SCA Society Historical Fees FAQ

1 Abbreviations

BMO - Bank of Montreal - holder of mortgage on elementary school
EIPS - Elk Island Public School District
HVAC - Heating, Ventilation, and Air Conditioning
MRF - Maintenance Reserve Fund
SCA - Strathcona Christian Academy
SCAS - Strathcona Christian Academy Society
SPAC - Sherwood Park Alliance Church
SPACS - Sherwood Park Alliance Church Society
SPACPC/Propco- Sherwood Park Alliance Church Property Company

2 Introduction

Several important questions have been asked about the history and financial interactions of Strathcona Christian Academy, Sherwood Park Alliance Church, and Sherwood Park Alliance Church Property Company. At the time, the answers were insufficient and the necessary documentation not readily accessible. This FAQ acknowledges that these questions needed and deserved more complete answers.

The research and summaries into the financial, legal and governance questions of the past was done by SPAC staff and this FAQ was developed together with the SCA Society board. The annual financial statements have been our most consistent and reliable source of information. Our next level of detail is our general ledger including all financial transactions for SCAS, SPACS, and SPACPC dating back to 2013. Beyond that, we have finance committee reports, general historical records, and access to many of the primary decision makers in leadership over the past 30 years.

Both before and after 2007, when a public-private partnership among SPAC, the province, and parents was reached, SCA's primary financial story has been how to build and maintain the school buildings. What would be the appropriate way to allocate costs for facilities that would serve school and church? The approach has normed at defining the school's share of the cost in the range of 46-75% depending on whether it was capital construction (usually 75%) or maintenance (ranging between 46 and 74%). Dating back to 2004 at the latest, Private Schools and Alternate Schools have been eligible for provincial government Operations and Maintenance Grants of 40 or 60%, respectively, of what public school divisions would spend (the grant amount has been frozen or decreasing since 2013).

3 What happened in the past?

3.1 What about the report of $900K annual "profit"?

In 2020 a document was released to the SCA community suggesting a $948K surplus of funds for 2019. That number drew attention to the $300K contributed to capital reserves that year (which was internally restricted for capital purposes benefiting SCA). The document suggested that SCA operations and maintenance costs were $612K in 2019; however, the correct costs were $896K for operations and maintenance and $249K for maintenance reserve, for a total of $1.1M. The misrepresentation was further complicated by the assumption that the Secondary rent ($205K) was to be applied to SCAS operating costs. The actual allocation model from 2010-2019 was built on the premise that the Secondary rent would offset miscellaneous, unallocated costs of the entire Clover Bar facility and that SCAS allocations would be reduced correspondingly. In October a detailed presentation of these finances was given to school councils, and the recording is available **here**.

3.2 With the SCS rent formally going to SPAC directly, how much money has SPAC or the SCA Society accumulated over the years from parent fees?

The cost allocation model from 2010-2019 was built on the premise that the Secondary rent would offset the miscellaneous, unallocated costs of the entire Clover Bar facility and that SCAS allocations would be reduced correspondingly. The allocations were an underestimate, but it was assumed the balance would be neutral as SPAC carried miscellaneous costs. As additional scrutiny has been placed on these numbers, a more reflective and rigorous allocation model has been established, and along with that the SCS rent is applied to those costs. Projecting this model back in time shows that the program has been very balanced over the past 10 years (see chart below). The average surplus was $22K per year, approximately 1% of parent fees.

See the table below for detailed cost allocations for 2013 to 2022.

