

FUNDING POLICIES AND PROCEDURES CHILD CARE CENTRES

- Operating grants are provided annually to child care centres and are subject to budget allocations determined by the government for the fiscal year April 1 – March 31.
- To receive the operating grant, the **Centre Annual Operating Budget** and Board Meeting Minutes must be submitted. Information to assist you in completing your budget is provided in the **Annual Budget Guidelines**.
- Operating grants are issued in equal installments, four times per year (April, July, October, January), to eligible child care centres meeting The Manitoba Child Care Program's financial reporting and accounting requirements.
- Maximum Annual grants are based on the type of care and the number of funded licensed spaces. The total operating grant may be adjusted based on average usage plus 10 or 20 per cent.
- To calculate usage, The Manitoba Child Care Program assesses the daily attendance and absent days of all children reported by the centre on thirteen consecutive **Child Attendance Reports** based on the centre's fiscal year.

For example, on a per reporting period basis, if the centre is licensed and funded for 32 spaces and open 20 days in that reporting period the maximum days available is 32 spaces x 20 days = 640 maximum days. If the total attendance and absent days of all children on the report add up to 640, the centre is assessed at 100% usage of spaces. If the total days add up to 320, the centre is assessed at 50% usage of spaces.

- All centres of 40 or fewer spaces will receive 100% of the operating grant if usage is 80% or greater. If usage is below 80%, a 20% leeway will be added to the calculated usage to determine the level of funding. All centres of 41 or more spaces will receive 100% of the operating grant if usage is 86% or greater. If usage is below 86%, a 10% leeway will be added on to the calculated usage.

MAXIMUM ANNUAL OPERATING GRANTS FOR CHILD CARE CENTRES Effective January 1, 2017	
TYPE OF CARE	FULLY FUNDED
INFANT SPACE	\$11,375
PRESCHOOL SPACE	\$4,180
SCHOOL AGE SPACE	\$1,664
NURSERY SCHOOL 1-5	\$ 264
NURSERY SCHOOL 6-10	\$ 528
ENHANCED NURSERY SCHOOL	\$4,180

- The Board of Directors is responsible for the management and administration of the centre, including approval of the budget.
- The Manitoba Child Care Program will contact the board's budget contact representative if there are any questions or suggested changes to the budget. The board representative is responsible for ensuring that the Board of Directors is informed and agrees with any changes. The board representative will advise Child Care if any large expenditure (i.e. over \$5,000), not previously reflected in the budget, is proposed.
- Operating surpluses may be retained by the centre for future program requirements. Where a deficit is expected, the board should review the budget and consider how revenues could be increased or expenses decreased. The Manitoba Child Care Program is not responsible for a centre's operating deficit.
- The board must ensure that there are adequate controls in place to protect the centre's assets. For example, policies should be established regarding the purchase of supplies, the payment of travel costs and mileage, collecting late or bad accounts, cheque signing, etc.
- Items of a personal nature may not be purchased. The cost of board and annual meetings should be kept minimal.
- Financial reporting to The Manitoba Child Care Program is a condition of receiving grants. Financial reports are expected by the due date unless prior approval for an extension has been received; reports may be submitted prior to the due date. Monthly Operating Statements and Annual General Meeting minutes must be available for review upon request.

***FINANCIAL REPORTING TIMETABLE
CHILD CARE CENTRES***

<i>FINANCIAL REPORTS</i>	<i>FINANCIAL REPORT DUE DATES BY FISCAL YEAR END</i>				
	<i>MARCH 31</i>	<i>JUNE 30</i>	<i>AUGUST 31</i>	<i>SEPTEMBER 30</i>	<i>DECEMBER 31</i>
<i>CENTRE ANNUAL OPERATING BUDGET</i>	<i>APRIL 30</i>	<i>JULY 31</i>	<i>SEPTEMBER 30</i>	<i>OCTOBER 31</i>	<i>JANUARY 31</i>
<i>DECLARATION AND BOARD MEETING MINUTES</i>	<i>APRIL 30</i>	<i>JULY 31</i>	<i>SEPTEMBER 30</i>	<i>OCTOBER 31</i>	<i>JANUARY 31</i>
<i>AUDITED FINANCIAL STATEMENTS WITH MANAGEMENT REPORT</i>	<i>AUGUST 31</i>	<i>NOVEMBER 30</i>	<i>JANUARY 31</i>	<i>FEBRUARY 28</i>	<i>MAY 31</i>

- The Audited Financial Statements must be audited in accordance with Generally Accepted Auditing Standards by a Chartered Accountant, Certified General Accountant or Certified Management Accountant, independent of the child care centre (i.e. not involved in the operation of the centre).
- A set of Audit Guidelines are available to provide to the auditor.

