

**Policy Title: Fundraising Campaigns and Monetary Donations to the City of Mississauga**

**Policy Number: 04-01-06**

Section:	<b>Finance and Accounting</b>	Subsection:	<b>Fees and Other Revenue</b>
Effective Date:	<b>September 19, 2012</b>	Last Review Date:	<b>December 2019</b>
Approved by: <b>Council</b>		Owner Division/Contact: <b>For more information on making a Donation to the City to support a project, program or service – responsible Division. For more information on receipts for income tax purposes, contact the Finance Division, Corporate Services Department</b>	

## Policy Statement

The City of Mississauga accepts monetary donations on behalf of the citizens of Mississauga and may initiate Fundraising Campaigns to support City projects, programs or services. Official Income Tax Donation receipts for income tax purposes are issued for all Donations of \$20 or more that qualify for such receipts.

## Purpose

The City recognizes that individuals or organizations may wish to make Donations to support City projects, programs or services. This policy sets out a process for establishing Fundraising Campaigns and establishes methods for accepting Donations and issuing Income Tax Donation receipts for income tax purposes.

## Scope

### Included in Scope

This policy applies to Fundraising Campaigns and Donations which are intended to support projects, programs or services which are offered by the City.

### Excluded from Scope

This policy does not apply to:

- Fundraisers initiated on behalf of an outside organization (such as a charity, hospital, United Way, etc.), as they are not in support of City projects, programs or services. Arrangements may be made with the Manager, in advance of collecting funds, to deposit the funds to a City account to be held until they are forwarded to the organization. The City will not issue Income Tax Donation receipts purposes – if such receipts are required, arrangements for

tracking donations and issuing receipts must be made between the staff responsible for the fundraiser and the organization receiving the donated funds

- Non-monetary donations (such as art, furniture, equipment, materials of historical interest, property, etc.) – refer to Corporate Policy and Procedure – [Donations of Assets to the City of Mississauga](#)
- Donations of art – refer to Corporate Policy and Procedure – [City Acquired Art](#)
- Contribution to a City park as a tribute to an individual or organization – refer to Corporate Policy and Procedure – [Tree and Bench Donation Program](#)

### **Ineligible for Income Tax Donation Receipts**

The following items do not qualify as Donations that are eligible for an Income Tax Donation receipt:

- Sponsorship funding in return for advertising, promotion or other consideration or benefit, or
- Contributions of skills or time through volunteer service

### **Definitions**

For the purposes of this policy:

“City” means the Corporation of the City of Mississauga.

“Donation” means either a monetary gift or the profit from the sale of goods (fair market value) for the purpose of fundraising, which have been given to the City voluntarily and without any contractual obligation or compensation or non-monetary consideration (e.g. advertising, promotion, services, etc.)

“Fundraising Campaign” means a program which is designed to raise funds to support a particular City project, program or service and which is conducted either by City of Mississauga staff only or by City of Mississauga staff in partnership with an outside organization. A Fundraising Campaign may include the sale of goods, with the profit from the sale being designated as a Donation. The routine sale of souvenir items is not considered a Fundraising Campaign.

“Manager” means the Manager of Financial and Treasury Services, Finance Division, Corporate Services Department or his/her designate, the Manager, Treasury Services.

“PMR” means either:

- The City of Mississauga staff person most responsible for the administration of a Fundraising Campaign, or
- Where a Fundraising Campaign does not exist, the director responsible for the project, program or service to which the Donation is made or his or her designate

## Accepting Donations

Donations will be accepted only as contributions to support projects, programs or services which are offered by the City of Mississauga. All cheques must be payable to the City.

City departments, in consultation with Finance, will designate Donations without special requests to the project, program or service that best matches the donor.

### Donations to Established Fundraising Campaigns

Donations to established Fundraising Campaigns (e.g. SCARF - Special Care of Animals and Resources Fund; Friends of the Library; Green Gifts Program) do not require further approval. Where a special request from the donor is not included in an existing agreement, the PMR must consult with Financial Services and Legal Services to ensure that the appropriate procedures are followed prior to accepting the Donation (e.g. a report to Council; the signing of an agreement).

