



2025 Reconciliation and Reporting update

Licensed home child care agencies

Early Years & Child Care Services

December 2, 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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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

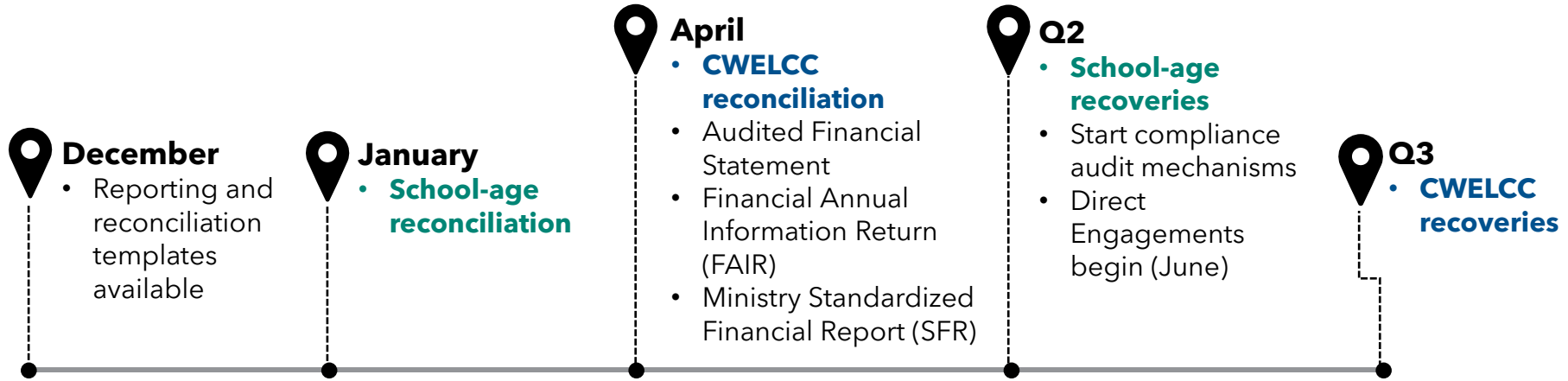
The screenshot shows the Microsoft Teams interface with the Q&A feature highlighted. The top navigation bar includes icons for Chat, Q&A, People, Raise, React, View, Notes, Apps, More, Camera, Mic, Share, and a red 'Leave' button. A red box highlights the Q&A icon, with a red arrow pointing to it from a red box labeled 'Q&A Icon'. The Q&A panel on the right shows a notification: 'The organizer has disabled responses to posts.' Below this is a red box around the 'Ask a question' button, 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) from 10m ago: 'Who can I contact if I have further questions?'. A red box highlights the upvote button (an upward arrow) next to the number '2', with a red arrow pointing to it from a red box labeled 'Upvote Button'. The second question is also by 'Hernandez, Alicia' (AH) from 16m ago: '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 (SFR) in early November.
 - Agencies with Head Office in Peel, the reporting requirements are built into the FAIR.
 - Agencies with Head Office outside of Peel, contact your overseeing service system manager for reporting details.
- Expansion funding (Start-up Grant) 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.

Active homes in multiple areas

- In accordance with the Ministry's CWELCC guidelines, the **overseeing service system manager** (where your head office is located) is responsible for reconciling all cost-based funding you receive, including amounts for homes funded by another service system manager
- This means you will report your revenue and expenses for all active homes to your overseeing SSM
- Your overseeing SSM will then determine your actual cost-based funding and any repayable amounts
- Your secondary SSM may also amend and adjust their funding calculations based on in-year or year-end actuals

| Service System Manager (SSM) | Funding Source | Reconciliation |
|------------------------------|---|---|
| Overseeing | All active homes opened before the specified date ¹ | All homes, including those funded by another SSM |
| Secondary | Active homes within their service area opened after the specified date ¹ | Inform overseeing SSM of the amount paid to the agency with respect to the homes that they fund |

¹For 2025 funding, the specified date is December 31, 2022.

