

Town of Annapolis Royal Policy

TITLE: Acceptance of Donations Policy	
POLICY NO.: #2023-07	SUPERSEDES: NA
EFFECTIVE DATE: 2023-04-26	APPROVED BY COUNCIL MOTION NO.: #C2023-04-25-10

1. PURPOSE

The Town of Annapolis Royal recognizes donations are, at times, necessary and legitimate in supporting the effective conduct of government business. The acceptance of donations will be done in such a manner as to respect the generosity of the public and their donations.

The purpose of this Policy is to define the:

- Framework for the acceptance of donations by the Town,
- Administration of donations,
- Issuance of tax receipts, and
- Appropriate use of donated funds.

2. DEFINITIONS

For the purposes of this Policy, the following definitions are provided:

1. "CAO" refers to the Chief Administrative Officer of the Town.
2. "Cash" refers to any common currency, cheques, money orders, or credit cards normally accepted by the Town.
3. "Council" refers to the Annapolis Royal Town Council.
4. "Donation" refers to a gift by a donor at arm's length of the Town. No advantage can accrue to a donor or to any person not dealing at arm's length to the donor as a result of a donation. A donation may be in the form of cash or in kind, meaning a security, a tangible capital asset, a cultural asset, or real property. Donated services are not eligible for consideration under the Income Tax Act.
5. "Donation Fund" refers to a pool of donated assets established for a specified purpose by Council.
6. "Elected Municipal Official" refers to a Council member and includes the Mayor and Deputy Mayor unless the context indicates otherwise.
7. "Employee" refers to any person directly employed by the Town.
8. "Gift" refers to a contribution of cash or property to the Town, for which the donor received no consideration in return. Consideration may include, event tickets, use of the property, or dinner and/or performance at a fundraising event.

9. "In-Kind Donation" refers to the donation of goods and services that are received in place of cash donations/gifts.
10. "Town" refers to the Town of Annapolis Royal

3. ACCEPTANCE AND USE OF DONATIONS

1. Donations must only be accepted and used for purposes outlined in the Municipal Government Act, Section 65 – "Power to Expend Money".
2. Donations must be for purposes consistent with the Town's mandate, programs, services, and activities, and must be deemed to be in the public interest.
3. The Town may elect to accept or decline any donation. If a gift is not accepted, the donor will be advised of the reason.
4. The Town may decline donations, with approval from Council, from any donor who represents a reputational risk to the Town, through involvement in activities that are contrary to the values of the Town.
5. The Town cannot accept donations from individuals or organizations, whom are currently in litigation against the Town.
6. Donations greater than \$500 must be reviewed by the Director, Finance or designated individual, before being accepted by the Town.
7. In-kind donations and donations for which a Donation Fund has not been established by Council can only be accepted if the Town has the capability to meet the initial and ongoing costs associated with the gift. This will be decided on a case-by-case basis by Council.
8. Council may retain any in-kind donation or, sell the asset and use the proceeds as necessary, unless donated for a designated purpose. In instances where in-kind donations are designated for a specific purpose, donor consent will be required before sale.

4. VALUATION OF IN-KIND DONATIONS

1. Should Council accept and retain an in-kind donation, the donation will be assessed at its fair market value.
2. A donation of inventory by a business is valued at its normal retail price.
3. Where a public market does not exist to establish a fair market value of an in-kind donation (e.g. TSE, NYSE, etc.); an independent appraisal will be required.
4. A donor may be asked by Council to make a cash donation to cover the costs of an appraisal.

5. DONATION FUNDS

1. Council may establish Donation Funds for the collection and use of donations.
2. All cash donations without a specific purpose will be deposited in the General Donations Reserve Fund.
3. Donations of cash designated for specific purposes will only be accepted by the Town where Council has authorized the specific purpose or a fundraising campaign and where the necessary Donation Fund has been established.
4. Donations may also be accepted for a general Town activity e.g. "beautification". In order to qualify there can be no direct benefit to the donor.

5. Contributions from a Donation Fund to an organization or individual is considered a grant and must be reported as such.

6. USE OF DONATED FUNDS

1. The Town cannot facilitate a “conduit” relationship between donors and an organization which is independent of the Town. This means that the Town’s authority to issue tax receipts cannot be used to provide an unrelated organization with the ability to provide contributors with a tax benefit.
2. The Town must retain active control over the use of donated funds, meaning it must actively oversee the use of donated funds. Guidelines are provided in *Section 5.3* of this Policy.
3. Council may authorize the grant of a tangible capital asset or of real property financed with donations to an unrelated organization.

