

PNPC Animal Rescue - Reimbursement of Expenses Policy

Background and Overview

Under the Volunteer Pilot Program ("VPP") of PNPC Animal Rescue reimbursement is made to the volunteer pilots ("VPP Pilots") of the costs incurred on an approved VPP Flight: fuel costs, operating costs relative to their aircraft used in the VPP Flight and other Flight specific costs. The details of the reimbursement are set forth below, as well as the updated and amended procedure for how PNPC Animal Rescue reimburses the VPP Pilots and issues a charitable tax receipt for the VPP Pilots' donated portion of the incurred Flight costs.

Prior to October 1, 2011 the reimbursement process for similar charities was that the charity reimbursed each pilot with the full amount of the fuel burn and the operating costs. Then, the pilot would donate back the fuel burn and the full amount of the operating costs. This process was based on the Canada Revenue Agency policy that the "exchange of cheques" was the preferred process (as noted in CRA Policy Commentary reference # CPC-012).

In early 2011, the CRA amended its policy commentary to recognize a simplified process for the situation when a volunteer has a right to reimbursement from the registered charity for the expenses incurred, but also donates back a portion or all of such amount. The CRA has now stated that "when a registered charity wants to issue a receipt for income tax purposes to a volunteer in lieu of reimbursement, it should have a written direction from the volunteer. The written direction should confirm the right to reimbursement and direct the registered charity to issue a receipt rather than provide reimbursement."

As of January 01, 2016 PNPC Animal Rescue's VPP pilot reimbursement policy is to allow pilots to benefit from the efficiencies of the new CRA procedures.

It should be noted that each VPP Pilot accepts the terms of this Reimbursement of Expenses Policy before the first VPP Flight for PNPC Animal Rescue takes place, and then again it is implied as part of the terms of volunteering at each time pilots volunteer and offer to do a VPP Flight for PNPC Animal Rescue. PNPC Animal Rescue is proud of its VPP Pilots who not only donate their time, aircraft and expertise but also voluntarily donate back to PNPC Animal Rescue a significant portion of the costs they incur for each VPP Flight. Each VPP Pilot has a right to reimbursement from PNPC Animal Rescue for the expenses incurred in respect of each VPP Flight, and due to the generosity of each VPP Pilot who designates through the VPP Direction (referred to below) then PNPC Animal Rescue may treat the right to reimbursement as a gift in kind and issue a receipt for income tax purposes. This Policy outlines specific details in this regard.

Reimbursement of Fuel and Operating Costs

PNPC Animal Rescue will reimburse each VPP Pilot for allowable and demonstrable fuel and operating costs related to a PNPC Animal Rescue Flight. For purposes of reimbursement under this Policy, the amount determined for reimbursement in respect of fuel is the total cost of fuel burned during the VPP Flight PLUS the total operating cost of the aircraft during the VPP Flight. The operating cost is provided to PNPC Animal Rescue for each VPP Flight by the VPP Pilot by means of multiplying the relevant hourly operating costs with the air time of the VPP Flight.

The hourly operating cost is to be provided to PNPC Animal Rescue by the VPP Pilot upon registration in the VPP Program and may be updated by the VPP Pilot at any time.

Review of these rates will be conducted on an annual basis by the Director of Pilot Operations to ensure they are in line with similar planes. The Aircraft Hourly Operating Costs will be determined and approved on a discretionary basis by the Director of Pilot Operations at the time a VPP Pilot is registered and whenever the VPP Pilot submits an Aircraft Update form.

Recognized Fuel and Operating Costs

Recognized fuel and operating costs may be classified into three categories:

1. The incurred fuel costs for the VPP Flights.
2. Aircraft Hourly Operating Costs included in the hourly operating cost are:
 - annual maintenance, including parts and labour divided by the number of hours flown in a typical year
 - engine and propeller hourly reserves (including oil consumption)
 - insurance divided by the number of hours flown in a typical year
3. Miscellaneous Flight-related costs would include any costs which occur in direct consequence to the Flight including:
 - de-ice
 - hangarage fees
 - ramp, landing, parking, and airport fees
 - maps, charts, approach plates, or a CFS if purchased specifically for the VPP Flight
 - call-out fees

- hotel, taxi, and meals for the VPP Pilot

* Include a copy of the receipt to PNP Animal Rescue for items claimed in this section.

Renting

The full cost of renting an aircraft utilized on a VPP Flight will be reimbursed as an operating cost provided a rental receipt is submitted.

Non-qualifying Operating Costs

The following do not qualify for reimbursable operating costs:

- hangar or parking fees, hangar heating or electricity, other than those stated above when such are VPP Flight direct
- licensing or processing fees including; exam fees, flight test fees, check outs, refresher courses, medical fees (doctor or Transport Canada)
- Flying Club membership dues or dues in any other pilot organization
- lost wages or consulting fees for taking time off work
- recurrent training
- proficiency/currency training at flight school/club

By way of example:

- a VPP Flight is flown and has a total air time of 4 hours
- the Pilot's hourly operating cost of the aircraft is registered as \$200.00 per hour and the fuel burn is 56.78 litres (15 US gal) per hour
- the applicable average cost of fuel for this specific VPP Flight is \$1.60 per litre.

This would mean that:

- The VPP Pilot would be entitled to a total reimbursement of \$1,163.39
 - \$363.39 full cost of the fuel burn (56.78 x \$1.60 x 4), plus
 - \$800.00 operating cost (\$200 x 4)
- Pursuant to the express direction of the VPP Pilot, the full amount of \$1,163.39 will be considered a gift to PNP Animal Rescue
- The Pilot will receive a charitable tax receipt for \$1,163.39.

In order to claim operating expenses, no other benefit may have been enjoyed by the VPP Pilot (such as a business meeting at destination). Also, please note that operating costs must be

demonstrable in the event that the Canadian Revenue Agency requests to see the breakdown of costs. It is recommended that you keep all pertinent receipts on file.

Cash Reimbursement of Fuel Costs

PNPC Animal Rescue does *not* currently offer a cash reimbursement for fuel costs of VPP Flights. Should that change in the future, this Policy will be amended to reflect that change. The purpose being that the portion of the fuel having been cash reimbursed would not constitute a qualifying fuel cost. The qualifying fuel cost would only be that portion of the total fuel cost which had not been reimbursed.

Issuing of Charitable Tax Receipts

Within 45 days of calendar year-end, PNP Animal Rescue will issue to each qualifying VPP Pilot a charitable tax receipt in respect of the directed amount of the donation(s) for all VPP Flights flown during the past calendar year.

Express Direction by each VPP Pilot

Each VPP pilot will be asked to consider and sign a specific direction to PNP Animal Rescue in the following format when enrolling then annually in PNP Animal Rescue's program:

I hereby direct that the funds to which I am entitled by way of reimbursement for fuel burn and my operating costs in respect of each Volunteer Pilot Program Flight I carry out for PNP Animal Rescue (in accordance with the stated policy of PNP Animal Rescue), and which would otherwise be forwarded to me by cheque, be transferred to PNP Animal Rescue as my gift.