

Income Tax Receipts for Cash Donations and Gifts-In-Kind

(City Council on December 14, 15 and 16, 1999, amended this Clause by inserting in Recommendation No. (3) embodied in the report dated November 23, 1999, from the Chief Financial Officer and Treasurer; after the words “Tree Advocacy Planting Program”, the words “and the Midtown Tree Project”; and pluralizing the word “account”, so that such recommendation shall now read as follows:

“(3) cash donations and sponsorship contributions received and intended for the purposes of the ‘Tree Advocacy Planting Program’ and the ‘Midtown Tree Project’ be deposited into the appropriate capital budget accounts to be established in the 2000 Capital Budget of the Economic Development, Culture and Tourism Department for this purpose, and that an income tax receipt be issued for such cash donations and eligible gifts-in-kind, pursuant to the policy embodied in this report;”.)

The Policy and Finance Committee recommends the adoption of the report (November 23, 1999) from the Chief Financial Officer and Treasurer:

The Policy and Finance Committee reports, for the information of Council, having requested the Chief Financial Officer and Treasurer to report directly to Council for its meeting scheduled to be held on December 14, 1999, on:

- (1) mechanisms to assist the City’s Agencies, Boards and Commissions with their fundraising efforts by establishing mechanisms that allow for the timely issuance of tax receipts in the community involved, where possible; and
- (2) the timelines which would be established from when cash and “gifts-in-kind” donations are received and the receipt is issued.

The Policy and Finance Committee submits the following report (November 23, 1999) from the Chief Financial Officer and Treasurer:

Purpose:

To provide a policy and procedure with respect to the issuance of income tax receipts for cash donations and gifts-in-kind made to the City.

Financial Implications and Impact Statement:

Cash and “gifts-in-kind” donations provide an additional source of revenue for the City. The City may provide an income tax receipt in the amount of the fair market value of charitable donations, which may be claimed by the donor to offset taxable income.

Recommendations:

It is recommended that:

- (1) the policy and procedure in respect of issuing income tax receipts for cash donations and gifts-in-kind made to the City, as embodied in this report and attached as Schedule “A”, be adopted;
- (2) any existing policies of the former municipalities regarding income tax receipts for charitable donations that were adopted by by-law or resolution of that former municipality be rescinded;
- (3) cash donations and sponsorship contributions received and intended for the purposes of “Tree Advocacy Planting Program” be deposited into the appropriate capital project account to be established in the 2000 capital budget of the Economic Development, Culture and Tourism Department for this purpose, and that an income tax receipt be issued for such cash donations and eligible gifts-in-kind, pursuant to the policy embodied in this report;
- (4) gifts of cash intended for specific purposes of the City shall only be accepted where Council has authorized such specific purpose and the necessary capital account has been established, or where appropriate, a reserve fund has been created by authority of Council and the necessary by-laws have been enacted;
- (5) gifts of cash accompanied with a request that the City use such funds to support certain special purposes that are being provided by an organization independent of the City shall only be accepted following Council approval, after which an income tax receipt shall be issued. Council must make the determination that such special purpose is in the interest of the City, and any transfer of funds shall be by way of grant; and
- (6) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Council Reference:

At its meeting of October 26, 1999, Council adopted the joint report (September 20, 1999) from the Commissioner of Economic Development, Culture and Tourism, Commissioner of Works and Emergency Services and Councillor Joe Pantalone, Tree Advocate, respecting the implementation of the Tree Advocacy Planting program as a Millennium project for the year 2000. The recommendations, among other things, authorized staff to solicit sponsorships and

in-kind donations to be used, as they become available, to match capital funds to be provided in City's 2000 capital budget for this project.

Comments:

Charitable donations have always been a welcomed source of revenue for the City. Each of the former municipalities have issued income tax receipts for cash donations in the past, however, there has been no uniform policy in the way gifts-in-kind were treated, which were generally handled on a case-by-case basis.

