

# Instructions on Completing the 2013 Financial Statements Submission

## Overall Purpose

The financial statements submission will identify the level of services provided and associated expenditures and revenues incurred by the Consolidated Municipal Service Managers (CMSMs) and District Social Service Administration Boards (DSSABs) for the fiscal year of January to December 2013.

## New in This Cycle (from 2013 Revised Estimates submission)

- Schedule 1.2 – Data elements for General Operating, Transformation, Repairs and Maintenance, Play-based Material & Equipment are now open for input
- Schedule 3.1 – Penalty for missed targets now included

## Reminder

Please ensure you have selected 2013-14 as the “school year” in order to generate your submission for the 2013 calendar year.

## File Naming Convention

The Ministry has established a specific naming convention for each submission type for each CMSM and DSSAB. It is a combination of a unique number identifier associated with the CMSM / DSSAB, the cycle type, the year, and an abbreviation of the organization name all separated by an “underscore”. An example is provided below for the Regional Municipality of York:

296\_FIN\_1314\_Regional Municipal York

For the 3 submission cycles, you will use the following 3 letters in your submission names:

EST = Estimates

REV = Revised Estimates

FIN = Financial Statements

Please use the file names provided in the 'naming convention' file when creating your submissions. It is posted on the Financial Analysis & Accountability Branch located here: <http://faab.edu.gov.on.ca/>. Select Child Care on the bottom right of the webpage.

## **Components of the Financial Statements Submission**

The financial statements submission is comprised of a title page, a table of contents and various schedules broken down into four categories as follows:

1. Service Data Schedules
2. Expenditure Schedules
3. Revenue Schedules
4. Supplementary Schedules

## **Suggested Order of Entry**

It is recommended to complete the submission in the order in which it appears within the EFIS web application (certificate, schedule 1, schedule 2, schedule 3, schedule 4, and the explanation report).

## **Steps for Completion**

Following these 16 steps will allow you to complete your financial statements submission. The steps are colour coded to allow the user to easily identify the four different schedules (in addition to the cover page) within the EFIS submission.

### **STEP # 1 – Completion of Certificate (Cover Page)**

#### **PURPOSE**

The cover page serves to identify the organization. It includes the submission type, the formal CMSM/DSSAB name, the applicable fiscal year as well as three data entry fields for date, signature and title.

#### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Certificate”. Enter information in the date and title field. The date should be entered as Month, Day, Year. The date should be entered as the date that will reflect the actual submission date. If that date is not known it can be left blank and input once the CMSM/DSSAB determines the date of submission.

The hard-copy of the cover page should include 2 signatures of those who have signing authority for the CMSM/DSSAB. Alternatively, a corporate seal can be affixed to the cover page.

HINT: The certificate / cover page must be printed from the active EFIS submission, signed by CMSMs and DSSABs and sent to the Ministry.

## **STEP # 2 – Completion of Schedule 1.1 (Contractual Service Targets)**

### **PURPOSE**

Schedule 1.1 captures the contractual service targets which are included in the service agreement, over 2 pages. The definitions of these service targets can be found in the Section 2: Ministry Business Practice Requirements, “Service/Financial Data and Targets” of the Ontario Child Care Service Management and Funding Guideline – July 2013. These service targets were negotiated with your Child Care Advisor as part of the service contracting process for 2013.

The schedule comprises four sections:

1. Service contract (page 1)
2. Actuals for the year (page 2)
3. Reconciliation between the Service Agreement and Actuals for the year (page 2)

This schedule will automatically calculate any funding adjustments resulting from a CMSM or DSSAB projecting not to meet their contractual service targets pursuant to the service agreement.

HINT: Service targets are required to be entered with 1 decimal place only.

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 1.1 – Schedule of Contractual Service Targets”. This schedule contains 2 pages. The CMSMs and DSSABs are required to report their actual service levels for each detail code listed under the three contractual service targets, where applicable.

#### **Page 1 – Per the Service Agreement**

There is no data entry required on the page. This is the same information that you have seen in the estimates and revised estimates submission. It is simply included here in order to allow for automatic variance reporting where there is a variance of 10% or greater from the service targets identified in the service contract.

### **Page 2 – Actuals for the Year**

On this section of the page, you are required to enter the actual level of service that has been provided by the CMSM or DSSAB from January 1<sup>st</sup> to December 31<sup>st</sup> inclusively.

### **Page 2 – Reconciliation between Service Agreement and Actuals for the Year**

On this section of the page, any funding adjustment that would be resulting from the entity not meeting all three of the contractual service targets by 10% or more is calculated.

Column 10 identifies where the CMSM or DSSAB must provide an explanation for service target variances between those identified in the service agreement and those in the Financial Statements in accordance with Section 2 of the Ministry business practice requirements of the Ontario Child Care Service Management and Funding Guideline – July 2013.

HINT: The service levels included in this schedule should be reflective of the level of funding received by the Ministry of Education ONLY. If the CMSM/DSSAB is providing services with funds over the required cost sharing provisions, the ministry does not require those children to be included in contractual service targets.

