



# Festival Finance and Administration

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Federation of Canadian Music Festivals

# Charitable Registration: Is it beneficial?

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# Registered Charity vs Non-Profit Organizations

Although registered charities and non-profit organizations (NPOs) both operate on a non-profit basis, they are not the same.



# Registered Charities

Registered charities are charitable organizations, public foundations, or private foundations that are created and resident in Canada. They must use their resources for charitable activities and have charitable purposes that fall into one or more of the following categories:

- the relief of poverty
- the advancement of education
- the advancement of religion
- other purposes that benefit the community



# Registered Charities (cont'd)

Examples of Registered Charities include:

- Food Banks
- Colleges & Universities
- Places of Worship
- Libraries
- Volunteer Fire Departments
- Symphony Orchestras & Opera Companies
- Music Festivals



# Non-Profit Organizations

Non-profit organizations are associations, clubs, or societies that are not charities and that are organized and operated exclusively for social welfare, civic improvement, pleasure, recreation, or any other purpose except profit.



# Non-Profit Organizations (cont'd)

## Examples of Non-Profit Organizations

- Bridge Clubs
- Golf Clubs
- Curling Clubs
- Hockey Associations
- Parade Celebrations



# What's the Difference?

## Registered Charity

- Must operate exclusively for charitable purposes
- Is issued a charitable registration number
- Can issue official donation receipts for Income Tax purposes
- May claim a partial rebate of HST paid on purchases

## Non-Profit Organization

- Can operate for any purpose except profit
- Is not issued a charitable registration number
- Cannot issue official donation receipts
- May claim a partial rebate of HST paid on purchases





# Who's currently registered?

- Currently 22 out of 55 affiliated festivals are registered with the Charities Directorate of Canada Revenue Agency




# What are the Advantages of Registration?

The main advantages of being a registered charity are:

- Registration allows a charity to issue official donation receipts for gifts it receives. These receipts can be used to reduce the income tax payable of an individual donor or the taxable income of a corporate donor.
- Once registered, a charity is exempt from paying income tax under Part I of the Income Tax Act.



- Registered charities are eligible to receive gifts from other registered charities, such as foundations.
- Registration provides increased credibility in the community, since registered charities must follow certain rules and guidelines in order to maintain their registration.

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- Many goods and services provided by registered charities are exempt from goods and services tax/harmonized sales tax (GST/HST). Also, in many situations, registered charities can claim a partial rebate for the GST/HST they pay.



# What are the Obligations of Registration?

The main obligations of a registered charity are to:

- Devote its resources (funds, personnel, and property) to its charitable purposes and activities;
- File its annual Form T3010, *Registered Charity Information Return*, within six months of its fiscal period-end;
- Meet its annual spending requirement (disbursement quota);



- Keep adequate books and records in Canada, and make them available for review by the Canada Revenue Agency on request;
- Make sure that official donation receipts are complete and accurate when issued;
- Control and direct the use of all its resources (funds, personnel, and property); and
- Maintain its status as a legal entity.



# How do I become a Registered Charity?

Are you interested in applying for Registered Charity Status? Visit the Charities & Giving section of the Canada Revenue Agency website for more information:


<https://www.canada.ca/en/services/taxes/charities.html>

# Donations and Receipts

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If you are a Registered Charity and you receive a gift from an individual, corporation or foundation, you may provide the grantor an official donation for income tax purposes. Receipts can be issued for both cash and non-cash gifts.



## Beware the 80% Gift Threshold

If the total Fair Market Value (FMV) of all advantages given to a donor is greater than 80% of the value of the gift(s) itself, then CRA considers that there is no true intention to make a gift. In these cases, an official donation receipt cannot be issued.



## Cash Gifts with no advantage

A donor makes a cash gift of \$100 to ABC Music Festival. The donor, or any other person associated with the donor, has not and will not, receive an advantage for the gift. So, the amount of the gift and the eligible amount of the gift are both \$100.



## Cash Gifts with advantage

A donor gives a \$100 to donation to ABC Music Festival. As a thank you, ABC Music Festival provides the donor with two Festival Passes valued at a total of \$20. The amount of the advantage (the \$20 in passes), must be subtracted from the amount of the gift (the \$100). So, the eligible amount of the gift is \$80.



