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## MUNICIPALITY OF NORTH PERTH

### FUNDRAISING/DONATION POLICY

#### 1.0 PURPOSE:

To establish a policy for accepting community and commemorative donations to the Municipality of North Perth.

#### 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 North Perth; including all donations made for specific projects.

#### 4.0 DEFINITIONS:

**“charitable donation”** voluntary transfers of tangible property, including cash.

**“community organization project donation”** donations received by the Municipality on behalf of an organization, 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.

**“conditional cash donation”** 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.

**“Council”** is the Council of the Municipality of North Perth.

**“Manager of Corporate Services - Treasurer”** means the Manager of Corporate Services – Treasurer of the Municipality of North Perth, or designate.

**“Donation Policy Assistant”** employee, in conjunction with department heads, responsible for accepting or denying donations based on the plans and needs required, and making sure that such donations are consistent with this policy.

**“donee”** under the Income Tax Act, is an organization that can issue official donation receipts for gifts they receive from individuals and corporations.

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

**“fair market value (or 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.

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

**“legacy donations”** A legacy gift is 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”** is the Municipality of North Perth.

**“non-qualifying donations”** 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 by the Municipality of North Perth as a qualified donee

**“unconditional cash donation”** 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 following types of donations as defined under Section 4.0, are as follows:

- Unconditional cash donation
- Conditional cash donation
- In-kind donation
- Community organization project donation

### 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 Donation Policy Assistant or Manager of Corporate Services - Treasurer on the donation receipt.
- Council must approve organization requests for conditional cash and in-kind donations valued at over \$5,000 and all community organization project donations.

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For donations requiring Council approval, a report shall be prepared by the Manager of Corporate Services - 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 on the attached Policy Checklist under Schedule A, B and C.

- 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 shall be issued for all donations having a value of \$20.00 or more, if requested by the donor. A thank you letter will be sent following every donation.

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 North Perth
- Be in cash or in-kind
- Be voluntary
- Be supportive of the Municipality's priorities or beneficial to the community of the Municipality

### 5.4 Issuance of an Official Donation Receipt – Community Projects

The CRA indicates that donations can be receipted by the Municipality on behalf of an organization 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.

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

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receipt cannot be issued. Under these circumstances, if a receipt was issued, the Municipality could jeopardize the 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.

Community projects 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)

### **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 Manager of Corporate Services - Treasurer 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 Manager of Corporate Services - Treasurer; plus
- Valuation from online auction and shopping website

*Over \$1,000*



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- 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 Manager of Corporate Services - 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 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.

## 5.7 Authority Under the Income Tax Act

Municipalities are required to include the same information as registered charities:

- A statement saying that it is an official receipt for income tax purposes
- Business registration number, name, address as recorded with CRA
- Serial number of the receipt
- Place or locality where the receipt was issued
- For cash donation, the day and year on which the donation was received
- The day on which the receipt was issued, if differs from the date on which the donation was received
- The full name and address of the donor
- The amount of the cash donation, or if the donation is in-kind, the fair market value or deemed fair market value, if that rule applies
- Value and description of any benefit/advantage received by the donor
- Eligible amount of donation less any benefit/advantage
- Signature of an authorized individual to acknowledge donations
- Municipalities are required to be on a publicly available list maintained by the CRA in order to continue to be recognized as qualified donees

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- 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, 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 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 registered charity 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.

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- A charity may issue an official donation receipt if a person provides a service to the charity, the charity pays for the service, and the person then returns the payment to the charity as a gift. In such circumstances, two transactions have taken place, the first being the provision of a service and the payment flowing therefrom, and the second being a gift proper.
- The parties should be advised to proceed by way of an exchange of cheques. This ensures the presence of an audit trail, as the donor must account for the taxable income that would be realized either as remuneration (in which case the charity may also be required to issue a T4 slip) or as business income.
- A charity should not issue an official donation receipt to a service provider in exchange of an invoice marked “paid”. While this procedure does establish an audit trail, it raises questions as to whether in fact any payment has been transferred from the charity to the service provider which in turn is being gifted back to the charity.

