



TITLE

MONETARY CHARITABLE CONTRIBUTIONS

SCOPE

Provincial

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SPONSOR

Finance

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Not applicable

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Not applicable

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NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

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OBJECTIVES

- To provide a framework of accountability and rules to guide the oversight of monetary charitable contributions (herein after referred to as “**donations**”) received by Alberta Health Services (AHS) directly from **donors**, or through a foundation.
- To ensure that donations received by AHS are managed in accordance with donor **designations** or stipulations of a **foundation, auxiliary or trust** (herein after referred to as “foundation”), applicable legislation, and AHS bylaws and policies.

PRINCIPLES

AHS is committed to promoting sound financial stewardship of donations through effective controls and monitoring processes. Processes for the collection, accounting, utilization, and monitoring of donations reflect AHS’ responsibility for sound financial management and ensure donations are accounted for appropriately and utilized in a timely basis in accordance with donor designations or stipulations of a foundation. AHS is a registered charity and is required to comply with the *Income Tax Act* (Canada) and the *Charitable Fund-raising Act* (Alberta).

Donations shall align with AHS’ mission, values, and strategic direction. Any donations which could have a negative impact on the reputation and integrity of AHS shall not be accepted.

APPLICABILITY

Compliance with this document is required by all Alberta Health Services employees, members of the medical and midwifery staffs, Students, Volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary).

This policy does not apply to **sponsorship** payments or funding agreements with foundations related to the purchase of capital equipment and/or renovation or construction of facilities where AHS accepts the financial risk while foundations raise money to repay AHS, as set out in the *AHS Foundation Funding Agreement Standard (#FR-003)*.

ELEMENTS

1. Background

- 1.1 Donations are an important source of funding that help AHS achieve its mission, values, and strategic direction. AHS is a registered charity and a **qualified donee**, and therefore, can receive donations directly from individual donors, an estate of a deceased person, or Physicians with a donation arrangement with AHS, or through a foundation.
- 1.2 Foundations provide funding to health care facilities and **programs** across Alberta through their fundraising and philanthropic work. These registered charities manage gifts from community donors for the benefit of their charitable purposes and for the benefit of AHS and Albertans as a whole. Foundations play an important role in promoting and supporting the health care services provided through AHS.

2. General Requirements

- 2.1 Individuals collecting, accounting for, utilizing, or monitoring donations shall avoid real or perceived conflicts of interest and shall comply with AHS' *Conflict of Interest Bylaw*.
- 2.2 When AHS receives donations directly from a donor, it will ensure that the donor does not receive any real or perceived **advantage**, consideration, or benefit from the donation.
- 2.3 Individuals collecting, accessing, using, or disclosing information shall do so in accordance with applicable legislation and AHS policies.

3. Roles & Responsibilities

- 3.1 Individuals collecting donations directly from individual donors (**Cash Custodians**) are required to ensure:
 - a) All donations are collected in accordance with this policy, and the AHS' *Cash Handling Standard (#TREAS-003)*; and
 - b) details of the donation are accurately and completely documented on the *Donation Record Form*.
- 3.2 Finance is required to ensure:

- a) Donations are correctly accounted for in compliance with *Public Sector Accounting Standards*; and
 - b) charitable tax returns are prepared in accordance with Canada Revenue Agency (CRA) rules and regulations.
- 3.3 Individuals utilizing donations (**Program Owners**) are required to ensure:
- a) Donated funds are utilized in accordance with donor designation or stipulations of a foundation, and in a timely manner; and
 - b) regular reporting is provided to the donor or foundation, where applicable.
- 4. Segregation of Duties**
- 4.1 Segregation of duties shall be maintained between the functions of collecting donations, utilizing donated funds, recording of associated transactions, and issuing an official charitable tax receipt. In cases where adequate segregation of duties is not possible, compensating controls shall be established.
- 5. Acceptance of Donations from Individual Donors**
- 5.1 AHS **sites** supported by a foundation shall direct the donors to the foundation to make their donation.
- 5.2 AHS sites that are not supported by a foundation, or in extraordinary circumstances, may receive the donation directly. In such circumstances, funds shall only be accepted where the funds are undesignated (i.e., not subject to externally imposed restrictions), or are designated for a **broad purpose**.
- 5.3 Where Section 5.2 applies, donation made in person by an individual donor shall be accepted at a **cash collection site** by a cash custodian, and shall be designated for a broad purpose via a *Donation Record Form* completed at the time donation is being made.
- 6. Acceptance of Bequests**
- 6.1 AHS may accept **bequests** that are either designated or undesignated.
- 6.2 If a bequest is designated to a **Zone**, site, or program supported by a foundation, AHS shall request the administrator or executor of the estate of the deceased person to direct the bequest to the foundation where possible.
- 7. Acceptance of Donations through Physician Donation Arrangements**
- 7.1 Physicians may donate to AHS, a portion or all of their Physician fees, including but not limited to, Physician interpretation or honorarium fees, through a **Physician donation arrangement**.

