



CITY OF PRINCE ALBERT

AQUATIC & ARENAS RECREATION PROJECT FUNDRAISING COMMITTEE REGULAR MEETING

AGENDA

**MONDAY, AUGUST 21, 2023, 4:00 PM
MAIN BOARDROOM, 2ND FLOOR, CITY HALL**

1. CALL TO ORDER

2. APPROVAL OF AGENDA

- 2.1 April 4, 2023 Aquatic and Arenas Recreation Project Fundraising Committee Incamera Meeting Minutes for Approval (MIN 23-35)

3. DECLARATION OF CONFLICT OF INTEREST

4. APPROVAL OF MINUTES

5. COMMUNICATIONS & DELEGATIONS

6. REPORTS OF ADMINISTRATION & COMMITTEES

- 6.1 Donation Policy and Procedure (RPT 23-249)

7. UNFINISHED BUSINESS

8. ADJOURNMENT



City of
Prince Albert

MIN 23-35

MOTION:

That the Minutes for the Aquatic and Arenas Recreation Project Fundraising Committee Incamera Meeting held April 4, 2023, be taken as read and adopted.

ATTACHMENTS:

1. Incamera Minutes

2. Adding specific wording around the deemed fair market value rule. Previous wording around “gifts-in-kind” was weak in terms of how they would be treated under the Income Tax Act.
3. Enhanced the wording for issuing receipts for other organizations on behalf of the City. The CRA has specific policies for this situation where they state registered charities are prohibited from gifting their resources to non-qualified donees. This is in place to prevent a qualified donee from acting as a conduit for a profitable business where the qualified donee would receive a tax free contribution, issue a donation receipt for it, then provide those funds to a profitable entity. In scenarios such as this, the profitable company evades taxes which is why the CRA has policies to prohibit this. If the City were to be deemed as acting as a conduit, CRA could impose fines and penalties and revoke the qualified donee status.

The City could eliminate this option from the policy to completely evade the risk. This would mean that organizations that benefit the community would no longer be able to partner with the City to run promotional campaigns to fund their projects for which the City issues donation receipts. However, there are organizations that benefit from this, such as the Prince Albert Golf and Curling Club who were recently approved to run a program to fund a campaign to refurbish their curling rocks. Instead, it is being recommended to enhance the policy to add in additional details to prevent the City from acting as a conduit, which is achieved by maintaining control over the use of the funds.

Also attached to this report is the draft Gift Acceptance Policy Guidelines and Procedures that details the specifics of accepting and receiving donations. This document provides clear guidance on the gift acceptance procedures and outlines the process, requirements, and how to handle specific scenarios of gifting.

PUBLIC NOTICE:

Public Notice pursuant to Public Notice Bylaw No. 24 of 2015 is not required.

ATTACHMENTS:

1. Current Donation Policy
2. Updated Donation Policy – Draft
3. Gift Acceptance Policy Guidelines and Procedures Draft

Written by: Briane Vance, Senior Accounting Manager

Approved by: City Manager

City of Prince Albert Statement of POLICY and PROCEDURE			
Department:	Financial Services	Policy No.	07
Section:		Issued:	
Subject:	Tax Deductible Donation Policy and Procedure	Effective:	November 13, 2007
Council Resolution # and Date:	Council Resolution No. 0783 of Nov. 13, 2007	Page:	1 of 10
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Issued by:	Finance Manager	Dated:	
Approved by:	Acting Director of Financial Services		

1 POLICY

1.01 The City, when requested, will issue a tax deductible donation receipt for any gift of money, or gift-in-kind (as outlined under paragraph 1280 of the CCH Canadian Accounting Handbook), paid directly to the City to be utilized for projects that fall within the definition of “Beneficial to the Community” (see Section 5, Paragraph 5.02), and which exceed \$10.00.

1.02 The Income Tax Act notes that gifts must involve “property”. Contributions of services (skills, time, or effort) are not considered “property” and will not receive a receipt unless the donor invoices the City or Organization receiving the service. The recipient must agree to pay for the service and the donor must be willing to return all, or a portion of, the payment as a gift.

For example, if a company completes work for an entity, their invoice should show the value of the work or service provided. It should then be revised to clearly identify the dollar amount of the donated contribution of service or goods, and the invoice should note that it is being “reduced” by the amount of the “donation”.

1.03 It will be the responsibility of Organizations, Individuals or City Departments requesting tax donation receipts, to track who is providing donations to them, and to provide that information in an organized format as required by City Administration.

1.04 Organizations from time to time will canvas the general public for donations for capital projects that have a capital impact on City Facilities. In those instances, City Administration will work with and act as “consultants” and may, when requested by the Organization and subject to City Council’s approval, participate in a limited capacity in the collection process. Administration will provide tax deductible donation receipts for donations if they meet the criteria as outlined in The Income Tax Act.

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2 PURPOSE

2.01 The intent of this policy is to provide a clear and concise understanding of what criteria must be followed in order to receive a tax deductible donation receipt from the City.

3 SCOPE

3.01 This applies to all external organizations, individuals or City departments requesting that the City provide a tax deductible donation receipt.

4 RESPONSIBILITY

4.01 It is the responsibility of all City Departments, Organizations and Individuals to comply with the requirements and guidelines noted in the attached document.

5 DEFINITIONS

5.01 **Benefit to the Community** is defined as:

1. Donations made to improve a civic facility that is owned by the City, but may not necessarily be operated by the municipality.
2. Donations made to assist with the capital development of a civic facility that will be owned by the City, but may not necessarily be directly operated by the municipality.
3. Donations made to assist with the operations of a civic facility either paid directly to the managing organization or to the City.

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4. Donations made to offset community service programs offered by various City departments. Examples would include programs such as Drug Abuse Resistance Education programs, or Fire Prevention and Education programs, playground programs, as well as other programs that are deemed to provide educational or recreational benefit to the community at large.

5.02 Gifts, as defined by The Income Tax Act are:

“Generally, a gift is made if all three conditions noted below are satisfied:

- a). some property - usually cash - transferred by a donor to a registered charity
- b). the transfer is voluntary, and
- c). 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.”