SCA Society Financial Summary

ACCTDESC	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Revenue										
Revenue SubTotal	(1,609,720)	(1,428,840)	(1,494,681)	(1,672,502)	(1,665,160)	(1,695,532)	(1,711,614)	(1,634,891)	(1,598,939)	(1,533,187)
Financial Statements		*$1,485,640*	*$1,499,575*	*$1,672,502*	*$1,665,156*	*$1,696,484*	*$1,711,532*	*$1,635,221*	*$1,598,940*	*$891,312*
Administration										
Administration SubTotal	145,009	164,308	151,934	167,331	180,381	193,972	147,139	215,337	215,307	214,496
Financial Statements		*$221,108*	*$156,826*	*$167,331*	*$180,377*	*$194,924*	*$147,839*	*$216,367*	*$216,047*	*$214,298*
Christian Education										
Christian Education SubTotal	$ 376,744	$ 284,401	$ 271,223	$ 292,325	$ 288,154	$ 224,043	$ 203,931	$ 194,546	$ 172,659	$ 132,885
Financial Statements		*$282,080*	*$271,223*	*$292,325*	*$288,154*	*$224,043*	*$203,931*	*$196,478*	*$183,100*	*$155,974*
Facilities: Clover Bar										
Custodial Contract	*74.16%*	*74.16%*	*74.16%*	*74.16%*	*74.16%*	*74.16%*	*74.16%*	*74.16%*	*74.16%*	*74.16%*
Custodial Contracts & Supplies SubTotal	**$ 260,096**	**$ 223,935**	**$ 215,733**	**$ 237,411**	**$ 229,554**	**$ 120,833**	**$ 31,643**	**$ 37,313**	**$ 23,083**	**$ 36,981**
Maintenance Fixed (Space Allocation)	*52.89%*	*52.89%*	*52.89%*	*52.89%*	*52.89%*	*52.89%*	*52.89%*	*52.89%*	*52.89%*	*52.89%*
Maintenance Fixed SubTotal	$ 243,427	$ 228,687	$ 195,263	$ 240,863	$ 230,430	$ 237,337	$ 217,905	$ 238,040	$ 246,322	$ 225,342
Utilities and Maint. Variable (People Days)	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*
SubTotal	**$ 270,986**	**$ 211,454**	**$ 251,229**	**$ 280,719**	**$ 261,001**	**$ 234,880**	**$ 215,495**	**$ 237,426**	**$ 238,326**	**$ 249,039**
Labor 142 (People Days)	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*
Labor SubTotal	**$ 172,428**	**$ 170,232**	**$ 203,705**	**$ 200,355**	**$ 166,847**	**$ 396,714**	**$ 595,416**	**$ 632,011**	**$ 568,392**	**$ 526,244**
Facilities: Secondary Allocation										
Secondary Allocation SubTotal	**$ 609,943**	**$ 535,195**	**$ 559,061**	**$ 616,251**	**$ 570,299**	**$ 625,800**	**$ 665,971**	**$ 718,878**	**$ 671,926**	**$ 650,697**
Clover Bar Total	$ 946,937	$ 834,307	$ 865,931	$ 959,349	$ 887,832	$ 989,764	$ 1,060,459	$ 1,144,790	$ 1,076,123	$ 1,037,605
Rent Income from SPAC - 1011	($205,826)	($205,826)	($205,826)	($205,826)	($205,826)	($320,820)	($178,235)	($218,054)	($162,000)	($226,011)
O&M Income from SPAC - 1011	($211,260)	($302,020)	($290,565)	($290,565)	($290,565)	($290,565)	($290,563)	($290,564)	($290,565)	($290,563)
Facility Operations Minus Grant	**$ 192,857**	**$ 27,349**	**$ 62,670**	**$ 119,860**	**$ 73,908**	**$ 14,415**	**$ 197,173**	**$ 210,260**	**$ 219,361**	**$ 134,123**
SCAS Percent of CloverBar Total	64%	64%	65%	64%	64%	63%	63%	63%	62%	63%
Facilities: Secondary MRF	**2021/22**	**2020/21**	**2019/20**	**2018/19**	**2017/18**	**2016/17**	**2015/16**	**2014/15**	**2013/14**	**2012/13**
MRF (People Days)	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*	*65.02%*
Secondary Allocation for MRF	$ 242,451	$ 285,237	$ 271,655	$ 249,224	$ 241,966	$ 249,298	$ 205,359	$ 116,386	$ 92,327	$ 115,144
Facilities: Elementary										
Facility Allocation (Space Allocation)	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Elementary SubTotal	$ 431,429	$ 420,418	$ 378,256	$ 411,808	$ 381,270	$ 400,307	$ 400,765	$ 400,401	$ 424,596	$ 402,697
Facilities: Elementary Allocation										
Elementary Allocation SubTotal	**$ 431,429**	**$ 420,418**	**$ 378,256**	**$ 411,808**	**$ 381,270**	**$ 400,307**	**$ 400,765**	**$ 400,401**	**$ 424,596**	**$ 402,697**
Facility Operations Minus Grant	**$ 232,635**	**$ 173,248**	**$ 131,086**	**$ 164,638**	**$ 134,100**	**$ 153,137**	**$ 153,595**	**$ 153,231**	**$ 177,426**	**$ 151,734**
Facilities: Elementary MRF										
Facility Allocation (Space Allocation)	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Elementary Allocation for MRF	$ 112,207	$ 97,571	$ 69,693	$ 49,781	$ 47,410	$ 50,298	$ 47,990	$ 41,000	$ 39,501	$ 58,660
Capital										
Facility Contrib - Capital Rent assessment	$ 382,000	$ 445,000	$ 480,060	$ 681,000	$ 667,560	$ 678,660	$ 711,820	$ 674,520	$ 660,105	$ 641,340
Subtotals	**74,184**	**48,274**	**(56,361)**	**51,658**	**(31,683)**	**(131,709)**	**(44,608)**	**(29,611)**	**(22,252)**	**(84,805)**
Cumulative (10 yr) Balance	**(226,914)**									
Op, MRF and Cap Total - Grant	**1,162,151**	**1,028,406**	**1,015,163**	**1,264,504**	**1,164,943**	**1,145,808**	**1,315,937**	**1,195,397**	**1,188,720**	**1,101,001**
Financial Statements		***$1,050,872***	***$1,046,842***	***$1,293,110***	***$1,205,228***	***$1,241,859***	***$1,289,896***	***$1,166,147***	***$1,129,757***	***$1,081,409***

