

**THE CITY OF HAMILTON**  
**CORPORATE SERVICES DEPARTMENT**  
**CUSTOMER SERVICE (REVENUES) – POLICY**

<b>Subject:</b> Donations Policy	<b>Customer Service (Revenues)</b>
<b>Effective:</b> December 11, 1997	<b>Section</b>

APPROVED BY COUNCIL ON DECEMBER 11, 1997

**1.0 POLICY STATEMENT:**

Continuing financial pressures have forced many communities to look at a variety of means to ensure the continuation of important and needed services. Some have taken a proactive approach to seeking out financial partners for projects while others have developed strategies for soliciting donations of goods, services and dollars for City programs, services and projects.

Hamilton City Council has, for the past number of years, considered and approved a number of contributions from outside sources as a funding mechanism to ensure that projects go forward, in spite of reducing civic budgets. The City wishes to increase its ability to solicit and receive donations for approved projects and services, while adhering to all appropriate legislative requirements.

**2.0 PURPOSE:**

The purpose of this policy is to provide principles and guidelines for the solicitation and receipt of donations to approved City projects and programs. The City acknowledges and encourages the interest of the community in donating gifts of cash, land and buildings, materials, services or goods to the City for the purpose of enhancing public facilities or services. The City reserves the right not to accept donations that do not contribute to the public good or are beyond the capacity of the City to receive and manage. The City will acknowledge contributions of sponsors and donors in a manner befitting the gift and in keeping with City guidelines.

**3.0 PRINCIPLES:**

- 3.1 The City will solicit and receive donations of funds, services and goods that enable it to reduce the cost of approved projects and programs; enhance existing services that do not increase operating costs; and finance desired projects and services that are not funded from the tax levy or other municipal sources.
- 3.2 The donation of funds, goods or services will be received by the City on the understanding that no significant consideration will be returned to the donor, as per the Income Tax Act. Nominal recognition in the form of letters or signs of acknowledgement may be made.
- 3.3 The receipt or rejection of funds, goods or services will be at the sole discretion of City Council, or its designated officers.
- 3.4 City Council shall reserve the right to designate donated funds for approved civic projects or programs with due regard to the wishes and intentions of the donor.
- 3.5 All donations become the sole and unfettered property of the City of Hamilton.

**4.0 AUTHORITY:**

The City of Hamilton as a Canadian Municipality can accept gifts from individual and corporate taxpayers per paragraph 118.1(1) (d) of the Income Tax Act subject to the limitations included in subsection 118.1(1) and 110.1(1) (a).

Hamilton City Council is solely responsible for the approval of projects or programs for which donations are to be dedicated. Authority for the administration of the policy is delegated to staff.

**5.0 DEFINITION OF A CHARITABLE DONATION OR GIFT:**

A gift, within the context of the Income Tax Act, is a voluntary transfer of property without valuable consideration. A gift is made in any circumstance where all three of the conditions listed below are satisfied.

- (a) Some property, usually cash, is transferred by a donor to the City.
- (b) The transfer is voluntary. Any legal obligation on the payer would cause the transfer to lose its status as a gift.

- (c) The transfer is made without expectation of return. No valuable consideration, no benefit of any kind, to the donor or anyone designated by the donor may result from the payment.

Compliance with this general rule is imperative to ensure that the gift(s) are deductible contributions.

## **6.0 EXAMPLES WHERE A DONATION OR GIFT IS CONSIDERED CHARITABLE**

- 6.1 Where the gift, as defined above, is given to the City with a general direction as to its use, i.e. a specific program or project.

- 6.2 Where a voluntary payment is made to the City in order to assist it in paying the expenses of a non-municipal organization which is regularly supported by the municipality. The following further defines this relationship:

- The municipality must have an active involvement in the 3<sup>rd</sup> party organization through representatives on the executive.
- The organization must be in receipt of financial assistance from the City.
- The donations would be paid to the 3<sup>rd</sup> party via a grant.
- The organization should be community wide and be open or available to all City of Hamilton residents, or,
- The 3<sup>rd</sup> party organization is raising funds for a municipal project which has been approved by Council.
- The City of Hamilton reserves the right to designate as they deem appropriate (with due regard to the wishes and intentions of the donor).

