



CHARITABLE DONATIONS RECEIPTS

Purpose:

The purpose of this policy is to formalize the charitable donation receipt program, including accounting for donations of cash or in-kind made to the Town of Vauxhall. 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 donations receipts (official receipts) to donors for income tax purposes.

Policy Statement:

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

Qualifying Donations:

To be eligible for an official donation receipt, the donation must be:

- Made payable to the Town of Vauxhall
- Cash or in-kind
- Voluntary
- Supportive of municipality's mandate or beneficial to the community of the Town of Vauxhall

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

- Compliance with the municipal by-laws and/or policies.
- Compliance with the laws, conventions and treaties of the other levels of government.
- Consistency with the Town of Vauxhall's priorities, mandates and strategic and business plans.
- Associated risks (e.g. Financial risks; potential risks; health & safety issues).
- Condition of the donation.
- Value of the donation.
- Usefulness of the donation to the Town.
- 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:
 - o Appraisal by knowledgeable internal staff; plus
 - o Valuation from online auction and shopping website
- 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 determined by the departmental director.

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

- All appraised values – Council approved.

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 Town of Vauxhall 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 (e.g. 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 Town of Vauxhall agreements between the Town of Vauxhall and organizations and individuals that contribute either financially or in-kind to the Towns operations, programs, services and facilities.

Definitions:

CAO – is the Chief Administrative Officer and or Designated Officer

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 – 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.

References:

- Under Income Tax Act, 1985, the Town of Vauxhall 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.

Roles:

Accountable:

The CAO is answerable for the timely review, updating and dissemination of this policy. The CAO is to sign official donation receipts on behalf of the Town of Vauxhall with the assistant CAO/office manager as back up.

Responsible:

CAO – responsible for issuing official donation receipts in compliance with the CRA guidelines and maintaining records according to the CRA requirements. Also 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.

Administration staff – responsible for compliance with the Charitable Donations Receipts Policy and any related standard operating procedure; 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.