

**Persons with Developmental Disabilities
Northeast Alberta Community Board**

Financial Statements

March 31, 2003

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Northeast Alberta Community Board
Financial Statements
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AUDITOR'S REPORT

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

I have audited the statement of financial position of the Persons with Developmental Disabilities Northeast 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 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 Northeast 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 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 J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 21, 2003

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

	2003		2002
	Budget (Schedule 2)	Actual	Actual
Revenues			
Grant from Persons with Developmental Disabilities Provincial Board	\$ 18,340	\$ 19,399	\$ 17,740
Previous Year's Refund of Expenditures	-	40	75
	<u>18,340</u>	<u>19,439</u>	<u>17,815</u>
Expenses – Directly Incurred (Note 2b and Schedule 1)			
Programs			
Community Living Supports	9,520	9,514	8,729
Employment Supports	1,550	1,584	1,648
Community Access Supports	3,015	3,250	2,909
Specialized Community Supports	388	398	418
Supports to Delivery System	3,710	4,199	3,765
Board Governance	157	126	141
	<u>18,340</u>	<u>19,071</u>	<u>17,610</u>
Valuation Adjustments			
Provision for Vacation Pay	-	(14)	(16)
	<u>18,340</u>	<u>19,057</u>	<u>17,594</u>
Net Operating Results	<u>\$ -</u>	<u>\$ 382</u>	<u>\$ 221</u>

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

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

	2003	2002
Assets		
Cash	\$ 2,541	\$ 2,025
Accounts Receivable (Note 3)	7	14
Advances	5	5
	<u>\$ 2,553</u>	<u>\$ 2,044</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 4)	\$ 995	\$ 868
	<u>995</u>	<u>868</u>
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	1,176	955
Net Operating Results	382	221
Net Assets (Liabilities), End of Year	<u>1,558</u>	<u>1,176</u>
	<u>\$ 2,553</u>	<u>\$ 2,044</u>

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

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

	2003	2002
Operating Transactions		
Net Operating Results	\$ 382	\$ 221
Non-Cash Items		
Provision for Vacation Pay	(14)	(16)
	368	205
Decrease (Increase) in Accounts Receivable	7	(13)
Increase (Decrease) in Accounts Payable and Accrued Liabilities ^(a)	141	(207)
Cash Provided (Used) by Operating Transactions	516	(15)
Cash, Beginning of Year	2,025	2,040
Cash, End of Year	\$ 2,541	\$ 2,025

^(a) Adjusted for valuation adjustments.

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

**Persons with Developmental Disabilities
Northeast 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 Northeast Community Board (the Board) is a corporation 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 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.

**Persons with Developmental Disabilities
Northeast 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

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.

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 Expenses. 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.

Description of Program Expenses Reported on the Statement of Operations

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

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.

**Persons with Developmental Disabilities
Northeast 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 Program Expenses Reported on the Statement of Operations (continued)

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

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

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 \$24,000 (2002 – \$24,000)

Assets

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

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. 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 values of assets held by the Board and its liabilities.

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

Note 3 Accounts Receivable (thousands of dollars)

	2003		2002	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
GST Receivable	\$ 5	\$ -	\$ 5	\$ 5
Accrued Receivable	2	-	2	9
	\$ 7	\$ -	\$ 7	\$ 14

Accounts receivable are unsecured and non-interest bearing.

Note 4 Accounts Payable and Accrued Liabilities (thousands of dollars)

	2003	2002
Accrued Grants to Individuals	\$ 726	\$ 689
Employee Accrued Vacation Pay and Manpower Costs	94	107
Accrued Supplies and Services	175	72
	\$ 995	\$ 868

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, 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.

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

Note 7 Commitments (thousands of dollars)

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

	2003	2002
Service Contracts ^(a)	\$ -	\$ -
Long-term Leases ^(b)	34	7
	\$ 34	\$ 7

(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	\$	11
2005		9
2006		8
2007		6
		\$ 34

Note 8 Surplus Retention Reserves (thousands of dollars)

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; and
- For expenses of a one-time nature that will not result in incremental or continuing operating costs.

