



POLICY FS-07: Donations and Taxable Receipts

Financial Services

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1.0 Purpose:

Norfolk County accepts donations as a means of enhancing municipal facilities and programs. Prior to accepting a donation, the County will ensure the review and assessment of the proposed donation to determine its usefulness, present and ongoing financial and operational impacts, and exposure to risk and/or liability.

This Policy also provides the framework that will govern the issuance of income tax receipts for cash donations and donations of goods and property received by Norfolk County.

2.0 Application:

This Policy applies to elected officials and County employees. This Policy shall be applied in conjunction with the *Income Tax Act* of Canada.

3.0 Policy Requirements:

Cash donations and donations of goods or property provide additional sources of revenue and resources for Norfolk County. Income tax receipts can be provided to the donor by the County provided that **all** of the conditions listed below are satisfied:

- 3.1 The donation is for a County purpose such as a County program or Council-approved initiative, or is an asset that will support a County purpose.
- 3.2 Norfolk County directs and controls the use of the donation in a manner that is generally consistent with intended purpose of the donation. That is, the County must be able to allocate the donated funds to a County program, asset or County initiative as it considers appropriate and that is consistent with the spirit of the donation.
- 3.3 The donation is receiptable (refer below).
- 3.4 The donation is voluntary and unencumbered. Any advantage received by the donor must be of nominal value or meet the intention to make a gift threshold as defined by the Canada Revenue Agency, which may be updated or amended from time to time.

- 3.5 A donation of real property complies with the County's Policy on Land Purchases and Sale.
- 3.6 If a condition precedent is attached to the gift a receipt will not be issued until such time as the condition has been fulfilled.

4.0 Accepting Donations

The County may elect to accept or decline any donation. If the gift is not accepted, the donor will be advised of the reason and thanked for the offer.

When assessing a proposed donation, the recipient Division must identify and consider any one-time or recurring costs associated with accepting the donation. These costs may include a required County contribution for delivery, installation, ongoing maintenance, operating costs, security cost, licensing, replacement or disposal costs, etc. The recipient Division will ensure that a source of funding is identified and in place for any costs to the County before accepting a donation and that there are sufficient staffing or supply resources available should it be applicable. When assessing a proposed donation of property, structures or equipment, the recipient Division will consult with Corporate Support Services to ensure the donation meets accessibility requirements.

HST may be applicable to donations where a benefit is provided to the donor. Staff shall consult with Financial Services to identify potential HST implications.

5.0 Limitations and Restrictions

Donations to the County must not:

Imply endorsement of the donor or, if the donor is a company or commercial enterprise, imply endorsement of its products and services, or require the County to make statements or representations endorsing a product or service.

Be accepted from individuals, groups, associations, corporations or other entities that are not in good standing with the municipality (i.e. in litigation with the County, defaulting on payments owed to the County, and/or currently in significant violation of a By-Law or regulation).

Be accepted if they are deemed to have originated from unethical or unlawful activities as determined by the County.

Be accepted from individuals, groups, associations, corporations or other entities that promote discriminatory practices against any individual or group based on gender, sexual orientation, religious or political affiliation, citizenship, age, race or ethnicity, record of offences, disability, income or family status.

Be accepted if the donation creates real or perceived conflicts of interest, or violates the Employee Code of Conduct [HR-01 Code of Conduct Policy](#) or Council Code of Conduct. [EBS-53 Council Code of Conduct](#)

6.0 Receiptable Donations

Recipient Divisions are responsible to determine whether the donation qualifies for an income tax receipt. If unclear about whether the donation qualifies, recipient Divisions should consult with the Treasurer/Deputy Treasurer and/or the Office of the County Solicitor prior to accepting the donation.

The County shall only issue receipts for cash donations that are \$20 or more and shall only issue receipts for donations-in-kind that have a fair market value of \$100 or more. In addition, if a donation is made in the form of a cheque, it must be payable to The Corporation of Norfolk County.

These examples do **not** qualify for income tax receipts:

- 6.1 A gift where the donor receives a non-nominal advantage or benefit as the result of the gift. (For example, where a donor contributes \$200 but is entitled to an advantage of attending a dinner and performance).
- 6.2 The payment of a fee for admission to an event or to a program. (An exception to this rule is the purchase of a ticket to a fundraising dinner, ball, concert, show, or similar event. In this case, the donation is considered to be the difference between the purchase price of the ticket and the fair market value of the food, entertainment, etc.)
- 6.3 The payment of membership fees that convey the right to attend events, receive literature, receive services or be eligible for entitlements of any material value.
- 6.4 A payment for a lottery ticket or other chance to win a prize.
- 6.5 Contributions of services such as time, skills and effort.
- 6.6 The purchase of County goods or services.
- 6.7 The donor directs the County to give the funds to a specified person, family, or non-qualified recipient (such as foreign charities and foreign affiliates of Canadian charities).
- 6.8 Sponsorship payments from a business for which the business receives a material advantage such as promotion or advertising in return.
- 6.9 Donations collected by a third party who is conducting fundraising but has not entered into a written fundraising agreement with the County.
- 6.10 A donation from a registered charity or not-for-profit corporation. (An ordinary receipt may be issued in this case.)

7.0 Income Tax Receipts for Donations

Income tax receipts shall contain the information required by the Canada Revenue Agency (CRA) in compliance with the *Income Tax Act*.

Income tax receipts for the eligible amount of a donation shall include the date of the donation and shall be issued in the name of the individual or organization that made the donation. The date of the donation is the date that legal ownership is transferred to the County.

Where a donation to the County is made through a cheque, the receipt shall be issued in the name of the individual or organization named on the cheque, except, where an individual or organization has collected donations pursuant to a third-party fundraising agreement with the County and has submitted one cheque payable in aggregate, receipts shall be issued in the name of each individual and organization that has made a donation.

