



The Corporation of the Municipality of Arran-Elderslie

Policy Name:	Fundraising and Donation Policy	Policy No: ECDEV-2024-01
Department:	Economic Development	
Effective Date:		
Date Revised:		
Authority:	By-Law No. XX-2024	Repealed Authority:

1.0 PURPOSE

To establish a policy for accepting community and commemorative donations to the Municipality of Arran-Elderslie.

2.0 POLICY STATEMENT

Donations are important to the vitality of the services, programs and infrastructure provided by the Municipality to preserve, enhance and strengthen the quality of life in the community.

3.0 SCOPE

This policy applies to all community donations and/or commemorative donations made to the Municipality of Arran-Elderslie including all donations made for specific projects.

For the purposes of applying and administering this policy, donations for community benefit are those intended to provide a public good. Donations to the Municipality are not to serve as an alternative to paying for fees, permits, programs, and/or services.

For a donation to be valid under this policy there must be an intention by the donor to give to the Municipality, a delivery of the donation by the donor to the Municipality, and an acceptance of the donation by the Municipality. The process is not complete until the donation is accepted by the Municipality.



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All donations to the Municipality must comply with federal and provincial statutes, municipal by-laws, CRA regulations relating to donations.

4.0 DEFINITIONS

“Charitable donation” means voluntary transfers of tangible property, including cash.

“Conditional cash donation” means a donation of any legal tender, with a condition or requirement of the Municipality such as waiving of fees or an obligatory purchase by the Municipality.

“Communications Coordinator” means the Economic Development and Communications Coordinator for the Corporation of the Municipality of Arran-Elderslie.

“Council” is the Council of the Corporation of the Municipality of Arran-Elderslie.

“CRA” means the Canada Revenue Agency.

“Donation” a donation is a gift that is made freely and without advantage. A donation cannot be directed, but donor may ask that their gift be used in a particular program of the Municipality as long as there is no benefit to the donor.

“Eligible donations” means donations that can be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.

“Fair market value (or valuation)” means 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.

“Fundraising campaigns” means donations may be receipted by the Municipality on behalf of an organization who is fundraising for a project if: the community project the organization is undertaking is in the interest of the Municipality; the project operates under the Municipality’s authority which requires Council approval; and the Municipality exercises ongoing direction and control over the use of the receipted funds.

“In-kind donation” means tangible items, other than cash, that are eligible donations.



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“Legacy donations” means a gift to a charity or non-profit organization in your will. This type of donation will fall under conditional or unconditional component of this policy.

“Municipality” means the Corporation of the Municipality of Arran-Elderslie.

“non-qualifying donations” means donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.

“Official income tax receipt” means a receipt issued to an individual by the Municipality of Arran-Elderslie acting as a qualified donee. Individuals may use these official income tax receipts for personal tax rebates in accordance with CRA regulations.

“Qualified donee” holds the same meaning as the Income Tax Act, meaning an organization that can issue official donation receipts for gifts they receive from individuals and corporations.

“Treasurer” means the treasurer of the Corporation of the Municipality of Arran-Elderslie or their designate.

“Unconditional cash donation” means a donation of any legal tender with no conditions or requirements attached by the donor upon acceptance by the Municipality. Unconditional cash donations include donations to a municipal project approved by Council.

5.0 POLICY CONTENT

5.1 Donation Types

The types of donations are as follows:

- Unconditional cash donation
- Conditional cash donation
- In-kind donation
- Fundraising campaign



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5.2 Donation Approval Authority

Donations cannot be accepted, installed or utilized in any way without the following authorization:

- All unconditional cash donations, conditional cash donations or in-kind donations under \$5,000 may be approved through the signature of the Treasurer or designate on the donation receipt.
- Council must approve organization requests for conditional cash and in-kind donations valued at over \$5,000 and all fundraising campaigns.

For donations requiring Council approval, a report shall be prepared by the treasurer and submitted to Council which outlines the nature of the potential donation and will provide a brief summary of how the proposed donation meets or will address the key issues which are provided.

The Municipality shall not accept a donation where any advantage will accrue to the donor or to any person not dealing at arm's length to the donor as a result of the donation. The Municipality may decline donations from any donor who in the opinion of staff, represents a reputational risk to the Municipality through involvement in activities that are contrary to the values of the Municipality.

Examples include but are not limited to:

- Proven or suspected criminal organizations; and
- Organizations that promote hatred against individuals or groups

5.3 Issuance of Official Donation Receipt

Receipts may be issued for all donations having a value of \$25.00 or more, if requested by the donor.

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

- Be approved in accordance with Section 5.2 of this policy
- Be made payable to the Municipality of Arran-Elderslie
- Be in cash or in-kind
- Be voluntary
- Be supportive of the Municipality's priorities or beneficial to the community of the Municipality
- Be unconditional



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- Qualify under all current CRA guidelines and Income Tax Act

5.4 Issuance of an Official Donation Receipt – Fundraising Campaigns

The CRA indicates that donations from individuals can be receipted by the Municipality on behalf of an organization if:

- the benefits to the donor have not exceeded 10% of the value of the donation to a maximum of \$1,000;
- the fundraising campaign the organization is undertaking is in the interest of the Municipality;
- the project operates under the Municipality's authority which requires Council approval; and
- the Municipality exercises ongoing direction and control over the use of the receipted funds

However, if the Municipality accepts donations and provides money to a non-qualified donee without maintaining direction and control, the Municipality is acting as a conduit and a receipt cannot be issued. Under these circumstances, if a receipt was issued, the Municipality could jeopardize their qualified donee status.

