

Subject: Donation Policy
Policy Number: 1.1
Date Approved: April 6, 2022
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1. Purpose

- 1.1** The purpose of this policy is to ensure that informed decisions are made regarding the acceptance of gifts to benefit Elgin County and the donor, and that such gifts are received in accordance with the Canada Tax Revenue Agency (CRA) and the *Income Tax Act*.
- 1.2** All gifts will be assigned to an appropriate project or donation account (with an assigned unique identifier in the accounting Project system) for tracking of receipts and expenditures. For specific Projects that are larger in scope, County Council may choose to establish a Fund Development Committee to manage the donation Project(s). A Fund Development Committee (herein referred to as “the Committee”) encourages the solicitation and acceptance of gifts to help fulfill the vision, mission, and priorities of the Committee. Donations to the Committee will fund enhanced and value-added services, programs, and capital enhancements that support the mission and objectives of the specific Project.

2. Scope

This policy provides guidance to Elgin County Council, Committees, and County Staff and applies to all fundraising activities conducted for the County.

3. Definitions

- 3.1** A **Bequest** is a specific provision in a will directing assets from an estate to a Project. A bequest may be:

- A general bequest indicated in the will that the County will receive a specified amount of money or other property;
- A specific bequest that will ensure that the County receive a specific piece of property; and/or
- A residual bequest that will leave all or part of the remaining estate after all debts, taxes and other bequests have been paid.

3.2 Conflict of Interest means any event (whether actual or perceived) in which the Committee or anyone representing the Committee may benefit from the knowledge of, or participation in, the acceptance of a gift.

3.3 County means “County of Elgin”.

3.4 Council means “Elgin County Council”.

3.5 Fair Market Value means the highest price, expressed in dollars, that a property would bring in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed and prudent, and who are acting independently of one another.

3.6 A Gift is a voluntary transfer of real or personal property from a donor who freely disposes of his or her property to a recipient who received the property given. The transaction shall not result directly or indirectly in a right, privilege, material benefit, or advantage to the donor or to the person designated by the donor.

3.7 A Gift in Kind (services/goods) is a non-monetary gift, which is a gift or property such as artwork equipment, securities and cultural and ecological property. A contribution of service, for example time, skills or effort, is not property and therefore does not qualify as a gift or gift in kind for purposes of issuing an official receipt. An independent qualified appraisal determines the fair market value of the gift.

3.8 Pledges and Planned/Legacy Gifts are a way of giving to a charity and arranging donations which serve the interests of the charitable

organization as well as the personal, financial, and tax situation of the individual donor. Pledges are a commitment of a gift given over a predetermined time frame. Planned/Legacy gifts are major gifts, made in lifetime or at death as part of a donor's overall financial and/or estate planning.

- 3.9** A **Professional Advisor** is an independent third party with the ability to provide expert tax, legal or financial planning advice to assist staff and to advise donors (or prospective donors) on their charitable giving.
- 3.10** A **Project** is an account with an assigned unique identifier in the accounting Project system. Its purpose is to track receipts and expenditures for a specific purpose.
- 3.11** **Securities** are gifts of publicly held shares.
- 3.12** **Sponsorship** is a gift from a corporate entity, individual or community group in support of the project or event, in return for some form of recognition.
- 3.13** **Designated** is a gift that a donor indicates where they want their money to be allocated.
- 3.14** **Undesignated** is a gift that the donor lets the County decide what the highest priority needs of the Project are.
- 3.15** **Fund** is a designated Project(s) held by the County of Elgin for the purposes of fulfilling the vision, mission and priorities of a Fund Development Committee including enhanced and value-added services and programs, and capital enhancements which support the mission and objectives of the Committee.

4. Guidelines for the Acceptance of Gifts

4.1 Gift in Kind (services/goods)

In-kind donations to the County must be free and clear of all encumbrances, conditions and restrictions and shall provide that the use of the property shall be entirely at the discretion of the County.

Final acceptance of an in-kind Donation will require a transfer of title or ownership through 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 County Treasurer, signed by the Donor and the County shall be required prior to the acceptance of the in-kind Donation.

Written valuations of in-kind Donations shall be submitted with an external appraisal by an independent arm's length qualified appraiser or other third party with supporting documentation satisfactory to the County Treasurer to substantiate fair market value.

4.2 Monetary Gifts and Gift Acceptance

The County and its Committees will accept monetary gifts in the form of cash, cheque, or online. Online donations will receive official tax receipts electronically through the County's online partner. For other donations, receipts will be issued to donors who have given a gift of \$20 or more. Those receipts will be issued by the County's finance department. Receipts will be issued according to CRA principles and guidelines.

If a donation is collected outside of County offices, the Council member, staff, or volunteer will issue an official receipt from a County issued receipt book. An official receipt will be issued by the receiving department to donors who have given a gift of \$20 or more within three months of the donation.

4.3 Pledges and Planned/Legacy Gifts

A pledge or promise to make a gift is not in itself a gift. Therefore, the County cannot issue an official donation receipt for a pledge. When the donor honours a pledge by making a voluntary transfer of property, a donation receipt can be issued. Generally, payments made on a gift pledge will be recognized when received, although certain gift pledges may be recognized in full at the time of the pledge with the approval of Council.

Expenditures will only be made once the gift is received. Any exception to the pre-spending restriction must be approved by Council.

