

Persons with Developmental Disabilities Central Alberta Community Board

Financial Statements

March 31, 2003

**Persons with Developmental Disabilities
Central Alberta Community Board
Financial Statements
March 31, 2003**

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Budget

Schedule 3 – Salary and Benefit Disclosure

Schedule 4 – Allocated Costs

Schedule 5 – Related Party Transactions



AUDITOR'S REPORT

To the Members of the Board of Directors of the Persons with Developmental Disabilities
Central Alberta Community Board and the Minister of Community Development

I have audited the statement of financial position of the Persons with Developmental Disabilities Central Alberta Community Board as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Central Alberta Community Board as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with the Canadian generally accepted accounting principles.

I also report that, as described in Note 15, the Board made certain payments that did not comply with the *Persons with Developmental Disabilities Community Governance Act*.

Edmonton, Alberta
May 12, 2003

Original Signed by Fred J. Dunn, FCA
Auditor General

**Persons with Developmental Disabilities
Central Alberta Community Board
Statement of Operations
For the year ended March 31, 2003
(thousands of dollars)**

	2003		2002
	Budget (Schedule 2)	Actual	Actual (As Restated – Note 3)
Revenues			
Grant from Persons with Developmental Disabilities			
Provincial Board	\$ 104,513	\$ 107,108	\$ 99,721
Previous Year's Refund of Expenditures	-	103	101
Fee Revenue (Notes 4 and 8)	675	1,062	985
Program Fund Revenue (Note 2)	615	596	661
	<u>105,803</u>	<u>108,869</u>	<u>101,468</u>
Expenses – Directly Incurred (Note 2 and Schedule 1)			
Community Living Supports	60,805	62,735	58,367
Employment Supports	3,298	2,887	2,838
Community Access Supports	11,772	11,045	10,621
Specialized Community Supports	1,749	2,153	1,963
Direct Operations	14,603	15,490	14,175
Supports to Delivery System	12,456	13,309	11,991
Board Governance	278	138	244
Program Fund	546	569	639
	<u>105,507</u>	<u>108,326</u>	<u>100,838</u>
Valuation Adjustments			
Provision for Vacation Pay	-	112	(241)
Net Operating Results	<u>\$ 296</u>	<u>\$ 431</u>	<u>\$ 871</u>

The accompanying notes and schedules are part of these financial statements.

**Persons with Developmental Disabilities
Central Alberta Community Board
Statement of Financial Position
As at March 31, 2003
(thousands of dollars)**

	2003	2002
		(As Restated – Note 3)
Assets		
Cash	\$ 6,163	\$ 5,616
Inventory	476	479
Accounts Receivable (Note 5)	187	83
Capital Assets (Note 6)	1,091	990
	\$ 7,917	\$ 7,168
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 7,606	\$ 7,288
Net (Assets) Liabilities		
Net Assets (Liabilities), Beginning of Year	(120)	(991)
Net Operating Results	431	871
Net Assets (Liabilities), End of Year	311	(120)
	\$ 7,917	\$ 7,168

The accompanying notes and schedules are part of these financial statements.

**Persons with Developmental Disabilities
Central Alberta Community Board
Statement of Changes in Financial Position
For the year ended March 31, 2003
(thousands of dollars)**

	2003	2002 (As Restated – Note 3)
Operating Transactions		
Net Operating Results	\$ 431	\$ 871
Non-Cash Items		
Valuation Adjustment	112	(241)
Amortization	246	265
	789	895
Increase in Accounts Receivable	(104)	(50)
Decrease (Increase) in Inventory	3	(1)
Increase in Accounts Payable and Accrued Liabilities ^(a)	206	752
	894	1,596
Investing Transactions		
Purchase of Capital Assets	(347)	(881)
Net Cash Provided	547	715
Cash, Beginning of Year	5,616	4,901
Cash, End of Year	\$ 6,163	\$ 5,616

^(a) Adjusted for valuation adjustment.