These criteria will be the basis for determining the eligibility of donations and whether or not the City will be issuing tax deductible receipts.

5.03 Gift-in-kind as noted under paragraph 1280 of the CCH Canadian Accounting Handbook requires the following:

“Where the donation is a gift of property other than cash, a brief description of the donation must be provided along with an independent appraisal of the fair value of the “gift” provided in order to determine what the fair market value of that gift will be (paraphrased).”

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6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

6.01 The Income Tax Act

6.02 CCH Canadian Accounting Handbook

6.03 Canada Revenue Agency Publications

T4063 - Registering a Charity for Income Tax Purposes;

RC 4108 - Registered Charities and the Income Tax Act; and

P113 - Gifts and Income Tax

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7 PROCEDURE

7.01 Donations to Organizations that request City of Prince Albert Donation Receipts:

The City of Prince Albert is often requested to provide tax deductible donation receipts to individuals who give money or property to various community based organizations. In order to comply with the requirements of The Income Tax Act, the City **must** ensure that the money being donated to the Organization “benefits the community” as defined under the section Definitions, paragraph 5.01. The following procedure must be adhered to for all donation receiving requests identified under sections 7.03 to 7.06 inclusive, before the City will provide donation receipt(s):

- 1). An Organization must provide to City Administration a formal letter noting its mandate and how it intends to use the funds to “benefit the local community at large.
- 2). Administration receiving this request must provide a report to City Council forwarding the Organization’s formal letter as well as asking Council for their approval to provide Tax Deductible Donation receipts. The memo or letter must clearly identify the term for which the donation receipts will need to be provided, that is:
 - a) For one specific year only;
 - b). For a period of the current year until a specified end date; or
 - c). For an indefinite period beginning in the current year and not ending until further instructions are received.
- 3). Once City Council makes a decision with respect to the request, City Administration will contact the Organization and inform them of

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Council's decision. If Council agrees to provide Donation receipts, Administration will provide a copy of this policy noting the steps that must be followed and what information the City will require from them (as itemized below) in order to facilitate the timely production of tax donation receipts.

7.02 Donation Receipt Guidelines:

- Below is a table noting information the City requires from Organizations. All information is to be supplied in the format noted below. All fields in the table should be completed. This is an Excel spreadsheet and the City asks that Organizations, if possible, use the same software or a compatible program with similar formatting.

Name of Company Making a Donation	Last Name	First Name	Address	City	Prov	Postal Code	Donation Amount	Donated To:	Organ.'s Temporary Donation Receipt Number	Date Organ. Issued Temp. Receipt

- Organizations must provide **pre-numbered** receipts to their donors and those numbers should be noted in the spreadsheet provided to the City.
- Spreadsheets must be submitted to the City's Financial Services Department by January 31 of the following tax year. **The Organization will be expected to provide this list on their own initiative.** If the deadline passes before the Organization provides its information, the City cannot guarantee that the donation receipts will be processed by the February 28th deadline.

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4. The Organization must provide a total for all Donation monies received.
5. Organizations must simultaneously provide a copy of their spreadsheet to City Administration and a cheque for the total amount of donated dollars received and should note how the money is to be utilized by the City (see below).
 - a). If the donated money is to be allocated toward a multi-year loan or similar financial arrangement with the City, the revenue should be recorded as a reduction of the loan payable or other financial arrangement.
 - b). If the donated money is to be used in an alternate manner, once it is received and receipted, Financial Services will process a cheque payable back to the Organization for the same dollar amount paid to the City.

Financial Services will provide a cash receipt for the money received and will allocate the money based on the information provided by the Organization.

6. If a cheque and donation list is supplied by an Organization prior to or by the January 31 deadline noted under paragraph 3 and in advance of the City printing the donation receipts, City Administration will process payment back to the Organization by the next cheque printing date. Cheques should not be held by the City for a period that exceeds two weeks. However, if donation receipts can be completed under the two week deadline, the City will make every effort to simultaneously provide both the cheque and donation receipts to the Organization.
7. The City of Prince Albert will generate Tax Donation receipts before February 28th of the new year, and will contact the person identified as the Organization's contact individual once the receipts are printed. The City will keep a PDF copy of all tax donation receipts issued.
8. It will be the responsibility of the Organization to distribute the Tax Donation receipts to the donors noted on their spreadsheet.

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9. Donors, if they experience any problems receiving their respective Tax Donation receipts, should first contact the Organization they donated to before contacting the City. The Organization's contact person should be the only person corresponding with the City to avoid confusion or data entry errors from occurring.

7.03 Cash Payments received at City Hall:

- Cash donations received from any individual and submitted to the City must be provided to the cashier who will provide a receipt to the donor. A copy of that receipt will be kept in a Donations file in Financial Services. The cashier's receipt should note:
 - a). the dollar amount paid;
 - b). the name and address of the donor; and,
 - c). how the donor wants the money to be used (ie. Is it for a specific Community Services program or is it to be utilized for infrastructure rehabilitation or construction, etc.).
- The City will generate a numbered Tax Deductible Donation receipt to the person noted in this spreadsheet by February 28th of the preceding year and will keep a PDF copy of the receipt for future reference.

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7.04 Requested Donations:

- Any money donated from someone's estate to the City, will follow the same procedures as outlined in 7.01 and 7.02 above **except** that the name of the donor should be recorded on the spreadsheet as the "Estate of ..." (for example, Estate of Robert Winterburn). All other requirements must be followed as noted above.
- Financial Services should be provided with a copy of the Notarized documents and letter from the Estate instructing where the money or donation is to be utilized in order to ensure that, in the future, the money is utilized for its intended purposes.
- A numbered Tax Deductible Donation receipt will be provided to the Estate by February 28th of the preceding year and the City will keep a PDF copy of the receipt for future reference.

7.05 Gift-In-Kind Donations:

- In order for the City to issue a Tax Deductible Donation receipt for Gifts-in-Kind, a quantification of the fair market value of that gift(s) must be determined. In all situations, it is the responsibility of the entity receiving the gift-in-kind to contact an independent professional appraiser to provide an appraisal of the donation.
- Gifts-in-Kind should be recorded on a separate spreadsheet. Once the Appraisal is provided, the spreadsheet with a copy of the appraisal, must be submitted to Financial Services following the same format as noted under paragraph 7.02.

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- The City of Prince Albert will generate a numbered Tax Deductible Donation receipt to the person noted in this spreadsheet by February 28th of the preceding year and the City will keep a PDF copy of the receipt for future reference.

7.06 Contributions of Services:

- As noted under the section “**Policy**”, paragraph 1.02, contributions of services (skills, time, or effort) are not considered “property” and will not receive a receipt unless the donor invoices the entity receiving the service. Organizations must agree to pay for the service and the donor must be willing to return all, or a portion of, the payment as a gift.

As an example, if a company completes work for an entity, their invoice should show the value of the work or service provided. The invoice must be revised to clearly identify the dollar amount of the donated contribution of service or goods, and it should note that it is being “reduced” by the amount of the “donation”.

- Organizations should keep a separate spreadsheet following the same format as noted under paragraph 7.02, recording all invoices they have received that identify contributions of service(s) and they must provide a copy of that invoice to City Administration for verification purposes.
- The City of Prince Albert will generate a numbered Tax Deductible Donation receipt to the person noted in this spreadsheet by February 28th of the preceding year and the City will keep a PDF copy of the receipt for future reference.

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1 POLICY

1.01 The City, when requested, will issue an official donation receipt for any gift of money, or gift-in-kind (as outlined under paragraph 1280 of the CCH Canadian Accounting Handbook), paid directly to the City to be utilized for projects that fall within the definition of "Beneficial to the Community" (see Section 5, Paragraph 5.02), and which exceed \$10.00.

1.02 The Income Tax Act notes that gifts must involve "property" . Contributions of services (skills, time, or effort) are not considered "property" and will not receive a receipt unless the donor invoices the City or Organization receiving the service. The recipient must agree to pay for the service and the donor must be willing to return all, or a portion of, the payment as a gift. This should be accomplished by a cheque exchange to ensure not only an audit trail, but also ensures the donor will account for the taxable income. *Canada.ca CPC-017*

1.03 It will be the responsibility of Organizations, Individuals or City Departments requesting donation receipts, to track who is providing donations to them, and to provide that information in an organized format as required by City Administration.

1.04 Organizations from time to time will canvas the general public for donations for capital projects that have a capital impact on City Facilities. In those instances, City Administration will work with and act as "consultants" and may, when requested by the Organization and subject to City Council's approval, participate in a limited capacity in the collection process. Administration will provide official donation receipts for donations if they meet the criteria as outlined in The Income Tax Act and the appropriate Canada Revenue Agency requirements and guidelines.

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2 PURPOSE

2.01 The intent of this policy is to provide a clear and concise understanding of what criteria must be followed in order to receive an official receipt from the City.

3 SCOPE

3.01 This applies to all external organizations, individuals or City departments requesting that the City provide an official donation receipt.

4 RESPONSIBILITY

4.01 It is the responsibility of all City Departments, Organizations and Individuals to comply with the requirements and guidelines noted in the attached document.

5 DEFINITIONS

5.01 **Benefit to the Community** is defined as:

1. Donations made to improve a civic facility that is owned by the City, but may not necessarily be operated by the municipality.
2. Donations made to assist with the capital development of a civic facility that will be owned by the City, but may not necessarily be directly operated by the municipality.
3. Donations made to assist with the operations of a civic facility paid directly to the City.

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4. Donations made to offset community service programs offered by various City departments. Examples would include programs such as Drug Abuse Resistance Education programs, or Fire Prevention and Education programs, playground programs, as well as other programs that are deemed to provide educational or recreational benefit to the community at large.

5.02 Gifts, as defined by The Income Tax Act are:

"Generally, a gift is made if all three conditions noted below are satisfied:

- a). some property – either in the form of cash or a gift-in-kind- transferred by a donor to a registered charity
- b). the transfer is voluntary. The donor must not be obliged to part with the property, for instance as the result of a larger contract or a court order.
- c). the transfer is made without valuable consideration (advantage). The advantage cannot exceed 80% of the fair market value of the property being transferred.

These criteria will be the basis for determining the eligibility of donations and whether or not the City will be issuing official receipts.

5.03 Gift-in-kind as noted under paragraph 1280 of the CCH Canadian Accounting Handbook requires the following:

"Where the donation is a gift of property other than cash, a brief description of the donation must be provided along with an independent appraisal of the fair value of the "gift" provided in order to determine what the fair market value of that gift will be (paraphrased)."

The deemed fair market value rules as described in Income Tax Act Subsections 248(31) and (35), and any other applicable sections, will apply to any gifts-in-kind received.

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6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

6.01 The Income Tax Act of Canada

6.02 CCH Canadian Accounting Handbook

6.03 Canada Revenue Agency Publications
T4063 - Registering a Charity for Income Tax Purposes; and
P113 - Gifts and Income Tax

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7 PROCEDURE

7.01 City of Prince Albert Donation Receipts and other Organizations

The City of Prince Albert is often requested to provide donation receipts to individuals who give money or property to various community based organizations. In order to comply with the requirements of The Income Tax Act, the City **must** ensure that the money being donated to the Organization "benefits the community" as defined under the section Definitions, paragraph 5.01. The City **must** also ensure that the ultimate authority on the use of the donations rests with the City. The following procedure must be adhered to for all donation receipting requests identified under sections 7.03 to 7.06 inclusive, before the City will provide donation receipt(s):

- 1). An Organization must provide to City Administration a formal letter noting its mandate and how it intends to use the funds to "benefit the local community at large". The Organization must also indicate their understanding that the City holds the ultimate authority over the use of the funds.
- 2). Administration receiving this request must provide a report to City Council forwarding the Organization's formal letter as well as asking Council for their approval to provide Donation receipts. The memo or letter must clearly identify the term for which the donation receipts will need to be provided, that is:
 - a) For one specific year only;
 - b). For a period of the current year until a specified end date; or
 - c). For an indefinite period beginning in the current year and not ending until further instructions are received.
- 3). Once City Council makes a decision with respect to the request, City Administration will contact the Organization and inform them of

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Council's decision. If Council agrees to provide Donation receipts, Administration will provide a copy of this policy noting the steps that must be followed and what information the City will require from them (as itemized below) in order to facilitate the timely production of donation receipts. Administration must also communicate that while this is being facilitated to provide to the Organization, the City has ultimate authority over the use of the resources.