This report presents a uniform policy and procedure in respect of income tax receipts for donations made to the City. This policy will supersede any existing policies of the former municipalities regarding income tax receipts for charitable donations that may have been adopted by by-law or resolutions of that former municipality.

(A) *Income Tax Act* Requirements:

Under the *Income Tax Act (Canada)*, individuals and corporations can claim an income tax credit for certain gifts made to Canadian municipalities. A gift includes a gift-in-kind. A gift-in-kind is a non-cash gift. Gifts by a taxpayer that qualify for income tax credits generally include:

- (a) cash;
- (b) capital property;
- (c) real property;
- (d) depreciable property;
- (e) personal-use property, meaning:
 - (i) print, etching, drawing, painting, sculpture, or other similar work of art;
 - (ii) jewelry;
 - (iii) rare folio, rare manuscript, or rare book;
 - (iv) stamp; or
 - (v) coin;
- (f) a leasehold interest or a residual interest in real property;
- (g) the inventory of a business;

- (h) gifts of life insurance policies; and,
- (i) gifts under will.

Special rules exist for gifts of cultural property and gifts of ecologically sensitive lands, which are discussed further in the report.

Non-Qualifying Gifts:

A gift of services, including labour, is not eligible for the issuance of an income tax receipt under the *Income Tax Act*, since a gift must involve property.

The payment of a basic fee for admission to an event or to a program does not qualify as a donation that is eligible for the issuance of a tax receipt. An exception to this rule is available for the purchase of a ticket to a fund-raising dinner, ball, concert, show or like event. In this case, the gift is considered as the difference between the fair market value of the food, entertainment etc., and the purchase price of the ticket.

Gifts made in exchange for consideration of a right, privilege, material benefit or advantage such as promotion or advertising for the donor's purposes do not qualify for income tax credits under the *Income Tax Act*. For example, "sponsorship" contributions are not eligible for an income tax receipt if there is an implied exchange of advertising privileges for the donor's purposes.

Under the *Income Tax Act*, the City cannot issue income tax receipts for funds that it will not itself be responsible for spending.

General Rule:

Under the *Income Tax Act*, a gift is a voluntary transfer of property by a taxpayer without valuable consideration. Three conditions must be satisfied:

- (i) some property, or cash, is transferred to the City;
- (ii) the transfer is voluntary; and
- (iii) the transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value. The benefit is considered to be of nominal value when the fair market value does not exceed the lesser of \$50.00 or 10 percent of the amount of the gift.

Fair Market Value:

The *Income Tax Act* does not define Fair Market Value. The generally accepted meaning is the highest price, expressed in a dollar amount, that the property would bring, in an

open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other.

Valuation should be based on an arm's length sale and purchase of a similar property at or near the same date. An appraisal is required, which must be by a qualified dealer, appraiser or other knowledgeable individual who is familiar with the market for the object or property. The dealer, appraiser or other knowledgeable individual must not be associated with the donor.

Donations for Special Purposes:

In certain cases, donations and requests for donations are made for special purposes. These requests may originate from individuals, organizations, or Council directly. Long-term programs, where cash inflows and expenditures may span many years are best handled through the establishment of a reserve fund. Examples include donations for specific capital projects, such as the North York Earl Bales bandshell, or donations to assist with specific ongoing operational needs, such as for the Police Museum or the Zoo's animal transactions. Such new programs would require that Council authorize the creation of a new reserve fund and the enactment of the necessary by-law.

Requests to direct donations for specific operations or for specific capital projects, such as to a community or recreational centre, that are generally short-term in nature (i.e. less than one year), are best handled by depositing to the revenue account of the appropriate capital account.

Public/Private Sector Initiatives:

On numerous occasions, worthy organizations that offer programs of genuine benefit to the community have requested that the City receive donations on their behalf for the purpose of issuing income tax receipts. Under the *Income Tax Act*, the City cannot issue income tax receipts for funds that it will not itself be responsible for spending, and as such, cannot receive donations on behalf of others. Such organizations should receive their donations directly, and register as a Charity with Revenue Canada if they wish to provide income tax receipts.