The accompanying notes and schedules are part of these financial statements.

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 1 Authority and Purpose

The Persons with Developmental Disabilities Central Alberta Community Board (the Board) is a corporation that was established on October 30, 1997 by way of a Ministerial Order. The Board operates under the authority of the *Persons with Developmental Disabilities Community Governance Act* and the *Government Organization Act*.

The Board reports to the Ministry of Community Development through the Persons with Developmental Disabilities Provincial Board. The Board has the responsibility to help adults with developmental disabilities to live as independently as possible by providing advocacy and a variety of services within the region.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government. The Canadian Institute of Chartered Accountants is the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Board, which is part of the Ministry of Community Development and for which the Minister of Community Development is accountable. The financial statements of the Ministry provide a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

The Board is economically dependent upon the Persons with Developmental Disabilities Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting.

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the government's budget documents. Directly incurred expenses include:

- Amortization of capital assets;
- Valuation Adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities; and
- The cost of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Community Development are included in Manpower Expense. Pension costs comprise the cost of employer contributions for current service of employees during the year.

Employees are assigned to the Board through an arrangement with the Department of Community Development.

Incurred by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 5 and the amounts are not reported in the Statement of Operations.

Fees related to the audit of the March 31, 2003 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at \$64,000 (2002 – \$67,000).

Description of Revenues and Expenses Reported on the Statement of Operations

Program Fund Revenue and Expenses – The Board administers funds that are designated by the Provincial Treasurer as regulated. Revenues are generated from and expenses are incurred for the production and sale of goods and the provision of dental services to external users. The funds are used to provide recreational, social and vocational opportunities and dental services to persons with developmental disabilities.

Community Living Supports – expenses incurred to assist adults with developmental disabilities to live in a home of their choice.

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Description of Revenues and Expenses Reported on the Statement of Operations (continued)

Employment Supports – expenses incurred to assist adults with developmental disabilities in gaining and maintaining employment.

Community Access Supports – expenses incurred to assist adults with developmental disabilities to participate in community activities and personal development activities.

Specialized Community Supports – expenses incurred to provide other unique supports that are needed to assist adults with developmental disabilities in their environment or to enhance their access to the community.

Direct Operations – other expenses that are unique within the Persons With Developmental Disabilities environment to government operated facilities. The Board operates the following facilities:

- Michener Center, Red Deer, Alberta
- Youngstown Home, Youngstown, Alberta

Supports to Delivery System – expenses incurred to provide administrative and financial support for service delivery.

Board Governance – expenses incurred in support of Board related activities.

Assets

Financial assets of the Board include cash and financial claims, such as receivables from other organizations as well as inventories held for resale or future use.

Inventories are valued at the lower of cost and net realizable value, cost being determined by using the average cost method.

Capital assets of the Board are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets.

The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is \$5,000.

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities represent all financial claims payable by the Board at fiscal year end.

Net Assets (Liabilities)

Net liabilities represents the difference between the values of assets held by the Board and its liabilities.

Note 3 Government Restructuring

In June 2001, the Alberta Government approved the strategic response to *Building Better Bridges* – Final Report on Programs and Services in Support of Persons with Developmental Disabilities. This strategic response included a commitment to transfer responsibility for the governance of Michener Centre and Youngstown Home to the Persons with Developmental Disabilities Central Alberta Community Board from the Michener Centre Facility Board.

On July 23, 2002, the Alberta government approved the Michener Centre and Youngstown Home transfer of governance from the Michener Centre Facility Board to the Central Alberta Community Board and the wind-up of the Michener Centre Facility Board. The Order in Council 363/2002 transferred all assets and liabilities previously governed by the Michener Centre Facility Board to the Central Alberta Community Board.

The activities of Michener Centre and Youngstown Home for the 2002/03 fiscal year have been included in the Central Alberta Community Board financial statements as if the restructuring took place on April 1, 2002. The restructuring has been applied on a retroactive basis for comparative purposes.