## 6.0 POLICY COMMUNICATION:

This policy will be available publicly on the Municipality of North Perth website.

## 7.0 POLICY REVIEW:

This policy will be reviewed at the start of each Council Term or more often as needed. Fundraising/Project Packages will be reviewed yearly by the Donation Policy Assistant and departmental staff.

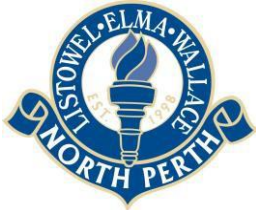
## 8.0 COMPLIANCE:

In cases of policy violation, the Municipality may investigate and determine appropriate corrective action.

## 9.0 REFERENCES AND RELATED DOCUMENTS

## 10.0 REVISION HISTORY

Revision	Date	Comments
1		Issue Date



**MUNICIPALITY OF NORTH PERTH  
FUNDRAISING/DONATION POLICY**

**SCHEDULE “A”**

**DONOR POLICY CHECKLIST – COMMUNITY ORGANIZATION  
PROJECT DONATION**

**1.0 DONOR INFORMATION**

Name of Community Organization			
Street Number	Street Name		Suite/Unit #
City		Province	Postal Code
Telephone Number	Mobile Number		Email
Contact Person Name			Contact Person Phone Number

**2.0 DONATION/FUNDRAISING DETAILS**

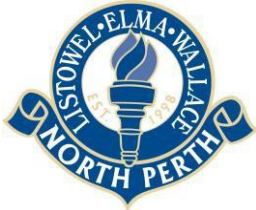
Projected Dollar Value of Fundraising	Timeframe for Fundraising Campaign
Description of Community Project	

**3.0 COMMUNITY PROJECT CHECKLIST**

General	
Is the condition in the community project consistent with municipal priorities, mandates and strategic and business plans?	
Does the community project affect or impede any existing uses or services?	







## MUNICIPALITY OF NORTH PERTH FUNDRAISING/DONATION POLICY

Is the community project in compliance with Municipality by-laws and/or policies?	
Is the community project in compliance with the laws, conventions, and treaties of the other levels of government (i.e. Building Code, Fire Code, WSIB, etc.)	
Must assess associated risks (e.g. financial risks, political risk, health and safety and environmental issues) – Risk level OK, yes/no	
Describe how the community project is in the interest of the Municipality. Details Attached. (CRA Requirement)	
<i>Indicate how the Municipality will exercise ongoing direction and control over the use of the received funds by selecting one of the two options below; (CRA Requirement)</i>	
Option 1 Expenditures and revenues going through the Municipality's books.	
Option 2 Municipality monitoring and supervising the activity through progress reports, collection of receipts for expenses, financial statements. Municipality is attending project meetings.	
If expenditures and revenues go through the Municipality's books, and the Community Project results in an acquisition or asset ownership by the Municipality, will Municipal HST procedures apply?	
<b>USE &amp; FUNDING</b> <b>If the Community Project results in an acquisition for the Municipality</b>	
Is the acquisition something that the Municipality would pursue if it were not tied to a community project?	
What is the intended use of the acquisition and who will use it?	
Does the community organization cover the entire cost of the acquisition including installation, etc.?	
If the community organization does not cover the entire cost, where does the balance of the funding come from?	





## MUNICIPALITY OF NORTH PERTH FUNDRAISING/DONATION POLICY

Must assess the usefulness of the in-kind donation to the Municipality – Is it useful to the Municipality, yes/no?	
What are the insurance implications of the donation?	
Cost/benefit analysis, if determined by the Manager of Corporate Services - Treasurer to be necessary, would consider installation, storage, maintenance, renewal, replacement and relevant costs such as staff training.	
What department will be responsible for the acquisition?	
<b>ASSET INFORMATION</b> If the Community Project results in ownership of an asset by the Municipality	
Where is the asset located, or to be located?	
Can the asset be relocated?	
If the asset is to be relocated, which Department will be responsible for the relocation?	
What is the projected lifespan of the asset?	
Will the asset be scheduled for future replacement?	
What is the estimated replacement cost of the asset?	
If the asset is scheduled for future replacement, where will replacement funds come from?	
What is the condition of the asset?	
Will the Community Organization provide asset information such as project drawings, project plans, project location of the acquired asset?	
Does the acquisition replace an existing asset?	





