

---

# Alberta Affordability Grant

Financial Reporting Guide



OCTOBER 2023

Alberta

Classification: Public

**This publication is issued under the Open Government Licence – Alberta**

**(<http://open.alberta.ca/licence>). Please note that the terms of this licence do not apply to any third- party materials included in this publication. This publication is available online at:**

**<https://open.alberta.ca/publications/alberta-affordability-grant-financial-reporting-guide>**

**Affordability Grant Financial Reporting Guide | Children and Family Services**

**(v1.1 – October 2023)**

**© 2023 Government of Alberta | October 2023**



# Contents

<b>Overview</b> .....	<b>4</b>
• Affordability Grant Agreement .....	4
• Roles and Responsibilities .....	4
<b>Reporting Requirements</b> .....	<b>6</b>
• Use of Grant Funding .....	6
• Financial Reporting after Agreement Expiry/Termination .....	6
<b>Frequently Asked Questions</b> .....	<b>8</b>
Contact Information.....	12

Superseded

## Overview

This document is a reference guide for the reporting requirements under the Affordability Grant, provided under the Alberta-Canada Early Learning and Child Care Agreement. It is meant to provide clarification of the financial reporting requirements as stated in the clauses of the Affordability Grant Agreement.

The Government of Alberta allocates funding to eligible programs that have signed an Affordability Grant Agreement. The information outlined in this guide only applies to licensed child care programs and/or spaces that have received Affordability Grant funding.

### Affordability Grant Agreement

In January 2022, the Government of Alberta implemented the Affordability Grant to reduce parent fees for eligible children by an average of 50 per cent for infants, toddlers and preschool children not attending school on a full time basis.

The Affordability Grant is an operating grant for eligible programs that provides monthly funding that must be used to help cover the day-to-day costs of operating a licensed child care program. The monthly grant amount each program receives is calculated by totaling the number of enrolled children based on a fixed rate per age grouping, the number of hours each child is registered to attend, and program type.

Amending agreements to the Affordability Grant may occur with written notification from Children and Family Services to participating programs.

### Roles and Responsibilities

Children and Family Services and licensed child care programs share responsibility for the Affordability Grant. Specific roles and responsibilities for the Affordability Grant are as follows:

- **Licensed Child Care Programs (Grant recipients)** are responsible for signing and submitting their Affordability Grant Agreement and must agree to follow the terms of the agreement, which includes directly applying grant rates to the reduction of child care fees for parents.
- **Children and Family Services – Early Intervention and Child Care Administration Branch** is responsible for setting and maintaining requirements for the Affordability Grant and allocating funding to eligible programs that have signed an agreement. The Claims Unit is responsible for processing monthly payment claims and funding adjustments for the Affordability Grant, as well as child care subsidy and other grant payments.
- **Children and Family Services – Regional Community Program Delivery Branch (Child Care Licensing)** is responsible for licensing, inspecting and monitoring facility- based child care programs and family day home agencies. Licensing staff will verify a program's eligibility for the Affordability Grant and can assist operators with applying the grant requirements for their programs.
- **Eligible Licensed Child Care Programs** – are responsible for obtaining a login ID and password to read, understand and agree to the terms and conditions of the Affordability Grant Agreement. They must then electronically sign the Agreement

---

online and complete the Schedules which are part of the Agreement. As part of the signed Agreement, programs have agreed to submit the required financial reporting requirements as outlined in the applicable clause(s).

Superseded

## Reporting Requirements

### Use of Grant Funding

By signing the agreement, Grant recipients agree that the funding shall be used only for the purposes of operating the program and shall not use the funding for any other purpose without the prior written consent of Children and Family Services.

### Financial Reporting upon Agreement Expiry/Termination

As part of the government's accountability to Albertans for the distribution of public funds, there are requirements for financial reporting to ensure that funds are being spent for the intended purpose. Financial reporting is a requirement of participating in the Affordability Grant and is not optional.

Programs are responsible for the costs associated with providing the required financial records and documentation.

Grant recipients must account for the funding they received during the funding agreement. The type of reporting required is dependent upon the total amount of funding the Grant recipient received. To determine total Affordability Grant funding received, programs can access their Payment Summary Statement in the Child Care Claims Payment (C3P) system.

Grant recipients shall provide this report within 90 days of the expiry or termination of each grant agreement. Failure to comply with grant reporting requirements could impact the eligibility of future funding. If you require further clarification or flexibility due to the timing of your internal financial reporting, please email the Affordability Grant Reporting Team at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca).