## Non-Cash Gifts with no advantage

A donor makes a gift of a piano with an appraised value of \$25,000. The donor, or any other person associated with the donor, has not and will not, receive an advantage for the gift. So, the amount of the gift and the eligible amount of the gift are both \$25,000.



## Non-Cash Gifts with advantage

A donor makes a gift of a piano with an appraised value of \$50,000. The charity gives the donor \$5,000 in return. The amount of the advantage (\$5,000) must be subtracted from the amount of the gift (the \$50,000 value of the piano). So, the eligible amount of the gift is \$45,000.

# Official Donation Receipt Example



The Federation of Canadian Music Festivals  
La Fédération canadienne des festivals de musique

11119 Route 130, Somerville, N.B. E7P 2S4

OFFICIAL RECEIPT FOR  
INCOME TAX PURPOSES – 2021

Name:  
Christopher Lane

Address:  
239 St. James Street West  
Saint John, NB E2M 2E7

## RECEIPT DETAILS

Receipt Number: 2021-005  
Issue Date: March 25, 2021  
Donation Date: March 13, 2021  
Eligible amount of gift for tax purposes: \$250.00  
Project: National Music Festival Prizes

Issued by: The Federation of Canadian Music Festivals / La Fédération canadienne des festivals de musique  
Location Issued: Saint John, NB  
Charitable registration: 11891 3946 RR 0001  
Canada Revenue Agency  
[www.canada.ca/charities-giving](http://www.canada.ca/charities-giving)

A handwritten signature in black ink, appearing to read 'Christopher Lane', is written over a horizontal line.

Christopher Lane  
FCMF Treasurer



# CanadaHelps.org



CanadaHelps.org makes giving simple. They are a one-stop shop for charitable giving and fundraising.

- Donate Now Button
  - Add to your website
  - Donors can give a one-time gift or set-up monthly gifts
- Receipting
  - CanadaHelps.org emails receipts to donors immediately
- Processing Fees
  - Secure website with modest fee (4%) for processing & administration



# Making the Most of Your Festival Dollar

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# TechSoup Canada



TechSoup Canada is dedicated to empowering charities, non-profits and libraries with the effective use of technology.

- Technology Donations Program
  - Qualified charities, non-profits and libraries can order donated and discounted software for a very low administrative fee.
- Learning Resources
  - Monthly events, write blogs, newsletters and share content on non-profit technology

## Examples of Donated & Discounted Software

- Microsoft Office Standard \$67 (compare @ \$190/yr)
- Norton Anti-Virus for Small Business \$28 (compare @ \$90)
- QuickBooks Premier 2021 with Payroll \$77 (compare @ \$1,250)
- Acrobat Pro 2020 \$77 (compare @ \$700)
- Google for Non-Profits
  - Google Ad Grants: Receive up to \$10,000 of AdWords advertising a month to promote your website on Google.ca through keyword targeting



# GST / HST Rebates

Do I need to be a Registered Charity to receive GST/HST Rebates?

- The short answer is No.
- Must be a Not-for-Profit



# Examples of Eligible GST/HST Expenses

- Adjudicator Fees (when GST/HST is paid)
- Adjudicator Meals (if receipts submitted)
- Adjudicator Flights
- Mileage
- Accommodations
- Office Expenses
- Printing Costs



# What can we claim?

You can claim 50% of the GST (5%) and 50% of the Provincial portion of the HST.

You will need to complete Form GST 66 for the GST portion of the HST and then RCH 7066 SCH for the Provincial portion of the HST.

Amount of Rebate is entered on Line 305 of each form.



# Submission Deadlines

Submission for GST/HST Rebates must be made semi-annually.

Eg. Fiscal Year is from September 1 to August 31

- 1<sup>st</sup> Submission – September 1 to February 28
- 2<sup>nd</sup> Submission – March 1 to August 31



If you have not yet claimed a GST/HST Rebate, you are eligible to submit up to 4 years prior to the date of your first submission.