- 6.3 Where the gift is given to the City with a request that it pass the money on to an associated organization, such as a community organization within the municipality, if the designated organization operates under the authority of the municipality, such as a committee established by a municipal by-law.

**Note: Where a voluntary payment is made to a Canadian municipality with a request the municipality pass the money along to a community group with which the municipality has little or no active involvement, it is the position of Revenue Canada that where a municipality is simply acting as a conduit for some other organization in receiving a payment, the payment can not be considered a gift to the municipality. As such the municipality may not issue an income tax receipt.**

**7.0 CRITERIA FOR RECEIPT OF CASH DONATIONS:**

Funds will be received for approved projects and programs in order to:

- Reduce costs from the tax levy.
- Enrich approved projects and programs on the condition that no additional ongoing operating cost accrues to the City.
- Enable non-funded projects and programs to operate, conditional upon Council approval.

**8.0 FORMATION OF A CITY-WIDE DONATIONS COORDINATING GROUP:**

In order to ensure the proper marketing of donor opportunities and administration of donations it is proposed that a standing cross-Departmental working group be struck to oversee the program. The Parks Staff Advisory Committee would be an example of this approach.

This group would report through the Chief Administrative Officer and the City Treasurer to the Finance and Administration Committee relative to the amount and nature of donations. Due to the relevance to programming, other standing committees of Council will be briefed.

The Group would consist of one staff from the Treasury, one from the Clerks Department and at least one from each of "receiving Departments", i.e. Public Works and Traffic; Fire and Culture and Recreation, to be selected by the respective Department Head.

The mandate of this Working Group would be to:

- 8.1 On an annual basis produce and distribute marketing information highlighting ways in which individuals, groups, associations and businesses can make donations.
- 8.2 Develop and implement procedures for receipt and recording of donations in accordance with this policy.
- 8.3 Report through the Chief Administrative Officer and the City Treasurer to the Finance and Administrative Committee on the nature and amount of donations.
- 8.4 Maintain files as appropriate.
- 8.5 Provide an annual evaluation of the success of the donations program for the information and action of the Chief Administrative Officer.

**9.0 Procedures for Receiving Donations:**

The following general procedures will apply to all programs. Additional program specific guidelines may be developed.

- 9.1 All donations are received subject to the approval of the appropriate Department Head and/or the Coordinating Committee and may be subject to a requirement to a preauthorization by the Department Head or the Coordinating Committee where appropriate.
- 9.2 All donations of funds must be made payable to the **City of Hamilton**, and are to be received by the Department Head responsible for the program for which funds are intended.
- 9.3 All donations of funds are forwarded immediately upon receipt to the Treasurer for deposit to the appropriate account.
- 9.4 All donations of land, buildings, goods, materials and services will be reviewed as to appropriateness by the receiving Department and in particular with the Coordinating Committee with regards to "estimate of value."
- 9.5 Documentation of all donations is to be forwarded to the Coordinating Committee for filing and recording purposes.
- 9.6 A letter of acknowledgement is issued by the receiving Department Head.
- 9.7 Documentation of the donation is to be forwarded to the Coordinating Committee for processing and recording.
- 9.8 Additional gestures of appreciation or recognition, if warranted or requested, will be developed by the receiving Department Head, in consultation with the Coordinating Committee, the Mayor and the Chairperson of the Standing Committee.
- 9.9 A report is prepared by the receiving Department Head and forwarded to the appropriate standing committee of Council.
- 9.10 If requested, the Treasurer in due course will issue an income tax receipt.

**10. DISPUTE RESOLUTION:**

Any dispute relative to the application or interpretation of this policy is to be referred to the Coordinating Committee, then to the Chief Administrative Officer and City Treasurer; and then, ultimately, to the Finance and Administration Committee, if required for adjudication.