

Early Learning and Child Care

Child Care Centre Repair and Renovation Loan

Terms and Conditions

Table of Contents

Background	2
Terms and Conditions Overview	3
Loan Description	3
Eligibility Criteria - Centres	3
Eligible Repairs and Renovations	4
Ineligible Repairs and Renovations	4
Loan Amounts	5
Time Line of Repair / Renovation Loan Work	5
Unforeseen Expenses	5
Changes to the Repair and Renovation Work Plan	5
Surplus Funds	5
Loan Security	5
Application Process	6
Required Documentation	6
<i>Required Financial Documentation</i>	7
Application Deadline	7
Directions for Completion of the Application	7
Contact Information	7
Submission of the Application package	8
Loan Application Review Process	9
Applications checked for eligibility and completeness	9
<i>Financial Evaluation Criteria</i>	9
<i>Compliance Evaluation Criteria</i>	9
<i>Work Plan Evaluation Criteria</i>	9
Notification of approved applications	10
Disbursement of Funds Process	11
Inspection of the Centre	11
The Centre Submits Invoices and Receipts	11
The Invoices and Receipts are Reviewed	11
The Payment is Processed	12
Recovery of Funds Process	13
Forgivable loans	13
Repayable loans	13
Default of the loan	13
Accountability Process	14
Evaluation of Repair & Renovation Loan Program	15
Appendix A - Definitions	16

Background

The priorities for the Government of Nova Scotia for fiscal year 2009-2010 include the following key priorities:

- Health Promotion and Protection;
- Youth, Families and Communities;
- Community Safety;
- Economic Development and Infrastructure; and
- Environment.

These initiatives are focused on strengthening the social service system, enabling the government to improve outcomes for Nova Scotia's youth, families, and communities.

One of the new priorities of the Department of Community Services Early Learning and Child Care (ELCC) program is to strengthen the child care sector by providing services and funds to "ensure that all Nova Scotia children enjoy a good start in life and are nurtured and supported by caring families and communities". This is compatible with the Department's goal of "self reliant people, strong families and inclusive communities".

A number of investments will be made in the fiscal year 2009-2010 for Early Learning and Child Care including the funding of loans to eligible child care centres to help pay for repairs and renovations to their facilities.

This document describes the Department of Community Services terms and conditions regarding the **Child Care Centre Repair and Renovation Loan**.

Terms and Conditions Overview

The purpose of the **Child Care Centre Repair and Renovation Loan** program is to enhance the physical facility and grounds of commercial and non-profit licensed child care centres as well as existing family home agencies. Such investments will help to maintain/achieve a high quality early learning and child care system.

This section of the *Terms and Conditions* document describes eligibility requirements for the loans, the amounts of the loans to be provided, the types of repairs and renovations that may be covered by the loans, and other constraints on the use of the loan funds.

Loan Description

The Child Care Centre Repair and Renovation Loan is available in the form of a loan. Approved non-profit centre funding will be comprised of a 75% forgivable loan, with the remaining 25% being provided in the form of funds provided by the centre (centre contribution) or a repayable loan (1% interest) from the Nova Scotia Housing Development Corporation (NSHDC). Approved commercial centre funding will be comprised of a 25% forgivable loan, with the remaining 75% being provided in the form of funds provided by the centre (centre contribution) or a repayable loan (1% interest) from NSHDC. (Maximum loan amount \$50,000.00 (Fifty Thousand Dollars))

NSHDC will issue loan funds to the centre and/or the centres contractors upon receipt of approved original itemized receipts or invoices. This is described in more detail in the *Disbursement of Funds Process* section of this document.

Eligibility Criteria - Centres

In order to be eligible to receive a Child Care Centre Repair and Renovation loan, the applicant centre must:

- Be a licensed non-profit child care centre or family home agency for the last two (2) licensing periods; or
- Be a licensed commercial child care centre or family home agency, under the same ownership for the last two (2) licensing periods.

