideline should be followed.
- All funds received must be paid directly to the charity within a reasonable time period but at least before the end of the school year in which it is raised.
- All payments to external charities must be paid on school cheques and be issued in the charity’s name. Cheques should not be issued to an individual or to a financial institution for the purchase of a money order.

If the school receives a tax receipt or other receipt from the external charity, this should be filed with the payment documentation in the school’s records.
2. Types of charities allowed by the CRA

- Funds shall only be raised for charitable organizations that are “eligible” charities as determined by the CRA. These are usually registered Canadian charities/foundations but may be charities/foundations in other countries. The CRA has verified the legitimacy of the foreign charities/foundations that are on their list.
- A list of these charities can be found on the CRA website. [http://www.cra-arc.gc.ca/charities/](http://www.cra-arc.gc.ca/charities/)
- If a school wants to contribute to an organization such as an orphanage or school in a foreign country which is not an “eligible” charity, they should find an “eligible” charitable organization that supports that organization and give the funds to that “eligible” charity.

3. Specific or unique community situations

- Usually these situations arise after the School Fundraising Plan (Plan) has been established at the beginning of the school year. Community agreement should be obtained through consultation with the School Council and documented in the minutes, even if after fact when an immediate situation arises.
- The revenue and expenses of the fundraiser(s) shall flow through the school funds bank account.
- The full net proceeds of the related fundraiser(s) shall be applied to the community situation.
- Evidence should be retained to support that the proceeds were paid to the appropriate beneficiary or party.

**Caution**

Contributions to other than “eligible” charities may jeopardize the charitable status of the school board.

Schools should also be sensitive to charities they are fundraising for that are ineligible such as for political activities, groups or candidates or other interest groups.
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Section 17

Taxation – GST/HST
Background

In September 2014, the COSBO Effectiveness and Efficiency Project (E&E) was completed and the "GST/HST Procedure Manual - Ontario Association for School Business Officials" was released.

Specifics

For information and guidance specific to GST/HST, the manual referenced above may be accessed at:


Topics include:

- Introduction
- GST/HST overview
- GST/HST registration and GST/HST returns
- GST/HST treatment of supplies made by a School Board/School
- GST/HST recovery on taxable purchases made by a School Board or a School
- Completing/Filing the forms
Related Documents and Links

Ministry Fees and Learning Materials and Activities Guideline

Ministry Fundraising Guideline
http://www.edu.gov.on.ca/eng/parents/fundraisingguideline.pdf

School Food and Beverage Policy (Ministry of Education)
http://www.edu.gov.on.ca/extra/eng/ppm/150.html

Canada Revenue Agency – Verification of Registered Charities

Ontario Federation of Home and School Associations
http://www.ofhsa.on.ca

Canadian Home and School Federation.
http://www.canadianhomeandschool.com/CHSF/Welcome.html

Alcohol and Gaming Commission of Ontario (AGCO)
http://agco.on.ca/en/c.gaming/c.gaming.html

School Councils
http://www.edu.gov.on.ca/eng/general/elemsec/council/

Broad Public Sector Procurement Directive (Additional School Board Training Modules also available)

Broad Public Sector Expenses Directive

Ontario Association of School Board Officials (OASBO)
https://www.oasbo.org/home/index/

Education Act
http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90e02_e.htm

GST/HST Procedure Manual (COSBO E&E Project)
GST/HST procedure manual
Ontario Association of School Business Officials

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Telephone: 613-751-5310

Annie Gosselin
Senior Manager, Indirect Tax
Telephone: 613-751-6622

September 18th 2014
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</table>
Scope and qualifications

The following GST/HST procedure manual is based upon the provisions of current legislation\(^1\) and Regulations in force on the date hereof, all proposed amendments thereto publicly announced by the Federal Department of Finance and the relevant provincial/territorial tax administrations prior to the date hereof, our interpretation of relevant jurisprudence and our understanding of the current administrative practices and policies of the Canada Revenue Agency (“CRA”) and the provincial/territorial tax administrations.

Each of these authorities is subject to change at any time, and any such change could have retroactive effect. Further, there is no certainty that proposed legislative or regulatory amendments will be enacted in their current form or that new proposals will not be introduced with retroactive effect. Any such development could cause sections of the GST/HST procedure manual herein to become invalid, in whole or in part. The GST/HST procedure manual is valid as of the date of the manual and we have no responsibility to report any changes in applicable law or authorities occurring after this date or to update the manual for any changes in applicable law or authorities occurring after this date.

There can be no assurance that the CRA or the relevant provincial/territorial tax administrations will not disagree with, or challenge, the views set forth in this GST/HST procedure manual or that any such challenge will be unsuccessful. However, should the CRA or a provincial/territorial tax authority challenge any of the tax consequences discussed herein, this GST/HST procedure manual reflects our assessment of the probable outcome of litigation or other adversarial proceedings, based solely on an analysis of the relevant authorities noted above.

This GST/HST procedure manual does not take into account the application of other laws to those matters or the application of the specific authorities noted above to other matters. We express no opinion on non-tax issues, such as corporate law or securities law matters.

\(^1\) Excise Tax Act ("ETA") or the Regulations thereto (the "Regulations").
Introduction

This manual explains the application of the Goods and Services Tax and Harmonized Sales Tax ("GST/HST") as it relates to the common sales or activities made by Ontario school boards and/or their schools. This manual was prepared for the Ontario Association of School Business Officials ("OASBO").

The objectives of this manual are to:

1. Provide school board and school staff with a general understanding of the operation of the GST/HST
2. Explain the circumstances in which a school or a school board should register for purposes of the GST/HST and when a school can elect to be a small supplier division and not have to collect GST/HST
3. Describe the GST/HST treatment of supplies made by a school board who is a registered charity for income tax purposes.
4. Discuss the recovery of GST/HST through input tax credits ("ITCS") and public service body rebates ("PSB rebates")
5. Discuss the CRA’S policy regarding the public sector body rebate and the obligation to file an amended claim to recover rebates of a previous period

Part 1 of this manual will provide an overview of the GST/HST system in Canada and some fundamental concepts that are common in the overall operation of tax.

Part 2 of this manual will outline the obligations for a school or a school board to register for GST/HST and other reporting and filling requirements that are set out in the Excise Tax Act ("ETA").

Part 3 of this manual will address the tax treatment (exempt or taxable) of supplies made by school boards and/or schools.

Part 4 of this manual will provide an overview of the eligibility for a school board to claim ITCs and/or PSB rebates with respect to GST/HST paid on their expenses.

School board staff should contact their Board Office and/or Finance department to determine the method of HST administration chosen by their school board and to ensure compliance with legislative and regulatory requirements. The practices and examples provided in this manual are not intended to be a comprehensive list. On all HST questions related to subjects covered in this manual, school boards should rely on the advice of their own Finance Department. This manual should not be interpreted as expressing any legal opinion that boards may charge fees.

Assumptions

For the purposes of this GST/HST Procedure Manual, the following assumptions are made:

- School boards are "registered charities" for income tax purposes
- When applicable, school boards have completed all the requirements regarding the HST registration
- All expenses incurred by school boards or school are directly related to school board and/or school activities

---

For the purposes of this GST/HST Procedure Manual, it is assumed that the School Board is a registered charity.
Key elements

1 Who is the vendor?

a) School Board

Where the school board is a GST/HST registrant, the board is required to collect GST/HST on any amount it charges for taxable goods or services.

Any invoices or receipts issued by the Board should quote the school board’s GST/HST number.

b) Registered Schools

Where a school board files an election to have a school file its own separate GST/HST returns (under a division number), the school must report the GST/HST collected on taxable good or service within its own GST/HST return.

Any invoices or receipts issued by a school should quote the school’s GST/HST number.

However, a school (registered or not) is required to collect GST/HST if the school collects money on behalf of the school board for a taxable good or service. The GST/HST collected on behalf of the school board should be remitted to the school board, consolidated in the GST/HST return of the school board and then remitted to the Canada Revenue Agency (CRA”) by the board.

Any invoices or receipts issued by a school on behalf of the school board should quote the school board’s GST/HST number.

c) Small supplier and Non-registered schools

A small supplier school is deemed to be not registered for GST/HST purposes and as such, does not have to collect any GST/HST for taxable goods or services supplied by the school.

However, as mentioned previously, the small supplier school is still required to collect GST/HST if the school collects money on behalf of the school board for a taxable good or service. The GST/HST collected on behalf of the school board should be remitted to the school board, consolidated in the GST/HST return of the school board and then remitted to the Canada Revenue Agency (CRA”) by the school board.

Any invoices or receipts issued by a school on behalf of the school board should quote the school board’s GST/HST number.

2 Who is the purchaser?

2.1 ITC

Any GST/HST paid on current expenses and directly related to any taxable supplies/activities of a school board is fully recoverable as an ITC where the school board is a registrant and the taxable supplies to which the ITC relates is made for consideration (see section 7.1 for more details).
a) School board

Where the school board pays GST/HST to provide a taxable good or service, it will claim the ITC on its GST/HST return if the school board is a GST/HST registrant.

Where a school makes a purchase using the school board’s funds, it should submit a request to the school board to recover the GST/HST paid. The school board will then claim the ITC and not the school.

b) Registered schools

Where a GST/HST registered school (division number) pays GST/HST to provide a taxable good or service, it will claim the ITC on its own GST/HST return.

