

How to Verify Fair Market Value (FMV)

To issue tax receipts for goods, a member of the agency/ministry executive team must confirm the fair market value (FMV) of items.

FMV is determined by market evidence and intended to reflect market conditions at the time of the transaction. When the value is \$1000 or more, a professional appraisal may be required to determine the FMV, which can involve an assessment of the item's characteristics and comparison to similar sales.

Cash Register Receipts

If the donor has purchased the products, the cash register receipts which accompanied the purchases is proof of the fair market value. These receipts should be attached to any requests for tax receipts.

Comparable Market Evidence

If the donor donates a product which they did not purchase, the fair market value of the item must be established by a member of the campaign team.

For receipts with a value up to \$1000, this may be achieved by providing screenshots of the item or a comparable item with the associated value. Where a tax receipt will total \$1000 or more (whether for a single item or for multiple), an appraisal by a qualified third party may be required.

Donations of Artwork

Tax receipts may be issued for works of art donated to a Federated Health event provided fair market value has been established.

Establishing the fair market value of a work of art **requires an appraisal of the piece by a qualified appraiser.** This must be submitted in writing on the appraiser's letterhead and contain a description of the work in question. If the value of the work of art exceeds \$1,000, three independent appraisals must be obtained.

Please note that the tax receipt will not be issued for the amount that the work of art sold for at your fundraising event. The fair market value will be determined independently of this consideration.

For more information on the process of verifying FMV for the purposes of obtaining a tax receipt, please contact: Tatyana Parfenyuk, Manager, Finance & Admin, Federated Health Charities (647-278-9861) or tatyana.parfenyuk@ontario.ca.