

Corporate Policy

Finance-Budget

Charitable Donations Receipt Policy

Approved by Council on: June 11, 2012

Report Number: F-26-12

Effective: June 11, 2012

Reviewed on: June 2021

Amended: None

Next Review: June 2022

Note:

Purpose:

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

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.

Policy Statement:

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

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Qualifying Donations

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

- Be made payable to the City, and
- Be in cash or in kind; and
- Be voluntary; and
- Be supportive of City's mandate or beneficial to the community of the City of Burlington;

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

- Compliance with City by-laws and/or policies
- Compliance with the laws, conventions and treaties of the other levels of government
- Consistency with the City's priorities, mandates and strategic and business plans
- 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 City
- Cost/benefit analysis, considering installation, storage, maintenance, renewal, replacement and relevant costs;

Written valuation of donations in-kind, done within the last 6 months, 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; plus
 - valuation from online auction and shopping website

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- 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 \$50,000 – Department Head and the Controller & Manager of Financial Services
- \$50,000 and more – requires a written agreement developed in advance by the Department Head of the lead department and the City Solicitor
- \$250,000 and more – Council approval

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 City intended as a flow through to a specified recipient who does not have charitable organization 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 a 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 sponsor is categorized as a business expense.

Scope:

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

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Objectives:

This policy formalizes the charitable donations receipt program within the City to ensure that official receipts are issued in an appropriate and consistent standard across the organization and in accordance with CRA guidelines.

Definitions:

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

Term	Definition
Charitable donations	Voluntary transfer of tangible property, including cash.
Donations in-kind	Tangible property, other than cash, that are eligible donations.
Eligible donations	Donations that can be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.
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.
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.
Non-Qualifying Donations	Donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.

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References:

- Under Income Tax Act, 1985, the Corporation of the City of Burlington 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.
- 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.
- Policy 1.3.6 - Donations and Sponsorships (Approved by City Council on November 5, 2001)
- Policy 1.3.7 – Naming of City of Burlington Corporate Assets (Approved by City Council on November 5, 2001)
- Policy 10.4 – Art in Public Spaces (Approved by City Council on November 24, 2003 and amended by City Council on November 28, 2005)

Roles:

Accountable:

The Controller and Manager of Financial Services is answerable for the timely review, updating and dissemination of this policy. The Controller and Manager of Financial Services to sign official donation receipts on behalf of the Corporation of the City of Burlington with Director of Finance as backup.

Responsible:

Controller & Manager 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

- Finance Assistant - responsible for issuing official donation receipts in compliance with the CRA guidelines and maintaining records according to the CRA requirements.

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- Departmental staff accepting donations - responsible for compliance with the Charitable Donations Receipt Policy and any related standard operating procedures; ensuring process has been followed; in-kind donations are properly assessed, donation accounts are reconciled; and official donation receipt requests are accompanied by necessary documentation with proof of valuation.