7.02 Donation Receipt Guidelines:

- Below is a table noting information the City requires from Organizations. All information is to be supplied in the format noted below. All fields in the table should be completed. This is an Excel spreadsheet and the City asks that Organizations, if possible, use the same software or a compatible program with similar formatting.

Name of Company Making a Donation	Last Name	First Name & Middle Initial	Address	City	Prov	Postal Code	Donation Amount	Donated To:	Organ.'s Temporary Donation Receipt Number	Date Recv'd

- Organizations must provide **pre-numbered** receipts to their donors and those numbers should be noted in the spreadsheet provided to the City.
- Spreadsheets must be submitted to the City's Financial Services Department by January 31 of the following tax year. **The Organization will be expected**

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to provide this list on their own initiative. If the deadline passes before the Organization provides its information, the City cannot guarantee that the donation receipts will be processed by the February 28th deadline.

4. The Organization must provide a total for all Donation monies received.
5. Organizations must simultaneously provide a copy of their spreadsheet to City Administration and a cheque for the total amount of donated dollars received and should note how the money is to be utilized by the City (see below).
 - a). If the donated money is to be allocated toward a multi-year loan or similar financial arrangement with the City, the revenue should be recorded as a reduction of the loan payable or other financial arrangement.
 - b). If the donated money is to be used in an alternate manner, once it is received and receipted, Financial Services will process a cheque payable back to the Organization for the same dollar amount paid to the City.

Financial Services will provide a cash receipt for the money received and will allocate the money based on the information provided by the Organization.

6. If a cheque and donation list is supplied by an Organization prior to or by the January 31 deadline noted under paragraph 3 and in advance of the City printing the donation receipts, City Administration will process payment back to the Organization by the next cheque printing date. Cheques should not be held by the City for a period that exceeds two weeks. However, if donation receipts can be completed under the two week deadline, the City will make every effort to simultaneously provide both the cheque and donation receipts to the Organization.
7. The City of Prince Albert will generate Donation receipts before February 28th of the new year, and will contact the person identified as the Organization's contact individual once the receipts are printed. The City will keep a PDF copy of all

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donation receipts issued.

8. It will be the responsibility of the Organization to distribute the Donation receipts to the donors noted on their spreadsheet.
9. Donors, if they experience any problems receiving their respective Donation receipts, should first contact the Organization they donated to before contacting the City. The Organization's contact person should be the only person corresponding with the City to avoid confusion or data entry errors from occurring.

7.03 Cash Payments received at City Hall:

- Cash donations received from any individual and submitted to the City must be provided to the cashier who will provide a receipt to the donor. A copy of that receipt will be kept in a Donations file in Financial Services. The cashier's receipt should note:
 - a). the dollar amount paid;
 - b). the name and address of the donor; and,
 - c). how the donor wants the money to be used (ie. Is it for a specific Community Services program or is it to be utilized for infrastructure rehabilitation or construction, etc.).
- The City will generate a numbered Donation receipt to the person noted in this spreadsheet by February 28th of the following year and will keep a PDF copy of the receipt for future reference.

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7.04 Bequested Donations:

- Any money donated from someone's estate to the City, will follow the same procedures as outlined in 7.01 and 7.02 above **except** that the name of the donor should be recorded on the spreadsheet as the "Estate of ... " (for example, Estate of Robert Winterburn). All other requirements must be followed as noted above.
- Financial Services should be provided with a copy of the Notarized documents and letter from the Estate instructing where the money or donation is to be utilized in order to ensure that, in the future, the money is utilized for its intended purposes.
- A numbered Official Donation receipt will be provided to the Estate by February 28th of the following year and the City will keep a PDF copy of the receipt for future reference.

7.05 Gift-In-Kind Donations:

- In order for the City to issue an Official Donation receipt for Gifts- in-Kind, a quantification of the fair market value of that gift(s) must be determined. In all situations, it is the responsibility of the entity receiving the gift-in-kind to contact an independent professional appraiser to provide an appraisal of the donation.
- Gifts-in-Kind should be recorded on a separate spreadsheet. Once the Appraisal is provided, the spreadsheet with a copy of the appraisal, must be submitted to Financial Services following the same format as noted under paragraph 7.02.
- The City of Prince Albert will generate a numbered Official Donation receipt to the person noted in this spreadsheet by February 28th of the following year and the City will keep a PDF copy of the receipt for future reference.

City of Prince Albert Statement of POLICY and PROCEDURE			
Department:	Financial Services	Policy No.	
Section:		Issued:	
Subject:	Donation Policy and Procedure	Effective:	
Council Resolution# and Date:		Page:	
		Replaces:	
Issued by:		Dated:	
Approved by:			

7.06 Contributions of Services:

- As noted under the section "**Policy**", paragraph 1.02, contributions of services (skills, time, or effort) are not considered "property" and will not receive a receipt unless the donor invoices the entity receiving the service. Organizations must agree to pay for the service and the donor must be willing to return all, or a portion of, the payment as a gift.
- Organizations should keep a separate spreadsheet following the same format as noted under paragraph 7.02, recording all invoices they have received that identify contributions of service(s) and they must provide a copy of that invoice to City Administration for verification purposes.
- The City of Prince Albert will generate a numbered Official Donation receipt to the person noted in this spreadsheet by February 28th of the following year and the City will keep a PDF copy of the receipt for future reference.

Insert Logo Here

Gift Acceptance Guidelines and Procedures

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I. INTRODUCTION

This Gift Acceptance Guidelines and Procedures (GAGP) provides guidance to the City of Prince Albert Senior Leadership Team regarding the planning, promoting, receipting, accepting, and disposing of charitable gifts.

All gifts accepted by the City of Prince Albert shall follow charitable giving procedures in compliance with all provincial and federal laws and regulations.

This GAGP will be reviewed by the Senior Leadership Team of the City of Prince Albert on an annual basis or as circumstances may require. Revisions or recommendations to these guidelines and procedures are to be approved by the Senior Leadership Team of the City of Prince Albert.

