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|  | Policy Title: <b>Financial Management Policy</b> |                           |   |
|   | Originated: August 23, 2010                      | Review Date: October 2016 | Approval Date: October 24, 2016                               |
|   | Approved by: Board of Directors                  | Last Revision: March 2016 | Application: All Employees, students, volunteers and visitors |

## **Purpose**

The purpose of the Financial Management Policy is to ensure that Dandy Lion Daycare Centre (the “Centre”) exercises responsible financial practices in order to maintain continued solvency and financial stability.

## **Policy Statement**

Financial management is central to the relationships between Dandy Lion Daycare Centre and its members, its suppliers and its regulators. Through prudent financial management, the Centre can reduce the possibilities of fraud and error, correct errors quickly and provide a sound basis for planning and decision-making by both Management and the Board of Directors while providing assurance of responsible, efficient operation to those who regulate, supply and entrust the Centre with the members’ children and money.

## **Definitions**

For the purpose of this policy, the Supervisor is named as the person responsible for specific functions as it pertains to the financial management of the Centre. In the event the Supervisor is absent or not available to perform the responsibilities as outlined below, the Centre’s hierarchy of command names the Centre’s Assistant Supervisor followed by an appointed designate as next in line to assume the Supervisor’s responsibilities.

### **A. Internal Control and Risk Management**

#### **1. Financial Policies and Procedures**

The Centre’s *Financial Management Policy* is based on principles that:

- Operating revenue will recover all costs of providing service, including depreciation and amortization
- Management and the Board of Directors will maintain reserves for operating contingencies and for capital replacement and repair
- All procedures will be reviewed annually or sooner to comply with updated federal, provincial and/or municipal mandates
- Fees for services will be as affordable and as stable as possible over time, subject to the requirement of full cost recovery
- Consideration for standards of integrity, transparency and accountability laid down by regulation is to be an irreducible minimum, not a final objective

#### **2. Fraud Detection and Prevention**

i. **Code of Ethics**

The Centre expects all Directors serving on the Board to ensure that their personal interests do not in any way conflict with or appear to conflict with their business duties and obligations to the Centre.

A Board member shall not engage in any activities which create a conflict of interest, or might appear to conflict, with the Board Members' responsibilities and obligations with the Centre. Good judgement of Board Members is essential, and no list of rules can provide for all of the possible circumstances that arise. Decisions by Board Members involving a conflict of interest may create an appearance of impropriety, which should be avoided.

In the course of service on the Board of Directors, a Board member may have access to confidential information about the Centre, its employees, its members (children and their parents/guardians), vendors, etc. It is critical that this information is always kept in the strictest confidence. Each Board member must sign a confidentiality statement prior to commencement of his/her term.

Additional information regarding conflict definitions, provision of full disclosure, confidentiality and other topics as applicable to the Board of Directors can be found in the Centre's *Conflict of Interest Policy* or in the Centre's *Board of Directors Manual*.

ii. **Fraud Awareness Training**

It is beneficial if the Treasurer of the Board of Directors is a professional accountant with relevant training and job experience. Where the Treasurer is not a professional accountant, s/he will attend fraud awareness training and will deliver information to the rest of the Board of Directors.

iii. **Rotation of Financial Responsibilities**

The Centre has historically had a new Treasurer every 3 years. The Executive Committee Members of the Board (Chair, Vice-Chair, Secretary and Treasurer) take turns approving invoices, large purchases and signing of cheques.

iv. **Hierarchy of Responsibility**

The Supervisor is responsible for the day-to-day financial management of the Centre. Working closely with the Treasurer and Finance Committee is necessary for budget preparation, budget management and financial control (such as invoice approval and pre-approval for capital purchases). In the absence of the Supervisor, the Assistant Supervisor assumes responsibility for financial management. In the unlikely event that both the Supervisor and Assistant Supervisor are absent and/or unable to perform the above duties, an appointed

designate will assume this role. (Designates will be appointed by the Board of Directors).

i. **Irregularities – Monitoring, Reviewing and Reporting**

The Treasurer reviews the financial statements monthly against the annual operation budget and the prior year's budget. Any irregularities are brought to the attention of the Chair of the Board of Directors, the Supervisor and the rest of the Board of Directors as required.

ii. **Investigative Process**

The Treasurer reviews transactions at a detailed level and will pull invoices, time sheets, etc., as applicable.

**B. Records Administration and Retention**

**3. Records Retention**

All records are retained (physically and/or electronically with backup) for the periods mandated by regulation, generally for a minimum of seven years. At a minimum, all financial records for the current and previous years are kept in the Supervisor's office at the Centre together with the basic corporate administrative documents and manuals of policy and procedure.

The Centre retains both financial records and non-financial records for a minimum of seven years. These include, but are not limited to bank deposit books, audited financial statements, monthly bank statements, petty cash reimbursements, credit card statements, receipts for purchases, repairs and installations, etc.

After a seven-year period, files that are eligible for disposal are then shredded. The Centre may choose a reputable shredding company for file destruction or may perform shredding on-site. The Supervisor reviews records eligible for disposal and initiates the shredding process.

**4. Required Records**

As per the requirements of the *Purchase of Service Agreement* between the Centre and the City of Toronto, specific records are required to be retained and available onsite. These include but are not limited to:

- Accounts payable records
- Accounts receivable records
- Annual tax receipts (issued to parents/guardians)
- Application Administrator information for online services (City of Toronto)
- Bank deposit books

- Bank account reconciliations
- Banking signing authorization forms
- Bank statements, blank and cancelled cheques
- Board of Directors contact list
- Board of Directors meeting minutes
- Budget copies (Centre`s annual operating budget, including capital expenditure budget)
- Business registration number
- Centre`s bylaws
- Centre`s *Financial Management Policy* (always available in all classrooms, office and kitchen)
- Children`s attendance records
  - City of Toronto fee letters for assessed subsidy rates
  - City of Toronto Group Centre Report
  - City of Toronto Group Centre Invoices
  - City of Toronto Group Centre Transaction Detail Report
- Contracts and schedules from the City of Toronto
- Employment agreements or employment contracts (In each employee`s file)
- Employee time sheets
- Family Handbook
- Fee memo
- Financial statements and reports
- Government remittance statements
- Insurance policies
- Letters Patent
- Operating licence
- Payment records
- Pay Equity Plan and Proxy Order
- Payroll records
- Petty cash reimbursements
- Receipts (issued for cash payments)
- Records of employment
- TD1 forms
- T4s and T4 Summary
- Third party agreements/contracts
- Trial Balance
- Vendor invoices
- Wage grant records
- Wage scale

## 5. **Annual General Meetings**

A Board of Directors that is elected by its membership at the Annual General Meeting (“AGM”) manages the Centre. The election of the Board of Directors is held onsite and the

membership votes in nominees (parents/guardians of enrolled children) for the next term of the Board of Directors.

At each AGM, the membership votes for approval of the previous year's audited financial statement, the previous year's AGM minutes and the Auditor for the current year. AGM minutes detail each year the election of the Board of Directors, the Supervisor's Annual Report, the Chair's Annual Report, the Treasurer's Report, as well as other annual reports/updates as relevant to each term.

## **6. Regulatory Submission Requirements – City of Toronto**

On an annual basis, the Centre is required to submit the following documents by the set dates as determined by the City of Toronto:

- Annual budget
- AGM minutes
- Audited financial statements
- Fee memo
- Insurance certificate renewal (must name the City of Toronto as additional insured with \$2 million liability coverage)
- Management letter from the Auditor and response to management letter
- Pay equity year to date report
- Wage subsidy and wage improvement utilization (online)

On a monthly basis, the Centre is also responsible to submit:

- Monthly attendance no later than the 7<sup>th</sup> business day of the month

## **C. Business Planning and Budgeting**

### **7. Budget**

Preparation of the annual operating budget is the Centre's biggest financial planning exercise. The Financial Committee of the Board of Directors along with the Supervisor and/or appointed designate begin the planning process at a minimum of three months prior to the start of the new fiscal year. Minimum standards for the format, content and timing of the budget are established by regulation. Even if they were not, prudence and responsibility would require the Centre to prepare a detailed forecast of revenues, expenditures, cash flow and changes in financial positions to be submitted for approval by the Board of Directors before the beginning of the new fiscal year.

#### **Cash Flow Forecasting**

The Budget gives the Centre a framework against which it can measure the performance through the year. Interim results for revenue, spending and cash flow are measured against the budget targets so that shortfalls can be detected early and

corrected. Review of financial statements with particular attention to cash inflow and outflow year to date is conducted by the Treasurer, reviewed with the Supervisor and is discussed with the Board of Directors at each monthly Board of Directors meeting. This exercise assures regular monitoring and investigation of variances. In the event of significant changes this allows the Board of Directors to adjust program fees for the Centre annually.

Budget projections are primarily derived from the Centre's own data. However, both assumptions and conclusions are tested against a variety of external sources, including census and demographic information, community plans, economic forecasts (including inflation, employment, wage settlements and interest rates), historical trends and industry experience. This is particularly true of the enrolment forecast that is central to budget planning. The Centre maintains an extensive waiting list to ensure continuous operation at or near full capacity.

## **8. Budget Revenue and Expenditures**

The Centre's overhead and property costs are minimal. In maintaining a *Purchase of Service Agreement* with the City of Toronto monthly rental expenses (including utilities) is paid directly to the Toronto District School Board ("TDSB") by the City of Toronto.

As a tenant of the TDSB, the Centre receives cleaning services and regular maintenance of the facility. Additional services are available as required by the Centre (additional costs may be incurred).

Non-cash expenditures consist primarily of depreciation and amortization. These are the results of accounting conventions for staged recognition of the costs of large capital or intangible assets over a period of roughly corresponding to their useful lives. Some of our depreciation and amortization rates are specified by regulation. The remainder are recommended by our Auditor and correspond to generally-accepted Canadian accounting practice.

The Supervisor and the Board of Directors review expenditure priorities. In addition to budgeting for salaries, food costs, program supplies and other standard operating costs, the Board of Directors may also prepare a capital expenditure budget in order to replace and/or update items such as furnishings, appliances, play equipment, etc. Priority is given to expenditures that are mandated by governing bodies and in order to maintain standards for optimal health and safety for the Centre's employees, enrolled children and their families, students, volunteers, visitors and potential clients.

## **9. Enrolment Management**

Efficient management of enrolment of the Centre's programs is a key component of budgeting and forecasting. Actual enrolment data is compared to projected enrolment data. Review of this data at monthly Board of Directors meetings provides the current enrolment statistics, revenue data and historical data that can be used by future Board members in strategic planning and budget preparations.

The Supervisor maintains a comprehensive wait list of children in the community requiring childcare. Spaces are offered to families eligible for enrolment in one of the Centre's programs as vacancies occur. Employee levels are adjusted to reflect enrolment of the Centre and to ensure the Centre adheres to requirements regarding maintenance of adult to child ratios as outlined in the *Child Care Early Years Act, 2014*. Operating at full capacity is a goal the Supervisor works towards to ensure continued revenue each year. Additional enrolment management and procedures are available in the Centre's *Enrolment Policy*.

## **D. Cash and Banking**

### **10. Petty Cash**

No cash is kept on hand at the Centre.

On occasion, employees of the Centre will purchase supplies as required for a program outside of the supply companies the Centre uses. Whenever possible, employees use their own money for these purchases. All purchases are reviewed and approved by the Supervisor and must be made within the budgeted limit of the designated program, kitchen or office.

In the event the employee uses his/her money for purchases, it is his/her responsibility to complete a *Petty Cash Form*. The receipts must accompany the completed *Petty Cash Form* along with the correct general ledger account number.