For further clarification, a drop down menu is located at the bottom of the schedule. Each option is explained as follows:

- - Provincial/Municipal Cost Share - this includes 100% provincial, mitigation funding if applicable, and municipal cost shared requirements
- - Provincial/Municipal Cost Share & 100% Municipal - all of option 1 plus 100% municipal dollars
- - Provincial/Municipal Cost Share & Funded through Parent Fees - all of option 1 plus parent fees from directly operated centres, not including 100% municipal dollars
- - Provincial/Municipal Cost Share, 100% Municipal, & Funded through Parent Fees - all of option 1, 100% municipal dollars, plus parent fees from directly operated centres

Choose one of the options to indicate the type of funding used for the children reported above. An error message will result if no option is selected.

### **STEP # 3 – Completion of Schedule 1.2 (Other Service Targets)**

#### **PURPOSE**

Schedule 1.2 captures additional service targets, beyond those included in the service agreement. The definitions of these service targets can be found in the Ontario Child Care Service Management and Funding Guideline – December 2013, Appendix A, “Data Elements and Definitions”.

#### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 1.2 – Schedule of Other Service Targets”. For each service that has been provided by the CMSM or DSSAB, enter the requested service target information, as applicable.

NOTE: Targets are required to be entered as follows:

# = no decimal places

average monthly # = 1 decimal place

\$ = no decimal places, and FTE = 2 decimal places

HINT: The ministry advises that data elements (projections/actuals) should be reflective of the level of funding received by the Ministry of Education ONLY. If the CMSM/DSSAB is providing services with funds over the required cost sharing provisions, The ministry does not require CMSMs/DSSABs to report service data related to children who are provided service through full fee paying parents (if CMSMs/DSSABs directly operates a program) or those funded through 100% municipal funds; If a CMSM/DSSAB chooses to include these children please select the appropriate option from the drop down menu.

For further clarification, a drop down menu is located at the bottom of the schedule. Each option is explained as follows:

- Provincial/Municipal Cost Share - this includes 100% provincial, mitigation funding if applicable, and municipal cost shared requirements
- Provincial/Municipal Cost Share & 100% Municipal - all of option 1 plus 100% municipal dollars
- Provincial/Municipal Cost Share & Funded through Parent Fees - all of option 1 plus parent fees from directly operated centres, not including 100% municipal dollars

- Provincial/Municipal Cost Share, 100% Municipal, & Funded through Parent Fees - all of option 1, 100% municipal dollars, plus parent fees from directly operated centres

Choose one of the options to indicate the type of funding used for the children reported above. An error message will result if no option is selected.

## **STEP # 4 – Completion of Schedule 2.1 (Staffing – Direct Delivery of Services)**

### **PURPOSE**

Schedule 2.1 captures information on the number, full-time equivalency (FTE), salaries and benefits of individuals performing duties for directly operated programs (centre-based or home-based licensed child care programs or special needs resourcing services). These individuals **MUST BE** employees of the CMSM/DSSAB as this schedule only captures staffing under a direct delivery of service model.

**Include all staffing expenditures even if funded from other sources and not fully subsidized by the Ministry.**

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 2.1 – Staffing (Direct Delivery of Services)”. For each of the services directly provided by the CMSM or DSSAB, complete columns 1 through 4 as applicable.

HINT: In deciding if the staffing should be reported on this schedule or Schedule 2.2, ask the following question: “Would the position still exist if the directly delivered child care or Special Needs Resourcing (SNR) program closed?” If the position would continue to exist, report the position on schedule 2.2, otherwise report them on 2.1.

Under column 1, enter the position title of the individuals.

Under column 2, enter the number of individuals. A whole number is required to designate an individual whether he or she is full-time or part-time.

Under column 3, enter the full-time equivalency of individuals. Full-time equivalency is calculated as the number of hours worked during the year / 1820 hours (35 hrs. per week \* 52 weeks). For example, if a part-time person works for 15 hours every week, their FTE would be: (15 hours X 52 weeks) / 1820 hours per year = 0.43 FTE.

Under column 4, enter the salary costs of the individuals. Salaries include the following: payments to all full-time, part-time, temporary, occasional, summer or other employees. Included in this account line are premium pay, overtime pay, vacation pay, and other

direct monetary compensation paid to employees. **Ensure that you have not included benefits in this line, as they are to be reported strictly on line 1.21 in the aggregate.**

Under column 4 at line 1.21, enter the benefit costs for the individuals reported. This account line includes mandatory benefits (e.g. CPP, EI, and EHT), benefit plan costs (e.g. ADD, LTD, extended health, dental) as well as other benefits (i.e. WSIB, maternity top-up).

HINT: An error message will result in column 5 if the FTE of staff reported in column 3 exceeds the number of staff reported in column 2 on the same line. Any error messages will need to be cleared in order to promote your submission to active.