Financial statements for the period April 1, 2002 to July 23, 2002 were not prepared as the operations of Michener Centre and Youngstown Home continued and did not change as a result of the restructuring. The Board operates the Michener Centre and Youngstown Home activities as a distinct operating segment (Note 14).

Note 4 Change in Accounting Policy (thousands of dollars)

In prior years, the Fee Revenue was recorded as revenue in the financial statements of the Department of Community Development. In the current year, this revenue, in the amount of \$1,062, was recorded in the financial statements of the Board. This change in accounting policy has been applied on a retroactive basis with the 2002 comparative amount being restated.

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 5 Accounts Receivable (thousands of dollars)

	2003		2002	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Goods and Services Tax	\$ 5	\$ -	\$ 5	\$ 6
Service Providers	-	-	-	28
Trades Receivables	182	-	182	49
	\$ 187	\$ -	\$ 187	\$ 83

Accounts receivable are unsecured and non-interest bearing.

Note 6 Capital Assets (thousands of dollars)

	Estimated Useful Life	2003		2002	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment	5 years	\$ 513	\$ 494	\$ 19	\$ 11
Automotive Equipment	5 years	1,231	777	454	534
Other Equipment	10 years	1,804	1,186	618	445
		\$ 3,548	\$ 2,457	\$ 1,091	\$ 990

Note 7 Accounts Payable and Accrued Liabilities (thousands of dollars)

	2003	2002
Grants to Individuals	\$ 1,566	\$ 1,784
Vacation Pay and Manpower Costs	4,159	3,838
Supplies and Services	1,881	1,666
	\$ 7,606	\$ 7,288

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 8 Fee Revenue (thousands of dollars)

The Fee Revenue that the Board collects consists of the following:

(a) Maintenance Fee Revenue

The Board collects fees from certain residents in accordance with the Social Care Facilities Residents Rates Order. Fees in the amount of \$882 were collected during the year (2002 – \$803).

(b) Roland Michener Recreation Centre Fee Revenue

The Board collects fees from external users of the Roland Michener Recreation Centre. Fees in the amount of \$180 were collected during the year (2002 – \$182).

Note 9 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

Note 10 Commitments (thousands of dollars)

As at March 31, 2003, the Board has the following commitments:

	2003	2002
Service Contracts ^(a)	\$ 6,842	\$ 5,006
Long-term Leases ^(b)	366	306
	\$ 7,208	\$ 5,312

(a) The actual amounts are dependent on the usage of service.

(b) The Board leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2004		\$ 171
2005		108
2006		87
		\$ 366

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 11 Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions that the Board may undertake in the future, actual results could differ from the estimates.

Note 12 Voluntary Contributions

These financial statements do not include amounts relating to voluntary contributions received for materials and services.

Note 13 Trust Funds Under Administration (thousands of dollars)

The Board administers trust funds on behalf of clients. Because the Province has no equity in the funds, they are not included in the Board's financial statements.

As at March 31, 2003 trust funds under administration totaled \$235 (2002 – \$269).

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 14 Segmented Information (thousands of dollars)

	Michener Services	Community Delivery	Total
Revenues from External Parties			
2003	\$ 1,658	\$ 103	\$ 1,761
2002	661	101	762
Total Revenues			
2003	48,336	60,533	108,869
2002	45,647	55,821	101,468
Directly Incurred Expenses			
2003	48,062	60,264	108,326
2002	45,168	55,670	100,838
Valuation Adjustment			
2003	97	15	112
2002	(261)	20	(241)
Net Operating Results			
2003	177	254	431
2002	740	131	871
Assets			
2003	4,363	3,554	7,917
2002	3,770	3,398	7,168
Liabilities			
2003	5,466	2,140	7,606
2002	5,050	2,238	7,288
Additions to Capital Assets			
2003	347	-	347
2002	881	-	881

The Board operates two operating segments. Budgets are allocated separately for each segment. The Michener Services segment delivers accommodation, program and health care services directly through the Michener Centre and Youngstown Home facilities. The Community Delivery segment manages accommodation and program services delivered through contracts and grants to individuals.