3.3 I heard from another parent that SPAC spends $160K too much on HVAC every year. Is this a reflection of the other contracts as well?

The annual HVAC maintenance contract is currently at $150,000 total, so the statement SPAC is paying $160,000 too much is not accurate. With the ongoing maintenance projects replacing the old units, there is opportunity to pursue lower cost contracts as the new units don't require the same maintenance and repairs.

A comparison with EIPS' annual financial statements shows that SCA-related building operating and maintenance costs are equal to or lower than EIPS costs.

Ops/Maint Costs	2021	2020	2019
EIPS - $/student[1]	$1447	$1327	$1337
SCA - $/student	$1170	$1079	$1127
EIPS - $/square meter	$120	$108	$114
SCA - $/square meter	$110	$106	$110

1 - Assumes EIPS MRF is included in Ops/Maint costs

4 Propco and Capital

4.1 What is Propco?

To get the mortgage to build the elementary school, SPAC needed to take over the property deeds from the Alliance district to have collateral. To provide the liability shield the district bestowed, Propco was set up to be that entity. Propco was brought into existence mainly for the purpose of advancing the elementary school build.

Sherwood Park Alliance Church Property Company (SPACPC) was incorporated as a company on Sept 28, 2006 with five shareholders. This company was formed to shield the assets of SPAC (land, buildings, and improvements) from the risks associated with the growth of SCAS: (a) mission trips that were unable to be conducted under the authority of EIPS, (b) the exposure in a public private partnership of operating a school for 1200 students, and (c) the assignment of all current assets ($10.5 M) as collateral against the elementary mortgage ($11.75 M). This project was beyond the scope of what the Western Canadian District of the Alliance Canada was prepared to secure (they were the umbrella organization for the church property at the time). On Nov 30, 2007 the SPAC Elders transferred $10,518,000 (book value) in assets to SPACPC.

Several challenges would need to be negotiated:

- SPACPC would be created to protect the growing capital assets from the risk associated with the extensive mission trip activity being conducted by SCA, the operating partnership with EIPS, and financial risk of a $11.75 M mortgage with the Bank of Montreal.
- Provincial government capital support was secured in 2007 in the form of a $6M commitment. This support was received by SPACPC in a series of annual payments of $445,920 (the capitalization of the $6M paid out as a 25-year commitment).
- SPACPC would secure a BMO mortgage of $11.75M on a 25-year fixed rate of 5.05%.
- SCAS would sign a guarantee to ensure student fees to cover the balance of the mortgage.
- The end result of these negotiations was a predictable plan for financing the mortgage over a 25-year horizon of operation. The full cost of the $11.75M mortgage would be $20.6M (the cost of principal and interest payments over 25 years). This commitment was financed by the Alberta Government capital support of $445,920 annually for 25 years ($11.1 M), SCAS providing the balance of the mortgage payments ($9.5 M) via student fees, and SPACPC offering the collateral necessary to secure the mortgage.
- The payment schedule results in $500,000 being due after the expiration of the 25-year lease with EIPS (on behalf of the Government).

As of 2007, the new structure meant:

- SPACPC would hold all capital assets for SPACS including the space leased by EIPS for elementary and secondary schools (a change from SPAC holding them), SPACS would lease from SPACPC, and EIPS and SCAS would have separate leases with SPACS.

