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## TOWN OF LEADER

### Charitable Donation Receipts Policy

#### PURPOSE

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

#### SCOPE

This policy applies to all departments within the Town of Leader and agreements between the Town and organizations or individuals that contribute either financially or in-kind to the Towns operation, programs, services and facilities.

#### DEFINITIONS

**“Charitable Gift”** means property that is voluntarily transferred without value consideration by an individual or organization with the intent to provide a benefit to the municipality.

**“Donations”** means a gift, which has been given voluntarily and without compensation or non-monetary considerations (i.e. advertising, promotion, services, etc.).

**“Gifts In-Kind”** means a non-cash gift or gift of property that has been given voluntarily without compensation or non-monetary considerations (i.e. advertising, promotion, services, etc.). They cover such items as:

- Capital property, real property and depreciable property

**“Gifts of Service”** is identified as donated time, skills, or efforts and are not property, and therefore do not qualify as gifts for the purpose of issuing official donation receipts.

**“Municipality”** shall mean the Town of Leader.

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

**“Official Donation Receipts”** is a statement that is an official receipt for income tax purposes, the form of which is prescribed by the CRA.

**“Pledge”** a pledge or promise to make a gift is not in itself a gift.



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## POLICY

The Town of Leader will issue official donation 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 \$25.00 or more.

**Qualifying Donations:** To be eligible for an official donation receipt, the donations must meet all of the following criteria:

1. The donation has been made payable to the Town of Leader;
2. Has been made in the form of cash or in-kind;
3. The donor has made such donation voluntarily; and
4. Council deems the project to be in the interest of the Municipality and is used for a purpose for which the Town of Leader could accomplish in its own right.

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

1. Compliance with the Municipal bylaws and/or policies;
2. Consistency with the Town of Leader's priorities, mandates and strategic and business plans;
3. Associated risks (i.e. financial risks, potential risks, health & Safety issues);
4. Condition of the donation;
5. Usefulness of the donation to the Municipality; and
6. Cost/benefit analysis, considering installation, storage, maintenance, renewal, replacement and relevant costs;

**Non-Qualifying Donations:** Donations that cannot be acknowledged with an official donation receipt for income tax purposes are as follows:

1. Intangibles such as services, time, skills, effort.
2. Donations that are given to the Municipality intended as a flow through to a specified recipient who does not have charitable organization status.
3. Donations of business marketing products such as supplies and merchandise.
4. Sponsorship in the form of cash, goods or services toward an event, project, program, or asset in return for commercial benefit (i.e. logo placement). Sponsorships are a reciprocal arrangement benefiting both parties. Usually, the cost to the sponsor is categorized as a business expense.
5. The Municipality is already legally or otherwise entitled to the transferred funds or property.

## ROLES & RESPONSIBILITIES

1. Failure to comply with this Policy and relevant legislation may result in financial penalties, suspension of the Municipalities receipting privileges or revoking the Municipalities qualified donee status by the CRA.
2. A donor can direct that a gift be used in a particular program, provided that no benefit accrues to the donor or anyone not at arm's length to the donor; however, the Municipality must have full discretion in



deciding how to allocate its funds and must be able to re-allocate all donated funds to other programs or activities when it deems appropriate. When the Municipality does not have control over the donated funds, or when a donor benefits from the donated funds, these funds do not constitute a gift.

3. Council may pass a motion to identify a groups project is of community interest. If this is done and all other criteria in this policy have been met, the CAO may then issue charitable donation receipts.

#### POLICIES REPLACED

This Policy replaces and supersedes any prior policies.