However, under *the Municipal Act*, the City has the general power to make grants. In certain circumstances, the City may determine it is in its interest to make grants to such organizations. This has been done on several occasions, most notably to Caribana, and Toronto 2000. In such cases, where donations are made to the City and where the donor expresses a desire that the donation be applied to such special purposes, a report must be written to Council prior to the deposit of the donation, noting that a donation was accompanied with a request that the City utilize such funds for a special purpose, and that Council give direction for the disbursement of any such funds. This direction may include granting an equivalent amount for the special purpose, issuing an income tax receipt to the donor where appropriate, or returning the monies to the donor.

Gifts-In-Kind:

As the recipient of a gift-in-kind, it is incumbent on the City and not the donor to establish a value for the gift-in-kind. The City, as the issuer of the income tax receipt, will ultimately be accountable to Revenue Canada should a dispute arise as to the valuation, and as such, the necessary appraisal documentation should be independent, unbiased and indisputable. Furthermore, while any gift-in-kind meeting the eligibility criteria may be eligible for an income tax receipt, not all gifts-in-kind may be in the interest of the City. Therefore, it is recommended that gifts-in-kind only be accepted for gifts that are clearly in the interest of the City, as determined by the receiving Department, and that the Department be responsible for commissioning the appraisal of such gifts-in-kind where an income tax receipt is requested.

(B) Proposed City Policy and Procedure for Issuance of Official Donation Receipts:

The following section highlights the salient points of the proposed policy and procedure for issuance of official income tax receipt for donations made to the City, pursuant to the *Income Tax Act*, and as recommended in this report. The detailed policy and procedure is attached as Schedule "A".

General:

Donations may be made by an individual or corporation to the City for a program area, capital project, or for a specific purpose as authorized by Council. Gifts of cash intended for a specific purpose of the City shall only be accepted where Council has authorized such specific purpose and the necessary cost centre account or capital project system account has been established, or where appropriate, a reserve fund has been created and any necessary by-laws have been enacted.

Gifts of Cash:

Cash donation may be in the form of cash, cheque, or where available, by debit or credit card. Upon receipt of the funds being donated, staff shall issue evidence of payment to the donor in the amount of the donation, and a copy of the evidence of payment shall forthwith be sent to the Accounting Services Division of the Finance Department. Upon confirmation of the deposit and review for compliance with this policy, the CFO and Treasurer shall cause to be issued an official income tax receipt pursuant to the *Income Tax Act*, and the Accounting Services Division shall credit the appropriate revenue, capital or reserve fund account.

Income tax receipts in the amount of the donation shall be automatically issued for cash donations of \$10.00 or more, unless specifically requested by the donor for donations less than \$10.00. Such a threshold for issuance of an income tax receipt is consistent with the general practice of many charitable organizations.

Gifts of cash accompanied with a request that the City use such monies to support certain special purposes that are being provided by an organization independent of the City shall only be accepted following Council approval. Upon such a request, the appropriate program area shall, before depositing of any funds, report to Council for direction in respect of the donation. Council must make the determination that any such special purpose is in the interest of the City. Council must approve the receipt of such donations, the transfer of funds to such organization by way of grant, and the authority to issue an income tax receipt where appropriate.

Gifts-In-Kind:

Gifts-in-kind must be clearly within the interest of the City and must provide a benefit within the context of the City's program areas, as determined by the receiving Department. Should the Department determine that such a gift is in their interest, and further that the gift may be eligible for an income tax receipt, then it is not inappropriate that the appraisal be undertaken at the expense of the Department. Having the Department commission the appraisal provides a degree of surety that the appraisal will be independent and unbiased.

