

	TOWN OF CARMAN	POLICY NO. 018-24
	ADOPTED BY: Resolution 36/24	Last Updated: February 2024
	DATE: February 6th, 2024	Page: 1 of 3
	TITLE: Third Party Donations Policy	Department: Administration

PURPOSE: The purpose of this policy is to formalize the charitable donations receipts program, including accounting for donations of cash or in kind to the Municipality. This policy outlines the standards of evaluating donations in accordance with Canada Revenue Agency (CRA) guidelines.

RATIONALE: To establish a structured system for the receipting of third party donations within the Town of Carman.

POLICY STATEMENT: This policy will serve as the foundation for standard operating procedures for issuing official charitable donation receipts to donors for income tax purposes. The Town of Carman is registered with the Canada Revenue Agency as a qualified donee. Therefore, the Municipality will issue official donation receipts that qualify as charitable donations with a net cash value or net fair market value of \$25.00 or more.

DEFINITIONS:

Charitable Donation is defined as voluntary transfer of tangible property, including cash.

Donations in-kind is defined as voluntary transfer of tangible property, including cash.

Fair Market Value (or Valuation) is defined as 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.

Net amount of Donation is defined as the fair market value of the donation less any advantage/benefit received or to be received as a result of the donation.

ADMINISTRATION AND PROCEDURES:

The Town of Carman will comply with Canada Revenue agency regulations for the acceptance of charitable donations and the issuance of charitable donations receipts.

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

- Be made payable to The Town of Carman
- Be in cash or in kind
- Be voluntary, and
- Be supportive of the Municipality's mandate and beneficial to the Municipality.

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

- Intangibles such as services, time, skills, effort
- 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).

Receipts will not be given for donations that are given to the Municipality intended as a flow through to a specified recipient or non-profit organization who do not have charitable organization status unless;

1. The ultimate recipient organization must be operating under the authority of the municipality, and,
2. The municipality retains ultimate discretion as to how the donated funds are to be spent. The Non-profit organization recipient cannot have a legal entitlement to the gifted funds, and the Municipality must have the legal authority and discretion to disburse funds as it sees fit.

Donations can be receipted by a Municipality on behalf of an organization which operates under the authority of the Municipality (e.g., a committee established by a municipal by-law) provided the municipality retains discretion as to how the donated funds are to be spent.

Municipality's may not issue tax receipts for funds from donors on behalf of a non-profit organization that is not under the authority of the Municipality.

Donations of Services may be accepted; however, a charitable donation receipt for income tax purposes cannot be issued.

Prior to accepting in-kind donations, the Municipality will undertake due diligence in the review and assessment of proposed donations-in-kind to determine condition, value, usefulness, financial impact, exposure to risk and/or liability.

The Municipality reserves the right to reject any proposed donation-in-kind.

All in Kind donations of materials or physical assets must be appraised. The Municipality will make the decision on who is qualified to appraise the donation. No receipt shall be given for more than the appraised value.

Donations \$1,000.00 or less:

- Appraisal by internal staff; plus
- Valuation from online auction or shopping website

Donations over \$1,000.00;

- 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

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

- Under \$10,000 accepted by the CAO
- \$10,000 and more requires a written agreement of the value of the donation developed in advance and approved by the CAO
- \$25,000 and more requires Council approval

All Organizations that wish to provided tax receipts must be pre-approved by the Chief Financial Officer prior to any fundraising.

All fundraising must comply with provincial and federal regulations.

PAYMENTS TO DONEES

All regular and occasional donations shall be paid at a minimum of quarterly.

In situations where there are donations for "Special Projects" or where a large number or dollar value of donations are received within a short period of time, such donations shall be paid out at the time of the Municipality's next regular accounts payable cheque run. The CFO shall use his/her judgment to determine which donations qualify for this type of payout.

No receipts shall be issued for less than \$25.00.

Where this policy and CRA do not conform, CRA requirements will supersede this policy.