

Persons with Developmental Disabilities Central Region Community Board

Financial Statements

March 31, 2004

**Persons with Developmental Disabilities
Central Region Community Board
Financial Statements
March 31, 2004**

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AUDITOR'S REPORT

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

I have audited the statement of financial position of the Persons with Developmental Disabilities Central Region Community Board as at March 31, 2004 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. 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 Central Region Community Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

I also report that, as described in Note 10, 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 14, 2004

The official version of this Report of the Auditor General, and the information the Report covers, is in printed form.

**Persons with Developmental Disabilities
Central Region Community Board
Statement of Operations
Year ended March 31, 2004
(thousands of dollars)**

	2004		2003
	Budget (Schedule 2)	Actual	Actual
Revenues			
Grant from Persons with Developmental Disabilities			
Provincial Board	\$ 111,966	\$ 113,720	\$ 107,108
Previous Year's Refund of Expenditures	-	40	103
Fee Revenue (Note 2)	675	1,123	1,062
Program Fund Revenue (Note 2)	615	570	596
	<u>113,256</u>	<u>115,453</u>	<u>108,869</u>
Expenses – Directly Incurred (Note 2(b) and Schedule 1)			
Programs			
Community Living Supports	65,554	64,225	62,735
Employment Supports	3,601	2,970	2,887
Community Access Supports	12,698	11,948	11,045
Specialized Community Supports	1,818	3,356	2,153
Direct Operations	15,280	14,967	15,490
Supports to Delivery Systems	13,506	16,072	13,309
Board Governance	120	140	138
Program Fund	515	593	569
	<u>113,092</u>	<u>114,271</u>	<u>108,326</u>
Valuation Adjustments (Schedule 4)	-	871	112
	<u>113,092</u>	<u>115,142</u>	<u>108,438</u>
Net Operating Results	<u>\$ 164</u>	<u>\$ 311</u>	<u>\$ 431</u>

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

**Persons with Developmental Disabilities
Central Region Community Board
Statement of Financial Position
As at March 31, 2004
(thousands of dollars)**

	2004	2003
Assets		
Cash	\$ 6,585	\$ 6,163
Accounts Receivable (Note 3)	402	187
Inventory	423	476
Tangible Capital Assets (Note 4)	1,175	1,091
	\$ 8,585	\$ 7,917
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	\$ 7,963	\$ 7,606
Net Assets (Liabilities)		
Net Assets (Liabilities), Beginning of Year	311	(120)
Net Operating Results	311	431
Net Assets, End of Year	622	311
	\$ 8,585	\$ 7,917

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

**Persons with Developmental Disabilities
Central Region Community Board
Statement of Cash Flow
Year ended March 31, 2004
(thousands of dollars)**

	2004	2003
Operating Transactions		
Net Operating Results	\$ 311	\$ 431
Non-Cash Items		
Amortization	274	246
Valuation Adjustments	871	112
	<u>1,456</u>	<u>789</u>
Increase in Accounts Receivable	(214)	(104)
Decrease in Inventory	53	3
Increase (Decrease) in Accounts Payable and Accrued Liabilities ^(a)	(515)	206
	<u>780</u>	<u>894</u>
Investing Transactions		
Purchase of Tangible Capital Assets	(358)	(347)
Increase in Cash	422	547
Cash, Beginning of Year	6,163	5,616
Cash, End of Year	<u>\$ 6,585</u>	<u>\$ 6,163</u>

^(a) Adjusted for valuation adjustment.

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

**Persons with Developmental Disabilities
Central Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

Note 1 Authority and Purpose

The Central Region Community Board for Persons with Developmental Disabilities (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 (the Ministry) and for which the Minister of Community Development (the Minister) 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 Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

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

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred Expenses

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 also include:

- Amortization of tangible 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, overtime, time in lieu, guarantees and indemnities; and
- Employees are assigned to the Board through an arrangement with the Department of Community Development. The cost of their salaries, wages and benefits are included in Manpower Expense. Pension costs comprise the cost of employer contributions for current service of employees during the year.

Description of Revenues and Expenses Reported on the Statement of Operations

Fee Revenue (thousands of dollars) – Michener Centre and Youngston Home collect fees from certain residents in accordance with the Social Care Facilities Residents Rates Order. Fees in the amount of \$952 were collected during the year (2003 – \$882). In addition, Michener Centre collects fees from external users of the Roland Michener Recreation Centre. Fees in the amount of \$171 were collected during the year (2003 – \$180).

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 Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

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 incurred to operate 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 program delivery.

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

Expenses 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.

