



2025 Reconciliation and Reporting update

Centre-based child care providers

Early Years & Child Care Services

November 25, 2025



Housekeeping

This meeting is being **recorded** and will be shared with the presentation. Your microphone will be muted unless called upon during the question period. Use the Q&A feature to post your questions. You can also email us at earlyyearssystemdivision@peelregion.ca or contact your Early Years Specialist.

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Questions about the collection of personal information and information collected should be directed to earlyyearssystemdivision@peelregion.ca.

Disclaimer: This slide deck is shared for informational purposes only and does not replace the requirements and rules set out in the [Child Care and Early Years Act, 2014](#), its [regulations](#), your service agreement, the CWELCC guideline (updated in July) and/or the service provider handbook.

How to use the Microsoft Teams Q&A feature

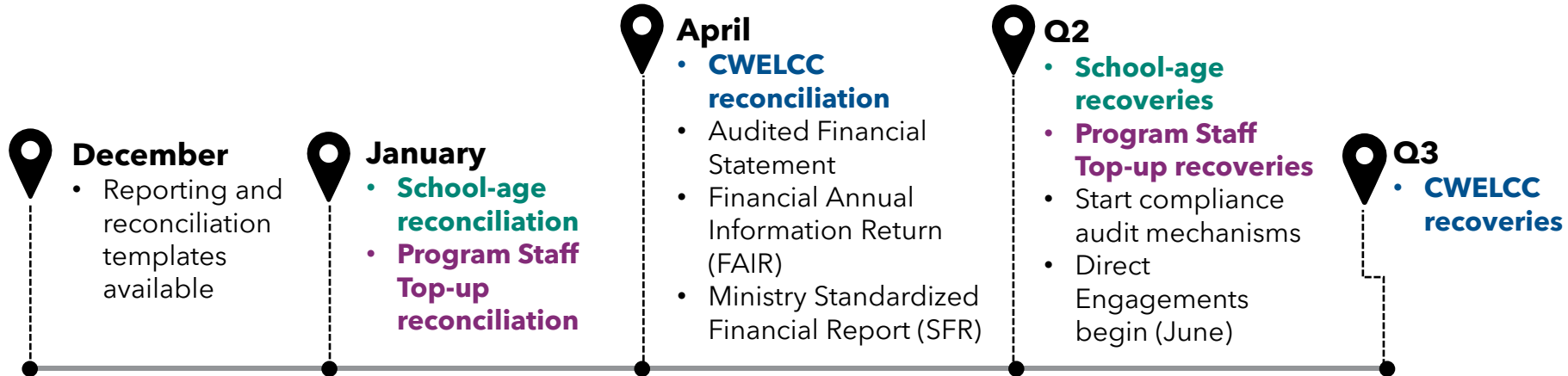
The screenshot shows the Microsoft Teams interface with the Q&A feature highlighted. The top navigation bar includes icons for Chat, Q&A, People, Raise, React, View, Notes, Apps, More, Camera, Mic, Share, and a red 'Leave' button. The Q&A icon is circled in red, with a red arrow pointing to a red box labeled 'Q&A Icon'. The main content area is a large, light green rectangle. To the right, the Q&A panel is open, showing a notification that the organizer has disabled responses. Below this, the 'Ask a question' input field is highlighted with a red box, with a red arrow pointing to it from a red box labeled 'Ask Questions Here'. The panel also shows a list of questions. The first question is by 'Hernandez, Alicia' (AH) asking 'Who can I contact if I have further questions?'. The upvote button for this question is highlighted with a red box, with a red arrow pointing to it from a red box labeled 'Upvote Button'. The upvote button shows a blue arrow and the number '2'. The second question is also by 'Hernandez, Alicia' (AH) asking 'When will this recording be available?'.

Agenda

1. Reporting & reconciliation timeline
2. Accounting and Note Disclosures Guidelines
For Accountants / Auditors
3. 2025 Reconciliation
 - CWELCC
 - School-Age Funding
4. Q & A session



2026 reporting & reconciliation timeline



Notes

- The Ministry released their Standardized Financial Report in early November, and the reporting requirements are built into the FAIR template to reduce duplicate reporting.
- Expansion funding (Start-up Grant and Early Learning and Child Care Infrastructure Fund) will be reported and reconciled based on a service provider's approved expansion project timelines. Projects must be complete, and funding spent by December 31, 2026.