Where the school board pays GST/HST on behalf of a particular school, the school board will charge the applicable school’s budget. The amount charged will be equal to the purchase price plus the GST/HST paid. The school will then claim the appropriate PSB rebates or ITC on its own return.

c) Small supplier and Non-registered schools

A small supplier school that is not registered is not able to claim ITCs.

2.2 PSB rebate

A PSB is eligible for a PSB rebate if it is a “charity”, a “qualifying non-profit organization” or a “selected public service body” (hospitals, municipalities, school boards, universities and colleges) on the last day of a claim period, or on the last day of the fiscal year that includes that claim period.

As such, a school board (including a school) can claim a PSB rebate with respect to the GST/HST paid on expenditures incurred to carry on school board activities and not otherwise recoverable by way of ITC. The PSB rates applicable to school boards and schools are 68%/93% (see section 7.4 for more details).

a) School board

Where the school board is using its board funds to pay GST/HST on expenses related to the provision of an exempt good or service, it will claim the PSB rebate on its GST/HST claim.

When a school makes a purchase using the school board funds, it should submit a request to the school board to recover the GST/HST paid. The school board will claim the PSB rebate and not the school.

b) Registered schools

Where a registered school pays GST/HST to provide an exempt good or service, it will claim the rebate on its own rebate claim.

Where the school board pays GST/HST on behalf of a particular school, the school board will charge the applicable school’s budget. The amount charged will be equal to the purchase price plus the GST/HST paid. The school will then claim the rebate and not the Board.

c) Small supplier and Non-registered schools

A non-registered school can claim back the GST/HST it pays at the applicable rebate rate.

Where the School board pays GST/HST on behalf of a non-registered school, the school board will charge the school’s budget. The amount charged will be equal to the purchase
price plus the non-recoverable (16.62%)\(^3\) HST paid. The School board will claim the rebate and not the school.

\(^3\) 32% of the federal portion of the HST and 7% of the provincial portion of the HST
Part 1 – GST/HST overview

GST/HST is a value added tax that is charged and collected by all suppliers at each stage of a transaction. This broad based value added tax is intended to be borne by the end consumer. This means that it must apply to each level in the supply chain with the intention of being finally borne by the final consumer.

The imposition of the GST/HST is done through the legislative authority of the Excise Tax Act and the administration of the tax is carried out by the Canada Revenue Agency (CRA).

In Ontario, the harmonized sales tax rate is 13% whereby the provincial portion is 8% and the federal (GST) portion is 5%. The HST rate is a single rate to simplify the administration and collection of tax.

3 Key definitions

“Educational Services” means supplies of goods and services provided by a school board for courses primarily for elementary or secondary students.

“Input Tax Credits” are the way that registrant normally recover GST and HST they pay or that is charged to them on their purchases (inputs).

“Public institution” means a registered charitable organization that is a school authority, a public college, a university, a hospital authority or a local authority determined under the ETA.

“Public service body” means a non-profit organization, a charity, a municipality, a school authority, a hospital authority, a public college or a university.

“Public sector body” means a government (federal government and provincial governments) or a public service body.

“Registered charity” means an organization that is a charity according to the requirements of the **Income Tax Act** and that is assigned a charity registration number by the CRA.

“Supply” or “Supply made” means, (…), the provision of property or a service in any manner, including sale, transfer, barter, exchange, license, rental, lease, gift or disposition.

“211 Election” Where a 211 election is filed with respect of a real property, then GST/HST paid on any capital expenses or improvements made to the real property will then be eligible for an ITC to the extent (as expressed as a percentage) the property is used in commercial activities.

3.1 The general framework of GST/HST

The GST/HST generally requires a supply to be made between a supplier and a recipient of a good or a service. Once this is established, then it is determined if the supply is taxable, exempt or zero rated. Taxable supplies are those where the applicable GST/HST rate is charged. Zero rated supplies are taxable supplies where the rate of tax is 0%. Exempt supplies are those where no tax is charged.

Registered suppliers will generally charge and collect the GST/HST from the purchaser. The tax is collected and remitted to CRA.
As a purchaser, a school board will pay GST/HST on most expenses. A school board will in most cases be eligible to claim a public service body for that tax. In certain cases, a school board may also be entitled to full (100%) or partial (expressed as a percentage) ITCs for expenses to the extent that they are related to their commercial activities.

It should be noted that expenses for which the Ontario Provincial Tax ("PST") is paid are not eligible to a PSB rebate nor an ITC as the tax paid is not GST or HST (e.g., PST paid on insurance premiums).

3.2 Application of the GST/HST to Ontario schools and School boards

Ontario District School Boards ("school boards") and all schools that are part of school boards ("schools") are required to collect GST/HST when they provide taxable goods and services. As school councils are advisory bodies, and not entities with the legal capacity of a corporate body, their revenues form part of the total revenue of the school. As such, any taxable sales made by school councils should have GST/HST, except if the school has been designated as a small supplier. Therefore, any GST/HST collected by the school council should be reported by the school board or, if the school is designated as a branch or division of the school board, by the school itself.

Many of the goods and services provided by school boards and schools are exempt from GST/HST. Where the school boards provide exempt goods or services, they are not required to collect GST/HST. Further, they are also not able to claim ITCs for the GST/HST paid on expenses incurred to provide these exempt goods or services. School boards and individual schools may however qualify for a PSB rebate of the GST/HST paid. The PSB rebate is claimed by filing a rebate claim application.

School boards may apply to have one or all of its schools designated as small suppliers. As a small supplier, the designated school will not be required to collect GST/HST, and would not be able to claim ITCs. The designated school or division may still claim rebates.

3.3 GST filings and Reporting periods

The GST/HST return (GST34) is designed for registrants to remit or claim their total GST/HST payable or receivable for each reporting period. The GST66 Form is used to claim PSB rebates.

Typically, a registrant has one of three reporting frequencies: monthly, quarterly or annually. The reporting frequency is based on the total annual taxable sales in Canada. The CRA assigns a reporting period once the registration process takes place.

A GST/HST registered school board will have the same reporting periods to claim PSB rebates. A non-registered school board will have to claim its rebate twice a year.
Part 2 – GST/HST registration and GST/HST returns

4 GST/HST registration

4.1 Small supplier threshold

A school board and all schools that are part of the school board have the obligation to register and to collect GST/HST on their taxable supplies unless they qualify as a "small supplier".

A school board that is a registered charity is considered to be a "small supplier" as long as the school board satisfies one of these requirements:

- The total of its taxable and zero-rated supplies (including taxable supplies of each attached schools, branches or divisions) for the last four consecutive calendar quarters, or any current calendar quarter, does not exceed $50,000, or
- The total of its "gross revenues" for one of its two fiscal years preceding the current year does not exceed $ 250,000.

The definition of "gross revenues" for the application of the small supplier threshold means all revenues including gifts, grants, subsidies, exempt supplies, taxable supplies and zero-rated supplies.

Most school boards in Ontario are thus registered for GST/HST purposes as they are not small suppliers.

Example

A small school board who is a registered charity for income tax purposes has taxable revenues of $35,000 for its financial year ended on August 31, 2014. The total of its annual gross revenues are the following:

- Financial year ended on August 31, 2014: $2,200,000
- Financial year ended on August 31, 2013: $2,000,500

Although the total of annual gross revenues of the school board exceeded the $250,000 threshold for the two fiscal years preceding the 2015 year, the school board is still considered as a "small supplier" for its financial year ended on August 31, 2015 since the school board met the $50,000 "taxable supplies" requirement.

Therefore, the school board does not have the obligation to register for GST/HST purposes.

4.2 Division number

A school board can file an election to have a school file its own separate GST/HST returns and/or PSB Rebate application.

Where the election is filed, the school must (1) report the GST/HST by completing and filing a separate GST/HST return and (2) file separate PSB rebate applications.

This election may be done to “simplify” the administration of GST/HST between school boards and schools (i.e., school boards will not have to account for all GST/HST collected and paid on school generated activities).
4.3  Small supplier division

A school board can also elect to have each school treated as a “small supplier”. This election is available where the amount of taxable supplies made by the school itself does not exceed the $50,000 threshold.

The result of this designation is that the school will not have to collect GST/HST on its own taxable supplies even though the school board itself is a GST/HST registrant. However, the school must collect GST/HST on taxable sales made on behalf of a registered school board.

To qualify for this designation, the school must:

- Have taxable supplies of $50,000 or less over the previous four (4) consecutive calendar quarters and in the current calendar quarter
- Have separate books, records, and accounting systems, whether maintained by the school or the school board
- Be separately identifiable either by its location or its activities, and
- Within the past year, not have had an earlier designation revoked by the school board

4.4  Voluntary registration

A school board may voluntarily choose to register if the school board has some commercial activities. The registration permits the school board to recover ITCs on expenses incurred in the course of making taxable and zero-rated supplies.

5  GST/HST returns

5.1  Reporting periods

When a school board becomes a GST/HST registrant, the school board may elect, depending on its taxable supplies, one of the three following reporting periods.

Without this election, the CRA assigns the reporting period that requires the least frequent filing of GST/HST return.