### Donations Without Special Requests Up To and Including \$2,000

The PMR may accept or decline any Donation up to and including \$2,000 where there is no established Fundraising Campaign and there are no special requests by the donor for use of the Donation.

### Donations Without Special Requests Over \$2,000

All Donations in excess of \$2,000 where there is no established Fundraising Campaign and where there are no special requests by the donor for use of the Donation must be approved by the PMR's commissioner. The commissioner has the right to refuse any Donation where they determine that it is not in the City's best interests to accept the Donation. The Mayor and Members of Council are to be copied on correspondence advising the donor that the City is either accepting or declining the Donation.

### Donations with Special Requests

Where the City wishes to place restrictions or conditions on the use of Donations where there is no established Fundraising Campaign or the donor wishes to provide direction as to the use or intent of the Donation, the PMR must consult with Financial Services and Legal Services to ensure that the appropriate procedures are followed prior to accepting the Donation (e.g. a report to Council; the signing of an agreement).

The applicable commissioner must approve the recommendation from the Manager and Legal Services and inform the Mayor and Members of Council of the Donation if a report to Council is not required. The commissioner has the right to refuse any Donation where they determine that it is not in the City's best interests to accept the Donation.

**Acknowledgement**

The director responsible for the Fundraising Campaign, or for the operating area receiving the Donation, will determine an appropriate means of acknowledging the Donation, such as a letter of appreciation. The PMR will ensure that Donations are acknowledged accordingly.

**Receipts for Income Tax Purposes – Monetary Donations**

An official receipt for income tax purposes can be issued for all monetary Donations of \$20 or more, provided that Finance confirms that the Donation is eligible according to Canada Revenue Agency (CRA) guidelines. Where requested by the donor, the PMR must request receipts for income tax purposes from the Manager.

**Receipts for Income Tax Purposes – Sale of Tickets**

For Donations raised through the sale of tickets for dinners or events, etc. where the ticket price includes a Donation component, only the profit is considered an eligible Donation. An Income Tax Donation receipt may only be issued for the eligible amount. Finance must retain backup supporting documentation that validates the Donation portion. Where possible, the Donation portion should be clearly identified to the purchaser.

The purchase of goods or services and/or silent auction items for fundraising does not qualify for an Income Tax Donation receipt, as a direct benefit is received from the purchase.

**Fundraising Campaigns**

Fundraising Campaigns may be established to support specific City projects, programs or services. These Fundraising Campaigns require the preapproval of the City's Leadership Team. A PMR for the campaign must be designated. In order to ensure compliance with the CRA's prescribed tax receipt guidelines, the Manager must be consulted to ensure eligibility for Income Tax Donation receipts, prior to approval.

Once approved by the Leadership Team, the Manager must be advised of the Fundraising Campaign and of the name of the PMR.

**Procedures**

Donations can be made by mail or in person at City facilities. When approved by the Leadership Team, Fundraising Campaigns may also be posted on the City's web site. Donations to these campaigns may also be made on-line through the City's web site.

**Donations Made at City Facilities**

Where Donations are received at City facilities, the following procedures apply:

1. Where a Donation is made by cheque, the cheque must be made payable to The City of Mississauga, rather than to the Fundraising Campaign or to a City department or division.

2. The Donation must be received in accordance with Corporate Cash Handling policies and procedures and/or departmental cash handling procedures. The person receiving the Donation must obtain all pertinent information (i.e. name, including middle initial if available and address of donor; amount of Donation; any direction as to the use or intent of the Donation; any restrictions on publicizing the name of the donor). The PMR must be advised of the Donation.
3. The PMR must maintain a record of the Donation and all particulars. If the Donation is for \$20 or more and qualifies for an Income Tax Donation receipt, it must be authorized by the PMR, who will request the receipt from the Manager. The request must include a copy of the City deposit slip to confirm that the Donation was received; the name and address of the donor; and the name of the Fundraising Campaign or the City project, program or service to which the Donation applies. The PMR's authorization indicates that no consideration has been or will be given with respect to the Donation. The Manager may also require written confirmation from the PMR that no consideration has been or will be given.
4. The Securities and Cash Management Administrator, Treasury Services, Finance Division will return an official Income Tax Donation receipt to the PMR for delivery to the donor and appropriate acknowledgement. Receipts for Donations made by cheque will not be issued until at least 10 days after the Donation has been deposited to the City's accounts, to allow time for the cheque to clear the bank.

