

# Human Services

**Annual Report  
(Volume 2)  
2013-14**



This report was prepared on behalf of the ministry by the Department of Human Services.

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# Human Services

## Annual Report (Vol. 2) 2013-14

For Results Analysis, please see the 2013-14 Human Services Annual Report Volume 1.

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# Ministry & Department

FINANCIAL STATEMENTS

**MINISTRY OF HUMAN SERVICES**

**Financial Statements**

March 31, 2014

# MINISTRY OF HUMAN SERVICES

## FINANCIAL STATEMENTS

Year ended March 31, 2014

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## Independent Auditor's Report

To the Members of the Legislative Assembly

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Ministry of Human Services, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Human Services as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2014

Edmonton, Alberta



**MINISTRY OF HUMAN SERVICES**  
**STATEMENT OF OPERATIONS**  
Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual (Restated Note 4)
(in thousands)			
<b>Revenues (Schedule 1)</b>			
Transfers from Government of Canada			
Services on First Nations Reserves	\$ 57,254	\$ 52,313	\$ 52,607
Rehabilitation of Disabled Persons	-	25,190	25,190
Labour Market Development	167,166	178,544	168,115
Other Transfers	29,507	27,217	27,704
Premium, Fees and Licences	6,230	6,446	6,383
Other Revenue	14,604	22,742	24,701
	<u>274,761</u>	<u>312,452</u>	<u>304,700</u>
<b>Expenses - Directly Incurred (Note 2b and Schedule 7)</b>			
<b>Program (Schedules 2 and 3)</b>			
Ministry Support Services	38,452	35,348	41,160
Employment	861,885	910,936	923,158
Child Intervention	693,513	686,107	670,624
Child Care	269,707	263,369	258,549
Assured Income for the Severely Handicapped	1,090,979	1,069,919	1,034,460
Support to Persons with Disabilities	693,822	766,826	702,267
Public Guardian and Trustee Services	30,327	28,040	28,835
Family Support for Children with Disabilities	143,020	143,550	138,124
Family and Community Support Services	76,124	75,636	75,941
Homeless Support	111,299	110,751	109,633
Common Service Access	12,976	10,165	11,172
Early Intervention Services for Children and Youth	100,502	95,976	101,699
Prevention of Family Violence and Bullying	43,637	40,390	41,635
2013 Alberta Flooding - Non Disaster Recovery Program Expenses (Note 3)	-	64,720	-
	<u>4,166,243</u>	<u>4,301,733</u>	<u>4,137,257</u>
<b>Net Operating Results</b>	<u>\$ (3,891,482)</u>	<u>\$ (3,989,281)</u>	<u>\$ (3,832,557)</u>

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

**MINISTRY OF HUMAN SERVICES**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2014**

	<b>2014</b>	<b>2013</b> <b>(Restated</b> <b>Note 4)</b>
	<u>(in thousands)</u>	
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,854	\$ 97,147
Prepaid Expenses	1,207	1,703
Accounts Receivable (Note 5)	85,938	72,306
Inventories	149	226
Tangible Capital Assets (Note 6)	<u>31,467</u>	<u>37,325</u>
	<u>\$ 122,615</u>	<u>\$ 208,707</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 187,333	\$ 212,479
Deferred Revenue (Note 7)	<u>1,077</u>	<u>10,673</u>
	<u>188,410</u>	<u>223,152</u>
<b>Net Liabilities</b>		
Net Liabilities at Beginning of Year	(14,445)	(16,484)
Net Operating Results	(3,989,281)	(3,832,557)
Net Financing Provided from General Revenues	<u>3,937,931</u>	<u>3,834,596</u>
Net Liabilities at End of Year	<u>(65,795)</u>	<u>(14,445)</u>
	<u>122,615</u>	<u>208,707</u>

Contractual obligations and contingent liabilities (Notes 9 and 10)

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

**MINISTRY OF HUMAN SERVICES**  
**STATEMENT OF CASH FLOWS**  
Year ended March 31, 2014

	<b>2014</b>	<b>2013</b> <b>(Restated</b> <b>Note 4)</b>
	(in thousands)	
<b>Operating Transactions</b>		
Net Operating Results	\$ (3,989,281)	\$ (3,832,557)
Non-Cash items included in Net Operating Results		
Amortization	9,861	9,177
Unearned Revenue recognized as Revenue	(9,596)	(2,427)
Loss on Disposal of Tangible Capital Assets	513	4,378
	<u>(3,988,503)</u>	<u>(3,821,429)</u>
Increase in Accounts Receivable	(13,632)	(11,946)
Decrease in Prepaid Expenses	496	988
Decrease in Inventories	77	206
(Decrease) / Increase in Accounts Payable and Accrued Liabilities	<u>(25,146)</u>	<u>3,017</u>
Cash Applied to Operating Transactions	(4,026,708)	(3,829,164)
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(4,648)	(6,694)
Transfer of Capital Asset to another Ministry (a)	132	418
Cash Applied to Capital Transactions	(4,516)	(6,276)
<b>Financing Transactions</b>		
Net Financing Provided from General Revenues	<u>3,937,931</u>	<u>3,834,596</u>
<b>Decrease in Cash</b>	(93,293)	(844)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>97,147</u>	<u>97,991</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>3,854</u></u>	<u><u>97,147</u></u>

(a) Tangible Capital Assets transferred to the Ministry of Treasury Board and Finance

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

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 1 AUTHORITY AND PURPOSE**

The Ministry of Human Services operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The ministry is responsible for assisting Albertans in creating conditions for safe and supportive homes and communities so they have opportunities to realize their full potential. Its core business is to work collaboratively with community and business partners to deliver citizen-centred programs and services that improve quality of life of Albertans.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Ministry of Human Services for which the Minister of Human Services is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing provided (for) from General Revenues is the difference between all cash receipts and all cash disbursements made.

**(b) Basis of Financial Reporting**

**Revenue accounting policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(continued)**

**(b) Basis of Financial Reporting (continued)**

**Revenue accounting policy (continued)**

Government transfers

Transfers from the Government of Alberta, Federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the ministry is eligible to receive the funds.

**Expenses**

Directly Incurred

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

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year, and
- valuation 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.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(continued)**

**(b) Basis of Financial Reporting (continued)**

Incurring by Others

Services contributed by other entities in support of the ministry's operations are not recognized and are disclosed in Schedule 6 and allocated to programs in Schedule 7.

**Cash and Cash Equivalents**

Cash includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the ministry.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

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

Assets acquired by right are not included. Tangible capital assets of the ministry 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 \$250,000 and the threshold for major systems enhancements is \$100,000. Costs associated with business process reengineering and system development costs incurred during the preliminary project stage of an information technology project are expensed. System development costs associated with the application development stage and acquisition of software are capitalized. Capitalization of costs begins after the preliminary project stage ends and when the system application is completed and ready for its intended use. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(continued)**

**(b) Basis of Financial Reporting (continued)**

When physical assets are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**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 Cash and Cash Equivalents, Prepaid Expenses, Accounts Receivable, Advances, Inventories, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

**Net Liabilities**

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

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 3 2013 ALBERTA FLOODING**

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiative, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

Also, the Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). The Ministry received supplementary estimates to provide non-disaster recovery programs to communities impacted by the flood. Costs associated with the non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2014	2013
Expenses – 2013 Alberta Flooding:		(Note 4)
• Non-Disaster Recovery Program Expenses	\$64,720	-



**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 4 GOVERNMENT REORGANIZATION**  
(in thousands)

As a result of restructuring of government ministries announced on December 6, 2013, comparatives for 2013 have been restated as if the ministry had always been assigned with its current responsibilities. Net (liabilities) assets on March 31, 2012 are made up as follows:

Net Liabilities as previously reported	\$ (24,131)
Net Assets transferred to Ministry of Jobs, Skills, Training and Labour	<u>7,647</u>
Net Liabilities at March 31, 2012	<u>\$ (16,484)</u>

Pursuant to the *Building Families and Communities Act*, the ten Child and Family Services Authorities (CFSA) and six Persons with Development and Disabilities (PDD) Boards were dissolved. Cash and Cash equivalents of the CFSA's and PDD Boards, in the amount of \$93.7 million, were transferred to the General Revenue Fund (GRF). The remaining assets, liabilities and obligations were transferred to the Department of Human Services on January 1, 2014 with no impact on the Ministry's Financial Statements.

**NOTE 5 ACCOUNTS RECEIVABLE**  
(in thousands)

	<u>2014</u>			<u>2013</u>
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated Note 4)
Accounts Receivable	\$73,422	(\$2,268)	\$71,154	\$ 52,386
Refunds from Suppliers	14,784	-	14,784	19,920
	<u>\$88,206</u>	<u>(\$2,268)</u>	<u>\$85,938</u>	<u>\$ 72,306</u>

Accounts receivable are unsecured and non-interest bearing.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 6 TANGIBLE CAPITAL ASSETS**  
(in thousands)

	Equipment <sup>(1)</sup>	Computer Hardware and Software	Leasehold Improvements	Total
<b>Estimated Useful Life</b>	3 – 15 years	5 years	5 – 10 years	
<b>Historical Costs<sup>(2)</sup></b>				
Beginning of Year (Restated)	\$6,510	\$97,588	\$1,666	\$105,764
Additions	451	4,165	32	4,648
Transfers	-	(132)	-	(132)
Disposals, including write-downs	(159)	(4,984)	-	(5,143)
	<u>\$6,802</u>	<u>\$96,637</u>	<u>\$1,698</u>	<u>\$105,137</u>
<b>Accumulated Amortization</b>				
Beginning of Year (Restated)	\$5,097	\$62,685	\$657	\$68,439
Amortization Expense	378	9,333	150	9,861
Effect of Disposals	(159)	(4,471)	-	(4,630)
	<u>\$5,316</u>	<u>\$67,547</u>	<u>\$807</u>	<u>\$73,670</u>
<b>Net Book Value at March 31, 2014</b>	<u>\$1,486</u>	<u>\$29,090</u>	<u>\$891</u>	<u>\$31,467</u>
<b>Net Book Value at March 31, 2013 (Restated Note 4)</b>	<u>\$1,880</u>	<u>\$ 35,534</u>	<u>\$ 911</u>	<u>\$ 37,325</u>

<sup>(1)</sup> Equipment includes office equipment and furniture, vehicles, heavy equipment, kitchen and laundry equipment, medical and rehabilitation equipment, bathing equipment and other equipment.

<sup>(2)</sup> Historical cost includes work-in-progress at March 31, 2014 totalling \$2,353 (2013 - \$8,222) comprised of: computer hardware and software.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 7 DEFERRED REVENUE**  
(in thousands)

	2014	2013 (Restated Note 4)
Balance, beginning of year	\$ 10,673	\$ 13,100
Received/receivable during year	52,971	58,092
Less amounts recognized as revenue	(62,567)	(60,519)
	\$ 1,077	\$ 10,673
Balance, end of year	\$ 1,077	\$ 10,673

**NOTE 8 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts related to voluntary contributions received for materials and services because of the difficulty in determining their fair market value.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 9 CONTRACTUAL OBLIGATIONS**  
(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of the contract or agreement are met.

The ministry contracts with organizations to provide specific programs and services for adults and children under care of the ministry and for services to adults with disabilities when needed. The ministry has contracts for specific programs and services for the year ended March 31, 2014 similar to those provided by these organizations during the year ended March 31, 2013.

As at March 31, 2014, the ministry had the following additional contractual obligations:

	<u>2014</u>	<u>2013</u> (Restated Note 4)
Obligations under Operating Leases, Contracts and Programs	<u>\$630,071</u>	<u>\$624,193</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations under Operating Leases, Contracts and Programs

	<u>Total</u>
2014 - 15	\$516,983
2015 - 16	62,039
2016 - 17	38,541
2017 - 18	6,482
2018 - 19	6,026
Thereafter	-
	<u>\$ 630,071</u>

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 10 CONTINGENT LIABILITIES**

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has a contingent liability in respect of 3 claims (2013: 2 claims) aggregating \$2,087 (2013: \$1,087) relating to decisions made by the Eugenics Board of Alberta pursuant to the Sexual Sterilization Act of 1928, which was repealed in 1972. The ultimate outcome of these claims cannot be determined.

Accruals have been made in specific instances, including the above sterilization claims, where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014 accruals totalling \$960 (2013: \$855) have been recorded as a liability. The total amount claimed for all likely claims is \$136,098 (2013: \$139,677). Included in the total likely claims are claims in which the ministry has been jointly named with other entities. The accrual provided for these claims represents the ministry's portion of the liability. Included in the total likely claims are claims covered in whole or in part by the Alberta Risk Management Fund. The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The ministry has been named in 59 (2013: 61) claims of which the outcome is not determinable. Of these claims, 55 (2013: 57) have specified amounts totalling \$1,445,013 (2013: \$1,423,133). The remaining 4 (2013: 4) claims have no amounts specified. Included in the total claims, 49 claims totalling \$1,406,498 (2013: 53 claims totalling \$1,406,213) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

Based on the *Public Trustee Act*, the amount outstanding on a client's guaranteed account as administered by the Office of the Public Trustee (OPT) is a charge against the Common Fund Assets of the OPT and is unconditionally guaranteed by the Crown. As at March 31, 2014, based on the financial statements of OPT, the outstanding balance of the Client Guaranteed Accounts was \$429,415 (2013 - \$418,460).

Within the provision of the *Public Trustee Act*, the Office of the Public Trustee remits unclaimed estate monies, which is reported as general revenue of the ministry. If entitled beneficiaries are subsequently located, previously unclaimed estate monies are distributed to the beneficiaries.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 11 TRUST FUNDS UNDER ADMINISTRATION**  
(in thousands)

The ministry administers trust funds that are a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose described below, it is not included in the ministry's financial statements.

At March 31, 2014, the trust funds under administration were as follows:

	<u>2014</u>	<u>2013</u> (Restated Note 4)
Public Trustee, Estates and Trusts <sup>(1)</sup>	\$586,752	\$ 563,036
Child Resources Rebate Trust Fund	891	890
Persons with Developmental Disabilities		
Clients Trust Funds	307	291
McCullough Centre Residents Trust Fund	<u>5</u>	<u>5</u>
	<u>\$587,955</u>	<u>\$ 564,222</u>

<sup>(1)</sup> The Office of the Public Trustee administers the estates of dependent adults, decedents and minors. A more comprehensive accounting can be found in the Office of the Public Trustee, Estates and Trusts Financial Statements.

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 12 BENEFIT PLANS**  
(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$65,848 for the year ended March 31, 2014 (2013 - \$57,651). Ministry is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of \$50,457 (2012 – deficiency \$303,423), the Public Service Pension Plan reported a deficiency of \$1,254,678 (2012 - deficiency \$1,645,141), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$12,384 (2012 – deficiency \$51,870).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of \$75,200 (2012 – surplus \$51,717) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$24,055 (2013 – surplus \$18,327). The expense for these two plans is limited to the employer's annual contributions for the year.

**NOTE 13 GRANDFATHERED CLIENTS**  
(in thousands)

When the Persons with Developmental Disabilities Community Governance Act (the Act) was passed by the Alberta Legislature in 1997, the Act 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 Development 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 41 grandfathered individuals that has been included in the Consolidated Statements of Operations is estimated to be \$1,816 (2013 – 41 individuals with a cost of \$1,650). The total cost for 1 grandfathered agency, which provides services to an additional 11 individuals, that has been included in the Statements of Operations is estimated to be \$1,142 (2013 – \$1,144).

**MINISTRY OF HUMAN SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2014**

**NOTE 14 COMPARATIVE FIGURES**

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

**NOTE 15 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.



**MINISTRY OF HUMAN SERVICES**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Revenues**  
**Year ended March 31, 2014**

**Schedule 1**

	<b>2014</b>		<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual (Restated Note 4)</b>
	(in thousands)		
Transfers from Government of Canada			
Services on First Nations Reserves	\$ 57,254	\$ 52,313	\$ 52,607
Rehabilitation of Disabled Persons	-	25,190	25,190
Labour Market Development	167,166	178,544	168,115
Other Transfers	29,507	27,217	27,704
	<u>253,927</u>	<u>283,264</u>	<u>273,616</u>
Premiums, Fees and Licenses	<u>6,230</u>	<u>6,446</u>	<u>6,383</u>
Other Revenue	<u>14,604</u>	<u>22,742</u>	<u>24,701</u>
Total Revenues	<u>\$ 274,761</u>	<u>\$ 312,452</u>	<u>\$ 304,700</u>

**MINISTRY OF HUMAN SERVICES**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object**  
**Year ended March 31, 2014**

**Schedule 2**

	2014		2013
	Budget	Actual	Actual (Restated Note 4)
	(in thousands)		
Salaries, Wages and Employee Benefits	\$ 585,769	\$ 591,071	\$ 558,238
Supplies and Services	1,321,136	1,324,610	1,284,397
Supplies and Services from Support Arrangements with Related Parties <sup>(a)</sup>	1,074	-	716
Grants	2,246,814	2,375,404	2,279,580
Financial Transactions and Other	805	1,065	5,500
Amortization of Tangible Capital Assets	10,902	9,861	9,177
<b>Total Expenses before Recoveries</b>	<b>4,166,500</b>	<b>4,302,011</b>	<b>4,137,608</b>
Less Recovery from Support Service Arrangements with Related Parties <sup>(b)</sup>	(257)	(278)	(351)
	<u><u>\$ 4,166,243</u></u>	<u><u>\$ 4,301,733</u></u>	<u><u>\$ 4,137,257</u></u>

<sup>(a)</sup> Ministries of Innovation and Advanced Education, and Justice and Solicitor General.

<sup>(b)</sup> The ministry provided human resources, and administrative support services to the Ministries of Innovation and Advanced Education, Alberta Health and Executive Council. Costs incurred for these services are recovered from these ministries.