Eligible Repairs and Renovations

The Child Care Centre Repair and Renovation Loans will only be provided to fund the following type of repairs and renovations:

- **Repairs:** This includes work necessary to bring existing structures or equipment back to good or usable condition (e.g., repair doors, windows, roofing, fencing, wall repairs, flooring repairs, existing outdoor play space equipment, outdoor storage areas);
- **Renovations:** To reconfigure or restore existing space (e.g., install new flooring, add new windows, cabinets and fixtures, upgrade windows, sprinklers, sewer/water hook ups, security systems);
- **Energy Upgrades:** This includes the installation of new structures or equipment to improve energy consumption and efficiency (e.g., furnace upgrades, electrical wiring, ventilation systems); and/or
- **Accessibility:** Including changes to improve existing structures for the purposes of increasing accessibility for children and families with special needs (e.g., adding ramps or installing accessible bathroom facilities).

Ineligible Repairs and Renovations

The following costs are ineligible for Child Care Centre Repair and Renovation Loan funding:

- Any costs for work incurred prior to loan approval;
- Salaries and benefits, staff training and any professional development activities of child care staff;
- Overhead and ongoing operating costs (e.g., utility costs or insurance);
- Costs for work on premises that the operator doesn't own and where no long term agreement exists;
- Any work that decreases opportunities to implement developmentally appropriate practices (i.e., best practices);
- Work on any areas not used exclusively for delivery of child care programs;
- Renovations to enable an increase in licensed capacity; and
- Any alteration that significantly affects the care of the children that has not received approval of the Minister as per section 10, *Alteration of facility*, of the Day Care Act, R.S.N.S. 1989, c. 120

Loan Amounts

The maximum funding level (forgivable & repayable portions of the loan combined) for all approved centres is \$50,000 (total loan amount).

For approved non-profit child care centres the maximum forgivable loan amount will be 75% of the approved loan amount. This will require a funding contribution from the centre of 25%, of which all or a portion may be in the form of a NSHDC low interest loan (1% interest).

For approved commercial child care centres the maximum forgivable loan amount will be 25% of the approved loan amount. This will require a funding contribution from the centre of 75%, of which all or a portion may be in the form of a NSHDC low interest loan (1% interest).

Funding ratios for approved Family Home Daycare Agency will match those described above dependent on the Family Home Daycare Agency's non-profit or commercial status.

Time Line of Repair / Renovation Loan Work

The repair or renovation work must commence within six months of the loan approval date and must be completed within twelve months of the loan approval date.

Unforeseen Expenses

The Department is not responsible for any unforeseen expenses related to the repairs and renovations. The centre is responsible for any additional project expenses incurred over and above the amount of the approved funding.

Changes to the Repair and Renovation Work Plan

Centres must inform the Department in writing if there are any changes from the agreed upon repair and renovation work plan. Changes will require Departmental approval.

Surplus Funds

Project related expenses not outlined in the approved work plan are not eligible for funding. Any surplus funds not spent in accordance with the Terms and Conditions will be immediately repayable to NSHDC.

Loan Security

The NSHDC reserves the right to take security for the Child Care Centre Repair and Renovation Loan, up to the total amount (forgivable & repayable portions) of the loan granted.

Application Process

Required Documentation

The applicant centre must provide the following documentation along with the application for the Child Care Centre Repair and Renovation Loan. Unless otherwise stated both non-profit and commercial centres are required to submit all of the listed documentation.

- **For commercial family home day care agencies & child care centres:** evidence of commercial status (i.e., a copy of a Certificate of Registration with Registry of Joint Stock Companies reflecting good standing, a Certificate of Incorporation, if applicable, and the identification of the business number on the application form);
- **For non-profit family home day care agencies & child care centres:** evidence of non-profit status (i.e., a copy of a Certificate of Registration with Registry of Joint Stock Companies reflecting good standing, a list of the centre's current Board of Directors, the length of their terms, a description of their current board positions, an intent to borrow document with appropriate signatures attached and a list of the signing officers);
- If the centre owns it's property, they must provide evidence of ownership of the property (i.e., a copy of the centre's deed, and a copy of the centre's last mortgage statement and either an assessment notice or appraisal);
- If the centre is leasing their property, they must provide a copy of the current lease and a letter of approval for the proposed repair or renovation from the landlord, and confirmation of long term leasing arrangement (minimum five years).
- If the centre is located in a school or church, where no lease arrangement is in place, then evidence of written long-term arrangement must be provided.
- Evidence that the proposed repair or renovation meets zoning by-laws of the county or municipality (i.e., a copy of a letter of verification, a building permit, fire inspection permit, or an environmental assessment, where applicable);
- Copies of 3 (three) preliminary estimates from qualified independent contractors, an exception will be for a leased premise where the lease agreement states arrangements must be made through the lessor; and
- A copy of a confirmation of any other program accessed for grant or loan funding specific to the repairs and renovations, if applicable (i.e., insurance claims);

Note: Additional documentation may be requested by the Department of Community Services on a case-by-case basis if the documentation is deemed necessary to complete the application review process.

Required Financial Documentation

The following financial documents are required to be provided with the application for the Child Care Centre Repair and Renovation Loan:

- Prepared financial statements for the most recent year end, appropriately signed off;
- The centre's current annual operating budget (before the repairs or renovations);
- The projected budget that reflects the centre's operations after the repair or renovation. This budget must include any repair and renovation repayments, if applicable; and
- A maximum one (1) page plan on the financial impact of the repair/renovation to the centre. This plan must comment on how the loan will be repaid, if applicable.

Application Deadline

Centres applying for the repair and renovation loan must ensure that the completed application inclusive of all required documents is received by their applicable Regional Office, on, or before, the stated deadline for application submission.

Note: Applications received after the stated deadline will not be considered for funding.

Directions for Completion of the Application

Before completing the application form, the centre should refer to the *Terms and Conditions* section of this document describing eligibility requirements and lists the costs that are eligible to be funded by the Child Care Centre Repair and Renovation Loan.

The centre should meet with their Early Childhood Development Consultant (ECDC) and their Licensing Officer to review their application prior to submission.

Contact Information

Centres that are interested in applying for the loan are requested to contact their Regional Office, if they have any questions about the process or if they would like an electronic copy of the application form. The loan application form will also be available on the Department's web site for downloading.

Submission of the Application package

The submitted application **must** include:

- A signed and fully completed application form in the required format; and
- All required supporting documentation, including financial documents, as described in the *Required Documentation* section of this document.

All documents must be forwarded to the regional office in order for the applications to be considered for loan funding, faxed or electronic applications will not be accepted. The centre should create a photocopy of the application and supporting documentation for their records.

Submitted application packages should be addressed to the attention of the '***Child Care Centre Repair and Renovation Loan Application***'. Mail, or deliver the Application Package to the centre's Regional Office.

The application package, including supporting documentation, must be received by staff at the Regional Office on or before the application deadline date.

Loan Application Review Process

Applications checked for eligibility and completeness

After the application packages are received at the regional offices, they will be checked to confirm that the centre meets the basic eligibility requirements for the loan and to confirm that the application package is complete.

If an application package is incomplete, the centre will be contacted by phone or letter to request the missing information. All missing documentation must be received by the regional office before the application deadline date. If the required information is not provided by the centre before the application deadline date, the application will not be evaluated.

Only applications that meet the basic eligibility requirements and that are deemed complete will be evaluated.

Financial Evaluation Criteria

The centre's financial documents will be reviewed to assess the centre's financial viability and stability in relationship to the loan, and their ability to comply with the financial conditions of the loan. The centre's financial suitability will be rated on a sliding scale.

Compliance Evaluation Criteria

Centres are rated on a sliding scale based on their history of compliance with the *Nova Scotia Day Care Act* and Regulations over the previous two (2) licensing periods. Centres that have had a history of full compliance over those two periods will be scored at a higher level than centres that have had compliance issues.

For the purposes of this evaluation, only program related compliance issues will be considered. Violations which occurred due to the timing of inspections outside of the child care centre's control will not be considered in the evaluation process.

Work Plan Evaluation Criteria

A review and evaluation of the centre's proposed work plans described in the application form will be conducted. The centres should submit applications with work plans that fully describe the centre's repair and renovation objectives in detail.

Each centre's work plan will be rated on a sliding scale based on the centre's need and the perceived value of the repairs or renovations to the facility and the children. A centre with a work plan that will resolve a high priority need will receive a higher rating than a centre that has a work plan that describes a low priority need.

The Department of Community Services will look favourably on plans that incorporate environmentally friendly ("green") initiatives into their proposals such as recycled building materials, energy efficient appliances, energy efficient windows, etc.

Notification of approved applications

Following the review of all applications, centres will be notified in writing of their status. Centres approved for the loan will receive the ***Acceptance of Child Care Centre Repair and Renovation Loan letter*** and the ***Child Care Centre Repair and Renovation Loan Contract***.

