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FR – 01 Donations, Sponsorships, and Fundraising Policy

Purpose:

The Hanover Public Library (the library) benefits from the support of donors and sponsors, and from partnerships with individuals, corporations and not-for-profit organizations. In keeping with our mission to empower everyone to reach their potential through access to resources and activities, this support increases our ability to deliver our services to the public. The library is committed to creating numerous opportunities to engage all segments of the community.

The library actively solicits and encourages the public, business community, service clubs and other organizations to become donors, sponsors and partners.

As a charity, the library is operated without purpose of gain for the trustees of the board. Any profits or other accretions to the library will be used solely to promote and support its mission and goals.

All donations and sponsorships will be consistent with the library’s mission and will not in any way compromise or contravene any provincial or federal statute, or regulation or policy of the library, or reflect negatively on the library.

The Hanover Public Library Board (the board) accepts the Canadian Library Association’s position statement on *Corporate Sponsorship Agreement in Libraries* and continues to endorse its message through this policy.

This policy will:

- define our purpose in pursuing/accepting sponsorships etc.; and
- define terms for clarity; and
- outline what we will and will not consider for sponsorships and partnerships; and
- state the terms under which sponsorships and partnerships are governed; and
- define when we do and do not need to make a formal written agreement; and
- outline forms of donor recognition; and
- ensure we are following the rules regarding tax receipts.

Definitions:

Donation is a gift, contribution of cash, or goods given voluntarily to the library as a philanthropic act without expectation or requirement of reciprocal benefit. A conditional donation is one that is to be used for a specific purpose. An unconditional donation is one that has no stipulations on use.

Fundraising is the organized activity of raising funds (as for an institution or non-profit).

Partnership is the sharing of costs and possibly the revenues or other benefits for an event or other activity between the library and one or more businesses, corporations, or other organizations.

Sponsorship is the act of providing money for an event or other activity, with a nominal benefit to the sponsor of acknowledgement in the form of advertising.

Sponsorships and partnerships include:

- ongoing co-operative or reciprocal agreements involving an exchange of services with other libraries, public or non-profit agencies; and
- contractual agreements for services to or from outside organizations to support the library's mission or enhance the library's revenue; and
- partnerships with private entities involving the donation of services or concessions to the library for a specific project; and
- sponsorships involving the contribution of monetary amounts or services for an activity in receipt of public recognition from the library for a specific period of time.

Sponsorships and partnerships policy:

Libraries enrich lives, provide information and foster informed communities which are essential to a democratic society. Sponsorships and partnerships must not undermine the integrity of the non-commercial public space that the library provides.

In developing sponsorship arrangements, the library will:

- enhance coordination and reduce overlap in efforts between agencies serving Hanover; and
- not compromise its public service objectives and practices; and
- safeguard the principles of intellectual freedom and equity of access; and
- protect the confidentiality of user records; and
- not permit sponsors to have any undue impact on its policies, collections, and practices; and
- not permit corporate names and/or logos to have prominence over or alter the library's name and/or logo on facilities, print materials or online; and
- not allow direct marketing of products to children or accept any support that implies or requires endorsements of products.

The library will consider the following factors when considering a sponsorship or partnership:

- will the long-term benefits outweigh the short or long-term costs?
- will the partnership support the library's mission and goals?
- will the effort improve or impair library service?
- will the library be able to reach and serve substantially more people?
- will the cost of providing library service decrease as a result of this partnership?
- will the sponsorship or partnership require space commitments, storage, or other library resources such as printing, postage, graphics, or staff assistance?

- will the library be able to administer the sponsorship or partnership with existing staff resources?
- how will the partnership activity affect library revenue?

Small or local partnerships may be informal in nature; however, as partnerships grow, formal memorandums of understanding (MOUs) or agreements will be developed.

Partners must be committed to identify clearly defined roles and responsibilities for all involved.

Partnerships must be reviewed and affirmed based on an established cycle.

Sponsorship/partnership termination:

The library and/or board reserve the right to terminate an existing sponsorship or partnership if conditions arise that result in a conflict with this policy, or if the sponsorship or partnership no longer supports the best interests of the library.

Donations and fundraising:

The board welcomes financial support from the community as well as gifts of supplies, equipment, materials and furnishings. Note that gifts of books, movies, or audio materials are regulated through the *Collections Development Policy*.

The library does not offer charitable tax receipts for book or material donations except through our Adopt-A-Book program.

The library, as a charitable organization, actively engages in fundraising to support an enhanced quality of library service:

- to raise funds for the purchase of library materials, programs, furnishings, equipment and services to enhance and develop the library; and
- to undertake, from time to time, fundraising campaigns for capital improvements such as furniture, equipment and building construction and renovation.

The library and board will adhere to the *Donor Bill of Rights* as set out in Appendix A.

Conditional contributions:

The board may establish special donation categories and donors may designate funds to a particular category. These donations will be used for the purpose identified and this designation will be recorded in the donation records.

The board may refuse to accept conditional contributions that it deems to be in conflict with its bylaws and policies.

Acceptance of gifts:

The CEO/Chief Librarian on behalf of the library has the authority to accept unconditional gifts.

Gift offers of supplies, equipment and furnishings are accepted or rejected at the discretion of the CEO/Chief Librarian on the basis of suitability to the library's mission, policies, decor, and availability of space.

The library reserves the right to refuse a gift under certain conditions which include, but are not limited to, the following:

- when the cost of ownership would be prohibitive;
- if the donor wishes to exert unacceptable conditions over the gift or over the disbursement of revenue realized from the disposal of the donation;
- when there are unacceptable risks or increased liabilities associated with the receipt of the gift;
- if the gift is illegal or has questionable provenance;
- if the gift is a duplication of an already accepted gift from a competing organization/donor.