- SPACPC would hold the Capital Reserve Fund for all capital development moving forward (including a Capital fee factored into SCA student fees). These fees would be internally restricted for capital projects advantaging both SCA and SPACS (previously the Capital reserves were the SPAC Capital Fund).
- SPACS would maintain a Capital Fund separate from SPACPC to carry leasehold improvements and capital reserves for church purposes (some of which would directly benefit SCAS).
- SPACS would continue to manage the MRF and assume all responsibility for property maintenance and leasehold improvements. A MRF fee would be factored into SCA student fees.

The MRF fund would struggle to find a mechanism adequate to maintain the facilities. The life expectancy of the roof and heating units (25 years) represented a looming obligation to find millions between 2010 and 2020.

4.2 Why were funds in Propco accumulating?

The SPACPC fund balance grew as high as $913K in 2019. This fund is a capital reserve fund that has been a strategic mechanism to address emerging capital needs that benefit SCA and SPAC. The fund has very clear records for all contributions and expenses since its inception in 2007. The most recent projects carried by this fund are the Secondary North Gym Update and the Elementary Playground.

Capital Campaigns: 1998 - 2006

Year	Campaign	Cost	FundRaising	Elements	Area
1998	North Gym	$ 2,306,635	$ 1,241,716	3 new classrooms	1800
1999	Elementary Land	$ 348,273			
2001	North Link	$ 2,854,691		Home Ec, Industrial Arts, Art Room, 3 new classrooms, new library	2688
Total		**$ 5,509,599**	**$ 1,241,716**		**4,488**

The Capital Reserve Fund has been an important structure for SCA since 1980 allowing for the expansion of the school. With the construction of the Elementary School and no immediate need for a next capital project, the importance of capital reserves has been questioned. Was the school now done needing capital expansion?

At several points the SCAS board has debated reducing MRF and/or Capital contributions to allow for a reduction in student fees. This has consistently been argued as problematic for the future of the school knowing that capital expenses are inevitable.

This Reserve fund hit a high of $913,398 in 2019, and there was considerable pressure to stop saving and start spending. At the end of fiscal 2021 the funds available were $591,986, representing the cash balance of $808,278 less the amounts due to vendors of $216,292. See item 4 below for expected uses for these remaining accumulated funds.

This fund has clear records of income and expenses. Since 2007, the Capital Reserve Fund has been used to:

- Pay off the $830,000 mortgage for the North Link (2007-2017).
- Retire what remained of the construction loan for the Elementary School not encapsulated in the mortgage ($300,000) (2007-2015).
- Upgrade and finish the Clover Bar parking Lot: $473,523 (2013) to complete the paving of Clover Bar. This project was shared between the Capital Reserve Fund and the Maintenance Reserve Fund ($251,629). The capital amount was to do the second lift of asphalt never originally installed.
- Address landscaping issues: $32,877 (2015) and $146,407 (2019)
- Upgrade SCE Playground, SCS North Gym, SCS Cat6 Cabling: $371,734 (2021)
- Respond to the Hillshire Development and the cost of a more appropriate fence dividing the properties: $23,000 to date (2022).

Before 2018 there was more than just a single mortgage that the capital contribution to Propco was paying off. As those other loans were completed, the capital contributions were not adjusted at the same rate causing the accumulation over a short span.

Sherwood Park Alliance Church Property Company Financial Summary (excluding depreciation)