The Town may grant funds to organizations over which it exerts significant financial influence, or which are considered municipal service organizations. Examples of such organizations include, but are not limited to, Libraries, or Fire Departments.

7. INDEPENDENCE FROM UNDUE INFLUENCE

1. To ensure that the Town retains an arm’s length relationship with the donor and as such, is not subject to undue influence; donations cannot be solicited or accepted from the following:
 - A party subject to an application for an approval, license, or permit; or
 - A bidder, proponent, or applicant, or any party not acting at arm’s length from a bidder, proponent, or applicant to an open procurement.
2. Prior to accepting a gift with a value greater than \$500, the donor is required to make a written declaration (Schedule A) that the donation to the Town is not concurrent with an approval or procurement process in which they, or their organization or company if applicable, are involved.

8. ISSUING TAX RECEIPTS

1. Tax receipt will only be issued for donations of \$20 or greater.
2. Tax receipts must include the information prescribed by the Income Tax Act and the Canada Revenue Agency (CRA), as follows:
 - A statement that it is an “official receipt for income tax purposes”,
 - The name and address of the Town, as on file with the CRA,
 - The unique serial number of the receipt,
 - The registration number issued by the CRA,
 - The place or locality where the receipt was issued,
 - The exact date and year the gift was received,
 - The date the receipt was issued,
 - The full name, including middle initial, and address of the donor,
 - The amount of the donation,
 - The amount and description of any advantage/recognition received by the donor,
 - The eligible amount of the donation,
 - The signature of the individual authorized by the Town to acknowledge donations,
 - Name and Address of the Canada Revenue Agency, canada.ca/charities-giving.

Should the receipt be for non-cash gifts, the official receipt must also include:

- The date the gift was received,
- A brief description of the gift received by the Town,
- The name and address of the appraiser (if the gift was appraised).

3. Tax receipts must be approved and signed by the Director of Finance

9. DONOR RECOGNITION

1. Donors can only receive nominal recognition from the Town. Per the CRA, this is defined as having a fair market value equal to 10% or less of the amount of the gift.
2. Individuals or organizations who receive advantage recognition from the Town, per the CRA, will no longer be eligible for an official tax receipt and will not be considered a donor. This is defined as having a fair market value equal to or greater than 80% of the amount of the gift.
3. Donations that fall between the nominal and advantage recognition levels, as per the CRA, will have recognition subtracted from the donation and an official tax receipt will be issued for the difference.
4. Recognition does not include advertising. Advertising disqualifies a gift as a donation. For instance, the Town can recognize a corporate donor by naming a room of a building after the company. However, the company logo should not be included in a publication or on a door plaque, as it may be considered advertising.
5. Names of donors will not be published without their permission.

THIS IS TO CERTIFY that this policy was duly passed by a majority vote of the whole Council at a duly called Council meeting held on the 25th day of April 2023.

GIVEN under the hand of the CAO and under the seal of the Town of Annapolis Royal the 26th day of April 2023.

Chief Administrative Officer

Schedule A

**TOWN OF ANNAPOLIS ROYAL
Donor Declaration Form**

I am voluntarily and unconditionally donating the sum of \$_____ to the Town of Annapolis Royal, to benefit the development of the Town. I understand that the Town can direct my donation to a development of their choice, in their efforts to improve the area.

Consistent with the income tax interpretations of “qualifying donations,” this contribution is made voluntarily without any conditionals and no benefit will accrue to myself (or related parties) because of my donation. I confirm that this donation does not or will not affect any approval or procurement process I (or related parties) may, directly or indirectly, be connected to. I also understand that civil penalties can be imposed against me for the misrepresentation of tax matters. Based on these facts, I understand that an official receipt for tax purposes will be issued.

Please submit this form along with your donation to:

Town of Annapolis Royal
PO Box 310
Annapolis Royal, NS B0S 1A0

- Please make cheques payable to the Town of Annapolis Royal
- Each donation exceeding \$500 must come with its own donation declaration form.
- All donations are credited in Canadian Dollars
- Do not alter this form. Doing so may cause a delay or return of the donation.
- Donations may be delivered in person to the above address Monday to Friday from 8:30am to 4:30pm.

Donor Information	
Company Name or First Name:	Last Name:
Mailing Address:	
City:	Postal Code:
Telephone: ()	Email:
Donation Amount: \$	
Donor Signature:	Date: