



BOARD REPORT

REPORT No.: 2022-22

MEETING DATE: APRIL 21, 2022

SUBJECT: CHILD CARE OPERATOR ANNUAL SURPLUS RETENTION AND RECOVERY POLICY

RECOMMENDATION

THAT with respect to Report No. 2022-22 (Integrated Social Services Division) we, The District of Thunder Bay Social Services Administration Board, approve the Child Care Operator Annual Surplus Retention and Recovery Policy, as presented;

AND THAT the Chief Administrative Officer be authorized to amend the Child Care Operator Annual Surplus Retention and Recovery Policy with respect to housekeeping items, as may be required from time to time.

REPORT SUMMARY

To present The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with a Child Care Operator Annual Surplus Retention and Recovery Policy for review and consideration.

BACKGROUND

It is the policy of TBDSSAB to establish a process to confirm the annual operating and accumulated surplus for licensed Child Care Operators. The Child Care Operator Annual Surplus Retention and Recovery policy would provide TBDSSAB with the ability to exercise its discretion to recover or allow operators to retain annual operating surpluses.

COMMENTS

The intent of the Child Care Operator Annual Surplus Retention and Recovery policy is to guide TBDSSAB's funding strategy for child care to assist operators in maintaining viable operations and to mitigate unforeseen circumstances that may arise and require additional investment. The overall goal is to promote the long-term financial stability of Child Care Operators.

TBDSSAB engages with Child Care Operators through an annual service agreement that shall be guided by this policy and incorporates operational requirements, standards, targets, and outcomes.

STRATEGIC PLAN IMPACT

There are no direct correlations with the current Strategic Plan.

FINANCIAL IMPLICATIONS



There are no immediate financial implications associated with the approval of the Child Care Operator Annual Surplus Retention and Recovery Policy, though application of the policy may result in financial implications on specific instances.

CONCLUSION

It is concluded that the Child Care Operator Annual Surplus Retention and Recovery Policy provides a clear framework for the review and consideration of operating surpluses and should be approved as presented.

REFERENCE MATERIALS ATTACHED

Attachment #1 [Child Care Operator Annual Surplus Retention and Recovery Policy](#)

PREPARED BY:	Louise Piercey, Manager Child Care and Early Years Programs The District of Thunder Bay Social Services Administration Board
SIGNATURE	
APPROVED BY	Ken Ranta, Director, Integrated Social Services Division The District of Thunder Bay Social Services Administration Board
SIGNATURE	
SUBMITTED BY:	Bill Bradica, Chief Administrative Officer

POLICY

CATEGORY/SECTION

**INTEGRATED SOCIAL SERVICES –
CHILD CARE**

SUBJECT

**CHILD CARE OPERATOR ANNUAL
SURPLUS RETENTION AND
RECOVERY**

AUTHORITY

Child Care and Early Years Act, 2014

INTENT OF POLICY

To promote the long-term financial stability of Child Care Operators, and to confirm the process relative to annual operating surpluses for licensed Child Care Operators.

This policy provides direction regarding how TBDSSAB will exercise its discretion to recover or allow operators to retain annual operating surpluses.

DEFINITIONS

Child Care Operator (Operator): A child care agency, licensed in accordance with the Ministry of Education, *Child Care and Early Years Act, 2014*, that has a Service Agreement with TBDSSAB.

POLICY

It is the policy of TBDSSAB to establish a process to confirm the annual operating and accumulated surplus for licensed Child Care Operators.

STANDARDS OF APPLICATION

Permitted Accumulated Surplus

1. Non-Profit Child Care Operators are permitted to accumulate a surplus up to six (6) months of average operating expenses as a contingency to meet unforeseen requirements or emergency events.
2. The maximum annual surplus will be determined through the annual budget reconciliation process and confirmed in the Service Agreement. Any annual operating surplus in excess of this amount will be recovered by TBDSSAB once an amount equal to six months of average operating expenses has been accumulated.

IMPLEMENTATION / BOARD APPROVAL DATE:

April 21, 2022

REVISION DATE(S):

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CATEGORY/SECTION	SUBJECT
INTEGRATED SOCIAL SERVICES – CHILD CARE	CHILD CARE OPERATOR ANNUAL SURPLUS RETENTION AND RECOVERY

3. For-Profit Child Care Operators must return any operating surplus in a fiscal year, up to the amount of TBDSSAB-provided funding.

Annual Review

1. Operators are required to submit annual audited financial statements to substantiate appropriate use of funding.
2. Analysis of audited financial statements includes a review of the financial condition of the Operator and is used to determine any annual surplus/deficit and any potential recovery/mitigation.
3. An Operator may submit a business case requesting retention of the annual operating surplus in excess of the maximum allowable retained surplus.
4. Regardless of the Operator’s revenue source, any annual operating surplus earned by the Operator is subject to recovery, up to the amount of TBDSSAB provided funding.

RELATED POLICIES

CS-01:79 - Approval and Signing Authorization Policy

RELATED PROCEDURES

PRC Child Care Operator Surplus Retention

FORMS

None