## MUNICIPALITY OF NORTH PERTH FUNDRAISING/DONATION POLICY

### 4.0 APPROVAL DECISION

Eligible for Donation Receipt?	
Signature of Donation Policy Assistant	
Signature of Manager of Corporate Services - Treasurer	
Signature of Donor Contact Person	

Date	
Council Resolution Number	

Additional Comments:



**MUNICIPALITY OF NORTH PERTH  
FUNDRAISING/DONATION POLICY**

**SCHEDULE “B”**

**DONOR POLICY CHECKLIST – CONDITIONAL CASH DONATION**

**1.0 DONOR INFORMATION**

First Name		Last Name	
Street Number	Street Name		Suite/Unit #
City		Province	Postal Code
Telephone Number	Mobile Number		Email

**2.0 DONATION DETAILS**

Dollar Value of Donation	Date of Donation
Description of Condition:	

**3.0 CONDITIONAL CASH DONATION CHECKLIST**

<b>General</b>	
Is the condition in the donation consistent with municipal priorities, mandates and strategic and business plans?	
Does the condition affect or impede any existing uses or services?	
Is the donation/condition in compliance with Municipality by-laws and/or policies?	
Must assess associated risks (e.g. financial risks, political risk, health and safety and environmental issues) – Risk level OK, yes/no	





## MUNICIPALITY OF NORTH PERTH

### FUNDRAISING/DONATION POLICY

<b>USE &amp; FUNDING</b>	
If condition stipulated in donation refers to municipal acquisition	
Is the acquisition something that the Municipality would pursue if it were not tied to a donation?	
What is the intended use of the acquisition and who will use it?	
Does the donation cover the entire cost of the acquisition?	
If the donation does not cover the entire cost, where does the balance of the funding come from?	
Must assess the usefulness of the donation to the Municipality – Is it useful to the Municipality, yes/no?	
What are the insurance implications of the donation?	
Cost/benefit analysis, if determined by the Manager of Corporate Services - Treasurer to be necessary, would consider installation, storage, maintenance, renewal, replacement and relevant costs such as staff training.	
What department will be responsible for the acquisition?	
<b>ASSET INFORMATION</b>	
If condition stipulated in donation refers to the purchase of a Municipal asset	
Where is the asset located, or to be located?	
Can the asset be relocated?	
If the asset is to be relocated, which Department will be responsible for the relocation?	
What is the projected lifespan of the asset?	
Will the asset be scheduled for future replacement?	
What is the estimated replacement cost of the asset?	
If the asset is scheduled for future replacement, where will replacement funds come from?	





## MUNICIPALITY OF NORTH PERTH FUNDRAISING/DONATION POLICY

What is the condition of the asset?	
Does the acquisition replace an existing asset?	

### 4.0 APPROVAL DECISION

Eligible for Donation Receipt?	
Signature of Donation Policy Assistant	
Signature of Manager of Corporate Services - Treasurer	
Signature of Donor Contact Person	

Date	
Council Resolution Number	

Further Comments:

**SCHEDULE "C"**  
**FUNDRAISING/PROJECT PACKAGE**



Name of Fundraising Project:

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Lead Department:

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Fundraising Package Prepared By:

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Manager of Corporate Services - Treasurer Signature:

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Date of Signature:

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## **1.0 PROJECT DEVELOPMENT CONCEPT**

*Please provide a high-level overview of the entire project including pictures and conceptual drawings.*

## **2.0 FINANCIAL IMPLICATIONS**

*Identify all funding sources that will be used for the project, including any possible grant opportunities.*



### 3.1 DONATION TERMS

Your gift to the <<project name>> is a commitment to the community of North Perth. The statements below outline the terms of your gift. The Municipality of North Perth and the donor will attempt in good faith to adhere to these terms of donation. All donations must comply with the Municipality of North Perth Donation Policy.

- All donations are made from the donor to the Municipality of North Perth for the sole benefit of the <<project name>> located at <<project location>>.
- Gifts over \$1,000 may be pledged over a period of up to five (5) years. Gifts may also be paid outright.
- A donor may accelerate the payment of any or all of a pledge at any time at the donor's discretion so long as the cumulative total of all gift payments meets the total pledged amount.
- Donations can be made in any legal tender
- Donations of \$\_\_\_\_\_or more are eligible to be recognized in the donor recognition area for this project which will be located at <<location of donor recognition area>>
- At the request of the donor, a gift may be made anonymously
- Donors who pledge support of \$\_\_\_\_\_or more, may choose to receive recognition through the available naming opportunities as outlined in Section 4.0. Naming opportunities will be guaranteed for \_\_\_\_\_years. (to be determined by fundraising project lead).
- In the event that the future actions of a donor reflect poorly on the Municipality of North Perth, the Municipality reserves the right to review the prominence of that donor's recognition.

### 4.0 DONATION/NAMING OPPORTUNITIES

<<Person(s) responsible for preparing the fundraising package is responsible for identifying various naming opportunities/donation levels>>

### 5.0 SUPPORTING DOCUMENTS

<<Attach any supporting documents; letters, plaque templates, location outlining location, etc. Supporting documents will be created as part of the fundraising package at the time of the project. The Donation Policy Assistant and Project Lead will ensure they are similar to all municipal templates.>>



MUNICIPALITY OF  
**North Perth**  
www.northperth.ca

A Community of Character

330 Wallace Ave. N., Listowel, ON N4W 1L3 Phone: 519-291-2950 Toll Free: 888-714-1993

<date>

<Donor's Name>

<Address Line 1>

<Address Line 2>

<City/Town><Province><Postal Code>

Dear: <donor's name>

Thank you very much for your generous donation towards <<project name>>. This project would not be a success without financial contributions from our many friends like you.

<<project name>> will <<brief explanation of how the project will benefit the community>>

Please feel free to contact Municipality of North Perth donation policy assistant, Vanessa O'Malley at (519) 291-2950 Ext. 2047 if you have any questions or require further information.

Sincerely,

Vanessa O'Malley  
Donation Policy Assistant  
Municipality of North Perth  
P: 519-291-2950 ext. 2047  
E: vomalley@northperth.ca



## MUNICIPALITY OF NORTH PERTH

### COMMUNITY AND COMMEMORATIVE DONATION POLICY

## PLEDGE FORM

### 1.0 DONOR INFORMATION

First Name		Last Name	
Street Number	Street Name		Suite/Unit #
City		Province	Postal Code
Telephone Number	Mobile Number		Email

### 2.0 DONATION DETAILS

Dollar Value of Donation	Date of Donation
<input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input type="checkbox"/> Credit Card <input type="checkbox"/> E-Transfer <input type="checkbox"/> Invoice	
<p><i>*For Credit Card, E-Transfer and/or invoicing instructions, please contact the Accounts Receivable, Financial Analyst at 519-292-2047. There is an additional 3% fee on all credit card payments</i></p> <p><i>If using a cheque, please make payable to <b>Municipality of North Perth</b>.</i></p>	
Description of Condition (if applicable, including location, and any other request):	

*All donations made to the Municipality of North Perth and its agencies must be given voluntarily without any expectation of benefit. A donation cannot be used to influence the outcome of an outstanding approval, permit or license application or award of a procurement call. You must advise the Municipality in writing if you, your organization or company is currently involved in a planning approval or procurement process with the Municipality or its agencies.*

### FOR STAFF USE

Staff Initials	Date Received	Date Contacted	Payment Complete
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