

Persons with Developmental Disabilities Northeast Region Community Board

Financial Statements

March 31, 2004

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

Auditor's Report

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Auditor's Report

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

I have audited the statement of financial position of the Persons with Developmental Disabilities Northeast 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 Northeast 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 8, 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
 Northeast 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	\$ 20,697	\$ 21,536	\$ 19,399
Previous Year's Refund of Expenditures	-	2	40
	<u>20,697</u>	<u>21,538</u>	<u>19,439</u>
Expenses – Directly Incurred (Note 2(b) and Schedule 1)			
Programs			
Community Living Supports	10,879	10,255	9,514
Employment Supports	1,729	1,751	1,584
Community Access Supports	3,388	3,583	3,250
Specialized Community Supports	434	460	398
Supports to Delivery Systems	4,136	5,008	4,199
Board Governance	131	115	126
	<u>20,697</u>	<u>21,172</u>	<u>19,071</u>
Valuation Adjustments (Schedule 4)	-	51	(14)
	<u>20,697</u>	<u>21,223</u>	<u>19,057</u>
Net Operating Results	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ 382</u>

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

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

	2004	2003
Assets		
Cash	\$ 3,017	\$ 2,541
Accounts Receivable (Note 3)	2	7
Advances	-	5
	<u>\$ 3,019</u>	<u>\$ 2,553</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 4)	\$ 1,146	\$ 995
Net Assets		
Net Assets, Beginning of Year	1,558	1,176
Net Operating Results	315	382
Net Assets, End of Year	<u>1,873</u>	<u>1,558</u>
	<u>\$ 3,019</u>	<u>\$ 2,553</u>

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

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

	2004	2003
Operating Transactions		
Net Operating Results	\$ 315	\$ 382
Non-Cash Items		
Valuation Adjustments	51	(14)
	366	368
Decrease in Accounts Receivable	5	7
Decrease in Advances	5	-
Increase in Accounts Payable and Accrued Liabilities ^(a)	100	141
	476	516
Cash, Beginning of Year	2,541	2,025
Cash, End of Year	\$ 3,017	\$ 2,541

^(a) Adjusted for valuation adjustment.

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

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

Note 1 Authority and Purpose

The Northeast 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.

**Persons with Developmental Disabilities
Northeast 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

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 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
- 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 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 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 Expenses Reported on the Statement of Operations (continued)

Supports to Delivery Systems – 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.

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.

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

Note 3 Accounts Receivable (thousands of dollars)

	2004		2003	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
GST Receivable	\$ 2	\$ -	\$ 2	\$ 7

Accounts receivable are unsecured and non-interest bearing.

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

	2004	2003
Accrued Grants to Individuals	\$ 768	\$ 726
Employees Accrued Vacation Pay and Manpower Costs	201	94
Accrued Supplies and Services	177	175
	\$ 1,146	\$ 995

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.

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

Note 7 Commitments (thousands of dollars)

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

	2004	2003
Service Contracts ^(a)	\$ 8,369	\$ -
Long-term Leases ^(b)	32	34
	\$ 8,401	\$ 34

^(a) Actual amounts are dependent on the usage of service. The aggregate amount payable for service contracts are as follows:

2005	\$ 7,545
2006	824
	\$ 8,369

^(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:

2005	\$ 16
2006	10
2007	6
	\$ 32

Note 8 Grandfathered Individuals (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 they 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 these grandfathered individuals and agencies do not comply with the *Act*.

The total cost of these services for 11 (2003 – 12) individuals that has been included in the Statement of Operations is estimated to be \$338 (2003 – \$195).

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

Note 9 Comparative Figures

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

Note 10 Approval of Financial Statements

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

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

	2004		2003
	Budget	Actual	Actual
Manpower ^(a)	\$ 1,367	\$ 1,300	\$ 978
Supplies and Services	8,665	10,530	8,911
Grants	10,665	9,342	9,182
	<u>\$ 20,697</u>	<u>\$ 21,172</u>	<u>\$ 19,071</u>

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

**Persons with Developmental Disabilities
Northeast 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	\$ 20,697	\$ 839	\$ 21,536
Expenses – Directly Incurred			
Community Living Supports	10,879	(319)	10,560
Employment Supports	1,729	96	1,825
Community Access Supports	3,388	245	3,633
Specialized Community Supports	434	18	452
Supports to Delivery Systems	4,136	781	4,917
Board Governance	131	26	157
	<u>20,697</u>	<u>847</u>	<u>21,544</u>
Net Operating Results	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ (8)</u>

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

**Persons with Developmental Disabilities
Northeast 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)	\$ -	\$ 20	\$ -	\$ 20	\$ 22
Board Members ^{(d)(e)}	-	46	-	46	55
Chief Executive Officer ^(g)	93	19	20	132	118
Manager, Finance and Monitoring ^(h)	37	5	9	51	-

^(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 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 one individual during the year) and Members of the Board.

^(e) These positions were occupied by nine individuals during the year.

^(f) Executives are assigned to the Board from the Department of Community Development and are not employees of the Board.

^(g) 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.

^(h) Payments since October 1, 2003 when this individual transferred from Government Services to the Department of Community Development. Previously the functions of this position were performed by a number of staff through a contract with Government Services.

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

Program	2004				2003	
	Expenses ^(a)	Expenses – Incurred by Others		Valuation Adjustments Provision for Vacation Pay ^(d)	Total Expenses	Total Expenses
		Accommodation Costs ^(b)	Legal Services ^(c)			
Community Living Supports	\$ 10,255	\$ -	-	\$ -	\$ 10,255	\$ 9,514
Employment Supports	1,751	-	-	-	1,751	1,584
Community Access Supports	3,583	-	-	-	3,583	3,250
Specialized Community Supports	460	-	-	-	460	398
Supports to Delivery Systems	5,008	86	1	51	5,146	4,264
Board Governance	115	-	-	-	115	126
	<u>\$ 21,172</u>	<u>\$ 86</u>	<u>\$ 1</u>	<u>\$ 51</u>	<u>\$ 21,310</u>	<u>\$ 19,136</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 has been allocated based on the actual provision relating to each program.

**Persons with Developmental Disabilities
Northeast 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 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 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	\$ 21,536	\$ 19,399	\$ -	\$ -
Expenses				
Department of Innovation and Science	\$ -	\$ -	\$ 30	\$ 39
Department of Government Services	-	-	192	300
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 339</u>

At March 31, 2004, accounts payable of the Board included amounts owing of \$14 (2003 – \$8) to the Department of Innovation and Science, \$2 (2003 – \$2) to the Department of Finance and \$16 (2003 – \$73) to the Department of Government Services.

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	\$ -	\$ -	\$ 86	\$ 76
Department of Justice	-	-	1	3
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87</u>	<u>\$ 79</u>