- 6-month periods corresponding with 1<sup>st</sup> and 2<sup>nd</sup> half of Fiscal Year
- Eg. ABC Festival's Fiscal Year runs April 1 to March 31
  - They file for the first time for April 1 to September 30, 2021.
  - They can file for 2<sup>nd</sup> half of 2017 and all of 2018, 2019 and 2020.





# GST/HST Formula

If you have a receipt that shows HST included but does not show a breakdown of the HST, use the following formula to determine the HST:

$$\text{TOTAL} \times 15 \div 115 = \text{HST}$$

Example:  $\$100 \times 15 \div 115 = \$13.04$  HST

If only charged GST, simply change the figures to 5 and 105.



# GST/HST and Accounting

If you use an accounting software such as QuickBooks, you can set the Sales Tax Groups up to allocate the non-refundable portion of the GST/HST to the expense account associated with the purchase.

- Gives a more accurate indication of the actual costs of goods purchased.
- Alternative is to include a GST/HST Expense line in your Income Statement to which you 'charge' the non-refundable portion of the GST/HST.



If you are using QuickBooks, Christopher can make available the information on how to set up your tax tables.

# Generating Revenue for your Music Festival

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# Entry Fees

- Each student is charged an entry fee for the classes they participate in.
- The entry fee should be calculated to cover basic costs of bringing adjudicators
  - Professional Fees
  - Travel
  - Meals
  - Accommodations



# Admission Fees

Some festivals charge a small admission fee during festival week which helps cover venue rentals and miscellaneous expenses.

Other festivals ask for a donation upon admission.



# Program Sales

- Some festivals sell their programs to cover the cost of printing.
- Some festivals make their programs available on-line and save the cost of printing.
- Some festivals provide free programs and recuperate the costs through sale of ads in the program or other forms of fund raising.



# Fund Raising

Communities usually fund raise for:

- Venue rentals
- Piano tuning
- Prizes
- Operating expenses





# Examples of Fund Raising Options

Funds can be raised through:

- Personal donations
- Corporate donations
- Community foundation grants
- City/Town Community Arts Grants
- Service clubs
- Prize sponsorships
- Sale of advertisements in the program
- Gifts-in-kind



# Fund Raising and Your Board

When fundraising in the community, it is valuable to ensure that all board members, in addition to the donation of their time, are also seen to be financially supporting your organization. Community partners will often ask what percentage of your board members and/or volunteers financially support the Festival.

# Managing Your Festival Expenses

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# Venues

- Venues are often donated as gifts-in-kind.
- Rent can be expensive in some regions.
  - Depending on the community, this can be raised through donations, entry fees, admission fees
- Piano Tuning



# Administration and Library

- Certificates, seals, signage, name tags
- If a festival chooses to have test pieces, they will need to have a copy of the music scores in their library. This is not necessary if classes are “own choice”.



# Affiliation Fees

- The Federation of Canadian Music Festivals levies an Affiliation Fees from local festivals at a current rate of \$0.90 per entry.
- This fee is remitted through your Provincial Association (or directly to FCMF if a Local Stream member).
- This payment entitles festivals to send competitors to the FCMF National Music Festival and other benefits as outlined in the By-Laws and/or current P&P.



# Programs and Prizes


- Programs could be printed for about \$3-5 each and sold for \$5-10. This could increase if you are a larger festival.
- Most festivals offer some prizes [medals, trophies and/or cash] at the end of the week. How many prizes and the amount of cash prizes vary.



# Adjudicators

- Professional Fee - \$400 / day
- Travel - \$ .45 / km
- Accommodations - \$150 / night
- Meals - \$50 / day
- Visit <https://www.cmfaa.ca/information-for-festivals/cmfaa-guidelines-for-the-contracting-of-adjudicators/> for helpful information about setting contracts for adjudicators.




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- If an adjudicator makes more than \$30,000 per year from their professional services (does not include teaching income) they will be required to charge HST. However, most adjudicators don't have a GST/HST number or pay GST/HST.
  - If HST is paid to an adjudicator, the Festival can get back half of HST paid as indicated above. Festivals must remember to include the non-refundable portion of GST/HST in their expenses.



# T4As and Adjudicators

Should Festivals be issuing T4As to their adjudicators?

