



Acceptance of Donations Policy

Approved by Council on November 24, 2011

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Version number: 1.0

1.0 Objective

This policy defines the framework for the acceptance of donations by the Municipality, the administration of donations, the issuance of tax receipts, and the appropriate use of donated funds.

2.0 Definitions

- 2.1 Cash: Any common currency, cheques, money orders, and credit cards normally accepted by the municipality.
- 2.2 Donation: A gift by a donor at arm's length of the municipality. No advantage can accrue to a donor or to any person not dealing at arm's length to the donor as a result of a donation. A donation may be in the form of cash or in kind, meaning a security, a tangible capital asset, a cultural asset, or real property. Donated services are not eligible for consideration under the Income Tax Act.
- 2.3 Donation Fund: A pool of donated assets established for a specified purpose by Council
- 2.4 Gift: A contribution of cash or property to the municipality, for which the donor receives no legal consideration in return.

2.0 Acceptance and Use of Donations

- 2.1 Donations can only be accepted and used for purposes outlined in MGA Section 65 ("Power to expend money").
- 2.2 Donations must be for purposes consistent with the municipality's mandate, programs, services and activities and must be deemed to be in the public interest of the Municipality.
- 2.3 The Municipality may elect to accept or decline any donation. If the gift is not accepted, the donor shall be advised of the reason.

- 2.4 The Municipality may decline donations from any donor who in the opinion of the Council, represents a reputational risk to the Municipality through involvement in activities that are contrary to the values of the Municipality.
- 2.5 The Municipality cannot accept donations from individuals or organizations currently in litigation against the Municipality.
- 2.6 Donations greater than \$500 must be reviewed by the Director of Finance before being accepted by the municipality.
- 2.7 In-kind donations and donations for which a Donation Fund has not been established by Council can only be accepted if the Municipality has the capability to meet the initial and ongoing costs associated with the gift. This will be decided on a case by case basis by Council.
- 2.8 Council may retain an in-kind donation or, with the donor's consent, sell the asset and apply the proceeds as necessary.

3.0 Valuation of In-Kind Donations

- 3.1 Should Council choose to accept and retain an in-kind donation; the donation will be assessed at its fair market value.
- 3.2 A donation of inventory by a business is valued at its normal retail price.
- 3.3 Where a public market does not exist to establish a fair market value of an in-kind donation (e.g. TSE, NYSE, etc.); an independent appraisal will be required.
- 3.4 A donor may be asked by Council to make a cash donation to cover the costs of an appraisal.

4.0 Donation Funds

- 4.1 Council may establish Donation Funds for the collection and use of donations.
- 4.2 All cash donations without a specific purpose will be deposited in the General Donations Reserve Fund.
- 4.3 Donations of cash designated for specific purposes will only be accepted by the Municipality where Council has authorized the specific purpose or a fundraising campaign and where the necessary Donation Fund has been established.

4.4 Contributions from a donation fund to an organization or individual is considered a grant and will be reported as such.

5.0 Use of Donated Funds

5.1 The municipality cannot facilitate a “conduit” relationship between donors and an organization which is independent of the municipality. This means that the municipality’s authority to issue tax receipts cannot be used to provide an unrelated organization with the ability to provide contributors with a tax benefit.

5.2 The municipality must retain active control over the use of donated funds, i.e. it must actively oversee the use of donated funds. Guidelines are provided in Section 3.3 of the Report, “Acceptance of Donations.”

5.3 Council may authorize the grant of a tangible capital asset or of real property financed with donations to an unrelated organization.

5.4 The municipality may grant funds to organizations over which it exerts significant influence or which are considered municipal service organizations. Examples of such organizations include, but are not limited to the following:

5.4.1 Libraries

5.4.2 Fire Departments

6.0 Independence from Undue Influence

6.1 To ensure that the Municipality retains an arm’s length relation with a donor and as such, is not subject to undue influence; donations cannot be solicited or accepted from the following:

6.1.1 A party subject to an application for an approval, license, or permit, or

6.1.2 A bidder, proponent, or applicant, or any party not acting at arm’s length from a bidder, proponent, or applicant to an open procurement.

6.2 The Municipality shall not accept donations that are conditional upon the endorsement of any product, service or supplier.

6.3 Prior to accepting a gift with a value greater than \$500; the donor is required to make a written declaration that the donation to the Municipality is not concurrent with an approval or procurement process in which they, or their organization or company if applicable, are involved. This is accomplished by use of the Donor Declaration Form.

7.0 Issuing tax receipts

7.1 Tax receipts will only be issued for donations of \$20 or more.

7.2 Tax receipts will be issued no later than January 31st of the following year.

7.3 Tax receipts must include the information prescribed by the Income Tax Act, as follows:

- A statement that it is an “official receipt for income tax purposes”;
- The name and address of the Municipality;
- The serial number of the receipt;
- The place or locality where the receipt was issued;
- If the donation is in the form of cash (which includes cheques) either the exact date or the year the municipality received the donation;
- The date on which the receipt was issued if this is different from the date the donation was received;
- The name and address of the donor including, in the case of an individual, the first name and initial;
- In the case of a cash donation, the amount of the donation, and
- The signature of the person authorized by the Municipality to acknowledge donations.

7.4 Tax receipts must be approved and signed by the Director of Finance.

8.0 Donor Recognition

8.1 Donors can only receive nominal recognition from the Municipality. Per the Canada Revenue Agency, this is defined as having a fair market value equal to the lesser of

8.1.1 \$50.00, or

8.1.2 10% of the amount of the gift.

8.2 Recognition does not include advertising. Advertising disqualifies a gift as a donation. For instance, the Municipality can recognize a corporate donor by naming a room of a building after the company. However, the company logo should not be included in a publication or on a door plaque, as it may be considered advertising.

8.3 Names of donors will not be published without their permission.