

Nova Scotia Archives and Records Management

Monetary Appraisal Policy

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TABLE OF CONTENTS

- 1.0 POLICY STATEMENT**
- 2.0 POLICY OBJECTIVE**
- 3.0 APPLICATION**
- 4.0 POLICY DIRECTIVES**
- 5.0 GUIDELINES AND PROCEDURES**
- 6.0 ACCOUNTABILITY**
- 7.0 REFERENCES**
- 8.0 APPENDIX (Glossary)**

1.0 POLICY STATEMENT

NSARM shall offer to provide all eligible donors paying Canadian income tax with a tax receipt commensurate with the fair market value of the donated material. NSARM will submit to the Canadian Cultural Property Export Review Board (CCPERB) an application for certification of donated material as cultural property if the following criteria have been met: 1) the donor(s) has requested certification and 2) the donation meets the criteria of “outstanding significance and national importance.”

2.0 POLICY OBJECTIVE

The objective of this policy is to ensure that donors receive the tax benefits accruing to their donations in an equitable and timely manner, and that all staff conducting or otherwise involved in monetary appraisal, as well as outside professional appraisers, have a clear understanding of their responsibilities.

3.0 APPLICATION

This policy applies to archivists and other designated staff involved in the monetary appraisal of donated archival and library material; the Directors, Archives Management and Public Services; the Provincial Archivist; and outside professional appraisers.

4.0 POLICY DIRECTIVES

- 4.1 Archivists conducting or arranging for outside monetary appraisal of donated archival material for income tax credit purposes shall ensure that NSARM has clear title to the donated material before proceeding with the appraisal.
- 4.2 Staff arranging for outside monetary appraisal of donated library material shall ensure that NSARM has clear title to the donated material before proceeding with the appraisal.
- 4.3 Clear title to donated material can be acquired only through a deed of gift explicitly giving ownership of the physical property to the Public Archives of Nova Scotia.
- 4.4 Archivists or other professional staff conducting or arranging for monetary appraisal for income tax credit purposes shall ensure that material has been appraised and selected for archival or library retention before it is appraised for monetary value.
- 4.5 NSARM shall not issue tax credits for private donations of provincial government records.

- 4.6 NSARM shall not issue a tax credit for donated material worth less than \$10.00.
- 4.7 Staff shall not make monetary appraisal arrangements with outside professional appraisers without the authority of the relevant Director.
- 4.8 Staff shall treat the appraised value of donated material as confidential information.
- 4.9 Staff shall not attempt to give donors legal or tax advice, as responsibility for obtaining such advice rests with the donor. Staff shall advise donors, as required, to seek appropriate professional advice and/or refer them to relevant government publications.
- 4.10 Staff shall not speculate with donors on the value of material prior to monetary appraisal taking place.
- 4.11 Staff shall not provide a donor with information on the amount of the monetary appraisal before NSARM receives the appraisal documentation from the appraiser(s).
- 4.12 NSARM shall offer to submit to CCPERB an application for certification of cultural property for income tax purposes on behalf of a donor(s) whose donation meets the criteria of “outstanding significance and national importance.” In general, NSARM will not apply for certification of material valued at less than \$10,000.

5.0 GUIDELINES AND PROCEDURES

- 5.1 A tax credit for donated material will normally be issued for the tax year in which the gift is formally made. In the event that this is not possible, the tax credit will be issued for the following tax year.
- 5.2 Directors may establish deadlines for the receipt of material undergoing monetary appraisal within a given tax year. If material is received after the deadline, formal acceptance of the gift may have to be deferred until the following tax year, at the discretion of the relevant Director.
- 5.3 NSARM will generally conduct an in-house monetary appraisal to estimate the fair market value of donated archival or library material worth approximately \$1,000 or less and issue a tax receipt for the appraised amount. If necessary, the advice of an outside professional appraiser(s) will be sought.
- 5.4 On occasion, a donor(s) may request complimentary copies of donated audiovisual materials. Should NSARM be able to identify the necessary funds to supply the requested copies, this benefit would be in lieu of NSARM paying for an outside professional appraisal(s) in order to issue a tax receipt. NSARM will issue a tax receipt only if the outside professional appraisal(s) is paid for by the donor(s).