## **STEP # 5 – Completion of Schedule 2.2 (Staffing – Child Care Administration)**

### **PURPOSE**

Schedule 2.2 captures information on the number, full-time equivalency (FTE), salaries and benefits of individuals who support the administration of child care services in the service agreement in the service manager role. Any administration costs that can logically be assigned to administering child care services in the service agreement (e.g. fee subsidy, special needs resourcing, general operating, etc. included in the Service Description Schedule) are considered program administration costs. This is the schedule where CMSMs and DSSABs should include staffing charge backs from central departments, for example, IT, HR, Finance, etc. Where possible, you should attempt to get the number of staff and FTE for these charge back costs.

**Include all staffing expenditures even if funded from other sources and not fully subsidized by the Ministry.**

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 2.2 – Staffing (Child Care Administration)”. Please follow the same steps as those identified in step # 4 above to report the number, FTE, salary and benefit costs.

HINT for CMSMs/DSSABs that directly operate child care services: In deciding if the staffing should be reported on this schedule or Schedule 2.1, ask the following question: **“Would the position still exist if the direct delivery child care or SNR program closed?” If the position would continue to exist, report the position on Schedule 2.2, otherwise report them on 2.1.**

HINT: An error message will result in column 5 if the FTE of staff reported in column 3 exceeds the number of staff reported in column 2 on the same line. Any error messages will need to be cleared in order to promote your submission to active.

## **STEP # 6 – Completion of Schedule 2.3 (Gross Expenditures)**

### **PURPOSE**

Schedule 2.3 captures information on gross expenditures and revenue streams for child care programs by auspice (Non-profit, Profit, Directly Operated, Other) over three pages.

The non-profit section represents payments flowed to non-profit child care operators. The profit section represents payments flowed to for-profit child care operators.

The directly operated section represents expenditures for child care programs (i.e. licensed centre-based or home-based child care programs or special needs resourcing services) that are directly operated by the CMSM or DSSAB.

The other section represents expenditures incurred by the CMSM or DSSAB in their role as service system managers.

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 2.3 – Schedule of Total Gross Expenditures”.

**Pages 1 & 2:** data input is required for each auspice

*Columns 1; 5; 9; 14* enter the actual expenditures incurred by the CMSM or DSSAB

*Columns 2-3; 6-7; 10-12; 15* enter as negative the actual adjustment for parent contribution, parental full fee and other offsetting revenue as applicable

**Page 3: Grand Total:** there is no data entry required on this page. It represents the totals by category of expenditures for the full fiscal years and the four auspices.

### **Further guidance regarding the expenditures:**

Gross expenditures are defined as total expenses regardless of whether the funding is provided by the Ministry, municipal contributions or other offsetting revenues. CMSMs/DSSABs are to include all expenses for child care services, regardless of the funding source.

To reflect the new funding formula and framework, this schedule is broken down into four sections as follows:

- Section 1: Core Service Delivery & Special Purpose Grants
- Section 2: Capital



- Section 3: Claims based
- Section 4: Total

The sections are further broken down into different categories (listed below). Expenditures are to be reported in the appropriate categories in which the projected expense is to be incurred. Further descriptions of each category are outlined in the Ontario Child Care Service Management and Funding Guideline - 2013.

### **General Operating**

Enter the projected amount of funding by auspice to licensed child care operators to address on-going operating costs such as staffing, wages, benefits, lease and occupancy costs, utilities, administration, transportation for children, resources, nutrition, supplies and general maintenance.

Transportation costs previously reported under system needs should be reported under this category provided the expenditure is in alignment with the Ontario Child Care Service Management and Funding Guideline - 2013.

If funding continues to flow through line 1.1 General Operating to support historical pay equity expenditures such as job-to-job and proportional value, these expenditures are to be reported as wages. There will be no separate reporting of historical pay equity expenditures. Proxy pay equity pursuant to the 2003 Memorandum of Settlement is to be reported on line 1.7 of this schedule.

### **Fee Subsidy**

Enter the projected amount of funding to be flowed for fee subsidy by auspice. Fee subsidy is required to be split out by regular, extended day and recreation.

### **Ontario Works/LEAP**

Enter the projected amount of funding to be flowed to child care operators to support Ontario Works participants including LEAP participants and Ontario Disability Support Program (ODSP) recipients in approved employment assistance activities.

The total expenditures need to be broken down by formal and informal expenses. Informal care is provided by informal (where a license is not required) providers and should be reported under the "Other" auspice.

### **Pay Equity Memorandum of Settlement**

CMSMs/DSSABs are to report their expenses related to proxy pay equity pursuant to the 2003 Memorandum of Settlement on line 1.7 in EFIS.

## **Special Needs Resourcing**

Enter the projected amount of funding to be flowed for eligible costs by the auspice of the organization that is funded to provide the service, for example:

- If the CMSM/DSSAB directly operates the SNR program, the expense is reported under directly operated.
- If the CMSM/DSSAB provides funding to a non-profit SNR agency to provide the service, the expense is reported under non-profit.

## **Administration**

Enter the administrative costs associated with directly operated programs and “Other” only. The administrative costs for non-profit and profit service operators are indirectly funded through the contract with the operator and the CMSM or DSSAB.

Examples of administration expenditures include: staffing and benefit costs, purchased professional services – non-client (purchase of service from an organization that is not your own), advertising and promotion, building accommodation, travel, education and staff training, technology, general office expenses and corporate charge backs.

Education and staff training costs may also be reported as a capacity building expenditure if the staff are directly involved in creating and providing workshops to support eligible service providers.

Further details of the description of these types of expenses can be found on page 45 of the Ontario Child Care Service Management and Funding Guideline - 2013.

## **Repairs and Maintenance**

Enter the projected amount of funding to be flowed by auspice to support child care service providers and private home day care agencies that are not in compliance or may be at risk of not being in compliance with licensing requirements under the Day Nurseries Act.

## **Play-based Material & Equipment**

Enter the projected amount of funding to be flowed by auspice to support child care operators to purchase non-consumable supplies/equipment to support the regular operation of the child care program.

## **Capacity Building**

Enter the projected amount of funding to be flowed by auspice of the organisation that is funded to support professional development opportunities. For example:

- If the CMSM/DSSAB directly provides capacity building/PD opportunities, the expense is reported under directly operated.
- If the CMSM/DSSAB provides Capacity Building funding to a non-profit and/or for-profit organization to provide PD opportunities, the expense is reported under non-profit or profit.
- If the CMSM/DSSAB provides Capacity Building funding to an organization not identified above, the expense is reported under other.

Staff training and quality initiatives previously reported under system needs should be reported here as long as the expenditure is in alignment with the allowable expenses in the Ontario Child Care Service Management and Funding Guideline - 2013.

### **Transformation**

Enter the projected amount of funding to be flowed to non-profit and directly operated child care operators to support business transformation activities. Please note that eligible expenditures have been expanded as announced in the memo 2013: ELCC9. The ministry has expanded the eligible expenditures for Transformation funding to include the following new categories under the list of eligible one-time expenses as follows:

- One-time operating funding to support the viability of child care operators that are transforming their business model; for example, to serve younger age groups while maintaining services to families.
- Funding to private-home day care agencies for home visitors to facilitate the potential movement of providers from informal (unlicensed) to licensed child care.

### **Miscellaneous**

The projected amount to be incurred for miscellaneous expenditures are reported at line 1.14, column 14. The amount is pre-populated based upon the completion of Schedule 2.6. All other expenditures that do not fit under any other expenditure category on Schedule 2.3 should be reported here. Please report the expenditures under Schedule 2.6 – Miscellaneous, Other, so that the amount will flow through to Schedule 2.3 accurately.

### **Retrofits**

Enter the projected amount of funding to be flowed to non-profit child care operators to support the reconfiguration of existing child care spaces to adapt to serve younger aged children as 4 and 5 year olds enter full day kindergarten.

**Note:** As outlined in memo 2013: ELCC2, dated March 8, 2013, 2013 capital retrofit funding can be carried forward to the next calendar year provided the funds have been committed to non-profit child care centres through the CMSMs/DSSABs approvals process by December 31, 2013. Further to memo 2013: ELCC9, dated June 7, 2013, unspent Transformation allocations can be moved into Capital to address spending pressures (Schedule 2.3, line 2.1).

In 2013 **only** unspent Transformation allocations that are moved into Capital and committed to non-profit child care centres through the CMSMs/DSSABs approvals process by December 31, 2013 can be carried forward to 2014. This is captured in schedule 4.1 of the 2013 Financial Statements.

2014 outlined in the *Ontario Child Care Service Management and Funding Guideline*, Section 5 on Capital (page 58) **only** 2014 Capital allocations that have been committed to non-profit child care centres through the CMSMs/DSSABs approvals process by December 31, 2014 can be carried forward to 2015.

### **Small Water Works (SWW)**

Enter the projected amount of funding to be flowed by auspice to licensed child care centres that have received SWW funding.

### **Territory without Municipal Organization (TWOMO)**

The amount is pre-populated based upon the completion of Schedule 2.7. No input is required on this schedule for TWOMO.

### **Further guidance on Offsetting Revenues:**

#### **Required Parent Contribution**

- Enter the required parental contribution for subsidized child care spaces where the parents are required to pay, through income testing, a portion of the cost (i.e. space is not 100% subsidized by the CMSM/DSSAB).

HINT: This column should never be blank unless the CMSM or DSSAB only has children under a 100% full subsidy.

#### **Parental Full Fee**

- This column is only applicable for directly operated centres. Enter the projected amount of parental full fee revenue received where the parents are paying the full cost of the space in order for their child to attend the centre.

HINT: This column should never be blank unless the CMSM or DSSAB has no parents paying the full cost of a space.

## Other Offsetting Revenues

- Enter all other offsetting revenues, where applicable.

HINT: Do **not** include the legislated provincial/ municipal cost sharing portion or 100% municipal contributions in excess thereof. This should be used to report revenues from sources outside the CMSM or DSSAB.

## STEP # 7 – Completion of Schedule 2.4 (Adjusted Gross Projected Expenditures)

### PURPOSE

Schedule 2.4 captures the same projected expenditures reported in Schedule 2.3 but through a different breakdown in categories. This data will help inform the Ministry of the projected expenditures to be incurred by the CMSM or DSSAB in these categories.