### **11. Cash Deposits**

The Supervisor is responsible to perform bank deposits on the 1st and/or the 15th of each month. On occasion, receipt of fees and/or other funds may occur throughout the month and will require additional deposits to be made into the Centre's bank account. Once a payment is received, it will be securely locked in a cabinet within the office until a deposit can be made at the bank. All currency, personal cheques and other forms of payment (i.e., money orders, certified cheques) are recorded in the bank deposit book along with the payee's name, amount of payment, cheque details (i.e., cheque number, money order number, etc.), or in the event of a cash payment, each denomination will be recorded along with the payee's name.

### **12. Cheque Signing**

The four members of the Executive Committee (the Chair, the Vice-Chair, the Treasurer and the Secretary) act as signing officers. Once the Board of Directors has appointed the Executive Committee, each member is required to complete specific documents that are issued by the Centre's bank. Records of signing authority will be filed accordingly on-site and at the Centre's bank office. Two out of the four Executive Committee members/signing officers or the Supervisor and one other signing officer must co-sign all cheques issued.

With the exception of extraordinary circumstances, all cheques are current-dated and blank cheques are not pre-signed under any circumstances. It is strictly prohibited to issue cheques out to 'Cash' (hand-written by Management, a member of the Board of Directors or by the Centre's bookkeeper) at any time.

Each signing officer is required to review all supporting documentation for accompanying every cheque i.e., credit card statement, invoice, *Petty Cash Form*, etc. Authenticity of the supporting documentation and payment accuracy is instrumental in preventing fraud and errors.

### **13. Bank Accounts Reconciliation**

Each month, the Supervisor reviews all amounts owed to the Centre, verifies received payments and deposits (if required) all forms of payment in a timely fashion. The Supervisor also reviews on a regular basis, any outstanding payments the Centre has and promptly issues payments via the Bookkeeper or in the form of company cheques.

The Supervisor closely reviews monthly bank statements. The Centre's Bookkeeper is also responsible to review monthly bank statements and to reconcile them with the Centre's accounting records during each scheduled appointment. The Centre's Treasurer and Bookkeeper also closely analyze and review the reconciliation of all financial records.

## **E. Purchasing and Accounts Payable**

### **14. Purchasing**

The bulk of the Centre's day-to-day spending is for consumables – supplies for daily meal preparation, classroom programs and office operations. In most cases, purchases are paid for with a Centre cheque against the vendor's invoices. Purchases can also be made with the Centre's credit card by the Supervisor or Assistant Supervisor and/or out-of-pocket by Centre employees.

For significant purchases (i.e. furniture, kitchen appliances, office equipment, etc.) quotations from a minimum of three sources are obtained to ensure the lowest price possible. The purchase of any goods and services is not permitted directly from the from the Centre's Management team, member of the Board of Directors or a relative of the aforementioned. Purchases directly or indirectly benefiting the above-mentioned individuals are not permitted.

Invoices for each order must be checked against every delivery for accuracy. The employee receiving the delivery must sign off on the delivery as well.

- i. **Food Purchases** – The Centre's cook is responsible to ensure food and beverage orders are placed in a timely fashion to ensure products are readily available for the pre-set school year and summer menus. The Supervisor provides the cook with an approved vendor listing and contact information. Delivery schedules are



established between the cook and the vendor to compliment timely and accurate delivery as required.

The cook also orders appliances, utensils, cleaning products, paper supplies and other kitchen necessities. A non-food purchase made by the cook (out-of-pocket or via approved vendors) that may exceed \$200.00 requires approval by the Supervisor. Cost-effective purchases for non-food items are essential in maintaining the allotted kitchen budget annually and to ensure minimal replacement/repair costs in the future.

- ii. **Classroom Programs** – The Supervisor allows employees within each program to order supplies that are required to meet the needs of the curriculum. Each program has a designated amount to use as prepared in the annual budget. This budgeted amount is applicable for the duration of the fiscal year and is typically used to order items such as art and craft supplies, stationery, books, etc. All employees are encouraged to compare pricing among approved vendors in an effort to maximize the budgeted amount over a 12-month period. A purchase that may exceed \$200.00 requires pre-approval by the Supervisor.
- iii. Furniture, carpets, linens and other expensive items are not purchased from within an individual program budget. The Supervisor in consultation with the Finance Committee will plan for these types of purchases during budget preparations for the following fiscal year. Priority purchases will be outline in a capital expenditure budget and a general supplies budget within the annual operating budget.
- iv. **Office Operations** – The Supervisor is responsible to order supplies and equipment for the efficient operation of the office. Examples include but are not limited to items such as toner, ink cartridges, photocopy paper, stationery, computer software and filing supplies. Although not purchased frequently, items such as furniture, computer equipment and storage cabinets are significantly more expensive and require approval from the Board of Directors, unless the items are pre-approved on the capital budget.