As per the Affordability Grant Agreement:

Total Amount of Funding	Minimum Reporting Requirements
Not greater than \$250,000	<ul style="list-style-type: none"><li>• A <u>certificate</u>, signed by the operator or an appropriate officer, as determined by the Grant recipient confirming that Affordability Grant funding was used in accordance with the purpose of the agreement.</li><li>• A <u>financial report detailing actual funding spent</u>, and any funding needing to be returned.</li><li>• See Note 1 below for added clarity.</li></ul>

<p>\$250,000 - \$500,000</p>	<ul style="list-style-type: none"> <li>• A Review Engagement Report, with accompanying financial statements showing the income and expenditures (<u>either as a separate statement or as a schedule attached to the Grant recipient's overall unaudited financial statement</u>) and, the return of any unused funding in accordance with this agreement. This statement is to confirm the Funding was only used in accordance with the purpose of the Agreement. Compilation Engagements and Notice to Readers do not meet this requirement.</li> <li>• See Note 2 below for added clarity.</li> </ul>
<p>Greater than \$500,000</p>	<ul style="list-style-type: none"> <li>• An audited financial statement showing the income and expenditures (<u>either as a separate statement or as a schedule attached to the Grant recipient's overall audited financial statement</u>), and the return of any unused Funding in accordance with this agreement.</li> <li>• This statement is to confirm the funding was only used in accordance with the purpose of the Agreement.</li> <li>• See Note 3 below for added clarity.</li> </ul>

These are standardized clauses used in current Government of Alberta grant agreements where the recipient receives public funding.

**Note 1:** For clarification purposes, a certificate/signed attestation is a written statement, signed by the operator/appropriate officer, assuring the Ministry that funding received was used solely for the purposes outlined in the Agreement. An appropriate officer refers to the president, treasurer or board member for the Grant recipient.

The financial statement for programs that received less than \$250,000 must provide evidence of Affordability Grant funding being expensed to eligible operating costs such as salaries, rent, insurance, utilities etc. The expenses must meet or exceed funding received, and any unused funds returned to the Ministry.

**Note 2:** A Review Engagement Report is an analytical review of the program's Affordability Grant funding and associated expenditure. It involves the analysis of the program's financial information to assure the Ministry that the reporting is factual and free from error. If a Review Engagement is conducted on the entire license holder's facility, Affordability Grant funding must be distinguishable from other revenue. The Review Engagement Report must be prepared by a Chartered Professional Accountant (CPA).

---

The audited financial statements required for programs that received more than \$500,000 must be completed by a CPA external and independent from the program using [Canadian Generally Accepted Accounting Principles \(GAAP\)](#).

Note 3: An audited financial statement provides the highest level of assurance, and the Ministry will rely on the CPA's due diligence with respect to faithful representation and materiality of the financial reporting. An audit of the program's entire operation is NOT required, only the Affordability Grant portion.

For each level of reporting, the eligible expenses must be equal to or greater than the Affordability Grant funding received. Any funding that is unaccounted for must be returned to the Ministry. For more information about the Review Engagement Report and Audited statements, please visit the CPA Canada website: <https://www.cpacanada.ca/> or contact a certified accountant.

Flexibility of the reporting period will be granted to match an organization's fiscal reporting period. Contact the Affordability Grant Reporting Team at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca) if you need to request an extension or change to the grant reporting period.

Financial reporting must be sent to [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca). Include the Program ID and name in the subject line, for example: 80008000 – Daycare 2022–2023 Financial Report.

The Affordability Grant Reporting Team will acknowledge receipt of programs' financial reporting. Assessors will review the submissions in the order they are received and will follow up with any programs that need to make adjustments or provide additional information.

**The following questions are based on typical concerns raised by operators. Please review them as they will provide greater insight into the Affordability Grant reporting requirements.**



---

## Frequently Asked Questions

### Why is financial reporting required?

Financial reporting is an accountability measure to Alberta taxpayers to validate (verify) that public funds have been appropriately expended and accounted for. Financial statements are a standard requirement for Government grant programs.

Programs are responsible for fulfilling the reporting requirements of the Affordability Grant Agreement. Some organizations may prepare the aforementioned financial statements as a routine course of operations, which may be used for reporting purposes. Recognizing that not all organizations have the same fiscal year end, the Ministry will allow some flexibility in the reporting timelines. Contact Children and Family Services Affordability Grant Reporting Team at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca) if you need to request an extension or change to the grant reporting period.

### Why are there different reporting requirements?

The types of financial reporting requirements change based on the amount of funding received.

As the funding amount increases (greater than \$250,000), so does the need for requiring third party assurance that confirms funding was spent in accordance with the terms of the agreement.