- 5.5 For material whose estimated fair market value is between \$1,000 and \$20,000, one outside professional appraiser is required. NSARM may use the services of the National Archival Appraisal Board (NAAB) when appropriate. Documentary art is appraised by a member of the Art Dealers Association of Canada (ADAC) or other professional art appraiser. Outside professional appraisers with specialized expertise are also required for audiovisual materials.
- 5.6 Material whose fair market value is estimated to be \$20,000 or more requires two outside professional appraisals, except if carried out by NAAB.
- 5.7 For donations of audiovisual material where the total fair market value is estimated to be greater than \$500,000, three outside professional appraisals are required.
- 5.6 In general, NSARM will assume the cost of appraisals carried out for a donor(s). However, in certain circumstances, depending upon the nature of the donor, extent of the donated material, and/or specialized monetary appraisal requirements, the donor(s) may be asked to assume or share the cost of the appraisal.
- 5.9 Audiovisual materials undergoing outside professional appraisal have specialized monetary appraisal requirements; in particular, the appraiser(s) require information about the duration (run time) of each individual item. If the required specialized information does not accompany the donation, NSARM will be able to issue a tax receipt only if the donor supplies the missing information or assumes the entire cost of the outside appraisal.
- 5.10 When assuming the entire cost of the appraisal, the donor(s) is free to choose his/her own outside professional appraisers, engage their services and pay them directly. Otherwise, NSARM will make the necessary arrangements and the donor(s) will be asked to reimburse NSARM for their contribution to the costs of the appraisal.
- 5.11 In the event that the donor(s) assumes the cost, in whole or in part, of an outside professional monetary appraisal(s), NSARM will issue a tax receipt for the donor's contribution to the cost of the appraisal(s). NSARM will issue this tax receipt separately from the tax receipt issued for the fair market value of the donated material.
- 5.12 For donated material which has undergone monetary appraisal, but which is not being submitted to CCPERB for certification as Canadian cultural property, NSARM will issue a tax receipt for the fair market value assigned by the appraiser(s). Where a donation requires more than one appraisal, the tax receipt will be for the average of the values assigned by the appraisers.
- 5.13 In some instances a donor(s) may not agree with the value(s) assigned by the outside professional appraiser(s) selected by NSARM. The donor(s) has the right to arrange for one or more appraisals at his/her expense and submit any such appraisal to Revenue Canada, which has the authority to accept or not accept the appraisal value(s) assigned by the appraiser(s).

- 5.14 Once the outside professional appraiser(s) has submitted his/her appraisal report(s), NSARM will determine whether the donated material is likely to meet the criteria for “outstanding significance and national importance” required for a successful application to CCPERB.
- 5.15 If the criteria for outstanding significance and national importance appear to have been met, NSARM will provide the donor(s) with the value(s) assigned by the appraiser(s) and offer to submit a CCPERB application on the donor(s) behalf.
- 5.16 If NSARM submits an application for certification to CCPERB but the donor(s) does not agree with the value(s) assigned by the appraiser(s), the donor(s) has the right to arrange for one or more appraisals at his/her expense and submit any such appraisal to CCPERB.
- 5.17 In the event that NSARM has submitted an application for certification on a donor(s) behalf, CCPERB will make the final determination on whether the necessary criteria for “outstanding significance and national importance” have been met. Subject to this determination, CCPERB will issue to the donor(s) a Cultural Property Income Tax Certificate (T 871) stating the fair market value for income tax purposes.
- 5.18 NSARM will promptly issue a tax receipt for the fair market value of the donated material as determined by CCPERB.
- 5.19 CCPERB, not Revenue Canada, makes the final determination of value for material submitted to it for certification.

6.0 ACCOUNTABILITY

- 6.1 Appraisers are responsible for appraising donated material based on its fair market value.
- 6.2 Archivists and other designated professional staff are responsible for appraising donated material worth \$1,000 or less; providing appropriate documentation to outside professional appraisers for donated material worth more than \$1,000; arranging for outside professional appraisals as requested by their Director; and preparing applications for certification of cultural property for income tax purposes.
- 6.3 Directors are responsible within their respective program areas for coordinating and overseeing monetary appraisals and applications for certification of cultural property, approving in-house monetary appraisals, and jointly coordinating these activities across program areas as required.
- 6.4 The Provincial Archivist is responsible for signing and authorizing institutional income tax receipts to donors, for insuring tax credits with their accompanying documentation are forwarded to donors, and for signing and authorizing applications for certification of cultural property for income tax purposes.

6.5 Outside professional appraisers are responsible for providing timely written appraisals for all material they have appraised, no later than three weeks after the appraisal has been completed. They must submit at least two signed and dated copies of their appraisal. The appraisal must identify the material appraised and indicate that the value assigned to the material represents its estimated fair market value at the time of the appraisal. For donated material valued at over \$5000, the appraisal must be formatted according to CCPERB guidelines.

7.0 REFERENCES

Public Archives Act

NSARM Archival Acquisition Policy

NSARM Archival Appraisal Policy

Canada Revenue Agency, P113 *Gifts and Income Tax*

Canadian Cultural Property Export Review Board, *Applications for Certification of Cultural Property for Income Tax Purposes - Information and Procedures.*

Canadian Cultural Property Export Review Board, *Review Board Policies and Guidelines for Applications for Certification of Audiovisual and Related Material*

Canadian Cultural Property Export Review Board, *Review Board Policies and Guidelines for Applications for Certification of Architectural Archives.*

Canadian Cultural Property Export Review Board, *Board Resolutions January 2005.*

8.0 APPENDIX (Glossary)

Fair market value. The highest price, expressed in a dollar amount, that the property would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other.

Monetary appraisal. The determination, based upon fair market prices, of the monetary value of donated material.