<table>
<thead>
<tr>
<th>Threshold amount (Taxable supplies)</th>
<th>Reporting period options available</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500,000 or less</td>
<td>Annual, quarterly, or monthly</td>
</tr>
<tr>
<td>More than $1,500,000 but not more than $6,000,000</td>
<td>Quarterly or Monthly</td>
</tr>
<tr>
<td>More than $6,000,000</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

The school board and schools part of the school board will have the same reporting periods.

5.2  Filing Deadline

a)  Monthly or Quarterly Filers

A school board that has monthly or quarterly reporting periods should file its GST/HST return within the following month of the reporting period.

Examples

- A school board files its GST/HST return on a monthly basis. As such, for the reporting period of June 2014, the school board should file its GST/HST return no later than July 31, 2014.
b) Annual filers

A school board that has an annual reporting period should file its GST/HST return within the three following months of the fiscal year.

**Example**

- A school board files its GST/HST return on an annual basis. If the fiscal year of the school board ended on August 31, 2014, the school board should file its GST/HST return no later than November 30, 2014 (3 months after the end of its fiscal year).

### 5.3 PSB rebates claims

The rules regarding the claim of the PSB rebates and the claim periods are explained in part 5.2.

Briefly, if a school board is a **GST/HST registrant**, its PSB rebates claim frequencies are the same as its GST/HST returns, that is annually, quarterly or monthly.

If the school board is **not a GST/HST registrant**, the school board has two PSB rebates claim periods per fiscal year – The first six months and the last six months of its fiscal year.

- September 1 – February 28
- March 1 – August 31

### 5.4 Special quick method

The **Special Quick Method** ("SQM") is a simpler way for school boards to calculate the GST/HST they are required to remit. Under SQM, the school board remits a fixed percentage of the total GST/HST included in sales but is not entitled to claim ITCs on most expenses.

**The remittance rate for school boards located in Ontario is 11% of the HST (13%)-included amount and 4.2% of the GST (5%) included amount.**

However, the full amount of HST (13%) should be remitted by school boards and registered schools on sales of real property, improvements to real property, sales of capital assets costing $10,000 or more and all capital assets used primarily (more than 50%) in commercial activities.

The advantage of using the SQM is to avoid the need to allocate the portion of the expense eligible for an ITC and the portion eligible to a PSB rebate.
### Example

The taxable sales made by a school board during its last financial year are the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HST at 13%</strong></td>
<td></td>
</tr>
<tr>
<td>• General Interest Courses Revenue – e.g., computer courses, cooking classes etc.</td>
<td>$15,000</td>
</tr>
<tr>
<td>• Rental of school facilities for community events (e.g., awards ceremonies, reunions, dinners etc.)</td>
<td>$ 5,000</td>
</tr>
<tr>
<td></td>
<td>$20,000</td>
</tr>
<tr>
<td>HST collected (13%)</td>
<td>$ 2,600</td>
</tr>
<tr>
<td></td>
<td>$ 22,600</td>
</tr>
<tr>
<td><strong>HST at 5%</strong></td>
<td></td>
</tr>
<tr>
<td>• Sales of books</td>
<td>$10,000</td>
</tr>
<tr>
<td></td>
<td>$ 500</td>
</tr>
<tr>
<td></td>
<td>$ 500</td>
</tr>
<tr>
<td></td>
<td>$10,500</td>
</tr>
<tr>
<td><strong>Special Quick Method Calculations:</strong></td>
<td></td>
</tr>
<tr>
<td>• Remittance rate of 11%: $22,600</td>
<td>$ 2,486.00</td>
</tr>
<tr>
<td>• Remittance rate of 4.2%: $10,500</td>
<td>$ 441.00</td>
</tr>
</tbody>
</table>

Therefore, for total amounts of HST collected of $3,100, the school board will have to remit an amount of $2,927.00. Note that the school board is not eligible to claim any ITC on current expenses related to the making of these supplies.
Part 3 – GST/HST treatment of supplies made by a School Board/School

6 Type of supplies

For GST/HST purposes there are 3 different types of supplies: taxable supplies, zero-rated supplies and exempt supplies. For each type of supply, the application of GST/HST and the eligibility to claim ITCs or PSB rebates are different. The following table summarizes the rules.

<table>
<thead>
<tr>
<th>Type of supply</th>
<th>GST/HST</th>
<th>ITCs</th>
<th>PSB rebate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable supply</td>
<td>HST at 13%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Zero-rated supply</td>
<td>HST at 0%</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Exempt supply</td>
<td>No HST</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

6.1 Special Cases – No supply

For GST/HST purposes where a school or a school board receives money and no supply is provided by the school or the school board in exchange of that money, then there is no obligation to collect GST/HST on the amount received.

The following are some example of amounts received by a school board or a school and for which no GST/HST has to be collected.

- Cash Donations;
- Some Government Grant and Subsidies;
- Energy or Utility Rebates

6.2 Collection of GST/HST

<table>
<thead>
<tr>
<th>Collection of GST/HST?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of supply</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Taxable supply</td>
</tr>
<tr>
<td>Zero-rated supply</td>
</tr>
<tr>
<td>Exempt supply</td>
</tr>
</tbody>
</table>

6.3 Quick overview – Table for GST/HST Status

The following tables summarize the application of the GST/HST for common supplies made or acquired by a school or a school board.
<table>
<thead>
<tr>
<th>Supply</th>
<th>Examples</th>
<th>Tax status – HST to collect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Admission to amateur/students events</strong></td>
<td>• Cheerleading</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Concerts</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Cultural Event</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Proms</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Sport Event</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Admission to a place of amusement</strong></td>
<td>• For $1 or less</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Exceeding $1</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Advertising services</strong></td>
<td>• Year book advertising services</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Student’s journal advertising services</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Agendas</strong></td>
<td>• At direct cost</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• More than direct cost</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Bus Passes/tickets</strong></td>
<td>• Provided by a transit authority directly to students</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Provided by a school board/school as an agent of a transit authority to students</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Acquired by a school board/school to be resold to students</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Cafeterias</strong></td>
<td>• Breakfast Program</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• School cafeteria meals</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Healthy food</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Fruits and vegetables</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Milk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pure juices (75% or more of natural fruit juice)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Bread products (bagels, English muffins, croissants, etc.) without sweetened filling or coating</td>
<td></td>
</tr>
<tr>
<td><strong>Cafeterias</strong></td>
<td>• Non Healthy food</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td></td>
<td>• Chocolate milk</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pops</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fruit beverages (less than 25% of natural fruit juice)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Gum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Candies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Chocolate bars</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Chips</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Popcorn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Nuts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Snacks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ice lollies,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ice cream</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fruit bars</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rolls</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Food/beverage supplied through vending machines</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Catering services</strong></td>
<td>• To students</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Supply</td>
<td>Examples</td>
<td>Tax status – HST to collect</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>School board, Registered schools</td>
</tr>
<tr>
<td>Supply</td>
<td></td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td>Supply</td>
<td></td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Student Club Membership</td>
<td>• Ski club</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Photo club</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Book club</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Commissions</td>
<td>• Vending Machines</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Photographers</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Restaurants</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Daycare services</td>
<td>• Provided by a school board</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Provided by a third party</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>• Rooms provided to a childcare/daycare provider</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- For continuous period of 30 days and more</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Without a 211 election</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>- With a 211 election</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td></td>
<td>- For continuous period less than 30 days</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td></td>
<td>• Pepsi exclusivity payments</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Exclusivity payments</td>
<td>• Admission fee to a “school dance”</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Admission fee to “proms”</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Pizza/Hotdog/Hot Lunch Days</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Nutrition Program</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Class trip</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Sale of goods on a non-recurring basis by volunteers (e.g., Christmas cards)</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>- For more than $5</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>- For $5 or less</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Sale of fruit (e.g., Oranges, Grapefruit, etc.)</td>
<td>Zero-rated – No HST</td>
</tr>
<tr>
<td></td>
<td>• Walk-a-thons, dance-a-thons</td>
<td>No supply – No HST</td>
</tr>
<tr>
<td></td>
<td>• Equipment rentals (only to elementary and high school students)</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Fitness membership</td>
<td>• Admission to a fund-raising event</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>- Dinner</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Ball</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Concert</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Show</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sale of goods on a non-recurring basis by volunteers (e.g., Christmas cards)</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>- For more than $5</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>- For $5 or less</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Sale of fruit (e.g., Oranges, Grapefruit, etc.)</td>
<td>Zero-rated – No HST</td>
</tr>
<tr>
<td></td>
<td>• Walk-a-thons, dance-a-thons</td>
<td>No supply – No HST</td>
</tr>
<tr>
<td></td>
<td>• Equipment rentals (only to elementary and high school students)</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td>• Musical Instruments rentals (only to elementary and high school students)</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Supply</td>
<td>Examples</td>
<td>Tax status – HST to collect</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>---------------------------------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>School board, Registered schools</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No supply – No HST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No supply – No HST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No supply – No HST</td>
</tr>
<tr>
<td><strong>Supply Examples</strong></td>
<td></td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Small supplier schools</td>
<td></td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Tax status – HST to collect</strong></td>
<td></td>
<td>School board, Registered schools</td>
</tr>
<tr>
<td>School board, Registered schools</td>
<td></td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td>Small supplier schools</td>
<td></td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Library Fines</strong></td>
<td>• Late book</td>
<td>No supply – No HST</td>
</tr>
<tr>
<td><strong>Library Fines</strong></td>
<td>• Book damage</td>
<td>No supply – No HST</td>
</tr>
<tr>
<td><strong>Library Fines</strong></td>
<td>• Book replacement</td>
<td>No supply – No HST</td>
</tr>
<tr>
<td><strong>Parking Fees</strong></td>
<td></td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Photocopying Services</strong></td>
<td>• Via Vending machines</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Photocopying Services</strong></td>
<td>• By school board photocopy center</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Provided primarily (50%) to children 14 years of age or under</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Provided primarily (50%) to participant over the age of 14</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• With overnight supervision</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Entire week of camping – Summer camp</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Without overnight supervision</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Soccer leagues</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Dance lessons</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Guitar lessons</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Scrapbooking session offered primarily to 14 years and under</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Aquarelle painting lessons offered primarily to 14 years and under</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Provided primarily (50%) to participant over the age of 14</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Cooking lessons offered primarily to 15 years and over</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Recreational services</strong></td>
<td>• Community football leagues offered primarily to 15 years and over</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Rental of real property for continuous period of less than one month</strong></td>
<td>• Lease of skating rinks</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Rental of real property for continuous period of one month or more</strong></td>
<td>• Lease of swimming pools</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Rental of real property for continuous period of one month or more</strong></td>
<td>• Annual lease of an office to a third party with 211</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Rental of real property for continuous period of one month or more</strong></td>
<td>• Same annual lease of the office without 211</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Sale of a donated good</strong></td>
<td>• Sale of a donated artwork for an auction sale</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Sale of good used in commercial activities</strong></td>
<td>• Sale of used equipment</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Sale of good used in school activities</strong></td>
<td>• Sale of used student desk</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Sale of good used in school activities</strong></td>
<td>• Sale of used computers</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Sale of good used in school activities</strong></td>
<td>• Sale of used conference table</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Sale of good used in school activities</strong></td>
<td>• Sale of used portable</td>
<td>Exempt – No HST</td>
</tr>
<tr>
<td><strong>Sale of real property used primarily (more than 50%) in taxable activities</strong></td>
<td>• Sale of a pool</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td><strong>Sale of real property used 50% or more in school activities</strong></td>
<td>• Sale of a pool</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td>Supply</td>
<td>Examples</td>
<td>Tax status – HST to collect</td>
</tr>
<tr>
<td>--------</td>
<td>----------</td>
<td>----------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>School board, Registered schools</td>
</tr>
<tr>
<td>– With 211 election</td>
<td>• Sale of school</td>
<td>Taxable – HST to collect</td>
</tr>
<tr>
<td>– Without 211 election</td>
<td>• Sale of school</td>
<td>Exempt – No HST</td>
</tr>
</tbody>
</table>
| **School “spirit” supplies** | • At direct cost  
  – School spirit wear  
  – Team sport/club clothing  
  – “Up stander” t-shirts  
  – Yearbooks  
  – Rings | Exempt – No HST | No HST |
| | • More than direct cost  
  – School spirit wear  
  – Team sport/club clothing  
  – “Up stander” t-shirts  
  – Yearbooks  
  – Rings | Taxable – HST to collect | No HST |
| **Service performed by students or teachers in ordinary courses of credit courses** | • Automotive, building construction, beauty, business education | Exempt – No HST | No HST |
| | • Hairdressing | Exempt – No HST | No HST |
| | • Carpentry services | Exempt – No HST | No HST |
| | • Oil changes and mechanical services | Exempt – No HST | No HST |
| | • Goods and products sold at less than or equal to direct cost | Exempt – No HST | No HST |
| | • Goods and products sold for more than direct cost | Taxable – HST to collect | No HST |
Part 4 – GST/HST recovery on taxable purchases made by a School Board or a school