Consistent with the Estimates submission, the total adjusted gross expenditures at line 4 should equal the total adjusted gross expenditures on Schedule 2.3, page 8, line 4.

### HOW TO COMPLETE

In EFIS, under “Sections”, select “Schedule 2.4 – Projected Expenditures”.

The non-profit operations line represents payments flowed to non-profit child care operators. The profit operations line represents payments flowed to for-profit child care operators.

The directly operated line represents expenditures incurred by child care programs (i.e. licensed centre-based or home-based child care programs, or special needs resourcing services) directly operated by the CMSM or DSSAB.

The “Other” line represents expenditures incurred by the CMSM or DSSAB in their role as service system managers.

Expenditures reported on this schedule should represent total child care expenses of the CMSM or DSSAB regardless of whether the funding is Ministry, municipal contributions or other offsetting revenues. CMSM/DSSABs are to include all expenses projected to be incurred related to child care services, *regardless of the funding source*.

### Salaries, wages and employee benefits (column 1)

Enter the amount of salaries, wages and employee benefits for Non-profit Operations and Profit Operations on line 1.1 and 1.2 respectively

Directly operated salaries, wages and employee benefits is linked from Schedule 2.1, line 1.22, Column 4.

Administration salaries, wages and employee benefits is linked from Schedule 2.2, line 1.22, column 4.

Any remaining salaries, wages and employee benefits not captured in the categories above can be entered under Other at line 1.5.

**Materials (and all other expenses not reported in other columns) (column 2)**

This column is broken down by directly operated, administration and other.

Enter the projected expenditures to be purchased for directly operated child care programs such as non-consumable supplies/equipment, information technology, and kitchen supplies.

Enter the projected expenditures to be purchased that relate to administration expenses of running the directly operated child care program except staffing.

All other expenses that do not fit in the other categories should be reported in this column under "Other".

**Contracted services (column 3)**

This column is to report the projected expenditures associated with purchase of service agreements with child care operators and external agencies.

The details for contracted services for Non-Profit Operations and Profit Operations should be entered via the table "Contracted Services" which breaks down these two auspices by "Leases & Utilities" and "Other".

Contracts with external agencies that provide services to the directly operated child care programs should be entered on line 1.3, Directly Operated.

Contracts with external agencies that provide services such as legal, accounting, etc. should be entered on line 1.4, Administration.

**Rents and financial expenses (column 4)**

This column is to report the projected expenditures for the cost to run child care programs associated with building accommodation and utilities.

Please use the "Other" line (lines 2-2.3) to report adjustments or expenditures that do not fit into any of the 4 columns. An explanation of the balance will need to be provided to your Financial Analyst during the Financial Statements review.

Other Revenues from Schedule 2.3 have been automatically brought into this Schedule at lines 3 to 3.3, to avoid duplication of data entry.

The total adjusted gross expenditures from this Schedule on line 4 needs to match to Schedule 2.3, page 8, line 4. You will not be able to promote your submission to active if the two schedules do not agree.

## **STEP # 8 – Completion of Schedule 2.6 -Miscellaneous**

### **PURPOSE**

Schedule 2.6 captures actual 2013 miscellaneous costs. These costs are defined as costs that do not meet the definitions under any of the other categories on Schedule 2.3 listed above.

Other system needs expenditures that do not fit under any of the expense categories should be reported under this schedule provided that the CMSM or DSSAB has consulted with their Child Care Advisor and both parties have agreed that the expenditure cannot fit under any other expense category. System needs are further explained in the 2013 Ontario Child Care

Service Management and Funding Guidelines – Section 2: Ministry Business and Practice Requirements

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 2.6 – Miscellaneous”.

Please provide a description of other expenditures incurred along with the amount.

## **STEP # 9 – Completion of Schedule 2.7 - TWOMO Expenditures**

### **PURPOSE**

Schedule 2.7 captures the projected support costs provided to territories without municipal organization (TWOMO). TWOMO funding only applies to DSSABs with territory without municipal organization, which is territory outside the geographical area of any municipality or First Nation..

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 2.7 - TWOMO Expenditures” and complete Stages 1-4

- Stage 1: The municipal levy is calculated based on:
  - The total approved DSSAB budget
  - Less other sources of revenue (provincial, federal and other funding)
- Stage 2: The TWOMO share of the municipal levy is determined using the municipal
  - attribution or 'share' percentage
- Stage 3: Non EDU related allocations are subtracted from the municipal levy to find
  - the total EDU child care program allocation
- Stage 4: The percentage of municipal levy that the child care program allocation represents is used to calculate the MEDU portion of the TWOMO levy.

Note: In some cases the DSSABs calculation of TWOMO may differ from the template presented. DSSABs are asked to try and use the Ministry template but if problems exist please contact your Financial Analyst.

HINT: TWOMO costs should only include the share of costs funded by the Ministry of Education. For those detail codes funded by MCYS, the costs should not be reported in the budget submission but reported separately to MCYS.

