

**Persons with Developmental  
Disabilities South Alberta  
Board**

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**Financial Statements**

**March 31, 2002**

**PERSONS WITH DEVELOPMENTAL DISABILITIES**

**SOUTH ALBERTA BOARD**

**FINANCIAL STATEMENTS**

**March 31, 2002**

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## AUDITOR'S REPORT

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

I have audited the statement of financial position of the Persons with Developmental Disabilities South Alberta Board as at March 31, 2002 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 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.

As the Ministry of Community Development reporting practices stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities are related parties of the Board. A description of the nature of the Board's relationship with regional health authorities should have been included in Schedule 5, Related Party Transactions. Also, Schedule 5 should have disclosed the expense for the contract services provided by Chinook Regional Health Authority and Palliser Health Authority amounting to \$1.8 million and \$2.4 million respectively.

In my opinion, except for the matter described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities South Alberta Board as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

I also report that, as described in Note 9, the Board made certain payments that did not comply with the *Persons with Developmental Disabilities Community Governance Act*.

Original Signed By Fred Dunn, CA  
Auditor General

Edmonton, Alberta  
May 10, 2002

PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH ALBERTA BOARD  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2002  
(thousands of dollars)

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (As restated - Note 3)
<b>Revenue</b>			
Grant From Persons With Developmental Disabilities Provincial Board	\$ 39,900	\$ 41,091	\$ 36,279
Previous Year's Refund of Expenditures	-	42	3
	<u>39,900</u>	<u>41,133</u>	<u>36,282</u>
<b>Expenses - Directly Incurred (Schedule 1 and Note 2b)</b>			
Programs			
Community Living Supports	22,773	22,767	20,828
Employment Supports	2,544	2,021	2,331
Community Access Supports	7,970	9,132	7,302
Specialized Community Supports	273	290	250
Supports to Delivery System	6,233	6,620	5,689
Board Governance	107	104	87
	<u>39,900</u>	<u>40,934</u>	<u>36,487</u>
Valuation Adjustments			
Provision for Vacation Pay	-	11	15
	<u>39,900</u>	<u>40,945</u>	<u>36,502</u>
<b>Net Operating Results Before Transfer</b>	-	188	(220)
Transfer to Persons With Developmental Disabilities Provincial Board	-	-	(3)
<b>Net Operating Results</b>	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ (223)</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH ALBERTA BOARD  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2002  
(in thousands)**

	<u>2002</u>	<u>2001</u> (As restated - Note 3)
<b>Assets</b>		
Cash	\$ 1,454	\$ 803
Accounts Receivable	<u>5</u>	<u>40</u>
	<u>\$ 1,459</u>	<u>\$ 843</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 4)	<u>\$ 1,599</u>	<u>\$ 1,171</u>
	<u>1,599</u>	<u>1,171</u>
<b>Net Assets (Liabilities)</b>		
Net Assets (Liabilities), Beginning of Year	(328)	(105)
Net Operating Results	<u>188</u>	<u>(223)</u>
Net Assets (Liabilities), End of Year	<u>(140)</u>	<u>(328)</u>
	<u>\$ 1,459</u>	<u>\$ 843</u>

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

**Persons with Developmental Disabilities  
South Alberta Board  
Statement of Changes in Financial Position  
For the year ended March 31, 2002  
(in thousands)**

	<u>2002</u>	<u>2001</u>
		(As restated - Note 3)
Operating Transactions		
Net Operating Results	\$ 188	\$ (223)
Non Cash Item		
Provision for Vacation Pay	11	15
	<u>199</u>	<u>(208)</u>
Decrease in Accounts Receivable	35	1,484
Increase in Accounts Payable and Accrued Liabilities (a)	417	40
	<u>651</u>	<u>1,316</u>
Cash Provided by Operating Transactions		
Cash, Beginning of Year	803	(513)
	<u>1,454</u>	<u>803</u>
Cash, End of Year	<u>\$ 1,454</u>	<u>\$ 803</u>

(a) Adjusted for valuation adjustment.

