



## GENERAL POLICY MANUAL

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### Donation Policy

#### PURPOSE

- 1.0** The purpose of this policy is to set out in accordance with the Income Tax Act and Canada Revenue Agency guidelines and standards for:
- Acceptance of Donations
  - Issuing Official Income Tax Receipts to donors for income tax purposes; and,
  - Collection, recording and disbursement of Donation.
- 1.2** This policy applies to all County departments and boards falling within the financial reporting requirements of the County of Oxford.
- 1.3** The County may issue charitable receipts under two Canada Revenue Agency qualified donee accounts:
- Oxford County controlled organizations in accordance with CRA's expanded definition of "municipality"; and
  - Oxford County Library Board is a registered charity, therefore Donations received will be issued separate income tax receipts

#### DEFINITIONS

**2.0 For the purposes of this Policy,**

**Advantage** – the total value, at the time the gift is made, of all property, services, compensation, or other benefits that a person is entitled to receive in relation to the gift. The advantage may be conditional or receivable in the future, either by the donor or a person or partnership not dealing at arm's length with the donor.

**County** – means County of Oxford or Oxford County and the Oxford County Library Board

**CRA** – means the Canada Revenue Agency.

**Donation** – means a gift, bequest, financial contribution, or in-kind contributions of tangible property such as art, furniture, equipment, material of historical interest, which has been given voluntarily and without compensation or non-monetary consideration such as advertising, promotion or services.

**Donor Recognition Advantage** – Special recognition of donation that is considered sponsorship. Factors to consider to be evaluated in determining Advantage include the

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source, purpose of the donation, whether there is a contract, naming of the donation and ability to apply a value to the recognition.

**Eligible Donation** – This is the amount for which a receipt can be issued pursuant to this policy and Canada Revenue Agency.

**Gifts In-Kind** – means a gift of tangible property, other than cash, that are deemed eligible donations pursuant to this policy.

**Fair Market Value (or Valuation or FMV)** – 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 independently of each other. The fair market value of a property does not include taxes paid; taxes are costs incurred by the donor.

**Non-Qualifying Donations** – means donations for which an Official Income Tax Receipt cannot be issued in accordance with CRA guidelines and deemed eligible pursuant to this policy.

**Official Income Tax Receipt** – means a receipt issued by the County as a Qualified Donee under the Income Tax Act, for a Donation made to the County, which may be used by the donor to claim a tax credit on their income tax return.

**Sponsorship** – occurs when a business makes a donation toward the cost of a County activity or event and, in return, the charity advertises or promotes the business's brand, products or services.

**Treasurer** – means the County's Director of Corporate Services, or designate.

## POLICY

### 3.0 Accepting Donations

- i. The County reserves the right in its sole discretion to accept or decline any Donation.
- ii. Donations must be for purposes consistent with the County's mandate, programs, services and activities and must be deemed by the County to be in the public interest.
- iii. Donations are only to be accepted if the County has, in its sole discretion, the ability to meet the initial and ongoing costs and obligations associated with the Donation.
- iv. The County shall not accept a Donation where any Advantage will accrue to the donor or to any person not dealing at arm's length to the donor as a result of the Donation. The County may decline Donations from any donor who, in the opinion of the County, represents a reputational risk to the County through involvement in activities that are contrary to the values of the County. Examples include but are not limited to:

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- Proven or suspected criminal organizations; and
  - Organizations that promote hatred against individuals or groups.
- v. The County may not accept Donations from individuals or organizations currently in litigation against the County.
  - vi. The County will accept Donations from community groups, organizations and individuals subject to general direction. Donations where the purpose is not specified are deemed to be undesignated and become contributions to general revenue of the County or Library, as the case may be.
  - vii. The County will accept the involvement of charitable organizations and community groups in fundraising activities for projects related to the repair, enhancement or construction of County-owned facilities.
  - viii. Where the donor requests that conditions be placed on the use of the Donation, the Treasurer must be consulted to ensure that the appropriate agreements are prepared prior to accepting the Donation.
  - ix. The provision of “donor recognition” is not considered a Donor Recognition Advantage within the regulations as long as the donor receives the same level of recognition as all other donors with no special treatment and the recognition is minimal.

