



## **The Corporation of the Town of Erin Donation Policy**

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|  | <h1>Donation Policy</h1>                           |
| <b>Section: Finance</b><br><b>Date Approved:</b>                               | <b>Policy#: F2025-01</b><br><b>Donation Policy</b> |
| <b>Revision Date:</b>  | <b>Review Date:</b>                                |

## 1. Purpose

The purpose of the Donation Policy is to set out guiding principles for the eligibility and definition of donations made to the The Corporation of the Town of Erin (the “Town”), the eligibility for donation receipts, and the amount to be recognized.

## 2. Scope

This policy applies to donations made to the Town in cash or in-kind. Donations may carry cost implications and must align with the Town’s fiscal responsibility mandate and align with the objectives of the Corporate Strategic Plan.

## 3. Definitions

**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.

**Donation:** A voluntary transfer of tangible property, including cash, or a transfer in-kind of tangible property, other than cash. The donation must be valued at Fair Market Value (FMV) and the net amount of a donation is calculated from this value less any advantage or benefit received or to be received as a result of the donation.

**Donation Committee:** A committee comprised of the members of the Senior Leadership Team.

**Eligible Amount:** The amount by which the Fair Market Value (FMV) of a donated gift exceeds the value of any “Advantage” received or receivable as a result of the making of the gift. This is the amount specified on the tax receipt and is intended to represent the net value of the donor’s gift to the Town.

**Events:** as they relate to donations can be:

- a) Municipally endorsed events that are events hosted by other organizations for which the Town provides assistance in securing donations, or
- b) Municipal events, meaning special events such as a Civic Awards Ceremony or Volunteer and Staff Appreciation Events

**Fair Market Value (FMV):** This is usually the highest value that the property would bring, which may be determined by appraisal as set out in Section 8 of the Donation Policy, in an open and unrestricted market and between a willing buyer and a willing seller who are knowledgeable, informed, and acting independently of each other.

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**Gifts In-Kind:** Also known as non-cash gifts, these are gifts of property. They include items such as artwork, equipment, securities, cultural and ecological property and real property. A contribution of services is not property and therefore does not qualify as a gift or gift in-kind for purposes of issuing official donation receipts.

**Public Arts Committee:** A committee comprised of the members of the Senior Leadership Team.

**Senior Leadership Team:** comprises the Chief Administrative Officer and the Directors of the Town of Erin.

**Sponsorship:** Occurs when a business makes a donation toward the cost of a municipality’s activity or event and, in return, the municipality advertises or promotes the business’s brand, products or services.

#### 4. Procedures

This policy supports the Town’s commitment to meet the requirements for issuing donation receipts according to the Canada Revenue Agency (CRA).

Effective January 1, 2012, and resulting from the 2011 Federal Budget, the CRA has implemented changes to the rules for issuing donation receipts by municipalities. Compliance entails the determination of qualifying donations, as well as adequate record keeping of issued donation receipts and giving access to such records to the CRA. Failure to comply may result in a suspension of receipt privileges or qualified donee status.

#### 5. Considerations for acceptance of Gifts in Kind

All Gifts in-kind will be made subject to a formal offer and review process. At the Town’s discretion and determination, Gifts in-kind will be considered for acceptance by the Donation Committee after a review of criteria, including:

- Alignment with the Town’s priorities, mandates, strategies, business plans and vision or overall benefit to the community.
- Compliance with all applicable By-laws, policies, legislation and conventions
- Conflict of interest or potential for an appearance of a conflict of interest
- Reputational risk associated with accepting a donation from a particular donor
- Consideration of Political sensitivity
- Usefulness of the donation
- Condition and appraised value of the donation
- Evaluation of future cost, benefit, and risks including financial resources required for installation, storage, maintenance, insurance and other relevant costs.

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- Availability for full and unencumbered transfer of ownership or title, supported by a donor release to allow for such a transfer of title

Donations will not be accepted from individuals or entities who have a concurrent application for a permit, licence or planning approval from the Town or from persons who are bidding for a contract from the Town through the procurement process.

For specific Town initiatives, such as public art, a dedicated committee such as the Public Arts Committee may be established to consider donations of in-kind items (“Specific In-kind Donations”). In the absence of such a committee, members of the Donation Committee may recommend the acceptance of these Donations.