Note 15 Grandfathered Clients (thousands of dollars)

When the *Persons with Developmental Disabilities Community Governance Act* (the *Act*) was passed by the Alberta Legislature in 1997, the new legislation narrowed the service mandate from the previous disability supports program and established eligibility criteria.

**Persons with Developmental Disabilities
Central Alberta Community Board
Notes to the Financial Statements
For the year ended March 31, 2003**

Note 15 Grandfathered Clients (thousands of dollars) (continued)

Certain individuals who were receiving services prior to the passing of the *Act* but who no longer met these new criteria for Persons with Developmental Disabilities (PDD) supports were grandfathered in to the new PDD service system. In response to a recommendation from the *Building Better Bridges* Report, Government directed that PDD Boards continue providing services to grandfathered individuals until service responsibility is handed-off to a more appropriate provincial program.

Accordingly, expenses related to the care of these grandfathered individuals do not comply with the *Act*. The total cost of these services for 9 individuals (2002 – 9 individuals) that have been included in the Statement of Operations is estimated to be \$594 (2002 – \$568).

Note 16 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 17 Approval of Financial Statements

The financial statements were prepared by management and approved by the Board.

**Persons with Developmental Disabilities
Central Alberta Community Board
Expenses – Directly Incurred Detailed By Object
For the year ended March 31, 2003
(thousands of dollars)**

	2003		2002
	Budget	Actual	Actual
Manpower Costs ^(a)	\$ 40,778	\$ 40,000	\$ 37,560
Supplies and Services	44,483	51,363	47,089
Grants	20,082	16,717	15,924
Amortization of Capital Assets	164	246	265
	\$ 105,507	\$ 108,326	\$ 100,838

^(a) Manpower costs relate to employees assigned to the Board from the Ministry of Community Development and are not employees of the Board.

**Persons with Developmental Disabilities
Central Alberta Community Board
Budget
For the year ended March 31, 2003
(thousands of dollars)**

	2002-2003 Original Budget ^(a)	Reallocation from Provincial Board ^(b)	Board Reallocation	2002-2003 Current Budget
Revenue				
Grant from Persons with Development Disabilities Provincial Board	\$ 104,513	\$ 2,705	\$ -	\$ 107,218
Fee Revenue	675	-	-	675
Other Revenue	615	-	-	615
	<u>\$ 105,803</u>	<u>\$ 2,705</u>	<u>\$ -</u>	<u>\$ 108,508</u>
Expenses				
Community Living Supports	60,805	1,400	158	62,363
Employment Supports	3,298	123	-	3,421
Community Access Supports	11,772	336	(266)	11,842
Specialized Community Supports	1,749	6	51	1,806
Direct Operations	14,603	-	590	15,193
Supports to Delivery System	12,456	840	(445)	12,851
Board Governance	278	-	(64)	214
Program Fund	546	-	(31)	515
	<u>105,507</u>	<u>2,705</u>	<u>(7)</u>	<u>108,205</u>
Net Operating Results	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 303</u>
Capital Investments	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 303</u>

(a) An interim budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on May 14, 2002.

(b) As a result of changes in operational requirements that emerged during the fiscal year, the Provincial Board provided direction regarding changes in the level of funding to be allocated to the Board on December 13, 2002 and March 13, 2003.