The appraisal commissioned by the Department must be prepared by a qualified dealer, appraiser or other knowledgeable individual who is familiar with the market for the object or property. The dealer, appraiser or other knowledgeable individual shall not be associated with the donor. The appraisal shall be in form and content acceptable to the CFO and Treasurer. At the discretion of the CFO and Treasurer, any appraisal not sufficient in form and content may be refused, and one or more additional independent appraisals may be required to be produced before any income tax receipt is issued.

The income tax receipt shall be in the amount of the appraised value, or in the case of two or more appraisals, the lowest appraised value. The receipt shall also indicate a description of the gift, the name and address of the appraiser, and shall be dated the day on which ownership is transferred to the City.

Gifts of Cultural Property:

A gift of cultural property must be certified as such by the Canadian Cultural Property Export Review Board. Pursuant to the Act, the Donor is responsible for making application to the Canadian Cultural Property Export Review Board for Certification of Cultural Property for Income Tax Purposes. The income tax receipt shall be in the amount of the fair market value as determined by the Canadian Cultural Property Export Review Board on the date ownership is transferred to the City.

Gifts of Ecologically Sensitive Lands:

The land must be certified by the Minister of the Environment to be ecologically sensitive land and the conservation and protection of which is important to the preservation of Canada's environmental heritage. To qualify, an ecological gift must be in the form of land or an interest in land, including a servitude for the use and benefit of a dominant land, a covenant or an easement in respect of the land. Pursuant to the Act, the amount of

a gift of a covenant, an easement, or a servitude is deemed to be the greater of the fair market value of the restriction, or the amount of the reduction of the land's fair market value that results from the making of such a gift. The Donor shall be responsible for making application to the Ministry of Environment for Certification of the land as Ecologically Sensitive Land.

Conclusions:

Charitable donations are a welcomed source of revenue for the City. Presently, there is no uniform policy in respect of issuing income tax receipts for charitable donations. Although each of the former municipalities have issued income tax receipts for cash donations in the past, there has been no formal policy in the way "gifts-in-kind" have been treated. This report presents a policy in respect of income tax receipts for donations made to the City.

Under the *Income Tax Act (Canada)*, individuals and corporations can claim an income tax credit against taxable income for certain gifts made to Canadian municipalities. A gift includes a gift-in-kind. Gifts by a taxpayer that qualify for income tax credit include cash or property. Gifts of services or gifts made with any implied expectation of material benefit to the donor do not qualify for an income tax receipt.

Under the policy for issuance of income tax receipts presented in this report, gifts-in-kind will only be accepted for gifts for which the fair market value has been determined to the satisfaction of the City and which provide a clear benefit within the context of the City's program areas.

Income tax receipts for gifts of cash shall be issued for cash donations of \$10.00 or more, unless specifically requested by the donor. Cash donations intended for a specific program area or a capital project which are generally short-term in nature shall be deposited to the appropriate revenue account or capital project account. Gifts of cash and in-kind donations for the "Tree Advocacy Planning Program" is one example where such donations can be received in a capital project account and an income tax receipt can be issued.

Cash donations intended for a specific City purpose that is long-term in nature shall only be accepted where Council has authorized such specific purpose, a reserve fund has been established to receive such donations, and any necessary by-laws have been enacted.

For donations accompanied by a request that the funds be used to support the special purposes of an organization independent of the City, the appropriate Department shall, prior to the deposit of any funds, report to Council requesting approval to receive the donation, direction on the application of the proceeds, and for the authority to issue an income tax receipt where appropriate. Council must deem the special purpose to be in the interest of the City, and any funds transferred to such organization must be by way of grant.

Contact Names:

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Schedule “A”

Policy and Procedure
Income Tax Receipts For Cash Donations And Gifts-In-Kind

(I) Purpose:

To provide a policy and procedure with respect to the issuance of income tax receipts for cash donations and gifts-in-kind made to the City. This policy applies where an income tax receipt is requested for donations, gifts and gifts-in-kind made to the City.