Key Terms and Definitions:

Advantage – the total value of any benefit, property, service or compensation that a donor (or entity not dealing at arm’s length from the donor) receives as consideration or gratitude as a result of making a gift. For a gift to be eligible for an official donation receipt the advantage cannot be in excess of 80% of the Fair Market Value of the gift.

Donor - any individual, partnership, corporation, foundation or other legal entity that proposes to make a gift to the City of Prince Albert.

Gift - a voluntary transfer of property without consideration.

Gift Agreement – An agreement between the City of Prince Albert and a Donor that outlines the purpose, amount, recognition requirements and any direction/constraints on the gift.

Fair Market Value (“FMV”) - is generally considered 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 knowledgeable, informed, and prudent, and who are acting independently of each other.

Inter vivos gift - is a gift made from one or more persons, without any prospect of immediate death.

Sponsor - any individual, partnership, corporation, foundation or other legal entity that proposes to make a gift that results in more than incidental recognition from the City of Prince Albert as a requirement of making the gift.

Testamentary – gifts by will, gifts by beneficiary designation or designated gifts (RRSPs, RRIFs, TFSA's, life insurance etc.) and estate donations.

Volunteer – any individual or entity that provides services to the City of Prince Albert for little or no compensation.

II. GENERAL POLICY CONSIDERATIONS

City of Prince Albert volunteers, friends and staff members are authorized to encourage donors to make gifts to the City of Prince Albert within the parameters of the GAGP. The Senior Leadership Team and such other City of Prince Albert employees are authorized to negotiate gift agreements with prospective donors and their professional advisors in accordance with the guidelines set forth in this Policy.

Outright gifts of cash, publicly traded securities, and life insurance do not require approval by the Council unless there are unusual restrictions or circumstances involved.

Should the City of Prince Albert become incapable of administering a fund to fulfill a donor's purpose, the City of Prince Albert shall employ its best possible efforts to ensure continued application of the fund to the purpose originally contemplated by the donor.

III. CATEGORIES OF GIVING

Outright gifts generally include:

- cash and cheques
- publicly-traded securities
- real estate
- personal property
- pooled investment funds
- life insurance policies where the City of Prince Albert is both the owner and beneficiary.

Deferred gifts generally include:

- bequests
- life insurance policies where the City of Prince Albert is the beneficiary but was not the owner.
- RRSP's; RRIF's & TFSA's (where the City of Prince Albert is the beneficiary)
- charitable remainder trusts
- gifts of residual interest

Refer to *Section V, Gift Acceptance Guidelines* for a detailed list of outright and deferred gifts.

Gifts accepted by City of Prince Albert generally consist of the following directions:

- Non-donor-designated (Unrestricted) gifts
- Donor-designated gifts for special projects (like Capital projects, Education programs or other types of events)
- Donor-designated gifts for specific purposes, which hold restrictions as to the application and use of the gift's principal and its income over a specified period (such as 10-year gifts)
- Donor-designated gifts which hold specific advice as to the application and use of the gift's principal and its income.

Donor designated gifts can only be accepted through a gift agreement between the City of Prince Albert and the Donor.

IV. SPECIAL POLICY NOTATIONS

Acceptance of Gifts – The City of Prince Albert Council has the responsibility and the final authority to accept gifts and ensure the gifts and any subsequent charitable receipts are in accordance with the governing documents of the City of Prince Albert, the Canadian Income Tax and Canada Revenue Agency's regulations. The Senior Leadership Team shall act on the Council's behalf and may also delegate to designated Council members/employees of the City of Prince Albert the ability to accept gifts on behalf of the City of Prince Albert. The Senior Leadership Team shall advise the City of Prince Albert Council gifts which hold unclear, impossible, inadvisable or impractical instructions for distribution as well as the ability to recover costs for gifts that require additional administration and/or other professional advice.

Related Costs - Gift-related costs such as legal fees, appraisals, real estate commissions and taxes relating to acceptance, maintenance, management or re-sale of a gift of property will normally be the responsibility of the donor unless the City of Prince Albert, upon prior agreement, agrees to assume responsibility for any portions of these items.

Compatibility - All gifts must align with the charitable purposes and objects of City of Prince Albert.

Prior Approval - All gifts that are unusual in nature should be referred to the Senior Leadership Team for prior approval. The City of Prince Albert reserves the right to seek the advice of a lawyer and/or other appropriate professional counsel prior to making any final acceptance decisions.

Fundraising Appeals - The Senior Leadership Team will establish and approve any appeal for the solicitation of gifts.

Internal Records - All documentation regarding donors must be maintained and controlled by the City of Prince Albert City Manager. All donor information is confidential and unavailable to the public unless prior written consent of the donor is obtained or otherwise required to be disclosed by law.

Fees or Commissions – The City of Prince Albert will not pay fees to any person for directing a gift (i.e. incentive based fundraising).

Professional or Appraisal Fees - If professional or appraisal fees are necessary. The City of Prince Albert shall use its best efforts to estimate the reasonableness of fees prior to payment and will ensure disclosure of same to donor. Appraisals, where necessary, will be completed by individuals who are competent and qualified to appraise property and who have no conflict of interest.

Gift Acknowledgement - All accepted gifts will be acknowledged with an official tax receipt, if applicable. All official tax receipts for gifts will comply with the *Income Tax Act, Canada* (“ITA”) and Canada Revenue Agency Regulations.

Gift-in-Kind - The date of “fair market value” will be established for inter vivos gifts as at the date of title transfer. **In the absence of any ability to determine valuation, the donor's acknowledgement will carry a stated gift value of zero (\$0).** The proper valuation processes are set forth in *Section VI, Gift Valuation Guidelines* of this GAGP. A Gift-in-Kind Information Form will be used for the purpose of accepting all gifts-in-kind for the City of Prince Albert (See Appendix II), except for gifts of securities. (see Appendix III – Request for Transfer of Securities).

Conflict of Interest – The City of Prince Albert will be cautious in all dealings with donors in order to avoid even the appearance of impropriety. If a direct or indirect conflict of interest is disclosed to a City of Prince Albert Council member or employee, that person will refer the matter to the Senior Leadership Team.

