

### 3.13 Donations Policy

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#### 1. Purpose

The purpose of this policy is to establish guidelines for accepting and administering charitable donations in a manner that complies with the Income Tax Act and the requirements of the Canada Revenue Agency. All funds received by the Kootenay Christian Academy are designated for the benefit of the school and may be eligible for tax receipts.

#### 2. Background

Kootenay Christian Academy is registered with the Canada Revenue Agency as a charitable organization for the purpose of the "advancement of education," as defined in the Income Tax Act. To qualify, charitable activities must include formal instruction or training of the mind, preparing individuals for employment, or improving a useful branch of human knowledge. In addition, the Supreme Court of Canada has established that a charitable purpose must have:

- A structured and genuinely educational purpose.
- A teaching or learning component.
- A legitimate, targeted attempt to educate others.

#### 3. Acceptance of Charitable Donations

##### 3.1. General Requirements

- Charitable donations may only be accepted if they meet the criteria and definitions outlined above, and with prior approval from:
  - The Administrative or Management individual responsible for the activity, ensuring any donor restrictions on fund expenditure are acceptable.
  - The Secretary-Treasurer (or designate) to verify compliance with the Income Tax Act.

##### 3.2. Use of Funds

- All donated funds must be used for the intended purpose. Funds cannot be redirected to another organization or used for a purpose different from that for which they were donated.

### 3.3. Cash Donations

- Cash donations that satisfy the charitable purposes requirements (e.g., for school supplies, furnishings, equipment, playgrounds, student programs, scholarships, and bursaries) are accepted under this policy.
- If a donation does not clearly fall within these definitions, a written proposal must be submitted to the Secretary-Treasurer (or designate) for assessment.

### 3.4. Tax Receipts

- A charitable donation receipt may only be issued if the donor does not receive any direct personal benefit from the donation. All tax receipts will be issued in the donor's name only.
- It is reiterated that all money coming into the school is for the school and is eligible to be acknowledged with a charitable tax receipt, subject to compliance with this policy.

## 4. Types of Donations

### 4.1. Cash Donations

- Accepted if they meet the charitable purposes requirements as defined by the Income Tax Act.

### 4.2. Donations-in-Kind

- Acceptance of donations-in-kind (e.g., equipment, furnishings, site improvements) requires additional approval as outlined in Section 5.

### 4.3. Scholarship Donations

- Donations intended for funding scholarships must follow the procedures detailed in Appendix A – Establishing & Administering Scholarship Funds and Administrative Procedure 365 – Scholarships & Awards.

## 5. Donations In-Kind

### General Criteria

- Donations of equipment, furnishings, and site improvements will only be accepted once the charitable purpose is confirmed.
- Equipment must be for educational use (not for resale), have a fair market value of at least \$250, and be of a quality that meets Kootenay Christian Academy standards (e.g., technical compliance, operability, and repairability).

### 5.2. Valuation of Donations

- The fair market value for computers and other information technology equipment shall be determined by Information Management Services.
- For all other donations-in-kind, valuation is determined by the Manager, Purchasing.

### 5.3. Receipt of Donations

- Charitable donation receipts for donations-in-kind will only be issued after confirmation that the goods have been received and their fair market value has been substantiated by the appropriate authority.

## 6. Ineligible Donations

The following items do not qualify for charitable donation receipts, in accordance with Canada Revenue Agency guidelines:

- Cash from loose collections where the donor cannot be identified.
- Donations of services.
- Donations of second-hand clothing.
- Donations of furniture and equipment lacking educational value.
- Gift certificates or cards.
- Pledged donations.
- Lottery tickets.
- Tuition and membership fees.
- Basic admission fees to events or programs.
- Gifts from a Foundation, which are not eligible for tax receipts.

## 7. Record Keeping and Administration

### 7.1. Documentation and Receipts

- All donation records will be maintained by Corporate and Financial Services in compliance with Kootenay Christian Academy, the Ministry of Education, and Canada Revenue Agency requirements.
- For cash donations of \$25 or greater, official charitable donation receipts will be issued by Corporate and Financial Services.

### 7.2. Funds Management

- Schools must record all donated funds in a segregated account within their general ledger.
- Cheques received by schools should be forwarded to Corporate and Financial Services, along with the appropriate identification of the donation's intended purpose.

### 7.3. Donations-in-Kind

- Donated goods must be accompanied by appropriate documentation (e.g., vendor receipts or professional appraisals, as required) before a charitable receipt is issued.

## **8. Appendix A: Establishing & Administering Scholarship Funds**

1. Establishing a Scholarship Fund
  - Scholarships funded by annual donations shall be managed through school-based funds.
  - For multi-year scholarships, Corporate and Financial Services will administer the funds in compliance with Income Tax Act reporting requirements.
2. Issuing Official Charitable Donation Receipts
  - Procedures for issuing receipts for scholarship-related donations are detailed in Administrative Procedure 517 Section 3.
3. Perpetuity Scholarships
  - For scholarships intended to be disbursed over ten or more years, additional documentation is required. If funds are insufficient after ten years, the remaining balance will be transferred to a general Kootenay Christian Academy Fund.
4. Investment Earnings
  - Interest earned on invested scholarship funds will be recorded for the benefit of the individual scholarship funds annually.
5. Scholarship Award Selection & Payment
  - School Administrators are responsible for ensuring scholarship awards comply with funding terms. Upon verification of recipient eligibility (e.g., post-secondary enrollment), the Administrator will authorize the payment and notify Corporate and Financial Services.
6. Tax Reporting Compliance
  - If a student's scholarships exceed \$500 in a calendar year, Corporate and Financial Services will issue a T4A slip to the student. Schools paying scholarships directly from site funds must submit recipient details to Corporate and Financial Services to ensure compliance with the Income Tax Act.

### **Growing Excellence**

This policy reinforces Kootenay Christian Academy's commitment to ensuring that all funds received are used solely for the benefit of the school and its educational mission, and that proper tax receipts are issued in accordance with established guidelines.