## **STEP # 10 – Completion of Schedule 2.8 (Capacity Funding to Support Transformation)**

### **PURPOSE**

This schedule captures the costs associated with supporting viability and facilitating child care transformation within communities funded through the Capacity Funding to Support Transformation allocation.

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 2.8 – Capacity Funding to Support Transformation”.

The schedule is broken down into the following 3 project types:

1. Amalgamation into a School or within the Community



2. Relocation to a School/Community
3. Unrelated to Amalgamations or Relocations

In Columns 2, 3 and 4, enter the number of mergers, operators and centres supported through the allocation.

HINT: This Schedule may reflect duplication of the number of centres and operators in a case where a centre receives funding support for more than one expenditure category. For example, if a centre receives both technology upgrade and toys and equipment support, that centre can be included in both categories.

In Column 5, enter the costs projected to be incurred to support operators, centres and agencies that will be involved in business transformation activities and/or require business transformation supports. You must ensure that the eligible expenditures as well as maximum expenditure amounts are respected as set out in the Child Care Business Practices Guidelines. An extract has been provided here for your reference.

HINT: Total expenses reported in Schedule 2.8 must agree to total transformation expense reported in Schedule 2.3 or an ERROR message will appear.

### **Eligible Expenditures (as per the Child Care Business Practices Guidelines):**

#### Category 1: Amalgamation of Two or More Operators

- Up to 6,500 per amalgamation to support legal costs for two or more operators that are amalgamating.

#### Category 2: Relocation of an Operator and/or Amalgamation of Two or More Operators

- Lease Costs (i.e., to cover the expense of terminating a lease); and/or,
- Moving Costs.

#### Category 3: Business Transformation Supports

- Up to 3,000 per operator to support business planning costs;
- Up to 1,000 per centre or PHDC agency for technology upgrade costs that facilitate internet connectivity for business purposes;
- Play-based material and equipment;
- One-time operating funding to support the viability of child care operators that are transforming their business model; and/or

- Funding to private-home day care agencies for home visitors to facilitate the potential movement of providers from informal (unlicensed) to licensed child care. The following definitions are provided for your guidance:

**Centre:** The premises covered by one day nursery license.

**Amalgamation:** The combining of two or more entities into one, through a purchase acquisition or a pooling of interests

**Operator:** A person, municipality or other incorporated entity that has control or management of a day nursery or a private-home day care agency. An operator may hold more than one license.

## **STEP # 11 – Completion of Schedule 3 - Allocations for operating and other purposes)**

### **PURPOSE**

Schedule 3 captures the 2013 allocation for your CMSM or DSSAB based upon the Budget Schedule as contained in your service agreement.

### **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 3 – Schedule of Allocation”.

There is no data entry required on this schedule as all the required data has been pre-loaded for you.

## **STEP # 12 – Completion of Schedule 3.1 (Entitlement Calculation)**

### **PURPOSE**

Schedule 3.1 captures the funding entitlement for your CMSM or DSSAB. It takes into consideration the level of expenditures projected, your municipal cost sharing requirements, and the financial flexibility policies as set out in the Ontario Child Care Service Management Funding Guideline.

This schedule consists of 6 sections

- Special Needs Resourcing (SNR) Entitlement
- Limited Flexibility Entitlements
- TWOMO Entitlement

- 50/50 Cost Share Entitlement – Administration Spending
- Remaining Entitlement
- Adjustment if Maximum Administration Expenditure Exceeded

## **HOW TO COMPLETE**

In EFIS, under “Sections”, select “Schedule 3.1 – Schedule of Funding Entitlement”.

### Section 1 – SNR Entitlement

- This section calculates the minimum spending on SNR and if there will be any adjustment due to not achieving the minimum spending.

### Section 2 - Limited Flexibility Entitlements

- This section calculates the entitlement for the 4 allocations that have exceptions to the full financial flexibility.
- The entitlement for each is calculated as the lesser of the allocation and the adjusted gross expenditures presented in schedule 2.3.
- Transformation is the only limited flexibility category that may be transferred out to Capital Retrofits.
- Line 2.5 shows the entitlement for the section

### Section 3 – TWOMO Entitlement

- Not applicable for CMSMs
- The allocation will equal the expenses calculated in schedule 2.7

### Section 4 – 50/50 Cost Share Entitlement – Administration Spending

- This section for administration expenses calculates if the 50/50 cost share requirement has been met.
- If the cost share requirement has not been met, then a decrease of the entitlement will be reflected on row 4.7

### Section 5 - Remaining Entitlement

- This section has two components, the adjusted gross expenditures (AGE) component and the total allocation component

- The AGE component is calculated as the total AGE, adjusted for any reductions/overspending already calculated in sections 1 through 4.
- The allocation component is calculated as the total allocation adjusted for any initial allocations already calculated in sections 1 through 4.
- The entitlement will be the lesser of those two amounts.