ITCs

7.1 General rules

When a school board carries on taxable activities, as a GST/HST registrant, then it can claim a full ITC. In addition, in this case, the school board is not limited to a PSB rebate for GST/HST paid on current expenses directly related to the taxable supplies/activities. To be entitled to claim an ITC, the selling price of the taxable goods and services to which the ITC relates should not be nil or nominal.

Since a school board generally makes a combination of taxable and exempt supplies, only a partial ITC is available, usually to the extent or percentage (%) that the purchase is related to the making of taxable supplies.

School boards are required to allocate expenses between taxable and exempt supplies and may recover GST/HST paid as follows:

<table>
<thead>
<tr>
<th></th>
<th>Use in commercial activities</th>
<th>ITC</th>
<th>PSB rebate (68% - 93%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 % or less</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Greater than 10% and less than 90%</td>
<td>Yes – Commercial %</td>
<td>Yes – Exempt %</td>
<td></td>
</tr>
<tr>
<td>90% or more</td>
<td>Yes – 100% ITC</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Property</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 % or less</td>
<td>NO</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Greater than 50 %</td>
<td>Yes – 100 %</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Real Property – Without 211 election</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 % or less</td>
<td>NO</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Greater than 50 %</td>
<td>Yes – 100 %</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><strong>Real Property – Without 211 election</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 % or less</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Greater than 10% and less than 90%</td>
<td>Yes – Commercial %</td>
<td>Yes – Exempt %</td>
<td></td>
</tr>
<tr>
<td>90% or more</td>
<td>Yes – 100% ITC</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

7.2 Real Property – 211 Election

Where a real property is used “primarily” (more than 50%) in making exempt supplies, no GST/HST is recoverable as an ITC, unless a section 211 election is filed.

4 The term “nominal consideration” is not defined in the ETA. Usually, it is the CRA’s view that whether or not an amount charged for the making of a supply is “nominal consideration” can only be determined with reference to the value of the supply for which the consideration is being charged.
Where an election under section 211 has been made by a school board, the “primarily rule” is not applicable on capital expenses or improvements. Therefore, GST/HST paid on any capital expenses or improvements made to real property will then be eligible for an ITC to the extent (as expressed as a percentage) the property is used in commercial activities.

To make this election, the registrant has to complete and file Form GST26 “Election or Revocation of an Election by a Public Service Body to Have an Exempt Supply of Real Property Treated as a Taxable Supply”. An election has to be filed for each property (legal designation) the school board wants to treat as taxable.

7.3 Time limitation to claim ITCs

a) General Rule

ITCs are claimed when the GST/HST return is filed. Every school board has up to four (4) years to claim an ITC.

b) Specified Person

Generally, the four-year time limit for claiming an ITC is reduced to two (2) years for a school board that is a “specified person”.

A school board is a “specified person” if its taxable supplies made in Canada exceed $6 million in each of its preceding two fiscal years.

7.4 Partial rebates

7.4.1 Specified percentages

A school board or a school can claim a PSB rebate for the amount of GST/HST paid on expenses used in the exempt activities.

The percentage of rebate depends on whether the school board is a charity for income tax purposes and on the purpose of the expenses.

<table>
<thead>
<tr>
<th>Type of PSB</th>
<th>PSB rebate rate - Federal GST (5%)</th>
<th>PSB rebate rate - Ontario Provincial portion of the HST (8%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charities and qualifying non-profit organizations</td>
<td>50%</td>
<td>82%</td>
</tr>
<tr>
<td>School boards</td>
<td>68%</td>
<td>93%</td>
</tr>
</tbody>
</table>

7.4.2 Apportionment of rebate for School Boards

It is important to note that GST/HST paid on expenses incurred to carry out school board activities that are not otherwise recoverable by way of ITCs are subject to 68%/93% rebates.

However, assuming the school board is also a registered charity, the rebate rate used must be determined based on whether the purpose of the expense was for school activities or charitable activities.

Therefore, GST/HST paid on expenses incurred to carry out non-school activities that are not otherwise recoverable by way of ITCs is limited to 50%/82% rebates.
<table>
<thead>
<tr>
<th>Type of activities</th>
<th>PSB rebate rate - Federal GST (5%)</th>
<th>PSB rebate rate - Ontario PVAT (8%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>School board with charitable status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Activities</td>
<td>68%</td>
<td>93%</td>
</tr>
<tr>
<td>Non School Activities</td>
<td>50%</td>
<td>82%</td>
</tr>
</tbody>
</table>

As such, where schools or school boards hold special fund raising activities to assist a local or national charity event (e.g., Terry Fox Run), then any expenses paid to hold this fundraising event is limited to the 50%/82% PSB rebates. In the same way, most exempt leases of real estate or spaces to a third party are usually not considered by the CRA as “school activities”. Therefore any related expenses are limited to the 50%/82%.

All PSB rebates (68%/93% and 50%/82%) should be claimed on the same Form GST 66E - Application for GST/HST Public Services Bodies’ Rebate and GST Self-Government Refund (see section 7.7) and Form “RC7066-SCH – Provincial Schedule - GST/HST Public Service Bodies’ Rebate” (see section 7.8).

### 7.4.3 Non-Creditable tax charged

The PSB rebate is calculated in accordance with the “non-creditable tax charged” for the claim period of the PSB.