#### **Donations Made On-Line**

Where Donations are made on-line, the following procedures apply:

1. An e-mail order confirmation receipt will be sent to the donor automatically.
2. A copy of the Donation order information will be sent to the PMR. The PMR must maintain a record of the Donation, including the name and address of the donor; the amount of the Donation; any direction as to the use or intent of the Donation; and any restrictions on publicizing the name of the donor.
3. If the Donation is for \$20 or more, and it qualifies for an official Income Tax Donation receipt, it must be authorized by the PMR, who will request the Income Tax Donation receipt from the Manager. A copy of the Donation order information that includes the name and address of the donor; and the name of the Fundraising Campaign or the City project, program or service to which the Donation applies must be included with the request. The PMR's authorization indicates that no consideration has been or will be given with respect to the Donation.
4. Financial Services staff prepares and forwards an official Income Tax Donation receipt to the PMR for delivery to the donor and appropriate acknowledgement.

## Records

### Income Tax Donation Receipt Generation

The Securities and Cash Management Administrator records approved Income Tax Donation receipt requests according to the year the request was made. A numbered tax receipt, which must be recorded on the tax receipt request documentation for revenue and audit purposes, must be generated.

Finance may reissue Income Tax Donation receipts in the event they are misplaced. Reissued tax receipts must be stamped as “duplicate” before being sent to the customer.

### Record Retention

Corporate Finance will retain all system generated records and supporting documentation for Income Tax Donation receipt requests in accordance with the Records Retention By-Law 0097-17, as amended from time to time.

### CRA Guidelines for Record Keeping

Records and books of account must be kept at the City address on record with the Minister of National Revenue (the “Minister”). The records and books of account are required to contain:

1. Information in a form that will enable the Minister to determine whether there are any grounds for the revocation of the City’s registration.
2. A duplicate of each Income Tax Donation receipt containing the information required by the *Income Tax Act* (Canada) for a Donation received by the City.
3. Any other information in a form that will enable the Minister to verify the Donations to the City for which a deduction or tax credit is available.

## Accounting

All Donations must be credited to general ledger element number 530105 (Donations – General) for accounting and reporting purposes.

Donations may be spent only for their intended purpose and, if directions have been provided in relation to the Donation, in keeping with those directions.

The Manager will establish appropriate departmental accounts for Donations.

Donations should be spent in the same fiscal year in which they were received. If the funds are not spent in the same fiscal year, the Donation may be placed in an assigned deferred revenue account to be used the following year. If the funds are to be retained and used over a longer term, the Donation will be placed in an assigned reserve fund account. The reserve fund account

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will be established and funds will be transferred in accordance with the Reserve and Reserve Fund By-law.

Standard procedures for monitoring accounts apply. Refer to Corporate Policy and Procedure – Financial Controls and Budget Monitoring.

## Revision History

Reference	Description
GC-0561-2006 (1) – 2006 10 11	
LT - 2012 04 09	Administrative revision approved to add CRA Guideline information and other minor housekeeping changes
LT – 2012 09 19	Administrative revision approved to change maximum donation amount from \$1,000 to \$2,000 for approval purposes
April 10, 2013	Housekeeping to reference new City Acquired Art policy
September 26, 2016	Scheduled review – admin revisions to align with current practices
December 19, 2019	Scheduled review – minor revisions for clarity.
August 24, 2020	Revised to clarify donations to established fundraising campaigns.