- 7.2 Physician donation arrangements must be supported by a donation letter which specifies the purpose of the funds. The donation letter must be received prior to the effective date of the Physician donation arrangement.
- 7.3 Physicians shall not be able direct or control the use of donated funds. AHS retains the right to control and direct the use of such funds in accordance with the purpose specified by the Physicians.

8. Acceptance of Donations from Foundations

- 8.1 Sites supported by a foundation shall provide a list to the foundation for consideration, outlining their current and future priorities and requested items to be funded by the foundation. The list shall be provided to the foundation at a minimum, annually, or in accordance with mutually agreed timelines established by the foundation and AHS.
- 8.2 AHS shall request from the foundation information on funding available for distribution in addition to the funds allocated to the immediate priorities or requested items of an AHS site.
- 8.3 AHS shall ensure that donations received or to be received from a foundation are supported by a funding agreement or letter which specifies the intended use of the funds, including, if applicable, a statement as to whether or not funding for operating purposes may be used for capital purposes, and if so, the maximum amount to be used for capital purposes.
- 8.4 AHS shall only accept donations from foundations if such donations can be used appropriately in accordance with applicable legislation and AHS governance documents.

9. Issuance of Official Charitable Tax Receipts

- 9.1 An official charitable tax receipt shall be issued, in accordance with Regulation 3501 of the *Income Tax Act* (Canada) and CRA requirements, for all donations greater than \$20 received by AHS directly from donors, or received as part of a Physician donation arrangement, or if requested by the donor.

10. Utilization of Donated Funds

- 10.1 Designated donations shall be utilized in accordance with donor designations, or the stipulations of the foundation.
- 10.2 The leadership team(s) at the relevant AHS site or Zone, receiving donations designated for a broad purpose, shall determine how the funds will be utilized and allocated, if applicable, in accordance with the donor designations, or stipulations of the foundation.
- 10.3 Donated funds shall be utilized in a timely manner within the utilization period specified by the donor or foundation.

- 10.4 Program owners shall update the foundation on the progress or status of initiatives being funded by the foundation, as necessary, in accordance with the timelines stipulated in the funding agreement or funding letter provided by the foundation.
- 10.5 AHS may use an **intermediary** to carry out charitable activities provided that:
- a) AHS is able to direct and control the use of its resources; and
 - b) the arrangement between AHS and the intermediary is in accordance with the applicable CRA regulations.

11. Foundation Reimbursement to AHS

- 11.1 Where a foundation will reimburse AHS for **qualifying expenses** incurred, as set out in the funding letter, a reimbursement request or an invoice for the qualifying expenses incurred shall be issued to the appropriate foundation, at a minimum, on a quarterly basis.
- 11.2 If payment is not received from the foundation within 30 days of issuing the reimbursement request or invoice, except where noted in Section 11.3, the program owner responsible for monitoring the qualifying expenses incurred shall follow up with the foundation.
- 11.3 For instances where blanket disbursement timelines have been set and agreed upon by AHS and the foundation, Finance shall follow up with the foundation if funds are not received within the set timelines.

12. Return, Retention, and Uses of Surplus Foundation Funds

- 12.1 Where the foundation requires surplus funds to be returned and there is a valid alternative use of surplus foundation funds within AHS, a request for retention or repurposing of surplus funds is to be submitted to the foundation.
- 12.2 A reconciliation must be performed to ensure all valid expenses are recovered prior to returning surplus funds to the foundation.