**MINISTRY OF HUMAN SERVICES**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
Lapse/Encumbrance  
Year ended March 31, 2014

Schedule 3

	Voted Estimate <sup>(1)</sup>	Supple- mentary Estimate <sup>(2)</sup>	Adjust- ments	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended) <sup>(4)</sup>
	(in thousands)					
<b>Program Operating</b>						
<b>1 Ministry Support Services</b>						
1.1 Minister's Office	660	-	-	660	699	(39)
1.2 Associate Ministers' Office	383	-	-	383	608	(225)
1.3 Deputy Minister's Office	831	-	-	831	953	(122)
1.4 Human Resource Services	8,767	-	-	8,767	9,329	(562)
1.5 Strategic Services	6,307	-	-	6,307	6,051	256
1.6 Corporate Services	19,588	-	-	19,588	16,369	3,219
1.7 Communications	1,354	-	-	1,354	1,315	39
	<b>37,890</b>	-	-	<b>37,890</b>	<b>35,324</b>	<b>2,566</b>

MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS  
Lapse/Encumbrance  
Year ended March 31, 2014

Schedule 3 (Continued)

	Voted Estimate <sup>(1)</sup>	Supple- mentary Estimate <sup>(2)</sup>	Adjust- ments	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended) <sup>(4)</sup>
	(in thousands)					
<b>2 Employment</b>						
2.1 Program Planning and Delivery	151,141	2,000	-	153,141	159,699	(6,558)
2.2 Income Support to Learners	58,381	-	-	58,381	56,937	1,444
2.3 Income Support to People Expected to Work or Working	173,209	-	-	173,209	189,041	(15,832)
2.4 Income Support to People with Barriers to Full Employment	188,891	-	-	188,891	199,414	(10,523)
2.5 Widow s' Pension	600	-	-	600	181	419
2.6 Alberta Child Health Benefit	24,500	-	-	24,500	22,854	1,646
2.7 Alberta Adult Health Benefit	44,000	-	-	44,000	41,601	2,399
2.8 Health Benefits to Learners	5,045	-	-	5,045	4,494	551
2.9 Health Benefits to People Expected to Work or Working	27,046	-	-	27,046	33,060	(6,014)
2.1 Health Benefits to People with Barriers to Full Employment	55,060	-	-	55,060	55,805	(745)
2.11 Career Development Services	43,381	4,000	-	47,381	46,974	407
2.12 Basic Skills and Academic Upgrading	20,110	4,153	-	24,263	26,378	(2,115)
2.13 Disability Related Employment Supports	6,411	-	-	6,411	3,519	2,892
2.14 Training for Work	58,733	2,000	-	60,733	61,247	(514)
2.15 Settlement and Integration	-	-	-	-	-	-
2.15 Workforce Partnerships	2,281	-	-	2,281	2,504	(223)
	<b>858,789</b>	<b>12,153</b>	<b>-</b>	<b>870,942</b>	<b>903,708</b>	<b>(32,766)</b>

MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS  
Lapse/Encumbrance  
Year ended March 31, 2014

Schedule 3 (Continued)

	Voted Estimate <sup>(1)</sup>	Supple- mentary Estimate <sup>(2)</sup>	Adjust- ments	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended) <sup>(4)</sup>
(in thousands)						
<b>3 Child Intervention</b>						
3.1 Program Planning and Delivery	21,776	-	-	21,776	27,490	(5,714)
3.2 Child Intervention Services	409,806	3,160	-	412,966	416,030	(3,064)
3.3 Supports for Permanency	48,926	-	-	48,926	48,572	354
3.4 Foster Care Support	197,045	-	-	197,045	183,714	13,331
3.5 Protection of Sexually Exploited Children	6,494	-	-	6,494	6,781	(287)
	<b>684,047</b>	<b>3,160</b>	<b>-</b>	<b>687,207</b>	<b>682,587</b>	<b>4,620</b>
<b>4 Child Care</b>						
4.1 Program Planning and Delivery	6,028	-	-	6,028	1,980	4,048
4.2 Child Care Subsidy and Supports	179,479	-	-	179,479	174,680	4,799
4.3 Child Care Accreditation	84,200	-	-	84,200	86,429	(2,229)
	<b>269,707</b>	<b>-</b>	<b>-</b>	<b>269,707</b>	<b>263,089</b>	<b>6,618</b>
<b>5 Assured Income for the Severely Handicapped (AISH)</b>						
5.1 Program Planning and Delivery	36,314	-	-	36,314	35,136	1,178
5.2 Financial Assistance Grants	854,012	-	-	854,012	843,904	10,108
5.3 Health Related Assistance Grants	200,321	-	-	200,321	190,784	9,537
	<b>1,090,647</b>	<b>-</b>	<b>-</b>	<b>1,090,647</b>	<b>1,069,824</b>	<b>20,823</b>
<b>6 Support to Persons with Disabilities</b>						
6.1 Program Planning and Delivery	915	-	-	915	941	(26)
6.2 Persons with Developmental Disabilities Program Management	6,446	-	-	6,446	7,115	(669)
6.3 Persons with Developmental Disabilities - Community Living Supports	367,926	40,598	-	408,524	400,491	8,033
6.4 Persons with Developmental Disabilities - Employment Supports	26,936	-	-	26,936	24,400	2,536
6.5 Persons with Developmental Disabilities - Community Access Supports	54,909	22,402	-	77,311	104,789	(27,478)
6.6 Persons with Developmental Disabilities - Specialized Community Supports	5,896	-	-	5,896	9,181	(3,285)
6.7 Persons with Developmental Disabilities - Supports to Delivery System	135,747	860	-	136,607	143,904	(7,297)
6.8 Persons with Developmental Disabilities - Board Governance	912	-	-	912	616	296
6.9 Persons with Developmental Disabilities - Direct Operations	72,141	-	-	72,141	57,986	14,155
6.10 Provincial Disability Supports Initiatives	18,655	-	-	18,655	16,019	2,636
6.11 Premier's Council on the Status of Persons with Disabilities	842	-	-	842	531	311
	<b>691,325</b>	<b>63,860</b>	<b>-</b>	<b>755,185</b>	<b>765,973</b>	<b>(10,788)</b>

MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS

Lapse/Encumbrance  
Year ended March 31, 2014

Schedule 3 (Continued)

	Voted Estimate <sup>(1)</sup>	Supplementary Estimate <sup>(2)</sup>	Adjustments	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended) <sup>(4)</sup>
	(in thousands)					
<b>7 Public Guardian and Trustee Services</b>						
7.1 Public Guardian Services	11,959	-	-	11,959	12,045	(86)
7.2 Public Trustee	16,611	-	-	16,611	15,924	687
	<b>28,570</b>	-	-	<b>28,570</b>	<b>27,969</b>	<b>601</b>
<b>8 Family Support for Children with Disabilities</b>						
8.1 Program Planning and Delivery	3,850	-	-	3,850	3,917	(67)
8.2 Family Support for Children with Disabilities	138,993	177	-	139,170	139,632	(462)
	<b>142,843</b>	<b>177</b>	-	<b>143,020</b>	<b>143,549</b>	<b>(529)</b>
<b>9 Family and Community Support Services</b>	<b>76,124</b>	-	-	<b>76,124</b>	<b>75,636</b>	<b>488</b>
<b>10 Homeless Support</b>						
10.1 Program Planning and Delivery	4,793	-	-	4,793	4,603	190
10.2 Interagency Council on Homelessness	659	-	-	659	585	74
10.3 Emergency/Transitional Shelter Support	36,639	-	-	36,639	39,378	(2,739)
10.4 Outreach Support Services	69,208	-	-	69,208	66,185	3,023
	<b>111,299</b>	-	-	<b>111,299</b>	<b>110,751</b>	<b>548</b>
<b>11 Common Service Access</b>	<b>12,976</b>			<b>12,976</b>	<b>10,165</b>	<b>2,811</b>
<b>12 Early Intervention Services for Children and Youth</b>						
12.1 Early Intervention and Early Childhood Development	70,855	300	-	71,155	68,564	2,591
12.2 Fetal Alcohol Spectrum Disorder Initiatives	18,292	-	-	18,292	17,620	672
12.3 Youth in Transition	7,688	-	-	7,688	7,245	443
12.4 Child and Family Research	1,750	-	-	1,750	1,750	-
12.5 Alberta's Promise	1,617	-	-	1,617	797	820
	<b>100,202</b>	<b>300</b>	-	<b>100,502</b>	<b>95,976</b>	<b>4,526</b>
<b>13 Prevention of Family Violence and Bullying</b>						
13.1 Prevention of Family Violence and Bullying	12,561	-	-	12,561	11,293	1,268
13.2 Shelters for Women	31,076	-	-	31,076	29,097	1,979
	<b>43,637</b>	-	-	<b>43,637</b>	<b>40,390</b>	<b>3,247</b>

**MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS**

Lapse/Encumbrance  
Year ended March 31, 2014

Schedule 3 (Continued)

	Voted Estimate <sup>(1)</sup>	Supple- mentary Estimate <sup>(2)</sup>	Adjust- ments	Adjusted Voted Estimate	Voted Actuals <sup>(3)</sup>	Unexpended (Over Expended) <sup>(4)</sup>
(in thousands)						
<b>14 2013 Alberta Flooding</b>						
14.1 Emergency Financial Assistance	-	66,000	-	66,000	63,860	2,140
14.2 Administrative and Capacity Support	-	1,999	-	1,999	855	1,144
	-	<b>67,999</b>	-	<b>67,999</b>	<b>64,715</b>	<b>3,284</b>
<b>Total</b>	<b>\$ 4,148,056</b>	<b>\$ 147,649</b>		<b>\$ 4,295,705</b>	<b>\$ 4,289,656</b>	<b>\$ 6,049</b>
<b>Lapse/(Encumbrance)</b>						<b>\$ 6,049</b>
<b>Program - Financial Transactions (Acquisition of Inventory)</b>						
6 Support to Persons with Disabilities	-	680	-	680	637	43
<b>Lapse/(Encumbrance)</b>						<b>\$ 43</b>
<b>Program - Capital</b>						
1 Ministry Support Services	578	-	-	578	463	115
2 Employment	3,020	-	-	3,020	3,744	(724)
3 Child Intervention	1,800	-	-	1,800	149	1,651
5 Assured Income for Severely Handicapped	-	-	-	-	53	(53)
6 Support to Persons with Disabilities	640	-	-	640	190	450
7 Public Guardian and Trustee Services	3,144	-	-	3,144	-	3,144
14 Alberta Flooding	-	-	-	-	49	(49)
<b>Total</b>	<b>\$ 9,182</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,182</b>	<b>\$ 4,648</b>	<b>\$ 4,534</b>
<b>Lapse/(Encumbrance)</b>						<b>\$ 4,534</b>

<sup>(1)</sup> The 2013-14 Voted Estimate was revised as a result of a government re-organization (Orders in Council 409/2013, 11/2014, and 35/2014)

<sup>(2)</sup> Supplementary Estimates were approved on March 13, 2014. Treasury Board approval is pursuant to section 24(2) of the Financial Administration Act.

<sup>(3)</sup> Actuals exclude non-voted amounts such as amortization, valuation adjustments and inventory consumption, in the amount of \$12,077.

<sup>(4)</sup> Unexpended amount includes dedicated revenue lapsed funds of \$1,113 in Target Initiative for Older Workers and Office of the Public Trustee.

**MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS  
Lottery Fund Estimates  
Year ended March 31, 2014**

**Schedule 4**

	<b>2013-14 Lottery Fund Estimates</b>	<b>2013-14 Actual</b>	<b>Unexpended (Over Expended)</b>
	(in thousands)		
Training for Work	\$ 400	\$ 400	\$ -
Family and Community Support Services	52,000	52,000	-
Fetal Alcohol Spectrum Disorder Initiatives	12,000	12,000	-
Prevention of Family Violence and Bullying	6,500	6,500	-
	<b>\$ 70,900</b>	<b>\$ 70,900</b>	<b>\$ -</b>

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2013-14. Having been transferred to the General Revenue Fund, these monies then become part of the department's supply vote. This table shows details of the initiatives within the ministry that were funded by the Lottery Fund and compares it to the actual results.



**MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure - Ministry  
Year ended March 31, 2014**

**Schedule 5**

	<b>2014</b>				<b>2013</b>
	<b>Base Salary <sup>(1)</sup></b>	<b>Other Cash Benefits <sup>(2)</sup></b>	<b>Other Non-Cash Benefits <sup>(3)</sup></b>	<b>Total</b>	<b>(Restated Note 4)</b>
	(in thousands)				
<b>Senior Official</b>					
Deputy Minister <sup>(4) (5)</sup>	\$ 297	\$ 36	\$ 93	\$ 426	\$ 432
<b>Executives</b>					
Chief Strategy Officer	209	11	63	283	133
Chief Delivery Officer	209	10	63	282	28
<b>Assistant Deputy Ministers</b>					
Corporate Services	181	7	53	241	362
Policy and Community Engagement <sup>(5)</sup>	137	2	38	177	56
Planning and Quality Assurance <sup>(5)</sup>	161	2	45	208	104
Aboriginal Engagement and Strategy <sup>(5)</sup>	176	129	43	348	225
Common Service Access	186	2	54	242	231
Disability Services	174	2	50	226	216
Employment and Financial Services	190	2	55	247	448
Child and Family Services	193	2	57	252	324
Family Violence Prevention and Homeless Supports	168	5	46	219	206
Early Childhood and Community Supports	193	2	9	204	246
Executive Director, Human Resources	158	2	44	204	240
Executive Director, Organizational Renewal	149	2	41	192	151

<sup>(1)</sup> Base salary includes pensionable base pay.

<sup>(2)</sup> Other cash benefits include vacation payouts, severance, management compensation for AB Flooding and lump sum payments. There were no bonuses paid in 2014.

<sup>(3)</sup> Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

<sup>(4)</sup> Automobile provided, no dollar amount included in other non-cash benefits.

<sup>(5)</sup> The position was occupied by 2 individuals during the year.

**MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS**

**Related Party Transactions**

**Schedule 6**

**Year ended March 31, 2014**

(in thousands)

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

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, 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 ministry had the following transactions with related parties recorded on the Statement of Operations and Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	<b>Other Entities</b>	
	<b>2014</b>	<b>2013 (Restated Note 4)</b>
<b>Revenues:</b>		
Ministry of Health	\$ 208	\$ 307
Ministry of Justice and Solicitor General	-	21
	<b>\$ 208</b>	<b>\$ 328</b>
<b>Expenses:</b>		
Ministry of Innovation and Advanced Education	\$ 8,118	\$ 7,330
Ministry of Education	5,160	5,483
Ministry of Treasury Board and Finance	1,888	1,943
Ministry of Health	11,067	4,633
Ministry of Infrastructure	46	45
Ministry of Service Alberta	7,076	7,169
	<b>\$ 33,355</b>	<b>\$ 26,603</b>
<b>Tangible Capital Assets Transferred out</b>	<b>\$ 132</b>	<b>\$ 418</b>
<b>Net Receivable (payable)</b>		
Ministry of Innovation and Advanced Education	\$ (19)	\$ (55)
Ministry of Treasury Board and Finance	-	(28,757)
Ministry of Health	(2,900)	66
Ministry of Education	(10)	(35)
Ministry of Jobs, Skills, Training and Labour	(2,333)	-
	<b>\$ (5,262)</b>	<b>\$ (28,781)</b>
<b>Contractual Obligations</b>		
Ministry of Health	\$ -	\$ 28
Ministry of Innovation and Advanced Education	35	35
	<b>\$ 35</b>	<b>\$ 63</b>

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

**MINISTRY OF HUMAN SERVICES**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions**  
**Year ended March 31, 2014**  
(in thousands)

**Schedule 6 (Continued)**

The ministry 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 7.

	<b>Other Entities</b>	
	<b>2014</b>	<b>2013 (Restated Note 4)</b>
<b>Expenses - Incurred by Others:</b>		
Accommodation	\$ 85,810	\$ 75,344
Legal Services	9,935	9,947
Other Services	13,204	11,795
	<b>\$ 108,949</b>	<b>\$ 97,086</b>

**MINISTRY OF HUMAN SERVICES  
SCHEDULE TO FINANCIAL STATEMENTS**

**Allocated Costs**

**Year ended March 31, 2014**

(in thousands)

**Schedule 7**

Program	2014					2013 (Restated Note 4)
	Expenses - Incurred by Others					Total Expenses
	Expenses <sup>(1)</sup>	Accommodation Costs <sup>(2)</sup>	Legal Services <sup>(3)</sup>	Other Services	Total Expenses	
Ministry Support Services	\$ 35,348	\$ 3,169	\$ 1,066	\$ 587	\$ 40,170	\$ 46,468
Employment	910,936	16,773	397	2,950	931,056	940,735
Child Intervention	686,107	30,020	7,627	5,313	729,067	708,004
Child Care	263,369	1,871	12	329	265,581	260,431
Assured Income for the Severely Handicapped	1,069,919	3,417	145	616	1,074,097	1,038,433
Support to Persons with Disabilities	766,826	23,250	222	2,124	792,422	724,854
Public Guardian and Trustee Services	28,040	2,812	336	495	31,683	31,661
Family Support for Children with Disabilities	143,550	2,476	11	436	146,473	141,223
Family and Community Support Services	75,636	54	17	9	75,716	76,017
Homeless Support	110,751	735	12	129	111,627	110,526
Implementation of Alberta Supports	10,165	270	64	47	10,546	11,429
Early Intervention Services for Children and Youth	95,976	627	1	111	96,715	102,619
Prevention of Family Violence and Bullying	40,390	336	25	58	40,809	41,943
2013 Alberta Flooding	64,720	-	-	-	64,720	-
	<b>\$ 4,301,733</b>	<b>\$ 85,810</b>	<b>\$ 9,935</b>	<b>\$ 13,204</b>	<b>\$ 4,410,682</b>	<b>\$ 4,234,343</b>

(1) Expenses - Directly Incurred as per the Statement of Operations.

(2) Accommodation costs (includes grants in lieu of taxes), which were paid by the Ministry of Infrastructure represent the ministry's building costs allocated by the number of employees per program.

(3) Costs for Legal Services, which were paid by the Ministry of Justice and Solicitor General, are based on specific amounts for each program.

(4) Other Services represents services provided by Ministry of Treasury Board and Finance, Service Alberta, Executive Council for which no consideration was exchanged. Costs were allocated by the number of Ministry employees per program.

# Statement of Remissions, Compromises and Write-offs

OTHER INFORMATION

**Ministry of Human Services**  
**Statement of Remissions, Compromises and Write-Offs**  
**For the Year Ending March 31, 2014**

The following Statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The Statement includes all Remissions, Compromises and Write-offs of the Ministry of Human Services made or approved during the Fiscal Year.

