

SECTION: Finance		POLICY #: FIN-017
Date Approved: March 16, 2026		Donation Policy
Revision Date: February 23, 2026	Review Date: March 16, 2026	
Authority: FIN-03-26, DCS-03-26		

POLICY STATEMENT

The Town of Hanover ("Town") recognizes that voluntary donations by individuals, organizations, and corporations provide valuable support for community programs, services, and public assets. This policy establishes principles and procedures to ensure the ethical solicitation, acceptance, use, accounting, and reporting of donations in a manner that is transparent, accountable, and compliant with applicable laws and CRA guidelines.

PURPOSE

This policy:

1. Defines the types of donations accepted by the Town;
2. Establishes criteria for acceptance and refusal of donations;
3. Specifies authorization, accounting, and reporting requirements;
4. Sets out procedures for issuance of tax receipts in accordance with the Income Tax Act and CRA requirements for qualified donees; and
5. Ensures donations are used for purposes consistent with the Town's mandate.

SCOPE

This policy applies to:

1. All donations to the Town of Hanover, including cash and in-kind contributions;
2. Donations solicited or accepted by Town staff, committees, boards, or agents acting on behalf of the Town;
3. Fundraising campaigns undertaken for the benefit of the Town.

This policy does **not** apply to:

1. Sponsorships or naming rights arrangements covered under the Town's Sponsorship and Naming Rights policies;
2. Grants or subsidies received by the Town that do not qualify as donations for tax purposes;
3. Voluntary services or time contributions that do not qualify for a tax receipt.

AUTHORIZATION AND DELEGATION

The Treasurer and assigned senior staff are delegated authority to accept donations on behalf of the Town under the guidance of this policy.

CRITERIA FOR ACCEPTING DONATIONS

General Principles

- The Town may accept or refuse any donation at its discretion.
- Donations must align with the Town's strategic priorities, mandate, and values.

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- Donations must not confer a tangible benefit, advantage, or preferential treatment to the donor or related parties.

The Town may choose to refuse to accept:

- Donations that involve conditions that conflict with Town bylaws or policies, that require endorsement of a product or service, or that create a contractual obligation for the Town beyond the donation itself.
- Donations from donors in litigation with the Town or from entities posing a reputational or ethical risk.
- Donations tied to ongoing procurement or planning application processes with non-arm's length connections.

Donations of real property (land or buildings) require Town Council approval, including an assessment by staff of operating costs and future obligations.

ISSUANCE OF TAX RECEIPTS

The Town of Hanover, as a qualified donee under the Income Tax Act, is authorized to issue official donation receipts that enable donors to claim federal and provincial non-refundable tax credits or tax deductions, provided receipt issuance complies with CRA rules. The date of donation for tax purposes is the date the Town receives the gift (e.g., cash, instrument of transfer, or signed agreement) and may not necessarily be the date of physical delivery.

To issue a receipt:

- The Town must ensure donations meet CRA criteria, including fair market value documentation for in-kind gifts.
- A donation must be considered a gift under the *Income Tax Act*, defined as a voluntary transfer of property without consideration, to qualify for a receipt.

Official receipts shall be issued for donations that meet CRA requirements. Receipts shall include donor name, amount/value of donation, date received, and any additional details per CRA requirements.

Issuing a receipt that does not meet CRA requirements, or failing to maintain adequate documentation, can risk suspension of receipting privileges or revocation of qualified donee status. The Town will retain appropriate records to support CRA audit and compliance.

APPRAISAL AND VALUATION

For tax receipt purposes, the eligible amount of a donation is the fair market value (FMV) of the gift at the time it is made, less the value of any advantage the donor receives.

For in-kind gifts with a value in excess of \$1,000 the donor is responsible for providing satisfactory evidence of fair market value, and the Town must secure acceptable documentation before issuing receipts. Where the Town cannot determine FMV reliably, a receipt will not be issued.

If a donor receives a benefit or advantage (e.g., goods, services, event tickets) in exchange for a donation, the eligible amount reported on the receipt is equal to the FMV of the gift minus the FMV of the advantage. Generally, if the FMV of the advantage exceeds 80% of the FMV of the donation, CRA presumes there was no intention to make a gift, and no official receipt shall be issued. Minimal, insignificant advantages whose total

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FMV is the lesser of \$75 or 10% of the FMV of the donation may be ignored when calculating the eligible amount, per CRA rules.

UNSPENT OR RESTRICTED DONATIONS

The Town of Hanover recognizes that donations may be restricted by the donor for a specific purpose or may remain unspent at the end of a fiscal year. All donations, whether cash or in-kind, must be handled in a manner that:

1. Respects the donor's intent;
2. Maintains CRA compliance for issued official donation receipts; and
3. Ensures transparency and accountability in municipal financial management.

Unrestricted Donations

Donations with no specified restrictions become part of the Town's general revenue or designated reserve accounts. These funds may be used for any municipal purpose consistent with the Town's mandate and strategic priorities. Official donation receipts for unrestricted gifts remain valid for tax purposes.

Restricted or Designated Donations

Donations given for a specific program, project, or asset must be used exclusively for that purpose, as specified by the donor.

If the funds are not fully expended within the fiscal year:

- The Town shall carry forward the unspent funds in a designated reserve account until the purpose can be fulfilled.
- The Town may seek written consent from the donor to redirect the funds to a related purpose.
- If the donor cannot be reached or the original purpose is no longer feasible, the Town may request Council approval to use the funds for a similar project or program aligned with the original intent.
- As a last resort, the Town may return the donation to the donor.

The Town shall document all approvals, consents, and Council decisions in accordance with CRA recordkeeping requirements.

DOCUMENTATION AND REPORTING

All donations must be documented, including donor information, purpose, value, conditions, and designation. The Treasurer shall maintain a donation ledger detailing all restricted and unrestricted donations, the amounts spent, and funds carried forward. Annual reporting on donation activity shall be provided to Council, and annual summary reports prepared.