## **15. Third Party Contracted Services Agreement**

Some specialized services are provided under direct contract. These include but are not limited to photocopier leases, supply staff from outside agencies, telecommunication services, lease agreement, bookkeeping, auditing services, etc.

The Supervisor is responsible to ensure the Board of Directors is aware of and approves the terms and conditions of all third party contracts that are greater than three years' or \$2,000.00, prior to acceptance of service agreement. The only exception to this rule pertains to auditing services. The membership votes on the Board's proposal to retain the services of an auditing firm at the Annual General Meeting.

## **16. Vendor Invoice**

Upon delivery of supplies, vendor invoices and/or packing slips must accompany every order. They are used to verify that the shipment includes all items ordered and/or service received. Vendor invoices include:

- The vendor's name, address and phone number
- Invoice date
- Amount charged (including HST if applicable)
- Description of goods and services
- Unit price
- Number of units ordered
- GST (HST) registration number

The Centre's Bookkeeper and on occasion the Supervisor, will process prompt payment of each invoice. Paid invoices are coupled with a copy of the cheque stub used for payment or hand written details regarding the payment details (i.e. Centre cheque number, date of cheque, confirmation number if paid by the Centre's credit card, etc.)

In the event all items are not shipped with the delivery of goods ordered, a credit memo is issued by the vendor. This will be closely monitored to ensure invoices accurately reflect goods received.

The Treasurer reviews all accounts payable transactions regularly to ensure vendors are valid and approved by the Board of Directors. New vendors require the Board of Directors' approval.

## **F. Payroll**

### **17. TD1s**

Upon commencement of employment (permanent, contract or supply positions), each employee of the Centre is required to complete a *TD-1, Personal Tax Credits Return* form. Each completed form must include a social insurance number and the rate of income tax deduction. Completed *TD-1 Personal Tax Credit Return* forms are kept in each employee's personnel file.

### **18. Terms of Employment**

**Employees** - Employment agreements/contracts are issued to employees (permanent, contract and supply) upon commencement of employment at the Centre. Each employment agreement/contract includes information regarding:

- Start date (date range for contracted position)
- Hours of work
- Duties and expectations
- Group benefits (if applicable)
- Vacation and sick leave entitlement

- Job title and job description
- Details regarding probationary periods
- Gross salary (base salary/hourly rate plus applicable grants)
- RECE membership certification and in good standing with College of Early Childhood Educators (if applicable)
- Signatures of both the employee and Supervisor
- Date contract was signed by both the employee and the Supervisor

**Board of Directors** - All members of the Board of Directors are elected by the membership of the Centre and serve out their term without remuneration.

## **19. Records of Employment**

Records of Employment are issued where required within five business days of the interruption of earnings (i.e., maternity leave, dismissal, lay off, etc.) A copy is kept on file at the Centre, a copy is given to the employee and a copy is mailed to Service Canada.

Any outstanding salaries and/or benefits are paid out according to employment agreements/contracts, employment standards and/or settlement agreements.

## **20. Payroll Information**

All Centre employees (permanent, contracted and supply) are paid by direct deposit and in some cases by cheque. For each pay period, the debit memo authorizing the bank to make these payments is supported by a schedule showing the total amount to be deducted from the Centre's operating account and for each employee, gross salary, details of all deductions, the net amount to be deposited and the receiving account. Employees receive a deposit advice detailing gross salary, deductions and net pay.

