

Funding for Child Care Operators

Audit Requirements

As the Service System Manager, one of the requirements that the Regional Municipality of York has is to assess the economic viability of Child Care programs and services. Also we are accountable to the province for the funding we have provided and compliance with provincial guidelines. Collecting financial statements from Child Care Operators is one of the methods we use to achieve the above objectives. All child care operators receiving regional funding are required to submit financial statements annually, within 120 days of the Operators year end.

The type of funding review that is required is based on the total amount of funding an Operator was eligible to use in their fiscal year, in other words earned subsidy revenue on your income statement using generally accepted accounting principles. Funding types (subsidy revenue) paid by the Region that are subject to the annual funding review may include one or more of the following:

- Fee Subsidy
- Enhanced Funding
- Wage Enhancement
- General Operating Grant
- Special Purpose
- Pay Equity Union Settlement
- Fee Stabilization Support

All operators, regardless of the amount received, within 120 days of the operator's fiscal year, must provide one of the following funding review options: (Note: If you already prepare audited financial statements annually go directly to option 3 and ignore the funding limit requirements)

1) Operators in receipt of Regional funding that an Operator was eligible to use in their fiscal year of \$1.00 to \$249,999.99 must provide:

- Funding Declaration
- Financial Statements approved by the Board of Directors' or Corporation Officers

2) Operators in receipt of Regional funding that an Operator was eligible to use in their fiscal year of \$250,000.00 to \$499,999.99 must provide:

- Funding Declaration
- Financial Statements approved by the Board of Directors' or Corporation Officers with a Review Engagement on the financial statements

3) Operators in receipt of Regional funding that an Operator was eligible to use in their fiscal year of \$ 500,000.00 or more must provide:

- Funding Declaration
- Audited Financial Statements approved by the Board of Directors' or Corporation Officers

The funding declaration must be completed by a third party who has reviewed your records and can verify the statements. Qualified professionals may include but are not limited to a bookkeeper, accountant or auditor. As per the General Operating Grant (GOG) guidelines an operator may choose to use a maximum of 20% of their GOG budget towards the expense incurred as a result of completing these audit requirements.

We are unable to confirm for each operator the amount of funding used during their fiscal year for the following reasons;

- Operators having various fiscal year ends that differ from the Regions calendar year contract funding
- The reconciliation/recovery process for Wage Enhancement and General Operating Grant
- The reimbursement of Special Purpose funding after the expenditures were incurred
- Funding provided late in the calendar year that was for the January to December period
- The requirement is based on eligible funds used during the Operators fiscal year/earned subsidy revenue on your income statement using generally accepted accounting principles

If you are unclear about which funding review option is required please connect with your accounting staff, bookkeeper, auditor or refer to your final year-end financial records, or calculate the subsidy funding based on reconciliations, electronic fund transfer notices and appropriate supporting schedules.