

Mackenzie County

Title	Charitable Donations Receipt	Policy No:	FIN034
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Legislation Reference	Municipal Government Act, Section 245-248
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Purpose

The purpose of this policy is to formalize the donation receipts program, including accounting for donations of cash or in-kind to Mackenzie County.

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:

Mackenzie County 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 of \$25 or more towards a Council approved municipal asset.

Definitions:

The following definitions are used for the purpose of this policy:

CAO – is the Chief Administrative Officer and or Designated Officer;

Charitable Donations – Voluntary transfer of tangible property, including cash;

County – means Mackenzie County;

Donation in-kind – Tangible property, other than cash, that are approved eligible donations;

Fair Market Value– means 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 independent of each other. The fair market value of a property does not include taxes paid; taxes are costs incurred by the purchaser;

Lead Director – administrative department Director that the project would be assigned to as per the Organizational Chart of the municipality;

Net Amount of Donation – means the fair market value of the donation less any advantages/benefit received or to be received as a result of the donation;

Non-Qualifying Donations – means donations that cannot be acknowledged with official donation receipts for income tax purposes, in accordance with CRA guidelines.

1. Guidelines:

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

- Be made payable to Mackenzie County, and
- Be in cash or in-kind; and
- Be voluntary;
- Be an approved project by Council motion; and
- Be supportive of County's mandate or beneficial to the community of Mackenzie County;

2. In-kind Donations Compliance:

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

- Compliance with County by-laws and/or policies; and
- Compliance with the laws, conventions and treaties of the other levels of government; and
- Consistency with the County priorities, mandates and strategic and business plans; and
- Associated risks (e.g. financial risks, political risk, health and safety issues); and
- Condition of the donation; and
- Value of the donation; and
- Usefulness of the donation to the County; and
- Cost/benefit analysis, if determined by a motion of Council, and supported by the CAO to be necessary, would consider installation, storage, maintenance, renewal, replacement and relevant costs.

Valuations of In-kind Donations:

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:

- \$1,000 or less:
 - appraisal by knowledgeable internal staff; and
 - valuation from online auction(s) or external sites.

- Over \$1,000:
 - external appraisal by an independent and arm's length competent individual is required; and
 - responsibility and the costs associated with obtaining a qualified appraisal shall be determined by the departmental director.

Acceptance Approval:

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

- Under \$1,000 – Lead Director
- Under \$25,000 – Lead Director, Director of Finance and CAO
- \$25,000 and more – requires a written agreement of the value of the donation developed in advance by the lead Director, with review and by the Director of Finance, and CAO, and will require Council approval.

3. Qualifying Donations

Donations that can be acknowledged with official donations for income tax purposes, in accordance with CRA guidelines:

- Donations that are made to the County for specific municipal projects approved by Council that will be owned by the municipality.
- Donations that are given to the County and intended as a flow through to a community recreation board, under agreement to deliver municipal services and programs of benefit to the County, where the asset will be owned by the municipality.

4. Non-Qualifying Donations:

Non-Qualifying Donations that cannot be acknowledged with official donations for income tax purposes, in accordance with CRA guidelines:

- Intangibles such as services, time, skills and effort.
- Donations that are given to the County intended as a flow through to a community organization, that is not under a current long term agreement to deliver municipal services and programs of benefit to the County, where the asset will not be owned by the municipality.
- 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 reciprocal arrangements benefiting both parties. Usually the cost to the sponsor is categorized as a business expense.

5. References

Under *Income Tax Act, 1985*, Mackenzie County 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, and 118.1 (1) of the *Income Tax Act*, Canadian municipalities are permitted to issue receipts for charitable donations in accordance with section 3501 of the *Income Tax Regulation*. These donations may come in the form of cash or in-kind.

6. Responsibilities

Chief Administrative Officer (CAO) and/or Designate will:

- a) Provide information to Council for in-kind donations as required within this Policy.

Chief Administrative Officer (CAO) and/or Designate and the Reeve and/or Deputy Reeve will:

- a) Be the signatories required on all in-kind donation agreements approved by motion of Council.

Director of Finance will:

- a) Ensure all required information is included on the issued donation receipts are as per as per CRA regulations.
- b) Sign official donation receipts on behalf of the County with the Finance Controller as backup.
- c) Maintain 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.
- d) Be responsible for issuing official donation receipts in compliance with the CRA guidelines and maintain records according to the CRA requirements.
- e) Ensure all assets are recorded as per the Tangible Capital Asset Accounting Policy.

Lead Director will:

- a) Provide information to the Director of Finance, and CAO for in-kind donations as required within this Policy.
- b) Ensure all information is provided to the Director of Finance or staff required to maintain all donation accounts analysis required to be prepared by staff.

	Date	Resolution Number
Approved	2022-03-08	22-03-151
Amended		