	(in thousands)
<b>Remissions</b> under Section 21 of the <i>Financial Administration Act</i> :	\$ -
<b>Compromises</b> under Section 22 of the <i>Financial Administration Act</i> :	
Learners	5
<b>Bankruptcies:</b>	
Income Support, Assured Income for Severely Handicapped, Alberta Adult Health Benefit	30
Learners	26
<b>Subtotal</b>	56
<b>Write-Offs:</b>	
Income Support, Assured Income for Severely Handicapped, Alberta Adult Health Benefit	8,111
Learners	151
Child Care Subsidy	280
<b>Subtotal</b>	8,542
<b>TOTAL</b>	\$ 8,603

# Office of the Public Trustee

FINANCIAL STATEMENTS

**Office of the Public Trustee  
Estates and Trusts**

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**Financial Statements**

**Year Ended March 31, 2014**



**OFFICE OF THE PUBLIC TRUSTEE**

**ESTATES AND TRUSTS**

**MARCH 31, 2014**

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## Management's Report

### ***Management's Responsibility for the Financial Statements***

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for all areas except trust assets under administration. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Trustees are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Trustees. The Trustees reviews external audited financial statements annually.

The external auditors, Auditor General of Alberta, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Office of the Public Trustee and meet when required.

On behalf of the Office of the Public Trustee

Original Signed by

---

Chi Loo  
Assistant Deputy Minister  
Office of the Public Guardian and  
Trustee / Integrated Support  
Human Services

Original Signed by

---

Leslie A. Hills  
Public Trustee (Acting)

June 5, 2014

## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Office of the Public Trustee, Estates and Trusts, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets before remeasurement, remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management using the basis of accounting described in Note 2.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 2. This includes determining that the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Public Trustee, Estates and Trusts as at March 31, 2014, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

### **Basis of Accounting**

Without modifying my opinion, I draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to account for assets held in trust under the *Public Trustee Act*. As a result, the financial statements may not be suitable for another purpose.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2014

Edmonton, Alberta

**OFFICE OF THE PUBLIC TRUSTEE  
ESTATES AND TRUSTS  
STATEMENTS OF OPERATIONS  
Years Ended March 31,**

	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
<b>Revenues</b>		
Interest and Dividends (Note 5)	\$ 14,632	\$ 16,149
Pensions, Benefits and Settlements	102,610	104,345
Common Fund Realized Gains and Losses	1,191	1,010
	118,433	121,504
<b>Expenses</b>		
Client Care and Maintenance	69,535	64,553
Administrative Fees	5,093	5,303
Management Fees	884	783
Transfer to General Revenue Fund (Note 12)	876	3,726
	76,388	74,365
<b>Excess of Revenue Over Expenditure</b>	<b>\$ 42,045</b>	<b>\$ 47,139</b>

The accompanying notes and schedules are an integral part of these financial statements

**OFFICE OF THE PUBLIC TRUSTEE  
ESTATES AND TRUSTS  
STATEMENTS OF FINANCIAL POSITION  
As at March 31,**

	<u>2014</u>	<u>2013</u>
	<u>(in thousands)</u>	
<b>Assets</b>		
Cash and Cash Equivalents (Note 7)	\$ 12,276	\$ 10,804
Interest and Dividends Receivable	3,364	3,765
Common Fund Investments (Note 8)	490,106	478,776
Other Trust Assets Under Administration (Note 9(a))	<u>120,745</u>	<u>107,678</u>
	<u>\$ 626,491</u>	<u>\$ 601,023</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 10)	\$ 1,018	\$ 3,889
Clients' Accounts, Mortgages, and Loans Payable (Note 11)	<u>36,327</u>	<u>34,332</u>
	<u>37,345</u>	<u>38,221</u>
<b>Net assets</b>		
Clients' Equity	513,633	491,805
Accumulated Surplus	<u>73,119</u>	<u>71,232</u>
Net Assets Before Remeasurement	586,752	563,037
Accumulated Remeasurement Gains and (Losses)	<u>2,394</u>	<u>(235)</u>
	<u>589,146</u>	<u>562,802</u>
	<u>\$ 626,491</u>	<u>\$ 601,023</u>

Contingent Liabilities (Note 13)

The accompanying notes and schedules are an integral part of these financial statements

**OFFICE OF THE PUBLIC TRUSTEE  
ESTATES AND TRUSTS  
STATEMENTS OF CASH FLOWS  
Years Ended March 31,**

	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
<b>Operating Transactions</b>		
Excess of Revenues over Expenditures	\$ 42,045	\$ 47,139
Non-cash Items:		
Clients' Interest Income	(580)	(508)
Amortization of Premium and Discounts	3,442	3,274
	44,907	49,905
Increase (Decrease) in Accounts Receivable	401	438
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(2,871)	810
Cash Provided by Operating Transactions	42,437	51,153
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(5,097)	(3,279)
Proceeds on Sale of Tangible Capital Assets	16,328	11,692
Cash Provided by Capital Transactions	11,231	8,413
<b>Investing Transactions</b>		
Purchase of Portfolio Investments	(306,571)	(306,957)
Disposal of Portfolio Investments	294,428	279,011
Cash Applied to Investing Transactions	(12,143)	(27,946)
<b>Financing Transactions</b>		
Distributions to Clients, Beneficiaries and Heirs	(40,053)	(40,244)
Cash Applied to Financing Transactions	(40,053)	(40,244)
Increase (Decrease) in Cash and Cash Equivalent	1,472	(8,624)
Cash and Cash Equivalents at Beginning of year	10,804	19,428
<b>Cash and Cash Equivalents at End of year</b>	<b>\$ 12,276</b>	<b>\$ 10,804</b>

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

**ESTATES AND TRUSTS**  
**STATEMENTS OF CHANGES IN NET ASSETS BEFORE REMEASUREMENT**  
**Years ended March 31,**

	2014			2013		
	Clients' Equity	Accumulated Surplus	Total	Clients Equity	Accumulated Surplus	Total
	(in thousands)					
Net Assets, Opening	\$ 491,805	\$ 71,232	\$ 563,037	\$ 471,371	\$ 71,696	\$ 543,067
Excess of Revenues over Expenditures	-	42,045	42,045	-	47,139	47,139
Allocated to Clients for Future Distribution:						
Interest from Common Fund Earnings (Note 1(d))	11,596	(11,596)	-	12,606	(12,606)	-
Excess of Revenues over Expenditures (Note 6)	28,562	(28,562)	-	34,997	(34,997)	-
Trust Assets Acquired (Note 9(b))	43,405	-	43,405	29,881	-	29,881
Assets Released to Clients, Beneficiaries and Heirs	(21,682)	-	(21,682)	(16,806)	-	(16,806)
Cash Distributions to clients, Beneficiary and Heirs	(40,053)	-	(40,053)	(40,244)	-	(40,244)
Net Assets, End of year	<u>\$ 513,633</u>	<u>\$ 73,119</u>	<u>\$ 586,752</u>	<u>\$ 491,805</u>	<u>\$ 71,232</u>	<u>\$ 563,037</u>

**OFFICE OF THE PUBLIC TRUSTEE  
ESTATES AND TRUSTS  
STATEMENT OF REMEASUREMENT GAINS AND LOSSES  
Year Ended March 31,**

	2014	2013
	(in thousands)	
Unrealized Losses Attributable to:		
Investments	\$ 2,670	\$ 1,221
Foreign Exchange	447	-
Amounts Reclassified to the Statements of Operations:		
Investments	(488)	(74)
Foreign Exchange	-	-
Net Remeasurement Gains for the Year	2,629	1,147
Accumulated Remeasurement (Losses) at the Beginning of Year	(235)	(1,382)
Accumulated Remeasurement Gains and (Losses) at End of Year	\$ 2,394	\$ (235)

The accompanying notes and schedules are an integral part of the financial statements.



**OFFICE OF THE PUBLIC TRUSTEE  
ESTATES AND TRUSTS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended March 31, 2014**

**Note 1 AUTHORITY AND PURPOSE**

Office of The Public Trustee of Alberta (“Public Trustee”) was established in 1949 pursuant to the *Public Trustee Act* and now operates under the authority of the *Public Trustee Act, SA 2004, C.P. 44.1*, (“the *Act*”) and other provincial statutes to protect the financial interests of vulnerable Albertans by administering the estates of represented adults, decedents and minors.

**The mandate of the Public Trustee is to:**

- a) Administer the property and finances of adults who are incapable of managing their financial affairs;
- b) Administer the estate of deceased persons
- c) Protect property rights of children under eighteen years of age
- d) Management of Common Fund

The *Public Trustee Act* Section 31(2) requires (with certain exceptions) that the money received by the Public Trustee for a client to be paid into the Common Fund. Section 33(3) requires any amount paid into the Common Fund for a client under section 31(2) to be credited to the client’s guaranteed account (Schedule 1) with the Public Trustee. Section 31(4) of the *Act* states that no client or other person has any claim to or against the Common Fund except as provided by section 33. Section 33(6) states that the amount outstanding on a client’s guaranteed account is a charge against the assets of the Common Fund and is unconditionally guaranteed by the Crown. Section 32(1) of the *Act* states that assets may be transferred out of the Common Fund only as expressly required or permitted under the *Act*.

Section 32(2) allows funds to be transferred out of the Common Fund to pay the client, to pay an expense or liability of the client. Amounts transferred from the Common Fund under section 32(2) are deducted from the client’s guaranteed account.

Section 34 of the *Act* states that the Public Trustee, in accordance with the *Public Trustee Investment Regulation (Regulation)*, sets the interest rate to be credited to client guaranteed accounts.

## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

### (a) Basis of Financial Reporting

The financial statements have been presented to report on OPT's fiduciary responsibilities in respect of the administration of client trusts and estates and Common Fund as required under the Public Trustee Act and the Public Trustee Investment Regulation (Regulation).

These financial statements reflect the operations of the Common Fund and the assets held in trust and activity for the estates and trusts administered by Office of the Public Trustee.

The operating costs of Office of the Public Trustee are paid by the Ministry of Human Services. As such, the operating costs are not included in these statements and can be found in the financial statements of the Ministry.

All balances except for other trust assets under administration have been prepared in accordance with Canadian public sector accounting standards. The accounting policies for other trust assets are described in Note 2(c).

### (b) Common Fund Investments

Common fund investments consist of bonds, debentures, mortgages, asset backed securities, shares and Exchanged Traded Funds (ETF). The carrying value of all financial instruments included in the Common Fund is measured at cost or fair value to correspond with how they are evaluated and managed. The long term investments, except shares and ETF, are reported at amortized costs less any write-down associated with a loss in value that is other than a temporary decline. Discounts and premiums arising on the purchase of fixed income securities are amortized over the term of the investment. Shares and ETF are stated at market value determined with reference to quoted market value.

Short-term investments are stated at cost, which approximates market value.

Forward foreign currency contracts are held to protect the fund from foreign currency exchange risk. Forward foreign exchange contracts are valued based on quoted market prices.

Unrealized gains and losses are recorded in the statement of remeasurement gains and losses.

When a financial instrument is derecognized, the cumulative amount of the remeasurement gain or loss previously reported is reversed and the gain or loss on the disposal of units held by the Common Fund is recognized in the statements of operations.

Disclosure of the hierarchy of inputs used in the determination of fair value for investments is reported according to the following levels:

- (a) Level one: fair value is based on quoted prices in an active market.
- (b) Level two: fair value is based on model-based valuations methods for which all significant assumptions are observable in the market or quoted prices for similar but not identical assets.
- (c) Level three: fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation.

## **Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)**

### **Reporting Entity**

These financial statements reflect the assets and liabilities of common funds and estates and trusts under the administration of the Public Trustee of Alberta. In addition, these financial statements reflect the annual changes in those assets and liabilities including:

- i) Revenue earned on behalf of clients;
- ii) Income received on behalf of clients;
- iii) New client account additions;
- iv) Released client withdrawals
- v) Payment made on behalf of clients; and
- vi) Administration fees payable to the Ministry

The clients' equity represents funds that are available for distribution to the beneficiaries of clients or clients.

### **Revenues**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The amount not received prior to the year-end is reported as accounts receivable. Purchase price premiums or discounts are amortized on a straight-line basis over the remaining term of the investment. Realized gains and losses on the disposition of common fund investments are recorded on the date of trade of the disposal transaction.

A portion of revenues generated by common fund investments are credited to clients' equity. Section 34 of the Act states that the Public Trustee shall set the interest rate for each category of guaranteed accounts in accordance with the Regulation. The interest is calculated on the minimum daily balance of each client's account according to the Regulation and is credited to the client's account monthly. The interest rate as at March 31, 2014 is 2.75% (2013 – 3.0%).

### **Expenses**

All expenses are reported on the accrual basis of accounting. The cost of all goods consumed and services received during the year are expensed. Transfers from the common fund to the General Revenue Fund, investment management expenses related to the common fund investments, and assurance payments are recorded using the accrual basis of accounting with amounts incurred in the fiscal year but not paid prior to yearend reflected as accounts payable and accrued liabilities.

### **Administrative Fees**

Public Trustee fees on all official guardian accounts are calculated and collected in the month of the annual anniversary of the opening of the file. Fees are accrued for the period from the anniversary date to the date of financial statements.

Public Trustee fees for represented adult accounts are calculated and collected annually on the trust's anniversary date. Fees are accrued for the period from the anniversary date to the date of financial statements.

## **Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)**

Public Trustee fees on decedent accounts are not charged until the trust or account is distributed. Fees are accrued from the period of the date the trust account was opened until the date of financial statements.

In addition to the above stated administration fees the Public Trustee may, in accordance with section 40(1)(a) of the Act, charge the client any fee that the Public Trustee deems is reasonable for any service. Under section 40(1) (b), the Public Trustee is entitled to collect from the client any expense reasonably incurred on the client's behalf.

Administration fees paid by the clients to OPT, with the exception of cost recoveries, are remitted to the Minister of Finance and are included in the revenue of the Ministry of Human Services.

### **Net Assets / Net Liabilities**

Net assets/net liabilities represent the difference between the assets held by OPT and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" as an indicator of the future revenues required to pay for past transactions and events. Office of the Public Trustee operates within the government reporting entity and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

### **Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

### **(c) Other Trust Assets Under Administration – Basis of Accounting**

Trust assets under administration consist of accounts receivable, investments, real property and other assets that are held outside of the common fund. Assets acquired through new clients are recorded as direct increases to net assets and not as revenue. When assets are disposed of back to the beneficiary they are removed from net assets and not recorded as an expense.

#### **Accounts Receivable**

Accounts receivable consist of mortgages, loans, external bank account balances prior to the transfer to the Public Trustee, pension plan and other benefit and miscellaneous receivables. The accounts receivable are recorded at their estimated fair value.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(cont'd)**

**Clients' Investments Outside of Common Fund**

Clients' investments outside of common fund consists of retirement plans, registered disability savings plans (RDSPs), guaranteed investment certificates and deposits, Government bonds and shares and other securities. These assets are valued at fair value based on the information available at the time OPT assumes responsibility. The investments are not adjusted to fair value due to numerous unique client investments, which are not practical to determine their market value. The cost based approach for investments is considered most appropriate, since the change in value is not easily measurable and not actively managed by OPT. It directly benefits the clients and results in the settlement amounts.

**Structured Settlements and Annuities**

Structured Settlements and Annuities are recorded at the present value of their guaranteed term. If there is not a guaranteed term, the settlement or annuity is recorded at a nominal value of \$1.

**Real Property**

Real property consisting of land and buildings are tangible capital assets and are recorded at cost. The cost is considered to be the initially recorded fair value based on the property tax assessments and other information at the time OPT assumes responsibility for the property.

Depreciation is not appropriate considering the intention for use as a primary residence for most of the clients.

**Other Assets**

Other assets are stated at amounts determined from information available to OPT at the date the Trustee assumes responsibility of the assets. Subsequent adjustments are made if additional valuation information is received. If no valuation is available, these assets are recorded at a nominal value of \$1.

**Clients' Accounts, Mortgages and Loans Payable**

Client accounts, mortgages and loans payable represent the administration fees payable to OPT and the encumbrances of client assets that are payable to independent third parties. These client obligations are settled as client resources become available. In some cases, a client's liabilities exceed the stated value of his/her assets. These items are included as accounts payable when they have been verified by the creditor and are paid as the resources of the client become available.

**Liabilities**

All liabilities are recorded at their estimated fair value at the date of assumption of the liability.

The carrying value of all liabilities approximates their fair value.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)**

**Net Assets**

Net assets represent the difference between the assets held by Public Trustee and its liabilities.

**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 cash and cash equivalents, interest and dividends receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of mortgages and loans payable are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

**Note 3 MEASUREMENT UNCERTAINTY**

Measurement uncertainty exists when there is a variance between the recognized or described amount and another reasonably possible amount. In particular, the fair value of many assets is estimated at the time that OPT assumes the responsibility for the assets. Actual results could differ from those estimates.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts revenues and expenses for the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Note 4 BUDGET**

Budget amounts have not been disclosed as Public Trustee's nature of operations does not provide for relevant budget amounts to be reasonably determined.

**Note 5 INTEREST AND DIVIDENDS**

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Interest and Dividends from Common Fund Investments	\$ 14,052	\$ 15,641
Interest and Dividends from Clients' Investments outside of Common Fund	<u>580</u>	<u>508</u>
<b>Interest and Dividends</b>	<b>\$ <u>14,632</u></b>	<b>\$ <u>16,149</u></b>

**Note 6 EXCESS OF REVENUES OVER EXPENDITURES - ALLOCATED TO CLIENTS FOR FUTURE DISTRIBUTION**

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Interest and Dividends from Clients' Investments outside of Common Fund (Note 5)	\$ 580	\$ 508
Pension, Benefits and Settlements	<u>102,610</u>	<u>104,345</u>
Total Revenues	<u>103,190</u>	<u>104,853</u>
Client Care and Maintenance	69,535	64,553
Administrative Fees	<u>5,093</u>	<u>5,303</u>
Total Expenses	<u>74,628</u>	<u>69,856</u>
<b>Excess of Revenues over Expenditures - Allocated to Clients for Future Distribution</b>	<b>\$ <u>28,562</u></b>	<b>\$ <u>34,997</u></b>

**Note 7 CASH AND CASH EQUIVALENTS**

	March 31,	
	2014	2013
	(in thousands)	
Operating Bank Accounts	\$ 10,214	\$ 8,767
Consolidated Cash Investment Trust Fund (CCITF)	2,062	2,037
<b>Total</b>	<b>\$ 12,276</b>	<b>\$ 10,804</b>

Cash and Cash Equivalents in the Consolidated Cash Investment Trust Fund (CCITF) is administered by the Ministry of Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio comprises high quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2014, securities held by the CCITF have a time-weighted rate of return of 1.17% per annum (2013 – 1.25% per annum).