For donations-in-kind, an income tax receipt shall be issued on the fair market value of the donation less the fair market value of any advantage received by the donor. The gift less the amount of the advantage must constitute a voluntary transfer and must meet the intention to make a gift threshold as defined by the Canada Revenue Agency, which may be updated or amended from time to time.

8.0 Third-party fundraising

The County shall not issue donation receipts on behalf of another organization nor will it allow a third-party to issue donation receipts on Norfolk County's behalf. Council may, at their discretion, grant exemptions to this section of the donation and taxable receipts policy. In such cases the third-party must enter into an agreement to the satisfaction of the General Manager of Financial Services and the County Solicitor and the County must maintain sole direction and control on the use of any funds.

9.0 Appraisals for donations of goods or property

Donations of goods or property require satisfactory information documenting the fair market value for the issuance of a tax receipt. The donor is responsible for providing this information.

For donations of goods or property with a fair market value estimated to be less than or equal to \$1,000, a County employee may perform the appraisal, provided the employee is competent and qualified to value the item and such valuation is reviewed to the satisfaction of the Treasurer/Deputy Treasurer.

For donations of goods or property with a fair market value in excess of \$1,000, an independent, accredited appraiser shall conduct the appraisal. The appraiser must not be associated with either the donor or the County. The appraiser must be knowledgeable about the principles, theories and procedures of the applicable valuation discipline and follow the Uniform Standards of Professional Appraisal Practice or the standards of the profession. The appraiser must be knowledgeable about and active in the marketplace for the specific property.

An appraisal must be an estimate of the fair market value of the donation as of the date of the donation and in any event any appraisal that is dated more than one hundred and

eighty (180) days prior to the donation shall not be acceptable. The donor shall be responsible for the costs of obtaining an appraisal unless the recipient Division agrees to pay for such costs.

The County may at its sole discretion require donors to provide a second appraisal on donations of goods or property. Generally, this process will be utilized in instances where there could be potential significant differences in appraisal value and could include but is not limited to items of: antiques, artwork or real property.

For donations of ecologically sensitive lands certified by the federal Minister of the Environment and Climate Change, no appraisal is required as the fair market value shall be determined by the Minister.

10.0 Donation Recognition

The County is committed to the highest standards of donor stewardship and accountability. This includes appropriate acknowledgement and recognition for donations. Accordingly, for donations valued at \$100 or more, a formal letter of acknowledgement and gratitude will be sent to the donor. Donations from \$100 - \$999 will be issued a letter signed by the General Manager of the benefiting Division. Donations of \$1,000 or more will be issued a letter signed by the Mayor.

General Managers may assign recognition levels to specific fundraising programs, be it alone or through recommendation of a Committee. In such cases the installation of plaques or other forms of recognition are to be determined under the established framework of the specific fundraising program and fall outside of the County's Sponsorship Policy.

11.0 Returned Donations

Donations cannot be returned to the donor unless the County is authorized to do so by law. Following consultation with the Office of the County Solicitor, a General Manager may direct that donations be returned to the donors.

The General Manager directing the return of donation shall, in consultation with the Treasurer/Deputy Treasurer, provide the CRA, Charities Directorate Compliance Section an information return about the donation, and provide a copy of the information return to the donor.

12.0 Responsibilities

General Managers, Directors and Managers are responsible for ensuring the proper delegation and accountability is in place for fundraising programs, including any third-party agreements as may be approved by Council as exemptions to this policy.

Managers are responsible for:

- 12.1 Ensuring donations are used for their intended purpose. If it is not possible to use the donation in line with the donor's intention, Financial Services, and the

Office of the County Solicitor to be consulted to determine the appropriate disposition of the donation.

- 12.2 Ensuring appraisals meet the validity requirements and valuation is appropriate.
- 12.3 Ensuring conditions to issue a donation receipt are met.
- 12.4 Fulfilling Council direction in regards to any third-party exemption to this policy and in doing so consult with the Office of the County Solicitor.

Financial Services is responsible for:

- 12.5 The efficient processing and financial reporting of donations received.
- 12.6 Issuing donation receipts on a timely basis.
- 12.7 Guarding against the unauthorized use of donation receipts.
- 12.8 Filing an information return with the CRA for returned donations.
- 12.9 Receiving the funds in a designated account to be controlled by the County.
- 12.10 Providing advice about what qualifies as a donation.

13.0 Monitoring/Contraventions

Recipient Divisions, the Treasurer/Deputy Treasurer and the County Solicitor's Office are responsible for compliance with this policy. Failure to comply with this Policy may result in:

- The County being assessed penalties by the CRA and/or losing the ability to issue income tax receipts.
- Disciplinary action against an employee, up to and including dismissal.

14.0 Attachment:

[Form FO-36 – Donation Appraisal Form](#)

15.0 Definitions

15.1 Donation – a voluntary transfer of property without consideration.

This includes:

cash, , equipment, materials and supplies, Capital, real or depreciable property, personal use property, works of art, jewelry, rare books, stamps, coins, artefacts, a leasehold interest or residual interest in real property, life insurance properties, donations made under a will or other testamentary instrument.

This does not include:

Skills provided through a volunteer program of the County, Funding or donations in-kind obtained from other levels of governments through normal transfers, payments or grant programs, contributions required under Sections 37 and 41 of the *Ontario Planning Act*, developer contributions to enhance the development of new parks, sponsorship arrangements under the County Sponsorship policy.

15.2 Donation-in-kind – a gift of goods or property other than cash such as capital property (including depreciable property) and personal-use property. A donation-in-kind does not include a gift of services.

15.3 Fair Market Value – the amount that could be expected to be realized on a sale in the open market by a willing seller to a willing buyer.