- For adjudicators being paid for 1 day of work, this is not a requirement as it falls under the \$500 threshold
- If issuing T4A then it is necessary to collect SIN numbers and addresses which raises some privacy issues. The amount paid to adjudicators for their services (not meals, accommodations or travel) would be included in Box 048 of a T4A.

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- Another option is for adjudicators to issue an invoice and then festivals don't have to collect SIN number and it is the adjudicator's responsibility for submitting.
  - While the CRA has a series of penalties for not filing T4s and T4As, their website currently states they are "not assessing penalties for failures relating to the completion of box 048."

# Determining Your Entry Fees

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# Entry Fees

- We figure on approximately \$700 a day for adjudicator costs (Fee, Meals, Accommodations, Travel)
- Adjudicators can work 5 three-hour sessions in two days = 15 hours
- $\$1,400 / 15 \text{ hours} = \$93 / \text{hour}$
- On average, we plan on an adjudicator hearing and adjudicating approximately 8 students per hour.



# Solo Entry Fees

- That means entry fees would have to be \$11.60 per solo entry to cover the basic adjudicator costs.
- Affiliation fees are \$0.90 per entry so the minimum entry fee would be \$12.50 just to cover those two costs.
- \$15 is reasonable minimum fee for solo classes. This gives some margin for additional adjudicator travel costs and help towards administrative costs.



- In this model, the entry fee is covering the adjudicator's time, therefore classes that take longer such as Complete Sonatas/Concertos, Concert Groupings, intermediate & senior competitors, and Provincial Classes should have a higher entry fee to cover the additional time.



# Group Entry Fees

- We plan on an adjudicator hearing and adjudicating 5 groups per hour.
- That means group entry fees would have to be \$21 to cover the basic adjudicator costs of \$93 per hour.
- Group entry fees of \$25-35 covers the \$0.90 affiliation fee and allows some margin for venue and administrative costs.





- Some festivals want to provide increased professional development for their band and choral directors, so they allow more workshop time for their group entries.
- This increased class time should be reflected in the entry fee.



- Ideally, entry fees should cover adjudicator, administrative and library costs.
- Ideally, local communities would raise funds for venue and piano tuning costs, as well as prizes.



# Additional Options

- If you wish to cover venue costs in your entry fees, the following formula could be used:
- Cost of venue per day divided by the number of participants heard in a day
  - Eg. \$100 rent per day divided by 50 competitors heard = an additional \$2 per entry fee



## Additional Options (cont'd)

- Some festivals have a very active committee structure with sufficient volunteers for all tasks to be covered.
- Some festivals with fewer volunteers, or volunteers with less available time, pay Honoraria to committee members that do the bulk of the administrative tasks.
  - To cover all or part of the Honoraria in the entry fees would require dividing the amount being given by the number of competitors in the festival.

# How to Simplify Administrative Tasks

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Most music festival committees face the challenge of having enough volunteers to cover the basic tasks involved in preparing and hosting a music festival.



# Administrative Templates

FCMF, thanks to existing resources from the New Brunswick Federation of Music Festivals, has a comprehensive set of administrative templates for use by Local Festivals, in both official languages.

The files are set up as templates allowing the local festival to insert their name, contact information and local details. This saves the committee time in writing and formatting the files.



# Virtual Festival Templates

For the 2021 Festival Season, FCMF created various templates for running a Virtual Festival. Even in a post-pandemic era, these resources can still be beneficial for competitions that have traditionally been recorded.





# Online Registration Software

There are software programs available that are designed especially for music festivals which several local festivals in the province use.

- *MusicFestivalSuite.com*
- *Solarislive Event Manager*

There are other generic apps for on-line registration from website platforms such as *Wix* or *Wordpress*.



## Use of Databases and Mail Merge

Entering competitor information [name, class, repertoire etc.] into a database at registration greatly streamlines administrative tasks.

Information only needs to be typed once which is a huge time saver in typing and proofing, and reduces risk of error.



Once the information has been typed into a database or downloaded from an online registration program, it can be merged into templates using the “mail merge” function in Word to create the program, adjudication sheets, marks spreadsheets for awards and certificates.



# Questions?

Contact the FCMF Treasurer, Christopher Lane, at [treasurer@fcmf.org](mailto:treasurer@fcmf.org).