**Note 8 COMMON FUND INVESTMENTS**

	March 31,	
	2014	2013
	(in thousands)	
Items at Cost or Amortized Cost		
Interest Bearing Securities	\$ 456,552	\$ 456,433
Equities	-	-
Others	-	-
	<u>\$ 456,552</u>	<u>\$ 456,433</u>
Quoted Market Value	\$ 463,439	\$ 467,195
Items at Fair Value		
Equities Listed in Active Market	\$ 16,158	\$ 14,551
Others Designated to Fair Value Category	17,396	7,792
	<u>33,554</u>	<u>22,343</u>
Total Common Fund Investments	<u>\$ 490,106</u>	<u>\$ 478,776</u>



## Note 8 COMMON FUND INVESTMENTS (cont'd)

### Fair Value Hierarchy

The table below provides a summary of management's estimate of the relative reliability of data or inputs used by OPT to measure the fair value of OPT's investments. The measure of reliability is determined based on the following three levels:

**Level One:** Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level one includes primarily traded listed equity investments.

**Level Two:** Fair value is based on valuation methods that make use of inputs, other than quoted prices included within level one, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level two primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market. For these investments, fair values are either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spread.

**Level Three:** Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

	Level One	Level Two	Level Three	Total
Equities Listed in Active Market	\$ 16,158	\$ -	\$ -	\$ 16,158
Others Designated To Fair Value Category	17,396	-	-	17,396
March 31, 2014 - Total Amount	\$ 33,554	\$ -	\$ -	\$ 33,554

### Financial Risk Management

OPT is exposed to financial risks associated with the underlying securities held in the investment funds. These financial risks include credit risk, market risk and liquidity risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is comprised of currency risk, interest rate risk and price risk. Liquidity risk is the risk the Fund will not be able to meet its obligations as they fall due.

OPT investments are managed in accordance with the Statement of Investment Policies and Goals (SIP&G). The policy and guidelines are designed to mitigate risks by placing restrictions on the overall content, quality and quantity of permitted investments. Pursuant to the policy and guidelines, the investments are high quality, highly rated fixed income securities, equity investments in Canadian and foreign currency and mortgages. Exposure to foreign currencies has provided diversification benefits.

OPT works with an investment advisor and an investment manager that actively manages the asset class allocations based on the policies and guidelines in the SIP&G. On a quarterly basis, the investment manager provides performance and compliance reports and meets with the Public Trustee and investment advisor.

## Note 8 COMMON FUND INVESTMENTS (cont'd)

### (a) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honor its financial obligations with OPT. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments is directly or indirectly impacted by credit risk to some degree. OPT's investments in debt securities are with counterparties considered to be investment grade.

### (b) Foreign Currency Risk

OPT is exposed to foreign currency risk associated with 2.3% of the underlying securities held in the common fund investments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate.

### (c) Interest Rate Risk

OPT is exposed to interest rate risk associated with the underlying interest-bearing securities held in the investment funds. Interest rate risk relates to the possibility that the fair value of investments will change due to future fluctuations in market interest rates. In general, investment returns from bonds and mortgages are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds. If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value to OPT would be approximately 3.0% (March 31, 2013 – 2.8%) of total investments.

Approximately 1.4% of interest-bearing securities are invested with variable interest rate with minimum interest rate risk exposure.

### (d) Price Risk

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. OPT is exposed to price risk associated with the underlying equity investments held in investment funds. If equity market indices (S&P/TSX, S&P500, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to OPT would be approximately 0.2% (March 31, 2013 – 0.2%) of total investments.

### (e) Liquidity Risk

Liquidity risk arises if OPT should encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of OPT are met through income generated from investments, clients' revenue and by investing in publicly traded liquid assets traded in active market that are easily sold and converted to cash. These sources of cash are used to pay clients' obligations, their operating expenses and settle clients' final payments associated with the termination of OPT's responsibilities towards clients.

OPT currently has minimal liquidity risk.

**Note 9 OTHER TRUST ASSETS UNDER ADMINISTRATION**

(a) Trust assets under administration consist of:

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Accounts Receivable	\$ 6,814	\$ 5,353
Clients' Investments Outside the Common Fund	44,884	38,290
Structured Settlements and Annuities	41,755	39,275
Real Property	25,951	23,744
Other Assets	1,341	1,016
Total Other Trust Assets Under Administration	\$ 120,745	\$ 107,678
Clients' Accounts, Mortgages, and Loans Payable	(36,327)	(34,332)
Other Trust Assets Under Administration, net	\$ 84,418	\$ 73,346
Increase in Other Trust Assets Under Administration, net	\$ 11,072	\$ 5,170

(b) Trust Assets Acquired

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Increase/(Decrease) in Other Trust Assets Under Administration, net (Note 9(a))	\$ 11,072	\$ 5,170
Add back:		
Assets Released to Clients, Beneficiaries and Heirs	21,682	16,806
Proceeds on Sale of Tangible Capital Assets	16,328	11,692
Less:		
Acquisition of Tangible Capital Assets	(5,097)	(3,279)
Interest received from Investments Outside of Common Fund	(580)	(508)
Trust Assets Acquired	\$ 43,405	\$ 29,881

**Note 10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Transfer from common fund to the General Revenue Fund	\$ 876	\$ 3,726
Accrued Investment Fees Payable	142	163
Accounts Payable and Accrued Liabilities	<u>\$ 1,018</u>	<u>\$ 3,889</u>

**Note 11 CLIENTS' ACCOUNTS, MORTGAGES AND LOANS PAYABLE**

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Administrative fees payable	\$ 7,811	\$ 7,931
Accounts payable	7,569	7,608
Mortgages and loans payable	<u>20,947</u>	<u>18,793</u>
Clients' Accounts, Mortgages and Loans Payable	<u>\$ 36,327</u>	<u>\$ 34,332</u>

The five year repayment schedule for Mortgage and loans payable is not presented due to the uncertainty in timing for the clients' account settlements.

## Note 12 RELATED PARTY TRANSACTIONS

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
<b>Statements of Financial Position</b>		
Transfer from common fund to the General Revenue Fund	\$ 876	\$ 3,726
Administration Fees Payable (included in Clients' Accounts, Mortgages and Loans Payable)	\$ 7,811	\$ 7,931
<b>Statement of Operations</b>		
Administration fees for the year ended March 31	\$ 5,093	\$ 5,303
Transfer from common fund to the General Revenue Fund for the year ended March 31	\$ 876	\$ 3,726

Transfers to the General Revenue Fund consist of system development costs and management fees.

Estate administration fees charged to clients' accounts, with the exception of cost recoveries, are remitted to the Minister of Finance and Treasury Board and are included in the revenues of the Ministry of Human Services.

The operating costs of OPT are included in the financial statements of the Ministry of Human Services. For the year ended March 31, 2014, those operating costs were \$15,163 (2013 - \$15,564).

## Note 13 CONTINGENT LIABILITIES (in thousands)

The OPT has been named in 7 (2013: 7) claims of which the outcome is not determinable. Six of these claims have specified amounts totalling \$928,400 and one with no specified amount (2013: 6 claims with a specified amount of \$928,400 and one with no specified amount). All 7 claims amounting to \$928,400 (2013: 7 claims totalling to \$928,400) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

## Note 14 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

## Note 15 SUBSEQUENT EVENTS

On February 26, 2014, the government announced a Ministerial restructuring effective April 1, 2014. As a result, the Office of the Public Trustee will merge with the Office of the Public Guardian creating the Office of the Public Guardian and Trustee. The integration team is working on the operational details for the transition. In the management's opinion, there is no material financial and reporting impact on these financial statements due to this merger.

**Note 16 APPROVAL OF FINANCIAL STATEMENTS**

The Assistant Deputy Minister of Human Services – Office of the Public Guardian and Trustee / Integrated Support and the Public Trustee approved these financial statements.

Office of the Public Trustee  
 Clients' Guaranteed Accounts

	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Clients' Equity	\$ 513,633	\$ 491,805
Clients' Mortgages Loans and Accounts Payable	36,327	34,332
Total Clients' Liabilities and Equity	549,960	526,137
Less: Other Trust Assets Under Administration	120,745	107,678
<b>Clients' Guaranteed Accounts</b>	<b>\$ 429,215</b>	<b>\$ 418,459</b>

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# Persons with Developmental Disabilities Boards

FINANCIAL STATEMENTS

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD**

**FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Persons with Developmental Disabilities Northwest Region Community Board, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Northwest Region Community Board as at December 31, 2013 and the results of its operations and cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Board to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
STATEMENT OF OPERATIONS  
Nine Months ended December 31, 2013**

		December 31, 2013	March 31, 2013
	Budget	Actual	Actual
	(Schedule 2)		
	(12 months)	(9 months)	(12 months)
	(in thousands)		
<b>Revenues</b>			
Transfer from Department of Human Services	\$ 25,901	\$ 25,165	\$ 26,856
Previous year's refund of expenditures	-	28	-
	<u>25,901</u>	<u>25,193</u>	<u>26,856</u>
<b>Expenses – Directly Incurred</b> (Note 2(b), Schedule 1)			
<b>Programs</b>			
Community Living Supports	15,827	15,137	17,113
Employment Supports	1,377	572	655
Community Access Supports	1,800	2,308	2,719
Specialized Community Supports	554	239	308
Supports to Delivery Systems	6,185	5,347	6,366
Board Governance	150	117	133
	<u>25,893</u>	<u>23,720</u>	<u>27,294</u>
<b>Net operating results</b>	<u>\$ 8</u>	<u>\$ 1,473</u>	<u>\$ (438)</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
STATEMENT of FINANCIAL POSITION  
As at December 31, 2013**

	December 31, 2013	March 31, 2013
(in thousands)		
<b>Assets</b>		
Cash and cash equivalents	\$ 352	\$ 272
Accounts receivable (Note 4)	3,638	350
	<u>\$ 3,990</u>	<u>\$ 622</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 2,763	\$ 868
<b>Net assets (liabilities)</b>		
Net (liabilities) assets at beginning of period	(246)	192
Net operating results	1,473	(438)
	<u>1,227</u>	<u>(246)</u>
	<u>\$ 3,990</u>	<u>\$ 622</u>

Contractual obligations (Note 7)

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
STATEMENT OF CASH FLOWS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
	(9 months)	(12 months)
	(in thousands)	
Operating transactions		
Net operating results	\$ 1,473	\$ (438)
Increase in accounts receivable	(3,288)	(109)
Increase in accounts payable and accrued liabilities	1,895	133
	<hr/>	<hr/>
Cash provided by (applied to) operating transactions	80	(414)
Cash and cash equivalents, beginning of period	<hr/> 272	<hr/> 686
Cash and cash equivalents, end of period	<hr/> <hr/> \$ 352	<hr/> <hr/> \$ 272

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Persons with Developmental Disabilities Northwest Region 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*, the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and directions provided by the Minister of Human Services.

The Board is responsible for developing, implementing, and evaluating plans for the provision of services for adults with developmental disabilities within the region.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties, and functions of the Board to the Department of Human Services. As a result, the Board has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Human Services (the ministry), and for which the Minister of Human Services (the minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by period end is recorded as deferred revenue.

*Government Transfers*

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Board's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Board complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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.

In addition to program operating expenses such as supplies and services, directly incurred expenses also include:

- valuation 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,
- costs of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Human Services. The cost of their salaries, wages and benefits is included in manpower expense, and
- pension costs, which are the cost of employer contributions for current service of employees during the period.

Grants are recognized as expenses when authorized and eligibility criteria, if any, are met.

*Description of Program Expenses Reported on the Statement of Operations*

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

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.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

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.

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.

**Cash and Cash Equivalents**

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Board.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Board include cash and cash equivalents and financial claims, such as receivables from other organizations.

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged if the tangible capital asset is in use.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**Net Assets/Net Liabilities**

Net assets/net liabilities represent the difference between the carrying value of assets held by the Board and its liabilities.

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**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 cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**NOTE 3 DISSOLUTION OF THE BOARD**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Board were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Board were transferred to the Department of Human Services on January 1, 2014.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 ACCOUNTS RECEIVABLE**  
(in thousands)

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Service providers	\$ 3,634	\$ -	\$ 3,634	\$ 349
Other	4	-	4	1
	<u>\$ 3,638</u>	<u>\$ -</u>	<u>\$ 3,638</u>	<u>\$ 350</u>

Accounts receivable are unsecured and non-interest bearing.

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
(in thousands)

	December 31, 2013	March 31, 2013
Accrued supplies and services	\$ 2,568	\$ 554
Employees' accrued vacation pay and manpower costs	179	173
Accrued grants	12	-
Due to Treasury Board and Finance	4	141
	<u>\$ 2,763</u>	<u>\$ 868</u>

**NOTE 6 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts relating to voluntary contributions received for materials and services because of the difficulty in determining their fair market value.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 NORTHWEST REGION COMMUNITY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**NOTE 7 CONTRACTUAL OBLIGATIONS**  
 (in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	\$ 8,571	\$ 7,102

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 months)	\$ 7,521
2014-15	1,050
2015-16	-
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	\$ 8,571

**NOTE 8 BENEFIT PLANS**  
 (in thousands)

The Board participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is \$150 for the nine months ended December 31, 2013 (year ended March 31, 2013 - \$188). The Board is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 9 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 10 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 NORTHWEST REGION COMMUNITY BOARD  
 SCHEDULE TO FINANCIAL STATEMENTS  
 Expenses – Directly Incurred Detailed By Object  
 Nine Months ended December 31, 2013**

**SCHEDULE 1**

	December 31, 2013	March 31, 2013
Budget	Actual	Actual
(12 months)	(9 months)	(12 months)
	(in thousands)	
Salaries, wages and employee benefits	\$ 1,837	\$ 1,330
Supplies and services	24,056	20,405
Grants	-	1,985
	<u>\$ 25,893</u>	<u>\$ 23,720</u>
		<u>\$ 27,294</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Budget  
Nine Months ended December 31, 2013**

**SCHEDULE 2**

	2013-14 Estimate	Adjustments	2013-14 Authorized Budget
	(12 months)	(in thousands)	(12 months)
Revenue			
Transfer from Department of Human Services	\$ 25,901	\$ -	\$ 25,901
Expenses – Directly Incurred			
Community Living Supports	15,827	-	15,827
Employment Supports	1,377	-	1,377
Community Access Supports	1,800	-	1,800
Specialized Community Supports	554	-	554
Supports to Delivery Systems	6,185	-	6,185
Board Governance	150	-	150
	<u>25,893</u>	-	<u>25,893</u>
Net operating results	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 8</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHWEST REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Related Party Transactions  
Nine Months ended December 31, 2013**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government 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 Human Services 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 and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 months)	(12 months)	(9 months)	(12 months)
	(in thousands)			
Revenues				
Department of Human Services	\$ 25,165	\$ 26,856	\$ -	\$ -
Expenses – Directly Incurred				
Service Alberta	\$ -	\$ -	\$ 26	\$ 25
Payable to:				
Department of Human Services	\$ 6	\$ 2	\$ -	\$ -
Treasury Board and Finance	-	-	4	141
	\$ 6	\$ 2	\$ 4	\$ 141

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 NORTHWEST REGION COMMUNITY BOARD  
 SCHEDULE TO FINANCIAL STATEMENTS  
 Salary and Benefits Disclosure  
 Nine Months ended December 31, 2013**

**SCHEDULE 4**

	December 31, 2013				March 31, 2013
	Base Salary <sup>(a)</sup>	Other Cash Benefits <sup>(b)</sup>	Other Non-cash Benefits <sup>(c)</sup>	Total	Total
	(9 months)				(12 months)
	(in thousands)				
Chair of the Board <sup>(d)</sup>	\$ -	\$ 23	\$ -	\$ 23	\$ 29
Board Members <sup>(e)</sup>	-	56	-	56	59
Chief Executive Officer <sup>(f)</sup>	100	4	24	128	165
Community Resource Manager <sup>(f)</sup>	80	4	20	104	133
Finance Manager <sup>(f)</sup>	78	4	20	102	134

(a) Base Salary includes pensionable base pay.  
 (b) Other cash benefits include vacation payouts, lump sum payments and honoraria. There were no bonuses paid in the nine months ended December 31, 2013.  
 (c) Other non-cash benefits include government’s share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.  
 (d) These amounts represent honoraria payments made to the Chair of the Board.  
 (e) There are 8 board member positions. These amounts represent honoraria payments made to the board members during the period.  
 (f) Executives and managers are assigned to the Board from the Department of Human Services and are not employees of the Board.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD**

**FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Persons with Developmental Disabilities Northeast Region Community Board, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Northeast Region Community Board as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Board to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
STATEMENT OF OPERATIONS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
Budget (Schedule 2) (12 months)	Actual (9 months)	Actual (12 months)
(in thousands)		
<b>Revenues</b>		
Transfer from Department of Human Services	\$ 34,946	\$ 36,496
Previous year's refund of expenditures	-	22
	<u>34,946</u>	<u>36,518</u>
<b>Expenses – Directly Incurred (Note 2 (b), Schedule 1)</b>		
<b>Programs</b>		
Community Living Supports	19,840	20,389
Employment Supports	2,179	1,832
Community Access Supports	3,105	5,388
Specialized Community Supports	582	624
Supports to Delivery Systems	9,073	8,786
Board Governance	175	115
	<u>34,954</u>	<u>37,134</u>
<b>Net operating results</b>	<u>\$ (8)</u>	<u>\$ (616)</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 December 31, 2013**

	December 31, 2013	March 31, 2013
(in thousands)		
<b>Assets</b>		
Cash and cash equivalents	\$ 1,230	\$ 1,047
Accounts receivable (Note 4)	3,890	269
	<u>\$ 5,120</u>	<u>\$ 1,316</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 3,141	\$ 1,309
<b>Net assets</b>		
Net assets at beginning of period	7	623
Net operating results	1,972	(616)
	<u>1,979</u>	<u>7</u>
	<u>\$ 5,120</u>	<u>\$ 1,316</u>

Contractual obligations (Note 7)

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
STATEMENT OF CASH FLOWS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
	(9 months)	(12 months)
	(in thousands)	
Operating transactions		
Net operating results	\$ 1,972	\$ (616)
Increase in accounts receivable	(3,621)	(183)
Increase (decrease) in accounts payable and accrued liabilities	1,832	(526)
	<hr/>	<hr/>
Cash provided by (applied to) operating transactions	183	(1,325)
Cash and cash equivalents, beginning of period	1,047	2,372
	<hr/>	<hr/>
Cash and cash equivalents, end of period	<u>\$ 1,230</u>	<u>\$ 1,047</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Persons with Developmental Disabilities Northeast Region 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*, the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and directions provided by the Minister of Human Services.

