

THE RURAL MUNICIPALITY OF PINEY

“Charitable Donations Receipts Policy”

Subject: Charitable Donations Receipts

Effective Date: February 11, 2015

Replaces Policy: New

Resolution No.: 390 Resolution Date: February 10, 2015

PURPOSE

The purpose of this policy is to formalize the charitable donations receipts program, including accounting for donations of cash or in-kind to the Municipality.

This policy also outlines the standards of 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 donation receipts (official receipts) to donors for income tax purposes.

POLICY STATEMENT

The Rural Municipality of Piney is registered with Canada Revenue Agency as a qualified donee. Therefore the Municipality will issue official donation receipts that qualify as charitable donations with a net cash value or net fair market value of \$25.00 or more.

DEFINITIONS

Charitable donation is defined as voluntary transfer of tangible property, including cash

Donations in-kind is defined as tangible property, other than cash, that are eligible donations

Fair Market Value (or Valuation) is defined as 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 or each other. The fair market value of a property does not include taxes paid.

Net Amount of Donation is defined as the fair market value of the donation less any advantage/benefit received or to be received as a result of the donation.

POLICY

1. The Rural Municipality of Piney will comply with Canada Revenue Agency regulations for the acceptance of charitable donations and the issuance of charitable donations receipts.
2. To be eligible for an official receipt, the donation has to
 - Be made payable to The Rural Municipality of Piney
 - Be in cash or in kind,
 - Be voluntary, and
 - Be supportive of the Municipality's mandate and beneficial to the Municipality
3. Non-Qualifying Donations that cannot be acknowledge as an official donation for income tax purposes, in accordance with CRA guidelines:
 - Intangibles such as services, time, skills, effort
 - Donations that are given to the Municipality intended as a flow through to a specified recipient who does not have charitable organization status
 - Donations 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: logo placement or presenting sponsorship).
4. Donation of Services may be accepted; however, a charitable donation receipt for income tax purposes cannot be issued.
5. Prior to accepting in-kind donations, the Municipality will undertake due diligence in the review and assessment of proposed donations-in-kind to determine condition, value, usefulness, financial impact, exposure to risk and/or liability.
6. The Municipality reserves the right to reject any proposed donation-in-kind.
7. Written valuation of donations in-kind, done within the last 6 months, shall be submitted with the request for official receipt and is to meet the following requirements:
 - \$1,000 or less:
 - Appraisal by knowledgeable internal staff; plus
 - Valuation from online auction and shopping website
 - Over \$1,000:
 - External appraisal by an independent and arm's length competent individual is required
 - Responsibility and the costs associated with obtaining a qualified appraisal shall be determined

8. Authority for acceptance or denial of donations in-kind with appraised value of:
 - Under \$10,000 accepted by the Chief Administrative Officer
 - \$10,000 and more requires a written agreement of the value of the donation developed in advance and approved by the Chief Administrative Officer
 - \$25,000 and more require Council approval.
9. Issued income tax receipts must meet minimum information requirements as outlined in the Income Tax Act. The official CRA online site should be visited, at a minimum annually, to ensure compliance with the most recent requirements
10. All donations are to be properly recorded and accounted for within CRA, PSAB and/or other related legislative guidelines.
11. The Municipality must maintain a sequential log of issued receipts.
12. Copies of issued receipts must be retained for two years after the end of the calendar year to which the receipt applies.