CHILD CARE ANNUAL BUDGET GUIDELINES

GENERAL

The budget will be prepared to cover the period of the child care centre's fiscal year. The completed budget should be the child care centre's most realistic estimate of expected revenues and expenses.

DESCRIPTION OF BUDGET FORM

Actual Prior Year

This column represents the child care centre's actual operating results for the fiscal year just ended. A review of this information in conjunction with the centre's planned changes, will aid in developing realistic revenue and expenditure estimates for the coming budget year.

Budget This Year

This column represents the centre's estimate of its revenues and expenses for the current year. It is not necessary to wait until the centre's fiscal year has ended before the preparation of the budget begins. Many of the estimates can be determined in advance and therefore, budget preparation should begin as soon as possible.

The attached Chart of Accounts contains descriptions and procedures for developing each estimated amount.

Budget First Six Months

This column is to be completed once the yearly budget has been prepared. It represents an estimate of the centre's operation for the first six months in its fiscal year.

Consultation

Child Care is available to assist if you have questions or concerns about the preparation of a budget. Please contact your Child Care Co-ordinator or Financial Analysts Teresa Cianflone at 945-2679, Revita Dyck at 945-1063, or Fereshteh Daneshfar at 945-3241, or call toll free at 1-888-213-4754 for assistance.

Please ensure the budget is as accurate as possible and is complete. The completed budget and all schedules and explanatory comments should be forwarded to Child Care.

CHART OF ACCOUNTS REVENUE

1. **Fees** - This is the total amount expected from subsidized and non-subsidized parents. **The formula used by the centre to calculate parent fees must be shown on Schedule: Account No. 1 - FEES.**
2. **Start Up Grant** - If applicable, for new centres or for new licensed spaces.
3. **Children with Disabilities** - If applicable, must be included in the budget. Please note that Children with Disabilities funding is approved separately.
4. **Fundraising** - Gross income.
5. **Donations**
6. **Interest and Investment Income** - Interest from savings accounts or other investments.
7. **Other** - Includes any revenue that does not fall into previous accounts. An explanatory note is required for each type of revenue.
8. **Operating Grant – Schedule: Account No. 8 – OPERATING GRANT** must be completed. See Funding Policies and Procedures for rates.

CHART OF ACCOUNTS EXPENSES

STAFF SALARIES AND BENEFITS

Schedule: Account No. 9 – 14 – TOTAL SALARIES must be completed. For the purpose of this budget, the following definitions are applicable:

9. **Director(s)** - The person(s) who is responsible for the overall management and supervision of the centre staff and daily program.
10. **Assistant Director(s)** – The person(s) who assist(s) the Director(s) in the overall management and supervision of the centre staff and daily program.
11. **Supervisor(s)** – The person(s) who is responsible for supervising other child care employees, in addition to working directly with children.

Supervisor(s) – CCA in Training – Actively pursuing an ECE classification and has a contract with the centre that includes an end date for training.

12. **Full-Time Child Care Employees** - Those persons whose major responsibility is working directly with children for 30 hours per week or more.

Full-Time Child Care Employees – CCA in Training – Actively pursuing an ECE classification and has a contract with the centre that includes an end date for training.

13. **Part-Time Child Care Employees** – Those persons whose major responsibility is working directly with children for less than 30 hours per week.

Part-Time Child Care Employees – CCA in Training – Actively pursuing an ECE classification and has a contract with the centre that includes an end date for training.

- 14. Other Employees** – Additional employees whose responsibilities are other than child care, please indicate positions.

Prior Year Staff should also be indicated for each definition. They are persons who are not currently employed at the centre but who were employed in the previous budget year.

- 15. Employer Benefits** - Represent the employer's portion which must be paid.
- a. **CPP** - Employer's portion is the same as the employee's portion
 - b. **EI** - Employer's portion is 1.4 x the employee's portion
 - c. **Workers Compensation** - Gross salaries x rate established by Workers Compensation
 - d. **Group Insurance** – Employer portion
 - e. **Other** - Employer portions of other benefits/expenditures. An explanatory note is required.

