


POLICY

	Policy:	Charitable Donations Policy		
	Department:	Corporate Services		
	Division:	Financial Services	By-Law No.:	N/A
	Administered By:	Treasurer	Approval Date:	June 26, 2023
	Replaces:	N/A		
	Attachment(s):			

1. POLICY STATEMENT

The Corporation of the Town of Amherstburg is committed to ensuring the receipt of charitable donations is done in a diligent, thoughtful manner, taking into account all legal obligations and best practices associated. The Town understands that voluntary donations provide valuable contributions which allows organizations, community groups or individuals to take an active role in improving the quality of life and promoting a wider enjoyment of community activities and resources.

2. PURPOSE

- 2.1. This policy provides the criteria and structure for the creation of charitable donation agreements.
- 2.2. This policy ensures compliance for the evaluation and record keeping of donations in accordance with the Canada Revenue Agency (CRA) guidelines.
- 2.3. This policy serves as the foundation for the standard operating procedures for issuing charitable donation receipts (official receipts) to donors for income tax purposes.

3. SCOPE

- 3.1. This policy applies to all departments within the Town and any individuals that contribute charitable cash donations to the Town's operations, programs, services or facilities.
- 3.2. This policy does not apply to:
 - 3.2.1. Inbound funding or grants to Town departments and affiliated boards or organizations for the purposes of delivering a community service and/or Town infrastructure.
 - 3.2.2. Sponsorship arrangements with the Town as these do not qualify as donations under this policy.
- 3.3. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

4. **DEFINITIONS**

- 4.1. **Charitable Cash Donations** refers to voluntary transfers of paper currency, coins and cheques, however, where applicable, it also includes but is not limited to, debit and credit card receipts and money orders;
- 4.2. **CRA** means the Canada Revenue Agency
- 4.3. **Donation** for the purpose of this policy, means a voluntary donation of charitable cash contribution which provides community benefit to the Town.
- 4.4. **Donation Receipt** means an official donation receipt for income tax purposes;
- 4.5. **Donor** means a person or organizations, community groups or individual that provides a donation to the Town;
- 4.6. **Gift** means a donation; these terms are interchangeable. At law, a gift is a voluntary transfer of property without consideration;
- 4.7. **Non-Qualifying Donations** are donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.
- 4.8. **Qualified Donee** means a municipality registered with the CRA and can issue donation receipts and are eligible to receive gifts
- 4.9. **Qualifying Donations** means donations that can be acknowledged with donation receipts for income tax purposes, in accordance with CRA guidelines.

Common definitions, acronyms, and terms are available in the Glossary located on the Town's Policies webpage.

5. **INTERPRETATIONS**

Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Town policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

6. **GENERAL CONDITIONS**

6.1. **Joint Venture Fundraising Campaigns**

Whenever entering into a joint venture fundraising campaign, Council should give due consideration to the resourcing required to support the joint venture and how the initiatives are tied to strategic priorities of council.

- 6.1.1. In the event that the Town decides to form a joint venture with another fundraising entity (i.e. committee, board, etc.), a formal agreement shall be written and specify the following:

- 6.1.1.1. Applicable resolutions of Council;

- 6.1.1.2. That a designated financial account has been created for the purpose of accepting donations;
 - 6.1.1.3. That all funds received as part of a Joint Venture Fundraising Campaign are to be held by the Town on behalf of the partnering entity and stipulate a deadline for the project fundraising campaign; and,
 - 6.1.1.4. Terms that specify the direction of funds in the event where the planned objective is not achieved shall be (Example: Fundraising for a park amenity fails to achieve objective, funds could be dispersed to the park generally or the park system within the community as appropriate).
- 6.1.2. The Town reserves the right to refuse to move into a joint venture with the entity due to failure to adhere to the conditions set out in this policy.
- 6.1.3. Donation receipts shall be issued in accordance with this policy.
- 6.1.4. All such written agreements must be satisfactory in content:
- 6.1.4.1. With regards to legal content to the legal counsel of the Town of Amherstburg; and,
 - 6.1.4.2. With regards to financial content to the Treasurer of the Town of Amherstburg.

6.2. Considerations for Acceptance of Donations

- 6.2.1. Donations may be subject to a formal offer and review process. The formal review will be at the Town's discretion and determination shall be on a case-by-case basis. Donations will be considered for acceptance by the CAO after a review of criteria which may include but are not limited to:
- 6.2.1.1. Compliance with applicable By-laws, policies and legislation;
 - 6.2.1.2. Conflict of interest or potential for a perceived conflict of interest;
 - 6.2.1.3. Associated risks such as a reputational risk associated with accepting a donation from a particular donor; conditional upon endorsement of any products, services or suppliers, etc.
- 6.2.2. Where donations are being accepted on behalf of a major project or fundraising campaign, the funds will be held in an appropriate account or reserve until sufficient funds for the proposed project have been obtained. These funds shall not be released and the proposed project may not commence until sufficient funds to complete the project have been secured, and spending authority has been obtained. Where appropriate, sunset provisions will be identified at the outset for major projects and fundraising initiatives to define how unused funds will be allocated and retained for consistent use.
- 6.2.3. Unsolicited donations that remain unspent at the end of the year may be carried over to the following budget year only upon Council approval prior to the approval of the following year's budget.

6.3. Qualifying Cash Donations – Charitable Receipt Eligibility

6.3.1. The Town is a qualified Donee and is authorized by the Canada Revenue Agency (CRA) to issue donation receipts for income tax purposes to qualifying donations. Donations that qualify for a donation receipt under this policy are charitable cash donations as defined in this policy.