“Non-creditable tax charged” for a claim period is generally equal to the total amount of GST/HST that became payable (invoice’s date) or was paid during the claim period, less the following amounts:

- Any ITCs the school board or the school claimed or is entitled to claim for any of that GST/HST
- Any rebate, refund or remission of any of that GST/HST that it is reasonable to expect the school board or the school received or is entitled to receive, and
- Any amount of that GST/HST that is refunded, credited or adjusted and for which the school board has either received a credit note from the supplier or has issued a debit note.

Therefore, based on a strict interpretation of the definition of “non-creditable tax charged”, any amount of GST/HST paid or payable in one claim period generally cannot be included in a subsequent claim period.

### 7.4.4 Claim period

As mentioned previously, the PSB rebate is calculated and claimed on a claim period by claim period basis. The claim period depends on whether the school board is a registrant or not.

**a) School board**

If a school board is a GST/HST registrant, its claim periods are the same as its reporting periods for its GST/HST returns, that is annually, quarterly or monthly.

If the school board is not a GST/HST registrant, the school board has two claim periods per fiscal year – The first six months and the last six months of its fiscal year as follows:

- September 1 – February 28
- March 1 – August 31

**b) Registered school**

The claim period of a registered school is the same as its reporting period for its GST/HST returns that is annually, quarterly or monthly.
c) Small supplier school

If a school is a small supplier then the school has two claim periods per fiscal year – The first six months and the last six months of its fiscal year as follows:

- September 1 – February 28
- March 1 – August 31

7.4.5 Branch or division

If a school board has a school that files its own GST/HST returns as a branch or division, the school also has to file separate rebate applications using the same filing frequency as the school board. As such, if a school is designated as a “small supplier”, the school will have to file separate and individual rebate applications using the same frequency as the school board (i.e. where the school board files monthly rebate applications, then the school also has to file on a monthly basis).

In the same way, a school board can apply to allow one or some of its schools to file its own rebate applications, separate from school board although the school is not designated as a small supplier.

To apply for authorization, the school board has to complete Form GST10, Application or Revocation of the Authorization to File Separate GST/HST Returns and Rebate Applications for Branches or Divisions or call CRA at 1-800-959-5525.

If school is not authorized to file separate GST/HST returns and rebate applications, the PSB rebate claims of that school should be included in the school board claim.

7.4.6 Time limitation to claim rebates

a) Legislation

A registered school board has up to four (4) years from the due date of its GST/HST return to file a PSB rebate application for a claim period. A non-registered school board has up to four (4) years from the last day of the claim period to file a PSB rebate application.

As such, a school board has up to 4 years to file its PSB rebate claim for a claim period and not 4 years to claim the rebate after the GST/HST has been paid or payable.

b) CRA’s Administrative Position

In the Excise and GST/HST News – No. 89 (Summer 2013), CRA published an article entitled “Time limits for claiming a public service bodies’ rebate (PSB rebate).” In this article, the CRA stated the following:

“a PSB can only claim a PSB rebate of an amount of GST/HST on the application (…) for the claim period in which the GST/HST was paid or payable. If a PSB has not claimed PSB rebates for several claim periods, it should file a separate rebate application form for each claim period for which it is eligible to claim a rebate. The PSB should not consolidate rebates for multiple claim periods into one rebate application.

If a PSB has already claimed a PSB rebate for a claim period and subsequently discovers additional GST/HST that was paid or payable during that claim period, the PSB must adjust the previously filed rebate application to claim a PSB rebate for the additional GST/HST. The PSB cannot include the additional tax in the PSB rebate application for a different claim period.”

This article appears to announce a new policy which has implications for all Ontario school boards. Since the introduction of the GST, almost every school board took the position that the mechanism and the time limitation to claim a PSB rebate were essentially the same as those for...
claiming ITCs. In other words, any amount of GST/HST that was paid or payable in a previous claim period could be claimed in any subsequent PSB claim since a school board has up to 4 years to claim the rebate.

However, further to this GST/HST news, CRA’s auditors have authority to apply this “new policy” and could deny PSB rebates claimed in a reporting period other than the one in which the tax was paid or was payable.

This new policy adopted by the CRA will force school boards to either comply with the new rules or ignore them – Creating additional risks and potential penalties relating to non-compliance.

c) Amended public service body rebate claims

Where a school board or school with a monthly filing requirement is not able to process invoices by the following month, the school board has two options: assume the cash flow consequences by postponing filing rebate claims until all invoices have been processed or file amended rebate claim applications each time an invoice is received or processed after the rebate claim period.

Any school that finds itself in this situation should seek advice from the school board and/or indirect tax in order to determine the appropriate actions that should be taken prior to proceeding.

d) Best practices

If an error or mistake is subsequently discovered or where an invoice is processed after a rebate claim has been filed, file an amended claim to correct the error. Do not simply make a record of the required correction and do not adjust the next rebate claim accordingly. This reconciliation exercise could be done on an annual or semi-annual basis depending on the volume of transactions that require correction.

7.5 Required documents/information

School boards are not permitted to claim ITCs or PSB rebates unless they have sufficient evidence to support the claim. Specifically, school boards must, before filing the return or the claim, obtain sufficient evidence in such form and containing such information as to allow the amount of the ITC or the PSB rebate to be determined.

Supporting documentation for claiming an ITC/PSB rebate includes:

- An invoice
- A receipt
- A credit card receipt
- A debit note
- A book or ledger of account
- A written contract or agreement
- Any record contained in a computerized or electronic retrieval or data storage system; and
- Any other document validly issued or signed by a registrant in respect of a supply made by the registrant on which the GST/HST is paid or payable.

Regarding the information that a school board must obtain before filing a return, the following table provides an overview on the requirements.
### Supporting documentation for ITC and PSB rebate

<table>
<thead>
<tr>
<th>The total amount paid or payable</th>
<th>The total amount payable is $30 or more and less than $150</th>
<th>The total amount payable is $150 or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>The vendor’s name</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>The date tax was paid or becomes payable</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>The total amount payable</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>The supplier’s GST/HST registration number</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Confirmation that the amount payable includes the tax at a specified rate, or separate identification of the tax</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>The school board or school’s</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>The terms of payment (e.g., discount)</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>A description of each supply sufficient to identify it</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>

One error that can occur is if a school pays invoices that are addressed to other organizations or people. For example, a school could hire a contractor to repaint a playground area. The contractor then purchases paint on behalf of the school and gives the invoice from the paint supplier to the school for payment. If that invoice is addressed to the contractor rather than the school and then school pays the invoice and subsequently tries to claim a PSB rebate, the rebate would be denied since the school is not the recipient of the supply (i.e., the person liable to pay the invoice). Instead, the contractor should pay for the paint then include the cost of the paint on their invoice to the school or the school should contract directly with the paint supplier.

### 7.6 Quick overview – Table for ITCs and PSB rebates

The following tables summarize if a school or a school board is entitled to claim an ITC or a PSB rebate (and at which rates) on expenses paid in related activities.

**It is assumed all expenses are related to school activities.**

<table>
<thead>
<tr>
<th>Expenses related to the following activities</th>
<th>Type of supply</th>
<th>School Boards and registered schools</th>
<th>Small supplier schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>ITC 68%/93%</td>
<td>ITC 68%</td>
</tr>
<tr>
<td>Admission to amateur/students events</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Admission to a place of amusement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• For $1 or less</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>• Exceeding $1</td>
<td>Taxable</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Advertising services</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Agendas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• At direct cost</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>• More than direct cost</td>
<td>Taxable</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Bus Passes/tickets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Provided by a transit authority directly to students</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>• Provided by a school board/school as an agent of a transit authority to students</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>• Acquired by a school board/school to be resold to students</td>
<td>Taxable</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Expenses related to the following activities</td>
<td>Type of supply</td>
<td>School Boards and registered schools</td>
<td>Small supplier schools</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------</td>
<td>--------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PSB rebate 68%/93%</td>
<td>PSB rebate 68%/93%</td>
</tr>
</tbody>
</table>

**Cafeterias**
- Breakfast Program: Exempt, ITC NO, YES
- School cafeteria meals: Exempt, ITC NO, YES
- Healthy food: Exempt, ITC NO, YES
- Non Healthy food: Taxable, ITC YES, NO
- Food/Beverage supplied through vending machines: Taxable, ITC YES, NO

**Catering services**
- To students: Exempt, ITC NO, YES
- To third party/private event: Taxable, ITC YES, NO

**Club Membership**
- Exempt, ITC NO, YES

**Commissions**
- Exempt, ITC NO, YES

**Daycare services**
- Provided by a school board: Exempt, ITC NO, YES
- Provided by a third party: N/A, N/A, N/A, N/A, N/A
- Rooms provided to a childcare/daycare provider:
  - For continuous period of 30 days and more: Exempt, ITC NO, YES
  - Without a 211 election: Exempt, ITC YES, NO
  - With a 211 election: Taxable, ITC YES, NO
  - For continuous period less than 30 days: Taxable, ITC YES, NO

**Exclusivity payments**
- Exempt, ITC NO, YES

**Extra-Curricular school activities (e.g., food, services or admission)**
- Exempt, ITC NO, YES

**Fines to cover textbook loss**
- No supply – No HST, ITC NO, YES (including 100% GST/HST rebate on purchase of replacement book)