(II) Authority:

Under the *Income Tax Act (Canada)*, individuals and corporations can claim an income tax credit for certain gifts made to Canadian municipalities.

(III) Impact:

Cash and “gifts-in-kind” donations provide an additional source of revenue for the City. The City may provide an income tax receipt in the amount of the fair market value of charitable donations, which may be claimed by the donor to offset taxable income.

(IV) Policy:

(1) Qualifying Gifts:

A gift includes a gift-in-kind. A gift-in-kind is a non-cash gift. Gifts by a taxpayer that qualify for income tax credits generally include:

- (a) cash;
- (b) capital property;
- (c) real property;
- (d) depreciable property;

- (e) personal-use property, meaning:
 - (i) print, etching, drawing, painting, sculpture, or other similar work of art,
 - (ii) jewelry,
 - (iii) rare folio, rare manuscript, or rare book,
 - (iv) stamp, or
 - (v) coin;
- (f) a leasehold interest or a residual interest in real property;
- (g) the inventory of a business;
- (h) gifts of life insurance policies; and
- (i) gifts under will.

Special rules exist for gifts of cultural property and gifts of ecologically sensitive lands.

(2) Non-Qualifying Gifts:

A gift of services does not qualify by a taxpayer for income tax credits under the *Income Tax Act*, since a gift must involve property.

The payment of a basic fee for admission to an event or to a program does not qualify as a donation that is eligible for the issuance of a tax receipt. An exception to this rule is available for the purchase of a ticket to a fund-raising dinner, ball, concert, show or like event. In this case, the gift is considered as the difference between the fair market value of the food, entertainment etc. and the purchase price of the ticket.

Gifts made in exchange for consideration of a right, privilege, material benefit or advantage such as promotion or advertising for the donor's purposes do not qualify for income tax credits under *the Income Tax Act*, and no income tax receipt can be issued.

(3) General Rule:

For the purposes of tax credits made by a taxpayer under *the Income Tax Act*, a gift is a voluntary transfer of property without valuable consideration. Three conditions must be satisfied:

- (i) some property, or cash, is transferred to the City,
- (ii) the transfer is voluntary, and

- (iii) the transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value. The benefit is considered nominal value when the fair market value does not exceed the lesser of \$50.00 or 10 percent of the amount of the gift.

(4) Fair Market Value:

The Income Tax Act does not define Fair Market Value. The generally accepted meaning is the highest price, expressed in a dollar amount, that the property would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other.

Valuation should be based on an arm's length sale and purchase of a similar property at or near the same date.

(5) Official Donation Receipts:

- (a) official receipts for income tax purposes shall be authorized by the Treasurer for eligible gifts and gifts-in-kind made to the City;
- (b) receipts shall be made in the name of the donor only; and
- (c) income tax receipts shall be issued for donations of \$10.00 or more, unless specifically requested by the donor.

(6) For gifts of cash:

- (a) the receipt shall be in the amount of the cash donation and dated the day on which the donation was received;
- (b) gifts of cash intended for specific purposes of the City shall only be accepted where Council has authorized such specific purpose and the necessary cost centre or capital project system account has been established, or where appropriate, has a reserve fund has been created and any necessary by-laws have been enacted; and
- (c) gifts of cash accompanied a request that the City use such monies to support certain special purposes that are being provided by an organization independent of the City shall only be accepted and an income tax receipt issued where Council has authorized the receipt of such donations, has given direction for the disbursement of such monies to the organization, and has authorized staff to issue an income tax receipt where appropriate.