#### Section 6 - Adjustment if Maximum Administration Expenditure Exceeded

- Please enter the 2011 administration expenditures on line 6.2 so that the 2013 administration expenditure limit can be calculated from this information. Please be sure to include all 2011 municipal spending and all 2011 EDU spending on child care administration in this total.
- The amount reported may need to be discussed with your Financial Analyst during their review of your submission.
- The calculation of the 2013 maximum allowable administration expenditure is further outlined on page 12 of the Ontario Child Care Service Management and Funding Guideline.
- If the 2013 projected administration expenditures are higher than the 2013 maximum allowable expenditure limit that has been calculated, an adjustment may be processed if the CMSM or DSSAB has not contributed its own municipal funds to offset the cost of administration above this limit.
- The 2013 Funding Increase % at line 6.3 is a pre-loaded calculation based upon the increase from a CMSM or DSSAB's 2012 allocation to the 2013 allocation.

Total entitlement is calculated on line 6.10

Lines 7.1 through to 7.7 reflect a breakdown of the Total Adjustment / (Recovery) as determined at line 6.12.

All of the other data reported on this schedule comes from other schedules in the submission.

HINT: All pages of schedule 3.1 must be printed off from the active EFIS submission, signed by CMSMs and DSSABs on the bottom of page 1 and sent to the Ministry of Education.

### **STEP # 13 – Completion of Schedule 4 – Eligible Contributions for Utilization Calculation**

## **PURPOSE**

Schedule 4 captures information relating to the mitigation funding received by CMSMs or DSSABs who experienced a reduction in their 2013 allocations due to the new funding formula framework.

The schedule applies additional municipal contributions above the CMSM or DSSAB's 2013 minimum cost sharing requirements and applies this against the balance of the mitigation funding received.

If a CMSM or DSSAB's 2013 minimum cost sharing requirement decreased from their 2012 minimum cost sharing requirement yet the CMSM or DSSAB still chose to keep their contribution at the 2012 level, this additional investment can be deemed as municipal contributions rather than applied against the mitigation funding received.

The deemed municipal contribution may be used to calculate the 2014 utilization component allocation of the funding formula.

## **HOW TO COMPLETE**

In EFIS, under "Sections", select "Schedule 4 – Eligible Contributions for Utilization Calculation"

Most of this schedule is pre-populated from information that comes from other schedules within the EFIS package.

There is one input cell on this schedule in which the CMSM or DSSAB will need to enter the amount of the deemed municipal contributions. The deemed municipal contributions are the additional level of investment by the CMSM or DSSAB when it has decided to keep its minimum cost sharing consistent with 2012 levels even though this requirement decreased in 2013. The input cell is limited by the maximum amount of the decrease in cost sharing requirement from 2012 to 2013.

The amount applied against mitigation funding at line 4 and the excess municipal contributions eligible for the 2014 utilization calculation at line 6 from this schedule goes to Schedule 3.1, page 2.

## **STEP # 14 – Completion of Schedule 4.1 - Capital Carry Forward**

### **PURPOSE**

Schedule 4.1 captures information regarding the actual expenditures of 2013 capital retrofit funding, the committed 2012 capital funding carried forward to 2013 as well as any funds committed and carried forward to 2014. Please refer to page 9 Item 12 for details on carry forward.

## HOW TO COMPLETE

In EFIS, under “Sections”, select “Schedule 4.1 – Capital Carry Forward”

This schedule is divided into 2 sections:

1. 2012 capital carry forward information
2. Capital expenditures for 2013

In the first section, the amount of actual capital expenditures incurred up to December 31st, 2012 is pre-populated from the 2012 financial statement submission.

A maximum allowed amount available for carry forward into 2013 will be calculated at line 1.3.

The amount of capital committed as of December 31, 2012 to non-profit operators for transition minor capital projects is presented at line 1.4. This is the amount of the 2012 capital allocation that was being carried forward to 2013 and must have been spent by December 31, 2013.

The second section is laid out with three columns, carry forward amount relating to 2012, the 2013 allocation and the total.

The potential capital spending for 2013 at line 2.3, column 2 is calculated based upon the 2013 allocation plus the amount of projected under spending on transformation expenditures.

Total capital expenditures at line 2.5 is linked from the adjusted gross expenditures in Schedule 2.3, column 17. The 2012 carry forward capital expenditures are based upon the information submitted in the 2012 financial statements. The 2013 allocation column is a calculated amount based upon the other two cells in line 2.5. This amount flows through to Schedule 3.1 to calculate the 2013 entitlement.

Enter the amount of the projected capital committed as of December 31, 2013 and being carried forward to the following year at line 2.7. This amount cannot be greater than the maximum allowed amount of capital available for carry forward at line 2.6. CMSMs and DSSABs will be cash flowed on the 2013 capital entitlement, line 2.8, column 2.

HINT: The maximum amount of capital carry forward to 2014 is limited to 2013 capital allocation plus any unspent amount of transformation allocation. This amount will have to be spent by December 31, 2014.

HINT: For reporting of data elements on Schedule 1.2, the CMSM or DSSAB would report the number of spaces supported and the number of licensed programs supported for capital retrofits that relate to the 2013 allocation only.