6.3.2. In addition, the cash donation must meet the following criteria:

6.3.2.1. A physical or actual transfer of the donation between the donor and Town must occur;

6.3.2.2. Be voluntary – freely given and not as a result of a contractual or legal obligation.

6.4. Non-Qualifying Cash Donations – No Charitable Receipt Issued

6.4.1. The following are examples of non-qualifying donations and cannot be acknowledged with a donation receipt for income tax purposes in accordance with CRA guidelines:

6.4.1.1. Donations that are given to the Town intended as a flow through to a specified recipient who does not have charitable organization status and is therefore not a Qualified Donee. A Donation Receipt can only be provided to the Donor if the Town maintains direction and control over the donated resources;

6.4.1.2. The basic fee for admission to an event or to a program;

6.4.1.3. The payment of membership fees that convey the right to attend events, receive literature, receive services or be eligible entitlements of any kind;

6.4.1.4. Any portion of the purchase price of a lottery ticket or other chance to win a prize, even if the lottery proceeds benefit one or more charities; and,

6.4.1.5. A payment from a business for which the business receives a material advantage such as promotion or advertising in return. It is the CRA position that the donor must deduct sponsorship expenditures as business expenses.

6.5. Accounting and Records for Cash Donations

6.5.1. By Cheque, Debit, Credit, E-Transfer or Money Order:

6.5.1.1. Donations will be required to have been cleared by the Town's financial institution or confirm its receipt prior to the issuance of a donation receipt.

6.5.1.2. The donation receipt will be made out to the same name and address as appearing on the cheque or form of payment.

6.5.1.3. Donations made by cheque must be made payable to “Town of Amherstburg” and may be mailed or delivered in person to Town Hall.

6.5.2. With the exception of Business Donors as outlined in this policy, cash donation receipts must be made out to the person delivering the donation. Cash donations can be made in person at Town Hall.

6.5.3. Where donations are received by the Town, the funds will be recorded in the appropriate account by the Treasurer.

6.5.4. Records supporting donation receipts issued shall be retained and filed in accordance with the Town’s Record Retention Policy.

6.6. Issuance of Donation Receipts

6.6.1. A donation receipt for income tax purposes will be issued for donations of \$20.00 or more. The receipt will include all the information required in Regulation 3501 of the *Income Tax Act*. The CRA ultimately determines the value of the donation which is permitted for tax deduction.

6.6.2. All requests for donation receipts must be accompanied by appropriate donor and donation information (i.e. proof of identification, etc.)

6.6.3. The date of donation noted on the receipt is the date the donation is received by the Town or the Town’s financial institution. Donations received after December 31st may not be included in the prior year’s donations.

6.6.4. If a donation is made by a cheque from a joint account, the donation receipt can be made out to either name on the cheque.

6.6.5. Donation receipts issued in connection with corporate donations shall only be issued in the name of the corporation.

6.7. Acknowledgment of Donation

6.7.1. Donation receipts shall be used to recognize donations of \$20.00 or more.

6.7.2. Larger or more significant donations may be officially recognized at the discretion of the Town, with the agreement of the donor.

6.8. Interest

6.8.1. The accumulation and allocation of interest will be negotiated in each Fundraising Agreement with the condition that in no circumstances will any interest be earned on donations which are not held by the Town for a full calendar year, meaning from January 1st through December 31st.

6.9. Confidentiality of Information

6.9.1. All information pertaining to donors and donations received by the Town is considered confidential and is subject to legislative disclosure requirements such

as *Municipal Freedom of Information and Protection of Privacy Act, R.S.O 1990*.
In some situations, approval may be sought by the Town to acknowledge donors.

7. **RESPONSIBILITIES**

- 7.1. **Council** has the authority and responsibility to:
 - 7.1.1. Adopt the *Charitable Donations Policy*; and,
 - 7.1.2. Apply their discretion to enter into a joint venture agreement with an entity at the fundraising campaign level.

- 7.2. The **CAO** has the authority and responsibility to:
 - 7.2.1. Ensure compliance with the *Charitable Donations Policy*;
 - 7.2.2. Reject donation at the donor level based on criteria listed in this policy; and,
 - 7.2.3. Draft Joint Venture Agreements in coordination with the Clerk and Financial Services Division.

- 7.3. The **Clerk and Financial Services Division** has the authority and responsibility to:
 - 7.3.1. Support the CAO in the review and development of Joint Venture Agreements.

- 7.4. The **Treasurer** has the authority and responsibility to:
 - 7.4.1. Ensure the collection and issuance donation receipts for qualifying cash donations;
 - 7.4.2. Ensure that monies received are deposited on behalf of the municipality in a financial institution designated by the municipality; and,
 - 7.4.3. Ensure the maintenance of accurate records of all donations.

- 7.5. The **Supervisor of Accounting** has the authority as delegated by the Treasurer to:
 - 7.5.1. Communicate and distribute policy requirements to the various Managers.

- 7.6. **Directors** have the responsibility to:
 - 7.6.1. Provide supporting information to the CAO and Clerk for Joint Venture agreements;
 - 7.6.2. Facilitate compliance with this policy and ensure that necessary procedures are established, communicated, monitored and updated as required; and,
 - 7.6.3. Deliver any required policy training.

- 7.7. **Staff** have the responsibility to:
 - 7.7.1. Adhere to the Charitable Cash Donations Policy.

8. **REFERENCES AND RELATED DOCUMENTS**

- 8.1. Regulation 3501 of the *Income Tax Act*
- 8.2. *Municipal Freedom of Information and Protection of Privacy Act, R.S.O 1990*