The Board is responsible for developing, implementing, and evaluating plans for the provision of services for adults with developmental disabilities within the region.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties, and functions of the Board to the Department of Human Services. As a result, the Board has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Human Services (the ministry), and for which the Minister of Human Services (the minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by period end is recorded as deferred revenue.

*Government Transfers*

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Board's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Board complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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.

In addition to program operating expenses such as supplies and services, directly incurred expenses also include:

- valuation 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,
- costs of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Human Services. The cost of their salaries, wages and benefits is included in manpower expense, and
- pension costs, which are the cost of employer contributions for current service of employees during the period.

Grants are recognized as expenses when authorized and eligibility criteria, if any, are met.

*Description of Program Expenses Reported on the Statement of Operations*

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

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.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

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.

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.

**Cash and Cash Equivalents**

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Board.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Board include cash and cash equivalents and financial claims, such as receivables from other organizations.

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged if the tangible capital asset is in use.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**Net Assets**

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

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**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 cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**NOTE 3 DISSOLUTION OF THE BOARD**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Board were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Board were transferred to the Department of Human Services on January 1, 2014.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 ACCOUNTS RECEIVABLE**  
(in thousands)

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Service providers	\$ 3,882	\$ -	\$ 3,882	\$ 268
Other	8	-	8	1
	\$ 3,890	\$ -	\$ 3,890	\$ 269

Accounts receivable are unsecured and non-interest bearing.

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
(in thousands)

	December 31, 2013	March 31, 2013
Accrued supplies and services	\$ 2,864	\$ 700
Employees' accrued vacation pay and manpower costs	273	205
Due to Treasury Board and Finance	4	404
	\$ 3,141	\$ 1,309

**NOTE 6 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts relating to voluntary contributions received for materials and services because of the difficulties in determining their fair market value.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 NORTHEAST REGION COMMUNITY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**NOTE 7 CONTRACTUAL OBLIGATIONS**  
 (in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>December 31, 2013</u>	<u>March 31, 2013</u>
Obligations under operating leases, contracts and programs	<u>\$ 10,249</u>	<u>\$ 10,361</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<u>Total</u>
2013-14 (3 months)	\$ 9,341
2014-15	905
2015-16	3
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 10,249</u>

**NOTE 8 BENEFIT PLANS**  
 (in thousands)

The Board participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is \$189 for the nine months ended December 31, 2013 (year ended March 31, 2013 - \$226). The Board is not responsible for future funding of the plan deficit other than through contribution increases.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 GRANDFATHERED CLIENTS**

(in thousands)

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 to these grandfathered individuals and agencies do not comply with the *Act*.

The total cost of these services for 5 individuals that has been included in the Statement of Operations is estimated to be \$131 for the nine months ended December 31, 2013 (year ended March 31, 2013 - 6 individuals totalling \$126).

**NOTE 10 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 11 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 NORTHEAST REGION COMMUNITY BOARD  
 SCHEDULE TO FINANCIAL STATEMENTS  
 Expenses – Directly Incurred Detailed By Object  
 Nine Months ended December 31, 2013**

**SCHEDULE 1**

	Budget	December 31, 2013	March 31, 2013
	(12 months)	Actual (9 months)	Actual (12 months)
	(in thousands)		
Salaries, wages and employee benefits	\$ 2,338	\$ 1,530	\$ 1,966
Supplies and services	32,616	26,025	34,011
Grants	-	2,986	1,157
	\$ 34,954	\$ 30,541	\$ 37,134

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Budget  
Nine Months ended December 31, 2013**

**SCHEDULE 2**

	2013-14 Estimate	Adjustments	2013-14 Authorized Budget
	(12 months)		(12 months)
	(in thousands)		
<b>Revenue</b>			
Transfer from Department of Human Services	\$ 34,946	\$ -	\$ 34,946
<b>Expenses – Directly Incurred</b>			
Community Living Supports	19,840	-	19,840
Employment Supports	2,179	-	2,179
Community Access Supports	3,105	-	3,105
Specialized Community Supports	582	-	582
Supports to Delivery Systems	9,073	-	9,073
Board Governance	175	-	175
	<u>34,954</u>	<u>-</u>	<u>34,954</u>
<b>Net operating results</b>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ (8)</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Related Party Transactions  
Nine Months ended December 31, 2013**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government 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 Human Services paid or collected certain taxes and fees set by regulation for permits, licenses 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 and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	December 31, 2013 (9 months)	March 31, 2013 (12 months)	December 31, 2013 (9 months)	March 31, 2013 (12 months)
	(in thousands)			
Revenues				
Department of Human Services	\$ 32,502	\$ 36,496	\$ -	\$ -
Expenses – Directly Incurred				
Service Alberta	\$ -	\$ -	\$ 33	\$ 33
Payable to:				
Department of Human Services	\$ 7	\$ -	\$ -	\$ -
Treasury Board and Finance	-	-	4	404
	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 404</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
NORTHEAST REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure  
Nine Months ended December 31, 2013**

**SCHEDULE 4**

	December 31, 2013			March 31, 2013	
	Base Salary <sup>(a)</sup>	Other Cash Benefits <sup>(b)</sup>	Other Non-cash Benefits <sup>(c)</sup>	Total	Total
	(9 months)			(12 months)	
	(in thousands)				
Chair of the Board <sup>(d)</sup>	\$ -	\$ 31	\$ -	\$ 31	\$ 34
Board Members <sup>(e)</sup>	-	42	-	42	43
Chief Executive Officer <sup>(f)</sup>	119	-	30	149	210
Manager, Finance and Monitoring <sup>(f)</sup>	78	-	20	98	132
Manager, Community Integration <sup>(f)</sup>	67	-	18	85	111

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include vacation payouts, lump sum payments and honoraria. There were no bonuses paid in the nine months ended December 31, 2013.

(c) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(d) These amounts represent honoraria payments made to the Chair of the Board.

(e) There are 8 board member positions. These amounts represent honoraria payments made to the board members during the period.

(f) Executives and managers are assigned to the Board from the Department of Human Services and are not employees of the Board.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD**

**FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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Statement of Financial Position

Statement of Cash Flows

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Schedule 2 Budget

Schedule 3 Related Party Transactions

Schedule 4 Salary and Benefits Disclosure



## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Persons with Developmental Disabilities Edmonton Region Community Board, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Edmonton Region Community Board as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Board to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
STATEMENT OF OPERATIONS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
Budget (Schedule 2) (12 months)	Actual (9 months)	Actual (12 months)
	(in thousands)	
<b>Revenues</b>		
Transfer from Department of Human Services	\$ 200,793	\$ 201,301
Previous year's refund of expenditures	-	907
Premiums, fees and licenses	100	224
	<u>200,893</u>	<u>202,432</u>
<b>Expenses – Directly Incurred (Note 2(b), Schedule 1)</b>		
<b>Programs</b>		
Community Living Supports	133,017	128,189
Employment Supports	7,902	6,096
Community Access Supports	11,036	19,420
Specialized Community Supports	610	2,475
Direct Operations	10,877	9,868
Supports to Delivery Systems	37,403	36,861
Board Governance	150	176
	<u>200,995</u>	<u>203,085</u>
<b>Net operating results</b>	<u>\$ (102)</u>	<u>\$ (653)</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2013**

	December 31, 2013	March 31, 2013
	(in thousands)	
<b>Assets</b>		
Cash and cash equivalents	\$ 2,230	\$ 5,383
Accounts receivable (Note 4)	26,168	4,646
Tangible capital assets (Note 5)	16	20
	<u>\$ 28,414</u>	<u>\$ 10,049</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 17,910	\$ 9,165
<b>Net assets</b>		
Net assets at beginning of period	884	1,537
Net operating results	9,620	(653)
	<u>10,504</u>	<u>884</u>
	<u>\$ 28,414</u>	<u>\$ 10,049</u>

Contractual obligations (Note 8)

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
STATEMENT OF CASH FLOWS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
	(9 months)	(12 months)
	(in thousands)	
Operating transactions		
Net operating results	\$ 9,620	\$ (653)
Non-cash items included in net operating results		
Amortization	4	7
	9,624	(646)
Increase in accounts receivable	(21,522)	(647)
Increase (decrease) in accounts payable and accrued liabilities	8,745	(981)
Cash applied to operating transactions	(3,153)	(2,274)
Capital transactions		
Acquisition of tangible capital assets	-	(12)
Decrease in cash and cash equivalents	(3,153)	(2,286)
Cash and cash equivalents, beginning of period	5,383	7,669
Cash and cash equivalents, end of period	<u>\$ 2,230</u>	<u>\$ 5,383</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Persons with Developmental Disabilities Edmonton Region 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*, the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and directions provided by the Minister of Human Services.

The Board is responsible for developing, implementing and evaluating plans for the provision of services for adults with developmental disabilities within the region.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties, and functions of the Board to the Department of Human Services. As a result, the Board has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Human Services (the ministry), and for which the Minister of Human Services (the minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by period end is recorded as deferred revenue.

*Government Transfers*

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Board's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Board complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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.

In addition to program operating expenses such as supplies and services, directly incurred expenses also include:

- amortization of tangible capital assets,
- valuation 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,
- costs of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Human Services. The cost of their salaries, wages and benefits is included in manpower expense, and
- pension costs, which are the cost of employer contributions for current service of employees during the period.

Grants are recognized as expenses when authorized and eligibility criteria, if any, are met.

*Description of Program Expenses Reported on the Statement of Operations*

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

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.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

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 – expenses incurred to operate 11 community homes in the greater Edmonton area, and to provide the resident adults with developmental disabilities with residential care, supporting them to participate in community and personal development activities.

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.

**Cash and Cash Equivalents**

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Board.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Board include cash and cash equivalents and financial claims, such as accounts receivables from other organizations.

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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged if the tangible capital asset is in use.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**Net Assets**

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

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**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 cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**NOTE 3 DISSOLUTION OF THE BOARD**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Board were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Board were transferred to the Department of Human Services on January 1, 2014.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 ACCOUNTS RECEIVABLE**  
(in thousands)

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Service providers	\$ 26,097	\$ -	\$ 26,097	\$ 4,616
Accommodation fees	24	-	24	17
Other	47	-	47	13
	\$ 26,168	\$ -	\$ 26,168	\$ 4,646

Accounts receivable are unsecured and non-interest bearing.

**NOTE 5 TANGIBLE CAPITAL ASSETS**  
(in thousands)

	Equipment <sup>(1)</sup>	Leasehold Improvements	Total
<b>Estimated useful life</b>	7 years	5 years	
<b>Historical cost</b>			
Beginning of period	\$ 56	\$ 40	\$ 96
<b>Accumulated amortization</b>			
Beginning of period	\$ 36	\$ 40	\$ 76
Amortization expense	4	-	4
	\$ 40	\$ 40	\$ 80
<b>Net book value at December 31, 2013</b>	\$ 16	\$ -	\$ 16
<b>Net book value at March 31, 2013</b>	\$ 20	\$ -	\$ 20

<sup>(1)</sup> Equipment includes kitchen equipment and bathing equipment.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
(in thousands)

	December 31, 2013	March 31, 2013
Service provider accruals	\$ 15,664	\$ 4,601
Employees' accrued vacation pay and manpower costs	2,065	1,666
Other accrued supplies and services	122	51
Due to Treasury Board and Finance	45	1,347
Accrued grants	14	1,500
	<u>\$ 17,910</u>	<u>\$ 9,165</u>

**NOTE 7 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts relating to voluntary contributions received for materials and services because of the difficulties in determining their fair market value.

**NOTE 8 CONTRACTUAL OBLIGATIONS**  
(in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 54,600</u>	<u>\$ 55,672</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 months)	\$ 47,765
2014-15	6,835
2015-16	-
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 54,600</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 TRUST FUNDS UNDER ADMINISTRATION**  
(in thousands)

The Board administers trust funds consisting of public money over which the Legislature has no power of appropriation. 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.

At December 31, 2013 trust funds under administration were as follows:

	December 31, 2013	March 31, 2013
Client trust funds	\$ 113	\$ 103

**NOTE 10 BENEFIT PLANS**  
(in thousands)

The Board participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is \$1,353 for the nine months ended December 31, 2013 (year ended March 31, 2013 - \$1,603). The Board is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 11 GRANDFATHERED CLIENTS**  
(in thousands)

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 to these grandfathered individuals and agencies do not comply with the *Act*.

The total cost of these services for 8 individuals that has been included in the Statement of Operations is estimated to be \$455 for the nine months ended December 31, 2013 (year ended March 31, 2013 - 8 individuals totalling \$579).

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Expenses – Directly Incurred Detailed By Object  
Nine Months ended December 31, 2013**

**SCHEDULE 1**

	December 31, 2013	March 31, 2013
Budget	Actual	Actual
(12 months)	(9 months)	(12 months)
	(in thousands)	
Salaries, wages and employee benefits	\$ 17,778	\$ 12,800
Supplies and services	183,204	179,475
Grants	-	6,918
Amortization of tangible capital assets	13	7
	<u>\$ 200,995</u>	<u>\$ 174,014</u>
		<u>\$ 203,085</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Budget  
Nine Months ended December 31, 2013**

**SCHEDULE 2**

	2013-14 Estimate	Adjustments	2013-14 Authorized Budget
	(12 months)		(12 months)
	(in thousands)		
<b>Revenue</b>			
Transfer from Department of Human Services	\$ 200,793	\$ -	\$ 200,793
Premiums, fees and licenses	100	-	100
	<u>200,893</u>	<u>-</u>	<u>200,893</u>
<b>Expenses – Directly Incurred</b>			
Community Living Supports	133,017	-	133,017
Employment Supports	7,902	-	7,902
Community Access Supports	11,036	-	11,036
Specialized Community Supports	610	-	610
Direct Operations	10,877	-	10,877
Supports to Delivery Systems	37,403	-	37,403
Board Governance	150	-	150
	<u>200,995</u>	<u>-</u>	<u>200,995</u>
<b>Net operating results</b>	<u>\$ (102)</u>	<u>\$ -</u>	<u>\$ (102)</u>
<b>Capital investment</b>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 30</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Related Party Transactions  
Nine Months ended December 31, 2013**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government 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 Human Services paid or collected certain taxes and fees set by regulation for permits, licenses 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 and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	December 31, 2013 (9 months)	March 31, 2013 (12 months)	December 31, 2013 (9 months)	March 31, 2013 (12 months)
	(in thousands)			
<b>Revenues</b>				
Department of Human Services	\$ 183,176	\$ 201,301	\$ -	\$ -
<b>Expenses – Directly Incurred</b>				
Service Alberta	\$ -	\$ -	\$ 8	\$ 22
Department of Infrastructure	-	-	-	2
Alberta Health Services	-	-	6	140
Department of Human Services	80	148	-	-
	\$ 80	\$ 148	\$ 14	\$ 164
<b>Receivable from/(Payable to):</b>				
Persons with Developmental Disabilities				
South Region Community Board	\$ 10	\$ -	\$ -	\$ -
Department of Human Services	(80)	(73)	-	-
Alberta Health Services	-	-	(5)	(6)
Treasury Board and Finance	-	-	(45)	(1,347)
	\$ (70)	\$ (73)	\$ (50)	\$ (1,353)



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
EDMONTON REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure  
Nine Months ended December 31, 2013**

**SCHEDULE 4**

	December 31, 2013			March 31, 2013	
	Base Salary <sup>(a)</sup>	Other Cash Benefits <sup>(b)</sup>	Other Non-cash Benefits <sup>(c)</sup>	Total	Total
	(9 months)			(12 months)	
	(in thousands)				
Chair of the Board <sup>(d)</sup>	\$ -	\$ 38	\$ -	\$ 38	\$ 53
Board Members <sup>(e)</sup>	-	45	-	45	70
Chief Executive Officer <sup>(f)</sup>	115	-	30	145	193
Assistant Chief Executive Officer <sup>(f)</sup>	60	-	16	76	146
Director of Operations <sup>(f) (g)</sup>	81	-	21	102	59
Manager, Finance <sup>(f)</sup>	75	-	19	94	164
Executive Director, Residential Services <sup>(f)</sup>	89	-	21	110	160

<sup>(a)</sup> Base Salary includes pensionable base pay.

<sup>(b)</sup> Other cash benefits include vacation payouts, lump-sum payments and honoraria. There were no bonuses paid in the nine months ended December 31, 2013.

<sup>(c)</sup> Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

<sup>(d)</sup> These amounts represent honoraria payments made to the Chair of the Board.

<sup>(e)</sup> There are 8 board member positions. These amounts represent honoraria payments made to the board members during the period.

<sup>(f)</sup> Executives are assigned to the Board from the Department of Human Services and are not employees of the Board.

<sup>(g)</sup> Position was vacant for seven months in the prior year.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD**

**FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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Schedule 3 Related Party Transactions

Schedule 4 Salary and Benefits Disclosure



## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Persons with Developmental Disabilities Central Region Community Board, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Central Region Community Board as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Board to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
STATEMENT OF OPERATIONS  
Nine Months ended December 31, 2013**

		December 31, 2013	March 31, 2013
	Budget (Schedule 2) (12 months)	Actual (9 months) (in thousands)	Actual (12 months)
<b>Revenues</b>			
Transfer from Department of Human Services	\$ 162,774	\$ 122,082	\$ 156,166
Previous year's refund of expenditures	-	247	166
Fee revenue	1,050	794	1,045
Other revenue	165	129	398
	<u>163,989</u>	<u>123,252</u>	<u>157,775</u>
<b>Expenses – Directly Incurred (Note 2(b), Schedule 1)</b>			
<b>Programs</b>			
Community Living Supports	72,132	53,925	65,577
Employment Supports	4,428	3,450	3,732
Community Access Supports	8,686	12,215	15,008
Specialized Community Supports	1,701	1,145	8,131
Direct Operations	52,426	29,478	38,829
Supports to Delivery Systems	25,529	19,268	24,629
Board Governance	142	86	113
	<u>165,044</u>	<u>119,567</u>	<u>156,019</u>
<b>Net operating results</b>	<u>\$ (1,055)</u>	<u>\$ 3,685</u>	<u>\$ 1,756</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 December 31, 2013**

	December 31, 2013	March 31, 2013
(in thousands)		
<b>Assets</b>		
Cash and cash equivalents	\$ 10,267	\$ 11,966
Accounts receivable (Note 4)	14,940	5,587
Inventory	165	226
Tangible capital assets (Note 5)	1,352	1,582
	<u>\$ 26,724</u>	<u>\$ 19,361</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 16,645	\$ 12,967
<b>Net assets</b>		
Net assets at beginning of period	6,394	4,638
Net operating results	3,685	1,756
	<u>10,079</u>	<u>6,394</u>
	<u>\$ 26,724</u>	<u>\$ 19,361</u>

Contractual obligations and contingent liabilities (Notes 8 and 9)

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
STATEMENT OF CASH FLOWS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
	(9 months)	(12 months)
	(in thousands)	
Operating transactions		
Net operating results	\$ 3,685	\$ 1,756
Non-cash items included in net operating results		
Amortization	260	355
Gain on disposal of tangible capital assets	-	(26)
	<u>3,945</u>	<u>2,085</u>
Increase in accounts receivable	(9,353)	(226)
Decrease in inventory	61	206
Increase (decrease) in accounts payable and accrued liabilities	<u>3,678</u>	<u>(2,273)</u>
Cash applied to operating transactions	<u>(1,669)</u>	<u>(208)</u>
Capital transactions		
Acquisition of tangible capital assets	(58)	(236)
Transfer of tangible capital assets	28	-
Proceeds on disposal/sale of tangible capital assets	<u>-</u>	<u>26</u>
Cash applied to capital transactions	<u>(30)</u>	<u>(210)</u>
Decrease in cash and cash equivalents	(1,699)	(418)
Cash and cash equivalents, beginning of period	<u>11,966</u>	<u>12,384</u>
Cash and cash equivalents, end of period	<u>\$ 10,267</u>	<u>\$ 11,966</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Persons with Developmental Disabilities Central Region 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*, the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and directions provided by the Minister of Human Services.