ACCTDESC	2022_2	2021_A	2020_A	2019_A	2018_A	2017_A	2016_A	2015_A	2014_A	2013_A
Captial										
Interest Income	(4,130)	(4,130)	(8,130)	(10,871)	(5,542)	(450)	0	0	0	0
Donations	(500)	(500)	(2,700)	(38,790)	(8,243)	(2,750)	0	0	(750)	(2,250)
Rent Income from SPAC - 231	(445,920)	(445,920)	(445,920)	(445,920)	(445,920)	(445,920)	(445,920)	(445,920)	(445,920)	(445,920)
SCA Fees Capital Portion	(382,000)	(445,000)	(480,060)	(681,000)	(667,560)	(678,660)	(711,820)	(674,520)	(660,105)	(641,340)
BMO SWAP Loan Program	474,248	450,313	429,292	409,253	390,149	371,937	354,575	338,023	322,244	307,202
Interest Loan # 078 - SWAP Loan	332,864	373,484	395,646	416,843	437,261	456,306	474,690	492,085	511,071	524,748
Bank Loan #560 North Expansion		0	0	0	157,292	42,500	292,500	42,500	46,042	38,958
Bank Loan #579 SCAE Construction		0	0	0	0	0	0	185,691	11,228	9,500
Capital Projects										
Playground Equipment 231	277,292	0	0	0	0	0	0	0	0	0
Fixtures - 1011	33,616	0	0	0	0	0	0	0	0	0
Parking Lot - 1011		0	0	0	0	0	0	0	0	473,523
Landscaping - 1011	(355)	0	0	0	0	0	0	0	0	0
Landscaping - 231		0	0	146,407	0	0	0	4,634	0	0
Buildings 1011	61,181	0	0	0	0	0	0	28,244	0	0
Capital Projects Sub-total	371,734	0	0	146,407	0	0	0	32,877	0	473,523
Capital SubTotal	**346,296**	**(71,753)**	**(111,872)**	**(204,077)**	**(142,562)**	**(219,954)**	**(71,308)**	**(29,263)**	**(216,190)**	**264,421**
Capital Projects - WIP		*372,089*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

4.3 What about the loan on the books from Propco to SPAC?

At the formation of SPACPC in 2007, SPACS donated $10.5M in assets to SPACPC. In that process, SPACPC lent SPACS money to address the debt arising in the consolidation of assets and liabilities. That loan, later reduced to $575K, was still on the books in 2015 when SPACPC motioned to forgive the loan. At the time, there was not sufficient cash flow in SPACPC to allow this transaction to occur and still maintain the cash to liquidity ratio required in the mortgage agreement with BMO. This motion remains to be implemented but is still agreed to be forgiven when possible.

4.4 How will the money remaining in Propco be used?

When SCE was built, SCAS signed a guarantee to ensure student fees would cover the balance of the mortgage beyond the funds committed by the Alberta Government. The full cost of the $11.75M mortgage would be $20.6M (the cost of principal and interest payments over 25 years). This was financed by the Alberta Government capital support of $445,920 annually for 25 years ($11.1M), SCAS providing the balance of the mortgage payments ($9.5M) via student fees, and SPACPC offering the collateral necessary to secure the mortgage.

The payment schedule results in $500,000 being due after the expiration of the 25-year lease with EIPS (on behalf of the Government).

Enacting the long planned Access Control project for the Secondary campus (estimated capital cost is $115,000 and MRF cost of $65,000) due in 2022.

- Providing security for the Elementary Mortgage balance after the 25 year lease with EIPS expires ($500K).
- De-commission the portables ($40,000 to remove, unknown if there will need to be capital work to replace the lost instructional space).
- Renewing the South Gym (church space heavily used by SCAS).
- Elementary School Roof (there are a number of envelope and mechanical issues emerging now as the facility ages).

4.5 How will capital projects be handled in the future?

In the clarifying agreement signed between the Society board and Board of Elders the following is stated:

- Funding for any capital projects in excess of the mortgage payments on the SCA Elementary school will be raised through fundraising campaigns or regular donations. Note that the schools may be involved in fundraising campaigns initiated through EIPS and school councils.
- Initiation of capital projects will require direct SCA parent approval through votes at school council meetings.

A capital strategy still needs to be developed around these core principles, and a capital vision and plan will be part of that development. Parents will be engaged through councils and surveys to determine parent support on a path forward.

4.6 Why should parent fees be used to cover the SCE mortgage or cover costs of Propco if Propco owns the facilities?

To advance the construction of the elementary school, SPAC had to take over the deeds for the properties from the Alliance District to get the mortgage. This is done with the commitment that parent fees would cover the costs of the mortgage.

Since the district no longer provided the liability protection, Propco was created as a separate entity to protect the church and school assets. While Propco, SPAC Society and SCA Society exist as three legal entities, they are one in mission to complete the mission of SPAC and one of those core missions is the SCA alternative program.

5 Relationship to SPAC

5.1 Why are the elders and not parents the members of the Society?

There are two key reasons that the SPAC board of elders are the Society members:

1) Ensuring alignment with SPAC. While making parents the members was considered, the risk is that a group may come along that steers the program away from theological alignment with SPAC. Having the elders as members provides a measure of protection against this risk.
2) Because the secondary campus operates within the same facilities as the church, this arrangement ensures the facilities are protected as they impact the church as well as the school.

