



STAFF REPORT INFORMATION ONLY

A Summary of the City's Donation Activity for the 2008 Fiscal Year

Date:	January 18, 2010
To:	Executive Committee
From:	Toronto Office of Partnerships
Wards:	All
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SUMMARY

The purpose of this report is to provide an annual summary of the City's donation activity as required by section 4.15 of the *Policy on Donations to the City for Community Benefits*.

For the 2008 fiscal year, more than 50 City Programs (divisions as well as some agencies, boards and commissions) received over 6,150 donations with a total value of over \$1.9 million. Donations were made by both individuals and organizations and came in largely from local areas of the City, but also from other parts of the province, the country and even internationally.

It is important to note that the 2008 summary only pertains to donations for which tax receipts were issued by the City itself. Programs that issue their own tax receipts, such as the Toronto Public Libraries and the Toronto Zoo, are not included in this summary. Moreover, since the summary is based solely on tax-receiptable donations, the actual value of contributions to the City is likely higher.

The Toronto Office of Partnership will report back on the City's 2009 donation activity in the Fall of 2010.

Financial Impact

There are no financial implications arising from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on May 26 and 27, 2008 City Council adopted the “Delegation of Authority to Receive and Spend Donations to the City for Community Benefits” (EX20.3) staff report, as amended. The report revised the *Policy on Donations to the City for Community Benefits*. The updated Policy includes new reporting requirements including the need for the Toronto Office of Partnership to provide Council, on an annual basis, with a summary of the City’s donation activity for the prior fiscal year (section 4.15). This information report is in response to that directive.

The Policy is available at:

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-12540.pdf>

The City Council Decision Document for May 26 and 27, 2008 is available at:

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-05-26-cc21-dd.pdf>

ISSUE BACKGROUND

The City’s donation activity for the 2008 fiscal year can be summarized as follows:

- 1) Various City Programs received donations with a total value of over \$1.9 million.
- 2) Over 6,150 donations were received by these Programs. While a number of individuals and organizations donated on more than one occasion, usually donors gave once to a particular cause.
- 3) Although both individuals and organizations contributed to City Programs, of the more than 6,150 donations received, the vast majority were given by individuals (more than 95%).
- 4) As was to be expected, virtually all donations received were from City of Toronto residents. However, donations did come in from other parts of the province, the country and even internationally.
- 5) Of the more than 6,150 donations received, approximately 7% (448) were responsible for almost 90% of the over \$1.9 million raised. These relatively few large donations explain why the median donation to the City was only \$20.

- 6) Although the number of organizational donations was relatively small, their value was significant. Of the 176 donations received for \$1,000 or more, organizations were responsible for over one-third of them.
- 7) Donors gave to more than 50 different City Programs. However, more than 83% (5,176) of the donations received were designated for Toronto Animal Services (TAS). The division's success is largely attributable to its 24-hour online pet licensing system (ePET). The system includes a donation component which enables pet owners to contribute to TAS's spay and neutering program while at the same time allowing them to register their pets or renew their licenses online. Prior to ePET's inception, TAS averaged \$30,000 in over the counter donations, while in 2008 alone, the system brought in over \$131,000. In fact, ePET receives an online donation virtually every day.
- 8) While TAS received the greatest number of donations by far, the average value of a TAS donation was only \$25 (versus the overall City average of \$311 and the non-TAS average of \$1,806). Accordingly, TAS contributions only accounted for 7% (approximately \$132K) of the more than \$1.9 million that the City received in total.
- 9) The analysis includes a few sizeable in-kind (i.e. non-cash) donations including one for real estate. This solitary donation of land is responsible for 35% (\$0.7 million) of the over \$1.9 million total. These in-kind donations can effectively skew the analysis. For instance, they largely explain the high overall City average of \$311 and the non-TAS average of \$1,806. When these types of donations are excluded from the review, the value of the average donation falls to \$171 and \$953 respectively. Again however, \$20 was the amount that the vast majority of donors typically gave.
- 10) Next to Facilities and Real Estate, which obtained the donated land, Parks, Forestry and Recreation received the most funds of any division, approximately \$0.4 million (or more than 20% of the \$1.9 million total).

COMMENTS

In reviewing the City's 2008 donation activity, the following details should be noted:

1. Summary Limitations

The above summary is qualified by the following provisions:

- The analysis is derived solely from data provided by the City's Accounting Services Division.

- The analysis is based only on donations for which tax receipts were issued by the City itself. Accordingly, the actual value of donations collected by the City is almost certainly higher. For example, although City Programs often receive valuable in-kind donations, only 24 such contributions were recorded for tax receipting purposes. Income tax receipts can only be issued for in-kind donations if the recipient division requests a donation receipt and provides a written appraisal report. The summary indicates that this is not always done. As well, companies that file corporate tax returns normally write off in-kind contributions as expenses. Hence, many (if not most) businesses do not request tax receipts for their in-kind donations. As such, the number of organizational contributions is likely to be under-reported.
- Only select City Programs are evaluated. The majority of City agencies, boards and commissions, such as the Toronto Public Library and the Toronto Zoo issue their own tax receipts, as does the City's Long-Term Care and Homes division. Their fundraising efforts are therefore not included in this analysis.

2. Current Process

Currently, the majority of City divisions do not have the capacity to accept and receipt donations electronically. City divisions, with few exceptions, can only collect funds either by mail or in person. This results in a time lag between the receipt of the donation and the issuance of the matching tax receipt. Even in instances where funds are accepted online, as in the case of TAS, the City does not have the capability of issuing instantaneous electronic tax receipts. Rather, all donations need to be physically recorded and batched by the recipient division before the requisite documentation is forwarded to Accounting Services for receipting purposes. This manual process is quite time consuming.

3. Privacy Concerns

One of the rationales for reporting back on in-year donation activity was to recognize the generosity of specific City donors. Acknowledging the goodwill of Toronto residents is part of the City's ongoing commitment to improving donor stewardship and cultivating relationships. However, due to privacy and confidentiality concerns, we are not able to disclose the names of donors at this time. Under the City's current manual receipting procedures, there is no standard method for identifying which donors wish to remain anonymous and which are willing to being publicly acknowledged. Without the express consent of these donors, the City is not authorized to divulge any of their names nor the amounts they have given, even if it is solely for the purposes of recognition.

4. Future Opportunities

In an effort to address some of the issues identified above (i.e. a labour intensive transaction process, manual tax receipting, donor recognition limitations, etc.) as well as to facilitate opportunities for giving, the Toronto Office of Partnership has begun to explore an e-donations strategy for the City. The strategy will investigate the feasibility of establishing an IT platform that would support an online donations presence for all City divisions. It is expected that a web-based application that allows members of the public to conveniently make their contributions electronically could potentially boost current donation levels substantially, similar to how the ePET system has helped TAS diversify and enhance its revenue base. Furthermore, an e-donations approach is considered to be relatively efficient compared to paper-based transactions since it allows for much of the administrative back-end (recording, income tax receipting, etc.) to be automated, thereby streamlining the process significantly.

5. 2009 Donation Activity

For the 2009 fiscal year, the Toronto Office of Partnership will report back on the City's donation activity in the Fall of 2010.

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SIGNATURE

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