



<b>Title:</b> Donations and Issuing Official Donation Receipts	
<b>Policy Group:</b> Your Government and People	<b>Policy Administrator:</b> Finance
<b>Resolution No.:</b> CW-118-2022	<b>Policy Number:</b> FIN-08
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## 1. Policy Statement

- a) This policy outlines how and when the County will issue an Official Income Tax Receipt for cash Donations, Gifts-in-Kind and other non-monetary Donations for County projects or programs that qualify as Charitable Gifts under the Income Tax Act.

## 2. Purpose

- a) This policy governs the solicitation, acceptance and administration of Donations to The Corporation of the County of Prince Edward.
- b) This policy ensures that Donations are accepted and Official Income Tax Receipts are issued in accordance with the Income Tax Act.
- c) This policy ensures good governance practices to avoid improper receipting.

## 3. Scope

- a) This policy applies to Council and all municipal staff that collect donations and/or issue official donation receipts for income tax purposes to the donor.

## 4. Legislative Authority

- a) [Income Tax Act.](#)
- b) CRA Guidance Reference Number CG-004- Using an Intermediary to Carry out a Charity's Activities within in Canada
- c) Policy for Donations and Issuing Official Donation Receipts
- d) CRA - IC05-1R1- Record Keeping

## 5. Definitions

- a) **Charitable Gift** - Property that is voluntarily transferred without value consideration by an individual or organization with the intent to provide a benefit to another individual or organization.
- b) **County** - The Corporation of the County of Prince Edward
- c) **CRA** - The Canada Revenue Agency
- d) **Donation** - A gift, which as been given voluntarily and without compensation or non-monetary considerations (e.g. advertising, promotion, services, etc.).
- e) **Gifts in Kind** - Gift in kind” is a non-cash gift or gift of property that has been given voluntarily without compensation or non-monetary considerations (eg. Advertising, promotion, services, etc.). They cover such items as:
  - i. capital property, real property, depreciable property, listed person property (print, drawing, etching, painting, sculpture, or other work of art, a leasehold interest, inventory of a business, gift certificates, if donated by someone other than the issuer and the donor has obtained the gift certificate for valuable consideration either from the issuer or other third party, gifts of life insurance policies, gifts under will.
- f) **Gifts of Service** is identified as donated time, skills, or efforts and are not property, and therefore do not qualify as gifts for the purposes of issuing Official Donation Receipts.
- g) **Official Donation Receipt** - is a statement that is an official receipt for income tax purposes, the form of which is prescribed by the Canada Revenue Agency.
- h) **Pledge** - A pledge or promise to make a gift is not in itself a gift.
- i) **Qualified Donee** - is an organization that can issue official donation receipts for gifts it receives from registered charities. Municipalities are granted qualified donee status under the Income Tax Act.
- j) **Treasurer** – means the Director of Corporate Finance and Infrastructure Technology (Treasurer) for the County of Prince Edward.

## 6. General

This policy includes donations of Cash, Gifts in Kind, and other types of Donations to the County for County run projects and programs and Donations received o support community projects, provided by an organization where the project is under the authority of County.

- a) The County will issue an Official Income Tax Receipt for cash Donations, Gifts-in-Kind and other non-monetary Donations for a community project lead by an organization under the following conditions:
  - i. The Donation has been made to the County;
  - ii. Council deems the project to be in the interest of the County;
  - iii. Council establishes how ongoing direction and control over the use of the funds will occur;
  - iv. A written agreement is entered into between the County and the organization, executed by the Director of Finance and CAO;
  - v. The purpose that the funds are used for is a purpose for which the Corporation of the County of Prince Edward could accomplish in its own right.
- b) This policy does not apply and an official donation receipt for income tax purposes cannot be issued when:
  - i. The County acts as a conduit by collecting gifts from donors and then funnels the Donation to an organization without maintaining direction and control as provided for under a) above.
  - ii. The organization is already legally or otherwise entitled to the transferred funds or property.
  - iii. Fundraising initiatives by staff on behalf of an outside organization (e.g. dress down days for local charities, United Way campaign, etc.), unless provided for under the Income Tax Act.
  - iv. An advantage accrues to the donor or to any other person not dealing at arm's length to the donor as a result of the donation.
- c) Failure to comply with this Policy and relevant legislation may result in financial penalties, suspension of the County's receipting privileges or revoking the County's qualified done status by the CRA. If the County's qualified donor status is suspended or revoked, the County cannot issue Official Income Tax Receipts or receive gifts from registered charities during that period.
- d) A donor can direct that a gift be used in a particular program provided that no benefit accrues to the donor or anyone not at arm's length to the donor; however, the Municipality must have full discretion in deciding how to allocate its funds and must be able to re-allocate all donated funds to other programs or activities when it deems appropriate. When the Municipality does not have control over the donated funds, or when a donor benefits from donated funds, these funds do not constitute a gift and are not eligible for a receipt.

- e) Gifts in-kind shall be evaluated by the appropriate municipal staff prior to acceptance to ensure that the gift is suitable to municipal needs, and to ensure that by acceptance the municipality does not assume any gifts that may result in environmental impacts or legal dispute.

## **7. Responsibility and Implementation**

- a) Council

- i. Passes resolution to identify a group as a project of Community Interest.

- b) CAO

- i. Enters into written agreement with organization fundraising

- c) Municipal Treasurer

- i. Ensures that donations are recorded accurately
  - ii. Ensures that Official Donation Receipts are issued in accordance with the Income Tax Act
  - iii. Enters into written agreement with organization fundraising

## **8. Documentation and Forms**

- a) Appendix A - Organization Donation Template for record keeping

- b) Appendix B - Sample Official Donation Receipt