The Board is responsible for developing, implementing, and evaluating plans for the provision of services for adults with developmental disabilities within the region.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties, and functions of the Board to the Department of Human Services. As a result, the Board has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Human Services (the ministry), and for which the Minister of Human Services (the minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by period end is recorded as deferred revenue.

*Government Transfers*

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Board's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Board complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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.

In addition to program operating expenses such as supplies and services, directly incurred expenses also include:

- amortization of tangible capital assets,
- valuation 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,
- costs of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Human Services. The cost of their salaries, wages and benefits is included in manpower expense, and
- pension costs, which are the cost of employer contributions for current service of employees during the period.

Grants are recognized as expenses when authorized and eligibility criteria, if any, are met.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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*

Fee Revenue – Michener Centre collects accommodation fees from certain residents in accordance with the Social Care Facilities Rates Order. In addition, Michener Centre receives accommodation fees for other residents, through contracts with the Nunavut and Northwest Territories governments.

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

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 – expenses incurred to operate Michener Centre in Red Deer, Alberta, and to provide the resident adults with developmental disabilities with residential care, supporting them to participate in community and personal development activities.

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.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING  
PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Board.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Board include cash and cash equivalents and financial claims, such as receivables from other organizations.

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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged if the tangible capital asset is in use.

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Net Assets**

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

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**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 cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

**NOTE 3 DISSOLUTION OF THE BOARD**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Board were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Board were transferred to the Department of Human Services on January 1, 2014.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 ACCOUNTS RECEIVABLE**  
(in thousands)

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Service providers	\$ 14,583	\$ -	\$ 14,583	\$ 5,339
Trades receivable	206	-	206	246
Other	151	-	151	2
	<u>\$ 14,940</u>	<u>\$ -</u>	<u>\$ 14,940</u>	<u>\$ 5,587</u>

Accounts receivable are unsecured and non-interest bearing.

**NOTE 5 TANGIBLE CAPITAL ASSETS**  
(in thousands)

	Leasehold Improvements	Equipment <sup>(a)</sup>	Computer Equipment	Total
<b>Estimated useful life</b>	5-10 years	5-10 years	5 years	
<b>Historical cost</b>				
Beginning of period	\$ 1,371	\$ 3,340	\$ 421	\$ 5,132
Additions	12	46	-	58
Transfers out	-	(35)	-	(35)
Disposals, including write-downs	-	(75)	-	(75)
	<u>\$ 1,383</u>	<u>\$ 3,276</u>	<u>\$ 421</u>	<u>\$ 5,080</u>
<b>Accumulated amortization</b>				
Beginning of period	\$ 478	\$ 2,665	\$ 407	\$ 3,550
Amortization expense	103	154	3	260
Transfers out	-	(7)	-	(7)
Effect of disposals	-	(75)	-	(75)
	<u>\$ 581</u>	<u>\$ 2,737</u>	<u>\$ 410</u>	<u>\$ 3,728</u>
<b>Net Book Value at December 31, 2013</b>	<u>\$ 802</u>	<u>\$ 539</u>	<u>\$ 11</u>	<u>\$ 1,352</u>
<b>Net Book Value at March 31, 2013</b>	<u>\$ 893</u>	<u>\$ 675</u>	<u>\$ 14</u>	<u>\$ 1,582</u>

<sup>(a)</sup> Equipment includes vehicles, heavy equipment, kitchen and laundry equipment, medical and rehabilitation equipment, bathing equipment, and other equipment.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
(in thousands)

	December 31, 2013	March 31, 2013
Employees' accrued vacation pay and manpower costs	\$ 5,523	\$ 4,998
Accrued supplies and services	10,884	4,142
Due to Treasury Board and Finance	238	3,817
Accrued grants	-	10
	<u>\$ 16,645</u>	<u>\$ 12,967</u>

**NOTE 7 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts relating to voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NOTE 8 CONTRACTUAL OBLIGATIONS**  
(in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 36,988</u>	<u>\$ 27,010</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 months)	\$ 26,041
2014-15	10,947
2015-16	-
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 36,988</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 CENTRAL REGION COMMUNITY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**NOTE 9 CONTINGENT LIABILITIES**  
 (in thousands)

The Board is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Board has been named in 2 (March 31, 2013: 2) claims of which the outcome is not determinable. Of these claims, 2 ( March 31, 2013: 2) have specified amounts totalling \$1,050 (March 31, 2013: \$1,050). Included in the total claims, 2 claims totaling \$1,050 (March 31, 2013: 2 claims totalling \$1,050) are covered in whole by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 10 TRUST FUNDS UNDER ADMINISTRATION**  
 (in thousands)

The Board administers trust funds consisting of public money over which the Legislature has no power of appropriation. 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.

At December 31, 2013 trust funds under administration were as follows:

	December 31, 2013	March 31, 2013
Client trust funds	\$ 111	\$ 117

**NOTE 11 BENEFIT PLANS**  
 (in thousands)

The Board participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is \$2,929 for the nine months ended December 31, 2013 (year ended March 31, 2013 - \$3,691). The Board is not responsible for future funding of the plan deficit other than through contribution increases.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 12 GRANDFATHERED CLIENTS**

(in thousands)

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, the 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 3 individuals that has been included in the Statement of Operations is estimated to be \$190 for the nine months ended December 31, 2013 (year ended March 31, 2013 - 3 individuals totalling \$188).

**NOTE 13 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Expenses – Directly Incurred Detailed By Object  
Nine Months ended December 31, 2013**

**SCHEDULE 1**

	Budget	December 31, 2013 Actual	March 31, 2013 Actual
	(12 months)	(9 months)	(12 months)
		(in thousands)	
Salaries, wages and employee benefits	\$ 47,202	\$ 31,079	\$ 41,887
Supplies and services	117,462	79,553	103,521
Grants	-	8,675	10,256
Amortization of tangible capital assets	380	260	355
	\$ 165,044	\$ 119,567	\$ 156,019



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Budget  
Nine Months ended December 31, 2013**

**SCHEDULE 2**

	2013-14 Estimate	Adjustments	2013-14 Authorized Budget
	(12 months)		(12 months)
	(in thousands)		
<b>Revenue</b>			
Transfer from Department of Human Services	\$ 162,774	\$ -	\$ 162,774
Fee revenue	1,050	-	1,050
Other revenue	165	-	165
	<u>163,989</u>	<u>-</u>	<u>163,989</u>
<b>Expenses – Directly Incurred</b>			
Community Living Supports	72,132	-	72,132
Employment Supports	4,428	-	4,428
Community Access Supports	8,686	-	8,686
Specialized Community Supports	1,701	-	1,701
Direct Operations	52,426	-	52,426
Supports to Delivery Systems	25,529	-	25,529
Board Governance	142	-	142
	<u>165,044</u>	<u>-</u>	<u>165,044</u>
Net operating results	<u>\$ (1,055)</u>	<u>\$ -</u>	<u>\$ (1,055)</u>
Capital investment	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 475</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Related Party Transactions  
Nine Months ended December 31, 2013**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government 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 Human Services 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 and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	December 31, 2013 (9 months)	March 31, 2013 (12 months)	December 31, 2013 (9 months)	March 31, 2013 (12 months)
	(in thousands)			
<b>Revenues</b>				
Department of Human Services	\$ 122,082	\$ 156,166	\$ -	\$ -
<b>Expenses - Directly Incurred</b>				
Service Alberta	-	-	110	118
Department of Innovation and Advanced Education	-	-	10	21
Alberta Health Services	-	-	26	1,035
	\$ -	\$ -	\$ 146	\$ 1,174
<b>Tangible capital assets transferred to:</b>				
Persons with Developmental Disabilities Calgary Region Community Board	\$ (28)	\$ -	\$ -	\$ -
<b>Receivable from/(Payable to):</b>				
Alberta Health Services	\$ -	\$ -	\$ (9)	\$ (6)
Department of Human Services	(29)	-	-	-
Treasury Board and Finance	-	-	(275)	(3,817)
Persons with Developmental Disabilities Calgary Region Community Board	28	-	-	-
	\$ (1)	\$ -	\$ (284)	\$ (3,823)
<b>Contractual obligations</b>				
Alberta Health Services	\$ -	\$ -	\$ -	\$ 28

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CENTRAL REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure  
Nine Months ended December 31, 2013**

**SCHEDULE 4**

	December 31, 2013				March 31, 2013
	Base Salary <sup>(a)</sup>	Other Cash Benefits <sup>(b)</sup>	Other Non-cash Benefits <sup>(c)</sup>	Total	Total
	(9 months)				(12 months)
	(in thousands)				
Chair of the Board <sup>(d)</sup>	\$ -	\$ 23	\$ -	\$ 23	\$ 25
Board Members <sup>(e)</sup>	-	43	-	43	61
Chief Executive Officer <sup>(f) (g)</sup>	110	1	26	137	100
Director, Community Programs <sup>(f) (i)</sup>	-	-	-	-	119
Director, Corporate Services <sup>(f) (h)</sup>	51	1	12	64	161
Director, Corporate Development <sup>(f)</sup>	87	1	20	108	158
Director, Specialty Services <sup>(f)</sup>	87	1	22	110	144

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include vacation payouts, lump sum payments and honoraria. There were no bonuses paid in the nine months ended December 31, 2013.

(c) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and tuition fees.

(d) These amounts represent honoraria payments made to the Chair of the Board.

(e) There are 9 board member positions. These amounts represent honoraria payments made to the board members during the period.

(f) Executives and managers are assigned to the Board from the Department of Human Services and are not employees of the Board.

(g) Position was vacant for six months in the prior year.

(h) Position was vacant from August 23, 2013 to December 31, 2013.

(i) Position was vacant from April 1, 2013 to December 31, 2013.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD**

**FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Persons with Developmental Disabilities Calgary Region Community Board, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities Calgary Region Community Board as at December 31, 2013 and the results of its operations and cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Board to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
STATEMENT OF OPERATIONS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
Budget	Actual	Actual
(Schedule 2)		
(12 months)	(9 months)	(12 months)
	(in thousands)	
Revenues		
Transfer from Department of Human Services	\$ 167,411	\$ 179,444
Previous year's refund of expenditures	-	106
	<u>167,411</u>	<u>179,550</u>
Expenses – Directly Incurred (Note 2(b), Schedule 1)		
Programs		
Community Living Supports	83,325	81,464
Employment Supports	7,341	5,987
Community Access Supports	20,880	38,559
Specialized Community Supports	2,264	3,008
Direct Operations	9,990	7,068
Supports to Delivery Systems	43,441	44,120
Board Governance	175	104
	<u>167,416</u>	<u>180,310</u>
Net operating results	<u>\$ (5)</u>	<u>\$ (760)</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2013**

	December 31, 2013	March 31, 2013
	(in thousands)	
<b>Assets</b>		
Cash and cash equivalents	\$ 684	\$ 3,190
Accounts receivable (Note 4)	27,938	1,925
Tangible capital assets (Note 5)	131	114
	<u>\$ 28,753</u>	<u>\$ 5,229</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 16,637	\$ 5,339
<b>Net assets (liabilities)</b>		
Net (liabilities) assets at beginning of period	(110)	650
Net operating results	12,226	(760)
	<u>12,116</u>	<u>(110)</u>
	<u>\$ 28,753</u>	<u>\$ 5,229</u>

Contractual obligations and contingent liabilities (Notes 8 and 9)

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
STATEMENT OF CASH FLOWS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
	(9 months)	(12 months)
	(in thousands)	
Operating transactions		
Net operating results	\$ 12,226	\$ (760)
Non-cash items included in net operating results		
Amortization	11	14
	12,237	(746)
Increase in accounts receivable	(26,013)	(574)
Increase (decrease) in accounts payable and accrued liabilities	11,298	(479)
Cash applied to operating transactions	(2,478)	(1,799)
Capital transactions		
Transfer of tangible capital assets	(28)	-
Decrease in cash and cash equivalents	(2,506)	(1,799)
Cash and cash equivalents, beginning of period	3,190	4,989
Cash and cash equivalents, end of period	<u>\$ 684</u>	<u>\$ 3,190</u>

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



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Persons with Developmental Disabilities Calgary Region 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*, the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and directions provided by the Minister of Human Services.

The Board is responsible for developing, implementing, and evaluating plans for the provision of services for adults with developmental disabilities within the region.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties, and functions of the Board to the Department of Human Services. As a result, the Board has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Human Services (the ministry), and for which the Minister of Human Services (the minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by period end is recorded as deferred revenue.

*Government Transfers*

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Board's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Board complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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.

In addition to program operating expenses such as supplies and services, directly incurred expenses also include:

- amortization of tangible capital assets,
- valuation 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,
- costs of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Human Services. The cost of their salaries, wages and benefits is included in manpower expense, and
- pension costs, which are the cost of employer contributions for current service of employees during the period.

Grants are recognized as expenses when authorized and eligibility criteria, if any, are met.

*Description of Program Expenses Reported on the Statement of Operations*

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

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  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

Direct Operations – expenses incurred to operate the following facilities, and to provide the resident adults with developmental disabilities with residential care, supporting them to participate in community and personal development activities:

- Bow Park Court
- Scenic Bow Legion Group Homes
- Parkmont Achievement Center

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.

**Cash and Cash Equivalents**

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority/Board.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Board include cash and cash equivalents and financial claims, such as receivables from other organizations.

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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged if the tangible capital asset is in use.

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Net Assets/Net Liabilities**

Net assets/net liabilities represent the difference between the carrying value of assets held by the Board and its liabilities.

Canadian Public Sector Accounting Standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**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 cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

**NOTE 3 DISSOLUTION OF THE BOARD**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Board were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Board were transferred to the Department of Human Services on January 1, 2014.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 4 ACCOUNTS RECEIVABLE**  
(in thousands)

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Service providers	\$ 27,878	\$ -	\$ 27,878	\$ 1,897
Government	57	-	57	23
Other	3	-	3	5
	<u>\$ 27,938</u>	<u>\$ -</u>	<u>\$ 27,938</u>	<u>\$ 1,925</u>

Accounts receivable are unsecured and non-interest bearing.

**NOTE 5 TANGIBLE CAPITAL ASSETS**  
(in thousands)

	Vehicles	Equipment <sup>(1)</sup>	Equipment <sup>(2)</sup>	Leasehold Improvements	Total
<b>Estimated useful life</b>	3 years	10 years	15 years	10 years	
<b>Historical cost</b>					
Beginning of period	\$ 348	\$ 52	\$ 13	\$ 79	\$ 492
Transfers in	-	35	-	-	35
	<u>\$ 348</u>	<u>\$ 87</u>	<u>\$ 13</u>	<u>\$ 79</u>	<u>\$ 527</u>
<b>Accumulated amortization</b>					
Beginning of period	\$ 348	\$ 13	\$ 9	\$ 8	\$ 378
Transfers in	-	7	-	-	7
Amortization expense	-	4	1	6	11
	<u>\$ 348</u>	<u>\$ 24</u>	<u>\$ 10</u>	<u>\$ 14</u>	<u>\$ 396</u>
<b>Net book value at December 31, 2013</b>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ 3</u>	<u>\$ 65</u>	<u>\$ 131</u>
<b>Net book value at March 31, 2013</b>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 4</u>	<u>\$ 71</u>	<u>\$ 114</u>

(1) includes communication equipment.

(2) includes bathing equipment.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
(in thousands)

	December 31, 2013	March 31, 2013
Accrued supplies and services	\$ 14,767	\$ 1,180
Employees' accrued vacation pay and manpower costs	1,739	1,413
Due to Ministry of Human Services	116	-
Due to Treasury Board and Finance	15	1,067
Accrued Grants	-	1,679
	<u>\$ 16,637</u>	<u>\$ 5,339</u>

**NOTE 7 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts relating to voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NOTE 8 CONTRACTUAL OBLIGATIONS**  
(in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 52,414</u>	<u>\$ 10,156</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 months)	\$ 47,079
2014-15	5,335
2015-16	-
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 52,414</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 CALGARY REGION COMMUNITY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**NOTE 9 CONTINGENT LIABILITIES**

(in thousands)

The Board has been named in nil (2013: 1) claims of which the outcome is not determinable.

**NOTE 10 TRUST FUNDS UNDER ADMINISTRATION**

(in thousands)

The Board administers trust funds consisting of public money over which the Legislature has no power of appropriation. 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.

At December 31, 2013 trust funds under administration were as follows:

	December 31, 2013	March 31, 2013
Client trust funds	<u>\$ 83</u>	<u>\$ 71</u>

**NOTE 11 BENEFIT PLANS**

(in thousands)

The Board participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is \$1,127 for the nine months ended December 31, 2013 (year ended March 31, 2013 - \$1,288). The Board is not responsible for future funding of the plan deficit other than through contribution increases

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 12 GRANDFATHERED CLIENTS**

(in thousands)

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 to these grandfathered individuals and agencies do not comply with the *Act*.

During the period, there were 18 grandfathered individuals and one grandfathered agency in the Calgary Region. The total cost of services to 18 grandfathered individuals that has been included in the Statement of Operations is estimated to be \$412 for the nine months ended December 31, 2013 (year ended March 31, 2013 - 18 individuals totalling \$521). The total cost of the grandfathered agency, which provides services to an additional 11 individuals, that has been included in the Statement of Operations is estimated to be \$857 for the nine months ended December 31, 2013 (year ended March 31, 2013 - one grandfathered agency serving 11 individuals totalling \$1,144).