Gift Valuation – The City of Prince Albert will follow standard practice guidelines for the industry in valuing all outright and deferred gifts. The proper process of valuing non-cash property will be made pursuant to *Section VI, Gift Valuation Guidelines* of this GAGP.

Third Party Fundraising events – The City of Prince Albert reserves the right to decline funds raised at third-party events that conflict with City of Prince Albert values, mission or vision. The City of Prince Albert has the sole discretion in determining an event’s acceptability. All third-party event organizers must obtain approval from the City of Prince Albert before stating that event proceeds will be directed to the City of Prince Albert. Any use of City of Prince Albert’s logos must be pre-approved by the Senior Leadership Team. A request to use City of Prince Albert’s logos must indicate the number, size and placement of the logos at the event. A description of the event including activities, targeted attendees etc. must be included with the

application. Any lotteries, 50/50 draws or games of chance must conform to all regulations, including but not limited to Federal, Provincial and Municipal.

Gifts That Cannot be Accepted – The City of Prince Albert may choose to decline a gift. The following conditions may justify such an action, although other situations may also result in a declined gift:

- Any gift with features contrary to the charitable purposes and objects of City of Prince Albert
- Any gift that violates any provincial or federal laws
- Any restrictive clause that may bring unwarranted pressure or embarrassment to the City of Prince Albert, the City of Prince Albert Council or its employees
- Any gift that the City of Prince Albert feels contains unreasonable conditions, liens or other encumbrances
- Any gift that presents exposure to liability of a type or level unacceptable to the City of Prince Albert
- Any gift that could financially or morally jeopardize the donor or the City of Prince Albert
- Any gift where an appropriate "fair market value" cannot be determined or will result in unwarranted or unmanageable expense for the City of Prince Albert
- Any gift that could jeopardize the City of Prince Albert's charitable status
- Any gift that could improperly benefit any donor
- Any gift that holds a condition that is revocable in any way
- Such other circumstance as the City of Prince Albert considers appropriate, in its sole discretion

V. GIFT ACCEPTANCE GUIDELINES

Gifts can be generally categorized as either outright or deferred. The City of Prince Albert recommends that individuals seek independent legal advice and/or financial advice prior to making any significant outright or deferred gifts.

Outright Gifts:

- Cash and Cheques - This shall include electronic fund transfers and credit cards. All cheques shall be made payable to the City of Prince Albert. Cheques made payable to an employee or a Councilor for credit to City of Prince Albert will not be accepted as a gift to City of Prince Albert.
- Publicly-Traded Securities – The City of Prince Albert will accept only publicly-traded marketable securities that are normally to be sold immediately without restriction. Any exemptions to immediate sales will only be in extenuating circumstances (thinly traded, significant stock position, extraordinary events etc.).

- Private Held Securities – Only in exceptional circumstances will the City of Prince Albert accept privately held securities. Only privately held securities that can be converted to cash within a reasonable period of time should be accepted.
- Real Estate - All gifts of real estate will be referred to the Senior Leadership Team for prior approval. Prior to any acceptance of a gift of real estate, the City of Prince Albert will require the completion of the following as appropriate:
 - Arms-length appraisal(s)
 - Title search
 - Marketability Search
 - On-Site Evaluation
 - Environmental survey/review/assessment
 - Determination of other costs or concerns
- Personal Property – Such gifts will be considered by the City of Prince Albert. Acceptance is at the discretion of the Senior Leadership Team.
- Life Insurance – There are various methods by which a life insurance policy may be contributed to the City of Prince Albert. A donor may:
 - Commence a life insurance policy of which the City of Prince Albert is the owner and beneficiary.
 - Assign irrevocably an existing policy to the City of Prince Albert
 - Name the City of Prince Albert as a primary or successor beneficiary of the proceeds.
 - When ownership is irrevocably assigned to the City of Prince Albert, the donor is entitled to a gift receipt for the value of the policy (if any) and for any premiums subsequently paid.

Deferred Gifts:

- Estate Gifts – Consist of either estate residue or cash bequests to the City of Prince Albert through a Will or Testamentary Trust. The City of Prince Albert reserves the right to decline any gift from the estate of a deceased donor that is not in compliance with this GAGP.

A donor who advises the City of Prince Albert, in confidence, of a proposed testamentary gift to the City of Prince Albert shall be asked to provide (if possible and the donor is willing), a copy of that section of the Will naming City of Prince Albert. The donor may also wish to execute an agreement with the City of Prince Albert directing

the charitable use of the proposed testamentary gift. The City of Prince Albert will not serve as executor of a donor's will.

- RRSP's; RRIF's & TFSA's – The City of Prince Albert can be designated as the beneficiary of your RRSP, RRIF & TFSA. These transfers will normally pass outside the estate and are not normally subject to probate. The donor will receive an official receipt for the value of the RRSP, RRIF or TFSA that is transferred.
- Gift of a Residual Interest - This type of gift refers to an arrangement under which a property interest is conveyed to the City of Prince Albert, but the donor retains use of the property, or income from the property, for life or a specified term of years. For example, the donor might give a residual interest in a personal residence and continue living there or a residual interest in a painting and continue to display it. The owner is entitled to an official tax receipt for the net present value of the residual interest. With these types of gifts, the donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the City of Prince Albert, upon prior approval of the City of Prince Albert Council, agrees to assume responsibility for any of these items. The City of Prince Albert is entitled to require that the donor provide proof of payment of those expenses for which the donor is responsible. The City of Prince Albert reserves the right to inspect the property from time to time to ensure that its interest is properly safeguarded. ***Gifts of residual interest will only be accepted in exceptional circumstances.***
- Charitable Remainder Trusts – These are trusts that a donor establishes through creation of an irrevocable investment trust that will continue to pay the donor the trust income during their lifetime. Upon their death, the capital or “remainder” of the trust will be made available to the City of Prince Albert. Such trusts should only be established with the assistance of a professional advisor, who must be retained by the donor.

VI. GIFT VALUATION GUIDELINES

Establishing the Date of the Gift

Generally, the date of any gift will be defined as the date on which the donor irrevocably relinquishes control of the property to the City of Prince Albert.