Reporting requirements

- **All agencies** who receive CWELCC funding from Peel must submit the following by April 30, 2026:
 1. Audited Financial Statement, at the agency level
 2. Financial Annual Information Return (FAIR) template
- If you have **active homes in multiple areas**, your:
 - Audited Financial Statement must include a supplementary statement of revenue and expenditures for homes in Peel
 - FAIR template includes a separate section to report your statement of operations (revenue and expenses) for homes in Peel
- We will communicate these details in a memo when we release the FAIR template

Statement of operations

- The table below provides an overview of 2025 reporting requirements
- Your agency's specific reporting requirements may differ depending on the location of your head office and active homes

| Overseeing SSM | Active Homes | What to report |
|----------------|--------------------------------|--|
| Peel | Peel only | Revenue and expenses for all active homes |
| Peel | Peel and other service area(s) | Two sets of data: <ul style="list-style-type: none">• Revenue and expenses for all active homes• Revenue and expenses for homes in Peel |
| Another SSM | Peel and other service area(s) | Revenue and expenses for homes in Peel |

Accounting and Note Disclosure Guideline

- 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. Recommendation to report gross expenses** (without subtracting any grants or offsets) so CWELCC funding is accurately calculated
 - 2. Requirements for note disclosures**
 - Summary of Reconciliation for grants received, spent and repayable
 - *(if applicable)* Capital Assets details separating amortization expenses (eligible vs ineligible under CWELCC)
 - 3. Proration guide** for shared expenses between children 0 to 12 years
- The guideline will be shared after today's teleconference, and we encourage you to connect with your accountant and auditor early to review the recommended accounting methods

FAIR template and CWELCC reconciliation

Financial Annual Information Return (FAIR)

- All agencies are required to submit the FAIR to ensure consistent financial reporting
- **For agencies where Peel is the overseeing SSM**, CWELCC reconciliation will be included in the FAIR template to streamline reporting
 - Calculate your Actual Cost-Based Funding and Allocation in Lieu of Profit/Surplus amounts, and show what to report in GovGrants
 - Collect Key Performance Indicators for CWELCC
 - Prorate shared expenses between CWELCC-eligible (0 to 6 years) and ineligible (6 to 12 years) children based on your operating data (enrollment, number of active homes, service days)
 - 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
- 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 introduced the Standardized Financial Report (SFR) as an additional year-end reporting requirement
- **Overseeing SSMs** must collect the following information from agencies:
 - Operational details (number of service days and active homes per service area)
 - Financial information (eligible costs incurred and base fee revenue earned for all active homes)
 - Average paid vacation and sick days that home visitor staff 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
- SSMs must submit this data to the Ministry by **June 1, 2026**
- If your head office is outside of Peel, please contact your overseeing SSM for reporting details

Funding recoveries

- To determine if you owe a funding recovery (repayable amount), your overseeing SSM will compare your total cost-based funding allocation with the revenue and expenses for all homes
- 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
- For agencies where Peel is the overseeing SSM, the FAIR template will calculate if you owe a funding recovery
- If your head office is outside of Peel, please contact your overseeing SSM for details

Example: Funding recoveries

Home agency "A" has a head office in Peel and active homes in Peel and Toronto. They received funding from both SSMs which added up to \$1,290,000 for program cost allocation, \$320,000 for expected base fee revenue offset and \$77,000 for amount in lieu of profit/surplus.

- At year-end, their actual program costs for all homes was \$20,000 lower and the actual base fee revenue they collected from families was \$10,000 higher.
- This resulted in a **total recovery of \$32,000 for the agency**, due to underspending, higher-than-expected base fee revenue and an adjustment to the amount in lieu of profit/surplus.

| Budget Category | Allocation | | | Actuals (for all homes) | Recovery (for all homes) |
|----------------------------------|--------------------------|----------------------------|-------------|----------------------------|-----------------------------|
| | Overseeing SSM (Peel) | Secondary SSM (Toronto) | Total | | |
| Program Cost | \$590,000 | \$700,000 | \$1,290,000 | \$1,270,000 | \$20,000 |
| Base Fee Revenue | (\$190,000) | (\$130,000) | (\$320,000) | (\$330,000) | \$10,000 |
| Amount in Lieu of Profit/Surplus | \$32,000 | \$45,000 | \$77,000 | \$75,000 | \$2,000 |
| | | | | Recovery total | \$32,000 |

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 the amount of base fee revenue your agency will collect using your reported enrolment (expected base fee revenue offset) and the service days for each active home
 - This fall, agencies were also asked to shared their projected base fee revenue. If you reported this to Peel, your revenue offset allocation was replaced with your agency's projected revenue amount.
 - If you collect **more base fee revenue than expected**, 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**, the expected offset is still used, except in cases of extenuating circumstances

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 (centre-based and home agencies) 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 (HDCAP, 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
- In January, we will initiate an Update Task in GovGrants to collect information related to enrolment and active homes as of December 31, 2025





Questions?

Thank you!