**Persons with Developmental Disabilities
Central Alberta Community Board
Salary and Benefits Disclosure
For the year ended March 31, 2003
(thousands of dollars)**

	2003			2002
	Salaries / Honoraria	Benefits and Allowances	Total	Total
Chair of the Board ^(a)	\$ 29	\$ -	\$ 29	\$ 56
Board Members ^(a)	71	-	71	114
Chief Executive Officer ^(b)	107	23	130	114
Chief Executive Officer – Michener Services ^(b)	29	6	35	117

^(a) These amounts represent honoraria payments made to the Chair and Members of the Board. On July 23, 2002, the Alberta government approved the Michener Centre transfer of governance from the Michener Centre Facility Board to the Central Alberta community Board. The Michener Centre Facility Board was dissolved. For the period from April 1, 2002 to July 23, 2002 and for the entire prior year, the Chair position was occupied by two individuals; a chair of the Michener Centre Facility Board and a chair of the Central Alberta Community Board. For the period from April 1, 2002 to July 23, 2002 and for the entire prior year, there were six Members of the Michener Centre Facility Board and seven Members of the Central Alberta Community Board.

^(b) These payments are made to the Chief Executive Officer under contract with the Ministry of Community Development. The Chief Executive Officer is assigned to the Board under an arrangement with the Ministry of Community Development. The Central Alberta Community Board Chief Executive Officer assumed responsibility for Michener Services in July 2002. Payments include salary, achievement bonus, retroactive pay and vacation payout. Benefits and allowances include payments for pension, health care, dental and medical coverage, long and short term disability plans and group life insurance.

**Persons with Developmental Disabilities
Central Alberta Community Board
Allocated Costs
For the year ended March 31, 2003
(thousands of dollars)**

Program	2003		2002		
	Expenses ^(a)	Expenses – Incurred by Others Accommodation Costs ^(b) Legal Services ^(c)	Valuation Adjustment Vacation Pay ^(d)	Total Expenses	Total Expenses (As restated – Note 3)
Community Living Supports	\$ 62,735	\$ 3,495	\$ 61	\$ 66,291	\$ 61,155
Employment Supports	2,887	-	-	2,887	2,838
Community Access Supports	11,045	592	7	11,644	11,090
Specialized Community Supports	2,153	165	4	2,322	1,998
Direct Operations	15,490	1,050	18	16,573	15,330
Supports to Delivery System	13,309	645	22	13,976	12,574
Board Governance	138	-	-	138	244
Program Fund	569	-	-	569	639
	<u>\$ 108,326</u>	<u>\$ 5,947</u>	<u>\$ 112</u>	<u>\$ 114,400</u>	<u>\$ 105,868</u>

(a) Expenses – Directly Incurred as per Statement of Operations.

(b) Costs shown for Accommodation (including grants in lieu taxes) per Schedule 5.

(c) Costs shown for Legal Services per Schedule 5.

(d) Provision for vacation pay has been allocated based on actual provision relating to the program.

**Persons with Developmental Disabilities
Central Alberta Community Board
Related Party Transactions
For the year ended March 31, 2003
(thousands of dollars)**

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Board.

The Board and the employees assigned to it from the Department of Community Development paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Board had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues				
Persons with Development Disabilities				
Provincial Board	\$ 107,108	\$ 100,706	\$ -	\$ -
Expenses				
Department of Government Services	\$ -	\$ -	\$ 814	\$ 850
Department of Innovation and Science	-	-	219	139
Department of Finance	-	-	-	62
Department of Infrastructure	-	-	17	22
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 1,073</u>
Accounts Receivable				
Persons with Development Disabilities				
Provincial Board	\$ 1	\$ -	\$ -	\$ -
Accounts Payable and Accrued Liabilities				
Department of Community Development	\$ 9	\$ -	\$ -	\$ -
Persons with Development Disabilities				
Provincial Board	-	520	-	-
	<u>\$ 9</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ -</u>

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Expenses – Incurred by Others				
Department of Justice	\$ -	\$ -	\$ 15	\$ 33
Department of Infrastructure	-	-	5,947	5,238
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,962</u>	<u>\$ 5,271</u>