Reporting requirements

- All service providers who receive CWELCC funding from Peel must submit:
 - Audited Financial Statement**, by head office
 - Financial Annual Information Return (FAIR)**, by site-level

Fiscal year-end	Reporting Requirement	Due Date
December	<ul style="list-style-type: none"> Audited Financial Statement FAIR 	<ul style="list-style-type: none"> April 30, 2026
Non-December <i>(exemptions approved by Peel only)</i>	<ul style="list-style-type: none"> Unaudited statement of revenue and expenses for the calendar year (January to December) FAIR 	<ul style="list-style-type: none"> April 30, 2026
	<ul style="list-style-type: none"> Audited Financial Statement Audited statement of revenue and expenses for the calendar year Updated FAIR to align with audited statements 	<ul style="list-style-type: none"> Four months after your fiscal year-end

Accounting and Note Disclosure Guidelines

- We created a guideline to help your accountants and auditors prepare financial statements that align with CWELCC cost-based funding rules and ensure transparency in the use of public funds.
- The guideline includes:
 - 1. Accounting treatments for capital items** (e.g. One-Time Emergency Funding and CWELCC Expansion Funding).
 - 2. Accounting treatment for expenditures:** Recommendation to report gross expenses (without subtracting any grants or offsets) so CWELCC funding is accurately calculated
 - 3. Requirements for note disclosures**
 - Summary of Reconciliation: grants received, spent and repayable to Peel.
 - Accounting for repayment conditions of capital grants if a provider leaves CWELCC before the minimum period of 7 years
 - Capital Assets details separating amortization expenses (eligible vs ineligible under CWELCC)
 - Carrying over capital funding and how to report grant adjustments when there are funds repayable to Peel are accrued during the fiscal year.
 - 4. Proration guide** for shared expenses between children 0 to 12 years.

Capital assets and amortization

- Mary's Child Care replaced their roof in March 2024. They also added a room in September 2024 as part of CWELCC expansion.
- Under CWELCC Cost-Based Funding, amortization are **eligible expenses** if:
 - The related asset was purchased before August 15, 2024, and
 - The expense wasn't claimed under any government funding (including CWELCC) or reimbursed by insurance
- We recommend separating eligible and ineligible capital assets in your financial statements
- Refer to the example of the note disclosure for capital assets

Capital Assets (Eligible for Cost-Based Funding)					
2025					
	Cost	Accumulated Amortization	Net Book Value	Amortization Expense	
Roof Replacement	32,000	-	8,000	24,000	4,000
	\$ 32,000	-\$ 8,000	\$ 24,000	\$ 4,000	
Capital Assets (Ineligible for Cost-Based Funding)					
2025					
	Cost	Accumulated Amortization	Net Book Value	Amortization Expense	
Room Addition	21,000	-	2,100	18,900	1,050
	\$ 21,000	-\$ 2,100	\$ 18,900	\$ 1,050	

FAIR template and CWELCC reconciliation



Financial Annual Information Return (FAIR)

- **Starting in 2025**, CWELCC reconciliation will be included in the FAIR template to streamline reporting.
- The updated FAIR template will:
 - Calculate your Actual Cost-Based Funding and Allocation in Lieu of Profit/Surplus amounts, and show what to report in GovGrants
 - Prorate shared expenses between CWELCC-eligible (0 to 6 years) and ineligible (6 to 12 years) children based on your operating plan
 - Include sections to report ineligible (such as insurance claims) and non-base (such as optional transportation and field trips) expenses
 - Generate the Summary of Reconciliation for your Audited Financial Statements
 - Collect Key Performance Indicators for CWELCC
- To support you with completing the FAIR, a pre-recorded training video and instruction guide will be provided

Ministry Standardized Financial Report (SFR)

- The Ministry's Standardized Financial Report (SFR) is integrated into the FAIR template to reduce duplicate reporting
- SFR introduced new site-level reporting requirements including:
 - Operational details (number of service days, licensed spaces and operating spaces)
 - Financial information (actual eligible costs incurred and base fee revenue earned)
 - Average paid vacation and sick days that program staff and supervisors were entitled to as per their employment contracts
- The Ministry will use this data to track cost trends and adjust funding approaches (for example, benchmarks) in the future if needed
- Peel has been given a deadline to submit this data to the Ministry by **June 1, 2026**

Repayable to Peel

- The FAIR template will calculate if you owe a funding recovery (amount repayable to Peel) based on your reported revenue and expenses
- You may owe a **funding recovery** if your:
 - Actual program costs are less than your program cost allocation (underspending)
 - Allocation in lieu of profit/surplus is adjusted based on your actual program costs
 - Actual base fee revenue is higher than your expected base fee revenue offset
- GovGrants will automatically deduct recoveries from future payments until the amount is fully recovered. If you have cashflow concerns due to recoveries, please contact us.
- **Multi-site providers:** 2025 recoveries will be calculated using consolidated revenue and expenses for all sites in Peel.