PROGRAM

- 16. Children's Activity Supplies** - Items which are usually depleted during the budget period, such as art supplies and small table top toys or activity type toys.
- 17. Children's Program**
- a. **Equipment and Furniture** - Items lasting more than one budget period.
e.g., climbers, table and chairs, cots, etc.
 - b. **Equipment Repairs** - Made to children's program equipment and furniture.
- 18. Food** - Indicate type of food program offered (snacks, supplement, full meals, none) and cost based on amount per child, per day.
- 19. Kitchen, Cleaning and Sundry Supplies**
- 20. Special Events/Outings** - Should include all costs related to an event or outing, including travel cost if the centre does not own a vehicle.
- 21. Other** - Any program expenditure that does not fall into the previous categories. An explanatory note is required for each type of expenditure.

OFFICE AND BUILDING

- 22. a. Rent**
- b. **Mortgage** - Monthly principle and interest payment
 - c. **Utilities** - Heat, water, electricity, monthly security system charges.
 - d. **Taxes**
- 23. Contract Cleaning Services**
- 24. Equipment and Furniture** - Items lasting more than one budget period, e.g., desk, filing cabinets, computer equipment (including software), large appliances. An explanatory note is required for each type of item.
- 25. Repairs and Maintenance**

26. Leasehold Improvements - Includes major building expenditure such as renovation and construction costs. An explanatory note is required.

27. Other - Any office and building expenditure that does not fall into the previous categories. An explanatory note is required.

ADMINISTRATIVE

28. Accounting/Payroll Fees - Cost for accounting/bookkeeping services, payroll services.

29. Advertising

30. Annual Meeting

31. Annual Return Fee - Cost of annual return filed with the Companies Office.

32. Association Dues & Memberships – Professional dues, e.g. Manitoba Child Care Association and other memberships, e.g. Costco.

33. Audit Fee

34. Computer Software and Supplies

35. Financial Service Charges - Cost of loans, overdrafts or any other service performed by your bank, credit union or trust company.

36. Insurance - e.g., fire, theft and liability, Directors Insurance

37. Internet

38. Portage, Stationery and Office Supplies

39. Staff Training/Conferences

40. Telephone

41. Travel

a. Employee - In accordance with the travel and mileage charge established by the Board of Directors and restricted to business travel relating to the operation of the centre. Recommend 40¢ per km, (Government of Manitoba rate) to a maximum of 160 km per month.

b. Child - Vehicle repair, gas, maintenance and insurance for a centre-owned vehicle.

42. Other - Any administrative expenditure that does not fall into the previous categories. An explanatory note is required.

AUDIT GUIDELINES

The Audited Financial Statements must include the Following:

A. GENERAL

1. An Auditor's Report. This should be a clean report subject only to the normal restrictions regarding the completeness of fund-raising and donations revenue.
2. A Balance Sheet prepared on the accrual basis of accounting.
3. A Statement of Revenue and Expenses prepared on the accrual basis of accounting.
4. Full and complete notes to the financial statements disclosing any pertinent information.
5. **A copy of the Auditor's management and/or internal control report.**
6. The **signature of one member** of the Board of Directors approving the Audited Financial Statements.

B. SPECIFIC

1. Balance Sheet

- (i) Comparative figures for the previous year.
- (ii) Detailed Accounts Receivable including the following:
 - Child Care - Parent Subsidy;
 - Child Care - Operating Grant;
 - Parent fees
- (iii) A statement on the centre's policy regarding asset purchases.
- (iv) Detailed Accounts Payable including the following:
 - Salaries payable;
 - Payroll deductions payable;
 - Bank loan payable
 - Subsidy Advance

2. Statement of Revenue and Expenses

- (i) Comparative figures for the previous year.
- (ii) Comparative figures for the approved budget and actual operations for the year just ended.
Calculation of variances not required.
- (iii) Revenue from parent fees and Child Care subsidy should be identified separately.
- (iv) Preparation of this statement should follow the account titles in which estimates were provided in the Annual Budget Form.

3. Annual Returns

Preparation and filing of Annual Corporation Returns.

- (i) A note is required in the auditor's management and/or internal control report indicating that an annual return has been filed with the Companies Office.

4. Public Sector Compensation Disclosure Act

The Public Sector Compensation Disclosure Act calls for disclosure of; compensation to individuals of \$50,000.00 or more in a given fiscal year, in certain circumstances and payment of individual professional dues by the child care centre.

Disclosure may be noted in the audited financial statements or a separate attachment/schedule to the statements.

Should you have any questions about the above requirements, please telephone your Financial Analyst or toll free at 1-888-213-4754.