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## **DONATIONS AND RECEIPTS FOR DONATIONS**

**Policy Number: 027A/06/04**

**Scope: The policy contains the University's rules and procedures with regard to donations and receipts for donations.**

### **Policy:**

A donation is money/goods/services, etc. that are donated to the University **without** the donor expecting any counter performance. In order to qualify for a tax exemption certificate, a donation must comply with abovementioned description in terms of the provisions of Section 18A of the Income Tax Act (Act 58 of 1962).

A sponsorship, on the other hand, can be described as money/goods/services that are provided by a sponsor for which a counter performance is **required**. The counter performance is usually in the form of exposure (advertisement) and is often included in a contract. A sponsorship therefore does not qualify for a donor receipt.

### **Donations consist of two main categories, namely:**

- Earmarked: Is given for a specific purpose
- Not earmarked: A donation is given to the recipient without any prescriptions

### **Earmarked donations have various forms, e.g.:**

- Donations for research (excluding contract research)
- Bursaries (where beneficiary students are not nominated by the donor)
- Salary supplementation
- Donations *in natura*
- Donations for community service projects and programmes

**Take note:** All earmarked donations (e.g. for a specific department or research project) will immediately be paid into the designated departmental cost point via the Stellenbosch Trust and will immediately be available to the relevant department.

**NB: All donations must be paid in at the Stellenbosch Foundation Division, 12 Murray Street, and the following are required:**

- The donor cheque
- A copy of the relevant correspondence from the donor
- The cost point and account number against which the cheque must be deposited
- The name, telephone number and office address of the contact person (recipient)
- A letter of thanks for dispatch to the donor with the receipt (unless otherwise indicated, a letter of thanks and the receipt will automatically be dispatched by the Stellenbosch Foundation Division)

**Why are deposits handled by the Stellenbosch Foundation Division?**

- A record of donations is kept for each donor so that, approximately every five years, the University can acknowledge its donors by way of the Vice-Chancellor's Awards. These awards are done in categories that are determined by the total donations given to the University by the donor. It therefore includes donations to any department or subdivision of the University.
- In order to facilitate auditing and ensure good control, Section 18A receipts may be issued only by this division. Unfortunately, it sometimes happens that academic departments deposit a donation at the cashiers and an ordinary receipt, instead of a donor receipt, is then issued. After a few months, the donor's auditor contacts the University to request a Section 18A receipt. This creates double the amount of administrative work and creates a poor image of the University in the eye of the donor.
- The Stellenbosch Foundation Division is responsible for the coordination of all fundraising that is undertaken by the University or any SU representative. Without a complete donation history of donors, it is not possible to undertake meaningful and well-considered planning for fundraising. Aspects such as reporting to donors on the application of their donations, the timing of submissions for project proposals, avoiding that a donor does not receive unreasonably many requests for donations, etc. are all managed by this division.

**Contact Division:**  
Stellenbosch Foundation