

BONDING GUIDELINES FOR GROUP 4 SCHOOLS:

All Group 4 independent schools must be bonded. School authorities of all Group 4 schools must post financial guarantees in accordance with the *Bonding Act*, equal to 75 percent of all fees collected from students for one of the periods of July through December, or January through June, whichever has the higher income, of the previous school year. **The “fees” are defined as “any money received by an authority for any purposes from or on behalf of a student or a person applying to become a student other than money paid for post-secondary education”** [I.S.A. Schedule section 6 (e), and *Bonding Act* - Bonding Regulation, division 7.1].

All Group 4 schools must post a bond of not less than \$100,000. Schools applying for Group 4 classification for the first time must post the minimum bond of \$100,000, or, if more than 20 students are enrolled in the first year, \$5,000 per student. Independent School Regulation, section 8, requires that detailed information concerning the protection afforded by the bond must be included in the school calendar.

The following bonding instruments may be used:

- (a) a surety bond issued by a bonding company or insurer registered to do business in British Columbia under the *Financial Institutions Act* or the *Insurance Act*;
- (b) short term deposits registered in the name of the Minister of Finance issued by a Canadian financial institution (chartered bank, trust company, or credit union);
- (c) marketable bonds in fully registered form issued and/or guaranteed by the Government of Canada or the government of any province of Canada with a maturity date of not longer than three years, together with a duly executed power of attorney to the Minister of Finance (Note: Canada Savings Bonds are not eligible);
- d) treasury bill notes issued by the Government of Canada or the government of any province of Canada;
- e) irrevocable letters of credit with a termination date beyond the required term of the security, issued by a Canadian financial institution, payable to the Minister of Finance.

Please Note: Instruments defined under b), c) and d) must be covered by a safekeeping agreement with a financial institution.

Procedure

1. The school authority forwards to the Inspector of Independent Schools, by September 1 of the current school year, an audited statement indicating the total amount of all fees collected for the period of July 1 through December 31, and the period of January 1 through June 30 of the previous school year. **See definition of fees above.**
2. On the basis of the audited statement referred to above, the school authority shall deposit, by September 1 of the current school year, a bond equal to 75 percent of the amount collected in the six months with the highest income.
3. The authority determines, subject to the *Bonding Act*, the type of bonding instrument it wishes to use, and proceeds to post the bond no later than September 1.
4. The Inspector of Independent Schools will assist in arranging for a safekeeping agreement with an appropriate financial institution.
5. On completion of all requirements (including bonding), the Inspector of Independent Schools issues or extends the Certificate of Group 4 Classification.