Any gift accepted by the library is subject to the following terms and conditions:

- upon request, the library must receive evidence that the donor has the authority to make a gift of the donated item(s);
- the library retains unconditional ownership of the gift; and
- the library makes all decisions regarding the use or disposal of the gift and has no obligation to inform the donor of such decisions.

Temporary loans:

The CEO/Chief Librarian has the authority to establish all of the terms and conditions of the acceptance of a temporary loan or gift.

Requests to have items temporarily housed in the library will be considered on a case-by-case basis.

Generally, such requests will be accommodated when their benefit to the community, as determined by the CEO/Chief Librarian, outweighs the commitment of resources required to facilitate such temporary storage. The library may accept a monetary contribution to defray the costs incurred in mounting the display.

Disposal of gifts:

Transfer of an asset to the library is final and, therefore, disposal of the asset is entirely at the discretion of the library.

Gifts of assets may be disposed of in one of, but not limited to, the following ways:

- be returned to the donor or offered to the donor's family if the donor is deceased;
or
- be offered to another library or non-profit community organization; or
- be sold at public auction or sale; or
- as a last resort, be recycled, or discarded.

Administration of funds received:

Funds donated for the benefit of the library will be administered in accordance with the bylaws and governance policies of the board.

Donors' personal information is held secure to respect donors' privacy. All records pertaining to established and potential donors will be held in confidence and in accordance with the *Municipal Freedom of Information and Protection of Privacy Act*. Donors' names and contact information will not be sold, leased, rented, or shared in any way.

Recognition:

- Donations and sponsorships received by the library will be acknowledged.
- The library will provide recognition of donations and sponsorships that is consistent with the applicable fundraising plan and the gift/sponsorship level. For gifts under \$500, a recognition letter will be sent to the donor by the CEO/Chief Librarian. For gifts of \$500 or more, a recognition letter will be sent to the donor by the board's chair.
- In cases where the sponsor requests no public acknowledgment, the library will honour their request subject to any disclosure that may be required pursuant to the *Municipal Freedom of Information and Protection of Privacy Act*.
- In accordance with the *Income Tax Act*, if the library offers an item, privilege or other benefit in return for the sponsorship, the recognition will be of nominal value and not exceed the lesser of \$75.00 or 10% of the amount of the sponsorship.
- Any promotion advertising material developed in conjunction with a sponsor or partner will prominently feature the name of the activity or event and the library's name and logo.
- Any signage required for significant donations and sponsorships will be designed, constructed and installed in a manner that is mutually agreed upon by the donor/sponsor and the library. The final decision will rest with the library.

Charitable tax receipts

The board, as a registered charity under the authority of the Canada Revenue Agency (the CRA), may issue what is commonly called charitable tax receipts (but legally referred to as official donation receipts for income tax purposes) in accordance with the *Income Tax Act* and Regulations. Such receipts will be issued for monetary contributions of \$10 or more.

Official donation receipts will be dated based on the date of the donation, per regulations of the CRA for registered charitable institutions.

Official donation receipts will not necessarily be issued for gifts of materials, supplies, furnishings, and equipment. In accordance with the CRA's requirements, an official donation receipt may be provided only with an actual purchase receipt, proof of purchase, or estimate of fair market value. Independent appraisals of the value of cultural donations must be obtained, except where the artist is the donor and provides the fair market value as agreed upon by both parties. Costs related to the independent appraisal are the responsibility of the donor.

Gifts of services:

A registered charity (such as the library) is not permitted to issue an official donation receipt for a gift of service. At law, a gift is a voluntary transfer of property. Gifts of services (donated time, skills, or efforts) provided to a registered charity are not property and, therefore, do not qualify as gifts for the purposes of issuing official donation receipts.

If a registered charity pays a service provider for services rendered and the service provider then chooses to donate the money back, the registered charity can issue a receipt for the monetary donation (this is often referred to as a cheque exchange). In such circumstances, two distinct transactions must take place:

- a person provides a service to a registered charity and is paid for that service; and
- that same person makes a voluntary gift of property to the registered charity.

A copy of the invoice issued by the service provider must be kept creating an audit trail, as the donor must account for the taxable income that is realized either as remuneration or as business income.

The library will not issue an official donation receipt to a service provider in exchange for an invoice marked "paid". This procedure raises questions as to whether in fact any payment has been transferred from the registered charity to the service-provider and, in turn, whether any payment has been transferred back to the registered charity.

Related Documents:

Canada Revenue Agency, *Operating a Registered Charity*

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity.html>

Canadian Library Association, *Corporate Sponsorship Agreement in Libraries* (position statement, approved by the Executive Council on June 21, 1997)

Hanover Public Library Board, *Fundraising Committee Terms of Reference*

Hanover Public Library, *OP-07 Collection Development Policy*

Municipal Freedom of Information and Protection of Privacy Act (R.S.O. 1990, c. M.56)

Income Tax Act (R.S.C., 1985, c. 1)

APPENDIX A DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the library and board, it is declared that all donors have these rights:

1. To be informed of the missions of the library, of the way the library intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the board, and to expect the board to exercise prudent judgement in its stewardship responsibilities.
3. To have access to the board's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgement and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing the library to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the library or hired lawyers.
9. To have the opportunity for their names to be deleted from mailing lists that the library may intend to share.
10. To feel free to ask questions when donating and to receive prompt, truthful and forthright answers.

[Adapted from a document developed by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE) and the Giving Institute: Leading Consultants to Non-Profits].