For donations such as public art, no specific location will be guaranteed in perpetuity. The Public Arts Committee should be consulted for all donations of art or cultural significance. Donations of real estate will be reviewed by the Town’s legal counsel. Notwithstanding the foregoing, the Donation Committee will make the final determination of acceptance or rejection of Gifts in-kind.

Acceptance of Gifts in-kind requires approval by a majority of the members of the Donations Committee.

Cash donations to the Town or a specific program operated by the Town will be accepted as a matter of course.

## 6. Donations eligible for an official income tax receipt

To be eligible for an official income tax receipt, the donation must meet all of the following three criteria:

- It must be an actual transfer of property to the Town of Erin
- It must be a gift of property (e.g. money, artwork, equipment)
- It must be voluntary – freely given and not as a result of a contractual or legal obligation

Only the eligible amount of a donation may be recorded on a donation receipt. If the donor receives any property, services, or other Advantage in consideration of his or her donation, the Fair Market Value (FMV) of the Advantage is deducted from the FMV of the donation to determine the Eligible Amount for the purposes of the donation receipt.

## 7. Donations ineligible for an official income tax receipt

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The following are examples of non-qualifying donations and cannot be acknowledged with official donations for income tax purposes in accordance with CRA guidelines:

- a. Donations that are given to the Town intended as a flow through to a specified recipient who does not have charitable organization status
- b. Intangibles - non-monetary assets without physical substance, such as services, time, skills, effort
- c. Donations of business marketing products such as supplies and merchandise
- d. 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)
- e. Transfers of cash, property or assets resulting from a condition, such as a court order, or requirement of the Town's approval process, such as a site plan or subdivision agreement
- f. Donations for which the FMV of the advantage or consideration provided to the donor exceeds 80% of the value of the donation
- g. A gift in-kind for which the FMV cannot be determined

## 8. Associated Costs

At the Town's discretion and determination, the donor is responsible for any associated costs related to their donation. These costs are not eligible for a donation receipt and may include but are not limited to:

- a. Transportation of the donated item, including transfer costs for cash donations
- b. Cost for an appraisal/valuation of Gifts in-kind by an independent, qualified appraiser for donations of Gifts in-kind valued above \$1,000; Donations of personal property, public art and real property expected to be valued at \$1,000 or less may be appraised by knowledgeable, internal staff in conjunction with the use of online resources suitable to establish a current fair market value
- c. Documentation for insurance purposes, if applicable (i.e. photograph of item, original sales receipt, appraisal document, certificate of authenticity)
- d. Conservation treatment, if applicable (i.e. restoration of artwork, cleaning, repairs etc.)
- e. An appraisal/valuation is required for all donations of Gifts in-kind
- f. The Town may request a second independent appraisal, depending on the amount or nature of the requested donation. If the difference in value between the two appraisals is less than 10%, the Town will take the lower of the two. Where the difference is greater than 10%, a third appraisal will be requested if the cost of the appraisal is less than 1% of the value of the

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| <div><div>TOWN OF</div><div>ERIN</div></div> | Donation Policy |                   |  |
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asset. Where the difference between the first two appraisals is 10% or greater, or there are three appraisals, the average of the first 2 appraisals or 3 appraisals, if applicable, will be the final deemed fair market value.

9. Town controlled charitable activity and community events

The Town may issue official donation receipts for events or activities held by Town-owned or Town-controlled organizations, provided they meet the criteria in accordance with the CRA’s expanded definition of “municipality”.

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## 10. Information to be reported on a donation receipt (see Schedule A to D)

The following information must be reported in duplicate and included on each donation receipt:

| <u>REQUIRED INFORMATION</u>  | <u>CASH GIFT</u> | <u>NON-CASH GIFT</u> |
|--|------------------|----------------------|
| Statement that the receipt is an “ <b>Official Receipt for Income Tax Purposes</b> ” | X                | X                    |
| Unique Serial Number of Receipt  | X                | X                    |
| Name of Municipality   | X                | X                    |
| Name of Donor (Including first name & initial of individuals)                        | X                | X                    |
| Address of Donor   | X                | X                    |
| Date on which the Gift was Received  | X                | X                    |
| Amount of Cash Received  | X                |                      |
| Fair Market Value of Donated Property on Date of Gift                                |                  | X                    |
| Description of Property Received   |                  | X                    |
| Name of Property Appraiser (if applicable)   |                  | X                    |
| Address of Property Appraiser (if applicable)  |                  | X                    |
| Description of Advantage Given to Donor (if applicable)                              | X                | X                    |
| Amount of Advantage Given to Donor (if applicable)                                   | X                | X                    |
| Eligible Amount of Gift  | X                | X                    |
| Place or Locality where Receipt was Issued   | X                | X                    |
| Date of Issuance of Receipt  | X                | X                    |
| Signature of Authorized Person   | X                | X                    |
| Name and Internet Website of the CRA   | X                | X                    |
| Address of Municipality  | X                | X                    |