Assets

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

**Persons with Developmental Disabilities
Central Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

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

(b) Basis of Financial Reporting (continued)

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the average cost method.

Tangible 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 tangible capital assets is \$5,000.

Liabilities

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

Net Assets

Net assets represent the difference between the carrying value of assets held by the Board and its Liabilities.

Note 3 Accounts Receivable (thousands of dollars)

	2004		2003	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Trades Receivable	\$ 306	\$ -	\$ 306	\$ 182
Contract Recoveries	90	-	90	-
GST Receivable	6	-	6	5
	\$ 402	\$ -	\$ 402	\$ 187

Accounts receivable are unsecured and non-interest bearing.

**Persons with Developmental Disabilities
Central Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

Note 4 Tangible Capital Assets (thousands of dollars)

	Estimated Useful Life	2004			2003
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment	5 years	\$ 520	\$ 473	\$ 47	\$ 19
Equipment	5-10 years	3,316	2,188	1,128	1,072
		<u>\$ 3,836</u>	<u>\$ 2,661</u>	<u>\$ 1,175</u>	<u>\$ 1,091</u>

Note 5 Accounts Payable and Accrued Liabilities (thousands of dollars)

	2004	2003
Accrued Grants to Individuals	\$ 1,267	\$ 1,566
Employees Accrued Vacation Pay and Manpower Costs	5,752	4,159
Accrued Supplies and Services	944	1,881
	<u>\$ 7,963</u>	<u>\$ 7,606</u>

Note 6 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 7 Voluntary Contributions

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

**Persons with Developmental Disabilities
Central Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

Note 8 Commitments (thousands of dollars)

As at March 31, 2004, the Board has the following commitments:

	2004	2003
Service Contracts ^(a)	\$ 4,036	\$ 6,842
Long-term Leases ^(b)	361	366
	\$ 4,397	\$ 7,208

^(a) 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 amount payable for the unexpired terms of these leases are as follows:

2005		\$ 161
2006		126
2007		68
2008		6
		\$ 361

Note 9 Trust Funds Under Administration (thousands of dollars)

The Board administers trust funds. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Board's financial statements.

As at March 31, 2004 trust funds under administration were as follows:

	2004	2003
Client Trust Funds	\$ 213	\$ 235

**Persons with Developmental Disabilities
Central Region Community Board
Notes to the Financial Statements
Year ended March 31, 2004**

Note 10 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 and agencies were receiving services prior to the passing of the *Act* but who no longer met the new criteria for Persons with Developmental Disabilities (PDD).

In response to a recommendation from the *Building Better Bridges* Report, Government directed that PDD Boards continue providing services to these individuals and agencies until service responsibility is handed-off to a more appropriate provincial program. Accordingly, expenses related to these grandfathered individuals and agencies do not comply with the *Act*.

The total cost of these services for 9 individuals (2003 – 9 individuals) that has been included in the Statement of Operations is estimated to be \$561 (2003 – \$594).

Note 11 Services Provided by Regional Health Authorities (thousands of dollars)

The Board incurred supplies and services of \$353 (2003 – \$352) for contract services rendered by the David Thompson Health Region. These transactions were recorded at the amount of consideration agreed upon between the parties.

Note 12 Comparative Figures

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

Note 13 Approval of Financial Statements

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

**Persons with Developmental Disabilities
Central Region Community Board
Expenses – Directly Incurred Detailed By Object
Year ended March 31, 2004
(thousands of dollars)**

	2004		2003
	Budget	Actual	Actual
Manpower ^(a)	\$ 42,553	\$ 42,105	\$ 40,000
Supplies and Services	48,330	59,236	51,363
Grants	21,913	12,656	16,717
Amortization of Tangible Capital Assets	296	274	246
	<u>\$ 113,092</u>	<u>\$ 114,271</u>	<u>\$ 108,326</u>

^(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 Region Community Board
Budget
Year ended March 31, 2004
(thousands of dollars)**

	2003-2004 Budget	Reallocation from Provincial Board ^(a)	2003-2004 Final Budget
Revenue			
Grant from Persons with Developmental Disabilities Provincial Board	\$ 111,966	\$ 1,754	\$ 113,720
Fee Revenue	675	-	675
Program Fund Revenue	615	-	615
	<u>\$ 113,256</u>	<u>\$ 1,754</u>	<u>\$ 115,010</u>
Expenses – Directly Incurred			
Community Living Supports	65,554	156	65,710
Employment Supports	3,601	75	3,676
Community Access Supports	12,698	442	13,140
Specialized Community Supports	1,818	1,567	3,385
Direct Operations	15,280	15	15,295
Supports to Delivery Systems	13,506	(134)	13,372
Board Governance	120	45	165
Program Fund	515	49	564
	<u>113,092</u>	<u>2,215</u>	<u>115,307</u>
Net Operating Results	<u>\$ 164</u>	<u>\$ (461)</u>	<u>\$ (297)</u>

^(a) Budget adjustments were approved by the Provincial Board on June 18, 2003 and March 11, 2004.