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

**Persons with Developmental Disabilities  
South Alberta Board  
Notes to the Financial Statements  
For the year ended March 31, 2002  
(in thousands)**

**Note 1 Authority and Purpose**

The Persons with Developmental Disabilities South Alberta 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 purpose of the Board is to lead in promoting supports to persons with developmental disabilities.

**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 Provincial Board for its funding. This funding is allocated in a manner approved by the Minister.

**(b) Basis of Financial Reporting**

**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:

- Valuations adjustments which 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.



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

**(b) Basis of Financial Reporting**

- 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.

Incurring by Others

Services contributed by other entities in support of the Board operations are disclosed in Schedule 4.

Fees related to the audit of the March 31, 2002 financial statements have not been included in the Statement of Operations. Costs for this service have been estimated at \$26 (2001 - \$22).

**Assets**

Financial assets of the Board include cash and financial claims, such as receivables from other organizations.

The threshold for capitalizing new systems development is \$100 and the threshold for all other capital assets is \$5. All land is capitalized.

**Liabilities**

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

**Net Assets (Liabilities)**

Net assets (liabilities) represents the difference between the value of assets held by the Board and its liabilities.

**Note 3 Change in Accounting**

In the prior years, vacation liability of employees assigned to the board was recorded as a liability in the financial statements of the Department of Community Development. In the current year this liability was transferred to the Board. This change has been applied retroactively. The effect of this change is to reflect an accrued liability of \$131 (2001 - \$120) resulting in an increase of expenses by \$11 (2001 - \$15).

**Note 4 Accounts Payable and Accrued Liabilities**

	<u>2002</u>	<u>2001</u>
Accounts Payable and Accrued Liabilities	<u>\$ 1,599</u>	<u>\$ 1,171</u>

The current balance represents Accrued Liabilities of \$1,468 (2001 - \$1,051) and Accrued Vacation Pay of \$131 (2001 - \$120).

**Note 5 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 6 Voluntary Contributions**

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

**Note 7 Commitments**

As at March 31, 2002, the Board has the following commitments:

	<u>2002</u>	<u>2001</u>
Service contracts (a)	\$ 3,652	\$ 3,344
Long-term leases (b)	<u>1</u>	<u>9</u>
	<u>\$ 3,653</u>	<u>\$ 3,353</u>

(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:

2003	<u>\$ 1</u>
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**Note 8 Surplus Retention Reserves**

The Board has entered into contracts with third party agencies to provide support for individuals which it serves. Occasionally, the Agencies do not spend all the funds they have been provided. When these unexpended amounts result from the efficient management of the program or fluctuations in service demand, the funds may be retained by the Agency and, after obtaining approval from the CEO of the Board, spent in the following manner:

- to eliminate deficits;
- to acquire assets;
- to fund exceptional maintenance costs;
- for expenditures of a one-time nature that will not result in incremental or continuing operating costs.

The estimated balance of these reserves at March 31, 2002 was \$72 (March 31, 2001 - \$302). This amount is not reflected in these financial statements.

**Note 9 Grandfathered Clients**

When the *Persons with Developmental Disabilities Community Governance Act* (the Act) was passed by the Legislative Assembly in 1997, the new legislation narrowed the service mandate from the previous disability supports program and established eligibility criteria. 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 into 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 individuals do not comply with the Act. The total cost of these services for 17 individuals that has been included in the Statement of Operations is estimated to be \$480 (2001 - \$534).

**Note 10 Approval of Financial Statements**

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

**Persons with Developmental Disabilities  
South Alberta Board  
Expense Detailed by Object  
For the year ended March 31, 2002  
(in thousands)**

**Schedule 1**

	<u>2002</u>		<u>2001</u>
	<u>Budget (a)</u>	<u>Actual</u>	<u>Actual</u>
Manpower Costs (a)	\$ 943	\$ 1,109	\$ 883
Supplies and Services	23,882	25,655	23,303
Grants	<u>15,075</u>	<u>14,170</u>	<u>12,301</u>
Total Expenses	<u>\$ 39,900</u>	<u>\$ 40,934</u>	<u>\$ 36,487</u>

- (a) Manpower costs relate to employees seconded to the Board from the Department of Community Development and are not employees of the Board.

