



September 26, 2007

Mr. Michael Goldberg
Chairperson
First Call BC Child and Youth Advocacy Coalition
L416-480 Oak Street
Vancouver, BC V6H 3V4

Dear Mr. Goldberg:

Thank you for your letter of September 11, 2007 on behalf of First Call BC Child and Youth Advocacy Coalition regarding funding from the federal government for childcare.

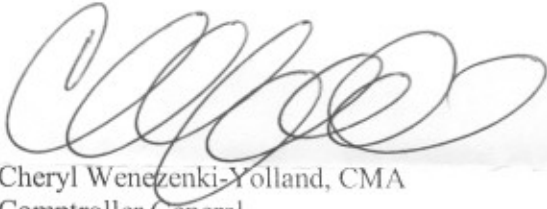
You will find the answers to your questions below:

- \$61.8 million in federal government funding under the Early Learning and Childcare (ELCC) program from the 2005/06 fiscal year was deferred to the 2006/07 fiscal year. Although the funding was received in 2005/06 it was not recognized as revenue until 2006/07.
- The federal funding was deferred from 2005/06 to 2006/07 because the agreement it was received under imposed restrictions on the province. The province could use that funding only to provide ongoing programs as stipulated by the agreement. Recognition of the revenue was appropriate only when the obligation to deliver ongoing programs was fulfilled.
- The terminal funding received in 2006/07 was not restricted to ongoing program delivery. Because the federal government did not include any restriction on how or when the revenue was to be used, the province was required to recognize the full amount of revenue in 2006/07 fiscal year in order to conform to generally accepted accounting principles (GAAP). The province of BC is legislated through the Budget Transparency and Accountability Act to fully conform to GAAP. The public sector accounting board standards are a primary source of GAAP, and PSAB standard 3410 establishes the criteria under which the government must recognize government transfers. If the province receives funding through a transfer from the federal government it must recognize it into revenue if the transfer is: authorized, all eligibility criteria have been met by the recipient, and a reasonable estimate of the amount can be made. With the funding received in 2006/07 all three of these criteria were met, therefore, the province had to recognize the funds into revenue in that fiscal year; there was no option open to the province to defer any of the funds.

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Thank you for your interest in early learning and childcare initiatives.

Sincerely,

A handwritten signature in black ink, appearing to read 'CWYolland', written in a cursive style.

Cheryl Wenczenki-Yolland, CMA
Comptroller General

pc Honourable Carole Taylor
Minister of Finance
Mary Ellen Turpel-Lafond,
Representative for Children and Youth
Ms. Kim Carter
Ombudsman
Mr. Sarf Ahmed
Ministry of Children and Family Development