### 3.1 Gifts In-Kind

- i. In-Kind Donations to the County must be free and clear of all encumbrances, conditions and restrictions and shall provide that use of the property be entirely at the discretion of the County.
- ii. Final acceptance of an In-Kind Donation will require a transfer of title or ownership through a written agreement as to the future use and disposition except with respect to applicable legislation on preservation, copyright and/or resale. An agreement, satisfactory to the Treasurer, signed by the donor and the County shall be required prior to the acceptance of the In-Kind Donation.
- iii. In the event of a significant Donation of land and/or buildings to the County, refer to section 3.2.
- iv. In-Kind Donations of \$1,000 or more the donor shall provide an external appraisal prepared by an independent arm’s length qualified appraiser or other third party supporting documentation, satisfactory to the Treasurer to substantiate fair market value.

### 3.2 Donation of Land and Building

- i. A report must be submitted to County Council authorizing approval to proceed with further discussion with the potential property donor. This initial report will, among other things, indicate the nature of any further studies or investigations recommended and

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provide preliminary estimates of the cost of obtaining outside experts/consultants in assessing the building/property condition. This initial report will be on a confidential basis unless consent for disclosure is received from the potential property donor.

- ii. Where the County Council authorizes proceeding with accepting the donation, an independent market value appraisal of the donated property shall be completed in accordance with the current regulations of Revenue Canada for the purposes of issuing an income tax receipt, at the expense of the donor.

### 3.3 Official Income Tax Receipts

- i. The Finance Division will issue all Official Income Tax Receipts for Donations for County programs or projects that qualify as Charitable Gifts in accordance with the Income Tax Act, regulations and CRA guidelines, and in accordance with the following:
  - Official receipts for income tax purposes shall be authorized by the Treasurer for eligible gifts and gifts-in-kind made to the County;
  - For gifts in-kind, the fair market value of the Donation must be supported by an independent arm's length appraisal or other third party supporting documentation, satisfactory to the Treasurer;
  - Receipts shall be made in the name of the donor only;
  - Receipts shall be issued for all Donations having a value of \$10.00 or more, if requested by the donor.
- ii. Non-Qualifying Donations, in accordance with the Income Tax Act, regulations and CRA guidelines include:
  - Intangibles such as services, time, skills and effort;
  - Donations that are given to the County intended as a flow through to a specified recipient who does not have charitable organization status (a Qualified Donee as defined in CRA Donation guidelines);
  - Donation 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. product or logo placement or presenting sponsorship);
  - Donations for which the FMV of the Advantage or consideration provided to the donor exceeds 80% of the value of the donation. (i.e. dinner, golf, or entertainment ticket events);

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- An In-Kind donation for which the FMV cannot be determined;
- Transfers of cash, property or assets to satisfy a condition, such as a court order, or requirement of the County's approval process, such as a site plan or subdivision agreement;
- When the donor has directed the funds to a specific person or family.

### **3.4 Records**

- i. The County shall maintain proper books and records supporting all Official Income Tax Receipts issued.
- ii. Copies of Official Income Tax Receipts issued must be retained and filed in accordance with the County's records retention policy.
- iii. The County will maintain records of all donations, the contents of which will be protected by current privacy legislation (*Municipal Freedom of Information and Protection of Privacy Act*).
- iv. Donors' names and contact information will not be shared in any way with parties outside the County. Donor information may be used for ongoing communication and the solicitation of future gifts with donor consent.

### **3.5 Accounting**

- i. Where Donations are received by the County, the funds will be recorded in the appropriate account by the Treasurer.
- ii. Donations directed for specific operations or for specific capital projects shall be deposited to the donation revenue account of the appropriate program.
- iii. Donations may be disbursed only for their intended purpose and in accordance with the terms, conditions, restrictions or any agreement governing the use of the Donation.