- (7) For gifts-in-kind, a receipt shall be issued only after the following conditions are met:
- (a) the gift-in-kind must be clearly within the interest of the City and must provide a benefit within the context of the City's program areas, as determined by the receiving Department;
 - (b) the appraisal shall be commissioned and be at the expense of the appropriate Department;
 - (c) the appraisal must be by a qualified dealer, appraiser or other knowledgeable individual who is familiar with the market for the object or property. The dealer, appraiser or other knowledgeable individual shall not be associated with the donor;
 - (d) the appraisal shall be in form and content acceptable to the Treasurer. At the Treasurer's discretion, any appraisal not sufficient in form and content may be refused, and one or more additional independent appraisals satisfactory to the Treasurer may be required to be produced before any income tax receipt is issued; and
 - (e) the receipt shall be in the amount of the appraised value, or in the case of two or more appraisals, the lowest appraised value. The receipt shall also indicate a description of the object and the name and address of the appraiser, and shall be dated the day in which the City received the gift.
- (8) Gifts of Cultural Property:
- (a) the gift of cultural property must be certified as such by the Canadian Cultural Property Export Review Board;
 - (b) the receiving Department shall be responsible for making application to the Canadian Cultural Property Export Review Board for Certification of Cultural Property for Income Tax Purposes; and
 - (c) the income tax receipts shall be in the amount of the fair market value as determined by the Canadian Cultural Property Export Review Board on the date ownership is transferred to the City.
- (9) Gifts of Ecologically Sensitive Lands:
- (a) the land must be certified by the Minister of the Environment to be ecologically sensitive land and the conservation and protection of which is important to the preservation of Canada's environmental heritage. The receipt shall be in the amount of the appraised value of the ecologically sensitive land, or in the case of two or more appraisals, the lowest appraised value;

- (b) an ecological gift must be land, including a servitude for the use and benefit of a dominant land, a covenant, or an easement in respect of the land. The amount of a gift of a covenant, an easement, or a servitude shall be deemed to be the greater of the fair market value of the restriction, or the amount of the reduction of the land's fair market value that results from the making of such a gift; and
- (c) the receiving Department shall be responsible for making application to the Ministry of Environment for Certification of the land as Ecologically Sensitive Land.

(V) Procedure:

(1) Cash Donations:

- (a) donations may be made by an individual or corporation to the City for a program area, capital project, or for specific purposes as authorized by Council;
 - (b) the donation may be in the form of cash, cheque, or where available, by debit or credit card;
 - (c) upon receipt of the funds being donated, staff shall issue evidence of payment to the donor in the amount of the donation;
 - (d) the evidence of payment shall contain the following information:
 - (i) the name and mailing address of the donor;
 - (ii) the date and amount of the donation, and whether it was by cash, cheque, debit or credit card; and
 - (iii) if the donor so requests, the receipt shall indicate the appropriate program area cost centre, capital project, or specific purpose to which the donation is to be directed to;
 - (e) a copy of the evidence of payment shall forthwith be sent to the Accounting Services Division of the Finance Department; and
 - (f) upon confirmation of the deposit and review for compliance with this policy, the CFO and Treasurer shall cause to be issued an official income tax receipt pursuant to the *Income Tax Act*, and the Accounting Services Division shall credit the appropriate revenue, capital or reserve fund account.
- (2) For donations accompanied by a request that the City use such monies to support special purposes of an organization independent of the City, the appropriate

program area shall, prior to the deposit of any funds, report to Council for direction in respect of the donation. Council must make the determination that any such special purposes is in the interest of the City. Council must approve the receipt of such donations, the transfer of funds to such organization by way of grant, and the authority to issue an income tax receipt where appropriate.