**NOTE 13 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 Presentation.

**NOTE 14 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Expenses – Directly Incurred Detailed By Object  
Nine Months ended December 31, 2013**

**SCHEDULE 1**

	December 31, 2013	March 31, 2013
Budget	Actual	Actual
(12 months)	(9 months)	(12 months)
	(in thousands)	
Salaries, wages and employee benefits	\$ 14,461	\$ 12,267
Supplies and services	152,649	161,380
Grants	250	6,649
Amortization of tangible capital assets	56	14
	<u>\$ 167,416</u>	<u>\$ 180,310</u>
	<u>\$ 152,938</u>	<u>\$ 180,310</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Budget  
Nine Months ended December 31, 2013**

**SCHEDULE 2**

	2013-14 Estimate (12 months)	Adjustments  (in thousands)	2013-14 Authorized Budget (12 months)
Revenue			
Transfer from Department of Human Services	\$ 167,411	\$ -	\$ 167,411
Expenses – Directly Incurred			
Community Living Supports	83,325	-	83,325
Employment Supports	7,341	-	7,341
Community Access Supports	20,880	-	20,880
Specialized Community Supports	2,264	-	2,264
Direct Operations	9,990	-	9,990
Supports to Delivery Systems	43,441	-	43,441
Board Governance	175	-	175
	167,416	-	167,416
Net operating results	\$ (5)	\$ -	\$ (5)
Capital investment	\$ 135	\$ -	\$ 135

**PERSONS WITH DEVELOPMENTAL DISABILITIES**  
**CALGARY REGION COMMUNITY BOARD**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions**  
**Nine Months ended December 31, 2013**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government 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 Human Services paid or collected certain taxes and fees set by regulation for permits, licenses 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 and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	December 31, 2013 (9 months)	March 31, 2013 (12 months)	December 31, 2013 (9 months)	March 31, 2013 (12 months)
	(in thousands)			
<b>Revenues</b>				
Department of Human Services	\$ 165,061	\$ 179,444	\$ -	\$ -
<b>Expenses – Directly Incurred</b>				
Department of Innovation and Advanced Education	\$ -	\$ -	\$ 120	\$ 150
Service Alberta	-	-	8	15
	\$ -	\$ -	\$ 128	\$ 165
<b>Tangible capital assets transferred from:</b>				
Persons with Developmental Disabilities Central Region Community Board	\$ 28	\$ -	\$ -	\$ -
<b>Receivable from/(Payable to):</b>				
Department of Human Services (net)	\$ (54)	\$ -	\$ -	\$ -
Persons with Developmental Disabilities Central Region Community Board	(28)	-	-	-
Treasury Board and Finance	-	-	(15)	(1,067)
Department of Innovation and Advanced Education (net)	-	-	(5)	11
	\$ (82)	\$ -	\$ (20)	\$ (1,056)
<b>Contractual obligations</b>				
Department of Innovation and Advanced Education	\$ -	\$ -	\$ 75	\$ 35

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
CALGARY REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure  
Nine Months ended December 31, 2013**

**SCHEDULE 4**

	December 31, 2013				March 31, 2013
	Base Salary <sup>(a)</sup>	Other Cash Benefits <sup>(b)</sup>	Other Non-cash Benefits <sup>(c)</sup>	Total	Total
	(9 months)				(12 months)
	(in thousands)				
Chair of the Board <sup>(d)</sup>	\$ -	\$ 22	\$ -	\$ 22	\$ 27
Board Members <sup>(e)</sup>	-	45	-	45	40
Chief Executive Officer <sup>(f)</sup>	119	5	30	154	199
Senior Manager, Strategic Planning and Development <sup>(f)</sup>	94	1	23	118	152
Executive Director, Graduated Supports <sup>(f)</sup>	89	5	22	116	155
Senior Manager, Finance and Resource Allocation <sup>(f)</sup>	88	1	22	111	145

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include vacation payouts, lump sum payments and honoraria. There were no bonuses paid in the nine months ended December 31, 2013.

(c) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(d) These amounts represent honoraria payments made to the Chair of the Board.

(e) There are 6 board member positions. These amounts represent honoraria payments made to the board members during the period.

(f) Executives and managers are assigned to the Board from the Department of Human Services and are not employees of the Board.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD**

**FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Persons with Developmental Disabilities South Region Community Board, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Persons with Developmental Disabilities South Region Community Board as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Board to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
STATEMENT OF OPERATIONS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
Budget	Actual	Actual
(Schedule 2)		
(12 months)	(9 months)	(12 months)
	(in thousands)	
Revenues		
Transfer from Department of Human Services	\$ 72,642	\$ 62,623
Previous year's refund of expenditures	50	-
	<u>72,692</u>	<u>76,465</u>
Expenses – Directly Incurred (Note 2(b), Schedule 1)		
Programs		
Community Living Supports	45,141	35,701
Employment Supports	3,709	2,762
Community Access Supports	9,402	13,202
Specialized Community Supports	185	109
Supports to Delivery Systems	14,093	11,361
Board Governance	120	103
	<u>72,650</u>	<u>63,238</u>
Net operating results	<u>\$ 42</u>	<u>\$ (113)</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
STATEMENT OF FINANCIAL POSITION  
As at December 31, 2013**

	December 31, 2013	March 31, 2013
	(in thousands)	
<b>Assets</b>		
Cash and cash equivalents	\$ 931	\$ 1,407
Accounts receivable (Note 4)	5,196	3,908
	<u>\$ 6,127</u>	<u>\$ 5,315</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 6,797	\$ 5,382
<b>Net liabilities</b>		
Net (liabilities) assets at beginning of period	(67)	46
Net operating results	<u>(603)</u>	<u>(113)</u>
Net liabilities at end of period	<u>(670)</u>	<u>(67)</u>
	<u>\$ 6,127</u>	<u>\$ 5,315</u>

Contractual obligations (Note 7)

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



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
STATEMENT OF CASH FLOWS  
Nine Months ended December 31, 2013**

	December 31, 2013	March 31, 2013
	(9 months)	(12 months)
	(in thousands)	
Operating transactions		
Net operating results	\$ (603)	\$ (113)
Increase in accounts receivable	(1,288)	(261)
Increase in accounts payable and accrued liabilities	1,415	1,455
	<u>          </u>	<u>          </u>
Cash (applied to) provided by operating transactions	(476)	1,081
Cash and cash equivalents, beginning of period	1,407	326
	<u>          </u>	<u>          </u>
Cash and cash equivalents, end of period	<u>\$ 931</u>	<u>\$ 1,407</u>

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

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Persons with Developmental Disabilities South Region 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*, the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000, and directions provided by the Minister of Human Services.

The Board is responsible for developing, implementing, and evaluating plans for the provision of services for adults with developmental disabilities within the region.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties, and functions of the Board to the Department of Human Services. As a result, the Board has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Board, which is part of the Ministry of Human Services (the ministry), and for which the Minister of Human Services (the minister) is accountable. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by period end is recorded as deferred revenue.

*Government Transfers*

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Board's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Board complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**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.

In addition to program operating expenses such as supplies and services, directly incurred expenses also include:

- valuation 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,
- costs of salaries, wages and benefits related to employees assigned to the Board through an arrangement with the Department of Human Services. The cost of their salaries, wages and benefits is included in manpower expense, and
- pension costs, which are the cost of employer contributions for current service of employees during the period.

Grants are recognized as expenses when authorized and eligibility criteria, if any, are met.

*Description of Program Expenses Reported on the Statement of Operations*

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

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.

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.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Board.

**Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Board include cash and cash equivalents and financial claims, such as receivables from other organizations.

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Amortization is only charged if the tangible capital asset is in use.

**Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**Net Assets/Net Liabilities**

Net assets/net liabilities represent the difference between the carrying value of assets held by the Board and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
 SOUTH REGION COMMUNITY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)**

**(b) Basis of Financial Reporting (continued)**

**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 cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

**NOTE 3 DISSOLUTION OF THE BOARD**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Board were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Board were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 ACCOUNTS RECEIVABLE**  
 (in thousands)

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Service providers	\$ 5,109	\$ -	\$ 5,109	\$ 3,860
Other	87	-	87	48
	<u>\$ 5,196</u>	<u>\$ -</u>	<u>\$ 5,196</u>	<u>\$ 3,908</u>

Accounts receivable are unsecured and non-interest bearing.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
(in thousands)

	December 31, 2013	March 31, 2013
Accrued supplies and services	\$ 6,256	\$ 3,973
Employees' accrued vacation pay and manpower costs	276	209
Accrued grants	262	900
Due to Treasury Board and Finance	3	300
	<u>\$ 6,797</u>	<u>\$ 5,382</u>

**NOTE 6 VOLUNTARY CONTRIBUTIONS**

These financial statements do not include amounts relating to voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NOTE 7 CONTRACTUAL OBLIGATIONS**  
(in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 12,640</u>	<u>\$ 17,728</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 months)	\$ 12,640
2014-15	-
2015-16	-
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 12,640</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 8 BENEFIT PLANS**

(in thousands)

The Board participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is \$219 for the nine months ended December 31, 2013 (year ended March 31, 2013 - \$248). The Board is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 9 GRANDFATHERED CLIENTS**

(in thousands)

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 to these grandfathered individuals and agencies do not comply with the *Act*.

The total cost of these services for 6 individuals that has been included in the Statement of Operations is estimated to be \$171 for the nine months ended December 31, 2013 (year ended March 31, 2013 - 6 individuals totalling \$236).

**NOTE 10 COMPARATIVE FIGURES**

Certain 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 11 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Expenses – Directly Incurred Detailed By Object  
Nine Months ended December 31, 2013**

**SCHEDULE 1**

	December 31, 2013	March 31, 2013
Budget	Actual	Actual
(12 months)	(9 months)	(12 months)
	(in thousands)	
Salaries, wages and employee benefits	\$ 2,225	\$ 1,811
Supplies and services	70,425	55,269
Grants	-	6,158
	<u>\$ 72,650</u>	<u>\$ 63,238</u>
		<u>\$ 76,578</u>



**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Budget  
Nine Months ended December 31, 2013**

**SCHEDULE 2**

	2013-14 Estimate	Adjustments	2013-14 Authorized Budget
	(12 months)		(12 months)
	(in thousands)		
<b>Revenue</b>			
Transfer from Department of Human Services	\$ 72,642	\$ -	\$ 72,642
Previous year's refund of expenditures	50	-	50
	<u>72,692</u>	<u>-</u>	<u>72,692</u>
<b>Expenses – Directly Incurred</b>			
Community Living Supports	45,141	-	45,141
Employment Supports	3,709	-	3,709
Community Access Supports	9,402	-	9,402
Specialized Community Supports	185	-	185
Supports to Delivery Systems	14,093	-	14,093
Board Governance	120	-	120
	<u>72,650</u>	<u>-</u>	<u>72,650</u>
<b>Net operating results</b>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 42</u>

**PERSONS WITH DEVELOPMENTAL DISABILITIES**  
**SOUTH REGION COMMUNITY BOARD**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions**  
**Nine Months ended December 31, 2013**

**SCHEDULE 3**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government 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 Human Services paid or collected certain taxes and fees set by regulation for permits, licenses 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 and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	December 31, 2013 (9 months)	March 31, 2013 (12 months)	December 31, 2013 (9 months)	March 31, 2013 (12 months)
	(in thousands)			
Revenues				
Department of Human Services	\$ 62,623	\$ 76,465	\$ -	\$ -
Expenses – Directly Incurred				
Service Alberta	\$ -	\$ -	\$ 9	\$ 9
Alberta Health Services	-	-	4,385	-
Innovation and Advanced Education	-	-	116	-
	\$ -	\$ -	\$ 4,501	\$ 9
Receivable from/(Payable to):				
Department of Human Services	\$ 28	\$ -	\$ -	\$ -
Treasury Board and Finance	-	-	(3)	(300)
Persons with Developmental Disabilities Edmonton Region Community Board	(10)	-	-	-
Alberta Health Services	-	-	(1,637)	-
Innovation and Advanced Education	-	-	(15)	-
	\$ 18	\$ -	\$ (1,655)	\$ (300)

**PERSONS WITH DEVELOPMENTAL DISABILITIES  
SOUTH REGION COMMUNITY BOARD  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure  
Nine Months ended December 31, 2013**

**SCHEDULE 4**

	December 31, 2013			March 31, 2013	
	Base Salary <sup>(a)</sup>	Other Cash Benefits <sup>(b)</sup>	Other Non-cash Benefits <sup>(c)</sup>	Total	Total
	(9 months)			(12 months)	
	(in thousands)				
Chair of the Board <sup>(d)</sup>	\$ -	\$ 30	\$ -	\$ 30	\$ 33
Board Members <sup>(e)</sup>	-	58	-	58	54
Chief Executive Officer <sup>(f)</sup>	101	-	25	126	169
Director of Operations <sup>(f)</sup>	83	-	21	104	144
Manager, Finance <sup>(f)</sup>	67	-	18	85	119

<sup>(a)</sup> Base Salary includes pensionable base pay.

<sup>(b)</sup> Other cash benefits include vacation payouts, lump sum payments and honoraria. There were no bonuses paid in the nine months ended December 31, 2013.

<sup>(c)</sup> Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

<sup>(d)</sup> These amounts represent honoraria payments made to the Chair of the Board.

<sup>(e)</sup> There are 8 board member positions. These amounts represent honoraria payments made to the board members during the period.

<sup>(f)</sup> Executives and managers are assigned to the Board from the Department of Human Services and are not employees of the Board.

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# Child and Family Services Authorities

FINANCIAL STATEMENTS

# **SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Southwest Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Southwest Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	<b>December 31,</b>	<b>March 31,</b>	
	<b>2013</b>	<b>2013</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 43,994	\$ 32,889	\$ 52,747
Other Revenue			
Inter-Authority Services	78	310	48
Other Revenue	40	393	266
<b>Total Revenues</b>	<b>44,112</b>	<b>33,592</b>	<b>53,061</b>
<b>Expenses - Directly Incurred (Note 2b, Schedule 1)</b>			
Child Care Support Services	2,433	833	10,480
Prevention of Family Violence and Bullying	23	57	73
Child Intervention Services	18,140	14,157	18,483
Support for Permanency	2,731	1,818	2,371
Early Intervention Services for Children and Youth	2,305	2,377	3,369
Foster Care Support	10,035	6,668	8,914
Family Support for Children with Disabilities	8,072	5,675	7,260
Protection of Sexually Exploited Children	295	207	287
Inter-Authority Services	78	310	48
<b>Total Expenses</b>	<b>44,112</b>	<b>32,102</b>	<b>51,285</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ 1,490</b>	<b>\$ 1,776</b>

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



**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 10,438	\$ 10,038
Accounts Receivable (Note 5)	1,520	1,437
Prepays	-	23
	<u>\$ 11,958</u>	<u>\$ 11,498</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	\$ 4,125	\$ 5,155
<b>Net Assets</b>		
Net Assets at Beginning of Period	6,343	4,567
Net Operating Results	1,490	1,776
Net Assets at End of Period	<u>7,833</u>	<u>6,343</u>
	<u>\$ 11,958</u>	<u>\$ 11,498</u>

Contractual obligations and contingent liabilities (Notes 7 and 8)

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

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months ended December 31, 2013**

	(in thousands)	
	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	(9 Months)	(12 Months)
<b>Operating Transactions</b>		
Net Operating Results	\$ 1,490	\$ 1,776
Increase in Accounts Receivable	(83)	(218)
Decrease (Increase) in Prepays	23	(2)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(1,030)	589
Cash Provided by (Applied to) Operating Transactions	<u>400</u>	<u>2,145</u>
<b>Increase in Cash</b>	400	2,145
<b>Cash and Cash Equivalents, Beginning of Period</b>	10,038	7,893
<b>Cash and Cash Equivalents, End of Period</b>	<u><b>\$ 10,438</b></u>	<u><b>\$ 10,038</b></u>

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

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Southwest Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the “Management Services Agreement” between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**a) Reporting Entity**

The reporting entity is the Southwest Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, Federal and other governments are referred to as government transfers.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Pension costs, which are the cost of employer contributions for current services of employees during the period, and
- Valuation 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 provision for accrued vacation pay for the employees assigned to the Authority by the Department of Human Services.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

***Cash and Cash Equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Assets***

Assets acquired by right are not included. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, advances and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statements of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$44,112 on April 25, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$1,520 and \$4,125 respectively in these financial statements are subject to measurement uncertainty.

