

# Town of Mahone Bay

## Donations Policy

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### 1. Purpose

The purpose of this policy is to establish a formal process for acceptance and documentation of donations made to the Town of Mahone Bay. This policy supports the Town's commitment to meet Canada Revenue Agency (CRA) requirements for issuing donation receipts and provides guidance for individuals, community groups, and businesses wishing to make donations to the Town.

### 2. Application

This policy will apply to all donations made to the Town of Mahone Bay. Specific campaigns or programs soliciting donations will be conducted in accordance with this policy, as will solicitation of donations to the Town of Mahone Bay Athletic & Cultural Trust Fund, Park Cemetery Fund and Bayview Cemetery Fund.

### 3. Definitions

**CAO** means the Chief Administrative Officer of the Town of Mahone Bay or any person authorized to act on that person's behalf.

**Community Assets** include but are not limited to, trees, benches, works of art, playground structures, etc. as specified by the Town pursuant to the Community Asset Donation Program outlined herein. A community asset can be dedicated to an individual or group at the request of the donor.

**Donation** means a voluntary transfer of tangible property, including cash, or a transfer in-kind of tangible property, other than cash. The donation has to be valued at fair market value 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.

**Donations in-Kind**, also known as non-cash donations, are donations of property. They cover items such as artwork, equipment, securities, cultural property, and real property. A contribution of services is not property and therefore does not qualify as a donation or donation in-kind for purposes of issuing official donation receipts. A donation in-kind can be dedicated to an individual or group at the request of the donor.

**Treasurer** means the Treasurer of the Town of Mahone Bay, a designation held by the Manager of Finance, or any person authorized to act on that person's behalf.

## **4. General**

### **4.1 Procedure for Making Donations**

The donor must contact Town staff to determine whether a donation will be accepted and the conditions of acceptance.

### **4.2. Types of Donations**

Donations may be offered in the form of cash, real or tangible property offered in-kind. Donations may be made to the Town in general (becoming general revenue for the year donated) or the donor may specify their donation to a particular Town fund, project, location, or purpose or for contribution to a third-party on behalf of the donor where applicable. Cash donations may also be directed to the Community Asset Donation Program as specified herein.

### **4.3. Acceptance of Donations**

Donations will only be accepted when they have a purpose consistent with the Town's goals and objectives and are in the best interest of the Town.

The Town shall review every donation and determine if the benefits to be derived warrant acceptance of the donation. Criteria for evaluation include but are not limited to:

- Consideration of an immediate or initial expenditure required in order to accept the donation;
- The capacity of the Town to meet the initial and ongoing costs and obligations associated with the donation;
- The potential and extent of the Town's obligation to maintain, match, or supplement the donation.

Where a donor requests that conditions be placed on the use of the donation, the Town Solicitor may be consulted to ensure that the appropriate agreements are prepared prior to accepting the donation.

### **4.4. Thresholds for Acceptance / Rejection**

The following are the threshold amounts for acceptance or rejection of donations on behalf of the Town, in accordance with the preceding section:

- Offers of donations of cash or tangible assets valued at \$5,000 or below may be accepted by the CAO;
- Donations valued at more than \$5,000 shall be approved by the Town Council;
- Offers of donations for gratuitous purposes (e.g. holiday gift baskets, etc.) to any employee, department or the Town shall be made available to benefit all employees.

#### **4.5. Rejected Donations**

The Town reserves the right to reject any donation if, upon review, acceptance of the donation offer is determined in the sole discretion of the Town to be not in the best interests of the Town. If a donation is rejected, the CAO shall advise the donor in writing of the reason.

#### **4.6. Cash Donations**

Where cash donations are received by the Town, the funds will be recorded in the appropriate account by the Treasurer. Donations may be disbursed only for their intended purpose and in accordance with the terms, conditions or restrictions of any agreement governing the use of the donation.

#### **4.7. Donations In-Kind**

A Donation Agreement (Appendix A) signed by the donor and the Town shall be required prior to the acceptance of an in-kind donation. Along with a Donation Agreement, if an official receipt is requested for income tax purposes, written valuations of in-kind donations shall be supported by an external appraisal by an independent arm's length qualified appraiser or other third party supporting documentation, satisfactory to the CAO to substantiate fair market value.

#### **4.8. Location and Installation**

Not all Town-owned lands are suitable for the location of a particular tangible asset. Town staff will provide the donor with options and will work with the donor to identify the appropriate location for an asset. In the event that the location of the asset proves to cause concern due to vandalism or other issues, the Town may relocate the asset in consultation with the donor.

Assets will generally only be installed from April 1 through October 31 of each year. Installation will be completed to Town standards and specifications. Donors will be notified by Town staff once the asset has been installed.