**Fines to cover vandalism**
- No supply – No HST, ITC NO, YES

**Fitness membership**
- Taxable, ITC YES, NO

**Fundraising activities**
- Admission to a fund-raising event: Exempt, ITC NO, YES
- Sale of goods on a non-recurring basis by volunteers (e.g., Christmas cards):
  - For more than $5: Exempt, ITC NO, YES
  - For $5 or less: Exempt, ITC NO, YES
- Sale of fruit (e.g., Oranges, Grapefruit, etc.): Zero-rated, ITC YES, NO
- Walk-a-thons, dance-a-thons: No supply – No HST, ITC NO, YES

**Lease/rental of goods**
<table>
<thead>
<tr>
<th>Expenses related to the following activities</th>
<th>Type of supply</th>
<th>School Boards and registered schools</th>
<th>Small supplier schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Equipment, music instruments, sports equipment, etc. (only to elementary and high school students)</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>• In conjunction with a supply of real property for less than one month (e.g., IT equipment with the lease of a conference room)</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Library Fines</td>
<td>No supply – No HST</td>
<td>NO YES⁶</td>
<td>NO YES⁷</td>
</tr>
<tr>
<td>Parking Fees</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Photocopying Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Via Vending machines</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>• By school board photocopy center</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>Recreational services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Provided primarily (50%) to children 14 years of age or under</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>‒ With overnight supervision</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>‒ Without overnight supervision</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>• Provided primarily (50%) to participant over the age of 14</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Rental of real property for continuous period of less than one month</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Rental of real property for continuous period of one month or more</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• With 211 election</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>• Without 211 election</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>Sale of a donated good</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>Sale of good used in commercial activities</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Sale of good used in school activities</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>Sale of real property used primarily (more than 50%) in taxable activities</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Sale of real property used 50% or more in school activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• With 211 election</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>• Without 211 election</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>School “spirit” supplies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• At direct cost</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
<tr>
<td>• More than direct cost</td>
<td>Taxable</td>
<td>YES NO</td>
<td>NO YES</td>
</tr>
<tr>
<td>Service performed by students or teachers in ordinary courses of credit courses (e.g., automotive, building construction, beauty, business education, hairdressing, carpentry services, oil changes and mechanical services, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Service</td>
<td>Exempt</td>
<td>NO YES</td>
<td>NO YES</td>
</tr>
</tbody>
</table>

⁶ Assuming expenses are directly or indirectly related to the library fines (e.g., replacement goods, software, etc.).
⁷ See note 6.
### Expenses related to the following activities

<table>
<thead>
<tr>
<th>Expenses related to the following activities</th>
<th>Type of supply</th>
<th>School Boards and registered schools</th>
<th>Small supplier schools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PSB rebate</td>
<td>PSB rebate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ITC 68%/93%</td>
<td>ITC 68%/93%</td>
</tr>
<tr>
<td>• Goods and products sold at less than or equal to direct cost</td>
<td>Exempt</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>• Goods and products sold for more than direct cost</td>
<td>Taxable</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>
Part 5 – Completing/Filing the forms

7.7 Form GST 66E - Application for GST/HST Public Services Bodies' Rebate and GST Self-Government Refund

7.7.1 Section A – Claimant identification

- Provide the school board’s or school’s Business Number in the space provided for ‘Business Number’.
- Enter the school board’s or school’s name and address in the spaces provided.
- Enter the name of the contact person.
- Enter the school board’s charity number where asked to do so.
- Enter the school board’s fiscal year-end (08/31) where asked.

Section B – Claim period

- If the school board or the school is a GST/HST registrant, enter the GST/HST filing period.
- If the school board or the school is not a GST/HST registrant, enter the applicable claim period:
  - September 1 – February 28; or
  - March 1 – August 31

Section C – Offset on GST/HST return

- If the school board or the school is a GST/HST registrant, mark ‘Yes’ in the “Is the amount on line 409 of this form being included on line 111 of your GST/HST return?”.
- Enter the filing period of the corresponding GST/HST return on which the rebate has been offset.

Section D – Details of claim

- On Line 302, enter 68% of the total GST and federal part of the HST paid on school board or school purchases for the claim period under the ‘Federal’ column.
- On line 305, enter 50% of the total GST and federal part of the HST paid on non-school board or non-school purchases for the claim period under the ‘Federal’ column.
- On Line 307, enter 100% of the GST/HST paid on the purchase of prescribed books for the claim period.
- On Line A, enter the total of the above figures.
- On Line B, enter the amount claimed on line 302-ON of the Form RC7066
- On Line 409, enter the total of the above figures for Line(s) A and B.

Section E – Certification

- This section requires the signature of the school board’s authorized representative or the school principal certifying that the information on the claim is correct.
7.8 Form “RC7066-SCH – Provincial Schedule - GST/HST Public Service Bodies’ Rebate”

Claimant information

- Provide the school board’s or school’s Business Number in the space provided for ‘Business Number’.
- Enter the school board’s or school’s name.

Ontario

- On Line 302-ON, enter 93% of the provincial portion (8%) of the total HST paid on school board or school purchases for the claim period under the ‘Ontario’ column.
- On Line 305-ON, enter 82% of the provincial portion (8%) of the total HST paid on non-school board or non-school purchases for the claim period under the ‘Ontario’ column.
- On Line 1, enter the total of the above figure and report it to the total.

7.9 Correction of errors

If an error or mistake is subsequently discovered after a rebate claim has been filed, the school board or school should file an amended revised claim to correct the error. The school board or school should not simply make a record of the required correction and should not adjust the next rebate claim accordingly.

7.10 Form “GST 34-2 GST/HST return”

Once Forms GST 66E and RC7066-SCH have been properly completed, they should be attached to the GST return (GST 34-2E) on which the rebates have been offset and filed together. See the following for filing details.

Line 101 – Sales and other revenue

This should be the total of all taxable revenue on which the school collected GST/HST. If this figure cannot be easily arrived divide the total HST Collectible (Line 103) figure by 13 %.

Line 103 – GST/HST Collected and collectible

This is the amount of GST/HST collected for the reporting period. The school board’s accounting system should be set up to include a HST collected account from which this figure can be obtained.

Line 104 – GST/HST adjustments

For school boards using the SQM, this line can be used for the purpose of calculating the difference between the amounts of HST collected (13% of taxable sales) and the amount to be remitted to the CRA (11% of taxable sales including HST). The adjustment is negative.

Line 105 – Total GST/HST and adjustments for period

Add Lines 103 and 104. Note that for schools and school boards using SQM, line 105 should always be less than Line 103 as Line 104 is negative.

Line 106 – Input tax credits

For schools and school boards not using SQM, this line is the amount of GST/HST paid on purchases used in taxable activities.

For schools and school boards using the SQM, this line is the amount of GST/HST paid on purchases of real or capital property in excess of $10,000 to be used greater than 50% in taxable activities.
Line 107 – Input tax credit adjustments

Any adjustments required to Line 106 would be entered on this line.

Line 108 – Total input tax credits and adjustments for period

Add Lines 106 and 107.

Line 109 – Net tax

Subtract Line 108 from Line 105. If the figure is negative, record a ‘-’ in the box provided.

Line 110 – Instalments and net tax paid

This line is not applicable and need not be completed.

Line 111 – Rebates

This line will be equal to the amount calculated on Form GST 66E at Line 409.

Line 112 - Total other credits

Add Lines 110 and 111. Line 112 should equal Line 111 as Line 110 will be zero.

Line 113 A – Balance

Subtract Line 112 from Line 109. If a negative figure results, record a ‘-’ in the space provided.

Line 205 – Tax due on the acquisition of real property

This line only needs to be completed if the school has purchased real property in the period.

Line 405 – Other tax to be self-assessed

Generally, this line should be zero. Exceptions would be where the school board has acquired the services of a non-resident of Canada who is also not registered for GST/HST. In this case, the school board would be required to self-assess a GST/HST component to the purchase.

Line 113 B – Total other debits

Add Lines 205 and 405. This figure will usually be zero.

Line 113 C – Balance

Add Lines 113 A and 113 B. If a negative figure results, record a ‘-’ in the space provided.

Line 114 – Refund claimed

If Line 113C is a negative number, enter the amount in this line.

Line 115 – Payment enclosed

If Line 113C is a positive number, enter the amount in this line.
Appendix 1 – Exemptions

8    Educational services

8.1    Extra-Curricular school activities

A supply of food or beverages, services or admissions made by a school board primarily to elementary or secondary school students during the course of extra-curricular activities organized under the authority and responsibility of the school authority is exempt.

It should be noted that, except for the supply of food and beverages, the supply should be made by the school board and not by another party to be exempt. If the supply is made by another party, the supply is taxable.

Examples

- Admission fees to a “school dance” are exempt.
- Fees charged for Pizza/Hotdog/Hot Lunches Days are exempt.
- If the school is hiring a third party to provide the lunches to students, then the fees paid by the school to the third party are exempt when the lunches are provided in the cafeteria. However, the definition of “cafeteria” is broad enough to include a class room or any location where students can have lunch.
- Fees charged for a nutrition program offered to students are exempt.
- A school organizes a two day class trip. The fee charge for the class trip is exempt.

8.2    Student services

Services performed by a student or by an instructor in the ordinary course of the instruction are exempt.