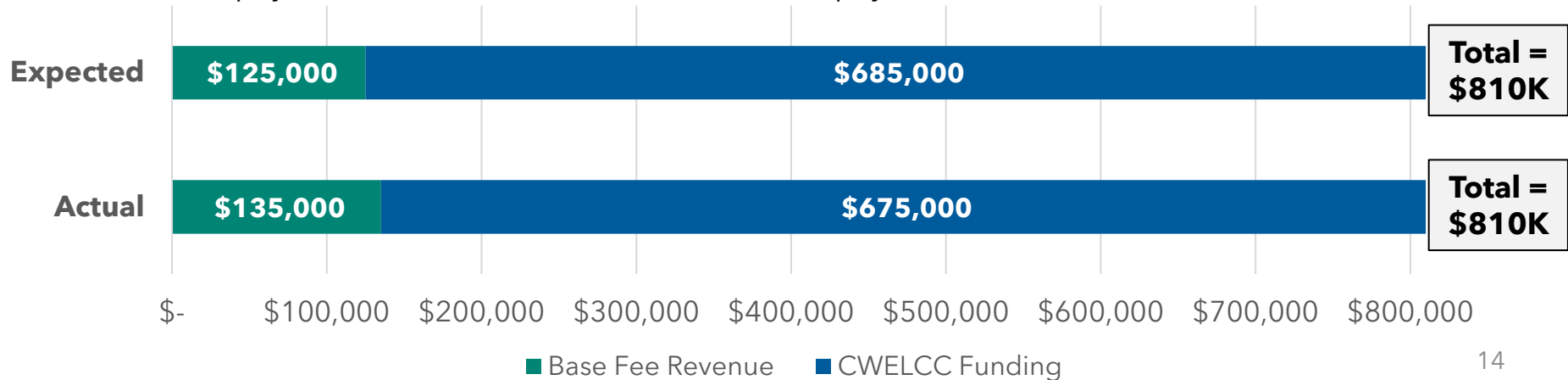
Actual base fee revenue

- The cost-based funding formula calculates the maximum amount of eligible costs that will be covered, and this amount is funded through base fee revenue and CWELCC funding
- Your CWELCC funding ensures your program is fully funded by filling the gap between your maximum eligible costs and base fee revenue
- For 2025, the formula estimates that your program will collect base fee revenue at 90% of your reported operating capacity (expected base fee revenue offset). CWELCC funding covers the remaining 10% as the allowed vacancy rate.
 - If you collect **more base fee revenue than expected** (because you operated above 90%), CWELCC funding is reduced, and this amount is considered an overpayment.
 - This rule keeps the system fair by stopping programs from receiving double funding for their program costs.
 - If you collect **less base fee revenue than expected** (because you operated below 90%), the expected offset is still used, except in cases of extenuating circumstances.

Example: More base fee revenue

For Child Care Centre “A”, the cost-based funding formula determined the maximum amount of eligible costs that can be covered was \$810,000.

- Based on 90% operating capacity, their expected base fee revenue was set at \$125,000 and they received \$685,000 from Peel to ensure they were fully funded.
- The program operated near **100% capacity** and their actual base fee revenue was **\$10,000 higher than expected.**
- The additional base fee revenue reduces the amount of CWELCC funding required, and they must repay this amount as it's considered an overpayment.



Additional reporting



School-age funding

- School-age funding reconciliation is due on January 30, 2026
- Reporting requirements:
 - Include eligible costs for children 6 to 12 years
 - Report funding spent under the School-age (6 to 12) Programs announcement
 - Submit an excel template with more detailed expense reporting and Key Performance Indicators (KPIs)
- **Important:** You must use the same method to split (prorate) shared 0 to 12 expenses when completing the school-age reconciliation and Financial Annual Information Return (FAIR) template

Direct Engagement to Report on Compliance

- In accordance with Ministry CWELCC guidelines, Peel must procure a third-party auditor to perform Direct Engagement to Report on Compliance audits
- A small sample (5%) of service providers will be selected during the 2025 reconciliation process, with audits taking place in 2026
 - If selected, the third-party auditor will review your financial statements to make sure, with a high level of confidence, that you are following the Ministry's policies, procedures and guidelines
- Peel issued a Request for Proposal in August 2025, and 3 firms were selected (HDCPA, RSM Canada and Deloitte)



RFP 2025-379P

Next steps

- Following the teleconference, Peel will release the following tools and templates:
 - Accounting guideline
 - FAIR templates for CWELCC
 - FAIR guideline
 - Video tutorial
- After we release the FAIR template, we encourage you review it with your accountant or bookkeeper to prepare for April 2026 submission.
- Next week, we will also send a memo related to an Update Task in GovGrants to collect information related to closures, operating hours, PD days and School Breaks





Questions?

Thank you!