#### **4.9. Recognition of Donations**

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

Once per year, the names of all those who have donated that year shall be reported to Town Council, published in the Mayor's Newsletter and posted on the Town of Mahone Bay website.

Donations made as part of a specific campaign or program, larger donations or donations of particular cultural significance may be additionally recognized at the discretion of the Town, with the agreement of the donor.

## **5. Community Asset Donation Program**

The purpose of the Community Asset Donation Program is to provide a means for donors to contribute directly to the benefit of the community in recognition of an individual or group.

Individuals and organizations may make a general donation to the Community Asset Donation Program or a donation for a specific community asset from the list of community assets maintained by staff (e.g. benches, trees, bike racks, etc.). This list will specify the cost/value of each asset (inclusive of all costs including acquisition, installation, plaque, etc.).

### **5.1 Procedure**

Donors to the Community Asset Donation Program for a specific community asset are required to submit a Donation Request (Appendix B) to Town staff. Assets will be purchased on approval of the request and receipt of the specified funds from the donor. A tax receipt for the value of the asset, installed, will be issued to the donor.

Any community asset can be dedicated to an individual or group at the request of the donor. Dedications shall be marked by plaques affixed to, or installed adjacent to, the asset.

The Town shall be responsible for the maintenance of the asset at its sole discretion and will have the discretion to not replace and/or repair the donation if it is deemed damaged beyond reasonable repair and/or replacement.

## **6. Official Income Tax Receipts**

The Town will issue an Official Income Tax Receipt for donations that qualify as Charitable Gifts in accordance with the Income Tax Act, regulations and CRA guidelines.

### **6.1 Qualifying Donations**

To be eligible for an official income tax receipt, the donation must:

- Meet the definition of a donation as specified in this policy;
- Be voluntary – freely given and not as a result of a contractual or legal obligation;
- Have been accepted by the Town in accordance with this policy.

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

- Receipts shall be issued for all donations having a value of \$20 or more, if requested by the donor;
- For donations in-kind, 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 CAO;

- Receipts shall be made in the name of the donor only;
- 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 of the advantage is deducted from the fair market value of the gift to determine the eligible amount for the purposes of the donation receipt.



**6.2 Non-Qualifying Donations**

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 Town intended as a flow through to a specified recipient who does not have charitable organization status;
- 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;
- 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;
- A donation in-kind for which the fair market value cannot be determined.

**6.3 Donation Records**

The Town shall maintain records supporting all Official Income Tax Receipts issued. Copies of Official Income Tax Receipts issued will be retained and filed in accordance with the Town’s records retention policy.

<u>Clerk’s Annotation for Official Policy Book</u>	
Date of Notice to Council Members of Intent to Consider {7 days minimum notice}:	June 11/19
Date of Passage of Policy:	June 27/19
 _____ Clerk	 _____ Date

**Appendix A**

**Donation Agreement**

**Between**

**The Town of Mahone Bay**

**and**

THIS AGREEMENT, entered into this      day of      ,      , is by and between the Town of Mahone Bay (the "Town"), a municipal corporation, and      , (the "Donor"), of

WHEREAS the Donor has offered to donate      to the Town;

NOW, THEREFORE, the Town and the Donor, for the consideration and under the described conditions and obligations, hereinafter set forth and agree as follows:

1. The donation, known as      , as described below, is donated in its entirety to the citizens of Mahone Bay to be hereafter owned by the Town of Mahone Bay and managed on behalf of the citizens by Town staff.
2. The Town reserves the right to move/remove and/or retire the donation following cessation of a five year period. The five year period shall commence upon the date entered into and indicated above.
3. The Town shall be responsible for the maintenance of the donation at its sole discretion and will have the discretion to not replace and/or repair the donation if it is deemed damaged beyond reasonable repair and/or replacement, suffers repeated vandalism, and/or expires prior to end of the five year period.
4. The initial term of this agreement shall be five years. Following cessation of the five year period, the Town may treat the donation, as it would any other Town property similar in nature.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officials:

IN WITNESS whereof the parties have executed this Agreement on the date set forth above.

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**Witness**

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**Town of Mahone Bay**

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**Witness**

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**Donor**

**Appendix B**

**COMMUNITY ASSET DONATION PROGRAM**

**REQUEST FORM**

Thank you considering the Town of Mahone Bay Community Asset Donation Program. Please complete the following information:

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

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

Donor Contact Telephone Number: \_\_\_\_\_

Donor Contact Email: \_\_\_\_\_

Requested Asset (see list provided by Town staff): \_\_\_\_\_

Preferred Location of Asset: \_\_\_\_\_

Dedicated to (if applicable): \_\_\_\_\_

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date