

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2019 April 17

FROM: DIRECTOR FINANCE

FILE: 6700-01

SUBJECT: CENTRALIZED ONLINE DONATION ACCEPTANCE

PURPOSE: To provide the Committee with information regarding the acceptance and processing of donations through a third party processor.

RECOMMENDATION:

1. **THAT** the Committee receive this report for information.

REPORT**1.0 INTRODUCTION**

City of Burnaby departments accept donations for various programs and reserves, such as the Burnaby Public Library for trusts and endowments, and Parks, Recreation and Cultural Services for the Burnaby Art Gallery and the Burnaby Village Museum to name a few. The process of accepting the donations vary amongst the divisions and are manually intensive for the collection, depositing and receipting of the donation for tax purposes.

Payment acceptance has traditionally been by cash or cheque which means the donor must come to the appropriate City location or mail in the donation. On two occasions over the last decade a donor requested to pay by credit card. The donation was very substantial and the department had sufficient operating budget to cover the associated fees, so the payment by credit card was accepted, ensuring the full donation amount was posted to the donation reserve.

The Burnaby Public Library (BPL) is a registered charity in Canada; therefore, BPL is listed as a donation recipient through www.canadahelps.org which is an independent third party website who collects donations, provides tax receipting and transfers payment to the non-profit/charity weekly at a cost of 3.50% of the donation. This is an inexpensive and wholesome solution for non-profits and charities.

2.0 POLICY SECTION

Goal

- A Connected Community
 - Social connection –
Enhance social connections throughout Burnaby
 - Partnership –
Work collaboratively with businesses, educational institutions, associations, other communities and governments
- A Healthy Community
 - Lifelong learning –
Improve upon and develop programs and services that enable ongoing learning
 - Community involvement –
Encourage residents and businesses to give back to and invest in the community
- A Dynamic Community
 - Economic opportunity –
Foster an environment that attracts new and supports existing jobs, businesses and industries
 - Community development –
Manage change by balancing economic development with environmental protection and maintaining a sense of belonging
- A Thriving Organization
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets

3.0 CREDIT CARD ACCEPTANCE FOR DONATIONS

City of Burnaby divisions have requested a simple way to accept and process donations by credit card and issue tax receipts without discouraging the donation due to additional fees and the receipting process. Finance staff conducted analysis and reached out to other cities to ascertain the method of payments and payment mediums accepted. All municipalities we contacted who accept donations by credit card do not charge the donor a fee on top of the donation amount, but do provide a receipt for the full amount donated, even though a fee is taken by the third party provider from the donation amount. Each city reduces the amount posted to the donation account by the fees paid. Staff also contacted CanadaHelps and discovered that their platform, which traditionally was for registered charities and non-profits only, can now accept municipal donations; although this option is not being widely advertised.

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By utilizing the CanadaHelps website, the City can centralize the donation collection, deposit and receipting process while reducing overall costs and accepting credit cards via an online platform. With tax receipting provided directly from CanadaHelps to the donor, the 3.50% fee represents a very reasonable cost to the City, which would be deducted from the donated amount. Furthermore, the City does not have to manage the Information Technology infrastructure and the related security controls to create an online donation website that requires continuous monitoring and a cost to set up.

4.0 ONLINE SERVICE PROVIDER

Donations to various City of Burnaby programs, departments and facilities help support lifelong learning and a multitude of legacy programs. While the City's fee recovery bylaw has created a neutral cost position for credit card payment usage by patrons paying receivables, additional fees added to a donation is a deterrent and discourages a donor from donating when there is an additional fee on top of their donation. Other municipalities simply reduce the donation amount by the fees paid when payment is made by credit card and this is what staff are proposing to do at the City of Burnaby.

The Finance Department will be centralizing donation collections through a third party online service CanadaHelps at the website www.canadahelps.org which will reduce overall costs to the City and provide for a convenient and expedient means for donors to make contributions to the City of Burnaby and receive a tax receipt electronically. The cost for the services is 3.50% of the donated amount and the City will receive the net funds electronically into our bank account weekly.

This online platform will be available through multiple links on the City's department and division web pages where donations are accepted. Furthermore, staff will not have to manage the back end processing of donation receipts and reconciliation.



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

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Copied to: City Manager
Members of Management Committee