For each pay period, all employees (permanent, contracted and supply) are expected to complete an *Employee Time Sheet* detailing date of shift, total hours of each shift and total hours worked for the pay period. The employee and the Supervisor are responsible to sign the time sheet. The Supervisor then documents and summarizes all payroll data on the *Payroll Timesheet* for bi-weekly input with the payroll processing company (currently *ADP Canada*).

ADP Canada will issue a hard copy of the registry of all information for each pay period and will deliver it to the Centre. Each payroll registry contains information regarding:

- Names of each employee employed at the Centre
- Each employee's Social Insurance Number
- Home address and date of birth
- Position title (in acronym format)
- Each employee's salary or hourly rate
- Earnings for each employee for the pay period and cumulative earnings to date (salary or hourly rate plus applicable grants)

- Deductions for each employee for the pay period and cumulative deductions to date
- Employment status (Active, terminated or leave of absence)
- The hire date of each employee
- Payroll summary, payroll audit report, debit advice as well as master control totals

This hard copy of the registry from ADP Canada, along with all *Employee Time Sheets* and *Payroll Timesheet* will be filed on-site. Upon receipt of the registry, the Supervisor is responsible to ensure all data is correct and each employee's net pay reflects hours worked. The Bookkeeper also verifies this registry for accounting and reconciliation purposes.

For each pay period worked, employees receive an *Earnings Statement* that includes details regarding:

- Gross earnings
- Net earnings
- Deductions
- Period ending date
- Deposit/pay date
- Number of hours worked (salaried and hourly employees)
- Hourly rate of pay (hourly employees)
- Salary rate (salaried employees)

## 21. T4s

ADP Canada prepares T4s annually for the Centre. Each T4 is delivered to the Centre in a sealed envelope. The Supervisor is responsible to distribute the sealed T4 to each employee. All T4s are distributed before February 28<sup>th</sup> of each year. A second copy of all T4s issued is retained on-site as well.

ADP Canada reconciles the T4 summary with the Centre's payroll records annually. Canada Revenue Agency is sent T4s and a T4 summary by February 28<sup>th</sup> of each year.

## 22. Payroll Related Remittances

All payroll-related remittances are submitted by ADP Canada on behalf of the Centre. The Statement of Account verifies Canada Pension Plan contributions, Employment Insurance and Income Tax has been remitted to the Canada Revenue Agency.

The Statement of Account also verifies the Centre's remittance of Health Tax to the provincial government.

## 23. Wage Grants

*Pay Equity Grants* and *Wage Subsidy Grants* are issued by the City of Toronto. An agreement between the City of Toronto and the Centre allows for direct deposit of both grants into the Centre's chequing account. Copies of the payment advice are used by the Bookkeeper for reconciliation purposes and are kept on file at the Centre.

The *Pay Equity Grant* is distributed to employees recognized in the Centre's *Pay Equity Plan* and in accordance with guidelines issued by the *Pay Equity Commission*.

The *Wage Subsidy Grant* is distributed to employees as per the City of Toronto's *Wage Scale and Implementation Plan*. The Centre distributes 100% of the *Wage Subsidy Grant* to its employees.

At the beginning of each year, the Supervisor distributes to each eligible employee a memo detailing wage grant and pay equity grant totals that will be reflected in each pay period. Amounts are subject to change based on employee head count increases or decreases or if the City of Toronto ceases to distribute grant funds to the Centre.

## **G. Revenue and Accounts Receivable**

### **24. Attendance**

Each of the program's employees maintains their respective program attendance sheets on a daily basis. In addition, transition attendance sheets are maintained by the program's employees to reflect the number of children present after each transition throughout the day (i.e., bathroom routines, neighbourhood walks and escort to and from school).

At the beginning of each month all the attendance and transition forms for the previous month are collected, filed and stored on-site for a minimum of seven years. The Assistant Supervisor records the total number of children on the City of Toronto's, *Children's Services Information System* (CSIS). Families that receive subsidized care will have their child's name listed on CSIS (full-fee paying families do not have their child's name on CSIS). The sum of all children in each program is recorded as well as the daily attendance record for each subsidized child (present or absent).