## **STEP # 15 – Review of Submission**

### **PURPOSE**

The last 3 schedules in the financial statements have been created in order to automate some of the review procedures that are performed by financial analysts during the review process. By including them in the submission document set, you can see the analysis and correct any inconsistencies prior to submitting your financial statements. This will hopefully expedite the review process and reduce the number of queries that you receive.

The schedules are as follows:

1. Data Analysis & Review
2. Error Messages
3. Warning Messages

### **HOW TO COMPLETE**

There is no data entry required in any of these schedules. You are requested to review the information and correct it where required as follows:

1. Data Analysis & Review, review the values reported for consistency of reporting between detail codes.
2. Error messages, follow-up on any item where “ERROR” is identified in the far right column in order to clear the message.
3. Warning messages, follow-up on any item where “Warning” is identified in the far right column in order to clear the message.

HINT: You cannot promote your submission to active status if you have uncleared “ERROR” messages.

## **STEP # 16 – Create Explanation Report**

### **PURPOSE**

This report provides CMSMs and DSSABs with the opportunity to provide explanations on significant variances, or changes in assumptions, between submissions. The goal of this report is to minimize the amount of queries by Financial Analysts upon review of the submission by receiving information that impacts the data ahead of time. CMSMs and DSSABs are encouraged to provide as much detailed information as possible to assist the Financial Analysts in understanding the submission.

## **HOW TO COMPLETE**

This section will explain how to create your explanation report, how to complete it and how to submit it to the Ministry.

### **CREATING YOUR REPORT**

By following the next 7 steps, you will be able to create and save your explanation report.

1. Login to EFIS
2. Under EFIS access, select “Grant Calculation System”
3. Under submission, select “Reports”
4. Under “Child Care”, then “Summary Reports”, select the report called “Explanation Report”
5. In the drop down menu, select “2013-14 Child Care Financial Statements”
6. Select your CMSM or DSSAB by clicking on the circle before your file name, then scroll over and select next
7. From the submissions shown, select your active submission by clicking on the circle before the file name, then scroll to the bottom of the table and click “Run Report”
8. When the message appears “Do you want to open or save this file?” save the file with an appropriate name and an appropriate location that is consistent with your file naming convention and safekeeping for electronic files. For example, 296\_FIN\_1314\_Regional Municipal York\_Explanation Report

HINT: You must have an “ACTIVE” submission created in order to create your explanation report

### **COMPLETING YOUR REPORT**

Upon opening your explanation report, you will notice that it is divided into two sections: Schedule 1.1 and Schedule 2.3. These sections represent the two schedules where variance reporting is required as per Section 2 of the Ontario Child Care Service Management and Funding Guideline - 2013. Please provide the following 3 elements for all variances identified by an asterisk:

1. The reason for the variance
2. Impacts on staff and / or services



3. Action plan on how to mitigate the results of the variance

**Please note that the schedule number may not appear on your report.**

## **SUBMITTING YOUR REPORT**

Upon the completion of the explanation report, you are required to submit TWO hard-copies. Please see the following section for details as to who it must be submitted to.

## **Reporting**

After completing steps # 1 – 16, the data in the submission file should now be complete.

CMSMs and DSSABs are required to send two signed copies of the following three documents printed out from the active EFIS submission of the 2013 Financial Statements:

1. Cover Page
2. Funding Entitlement Calculation (both pages)
3. Explanation Report

In addition to the above, the following reports are required

- Note in the Audited Financial Statements or the Review Engagement Report reconciling child care expenses to EFIS

DSSABs will also be required to submit along with their Financial Statements submission a copy of the following:

- Approved DSSAB budget; and
- Levy Apportionment details.

These forms are to be sent by May 31, 2014 to:

Manager, Child Care Finance Unit  
Financial Analysis & Accountability Branch  
20<sup>th</sup> Floor, Mowat Block, 900 Bay Street  
Toronto, Ontario  
M7A 1L2

CMSMs and DSSABs are not required to send hard copy print-outs of their **full** submission.

Once a submission is promoted to “active” status, a CMSM or DSSAB has formally submitted their financial statements to the Ministry of Education.

## **Review and Approval of Financial Statements Submission**

Financial analysts from the Financial Analysis & Accountability Branch will review the financial statements submission once it has been promoted to “active” status. The financial analysts will create a “FO reviewed” copy of the original submission and process any changes that are required following communications with the Early Learning Division and the CMSM/DSSAB. Once the file has been reviewed, the CMSM/DSSAB will receive an e-mail from the financial analysts noting that the review process is complete.

## **Assistance with EFIS**

For log in assistance, contact:

Mark Bonham Tel: (416) 325-8571 E-mail: [Mark.Bonham@ontario.ca](mailto:Mark.Bonham@ontario.ca)

For data input assistance, contact your financial analyst:

Alina Chimet (Toronto Region) Tel: (416) 212-9218 E-mail: [Alina.Chimet@ontario.ca](mailto:Alina.Chimet@ontario.ca)

Shalini Dharna (Barrie & Sudbury Region) Tel: (416) 212-8410 E-mail:  
[Shalini.Dharna@ontario.ca](mailto:Shalini.Dharna@ontario.ca)

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