If the date of the gift cannot be determined, the following guidelines will be used:

- Cheques and Cash: The date of acceptance is based on delivery method:
 - Received by mail – The date of the post office cancellation stamp if present and legible. The envelopes of any cheques received in the first part of January each

year should be retained to support a December gift acceptance date and December receipt date. Donors should be discouraged from sending cash through the mail.

- Cheques received directly at the City of Prince Albert facilities – The date the cheque is delivered to the City of Prince Albert facility. Any cheques physically received after December 31 will be dated no sooner than January 1st, even if the cheque is dated prior to December 31.
- Credit and Debit cards: Credit and debit card gifts are deemed to be accepted on the day the City of Prince Albert's account is credited, providing funds have sufficiently cleared the banking system.
- Personal Property: Gifts of personal property, no matter how delivered, are deemed to be accepted by the City of Prince Albert when the City of Prince Albert has agreed to accept the gift and title is transferred to the City of Prince Albert.
- Gift of Securities: The date of acceptance is based on delivery method:
 - Electronically Transferred - The date the shares are received in the City of Prince Albert's brokerage account. The copy of the brokerage activity sheet must be retained.
 - Hand delivered or mailed - The date the physical certificates, the Authorization to Transfer Publicly Traded Securities and all required brokerage forms are **received** at the City of Prince Albert office. The stamped date with this notation must be retained.
- Estate Gifts: These gifts are treated in the same manner for the purpose of defining the date of acceptance as non-estate gifts. If the estate is a Graduated Rate Estate the gifts will be deemed to have been made by the estate and not the deceased.
- Life Insurance:
 - Life insurance Policy which is not owned by the City of Prince Albert -The donor named City of Prince Albert as the beneficiary of a life insurance policy but did not transfer ownership of the policy to City of Prince Albert. As a result, the entire proceeds of the life insurance are accepted and dated on the date of receipt of funds by the City of Prince Albert. They are treated in the same manner as cash from an estate.
 - Life Insurance Policy owned by the City of Prince Albert – In this instance the City of Prince Albert owns the life insurance policy, so at the time of the death of the donor, the life insurance proceeds are not recorded as an official donation. During the lifetime of the donor, the donor receives a donation receipt for value

of the policy at the time of transfer as well as for the life insurance premiums that have been paid to keep the life insurance policy up to date. The premium costs are donations to the City of Prince Albert and are dated at the time of their receipt. This can take place through annual premium payments or payment for a policy in one lump sum. In either event, the donation takes place at the time the funds are either provided to the City of Prince Albert to be used to pay for the life insurance or paid directly to the life insurance carrier.

- **Real Estate:** A gift of real estate is accepted when the City of Prince Albert has agreed to accept the real estate, and the title to it is registered in the name of the City of Prince Albert.
- **Gifts of Residual Interest:** The date of the gift of the item being donated is established as at the date of the City of Prince Albert 's receipt of the title or other legal proof of ownership. This date will be well in advance of the date that the City of Prince Albert will be able to sell the property, but that time period is dealt with through the process of valuation (see below)
- **Charitable Remainder Trusts:** These trusts are a form of gift of residual interest; however, they have specific rules under the ITA and are generally made up of invested funds. Like a gift of residual interest, the date of having been gifted will be the date on which the investments are placed in an irrevocable trust which names the City of Prince Albert as the residual beneficiary, or one of the residual beneficiaries.

Establishing the Value of the Gift:

The City of Prince Albert must be able to determine the FMV of any non-cash gifts. Should the City of Prince Albert not be able to reasonably determine the FMV of a gift, the donor's acknowledgement will state a value of zero dollars (\$0) and the City of Prince Albert will not be able to issue an official receipt. If the FMV of an item can be easily determined (cash register receipt for new purchase), a third-party appraisal may not be required. The FMV of a gift-in-kind does not include taxes paid on purchasing the item.

Exceptions may be referred to the Senior Leadership Team; however, the City of Prince Albert will be guided by the following:

- Donations valued at less than \$1,000 - a person with sufficient knowledge may establish FMV, documenting the basis used for the estimate and any other pertinent information.
- Donations valued at \$1,000 and over- FMV will be based on an independent appraisal completed by a qualified third party. The name and address of the appraiser must be included on the official donation receipt.

- FMV- Gifts of property are subject to a deemed FMV rule. This rule applies to any property donated within three years of acquisition or any gift that was acquired less than ten years before the time of donation, with one of the main purposes being to gift the property to a qualified donee (for example, a registered charity). The deemed FMV is the lesser of the actual FMV or the donor's cost (net of taxes) to acquire the property, or in the case of capital property, the adjusted cost base, with the following exceptions,
 - gifts made as a consequence of a donor's death
 - inventory
 - real property situated in Canada
 - certified cultural property
 - gifts of publicly traded securities
 - ecological gifts.

If a donor makes a gift in kind (non-cash) donation to a charity, for which a receipt is issued, and fails to notify the charity that the gift in kind is subject to the deemed fair market value rule, the value of that donor's gift could be reduced to nil.

- Gifts of Publicly Traded Securities – FMV is based on the closing price of the units or shares recorded on the day the securities are received into the City of Prince Albert's brokerage account.
- Gifts of Privately Held Securities - Only in exceptional circumstances will the City of Prince Albert accept privately held shares. Only privately held shares that can be converted to cash within a reasonable period of time should be accepted. Independent professional advice should be obtained to determine the acceptability and FMV of the privately held shares.
- Gifts of Real Estate – The value of any real estate gifted to the City of Prince Albert will be established through the use of a certified and accredited real estate appraiser who is familiar with real estate of the type being donated, and in the geographic area of such real estate.
- Gifts of Life Insurance –
 - a) Life Insurance Policy not owned by the City of Prince Albert – in this case the entire amount of the life insurance payout received, will be matched by the issuance of an official donation receipt. It is treated in the same manner as an estate gift.

b) Life Insurance Policy owned by the City of Prince Albert –

If the policy will be cashed in by the City of Prince Albert on transfer of the policy, the receipt value will be the cash surrender value (net of policy loans and fees) of the policy. If the policy will be retained by the charity, the receipt value will be the value of the policy. The factors that determine the value of the policy include, but are not limited to cash surrender value, actuarial estimates, replacement value and other applicable policy terms.