The child care centre must return the *Child Care Centre Repair and Renovation Loan Contract* with the appropriate signatures. The NSHDC representative will then sign the contract and provide a copy to the centre. The Department of Community Services will notify the centre in writing they are approved to start work. After which the centre can advise their contractor(s) to begin the repair and renovation loan work and/or purchase materials that are approved under the contract.

Disbursement of Funds Process

The disbursement of funds can begin once the centre has been approved for a loan and has received the signed ***Child Care Centre Repair and Renovation Loan Contract***.

For non-profit centres; the invoices will be reimbursed for 75% of the total loan, up to the total forgivable loan amount approved. If the centre has been approved for a loan for their 25% repayable funding component, invoices for the loan will be reimbursed up to the total repayable loan amount approved.

For commercial centres; the invoices will be reimbursed for 25% of the total loan, up to the total forgivable loan amount approved. If the centre has been approved for a loan for their 75% repayable funding component, invoices for the loan will be reimbursed up to the total repayable loan amount approved.

The Department does not warrant the quality of the work done.

The NSHDC reserves the right to require hold backs for Builders Liens, and any percentage of funds for deficiencies, until such time as the work is completed.

Inspection of the Centre

The Department will determine if a review, or verification of work completed is required.

This review will be performed to ensure that there are no issues with the work plan or compliance issues on the work site. This review does not replace inspections required by other departments, such as fire, health, agriculture, environment and labour etc.

The Centre Submits Invoices and Receipts

Payment of contractor and/or equipment/material provider invoices will be made only after the work is completed and/or materials/equipment have been received by the centre.

After the work is completed the centre will submit invoices and/or receipts. Only original invoices and receipts, or acceptable equivalents, are considered for payment. Invoices and receipts are to be itemized using only the prescribed invoice template provided by the Department.

The Invoices and Receipts are Reviewed

The Department will review the invoices and receipts and coordinate the financial payout to the centre. They will determine the amount of the reimbursement. If the payment of the invoices and/or receipts is declined for any reason, notification and reasons for this action will be communicated to the child care centre.

The Payment is Processed

Contractor invoices submitted by the centre will be paid by cheque and mailed to the centre. The cheque will be made jointly payable to both the centre and the contractor. When the centre receives the cheque(s) it is the centre's responsibility to sign the cheque(s) over to the contractor, or supplier, for payment of the outstanding invoice. Reimbursement of supplier receipts will be made by cheque(s) payable to the centre.

Recovery of Funds Process

Forgivable loans

The forgivable portions of a non-profit, commercial and family home daycare agency's loan will be forgiven at a rate equally distributed over a 5 (five) year period in 60 (sixty) monthly instalments.

Repayable loans

The repayable loan amounts for non-profit, commercial and family home daycare agency's that take a loan for all or a portion of their (25% non-profit / 75% commercial) repayable funding contribution are to be repaid on a monthly basis over a 5 (five) year amortization period. Repayments will be made to the NSHDC using pre-authorized debits from the centre's bank. Repayable loans carry an annual interest rate of one percent (1%). The repayment amounts will be reflected in *Schedule A* of the centre's loan contract.

Note: There is no early repayment penalty. The repayable loan amount can be paid in full at anytime during the 5 year period.

Default of the loan

The following events will constitute a default of the Child Care Centre Repair and Renovation Loan:

- The Borrowers failure to fulfill the obligations of the loan contract or the centre's lease;
- A bankruptcy petition filed in relation to the Borrower;
- A court of competent jurisdiction has appointed a trustee to manage some or all of the Borrower's assets;
- The Borrower has ceased to operate a licensed child care centre or the Borrower's license for the centre has been suspended, cancelled or not renewed by the Minister;
- If a centre is leased and the Borrower does not renew the current lease for the centre or the lease is terminated for any reason; or
- The sale of the centre.

If any of the circumstances listed above occur before the full amount of loan funding has been advanced, the loan contract is terminated, no further payments will be made in relation to the loan, and the total amount of the loan that has not been repaid or forgiven will become immediately payable.

If any of the circumstances listed above occur after all loan funding has been advanced, the contract for the loan is terminated, and the total amount of the loan that has not been repaid or forgiven in the case of a non-profit centre will become immediately payable.

If in the event of a default, the NSHDC reserves the right to offset monies received by the Borrower through other Departmental programs.