5.2 Why should SCA stay tied to the church?

The church brought the school into existence. Without the creation of Propco there would have been no elementary school project and then the program would not have been able to welcome in all the additional students. The SCA program also benefits from things such as using the sanctuary, financial assistance for parents paid by SPAC, youth and worship pastors helping out with chapels and being involved together on missions and giving opportunities.

The SCA program benefits from the cost efficiencies that come from sharing facilities as well as access to expertise that the Society doesn't have on our staff. Splitting from SPAC would bring higher costs and require additional Society staff.

5.3 Is SCA a ministry of SPAC?

This SCA alternative program is a deeply valued ministry to SPAC. The SCA Society is a ministry of SPAC and through a partnership with EIPS oversees the alternative program which occurs in SCA.

SCA is a public school that is part of EIPS and EIPS is responsible for the education of the students and the daily operation of the school.

6 Nature of fees and using collections

6.1 Why are families allowed in SCA if they won't pay their fees?

The legal basis for this situation comes from the Alberta Education Act, but it is also reflected in our Alternative Program Agreement with EIPS, which states:

> 2.4 No child shall be refused enrollment in SCA as a result of parental inability or refusal to pay the fees referenced in 9.2.1

This statement means that if a parent is unable or unwilling to pay, the student cannot be refused enrollment.

Some people interpret this statement as meaning the fees are "voluntary" or "optional". There is no language that indicates this is true. The agreement states:

> 9.2.1 The Society shall determine what fees it will charge parents to cover its costs for the extra components it provides to SCA and for the benefit of the parents and students of SCA.

When parents do not pay the fees it puts a burden on the program as additional funds need to be raised to cover the gap or the programming cut to offset that shortfall. The Arrears Policy was developed to collect as much of our fees as possible and hold parents accountable who choose to be in the SCA program.

6.2 Do other Christian Schools that you have mentioned have similar issues/shortfall and make use of collections?

All the other alternative Christian schools we've talked to also have to deal with some level of unpaid fees related mostly to ability to pay. We have a much higher percentage of parents who aren't paying, and most of these are not tied to an ability to pay. The programs we've talked to also don't believe their parents are aware they can refuse to pay and not be removed from the program.

We haven't found any other Christan alternative programs using collections, but we also have the largest proportion of parents not paying. Our talks with collection agencies informed us that other alternative programs do make use of collections. Similarly, if parents don't pay their EIPS fees (sports, home ec, art, etc.) the EIPS administrative policy outlines that those parent accounts will be sent to collections.

6.3 Why aren't tax receipts issued for Society fees?

For many years, Society fees, in common with other Christian alternative schools' fees, were treated like charitable donations, and tax receipts were issued. The CRA then pursued three other schools claiming that the program fees do not qualify as charitable donations because parents directly benefit from their contributions.

The Society, like many of the programs, ceased issuing receipts and joined with other schools to legally challenge the CRA interpretation. This item has been in motion for many years now and even with a court date that occurred in the fall we are still waiting on a ruling from the judge.

If the court finds in favour of the CRA, any alternative programs still issuing receipts could face substantial penalties.

6.4 What does it mean that an alternative program, such as SCA, is a program of choice?

The Government of Alberta Alternative Program Handbook offers explanations for various aspects of alternative programs:

- Alternative programs are "programs of choice" and school boards have the authority to introduce such programs that "emphasize a particular language, culture, religion, subject matter or teaching philosophy." (Page 5)
- "The choice to enroll is that of the parent or student" (Page 11).
- "Alternative programs, as programs of choice, are established to meet the specific educational interests or needs of students and their parents. Not all alternative programs are appropriate for every student." (Page 16).
- "Boards must enroll students in the alternative program of the parents' choice if the board believes:
  - the program is appropriate to meet the student's needs and the student will be successful
  - the program has sufficient resources and facilities to accommodate the student" (Page 17).
- "Are alternative programs only available to families that can afford the extra costs for supplies, uniforms and/or transportation?

  Many alternative programs do not have extra costs for parents. For those that do, it is the parent who chooses an alternative program and in making this choice must determine whether the program is affordable for the family" (Page 30).

https://open.alberta.ca/dataset/6275a023-e9a7-49b4-8d0f-4c8bd4d6fdfc/resource/18a29565-bf24-4076-bd27-188b6cb6f43a/download/edc-alternative-programs-handbook-2010.pdf