

Policy

POLICY TITLE: ACCEPTANCE OF DONATIONS

POLICY NO.: ADM-12-24

RESOLUTION: 393-21

EFFECTIVE DATE: 2021-11-10

DEPARTMENT RESPONSIBLE: Administration

NEXT REVIEW DATE: N/A

STATEMENT:

The Municipal District accepts and appreciates donations that support its municipal purposes and operational needs. Donations of cash and in kind may be accepted. When the Municipal District receives a donation for a specific municipal program or initiative, the donation will be used to support that program or initiative.

PURPOSE:

The purpose of this policy is to provide guidance for:

- a. the acceptance of donations;
- b. issuing official receipts to donors for income tax purposes; and
- c. collection, recording and disbursement of donations received by the Municipal District to maintain compliance with the Income Tax Act, the Canada Revenue Agency and any other applicable policy or legislation.

1.0 Scope

This policy applies to all departments within the Municipal District of Lesser Slave River No. 124.

2.0 Responsibilities

2.1 Council will:

- review and adopt an Acceptance of Donations Policy; and
- review, amend and adopt changes to the Acceptance of Donations Policy.

2.2 The Chief Administrative Officer will:

- sign official donation receipts greater than \$25,000 on behalf of the Municipal District.

2.3 The Director of Finance will:

- be familiar with, and act in accordance with, the Acceptance of Donations Policy;

- maintain the Acceptance of Donation Policy to ensure compliance with Canada Revenue Agency requirements for issuing official income tax receipts;
- communicate Acceptance of Donations policy and procedures to staff;
- advise on eligibility of charitable donations;
- prepare official donation receipts and maintain accounting records in accordance with Canada Revenue Agency requirements;
- sign official donation receipts under \$25,000 on behalf of the Municipal District; and
- report to Council on donation activity on an annual basis.

3.0 Definitions

- 3.1 **“CRA”** – means the Canada Revenue Agency.
- 3.2 **“Donation”** – a voluntary transfer of property, either cash or in-kind contributions of tangible property such as art, furniture, equipment, material of historical interest which has been made without conditions or expectation of return, or non-monetary consideration such as advertising, promotion, or services.
- 3.3 **“Donor”** – An individual or corporation making the gift or donation. Normally, this is the party who should receive the receipt.
- 3.4 **“Eligible Donation”** – a donation that meets Canada Revenue Agency’s criteria for the issuance of an official donation receipt for income tax purposes.
- 3.5 **“Fair Market Value”** – The value of the property on the date the property is donated to the Municipal District as determined by an independent appraiser or qualified staff. 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.
- 3.6 **“Gifts In-Kind”** – Property other than cash, such as equipment, that has an ascertainable fair market value.
- 3.7 **“Goods”** – an item of property that is non-cash or non-cash equivalent and does not meet the definition of a Tangible Capital Asset.
- 3.8 **“Municipal District”** – the municipal corporation of the specialized municipality of the Municipal District of Lesser Slave River.
- 3.9 **“Municipal Purposes”** – the purposes of a municipality as defined in Part 1, Section 3 of the *Municipal Government Act*.



- 3.10 **“Official Income Tax Receipt”** – means a receipt issued by the Municipal District as a Qualified Donee under the Income Tax Act, for a donation made to the Municipal District, that may be used by the donor to claim a credit on their income tax return.
- 3.11 **“Real Property”** – any interest in land, including buildings or the improvements to them.
- 3.12 **“Tangible Capital Assets”** – non-financial assets, including real property, having a physical substance that:
- 3.12.1 are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development construction, maintenance or repair of other tangible capital assets;
 - 3.12.2 have a useful and economic life extending beyond an accounting period;
 - 3.12.3 are used on a continuing basis; and
 - 3.12.4 are not for sale in the ordinary course of operations.
- 3.13 **“Qualified Donee”** – An organization authorized under the *Income Tax Act* to issue receipts for donations received from individuals and corporations.

4.0 Policy Guidelines

- 4.1 This policy is subject to any specific provision of the *Municipal Government Act*, Government of Canada tax laws administered by the Canada Revenue Agency and other relevant legislation.
- 4.2 Planned or expected receipt or payment of donations shall be identified in the approved budget. A donation is planned or expected when there is a high likelihood that it will occur.
- 4.3 All donations received must align with the programs and services delivered by the Municipal District.
- 4.4 Under the direction of the Director of Finance, the Municipal District will evaluate the compatibility of and need for the donation prior to acceptance. The Municipal District may elect to accept or decline any donation. Should a gift not be accepted, the donor will be advised of the reason. The Municipal District may refuse a donation if one of the following applies:
- 4.4.1 has no need for it;
 - 4.4.2 creates a financial burden; cost benefit analysis: including consideration of installation, storage, maintenance, renewal, decommissioning, replacement and related costs;
 - 4.4.3 staff time required for direction and control;
 - 4.4.4 presents a conflict of interest;
 - 4.4.5 creates undue risk;