Accountability Process

By signing the loan contract, the centre agrees to the repayment terms. Repayment of the loan shall be made monthly in accordance with the centre's loan contract. The centre is responsible for any project expenses incurred over and above the amount of the approved loan.

For the duration of the project the centre will agree to:

- Use the funding provided pursuant to the loan contract for repairs and renovations and for no other purpose;
- Commence the project within six months of the loan approval date and complete the project within twelve months of the loan approval date;
- Obtain, in advance and in writing, the approval of the Department for any changes to the project, including an extension of the time lines for project completion;
- Continue to operate a licensed child care centre in compliance with all legislative and regulatory requirements and maintain a full complement of directors as is required by law;
- Provide all information and documents requested by the Department prior to final approval and advancing of any funds, including confirmation by appropriate agencies and inspectors that the various construction components of the work done in relation to the project comply with the relevant standards;
- Maintain records in a form satisfactory to the Department and the NSHDC and permit the Department to inspect the project and such records at any reasonable time; and
- Provide proof of fire and casualty insurance satisfactory to the NSHDC.

Evaluation of Repair & Renovation Loan Program

For evaluation purposes, the centre will be required to:

- Comply with all obligations under the lease and the loan contract, including loan repayments as required;
- Continue to operate a licensed centre on the premises for the term of the loan contract;
- Maintain financial records and supporting documentation relating to the project to allow for subsequent reporting and review by the Department and the NSHDC at any time during the term of the contract, or for seven years after the end of the fiscal year in which the project is completed, whichever is longer;
- Participate fully in evaluations of the project and provide any information requested by the Department in respect of these evaluations;
- To make centre staff available to participate in the evaluation process at mutually agreeable times during the term of this contract or for seven years after the end of the fiscal year in which the project is completed, whichever is longer; and

Appendix A - Definitions

For purposes of the repair and renovation loan the following definitions apply:

“Accessibility” means a type of repair to make changes to improve existing structures for purposes of increasing accessibility for children and families with special needs (e.g., add ramps, accessible bathroom facilities).

“Agency” “Centre” and “Child Care Centre” means a facility which is licensed under the Day Care Act. R.S. N.S., 1989, c.120.

“Amortization Period” means the period of time it will take for a forgivable loan to be forgiven and a repayable loan to be repaid.

“Borrower” means the individual, partnership, incorporated company or society with a Board of Directors in whose name a license under the Day Care Act has been issued.

“Default of the Loan” the loan is considered in default when the borrower fails to meet their obligations as stated in the Child Care Centre Repair and Renovation Loan contract. Examples of a few of the events that will result in a default of the loan include but are not limited to: the sale of the centre, the loss of leased premises, or the bankruptcy of the centre.

“Department” means the Department of Community Services.

“Director” means the chief administrative officer, owner, operator, executive director, manager and/or administrator who work on site, full or part time, at the centre.

“ECDS” means Early Childhood Development Services.

“ECDC” means Early Childhood Development Consultant and refers to regional staff of the Department of Community Services responsible for providing consultation for the Repair and Renovation Loan program.

“Energy Upgrades” means a type of repair to install new structures/equipment to improve energy consumption and efficiency (e.g., furnace upgrades, electrical wiring, ventilation systems).

“Facility” means a building or part of a building at or in which day care is or may be provided but does not include a place such as hospital or school which is subject to other statutory requirements.

“Fiscal year” means the provincial government business year which runs for the twelve months from April 1st of any given year until March 31st of the following year.

“NSHDC” means Nova Scotia Housing Development Corporation.

“Operator” means the individual, partnership, incorporated company or society with a Board of Directors in whose name a license under the Day Care Act has been issued.

“Repairs and Renovations” means work necessary to bring existing structures or equipment back to good or useable condition, to reconfigure or restore existing space, to improve existing structures to improve existing structures for the purposes of increasing accessibility for children and families with special needs, to improve energy consumption and efficiency.

“Renovations” work necessary to reconfigure or restore existing space (e.g., install new flooring, add new windows, cabinets and fixtures, upgrade windows, sprinklers, sewer/water hook ups, and security systems).

“Repairs” means a work necessary to bring existing structures or equipment back to good or usable condition (e.g., repair doors, windows, roofing, fencing, wall repairs, flooring repairs, existing outdoor play space equipment, outdoor storage areas).

“Total revenue” is the total number of dollars a centre receives from all sources.