Examples

- Haircuts provided to individuals as part of a hair-styling class in a secondary school.
- The supply of any hair products by the school is taxable, except if another exemption is applicable (direct cost).
- Carpentry services provided as part of a carpentry class in a secondary school.
- Oil changes and other mechanical services provided as part of a mechanical class in a secondary school.
- The supply of any mechanical pieces/material for which a separate fee is charged is taxable if sold at more than direct cost.

8.3    School transportation services

For transportation services that are provided or arranged through the transportation consortia, please refer to the GST/HST Implications for transportation consortia of Ontario District School Board at https://sbsb.edu.gov.on.ca/COSBO/EEProjects.aspx?Link=COSBO

For athletic or extracurricular event and that the transportation services are arranged through a school or school board, service is exempt where the school board is with charitable status. No restrictions are imposed on the type of vehicle involved; it might be a taxi or private car, for example, rather than a bus.
Examples

- Fees charged to parents/students for the supply of transportation services of students from the school to an athletic or extracurricular event are exempt.

### 8.4 Continuing education courses

The service of instructing individuals in, or administering exams in respect of courses for which credits may be obtained toward a diploma or degree, is exempt.

These courses are exempt even when they are taken by an individual not enrolled in a degree or diploma program. Consequently, credit courses offered, as part of a continuing education program, at night are exempt, even if some students are not taking the courses as part of a degree or diploma program.

### 8.5 Non-Credit courses – Not for recreational purposes

Service of instructing individuals in, or administering exams in respect of, courses that are part of a program that consists of two or more courses is exempt. Where the course is subject to the review of, and is approved by, a council, board or committee of the school board established to review and approve the course offerings of the school board, it is exempt.

However, general interest type courses in sports, games, hobbies or other recreational pursuits that are designed to be taken primarily for recreational purposes are taxable.

### 8.6 Professional development workshops

Professional development workshops created by a school board and supplied to a third party that is not an elementary or secondary school student are taxable.

Example

- A professional workshop developed specifically for the employees of a mechanical business is taxable.

### 8.7 Student activity fees

Examples

- Council fees, athletic and recreation fees, and club fees charged to students are exempt.
- This exemption does not cover any sale of goods (e.g., student agenda’s and planners, books, team sport/club clothing). However, any sale of goods for consideration not exceeding the direct cost is still exempt under the direct cost exemption (see 10.4.2).

Services or membership related to registration in courses offered by a school board and for which credit may be obtained toward a diploma or degree are exempt.

### 8.8 Vocational courses

Service of instructing individuals in, or administering examinations in respect of, courses leading to certificates, diplomas, licenses or similar documents, or classes or ratings in respect of licenses, that attest to the competence of individuals to practice or perform a trade or vocation is exempt.

There are three criteria outlined in this point, each of which must be met in order for a supply of instruction to be exempt under this section.

1. The supply by the educational institution must be in respect of courses leading to certificates, diplomas, licenses or similar documents. In other words, courses for which students are issued some form of documentation at their conclusion to satisfy the “certificate, diploma, license or similar document” criterion.
2. The competency gained by the students must relate to the practise or performance of a trade or vocation (i.e., direct link to skills that are recognized as relating to the ability to gain or retain employment).

3. The certificate, diploma, license or similar document must attest to the competence of the students to practice the trade or vocation.

However, where the supply is exempt, the school board can make an election to opt out the exemption. The election should be made in prescribed form GST29 but does not have to be filed with the CRA.

Usually, a school board would elect to have its supplies of vocational courses taxable where most or all of its customers are commercial businesses that could claim full ITC for the tax paid to the school board. Therefore, this election will not have any cash flow issues for the customers but will entitle the school board to ITCs instead of being limited to PSB rebate on related costs.

### 8.9 Music lessons

Service of tutoring or instructing an individual in music lessons is exempt from the GST/HST.

CRA views a music lesson as an activity designed to result in a progression or development of skills toward a pre-set lesson goal or objective. Music lessons involve formal instruction that develop skills in musical performance involving the use of the human voice or musical instruments, conducting an orchestra or musical composition. The fact that an activity involves music does not mean it is a supply of instruction in music or a music lesson.

### 8.10 International language courses

Courses that form part of a program of international languages programs are exempt although provided outside regular school hours.

### 8.11 School cafeteria meals

Most food or beverages sold in an elementary or secondary school cafeteria primarily to students of the school are exempt, except where the supply is for a private party, reception, meeting or similar private event. Food or beverages sold primarily to persons other than students are taxable if they are served in an elementary or secondary school cafeteria.

Note that a cafeteria is a room where both food and seating are provided. Where schools do not have rooms permanently dedicated as cafeterias, any room used to supply both food and seating to students at meal times will be considered a cafeteria even if the room is used for other purposes at other times. However, places that supply food but have no seating, such as a school tuck shop, convenience store or canteen, do not qualify as cafeterias.

A supply of food or beverages made by a school board through a vending machine is taxable.

<table>
<thead>
<tr>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>• If a school is hiring a caterer services provider to serve lunches to students, then the fees paid by the school to the caterer is exempt where the meal is provided in the cafeteria. There is no specific process to claim the exemption to the caterer provider. The exemption is applicable and the caterer provider should be aware of it. Otherwise, the school should simply ask the provider not to charge HST.</td>
</tr>
<tr>
<td>• However, the definition of “cafeteria” is broad enough to include a class room or any location where students can have lunch.</td>
</tr>
<tr>
<td>• If the caterer services provider also sells food and beverage through a vending machine, then any fees paid by the school to the caterer is taxable.</td>
</tr>
<tr>
<td>• If the caterer services provider serves lunch to staff during a staff meeting or to parents during a parents council night event then the fees paid by the school to the caterer is taxable since it is not offered primarily to students.</td>
</tr>
</tbody>
</table>
8.12 Rentals of goods to students

Examples
- Optional rental fees charged to students for the lease of tools is exempt.
- Optional rental fees charged to students for the lease of music instrument is exempt.

The optional lease or rental of a good to an elementary or secondary school student is exempt.

9 Child and personal care services

9.1 Day care

Child care services are exempt where the primary purpose of the child care services is to provide care and supervision to children 14 years of age or under for periods normally less than 24 hours per day.

The supply of elementary pre-school and after-school supervision qualifies as a child care services and is exempt.

Example
- Any fees charged for daycare services carried on by the school board itself are exempt for GST/HST purposes.
- However, any daycare carried on by a third party in school spaces is not considered daycare services provided by the school board. The day care services are provided by the third party and not by the school board. The fees charged by the third party to the parents are also exempt under the daycare exemption.
- It should be noted that where the school board is receiving any fees for the use of the school by the third party, then this supply is a supply of real property. This supply could be exempt or taxable considering the applicable facts (i.e., short term or long term lease, license, 211 election, etc.).

10 Public sector body – Public institution

10.1 General exemption

Goods and services (but not real property) provided by a school board (with charitable status) are usually exempt, except where they are excluded by an exception.

Examples
- Most types of "commissions" received by a school board who is a registered charity are exempt:
  - Commissions from Vending Machines (e.g., pop and snacks) are exempt.
  - Commissions received from Photographers are exempt.
  - Commissions received from restaurants
- Yearbook Advertising Space (advertising services) is an exempt supply where provided by a school board that is a registered charity.
- Any royalty payments or exclusivity payments received by a school board that is a registered charity are exempt.

10.2 Exception to the general exemption

As mentioned previously, the general exemption is applicable to supplies (except real property) made by a school board who is a registered charity, except where those supplies are excluded by an exception.

Here are some of the other exceptions that could apply to a school board with charitable status:
• The supply of a good is taxable where, immediately before the supply was made, the good was used in commercial activities of the school board.

However, this exception to the general exemption does not apply to any capital property of the school board or to any good that was acquired, manufactured or produced for the purpose of being supplied by board.

• The supply of a capital property is taxable where the property was used primarily (more than 50%) in commercial activities of the school board before the supply.

**Examples**

• Sales of used gym or arena equipment used primarily in taxable activities to another school board is taxable where the equipment was used primarily in taxable activities.

• Sales of the following goods are exempt as used primarily in school activities.
  – Sale of used student desk
  – Sale of used computers
  – Sale of used conference table
  – Sale of used portable

• The supply of a good that was acquired by the school board for the purpose of resupply it is taxable. The supply of any service supplied in respect of such good is also taxable.

**Examples**

• The sale of the following items for student consumption are taxable, except if the direct cost exemption could be applicable:
  – School Spirit Wear
  – Team Sport/Club Clothing
  – “Up stander” T-Shirts
  – Students Agenda’s and Planners

• The supply of any good that was donated or used by another person before its acquisition by the school board remains exempt under the general exemption.

**Example**

• The supply of any artwork that was donated to the school board who is a registered charity is exempt when subsequently sold by the school board.

• Rental of goods in conjunction with a supply of real property for a continuous period of less than one month are taxable.

• The supply of a membership is taxable where the membership includes a right to participate in a recreational or athletic activity, or to use facilities.

**Examples**

• Fitness memberships are taxable.

• A service involving, or a membership or other right entitling a person to, supervision or instruction in any recreational or athletic activity is taxable, except where the program is provided primarily (50%) to children less than 15 years old.