13. Accountability

- 13.1 Non-compliance with this policy may result in disciplinary action up to and including termination of employment, privileges, contractual or other relationships with AHS.

DEFINITIONS

Advantage means any value or benefit expressed as real or perceived preferential treatment, property, services, compensation, or any other additional benefits that a person may receive.

Bequest(s) means property donated from the will of a deceased person. For the purposes of this policy, bequest refers to monetary bequests only.

Broad Purpose means broad uses for donated funds. Broad purposes applicable to donations received directly from individual donors have been pre-defined by AHS through the *Donation Record Form*.

Cash Collection Site means an individual, department or other entity which collects funds on behalf of AHS or AHS Subsidiaries. All cash collection sites must be authorized by the AHS' Finance Department before collections begin, in compliance with the *Cash Handling Standard* (#TREAS-003).

Cash Custodian means the AHS employee who is collecting the donation on behalf of AHS.

Designation means a stipulation or restriction placed by a donor on the utilization of donated funds.

Donation(s) means a monetary or non-monetary gift(s) contributed to AHS from a donor for the benefit of AHS. For the purposes of this policy, donation(s) refers to Canadian dollar monetary donations only.

Donor(s) means an individual or organization who has contributed a donation to AHS. For the purposes of this policy, donor(s) pertains to an individual donor, an organization, a physician with a donation arrangement with AHS, or an estate of a deceased person providing a bequest.

Foundation, Auxiliary or Trust means a registered charity established in Alberta under the *Regional Health Authorities Act* (Alberta), *Societies Act* (Alberta), *Companies Act* (Alberta) or other legislation, authorized by law to solicit, receive, invest and manage gifts from community donors for the benefit of its charitable purposes and for the benefit of AHS and Albertans as a whole.

Intermediary means an agent, a Joint Venture Partner (where AHS is the majority partner), a cooperative participant or a contractor who is classified as a non-qualified donee as defined in the Canada Revenue Agency Regulations.

Physician Donation Arrangement means an arrangement whereby a physician agrees to donate to AHS a portion or all of their physician fees, including but not limited to, physician interpretation fees or honorarium fees, through an automatic deduction prepared by AHS before the fees are paid to the Physician.

Program means and includes, but is not limited to, the department, division, service, sector or group within the AHS organizational structure (e.g., Addictions and Mental Health or Diagnostic Imaging, etc.).

Program Owner(s) means the person(s) responsible for utilizing donated funds at the AHS Zone, program, or site receiving the donation.

Qualifying Expense means an expense that is compliant with designations placed on the use of donated funds.

Qualified Donee means an organization that can issue official donation receipts for gifts they receive from individuals and corporations.

Site(s) means an AHS operated facility such as a general hospital, auxiliary hospital, long-term care facility, stand-alone psychiatric facility, and community ambulatory care centre.

Sponsorship means a mutually beneficial relationship between a provider of funds and/or in-kind goods and services (“the sponsor”) with AHS in return for recognition, rights and association, or other promotional consideration that can be used for commercial advantage.

Zone means one of the five geographic zones of AHS.

REFERENCES

- Alberta Health Services Governance Documents:
 - *Access to Information* (#1105)
 - *Cash Handling Standard* (#TREAS-003)
 - *Collection, Access, Use and Disclosure of Information* (#1112)
 - *Conflict of Interest Bylaw*
 - *Foundation Funding Agreement* (#FR-003)
 - *Information Security and Privacy Safeguards* (#1143)
 - *Monetary Charitable Contributions Procedure* (1175-01)
 - *Philanthropic and Honorific Naming and Recognition Policy* (#1147)
 - *Records Management Policy* (#1133)
 - *Records Retention Schedule* (#1133-01)
- Alberta Health Services Forms:
 - *Donation Record* (#19677)
- Non-Alberta Health Services Documents:
 - Canada Revenue Agency Website – Charities and Giving – Issuing Receipts
 - *Charitable Fund-raising Act* (Alberta) and all associated regulations
 - *Income Tax Act* (Canada) and all associated regulations
 - *Public Sector Accounting Standards*
 - *Registered Charity Information Return* (#T3010) (CRA)

VERSION HISTORY

Date	Action Taken
Click here to enter a date	Optional: Choose an item