Completed online attendance records are submitted electronically by the seventh business day each month and in turn, Children's Services deposits into the Centre's chequing account the difference in fees that subsidized families are unable to provide.

The Supervisor will review the group invoice issued by the City of Toronto on a monthly basis to ensure the accuracy of information regarding the attendance of each subsidized child, as well as the monetary value of fees received by the City of Toronto and the fees paid by the parents/guardians (if applicable). Discrepancies regarding any details of the group invoice are investigated and resolved immediately.

The accounts receivable sub-ledger sheet is maintained weekly and is periodically cross-referenced by the Treasurer.

## 25. Parent/Guardian Fees

The *Fee Schedule* is one of the most visible aspects of the Centre's operation. Submission of the *Fee Schedule* requires separate and specific approval by the Board of Directors each year. This process indicates independent verification that the *Fee Schedule* is both adequate and appropriate. The following principles involved in establishing the *Fee Schedule* are:

- Fee income in total should recover costs of providing service, including depreciation and amortization, with a small margin for and reserve maintenance
- Modest annual rate increases are preferable to larger, less frequent increases.
- Within these limits, program fees are reasonably comparable to industry standards for similar services.

Parents/guardians (subsidized or full-fee paying) have the option to pay for monthly program fees by providing post-dated cheques for the year or by a preauthorized debit agreement. The Centre encourages the latter to its members. The Centre has a contractual arrangement with its financial institution, whereby fees are debited directly from the members' bank account and deposited in the Centre's chequing account. A void cheque must accompany the pre-authorized debit agreement form in order to complete the enrolment process. All members' banking information is kept in a locked cabinet.

Cash is discouraged as a form of payment for monthly program fees, but accepted. In the event cash payment is made for fees, a receipt will be issued to the payee detailing the date of receipt of payment, total paid, and reason for payment and if required, the balance owing.

Current federal guidelines dictates payees issuing cash payments for program fees must ensure payment is rounded up or rounded down to the nearest 5-cent increments (payments made electronically, by a personal cheque or a money order, are not required to follow these federal guidelines). Information regarding rounding up and down cash payments is available at <http://www.fin.gc.ca/1cent/index-eng.asp>

At the time of enrolment, parents/guardians shall elect to pay on the 1<sup>st</sup> or the 15<sup>th</sup> of each month. Program fees are payable monthly and are non-refundable.

Parents/guardians must provide a refundable deposit for each child (50% of the program fee) within 30 days of the initial offer of a childcare spot. Parents/guardians eligible for subsidized childcare are not required to provide a deposit.

This deposit accompanies post-dated cheques for the remainder of the year or enrolment in pre-authorized debit withdrawals. Parents/guardians may personally deliver post-dated cheques directly to the Supervisor or may place them in one of the locked mailboxes within the Centre. (In the event a child's enrolment does not begin on the 1<sup>st</sup> of the month, a pro-rated amount will be charged for that month)

Individual parent/guardian fee records are reflected in the Centre`s account receivable ledger. Information detailed in the ledger includes:

- The name of the child enrolled
- The name of the program the child attends
- Amount owed in the month
- Amount paid in the month
- Balance at the end of the month
- Deposit details (cheque number, date of deposit)
- Additional charges (NSF fees)
- Deposit details (if applicable)
- The daily rate as determined by the City of Toronto for subsidized families

Fee increases, if any, are effective January 1<sup>st</sup>. Parents/guardians will be advised of increases one month in advance to allow for timely delivery of post-dated cheques for the new fiscal year.

A *Fee Memo* is distributed electronically to all parents/guardians, posted in all programs and is consistent with the budget submission to the City of Toronto. This fee memo also serves as an official notice to families that are enrolled in the PAD program of upcoming changes to amounts that will be debited from their account beginning in the month of January and monthly thereafter.

In an effort to reduce administrative overhead, monthly receipts for programs fees paid will not be issued. Income tax receipts to all families will be issued in February annually, showing total program fees paid for the previous year.

## **26. Late Pickup Fees**

The Centre charges a fee of \$1.00 per minute to parents/guardians who pick up their children after the Centre`s scheduled closing time. This fee is payable immediately by cash or cheque directly to the employees who have remained with the children, as a form of overtime compensation.

