



**Date 8 August 2011**

## **City Council Committee Report**

**To: Mayor Canfield & Members of Council**

**Fr: Karen Brown**

**Re: Sunset Trail Riders – Request for Charitable Donation Receipt**

### **Recommendation:**

**That** Council hereby approves the issuance of a donation receipt for the donation of a Bombi groomer based on the year, model and condition of the equipment following the receipt of the donated groomer and subject to the conditions as outlined below; and

**That** the City require the Sunset Trail Riders to submit an appropriate proposal for the acceptance of a new groomer, including the long-term responsibility for that groomer, as well as how that new groomer would be used to expand the Sunset Trail Riders grooming abilities, enhancing snowmobiling in and around the City of Kenora and ultimately promoting winter snow machine related tourism to the Kenora area; and

**That** approval of this proposal be dependent upon Council review and consideration; and

**That** if approved, the City will not be responsible for any costs incurred as a result of and related to the donation of this groomer; and

**That** the donated groomer, as well as the ongoing responsibility for the groomer, including all ongoing upkeep, maintenance, expenditures, liability and all other related operations, would be the sole property / responsibility of the Sunset Trail Riders; and further

**That** if the proposal from the Sunset Trail Riders is not approved by Council, the City would not issue any donation receipt related to this equipment.

### **Background:**

The City has been approached by the Sunset Trail Riders (STR) with regards to a donation receipt to recognize the donation of a groomer by a third party to the STR. The STR has been contacted by an individual who would like to

donate a Bombi groomer to them. In return, this individual has requested a charitable donation receipt, which the STR is not able to provide.

In the past, the City has received requests from organizations looking for the issuance of donation receipts to aid them in their fundraising efforts. In 2004, the City did some further investigations into its ability to issue donation receipts, particularly where the organization was outside of the control of the City, and was not considered to be part of the City. Specifically, we were advised that "a municipality would not be entitled to issue a receipt for the donation where it was merely acting as a conduit for the organization receiving the gift". Further, under the guidelines for official donation receipts, "a charity ... must not issue receipts for funds that it will not itself be responsible for spending".

The City has, however, worked in the past with the STR organization on other ventures, including donations for the purchase of a groomer. In late 2006, City Council approved receipt of a donation for the development of a warm-up shelter. This was done as it was the City's position that the strategic placement of this type of warm-up shelter would help promote snow machine related tourism within the City of Kenora, ultimately providing a long term benefit to the City. As such, it was determined that facilitating that donation, and the related construction, would be in the best interests of the City. In 2008, the City issued receipts towards the purchase of an additional groomer with the intent of expanding the STR grooming abilities as it was felt that the purchase would also meet these same goals and objectives. The same treatment is recommended for the donation of the Bombi groomer.

To be able to accept this donation, and issue the related donation receipt, the City must become responsible for the related item. The City could, however, request the Sunset Trail Riders to submit a suitable proposal, including the acceptance of the groomer equipment and the long-term responsibility for that groomer, as well as how that new groomer would be used to expand the STR grooming abilities, enhancing snowmobiling in and around the City of Kenora and ultimately promoting winter snow machine related tourism to the Kenora area. Approval of this proposal would need to be done by City Council. If approved, upon receipt, the City would issue a donation receipt for the groomer. In turn, the groomer, including all ongoing upkeep, maintenance, expenditures, liability and all other related operations, would become the property / responsibility of the Sunset Trail Riders. If approval of the proposal was not forthcoming, the City would not accept a donation receipt.

In 2008, the City has reviewed the recommendation to support donations related to a groomer report with our external auditors. In their opinion, they agreed with the information provided to Council at that time, which has been reiterated in this report, and felt it was similar to the previous decision related to the warm-up shelter. It should be noted, however, that ultimately the final

decision would rest with Revenue Canada as to the validity of the issuance of this donation receipt. It is also worth noting that there could be political repercussions related to the acceptance of this donation since other groups, such as the Dragon Tamers, have been refused this type of treatment in the past, although this was done as, in the City's opinion, we could not meet the Revenue Canada requirements.

**Budget:**

n/a – there is to be no cost to the City incurred as a result of this donation.

**Communication Plan/Notice By-law Requirements:**

Sunset Trail Riders would be advised of Council's decision on this matter, including the related conditions.