Generally, the donation receipt can only be issued to the true donor. If a donation is made by a cheque in both spouse's names, an official donation receipt may be

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issued in either name. For corporate donations the receipt must be issued in the name of the corporation. If a shareholder of the corporation wishes the receipt issued to him or her personally, there must be clear evidence that the donation was made using personal, tax-paid funds of the individual (e.g. it was recorded as a deduction to the shareholder's loan account).

## 11. Confidentiality of Information

Subject to any applicable legislative disclosure requirements, such as in the *Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990*, all information pertaining to donors and donations received by the Town is considered confidential. Charitable giving is normally a personal and sensitive issue. To ensure the privacy of donor information it is necessary to control access to donor and donation information. The Financial Services Department maintains records on all donors and donations received by the Town. A donor may request that his/her gift and/or all information pertaining to that gift remain anonymous.

## 12. Applicability of Policy

Except with respect to the requirements of the *Income Tax Act* of the Canada Revenue Agency regarding the issuance of donations receipts, this Policy does not apply to any donation transaction arising from an agreement between the Town and a donor which was entered into prior to the adoption of this Policy by Council notwithstanding that the donation transaction is completed after the adoption of this policy by Council. Notwithstanding the foregoing, the Town may review the terms of any donation that has been agreed to but has yet to be fulfilled.

## Instructions for Making a Monetary Donation

- 1) By Cheque: Donations made by cheque must be made payable to "The Corporation of the Town of Erin" and may be mailed or delivered in person to the Town's Municipal Office:

The Corporation of the Town of Erin  
c/o Director of Finance and Treasurer  
5684 Trafalgar Rd  
Hillsburgh, ON N0B 1Z0



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- 2) Cash: Cash donations will only be accepted at the Town's Municipal Office located at the above address.

### Acknowledgement of Receipt

A letter of appreciation shall be forwarded to the donor following receipt of the donation and all appropriate documentation.

For monetary donations, an official receipt for income tax purposes will be issued for donations of \$20 or more, provided that the Financial Services Department confirms that the donation is eligible for such income tax receipt according to Canada Revenue Agency (CRA) guidelines.

Larger donations or donations of cultural significance may be officially recognized at the discretion of the Donation Committee, with the agreement of the donor.

### Responsibilities of Employees

Members of the Donation Committee will assess potential donations for eligibility and evaluate their benefit to the Town, considering any potential future cost implications arising from the donation.

The Financial Services Department will issue tax receipts and letters of appreciation for qualified donations and maintain books and records according to the requirements of the *Income Tax Act* and the Canada Revenue Agency.

Official recognition for large donations may require assistance from Corporate Communications.

### Schedules (which may be amended from time to time)

Schedules A-D - Example of an official donation receipt for income tax purposes

Schedule E - Examples of donations

### Cross-References

Income Tax Act, section 230(2)

Canada Revenue Agency:

- P113 Gifts and Income Tax
- IT-288 Gifts of Capital Properties to a Charity and Others
- IT-297 Gifts in Kind to Charity and Others
- Sale of Land Policy

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**Schedule A: Donation  
Receipt – Cash Gift**



Town of Erin  
5684 Trafalgar Road  
Hillsburgh, Ontario N0B 1Z0  
[CustomerService@erin.ca](mailto:CustomerService@erin.ca)  
(519) 855-4407

**DONATION RECEIPT  
CASH DONATION  
Official Donation Receipt for Income Tax Purposes**

Receipt Number: XXXX

Issued From: The Corporation of the Town of Erin

Name of Donor: \_\_\_\_\_

Address of Donor: \_\_\_\_\_  
\_\_\_\_\_

Date of Donation: [mm/dd/yyyy]

Date of Issue: [mm/dd/yyyy]

Amount Received: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Position: \_\_\_\_\_

