

DISTRICT OF FORT ST. JAMES
POLICY AND PROCEDURE MANUAL

POLICY GROUP:	Finance
POLICY#:	2.8
SUBJECT:	Donations
ADOPTED:	February 8, 2012
REVISED:	
ADMINISTERED BY:	Administration, Finance

Objective: To provide a policy and procedure with respect to the acceptance of donations, and the issue of government donation letters for tax purposes.

Policy: The District of Fort St. James accepts donations and issues tax donation letters based on a specific set of criteria. The basis for this is bound by legislation, found in Schedule “B”

Procedures:

A monetary donation can be made to the District for the general uses of the municipality. Or the contributor can specify a municipal function or facility they wish to support. A comprehensive list of municipal functions can be found in the attached Schedule “A”.

A non-monetary donation may also be accepted but will require proper documentation and a determination of value. (ie. Appraisal or other official document)

Anyone making a donation to the District should be made aware of the following:

1. The District does not have a charitable donation number. Donation letters will reference federal legislation allowing local government donations to be tax deductible.
2. Contributors will not receive a tax deductible donation letter unless the donation is made in accordance with Schedule “A”.
3. Donations received in amounts less than \$50.00 will not receive a donation letter.
4. Any donation made towards the general operation of the municipality is done so unconditionally without any expectation of benefits in return.

Contributions to the “Donation Grant-In-Aid” program should be made aware of the following:

1. A Donation Grant-In-Aid application is to be filled out and signed by both the contributor and recipient. See Schedule B
2. The recipient organization should be an established not-for-profit organization operating in the Fort St. James area.
3. Funds received are to be used for the specific purpose as outlined in the application. The specific purpose should be for the benefit of the community.
4. Applications will be approved at the discretion of the Chief Administrative Officer

SCHEDULE “A”

APPROVED MUNICIPAL FUNCTIONS FOR THE PURPOSES OF DONATION

<i>Function/Facility</i>	<i>Description</i>
Fort Forum Ice Arena	Operation, maintenance and construction of the municipally run ice arena located at 240 Stuart Drive E.
Fort St. James Fire Department	Operation, maintenance and construction of the municipal fire protection service.
“In Memoriam” Bench Plaques	Specific residents of the community may be honoured by having a memorial brass plaque installed on a park bench.
Fort St. James Bicentennial Library	Operation, maintenance and renovation of the Fort St. James Library building.
Municipal Parks	Improvements, additions or operating municipally owned parks throughout the District.
Municipal Cemetery	Improvements, additions or operating municipal portion of cemetery lands.
Municipally Owned Capital Projects	Capital additions, infrastructure additions or replacement of District owned and managed capital assets.
Municipal Wharf	Operation, maintenance and additions to the municipally run marina located at Cottonwood.
Donation Grant-In-Aid	Provides grants to non-profit community organizations. This function is supported solely by public donations.

* Note: Any donations which do not specifically fit within these categories will be addressed individually by Mayor and Council, providing they are within the legal abilities of the District.

SCHEDULE "B"



DONATION GRANT IN AID CONTRIBUTION

Date of Contribution:			
Name of Contributor* (organization or individual):			
Contributor Mailing Address*:			
Recipient Name/Project**:			
Recipient Mailing Address**:			
Description of Use of Funds:			
Contributor Contact Name:			
Organization (if applicable):			
Home Phone:			
Work Phone:			
Email:			
Recipient Contact Name:			
Organization:			
Home Phone:			
Work Phone:			
Email:			
To the best of my knowledge, the above statements are true and accurate as of the date of the application.			
X		X	
Contributor Signature		Recipient Signature	

*Name and address of contributor must be the name and address to appear on donation letter if a grant is approved.

**Name and address of recipient must be the name and address to appear on a cheque if a grant is approved.

SCHEDULE “C”

LEGISLATIVE CONSTRAINTS ON ISSUING DONATION LETTERS

Summary

For the purposes of accepting contributions from the public in the form of donations for the purposes of tax relief, the *Income Tax Act* treats a municipality in Canada as a registered charity.

According to the *Income Tax Act*, [s. 149.1] a registered charity can only use its resources (for example - funds, personnel, and property) in two ways, whether inside or outside Canada:

- on its own activities (those which are directly under the charity's control and supervision, and for which it can account for any funds expended); and
- on gifts to qualified donees. Where qualified donees are organizations that can issue official donation receipts for gifts that individual corporations make to them, as listed in subsections 110.1(1)(a) and 118.1(1) of the *Income Tax Act*

Own activities

A charity usually carries on its activities using its staff (including volunteers, directors, or employees), or through an intermediary (for example - an agent or contractor). However, when using an intermediary, it must still direct and control the use of its resource, although it may generally delegate authority to make day-to-day operating decisions. A charity cannot merely be a conduit to funnel money to an organization that is not a qualified donee. (Note 1)

For this guidance, an intermediary is a person or non-qualified donee that the charity works with to carry out its own activities.

Direction and control when using intermediaries

The Canada Revenue Agency (CRA) requires that a charity take all necessary measures to direct and control the use of its resources when carrying out activities through an intermediary. When carrying out activities through an intermediary, the following steps are strongly recommended:

- Create a written agreement with the intermediary, and implement its terms.
- Communicate a clear, complete, and detailed description of the activity to the intermediary.
- Monitor and supervise the activity.
- Provide clear, complete, and detailed instructions to the intermediary on an ongoing basis.
- For agency relationships, segregate funds, as well as maintain separate books and records.
- Make periodic transfers of resources, based on demonstrated performance.

A charity must maintain a record of steps taken to direct and control the use of its resources, as part of its books and records, to allow the CRA to verify that all of the charity's resources have been used for its own activities.

* Note 1: [The Canadian Committee for the Tel Aviv Foundation v. Canada \(2002 FCA 72\), 2002-03-01](#) This committee was found guilty of using charitable revenue to fund activities of a non-registered charity as well as non-registered foreign charitable activities. Their charitable status was revoked.