4.4 Sponsorship

The Committee encourages all gifts of sponsorship towards operating and capital costs as long as they comply with the needs of the County and regulations of the CRA. The County and its Committees will respect the wishes of the donor to the best of its ability and in the best interest of the County.

A memorandum of understanding (MOU) will be created to outline the terms of payment, nature of the name or brand and terms regarding recognition of the gift.

The County of Elgin will issue an official receipt for the amount of the sponsorship. This receipt will not be a donation receipt but will allow businesses to claim their contribution as a business expense.

4.5 Official Income Tax Receipts

The County Treasurer shall be responsible for the issuance of all Official Income Tax Receipts in accordance with the following:

- Official receipts for income tax purposes shall be authorized by the County Treasurer for eligible gifts and in-kind gifts made to the County;
- For in-kind gifts, 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 County Treasurer;
- Receipts shall be made in the name of the donor only;
- Receipts shall be issued for all Donations having a value of \$20.00 or more, if requested by the donor.

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 specified recipient who does not have charitable organization status (a Qualified Donee);
- 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.

The County shall maintain proper records supporting all Official Income Tax Receipts issued. Copies of Official Income Tax Receipts issued must be retained and filed in accordance with the County's records retention policy.

4.6 Refusal of Gift

The Committee may refuse acceptance of a gift if deemed not beneficial to the County. Donors will be advised accordingly. The County would decline a gift if any one of the following conditions were known:

- There are conditions to a gift and its designation that are not consistent with the priorities of the County;
- The gift is seeking to unduly influence access to County business;
- The gift could financially jeopardize the donors and/or the County;
- The gift or terms are illegal;
- The County does not have the resources to honour the gift terms or determine its value;
- The gift could jeopardize the County's charitable status.

4.7 Privacy

The privacy of donors will be respected in compliance with the Municipal Freedom of Information and Protection of Privacy Act of Ontario. Records management will comply with this Act.

The Committee, the County of Elgin, and its partners will not share, sell or trade donor lists.

5. Responsibility to Donors

5.1 Ethics

All Council members, staff, and volunteers will conduct themselves in accordance with professional standards including accuracy, truth, and integrity. The County will inform, serve, guide and otherwise assist donors who wish to support the County but will not pressure or unduly persuade.

5.2 Independent Counsel

In order to avoid conflict of interest by the County and its representatives, volunteers and staff acting on behalf of the County shall in all cases encourage the donor to discuss the proposed gift arrangement with legal and/or tax advisors of the donor's choice. It is the role of this independent counsel to ensure that the donor receives a full and accurate explanation of all aspects of the gift and to provide advice on tax, legal, or financial

planning to the donor. Donors will be encouraged to discuss gift plans with their families or designates.

5.3 Gift Direction

Where justified, the County will work closely with the donor to ensure there is a mutually beneficial agreement on the donor's intent for their gift designation. Donations to the County will fund non-core and value-added services and programs.

5.4 Expenditures

Expenditure of all donated funds up to \$50,000 will be approved by the responsible Director or designate, prior to being spent, ensuring adherence to donor intentions. All expenditures of undesignated gifts over \$50,000 must be approved by Elgin County Council. Under no circumstances may expenditures be made that exceed the funds received to date without Council approval.

5.5 Financial Management

Donated funds, designated or undesignated, and their associated expenditures will be allocated in a Project or donation account that best describes the donor's wishes. If a project does not exist that matches the donor's intentions, the responsible Director will request that Financial Services establish a new Project or donation account. All receipting of donations and controlling of expenditures will be conducted by the Financial Services department and its Director in accordance with the County's policies, audit and CRA guidelines, and in such a manner to ensure transparency of the receipt and use of donated funds.

Annual financial reports, inclusive of Annual Registered Charity returns, will be factual and accurate in all material respects. The financial reports will be prepared in accordance with Generally Accepted Accounting

Principles and standards established by the Canadian Institute of Chartered Accountants.

Government grants and contributions will be accounted for separately from donated funds unless the grant is a matching grant program.

Uncollectable pledges will be reported to Council annually as part of the budget/tax rate setting process.

5.6 Power to Vary the Purpose of the Gift

Should the intended purpose of the gift be changed, every attempt will be made to contact the donor to discuss the change. If obtaining donor permission is not feasible, the County will choose a designation of the County's choosing that aligns most similarly with the donor's original intent and carry out all recognition plans as originally discussed with the donor. If the change is for a donation of greater than \$50,000, Council approval is required.

5.7 Donor Recognition and Named Giving

Donor Recognition will be considered for individuals and organizations whose generous support makes possible the construction, expansion or renovation of buildings or properties, in which the County conducts and organizes its programs. Examples of Donor Recognition would include publication of donor names, listing on a donor wall, or other forms of recognition as approved by Council. Donor Recognition requires consent of the donor.

A named gift to the County provides a highly visible and lasting tribute to an individual or individuals whose extraordinary contributions deserve recognition and commemoration. Named giving opportunities may include but are not limited to buildings, wings, room, programs, and awards. Facilities or programs supported by gifts may be named after a donor(s) provided that the donor will provide a major portion of the cost of



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funding. “Major” is deemed to mean either a significant part of the cost, or a contribution which is regarded as central to the completion of the facility or program. All named giving opportunities require approval from County Council and are subject to the provisions outlined in Elgin County’s Municipal Property and Building Commemorative Naming Policy.