

## **Donation Acceptance and Allowable Spending Policy**

**Effective Date:** 8/1/2024

**Approved By:** Board of Directors

**Organization Name:** CKing Education Foundation

### **1. Purpose**

The purpose of this policy is to establish clear guidelines regarding the acceptance of donations, the allowable use of donated funds, and the issuance of donation acknowledgment letters in compliance with IRS regulations and nonprofit governance standards.

### **2. Scope**

This policy applies to all monetary and non-monetary contributions received by CKing Education Foundation, including cash, checks, electronic transfers, securities, in-kind donations, grants, and other charitable gifts.

### **3. Donation Acceptance**

CKing Education Foundation accepts donations that support its mission and charitable programs. The organization reserves the right to decline any contribution that:

- Is inconsistent with the organization's mission or values
- Imposes unreasonable restrictions or obligations
- Creates reputational or legal risk
- Results in excessive administrative burden

All donations become the property of the organization and will be used at its discretion unless explicitly restricted by the donor.

### **4. Classification of Donations**

Donations will be classified as one of the following:

#### **A. Unrestricted Donations**

Funds that may be used for any legitimate organizational expense that supports the nonprofit's mission, including administrative and operational costs.

#### **B. Restricted Donations**

Funds designated by the donor for a specific program, project, or purpose. The organization will honor donor restrictions to the extent they are lawful and feasible.

### **C. Temporarily Restricted Donations**

Funds restricted for a defined period or until certain conditions are met.

### **5. Allowable Spending of Donated Funds and services**

Donated funds and services must be used exclusively for charitable, educational, or scientific purposes consistent with Section 501(c)(3) of the Internal Revenue Code.

Allowable expenses include, but are not limited to:

#### **Program Expenses**

- Direct costs of charitable programs and services
- Educational materials and supplies
- Community outreach initiatives
- Scholarships or financial assistance
- Event expenses that further the mission

#### **Operational and Administrative Expenses**

- Reasonable salaries and benefits for employees
- Professional services (legal, accounting, compliance)
- Office expenses, technology, and insurance
- Facility costs and utilities
- Marketing and communications related to programs
- Fundraising expenses

#### **Capital Expenses**

- Equipment purchases
- Property improvements
- Technology infrastructure

## 6. Travel, Lodging, and Mission-Related Expense Policy

To ensure donated funds and services are used responsibly and in furtherance of the organization's charitable mission, the following rules apply to travel, lodging, and related expenses.

### A. Mission-Related Requirement

Travel expenses funded by the organization or treated as tax-deductible donations must be **directly connected to the nonprofit's charitable programs or mission activities**. Only expenses that are necessary, reasonable, and primarily for mission execution will qualify.

Examples of allowable travel expenses include:

- Airfare, rail, or ground transportation to and from the mission location
- Hotel or lodging accommodations necessary for the duration of the mission
- Local transportation required for official activities
- Meals directly related to mission work (subject to reasonableness standards)
- Required travel documentation, visas, or immunizations

### B. Non-Allowable Travel Expenses

The following expenses are **not eligible** for reimbursement, tax deduction, or donation acknowledgment:

- Travel deviations for personal reasons, including extended stays or alternate destinations
- Upgrades such as first-class airfare, luxury hotels, or premium services beyond reasonable needs
- Entertainment or recreational activities not related to the mission
- Alcohol or personal incidentals
- Expenses related to spouses, children, family members, or guests accompanying the traveler unless their participation is pre-approved and directly supports the mission

### C. Accompanying Family Members or Guests

If a participant chooses to travel with family members or guests:

- The organization will **not cover or subsidize** any portion of their expenses.

- Only the participant's prorated, mission-related costs may qualify.
- Incremental costs resulting from companions (larger hotel rooms, additional airfare, extra transportation, etc.) are strictly the responsibility of the traveler.
- Such incremental costs **will not be treated as charitable contributions**, and no donation acknowledgment letter will be issued for these amounts.

#### **D. Personal Deviations from Approved Travel**

Participants must follow the approved mission itinerary.

Any personal deviations — including altered travel routes, stopovers, vacation extensions, or non-mission activities — must be clearly separated from mission expenses.

Costs attributable to personal travel:

- Are not tax-deductible
- Will not be reimbursed
- Will not be included in donation acknowledgment letters

#### **E. Documentation Requirements**

Travelers must provide adequate documentation to support mission-related expenses, including:

- Itemized receipts
- Proof of travel
- Approved itinerary
- Explanation of the charitable purpose

Failure to provide documentation may result in denial of reimbursement or donation acknowledgment.

#### **F. Compliance with IRS Guidance**

The organization will issue donation acknowledgments only for qualified charitable contributions as defined by the Internal Revenue Code. Payments that provide a personal benefit, including vacation-like travel or family participation, are not deductible.

## **7. Non-Allowable Use of Donations**

Donated funds may NOT be used for:

- Personal benefit of any individual
- Political campaign activity or prohibited lobbying
- Excessive compensation or private inurement
- Non-charitable purposes
- Illegal activities

Board members and staff must avoid conflicts of interest in all spending decisions.

## **8. Documentation and Financial Controls**

To ensure accountability:

- All expenditures must be properly documented and approved according to financial procedures.
- The organization will maintain accurate records of donations and related expenditures.
- Financial statements will be reviewed regularly by leadership and/or the board.
- An annual audit or financial review is recommended when appropriate.

## **9. Donation Acknowledgment Letters**

CKing Educational Foundation will provide written acknowledgments in accordance with IRS requirements.

**A donation letter will be issued when:**

- Any single donation of **\$250 or more** is received
- A donor requests written acknowledgment
- A non-cash contribution is made

**The acknowledgment will include:**

- Organization name
- Donation date
- Donation amount (for cash gifts)

- Description of non-cash gifts (without valuation)
- Statement confirming whether goods or services were provided
- The organization's EIN
- Required IRS disclosure language

**Note:** It is the donor's responsibility to determine the tax deductibility of their contribution.

### **10. Quid Pro Quo Contributions**

If a donor receives goods or services in exchange for a contribution exceeding \$75, the acknowledgment must disclose the estimated fair market value of those goods or services.

### **11. In-Kind Donations**

Non-cash gifts will be acknowledged with a description only. The organization does not assign value to in-kind contributions; valuation is the donor's responsibility.

### **12. Donor Privacy**

The organization respects donor confidentiality and will not sell, trade, or share donor information except as required by law.

### **13. Policy Review**

This policy will be reviewed periodically by the Board of Directors and updated as necessary to remain compliant with federal and state regulations.

Board of Directors

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Secretary

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