- Gifts of Residual Interest – The City of Prince Albert is in a position where it has received an ownership interest in property (whether real or personal) but the City of Prince Albert must hold the property for the remaining lifetime of the donor. The fair market value of the property will be determined by whatever means are listed above for the type of property which has been gifted. When the FMV has been established, it must be converted to a net present value of the property, which is an actuarial calculation based on the life expectancy of the donor. The donor will be provided with an official donation receipt for the net present value only. Whenever possible, calculation of the net present value should be done by an actuary in order to ensure that the requirements of the ITA and the Canada Revenue Agency are met. If the net present value is being calculated by an accountant it should be done by an accountant who is independent of both City of Prince Albert and the donor, in order to avoid any possible claim of bias. The costs of the calculation of net present value are expenses to be paid by the donor. ***Gifts of residual interest will only be accepted in exceptional circumstances.***

VII. CONCLUSION

The policies set out in this GAGP are intended to assist and provide guidance for employees at the City of Prince Albert involved in receiving and receipting gifts on behalf of the City of Prince Albert. All exceptions to this GAGP must be referred to the Senior Leadership Team at City of Prince Albert, especially those gifts that:

- might expose the City of Prince Albert to uncertain liability
- are precedent setting or may involve sensitive issues
- are perceived to come from illegal or unethical activities
- are from individuals or organization's whose philosophy and values could be considered inconsistent with the overall philosophy and values of the City of Prince Albert.

These guidelines and procedures shall be reviewed annually. It may also be amended upon approval of the Senior Leadership Team of the City of Prince Albert.

VIII. APPENDICES

APPENDIX I: GIFT AGREEMENT TEMPLATE

Charity Logo here

GIFT AGREEMENT

BETWEEN:

XXXXXXXX

(herein called the “Donor”)

and:

City of Prince Albert

(herein called the “Charity”)

I. Introduction

The City of Prince Albert has embarked on a campaign to fund ?????? to better serve our existing mandate. (Adjust to fit gift circumstances could be a program, event, infrastructure etc.)

II. Description of the Gift

The Donor has agreed to provide funding in the amount of XXXXX to the City of Prince Albert to support the new ????? project.

The payments will be made as follows:

Payment	\$XXXXX
---------	---------

If any payments are made with publicly held securities, the value of the payment will be the closing value of the securities on the day they are received into the City of Prince Albert’s brokerage account. The City of Prince Albert is authorized to sell the securities as soon as it is determined to be prudent.

III. The Charity

The City of Prince Albert represents that it is qualified as an official organization. This gift may be eligible for a tax credit as per the Canadian Income Tax Act and the Canada Revenue Agency

IV. Administration

The City of Prince Albert will hold the funds including investment earnings thereon in trust until they are expended on the ????? project.

V. Recognition

The generosity of the Donor will be recognized by the City of Prince Albert in the following ways:

- (outline all recognition requirements in this section)

The above-named recognition may be revoked if, in the opinion of the City of Prince Albert, circumstances respecting the Donor arise which contradict the mission, ethics and values of the City of Prince Albert.

VI. General

In the event that circumstances make the specified use or administration of this gift no longer practical or desirable, the City of Prince Albert is hereby authorized to make changes in the use of this gift to maintain, as much as is reasonably possible, its spirit and intent.

VII. Signatures

For the Donors: It is hereby acknowledged that the above Terms are acceptable and are in keeping with the intent of our gift.

XXXXXXXX

Date

Approved and accepted on behalf of the City of Prince Albert.

?????

Date

Senior Leadership Team
City of Prince Albert

APPENDIX II: GIFT-IN-KIND INFORMATION FORM

DONOR INFORMATION

Name of Donor (Individual/Organization): _____

Address: _____

Name of Contact (If different from above): _____

Telephone Number: _____

- 1) Does the Donor Own the Item? _____ Yes _____ No
- 2) Has the Donor Owned the Item for less than 3 Years? _____ Yes _____ No
- 3) Has the Donor Owned the property for less than 10 years, with the intent to gift the property to a charity? _____ Yes _____ No

If the answer to either question 2 or 3 is "Yes", what was the cost of the item to the Donor?

Description of the Gift-In-Kind: _____

For any items not accessioned into the collection:

Return to Donor _____ Dispose as appropriate _____

Fair Market Value of the gift (excluding GST/PST/HST) _____

Is an official donation receipt requested for tax purposes? _____ Yes _____ No

DONOR DECLARATION:

I, (the undersigned) hereby make this gift-in-kind of my own free will and without receiving any consideration or benefit except as noted as the value (if applicable) provided on the charitable donation receipt provided for income tax purposes. Such amount is the assessed fair market value, if it is determined that this gift meets all CITY OF PRINCE ALBERT requirements, in addition to all applicable federal and provincial laws and regulations.

Signature of Donor

Date

Print Name of Donor:

Address of Donor:

FOR CITY OF PRINCE ALBERT USE ONLY:

Gift-in-kind Valuation Date: _____

Is Legal Title Transfer Required: _____

If yes, method for Title Transfer: _____

Special Terms or Conditions: _____

Gifts valued at \$1,000 or less: Value \$ _____

Method of appraisal: _____

Gifts valued at \$1,000 or more: Value \$ _____

1. Qualified Independent Appraiser (name, title, valuation attached)

2. Qualified Independent Appraiser (name, title, valuation attached)

Senior Leadership Team Comments, if applicable:

Donation acceptance approved by:

??????
Senior Leadership Team

Date

APPENDIX III: REQUEST FOR TRANSFER OF SECURITIES

The City of Prince Albert may wish to use either Canada Helps to facilitate stock transfers. Canada Helps will for a nominal fee accept stock transfers on behalf of the City of Prince Albert and forward the resulting funds to the City of Prince Albert.

The City of Prince Albert should monitor the stock transfer activity and if volumes warrant, open a brokerage account and accept stock transfers directly. Accepting stock transfers directly aids in donor stewardship and allows the City of Prince Albert to control the transfer process as well as the liquidation of the securities.