(3) Gift-In-Kind Donations:

- (a) when individuals or Corporations wish to make a gift-in-kind donation, the appropriate City staff shall determine:
 - (i) whether the gift is an acceptable gift for the City or a program area; and
 - (ii) whether the gift may be eligible for an income tax receipt;
- (b) when the gift is not an acceptable gift for the City or a program area, the appropriate City staff shall advise the donor of such, and where appropriate, may direct the donor to other agencies or organizations where such a gift may be needed;
- (c) where the gift is acceptable to the City or a program area, but is not eligible as a gift-in-kind for income tax purposes under this policy, the appropriate City staff shall advise the donor that the gift is not eligible for an income tax receipt, and shall indicate the same on any evidence of payment issued for the gift; and
- (d) when the gift is eligible as a gift-in-kind for income tax purposes under this policy, the appropriate City staff shall commission a current independent and official written appraisal of the fair market value of gift. The written appraisal, along with the donor's name, address, and phone number, shall forthwith be sent to the Accounting Services Division of the Finance Department for review. If the appraisal is satisfactory to the Treasurer in form and content and that the appraised value represents the fair market value of the gift, Accounting Services shall notify the donor accordingly. Upon transfer of ownership of the gift-in-kind, appropriate City staff shall obtain documentation of the transfer of ownership and shall forward a copy of this documentation to the Accounting Services Division of the Finance Department for issuance of an official income tax receipt pursuant to the *Income Tax Act*.

(City Council on December 14, 15 and 16, 1999, had before it, during consideration of the foregoing Clause, the following report (December 10, 1999) from the Chief Financial Officer and Treasurer:

Purpose:

To advise on mechanisms to facilitate the issuance of income tax receipts for charitable donations raised at fundraising efforts of the City's Agencies, Boards and Commissions.

Financial Implications and Impact Statement:

There are no financial implications associated with this report.

Recommendation:

It is recommended that this report be received for information.

Council Reference:

As a result of its meeting of December 7, 1999, the Policy and Finance Committee recommending the adoption of the report headed "Income Tax Receipts for Cash Donations and Gifts-In-Kind" from the Chief Financial Officer and Treasurer, dated November 23, 1999. Committee further requested that the CFO and Treasurer report directly to Council on December 14, 1999, on:

"mechanisms to assist the City's Agencies, Boards and Commissions with their fundraising efforts by establishing a mechanism that allow for the timely issuance of tax receipts in the community involved, where possible; and, the timelines which would be established from when cash and "gifts-in-kind" donations are received and the receipt is issued."

Comments:

The above referenced report did not explicitly indicate the time between when the cash donations are made to the City and when the receipts are issued.

The procedure proposed in that report provided that, upon receipt of the funds being donated, staff shall issue evidence of payment to the donor which contains information regarding the name and mailing address of the donor, the date and amount of the donation, whether it was by cash, cheque, debit or credit card, and if the donor is requesting that the monies be directed to a specific purpose. The procedure requires that a copy of the evidence of payment be sent forthwith to the Accounting Services Division of the Finance Department for the issuance of the tax receipt.

Income tax receipts for cash donations shall be processed within five (5) working days of receipt of the evidence of payment by the Accounting Services Division. The income tax receipts will be mailed to the donor, or if requested, returned to the program area for personal pick-up/presentation to the donor.

At major City approved fundraising events of Agencies, Boards, Commissions and Departments, staff of the Accounting Services Division will work with Staff of the ABCD's to ensure that a designate of the CFO and Treasurer is present in order to directly issue income tax receipts for cash donations received at these major events.

Gifts-in-kind are gifts of property. The policy proposed requires that appropriate City staff commission a current independent and official written appraisal of the fair market value of the gift. The time to obtain a qualified appraisal may vary from gift to gift. Where a gift-in-kind opportunity is being presented, staff will endeavour to use their best efforts to obtain a suitable appraisal in a timely manner. Again, income tax receipts for gift-in-kind donations shall be processed within five (5) working days of acceptance of the appraisal documentation and appraised value by the Accounting Services Division.

Conclusion:

Income tax receipts for cash donations will be issued within five (5) working days of receipt of the necessary documentation by the Accounting Services Division. Upon request, a designate of the Chief Financial Officer and Treasurer may attend major City approved fundraising events in order to issue income tax receipts directly to the donors. Gifts-in-kind require a qualified appraisal of the fair market value. Staff will use best efforts to obtain a suitable appraisal in a timely manner.

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