**Persons with Developmental Disabilities  
South Alberta Board  
Budget**

**Schedule 2**

**For the year ended March 31, 2002  
(in thousands)**

	2001 - 2002 Original Budget	Increases From Provincial Board	2001 - 2002 Current Budget
<b>Revenue</b>			
Grant from Persons with Developmental Disabilities Provincial Board	\$ 39,900	\$ 1,191	\$ 41,091
<b>Expenses</b>			
Community Living Supports	22,773	578	23,351
Employment Supports	2,544	61	2,605
Community Access Supports	7,970	181	8,151
Specialized Community Supports	273	5	278
Supports to Delivery System	6,233	367	6,600
Board Governance	107	(1)	106
	<u>39,900</u>	<u>1,191</u>	<u>41,091</u>
<b>Net Operating Results</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The 2001 - 2002 Original Budget was approved as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on May 31, 2001. 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 South Alberta Board. The final result of this direction is presented above as the 2001 - 2002 Current Budget, and was approved by the CEO of the Provincial Board on April 4, 2002.

The 2001 - 2002 Original Budget was approved by the South Alberta Board on June 20, 2001.

**Persons with Developmental Disabilities  
South Alberta Board  
Disclosure of Payments to Executives  
For the year ended March 31, 2002  
(in thousands)**

**Schedule 3**

	2002			2001
	Salaries/ Honoraria	Benefits and Allowances	Total	Total
Chair of the Board (a)	\$ 17	\$ -	\$ 17	\$ 11
Board Members (6 members) (a)(c)	\$ 27	\$ -	\$ 27	\$ 39
Chief Executive Officer (b)	\$ 98	\$ 5	\$ 103	\$ 87

- a. These amounts represent honoraria payments made to the Chair and Members of the Board.
- b. These payments are made to the Chief Executive Officer under contract with the Department of Community Development. The Chief Executive Officer is seconded to the Board under an arrangement with the Department of Community Development.

Contributions include payments for, health care, dental and medical coverage, group life insurance, and short term disability plans.

- c. These positions were occupied by 9 different individuals at various intervals during the year.

**Persons with Developmental Disabilities  
South Alberta Board  
Allocated Costs  
For the year ended March 31, 2002  
(in thousands)**

Program	2002			2001	
	Expenses (1)	Expenses Incurred By Others (2)	Vacation Pay (3)	Total Expenses	Total Expenses
Community Living Supports	\$ 22,767	\$ 45	\$ -	\$ 22,812	\$ 20,893
Employment Supports	2,021	-	-	2,021	2,331
Community Access Supports	9,132	-	-	9,132	7,302
Specialized Community Supports	290	-	-	290	250
Supports to Delivery System	6,620	94	11	6,725	6,526
Board Governance	104	-	-	104	87
	\$ 40,934	\$ 139	\$ 11	\$ 41,084	\$ 37,389

- 1) Expenses - Directly Incurred as per Statement of Operations excluding vacation pay.
- 2) Costs shown for Accommodation (including grants in lieu taxes) per Schedule 5.
- 3) Provision for vacation pay has been allocated based on actual provision relating the program.

**Persons with Development Disabilities  
South Alberta Board  
Schedule of Related Party Transactions  
For the year ended March 31, 2002  
(In thousands)**

**Schedule 5**

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 and the Board.

The Board and the employees seconded 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:

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Revenues:				
Persons with Developmental Disabilities Provincial Board	\$ 41,091	\$ 36,279	\$ -	\$ -
Expenses:				
Persons with Developmental Disabilities Provincial Board	\$ -	\$ 3	\$ -	\$ -
Department of Government Services	-	-	157	-
Department of Infrastructure	-	-	55	-
Department of Finance	-	-	2	-
	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 214</u>	<u>\$ -</u>
Accounts Receivable:				
Southeast Alberta Child and Family Services Authority	\$ -	\$ -	\$ 4	\$ 26

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.

	<u>Entities in the Ministry</u>		<u>Other Entities</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Expenses - Incurred by Others				
Department of Community Development	\$ -	\$ 734	\$ -	\$ -
Department of Infrastructure	-	-	139	153
	<u>\$ -</u>	<u>\$ 734</u>	<u>\$ 139</u>	<u>\$ 153</u>