**The Corporation of the Town of Erin**  
**Business No. 87373 8090**

**Canada Revenue Agency – [Canada.ca/charities-giving](https://Canada.ca/charities-giving)**

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**Schedule B: Donation  
Receipt – Non-Cash  
Gift**



Town of Erin  
5684 Trafalgar Road  
Hillsburgh, Ontario N0B 1Z0  
[CustomerService@erin.ca](mailto:CustomerService@erin.ca)  
(519) 855-4407

## DONATION RECEIPT NON-CASH GIFT

Official Donation Receipt for Income Tax Purposes

Receipt Number: XXXX

Issued From: The Corporation of the Town of Erin

Name of Donor: \_\_\_\_\_

Address of Donor: \_\_\_\_\_

\_\_\_\_\_

Date of Donation: [mm/dd/yyyy]

Date of Issue: [mm/dd/yyyy]

Value of gift: \_\_\_\_\_

Description of Gift: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Position: \_\_\_\_\_

The Corporation of the Town of Erin  
Business No. 87373 8090

Canada Revenue Agency – [Canada.ca/charities-giving](https://Canada.ca/charities-giving)

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**Schedule C: Donation  
Receipt – Cash Gift  
with Advantage**



Town of Erin  
5684 Trafalgar Road  
Hillsburgh, Ontario N0B 1Z0  
[CustomerService@erin.ca](mailto:CustomerService@erin.ca)  
(519) 855-440

**DONATION RECEIPT  
CASH DONATION WITH ADVANTAGE  
Official Donation Receipt for Income Tax Purposes**

Receipt Number: XXXX

Issued From: The Corporation of the Town of Erin

Name of Donor: \_\_\_\_\_

Address of Donor: \_\_\_\_\_

Date of Donation: [mm/dd/yyyy]

Date of Issue: [mm/dd/yyyy]

Amount Received: \_\_\_\_\_

Amount of gift eligible for tax purposes: \_\_\_\_\_

Description of advantage received by donor: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Position: \_\_\_\_\_

**The Corporation of the Town of Erin**  
**Business No. 87373 8090**

**Canada Revenue Agency – Canada.ca/charities-giving**

Section: Finance

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## Schedule D: Donation Receipt – Non-Cash Gift with Advantage



Town of Erin  
5684 Trafalgar Road  
Hillsburgh, Ontario N0B 1Z0  
[CustomerService@erin.ca](mailto:CustomerService@erin.ca)  
(519) 855-4407

### DONATION RECEIPT NON-CASH GIFT WITH ADVANTAGE Official Donation Receipt for Income Tax Purposes

Receipt Number: XXXX

Issued From: The Corporation of the Town of Erin

Name of Donor: \_\_\_\_\_

Address of Donor: \_\_\_\_\_

Date of Donation: [mm/dd/yyyy]

Date of Issue: [mm/dd/yyyy]

Value of gift: \_\_\_\_\_

Description of gift: \_\_\_\_\_

Amount of gift eligible for tax purposes: \_\_\_\_\_

Description of advantage received by donor: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Position: \_\_\_\_\_

The Corporation of the Town of Erin  
Business No. 87373 8090

Canada Revenue Agency – Canada.ca/charities-giving

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## Schedule E: Examples of Donations

### Donations as part of the Town Initiative

### Donations in the form of a capital contribution

#### Donations of Land

Donations of land will be reviewed by the Town's legal counsel.

#### Bench Donation Program

This donation involves contributing funds toward the installation of a commemorative bench in an Erin park, intended to mark a special occasion, honour a loved one, recognize a significant event, or express a commitment to enhancing the community (subject to approval). A custom plaque will be inscribed according to the donor's wishes, and the bench will remain in place with recognition for a period of 10 years. An official donation receipt for income tax purposes may be issued for the donation amount, less the cost of the plaque. This donation is not subject to sales tax.

#### Tree Donation Program

This donation involves contributing funds toward the greening of parks through the planting of a tree in dedication of a special event or in memory of a loved one. A custom plaque may be inscribed according to the donor's wishes and placed at the base of the tree. An official donation receipt for income tax purposes may be issued for the donation amount, less the cost of the plaque. This donation is not subject to sales tax.

### Donations made by employees or Members of Council

#### Donations of wages

Employees or Members of Council may choose to donate any portion of their wages back to the Town. The total wages will be paid to the individual and will be included in the individual's T4 earnings. The individual **will remit their** chosen amount back to the Town and will receive a donation receipt for the value of the cash donation.