**Persons with Developmental Disabilities
Central Region Community Board
Salary and Benefits Disclosure
Year ended March 31, 2004
(thousands of dollars)**

	2004			2003	
	Base Salary ^(a)	Other Cash Benefits ^(b)	Other Non-cash Benefits ^(c)	Total	Total
Chair of the Board ^(d)	\$ -	\$ 35	\$ -	\$ 35	\$ 29
Board Members ^(e)	-	66	-	66	71
Chief Executive Officer ^(f)	107	15	23	145	131
Chief Executive Officer Michener	-	-	-	-	35
Chief Operating Officer ^(g)	87	8	19	114	69
Specialty Services Manager ^(g)	79	8	17	104	99
Chief Financial Officer ^(g)	72	8	15	95	88
Manager, Corporate Development ^(g)	71	8	15	94	88
Director, Community Resources ^(g)	68	8	14	90	92

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.

(c) Other non-cash benefits include payments for pension, health care, dental and medical coverage, group life insurance, short and long term disability plans and WCB premiums. They also include any professional membership fees and tuition fees, if any.

(d) These amounts represent honoraria payments made to the Chair (occupied by two individuals during the year) of the Board.

(e) There are 9 board member positions that were occupied for varying lengths of time during the year. These amounts represent honoraria payments made to the 9 board members.

(f) These payments are made to the Chief Executive Officer (occupied by one individual during the year) 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.

(g) Executive staff are assigned to the Board from the Department of Community Development and are not employees of the Board.

**Persons with Developmental Disabilities
Central Region Community Board
Allocated Costs
Year ended March 31, 2004
(thousands of dollars)**

Program	2004				2003			
	Expenses ^(a)	Accommodation Costs ^(b)	Legal Services ^(c)	Provision for Vacation Pay ^(d)	Provision for Overtime Pay ^(d)	Total Expenses	Total Expenses	Total Expenses
Community Living Supports	\$ 64,225	\$ 3,882	\$ 7	\$ 93	\$ 500	\$ 68,707	\$ 66,291	\$ 66,291
Employment Supports	2,970	-	-	-	-	2,970	2,887	2,887
Community Access Supports	11,948	675	-	11	3	12,637	11,644	11,644
Specialized community Supports	3,356	228	-	11	57	3,652	2,322	2,322
Direct Operations	14,967	1,078	-	30	91	16,166	16,573	16,573
Supports to Delivery Systems	16,072	455	4	49	26	16,606	13,976	13,976
Board Governance	140	-	-	-	-	140	138	138
Program Fund	593	-	-	-	-	593	569	569
	<u>\$ 114,271</u>	<u>\$ 6,318</u>	<u>\$ 11</u>	<u>\$ 194</u>	<u>\$ 677</u>	<u>\$ 121,471</u>	<u>\$ 114,400</u>	<u>\$ 114,400</u>

(a) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.

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

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

(d) Provision for Vacation Pay and Overtime Pay have been allocated based on actual provision relating to each program.

**Persons with Developmental Disabilities
Central Region Community Board
Related Party Transactions
Year ended March 31, 2004
(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 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 on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Revenues				
Persons with Developmental Disabilities				
Provincial Board	\$ 113,720	\$ 107,108	\$ -	\$ -
Expenses				
Department of Innovation and Science	\$ -	\$ -	\$ 161	\$ 219
Department of Government Services	-	-	852	814
Department of Infrastructure	-	-	12	17
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,025</u>	<u>\$ 1,050</u>
Accounts Receivable				
Persons with Developmental Disabilities				
Provincial Board	\$ -	\$ 1	\$ -	\$ -
Accounts Payable				
Department of Innovation and Science	\$ -	\$ -	\$ 22	\$ -
Department of Government Services	-	-	196	419
Department of Community Development	-	9	-	-
	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 218</u>	<u>\$ 419</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 but are disclosed in Schedule 4.

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Expenses – Incurred by Others				
Department of Infrastructure	\$ -	\$ -	\$ 6,318	\$ 5,947
Department of Justice	-	-	11	15
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,329</u>	<u>\$ 5,962</u>