The requirement for the Municipality to exercise ongoing direction and control as to how the donated funds are to be spent may require a level of direct involvement that the prospective donee may not be comfortable with.

However, to ensure the Municipality is issuing income tax receipts within the rules of the Income Tax Act, there must be evidence of authority and direction and control. This may include the expenditures and revenues going through the Municipality's books or the Municipality monitoring and supervising the activity through progress reports, collection of receipts for expenses, financial statements, municipal staff attendance at meetings, etc.

Fundraising Campaigns that result in the Municipality acquiring an asset require the following information to be provided to the Municipality by the Community Group:

- Copy of all invoices for the asset(s)
- Copy of plans or engineered drawings including location co-ordinates for the asset(s)
- Estimated lifecycle of the asset(s)

Donations that have received an official income tax receipt will not be refunded. If the intended project does not move forward, the Municipality will direct the funds to



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another project.

5.5 Issuance of an Official Donation Receipt – In-Kind

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

- Compliance with municipal by-laws and/or policies
- Compliance with the laws, conventions and treaties of the other levels of government
- Consistency with the Municipality's priorities, and strategic and business plans
- Associated risks (e.g. financial risks, political risk, health and safety issues)
- Condition of donation
- Value of the donation
- Usefulness of the donation to the Municipality
- Cost/benefit analysis, if determined by the treasurer or designate to be necessary, would consider installation, storage, maintenance, renewal, replacement and other relevant costs

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

\$1,000 or less

- Appraisal by knowledgeable internal staff and confirmed by the Treasurer or designate; plus
- Valuation from online auction and shopping website

Over \$1,000

- External appraisal 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 treasurer in conjunction with the manager of the department receiving the donation

5.6 Non-Qualifying Donations

Non-qualifying donations that cannot be acknowledged with official donation receipt for income tax purposes, in accordance with CRA guidelines:

- Intangibles such as services, time, skills, effort
- Donations that are given to the Municipality intended as a flow through



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to a specified recipient who does not have charitable organization status, or that the Municipality has not exercised direction and control as to how the donated funds are to be spent

- 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 a sponsorship is to enhance the image and marketing opportunities of the sponsor in the target market and/or the community. Sponsorships are reciprocal arrangements benefiting both parties. Usually the cost to the sponsor is categorized as a business expense
- Conditional donations
- Municipalities are required to abide by the rules prescribed by the Income Tax Act in relation to the issuance of official donation receipts. If the Municipality fails to issue a donation receipt in accordance with Income Tax Act, CRA can revoke the status of the qualified donee and suspend the receipting privileges
- Municipalities are required to issue receipts only for transactions that qualify as charitable donations, properly establish the fair market value of donations in-kind and ensure that receipts contain accurate and complete information

If the donation is in-kind:

- The day on which the donation was received
- A brief description of the donation
- The name and address of the appraiser, if an appraisal was completed

5.8 Maintaining Records

Municipalities are required to maintain proper books and records supporting any official donation receipt issued and provide access to those books and records to CRA upon request. If the Municipality fails to do so, the CRA can revoke the status of the qualified donee and suspend the receipting privileges.

Currently, according to section 230(2) of the Income Tax Act, registered charities are required to “keep records and books of account at an address in Canada recorded with the Minister of designated Minister containing:

- Information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under this Act
- A duplicate of each receipt containing prescribed information for a



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- donation received by it
- Other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under this Act

Copies of receipts must be kept for two calendar years after the end of the calendar year to which the receipt applies.

CRA Policy Commentary regarding Gifts of Services – CPC-017:

- The Income Tax Act currently permits a qualified donee to issue official donation receipts for income tax purposes for donations that legally qualify as gifts
- Contributions of services, that is, of time, skills or efforts, are not property, and therefore they do not qualify as gifts for purposes of issuing official donation receipts. Accordingly, a charity cannot issue an official donation receipt for services rendered free of charge. However, it may be possible to issue a receipt when a right to reimbursement for any actual expense incurred on behalf of a registered charity is established

5.9 Sponsorship and Recognition

Fundraising campaigns that are undertaken by community groups who wish to offer recognition to donors attached to cash or in-kind gift levels must obtain approval from the Communications Coordinator of the recognition terms prior to the beginning of the fundraising campaign.

All marketing materials, including but not limited to, print materials, social media posts, media releases and signage that contains any reference to the Municipality must be approved in advance by the Communications Coordinator. The Municipality maintains the right to direct that any marketing that has not received approval be removed from the public view. The Municipality will not be liable for any expenses incurred as a result of the failure to receive approval in advance.

The Municipality shall be recognized at an appropriate sponsorship level for any in-kind or grant support the project has received.