The estimated balance of these reserves at March 31, 2003 was \$4 (March 31, 2002 – \$0). This amount is not reflected in these financial statements.

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

Note 9 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.

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 eight individuals that have been included in the Statement of Operations is estimated to be \$154 (2002 – \$124).

Note 11 Comparative Figures

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

Note 12 Approval of Financial Statements

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

**Persons with Developmental Disabilities
 Northeast 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)	\$ 1,308	\$ 978	\$ 970
Supplies and Services	7,674	8,911	8,264
Grants	9,358	9,182	8,376
	\$ 18,340	\$ 19,071	\$ 17,610

^(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
Northeast Alberta Community Board
Budget
For the year ended March 31, 2003
(thousands of dollars)**

	2002-2003 Original Budget	Reallocation From Provincial Board	2002-2003 Current Budget
Revenue			
Grant from Persons with Development Disabilities Provincial Board	\$ 18,340	\$ 1,059	\$ 19,399
Other Revenue	-	-	25
	<u>\$ 18,340</u>	<u>\$ 1,059</u>	<u>\$ 19,424</u>
Expenses			
Community Living Supports	9,520	284	9,804
Employment Supports	1,550	38	1,588
Community Access Supports	3,015	264	3,279
Specialized Community Supports	388	9	397
Supports to Delivery System	3,710	464	4,199
Board Governance	157	-	157
	<u>18,340</u>	<u>1,059</u>	<u>19,424</u>
Net Operating Results	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

An interim budget was reported as part of the Government Estimates that were tabled in the Legislative Assembly of Alberta on May 14, 2002. 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 Northeast Alberta Community Board on December 13, 2002 and March 13, 2003.

**Persons with Developmental Disabilities
Northeast 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)	\$ 22	\$ -	\$ 22	\$ 27
Board Members (7) ^(a)	55	-	55	63
Chief Executive Officer ^(b)	102	16	118	107

^(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 assigned to the Board under an arrangement with the Department of Community Development.

Benefits and allowances include payments for pension, health care, dental and medical coverage, group life insurance, long and short term disability plans.

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

Program	2003				Total Expenses	Total Expenses
	Expenses ^(a)	Accommodation Costs ^(b)	Vacation Pay ^(c)	Legal Cost ^(d)		
Community Living Supports	\$ 9,514	\$ -	\$ -	\$ -	\$ 9,514	\$ 8,729
Employment Supports	1,584	-	-	-	1,584	1,648
Community Access Supports	3,250	-	-	-	3,250	2,909
Specialized Community Supports	398	-	-	-	398	418
Supports to Delivery System	4,199	76	(14)	3	4,264	3,801
Board Governance	126	-	-	-	126	141
	<u>\$ 19,071</u>	<u>\$ 76</u>	<u>\$ (14)</u>	<u>\$ 3</u>	<u>\$ 19,136</u>	<u>\$ 17,646</u>

- (a) Expenses – Directly Incurred as per Statement of Operations.
- (b) Costs shown for Accommodation (including grants in lieu of taxes) per Schedule 5.
- (c) Provision for Vacation Pay has been allocated based on actual provision relating to the program.
- (d) Costs shown for Legal Services per Schedule 5.

**Persons with Developmental Disabilities
Northeast 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 Ministry 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 Developmental Disabilities Provincial Board	\$ 19,399	\$ 17,740	\$ -	\$ -
Expenses				
Persons with Developmental Disabilities Provincial Board	\$ -	\$ -	\$ -	\$ -
Department of Government Services	-	-	300	249
Department of Innovation and Science	-	-	39	24
Department of Finance	-	-	-	1
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 274</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 Infrastructure	\$ -	\$ -	\$ 76	\$ 52
Department of Justice	-	-	3	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 52</u>

