

1. Who qualifies as an auditor for purpose of completing a Statement of Per Student Operating Costs (SOPSOC) for an independent school?

The auditor of a reporting society must be a person who is

- (a) a member of, or a partnership whose partners are members of, a provincial or territorial institute or order of chartered accountants, or a provincial or territorial organization of chartered professional accountants, within Canada, or
- (b) certified by the Auditor Certification Board under the *Business Corporations Act*.

2. How are operating expenses defined in:

The *Independent School Act*?

"operating expenses" means all expenses incurred by an authority that are not capital expenses and includes

- (a) expenses incurred in the operation, repair, maintenance and minor alteration of buildings used for or in connection with independent school purposes,
- (b) expenses incurred in the maintenance of furniture and equipment and the replacement of furniture and equipment,
- (c) expenses incurred in conducting feasibility studies and in securing options for sites or buildings required for independent school purposes or for use in connection with them, and
- (d) principal repayments and interest payments on debt incurred by the authority;

The Per FTE Student Cost Order?

In this Order,

"operating costs" means an authority's "operating expenses", as defined in the *Independent School Act*, for operating an independent school but does not include principal repayments and interest payments on capital debt incurred by the authority, the cost of leasing facilities and the costs incurred for the payment of property taxes with respect to that school.

3. Which expenses are exempt by the *Independent School Act* and Ministerial Order as "operating costs"?

School capital expenditures, principal and interest payments on capital debt, cost of leasing facilities and property tax payments are exempt.

4. Must costs for transportation, bonuses to teachers, teaching aides, snow removal, building maintenance and grounds work be included as operational expenses for purpose of completing the school's SOPSOC?

Yes.

5. Must extra-curricular expenses be included as operational expenses for purpose of completing the school's SOPSOC?

Yes, if the expenses were paid through the school's account.

No, if the extra-curricular activities were not part of the school's curriculum, i.e. not required as part of a course and the activities were funded by individuals or organization other than the school.

6. If a school receives a donation in kind from an individual or other organization, must the dollar value of the gift be calculated in as an operating expense for purpose of completing the school's SOPSOC?

No, unless the gift exempts the school from an expense it must provide to operate.

For example, the dollar value of a gift for a teacher's salary, classroom textbooks, or electricity costs must be included. However, if a gift of new band uniforms, playground climbing apparatus or repaving of the parking lot received from an individual, PAC or PTA, or business, etc., would not need to be included as an operating cost, as long as no payment was expended by the school for these "extra" items.

7. Must a depreciation allotment in the school's budget be included as an operating expense?

No, as it is not an actual expenditure paid by the school that year.

8. Must bad debts or tuition arrears be included as operating expenses?

No, while this is a loss of income to the school, this is not an actual expenditure paid out by the school. The SOPSOC calculates actual school expenditures for the school year.

- 9. Our school operates a pre-school and a K-6 school in the same building. How should we account for this?**
Operating expenses need to be pro-rated in a reasonable manner, e.g. electricity costs are frequently pro-rated according to the number of students or square footage of a building attributed to each program.
- 10. Must cafeteria and summer school costs be included as operational expenses for purpose of completing the school's SOPSOC?**
No, non-instructional cafeteria costs and summer school expenses do not need to be included.
- 11. Must student dormitory costs be included as an operational expense for purpose of completing the school's SOPSOC?**
Yes, this expense is included as an operational cost in public school districts which provide dormitory facilities.
- 12. Can a provincial operational grant issued to an independent school exceed the operating costs of the school?**
No, the grant paid to an independent school must not exceed the operating costs of the school.
- 13. What type of audit is required to complete the annual Statement of Per Student Operating Costs (SOPSOC)?**
The type of audit that is minimally acceptable is a 'Review Engagement'. As long as specific audit procedures with respect to operating costs accompany the review engagement, it is sufficient for the purpose of the SOPSOC. Typically, an audit prefaced by a 'Notice to Reader' is not acceptable.