If parents/guardians are unable to pay or dispute the charge, it is brought to the Supervisor`s attention for resolution.

## **27. Parent/Guardian Fee Reconciliation**

Upon collection of fees (cash, post-dated cheques, etc.) the Supervisor records all data on the accounts receivable ledger, which includes amount paid, cheque number, deposit date and in the case of PAD payments, the confirmed date of transaction.

The Centre`s Bookkeeper reconciles all fees during each scheduled visit.

## **28. Outstanding Parent/Guardian Fee**

The Centre recognizes that families can experience temporary financial setbacks that make the timely payment of fees a hardship. Under appropriate circumstances, the Supervisor with Board approval will consider requests to defer payment of up to 50% of fees for up to 2 weeks. However, this is strictly a **short-term privilege**. The amount deferred will be acknowledged in writing with a speedy repayment rate. Families needing longer-term relief are encouraged to apply for the City of Toronto's fee subsidy. Families eligible for subsidy pay a reduced monthly rate. The balance of fees for subsidized families is recovered upon submission of the Centre's monthly attendance records for their children.

The Centres does not allow arrears to accumulate. If fees for the current month have not been received by mid-month, the Supervisor will advise the Board and send the family a reminder notice asking for payment within a week. If payment is not received by the end of the month, the Board will give the family two weeks' written notice that they must either make arrangements to clear all arrears or withdraw from the Centre.

### **29. NSF Cheques/NSF Pre-Authorized Debits**

Any payment refused for insufficient funds must be replaced within five business days. This includes personal cheques and pre-authorized debits. Fees the Centre incurs for refused or insufficient funds will also be charged back to the parent/guardian.

### **30. Other Receivables**

The Centre may from time to time expect reimbursement from the City of Toronto or other sources for capital purchases or repairs and maintenance. Upon written notification from such source, the Centre will recognize an amount receivable.

## **H. Inventory and Assets**

### **31. Inventory and Assets**

Typically, all non-food purchases for programs, office and playground consumables are used within 12-18 months (i.e. crafts supplies, board games, etc.) Capital assets are tracked on a worksheet for purposes of depreciation and compared to the general ledger.

*Asset Tags* are used to identify year of purchase of each capital asset and are placed on items such as shelving, major appliances, storage units, furniture and other items pre-approved for purchase from within the capital budget.

## **I. Financial Reports**

### **32. Audited Financial Statements**

At the end of each fiscal year, the financial statements and supporting records are passed onto the Centre's Auditor. The Auditor verifies the information in the statements and



ensures the format and content conform to accepted Canadian accounting principles and the requirements of the Centre's regulators.

The Centre expects the Auditor to produce finished statements that are clear and easily followed by individuals who are not financial professionals. Notes provide additional explanation or detail where it is necessary and useful. If required, management discussion of results where they differ significantly from the previous year may be included.

Completed audited financial statements are submitted to the Board of Directors for approval. Copies including the approvals of the Board of Directors and the Auditor are forwarded to the City of Toronto, the Centre's insurance carrier and Canada Revenue Agency within four months of the Centre's fiscal year end. Audited financial statements must always include the signatures of the Auditor and two signing officers of the Centre, a breakdown of revenue and expenses for each of the Centre's programs that received funding from the City of Toronto, a breakdown of administrative expenses and a report for all programs that received wage grants.

Copies of the audited financial statements are retained onsite, are available for those members in attendance at the Centre's AGM and throughout the year to all members and to charitable donors upon request.

### **33. Financial Reports**

Each month, the Centre's Bookkeeper prepares financial statements which include statements of revenue and expenses. Copies of these statements are reviewed by the Supervisor and the Centre's Treasurer after each of the Bookkeeper's scheduled visits to the Centre.

For each monthly Board Meeting, the Treasurer provides an up to date report to the entire Board of Directors. Comparisons of the actuals to the budget are discussed to ensure expenses, revenue, etc., are in line with the projected budget of the year.