**Examples**

• A school board offers a swimming program. The program has beginner classes, intermediate classes and competitive classes.
  • If more than 50% of all registrations to the overall swimming program are made to children 14 years of age or under, then all the fees charged are exempt, including the fees charged to participants over the age of 14.
  • If 50% of all registrations to the overall swimming program are made to children over 14 years of age, then all the fees charged under the program could be taxable. Alternatively, it is also possible to review the primary rule test as it applies to each level.
Therefore, if 50% of all registrations to the “beginners” level classes are made to children 14 years of age or under, then all the registrations to “beginners” classes is exempt.
- In the same way, if more than 50% of all registrations to the “intermediate” level classes are made to children 14 years of age or under, then all the registrations to “intermediate” classes is exempt.
- The same rule applies to the competitive level.
- A school board organizes a music camp during the summer. The summer camp involves overnight supervision. As such, although the registration to the summer camps are made primarily to children 14 years of age or under, the registration fees are taxable since the music camp involves overnight supervision.
- A school board organizes a two day class trip. Accordingly, the school board will be providing overnight supervision during this class trip. The fee charge for the class trip is not exempt under this exemption but is exempt where the class trip is considered an extra-curricular school activity.

10.3 Fundraising activities

a) Admissions

An admission to a fund-raising dinner, ball, concert, show or similar fund-raising event is exempt where part of the consideration for the supply may reasonably be regarded as an amount that is donated to the institution and in respect of which a charitable receipt may be issued or could be issued if the recipient of the supply were an individual.

Examples

- A school board organizes a fund-raising dinner to support students’ activities (e.g., field trips, graduations, proms, etc.). The admission fee to the dinner is $30 and $10 of the admission fee is related to the cost of the dinner.
  - If the school board is a registered charity, then the school board can issue a charitable receipt for the amount of the donation (i.e., $20); no charitable receipt could be issued with respect to the part of the admission fee that is related to the dinner (food)
  - Although the school board could not issue a charitable receipt for the full amount of the admission fee and the charitable receipt is limited to $20, the entire admission fee ($30) is exempt.
  - It should be noted that even if the school board choose to not issue charitable receipts, the entire admission fee remains exempt as charitable receipts may be issued.
  - The school board does not have to collect HST on the admission fee ($30) charge to participate to the fund-raising dinner.
- A school organizes a fun fair to support students’ activities. Any amount collected is during this activity is not HST applicable.
- A school requests voluntary donations from the school community (“cheque drive”) to support extracurricular school activities. Any amount collected is not HST applicable as it is a donation and the school did not provide any supply of good or service in exchange.
- A school organizes a walk-a-thon, dance-a-thon as a fund-raising activity. Any amount collected during this fundraising activity is not HST applicable.

b) Goods and services

A sale of a good or a service made by a school board in the course of a non-recurring fund-raising activity is exempt. However, this exemption is not applicable where the board is making such supplies on a regular or continuous basis throughout the year or a significant portion of the year. Thus, this exemption will apply to “occasional” fund-raising activities or fund raising activities that are not part of an ongoing activity.

Examples

- Where a school board sells Christmas Cards as a fund-raising activity, the sales are exempt.
- Where a school board sells pop and snacks as a fund-raising activity, the sales are taxable if the school board sells pop and snacks through vending machine on a continuous basis. If not, the sales are exempt.
- Where a school sales oranges and grapefruits as a fundraising activities, the sale is not HST applicable.

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8 The term “insignificant” is not specifically defined in the ETA. However, in the Revenue Canada Q&A Database (4M, Q.25, August 1991), the CRA mentioned that “for the purposes of Part VI of Schedule V, “insignificant” means less than 30%. As such, it can reasonably be assumed that significant means 30% or more.
10.4 Other public service body exemptions

10.4.1 Sale of good
The sale of goods by a school board is exempt where (1) the selling price for each item sold does not exceed $5 and (2) all of the following conditions are met:

- The school board does not carry on the business of selling such property;
- All the salespersons are volunteers; and
- The property is not sold at an event at which supplies of property of the kind or class supplied are made by persons who carry on the business of selling such property.

10.4.2 Direct cost
The supply of goods and services by a school board for an amount that does not exceed the “direct cost” may be exempt. This exemption is only applicable to (1) the sale of goods (not the lease), or (2) the supply of a service purchased for the purpose of reselling the same service.

The direct cost includes the GST/HST, Quebec Sales Tax (QST) and non-recoverable provincial taxes, duties, and fees paid when the property or service is bought. The direct cost of a good also includes the cost of material directly used to manufacture, produce, process, or package the property.

However, direct cost does not include administrative or overhead expenses, or salaries that are incurred to provide the property or services.

As mentioned previously, the direct cost exemption could be applicable to a good produced by a school board but is not applicable to a service offered by the school board except if the service was previously acquired from a third party and the same service is resold by the school board at direct cost.

It is also important to note that the direct cost exemption does not apply to:

- The sale of any capital property of a school board;
- The lease of any tangible property;
- The sale of any real property; and
- The lease of any real property.

Examples
- A school is acquiring 50 t-shirts for the school’s badminton team. The school pays $10 for each t-shirt, plus HST ($1.30). The rebate claimable by the school for each t-shirt is $0.34 for the GST portion and $0.74 for the provincial portion of the HST.
- Therefore, as long as the selling price of the t-shirts does not exceed $10.22, then the direct cost exemption is applicable and the sales could be made without GST/HST.
- In the course of a carpentry program, a school is manufacturing tables for resale. The school will incur costs for the material (wood, nails, glue, paint, etc.).
  - For the direct cost purposes, only the costs of the material, plus applicable HST should be included in the direct cost calculations.

10.4.3 Amateur performances and events

Examples
- Admission to an amateur cheerleading competition held in a school is exempt.
- Admission to a concert provided by students of the school is exempt.
- Admission to football games is exempt.
Admission fees to any athletic or competitive event or performance are exempt as long as all or substantially all (90% or more) of the athletes, competitors, or performers are not remunerated, either directly or indirectly, for their participation. In addition, no advertisement or representation may “feature” any of the participants who are remunerated. This exemption does not apply to performances or events in which individuals who are professional competitors compete for cash prizes.

### 10.4.4 Food and beverages
A supply made by a school board of food, beverages or short-term accommodation is exempt where the supply is made in the course of an activity for the purpose relieving poverty, suffering or distress of individuals and is not fund-raising.

**Example**
- If a school is providing a breakfast program for students in need, any fee charged will be exempt. The breakfast program does not need to be delivered in a school cafeteria to be exempt (e.g., a classroom or gymnasium).

### 10.5 Real property exemption

#### 10.5.1 General exemption
There is a general exemption applicable to supplies of a real property made by a school board. Therefore, supplies of real property made by a school board are usually exempt except where they are excluded by an exception.

#### 10.5.2 Real property used in school board activities
The supply of a real property by a school board is taxable where, immediately before the supply, the property was used primarily (50%) in commercial activities of the school board.

Where the real property was used primarily (more than 50%) in exempt school activities, then the supply remains exempt where the school board has filed a 211 election.

**Examples**
- A school board is selling a school which was used in exempt activities (education) and commercial activities (short term lease to a day care). Therefore, provided that the school was used primarily in making exempt supplies of educational supplies, then the sale remains exempt.
- A school board is selling an arena acquired 10 years ago. To maximize the use of the arena, the school board has leased the arena to the Municipality and to another school board on a short term basis. As such, the arena was used for the school board’s purposes only for 35% of the time and the remainder of the time were leased to a municipality or another school board. Therefore, the sale of the arena by the school board is taxable since the arena was used primarily (more than 50%) in commercial activities of the school board.
- The sale of a vacant land to another school board or to a commercial entity is taxable.

#### 10.5.3 Lease
Rentals or leases of a real property are taxable where the period throughout which continuous possession or use of the property is provided under the lease is less than one month.

Where the continuous possession or use of the property is for a period of at least one month, then the supply is exempt.
Example

- A school board is leasing a school pool to a municipality. According to the agreement, the municipality will have access to the pool each Monday from 6pm to 10pm and each Saturday from 9am to 4pm for the period of January 1st, 2014 to June 30, 2014. The rate charged to the Municipality is $35/hour.
- The lease is taxable and the school board should collect HST on lease payments charged to the municipality. Although the lease agreement is for a period exceeding one month, the municipality does not have continuous possession or use of the gymnasium for a period of at least one month.
- The school board is entitled to claim ITCs on expenses related to the lease.
- A school board is leasing a gym to a community group. According to the agreement, the community group will have access to the gym each week-end from 8 am to 5 pm for the period of September 1st, 2014 to December 31, 2014. The rate charged to the community group is $1/hour.
- The lease is exempt as the consideration received is nominal.
- The school board is NOT entitled to claim ITCs on expenses related to the lease of the gym.

10.5.4 Election under Section 211 of the ETA

The supply of a real property in respect of which an election under section 211 of the ETA is in effect at the time of the supply is made is taxable.

A school board may elect on a property-by-property basis to have supplies (including leases) of real property not be exempt. If this election is in effect, such supplies in most cases are taxable and, as such, ITCs may be available.

To make this election, the registrant has to complete and file Form GST26 “Election or Revocation of an Election by a Public Service Body to Have an Exempt Supply of Real Property Treated as a Taxable Supply”. An election has to be filed for each property (legal designation) the school board wants to treat as taxable.

10.5.5 Parking spaces

Supplies of parking spaces are taxable.