### How do I know which type of reporting I need to submit?

Specific reporting requirements are based on the amount of Affordability Grant funding the program has received. Programs that received not greater than \$250,000 must provide a general purpose financial statement detailing actual funding spent. An Income Statement or Trial Balance will fulfil this requirement, together with a statement of attestation affirming that funding received was used in accordance with the requirements of the Affordability Grant.

Programs that received more than \$250,000 and not greater than \$500,000 must provide a Review Engagement Report while those that received more than \$500,000 must provide an audited financial statement. Acceptable disclosure of grant expenditures include salaries, rent, insurance, utilities and other expenses incurred to maintain the operation of the program.

If Grant recipients are not sure which reporting category applies to them, they can access their Payment Summary Statements through the C3P online portal or email the Affordability Grant Reporting Team at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca).

---

## **Can financial or audited financial statements used for normal business operations be repurposed for this grant reporting?**

Some organizations may prepare financial statements as a routine course of operations, which may be used for reporting purposes. If using such financial reports, it is important to ensure they show the Affordability Grant revenues and the allowable expenditures. Recognizing that not all organizations have the same fiscal year end, the Ministry will allow some flexibility in the reporting timelines.

Contact Children and Family Services at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca) if you need to request an extension or change to the grant reporting period.

## **What period of time does the reporting need to cover?**

Grant recipients must provide financial reporting for the full term of the Affordability Grant agreement. This information can be provided in separate reports depending on the operator's business reporting cycle. If you are unsure, please email the Affordability Grant Reporting Team at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca).

## **Do I have to report on Child Care Fee Grant or Cost Increase Replacement Funding?**

The reporting requirements pertain only to Affordability Grant funding which includes Cost Increase Replacement Funding.

## **How long do I have to fulfill the reporting requirements?**

In accordance with the Affordability Grant Agreement, programs are to provide their financial reporting within 90 days of the grant expiry/termination must be submitted to [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca).

Children and Family Services is flexible with the financial reporting timelines and will accept reporting that coincides with operators' fiscal periods upon written approval by emailing the Affordability Grant Reporting Team at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca). The Ministry approval will provide operators with a 90-day window past their fiscal year end, to fulfil the reporting requirements.

When submitting financial reporting, please include the Program ID and Program Name in the subject line, for example: 80008000 – Star Wars Daycare 2022–2023 Financial Report.

Contact Children and Family Services at [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca) if you need to request an extension or change to the grant reporting period.

---

## **Can programs ‘self-audit’ the grant agreement?**

As stated in the agreement, financial statements must be prepared according to Canadian Generally Accepted Accounting Principles. While the grant recipient may decide how to meet the minimum reporting requirements, audited financial statements (grant revenues over \$500,000) must be prepared by a Chartered Professional Accountant.

## **If we have several different programs operating under one umbrella organization, what type of reporting is required?**

Each program’s grant is treated as a separate legal agreement between the Minister and the Grant recipient. Separate reporting is required for each grant agreement and funding amounts and operating expenses must not be combined for the purposes of determining what type of reporting is required for your program.

Please note; if you have multiple programs, you may disclose each program’s Affordability Grant funding and associated expenditures separately, within a single financial statement.

Some expenditures (such as insurance) may be pro-rated between the programs for reporting purposes.

## **Are there financial reporting templates provided by Children’s Services?**

No, it is suggested to contact your bookkeeper, accountant or financial services provider for insight into commonly used templates for financial reporting.

## **Where can I get more information or support?**

The Microbusiness Training Centre operates [Alberta Childcare Ventures \(ACCV\)](#) on behalf of the Government of Alberta. ACCV provides free access to business analysts, coaching supports, business templates and resources, and financial management resources.

Grant recipients can contact Alberta Childcare Ventures at [acv@microbusiness.ca](mailto:acv@microbusiness.ca) or by calling 780-482-4462.

---

## Contact Information

**Affordability Grant funding** – contact the Alberta Child Care Grant Funding Program at: 1-800-661-9754 or email [cs.affordgrantreporting@gov.ab.ca](mailto:cs.affordgrantreporting@gov.ab.ca).

**Affordability Grant application technical support** – contact the Child Care Licensing Portal Support Team at [cs.licensingssystemsupport@gov.ab.ca](mailto:cs.licensingssystemsupport@gov.ab.ca).

**Affordability Grant claims/payments** – contact the Alberta Child Care Claims Unit at: 1- 855-638-6121 or email [cs.childcareclaims@gov.ab.ca](mailto:cs.childcareclaims@gov.ab.ca).

Superseded