- 4.4.6 does not align or support programs or services delivered by the Municipal District;
 - 4.4.7 from any donor who represents reputational risk to the Municipality, through involvement in activities that are contrary to the values of the municipality; or
 - 4.4.8 from an Elected Official.
- 4.5 Any donation deemed to meet one of the criteria in section 4.4 will be presented to Council for decision.
- 4.6 Donations will not be accepted from the following donors:
- 4.6.1 donors who have a concurrent application for a development permit, subdivision or licence from the Municipal District;
 - 4.6.2 donors who are bidding for a contract from the Municipal District through a procurement process; or
 - 4.6.3 donors who are currently in litigation against the Municipal District.
- 4.7 Gifts of services and volunteering of time are not considered an eligible donation and will not be issued an official donation receipt for income tax purposes.
- 4.8 The Municipal District will only accept donated goods that:
- 4.8.1 are of approved Canadian operational standards;
 - 4.8.2 are compatible with existing equipment, unless it can be demonstrated that compatibility is not necessary, and that benefit would be derived from the donated goods; and
 - 4.8.3 prior to receipt, receive a certified appraisal from an appraiser knowledgeable in the appropriate field at the expense of the donor if the goods have a perceived or estimated value of \$1,000 or more, the cost of which will be reimbursed on acceptance of the donation. If the donor has purchased the items for donation, a copy of the purchase receipt must accompany the goods.
- 4.9 Donations greater than \$500 must be reviewed by the Director of Finance or designate prior to acceptance by the Municipal District.
- 4.10 The Municipal District will not issue an official donation receipt for income tax purposes for eligible donations received on behalf of third parties.
- 4.11 Upon acceptance of a donation, it shall become and remain the property of the Municipal District.
- 4.12 Donations received without a specified purpose will be recognized as revenue in the year received. The allocation of donations received for unspecified purpose will be determined by Council on an annual basis.



4.13 Donations received for specific purposes will only be accepted by the Municipal District where Council has authorized the specified purpose or a fundraising campaign where the donations received will be recorded as unearned donation revenue until such time as funds are expended for the purpose(s) intended.

4.14 Council will be informed annually of all donations received unless otherwise deemed necessary.

5.0 Income Tax Receipts

5.1 The Municipal District will only issue an official donation receipt for income tax purposes for eligible donations received and used by the Municipal District.

5.2 Eligible donations received by the Municipal District will be processed and valued in accordance with Canada Revenue Agency requirements. An official donation receipt for income tax purposes will be issued no later than February 28th of the following year, if requested by the donor, providing the eligible donation has a value of \$20 or more.

5.3 Donations cannot be refunded once a tax receipt has been issued.

5.4 Tax receipts must include the information prescribed by the *Income Tax Act* and the Canada Revenue Agency (CRA), as follows:

- A statement that it is an “official receipt for income tax purposes;”
- the name and address of the Municipal District, as on file with the CRA;
- the unique serial number of the receipt;
- the registration number issued by the CRA;
- the place or locality where the receipt was issued;
- the exact date and year the gift was received;
- the date the receipt was issued;
- full name, including middle initial, and address of the donor;
- donation amount;
- amount and description of any advantage/recognition received by the donor,
- Eligible amount of donation;
- signature of individual authorized on behalf of the Municipal District to issue income tax receipts; and
- name and address of the CRA, Canada.ca/charities-giving.

5.5 Should the receipt be for non-cash gifts; the official receipt must also include:

- brief description of the gift received by the Municipal District; and
- name and address of the appraiser (if the gift was appraised).



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

6.0 Donor Recognition

6.1 As per CRA, donors can only receive nominal recognition from the Municipal District. CRA defines nominal as having a fair market value equal to 10% or less of the amount of the gift.

6.2 Donations from individuals or organizations that receive significant recognition from the Municipal District, per CRA, will no longer be considered a donor and will not be eligible for an official tax receipt. Significant is defined as having a fair market value equal to or greater than 80% of the gift.

6.3 Donations received that fall between nominal and significant recognition amounts will have recognition subtracted from the donation and an official tax receipt will be issued for the difference. (Fundraising evening/dinner – tickets \$125 less meal value \$25, donation receipt \$100)

_____ "Original Signed" _____
Chief Administrative Officer

_____ November 10, 2021 _____
Date

_____ "Original Signed" _____
Reeve

SPECIAL NOTES/CROSS-REFERENCE: ADM 12-24 Supersedes B30

AMENDMENT DATE: N/A

