



POLICY

Charitable Donations Receipt	
Policy Number: 140-013	Supersedes Policy Number: Not Applicable
Effective Date: 2015-09-15	Approval By Council (Motion Number): 40-09-15

1.0 Purpose

This policy formalizes the charitable donations receipt program, including accounting for donations of cash or in-kind made to the Town.

This policy also outlines the standards for evaluating donations in accordance with Canada Revenue Agency (CRA) guidelines.

This policy will serve as the foundation for standard operating procedures for issuing official charitable donation receipts (official receipts) to donors for income tax purposes.

2.0 Scope

This policy applies to all departments within the Town of Wolfville; to all agreements between the Town and organizations and individuals that contribute either financially or in-kind to the Town's operations, programs, services or facilities.

3.0 References

- 3.1 Under [Income Tax Act](#) the Town of Wolfville is classified as a "qualified donee" for charitable donations, and as such is afforded the same privileges as a charitable organization without a registered charity number.
- 3.2 According to sections 110.1 (1) (a) and 118.1 (1) of the [Income Tax Act](#), Canadian municipalities are permitted to issue receipts for charitable donations. These donations may come in the form of cash or in kind.

4.0 Definitions

For the purpose of this policy, unless otherwise stated, the following definitions shall apply:

- 4.1 **Charitable Donations.** Voluntary transfer of tangible property, including cash.
- 4.2 **Donations in-kind.** Tangible property, other than cash, that are eligible donations, including pieces of art.
- 4.3 **Eligible Donations.** Donations that can be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.



POLICY

- 4.4 **Fair Market Value (of Valuation).** The highest dollar value that a property would bring in an open and unrestricted market, between the willing buyer and the willing seller who are acting independently of each other. The fair market value of a property does not include taxes paid; taxes are costs incurred by the purchaser.
- 4.5 **Net Amount of Donation.** The fair market value of the donation less any advantage/benefit received or to be received as a result of the donation.
- 4.6 **Non-Qualifying Donation.** Donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.

5.0 Policy

The Town of Wolfville will issue official receipts for donations that qualify as charitable donations. If requested, the Town will issue official receipts to donors for eligible donations with a net cash value or net fair market value of \$25 or more.

5.1 Qualifying Donations

To be eligible for an official donation receipt, the donation has to:

- Be made payable to the Town, and
- Be in cash or in kind; and
- Be voluntary; and
- Be supportive of Wolfville's mandate or beneficial to the community of the Town of Wolfville, including support of:
 - The Mudley Fund
 - Parks and open space infrastructure upgrades identified in the Town's annual budget and/or 10 year Capital Improvement Plan

Donations in-kind may be accepted only after the following has been assessed:

- Compliance with Town by-laws and/or policies
- Compliance with the laws, conventions and treaties of the other levels of government
- Consistency with the Town's priorities, mandates and strategic and business Plans



POLICY

- If piece of art, must be consistent with the priorities/criteria adopted by the Art in Public Spaces Committee
- Associated risks (e.g. Financial risks; political risk; health and safety issues)
- Condition of the donation
- Value of the donation
- Usefulness of the donation to the Town
- Cost/benefit analysis, considering installation, storage, maintenance, renewal, replacement and relevant costs;

Written valuation of donations in-kind shall be submitted with the requests for official receipt and is to meet the following requirements:

- \$2,000 or less:
 - appraisal by knowledgeable internal staff; and/or
 - valuation from online auction and shopping website
- Over \$2,000:
 - external appraisal of property by an independent and arm's length competent individual is required;
 - responsibility and the costs associated with obtaining a qualified appraisal shall be determined by the departmental director.

Authority for acceptance or denial of donations in-kind with appraised value of:

- Under \$20,000 – Department Head and the Director of Financial Services
- \$20,000 and more – requires a written agreement developed in advance by the Department Head of the lead department, CAO, and the Town Solicitor
- \$100,000 and more – Council approval

All donations and sponsorships received by the Town will be acknowledged by a letter of thanks sent immediately following receipt of the donation, or in the case of sponsorship, upon completion of the event or project.

The Town will recognize donations and sponsorships in a manner appropriate to the value of the donation. This may involve inclusion in an annual communication to the public recognizing donors and sponsors, or a more permanent recognition for larger value donations. Staff will



POLICY

ensure that the selected recognition is in accordance with *The Income Tax Act* and advise Council if the selected recognition contravenes the regulations outlined in the *Income Tax Act*.

In cases where the donor/sponsor does not wish to have public acknowledgment, the Town will honour that request, unless disclosure required pursuant to FOIPOP legislation.

5.2 Non-Qualifying Donations

Non-Qualifying Donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines:

- Intangibles such as services, time, skills, effort.
- Donations that are given to the Town intended as flow through to a specified recipient who does not have charitable status.
- Donations of business marketing products such as supplies and merchandise.
- Sponsorship in the form of cash, goods or services toward an event, project, program or corporate asset, in return for commercial benefit (i.e. logo placement or presenting sponsorship). The intent of sponsorship is to enhance the image and marketing opportunities of the sponsor in its target market and/or the community. Sponsorships are a reciprocal arrangement benefiting both parties. Usually the cost to the sponsorship is categorized as a business expense for which a business tax receipt can be issued.

6.0 Roles

6.1 Accountability and administration:

The Director of Financial Services is answerable for the timely review, updating and dissemination of this policy. The Director of Financial Services to sign official donation receipts on behalf of the Town of Wolfville with CAO as backup.

The Director of Financial Services for maintaining the Charitable Donations Receipt Policy and related standard operating procedures, communication of policy and procedures to departmental staff, advising staff on eligibility of charitable donations and review donation accounts analysis prepared by staff.

If cash donation, Finance Department staff responsible for receiving donations and preparing official charitable receipt for signature.



POLICY

If in-kind donation, the department, as designated by CAO, responsible for receiving donation. Preparation of official charitable receipt remains responsibility of Finance Department.

Wendy Mauden

CAO

March 10, 2016

Date