

# COUNCIL POLICY



Policy Name: Donation Management Policy

Department Name: Financial Services

Policy Number: FIN-310

Effective Date: September 1, 2017

Next Revision Date: September 1, 2020

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## **STRATEGIC PLAN LINKAGE**

Pillar 1 – Building Responsible Government

## **PURPOSE AND OBJECTIVE**

The Municipality receives donations in the form of cash and Gifts-in-Kind from organizations, corporations and individuals. The Municipality will issue official receipts for income tax purposes for qualified donations in accordance with the Income Tax Act.

The purpose of this Policy is to:

- provide governance parameters regarding Donation management;
- provide parameters about what types of Donations qualify as gifts to the Municipality; and
- provide a framework of when the Municipality will issue official receipts for income tax purposes.

## **GENERAL PRINCIPLES**

### **1. Definitions:**

- 1.1. “Donation” means a voluntary transfer of property, either cash or a Gift-in-Kind, made without conditions or expectation of return.
- 1.2. “Donor” means an individual or corporation making the gift or Donation. Normally this is the party who should receive the receipt.
- 1.3. “Fair Market Value” means the value of the property on the date the property is donated to the Municipality, as determined by an independent appraiser or Qualified Municipal Employee. This represents the amount at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell, and both having reasonable knowledge of the relevant facts.
- 1.4. “Gift-in-Kind” means property other than cash, such as equipment, that has an ascertainable Fair Market Value.
- 1.5. “Nominal Value” means the Fair Market Value of the benefit does not exceed the lesser of \$50.00 or 10% of the Fair Market Value of the gift.
- 1.6. “Qualified Municipal Employee” means an employee possessing knowledge, expertise and valuation experience regarding the property being donated.

- 1.7. "Without Expectation of Return" means no benefit of any kind may be provided to the Donor or to anyone designated by the Donor, except where the benefit is of Nominal Value.

## **2. Responsibilities:**

- 2.1. Council to:
  - 2.1.1. Approve any amendments to this Policy.
- 2.2. Chief Administrative Officer to:
  - 2.2.1. Support the implementation of this policy;
  - 2.2.2. Support and recommend amendments to this Policy; and
  - 2.2.3. Ensure compliance with this Policy.
- 2.3. Chief Financial Officer or designate to:
  - 2.3.1. Ensure compliance with this Policy as required by delegated authority.

## **3. General Procedures:**

- 3.1. The Municipality reserves the right to decline any gift or Donation.
- 3.2. All offers of artwork to the Municipality in the form of a Donation or bequest will be reviewed by the Public Art Committee as outlined in the Municipal Public Art Policy PRL-160.

## **4. Parameters for Donations:**

- 4.1. Parameters on what types of Donations are eligible as gifts:
  - 4.1.1. Some property, either in the form of cash or Gift-in-Kind, is transferred by the Donor to the Municipality;
  - 4.1.2. Property is given voluntarily; and
  - 4.1.3. Donor is transferring the property to the Municipality without Expectation of Return.
- 4.2. Parameters on Donors directing how Donations are to be utilized:
  - 4.2.1. Donations subject to a general direction from the Donor are acceptable and are eligible for an official receipt for income tax purposes provided no benefit accrues to the Donor or to a person designated by the Donor, and the Donor has no involvement in decisions regarding the utilization of the donation.
  - 4.2.2. If the Donor or anyone designated by the Donor receives a benefit, then a gift has not been made and an official receipt for income tax purposes cannot be issued.
- 4.3. Parameters on what types of Donations are ineligible as gifts:
  - 4.3.1. Payment of a basic fee for admission to an event or to a program (e.g. fees for day camps);
  - 4.3.2. Any portion of the purchase price of a lottery ticket or other chance to win a prize, even though the lottery proceeds benefit the Municipality;

- 4.3.3. Contributions of services (i.e. time, skill, effort). However, the Municipality can pay for services rendered and later accept the return of all or a portion of the payment as a gift, provide it is returned voluntarily;
- 4.3.4. Payment from a business for which the business receives a material advantage such as promotion or advertising in return. For taxation purposes, the business may be able to claim the contribution as an advertising expense;
- 4.3.5. A gift subject to a direction by the Donor that the Municipality transfer the funds to a specified person or family. In such an instance, the Donor has made a gift to a person or family and not to the Municipality; and
- 4.3.6. A gift subject to a direction by the Donor that the Municipality gives the funds to an entity other than the Municipality.

#### **5. Maintaining Records:**

- 5.1. A list of Donations and Gifts-in-Kind will be recorded and maintained by Financial Services.
- 5.2. Official receipts for income tax purposes will be issued by Financial Services in accordance with the *Income Tax Act* for donations that qualify in excess of \$25.00.
- 5.3. Records will be kept by Financial Services on how donations are allocated to specific projects or placed into general revenue to cover Municipal operations.

#### **SUPPORTING REFERENCES AND POSITION RESPONSIBLE**

Legal References: *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp)

Cross References: Municipal Art Policy PRL-160

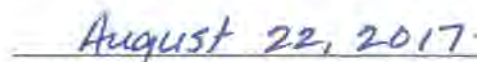
Position Responsible for Policy: Director, Financial Services

#### **APPROVAL**

This Policy was approved by Council. It will be reviewed not later than its next Revision Date to determine its effectiveness and appropriateness. It may be assessed before that time as necessary.

  
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Melissa Blake, Mayor

  
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Audrey Rogers, Chief Legislative Officer

  
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Approval Date