The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimate.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Initial (original) budget	\$ 43,994	\$ 50,487
Fourth quarter grant not provided	(11,105)	-
Additional funding for the period	-	2,260
Grant for the period	<u>\$ 32,889</u>	<u>\$ 52,747</u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	December 31, 2013		March 31, 2013		
Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value		
Child & Family Services Authorities	\$ 62	\$ -	\$ 62	\$ 34	
Department of Human Services	1,241	-	1,241	1,281	
Refunds from Suppliers	219	2	217	122	
	<u>\$ 1,522</u>	<u>\$ 2</u>	<u>\$ 1,520</u>	<u>\$ 1,437</u>	

Accounts receivable are unsecured and non-interest bearing.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payable	\$ 2,407	\$ 2,567
Accrued Vacation Pay and Manpower Expenses	1,678	1,350
Department of Human Services	24	12
Child and Family Services Authorities	2	2
Department of Treasury Board and Finance	14	1,224
	<u>\$ 4,125</u>	<u>\$ 5,155</u>

**NOTE 7 CONTRACTUAL OBLIGATIONS**  
*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 3,470</u>	<u>\$ 5,007</u>

Estimated payment requirements for each of the next two years are as follows:

	Total
2013-14 (3 Months)	\$ 2,643
2014-15	827
	<u>\$ 3,470</u>



**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 8 CONTINGENT LIABILITIES**

*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in 3 (March 31, 2013: 3) claims of which the outcome is not determinable. Of these claims, 3 (March 31, 2013: 3) have specified amounts totalling \$334,200 (March 31, 2013: \$334,200). Included in the total claims, 3 claims totalling \$334,200 (March 31, 2013: 3 claim totalling \$334,200) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 9 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, Public Services Pension Plan, and The Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$1,179 for the nine months ended December 31, 2013 (year ended March 31 2013 - \$1,391). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 10 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 11 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	<b>December 31,</b>	<b>2013</b>	<b>March 31,</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
Salaries, Wages and Employee Benefits	\$ 14,092	\$ 11,328	\$ 15,041
Supplies and Services	21,664	14,623	19,357
Grants	8,278	5,840	16,838
Inter-Authority Services	78	310	48
Other	-	1	1
<b>Total Expenses</b>	<b>\$ 44,112</b>	<b>\$ 32,102</b>	<b>\$ 51,285</b>

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties that are on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013 (9 Months)	March 31, 2013 (12 Months)	December 31, 2013 (9 Months)	March 31, 2013 (12 Months)
<b>Revenues:</b>				
Grant from the Department Human Services	\$ 32,889	\$ 52,747	\$ -	\$ -
Recoveries - Inter-Authority Services	319	48	-	-
	<b>\$ 33,208</b>	<b>\$ 52,795</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 49	\$ 66	\$ -	\$ -
Department of Human Services	133	177	-	-
Department of Education	-	-	70	87
Department of Health and Wellness	-	-	621	753
Department of Service Alberta	-	-	72	79
	<b>\$ 182</b>	<b>\$ 243</b>	<b>\$ 763</b>	<b>\$ 919</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 1,219	\$ 1,269	\$ -	\$ -
Department of Treasury Board and Finance	-	-	(14)	(1,224)
Department of Education	-	-	-	4
Southeast Alberta Child and Family Services Authority	60	9	-	-
Calgary and Area Child and Family Services Authority	-	1	-	-
Edmonton and Area Child and Family Services Authority	-	22	-	-
	<b>\$ 1,279</b>	<b>\$ 1,301</b>	<b>\$ (14)</b>	<b>\$ (1,220)</b>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**SOUTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Salary and Benefits Disclosure - Schedule 3**  
**Nine Months ended December 31, 2013**

	(in thousands)				March 31,	
	December 31, 2013				2013	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other		Total	Total
			Cash	Non-Cash		
(9 Months)					(12 Months)	
Co-Chair of the Authority	\$ -	\$ 31	\$ -	\$ 31	\$ 47	
Co-Chair of the Authority	-	22	-	22	26	
Board Members (6 members)	-	33	-	33	55	
Chief Executive Officer	109	-	25	134	175	

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.

Co-chairs and board members receive honoraria only.

The Department of Human Services paid \$13 of the total honoraria expenses disclosed in this Schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including position, health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

# **SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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Independent Auditor's Report

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Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Salary and Benefits Disclosure



## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Southeast Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Southeast Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**Nine Months Ended December 31, 2013**

	(in thousands)		
		<b>December 31,</b>	<b>March 31,</b>
	<b>Budget</b>	<b>2013</b>	<b>2013</b>
	(12 Months)	(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 25,302	\$ 17,968	\$ 29,970
Other Revenue			
Inter-Authority Services	-	37	2
Other	19	-	94
Miscellaneous	-	25	-
<b>Total Revenues</b>	<b>25,321</b>	<b>18,030</b>	<b>30,066</b>
<b>Expenses - Directly Incurred (Note 2b, Schedule 1)</b>			
Child Care Support Services	1,208	607	6,302
Prevention of Family Violence and Bullying	74	44	56
Child Intervention Services	12,218	8,871	10,925
Support for Permanency	1,760	1,184	1,335
Early Intervention Services for Children and Youth	1,875	1,985	2,755
Foster Care Support	4,622	3,000	4,269
Family Support for Children with Disabilities	3,496	2,953	3,488
Protection of Sexually Exploited Children	68	38	50
Inter-Authority Services	-	37	2
<b>Total Expenses</b>	<b>25,321</b>	<b>18,719</b>	<b>29,182</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ (689)</b>	<b>\$ 884</b>

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

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 969	\$ 2,334
Accounts Receivable (Note 5)	874	924
Prepaid Expenses	-	13
Tangible Capital Assets (Note 6)	-	-
	<u><b>\$ 1,843</b></u>	<u><b>\$ 3,271</b></u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 7)	<u>\$ 1,828</u>	<u>\$ 2,567</u>
<b>Net Assets</b>		
Net Assets (Liabilities) at Beginning of Period	704	(180)
Net Operating Results	<u>(689)</u>	<u>884</u>
Net Assets at End of Period	<u>15</u>	<u>704</u>
	<u><b>\$ 1,843</b></u>	<u><b>\$ 3,271</b></u>

Contractual obligations and contingent liabilities (Note 8 and 9)

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



**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months Ended December 31, 2013**

	(in thousands)	
	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	(9 Months)	(12 Months)
<b>Operating Transactions</b>		
Net Operating Results	\$ (689)	\$ 884
Non-Cash Items included in Net Operating Results:		
Amortization		-
	<u>(689)</u>	<u>884</u>
Decrease in Accounts Receivable	50	172
Decrease in Prepaid Expenses	12	25
(Decrease) in Accounts Payable and Accrued Liabilities	<u>(738)</u>	<u>(119)</u>
Cash Provided by Operating Transactions	<u>(1,365)</u>	<u>962</u>
(Decrease) Increase in Cash and Cash Equivalents	(1,365)	962
<b>Cash and Cash Equivalents at Beginning of Period</b>	2,334	1,372
<b>Cash and Cash Equivalents at End of Period</b>	<u><b>\$ 969</b></u>	<u><b>\$ 2,334</b></u>

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

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Southeast Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared primarily in accordance with Canadian Public Sector Accounting Standards.

**a) Reporting Entity**

The reporting entity is the Southeast Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**b) Basis of Financial Reporting**

***Revenue Accounting Policy***

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the period, and
- valuation 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 related to vacation pay, guarantees and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amount can be made.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Cash and cash equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Authority 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 system development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statement of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$25,321 on April 25, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$874 (March 31, 2013 - \$924) and \$1,828 (March 31, 2013 – 2,567) respectively in these financial statements are subject to measurement uncertainty.

The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES  
(in thousands)**

The grant is determined as follows:

	<u>2014</u> (9 Months)	<u>2013</u> (12 Months)
Initial (original) budget	\$ 25,302	\$ 28,876
Fourth quarter grant not provided	(7,346)	-
Additional funding for the current period	<u>12</u>	<u>1,094</u>
Grant for the period	<u>\$ 17,968</u>	<u>\$ 29,970</u>

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 5 ACCOUNTS RECEIVABLE**  
*(in thousands)*

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 851	\$ -	\$ 851	\$ 912
Refunds from suppliers	20	-	20	10
Child and Family Services Authorities	3	-	3	2
	\$ 874	\$ -	\$ 874	\$ 924

Accounts receivable are unsecured and non-interest bearing.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	<b>Equipment*</b>	<b>Leasehold Improvements</b>	<b>Computer hardware and software</b>	<b>Total</b>
<b>Estimated Useful Life</b>	5 Years	7 Years	5 Years	
<b>Historical Cost</b>				
Beginning of Year	\$ 6	\$ -	\$ -	\$ 6
Additions	-	-	-	-
	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
<b>Accumulated Amortization</b>				
Beginning of Year	6	-	-	6
Amortization Expense	-	-	-	-
	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
<b>Net Book Value at December 31, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Book Value at March 31, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\*Equipment includes office equipment, furniture and other equipment



**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payable	\$ 656	\$ 868
Accrued Vacation Pay and Manpower Expenses	1,078	935
Department of Human Services	5	9
Child and Family Services Authorities	81	12
Department of Treasury Board and Finance	8	743
	<u>\$ 1,828</u>	<u>\$ 2,567</u>

**NOTE 8 CONTRACTUAL OBLIGATIONS**

*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 2,049</u>	<u>\$ 4,723</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 Months)	\$ 1,856
2014-15	193
2015-16	-
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 2,049</u>

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 CONTINGENT LIABILITIES**  
*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in two (2013: 2) claims of which the outcome is not determinable. Of these claims, two (2013: 2) have specified amounts totaling \$332,900 (2013: \$332,900). Included in the total claims, two claims totaling \$332,900 (2013: 2 claims totaling \$332,900) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 10 BENEFIT PLANS**  
*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, and Public Services Pension Plan, and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$706 for the nine months ended December 31, 2013 (March 31, 2013 – \$835). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 11 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months Ended December 31, 2013**

	(in thousands)		
	<b>December 31,</b>	<b>March 31,</b>	
	<b>2013</b>	<b>2013</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
Salaries, Wages and Employee Benefits	8,481	6,675	\$ 8,837
Supplies and Services	14,452	10,165	12,771
Grants	2,388	1,842	7,572
Inter-Authority Services	-	37	2
Other	-	-	-
<b>Total Expenses</b>	<b>25,321</b>	<b>18,719</b>	<b>\$ 29,182</b>

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months Ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties that are on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December		December 31,	March 31,
	31, 2013	March 31, 2013	2013	2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 17,968	\$ 29,970	\$ -	\$ -
Recoveries - Inter-Authority Services	37	2	-	-
	<b>\$ 18,005</b>	<b>\$ 29,972</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 364	\$ 106	\$ -	\$ -
Department of Human Services	221	295	-	-
Department of Education	-	-	106	390
Department of Health and Wellness	-	-	171	142
Department of Service Alberta	-	-	39	45
	<b>\$ 585</b>	<b>\$ 401</b>	<b>\$ 316</b>	<b>\$ 577</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 846	\$ 903	\$ -	\$ -
Calgary Area Child and Family Services Authority	1	(1)	-	-
Southwest Alberta Child and Family Services Authority	(60)	(9)	-	-
East Central Alberta Child and Family Services Authority	(1)	-	-	-
Edmonton Area Child and Family Services Authority	(18)	-	-	-
Department of Treasury Board and Finance	-	-	(8)	(743)
	<b>\$ 768</b>	<b>\$ 893</b>	<b>\$ (8)</b>	<b>\$ (743)</b>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**SOUTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure - Schedule 3  
Nine Months Ended December 31, 2013**

	(in thousands)					March 31, 2013	
	December 31, 2013				Total		Total (12 Months)
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other			Total	
			Non-Cash Benefits <sup>(3)</sup>				
(9 Months)				(12 Months)			
Co-Chair of the Authority	\$ -	\$ 23	\$ -	\$ 23	\$ 22		
Co-Chair of the Authority	-	20	-	20	20		
Board Members (5 Members)	-	20	-	20	30		
Chief Executive Officer <sup>(4)</sup>	124	21	30	175	223		

(1) Base Salary includes regular pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.

Co-chairs and board members receive honoraria only.

The Department of Human Services paid \$11 (March 31, 2013 - \$30) of the total honoraria expenses disclosed in this schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

(4) Retirement of CEO in early September resulted in a significant vacation payout.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**

**FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Calgary and Area Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Calgary and Area Child and Family Services Authority at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**Nine Months Ended December 31, 2013**

	(in thousands)		
	<b>Budget</b>	<b>December 31, 2013 Actual</b>	<b>March 31, 2013 Actual</b>
	(12 Months)	(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 257,214	\$ 210,573	\$ 290,985
Other Revenue			
Inter-Authority Services	100	84	165
Other Revenue	905	549	920
<b>Total Revenues</b>	<b>258,219</b>	<b>211,206</b>	<b>292,070</b>
<b>Expenses - Directly Incurred (Note 2b and Schedule 1)</b>			
Child Care Support Services	8,198	3,642	46,570
Prevention of Family Violence and Bullying	1,062	799	1,022
Child Intervention Services	108,612	82,238	109,804
Support for Permanency	15,776	11,411	13,667
Early Intervention Services for Children and Youth	12,938	12,373	17,590
Foster Care Support	51,698	38,586	53,926
Family Support for Children with Disabilities	57,695	44,095	55,824
Protection of Sexually Exploited Children	2,140	1,628	2,074
Inter-Authority Services	100	84	165
<b>Total Expenses</b>	<b>258,219</b>	<b>194,856</b>	<b>300,642</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ 16,350</b>	<b>\$ (8,572)</b>

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



**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 17,473	\$ 10,033
Accounts Receivable (Note 5)	6,757	6,377
Tangible Capital Assets (Note 6)	15	30
	<u>\$ 24,245</u>	<u>\$ 16,440</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 7)	<u>\$ 19,102</u>	<u>\$ 27,647</u>
<b>Net Assets</b>		
Net Liabilities at Beginning of Period	(11,207)	(2,635)
Net Operating Results	<u>16,350</u>	<u>(8,572)</u>
Net Assets (Liabilities) at End of Period	<u>5,143</u>	<u>(11,207)</u>
	<u>\$ 24,245</u>	<u>\$ 16,440</u>

Contractual obligations and contingent liabilities (Note 8 and 9)

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

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months Ended December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	(9 Months)	(12 Months)
<b>Operating Transactions</b>		
Net Operating Results	\$ 16,350	\$ (8,572)
Non-Cash Items included in Net Operating Results:		
Amortization (Note 6)	15	20
	<u>16,365</u>	<u>(8,552)</u>
(Increase) Decrease in Accounts Receivable	(380)	404
(Decrease) Increase in Accounts Payable and Accrued Liabilities	<u>(8,545)</u>	<u>3,991</u>
Cash Provided (Applied to) by Operating Transactions	<u>7,440</u>	<u>(4,157)</u>
Increase (Decrease) in Cash and Cash Equivalents	7,440	(4,157)
<b>Cash and Cash Equivalents at Beginning of Period</b>	10,033	14,190
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>\$ 17,473</u></u>	<u><u>\$ 10,033</u></u>

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

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Calgary and Area Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared primarily in accordance with Canadian Public Sector Accounting Standards.

**a) Reporting Entity**

The reporting entity is the Calgary and Area Child and Family Services Authority, which is part of the Ministry of Human Services.

**b) Basis of Financial Reporting**

***Revenue Accounting Policy***

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the period.
- valuation 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 related to vacation pay, guarantees and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amount can be made.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Cash and cash equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by right are not included. Tangible capital assets of the Authority 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 system development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statement of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$258,219 on August 6, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$6,757 and \$19,102 respectively in these financial statements are subject to measurement uncertainty.

The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:

	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Initial (original) budget	\$ 257,214	\$ 278,960
Adjustment to record nine months funding	(64,000)	-
Additional funding for the period	<u>17,359</u>	<u>12,025</u>
Grant for the period	<u><u>\$ 210,573</u></u>	<u><u>\$ 290,985</u></u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	December 31, 2013		March 31, 2013	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 5,423	\$ -	\$ 5,423	\$ 5,429
Refunds from suppliers	1,318	-	1,318	928
Child and Family Services Authorities	16	-	16	20
	<u><u>\$ 6,757</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,757</u></u>	<u><u>\$ 6,377</u></u>

Accounts receivable are unsecured and non-interest bearing.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	<b>Equipment*</b>	<b>Leasehold Improvements</b>	<b>Computer hardware and software</b>	<b>Total</b>
<b>Estimated Useful Life</b>	10 Years	7 Years	5 Years	
<b>Historical Cost</b>				
Beginning of Year	\$ 199	\$ 59	\$ 329	\$ 587
Additions	-	-	-	-
	<u>199</u>	<u>59</u>	<u>329</u>	<u>587</u>
<b>Accumulated Amortization</b>				
Beginning of Year	169	59	329	557
Amortization Expense	15	-	-	15
	<u>184</u>	<u>59</u>	<u>329</u>	<u>572</u>
<b>Net Book Value at December 31, 2013</b>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>
<b>Net Book Value at March 31, 2013</b>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>

\*Equipment includes office equipment, furniture and other equipment



**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payable	\$ 12,069	\$ 15,865
Accrued Vacation Pay and Manpower Expenses	6,880	5,666
Department of Treasury Board and Finance	50	5,955
Department of Human Services	103	153
Child and Family Services Authorities	-	8
	<u>\$ 19,102</u>	<u>\$ 27,647</u>

**NOTE 8 CONTRACTUAL OBLIGATIONS**

*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 320,173</u>	<u>\$ 262,992</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 Months)	\$ 24,658
2014-15	98,503
2015-16	98,498
2016-17	98,491
2017-18	23
2018-19	-
Thereafter	-
	<u>\$ 320,173</u>

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 9 CONTINGENT LIABILITIES**  
*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate.

The Authority has been named in nine (2013: ten) claims of which the outcome is not determinable. Of these claims, nine (2013: ten) have specified amounts totalling \$389,792 (2013: \$389,892). Included in the total claims, nine claims totalling \$389,792 (2013: ten claims totalling \$389,892) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 10 BENEFIT PLANS**  
*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, Public Services Pension Plan, and the multi-employee Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$4,712 for the nine months ended December 31, 2013 (March 31, 2013 – \$5,349). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 11 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months Ended December 31, 2013**

	(in thousands)		
	<b>December 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
Salaries, Wages and Employee Benefits	\$ 57,221	\$ 44,382	\$ 59,161
Supplies and Services	146,503	107,418	145,628
Grants	54,395	42,957	95,296
Inter-Authority Services	100	84	165
Other	-	-	372
Amortization of Tangible Capital Assets	-	15	20
<b>Total Expenses</b>	<b>\$ 258,219</b>	<b>\$ 194,856</b>	<b>\$ 300,642</b>

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months Ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements.

Related parties also include management personnel and the Board of the Authority.

The Authority and its employees 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 users and have been excluded from this schedule.

The Authority had the following transactions with related parties that are on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 210,573	\$ 290,985	\$ -	\$ -
Recoveries - Inter-Authority Services	84	165	-	-
	<b>\$ 210,657</b>	<b>\$ 291,150</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 24	\$ 186	\$ -	\$ -
Department of Human Services	1,062	1,416	-	-
Department of Advanced Education and Technology	-	-	52	160
Department of Education	-	-	514	871
Department of Health and Wellness	-	-	538	1,855
Department of Service Alberta	-	-	75	155
Department of Infrastructure	-	-	12	16
	<b>\$ 1,086</b>	<b>\$ 1,602</b>	<b>\$ 1,191</b>	<b>\$ 3,057</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 5,320	\$ 5,276	\$ -	\$ -
Department of Health and Wellness	-	-	(792)	-
Department of Infrastructure	-	-	1	-
Department of Treasury Board and Finance	-	-	(50)	(5,955)
Southwest Alberta Child and Family Services Authority	-	(1)	-	-
Southeast Alberta Child and Family Services Authority	1	1	-	-
Central Alberta Child and Family Services Authority	15	12	-	-
	<b>\$ 5,336</b>	<b>\$ 5,288</b>	<b>\$ (841)</b>	<b>\$ (5,955)</b>

The above transactions do not include support service arrangement transactions disclosed in Schedule 1.

**CALGARY AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Salary and Benefits Disclosure - Schedule 3**  
**Nine Months Ended December 31, 2013**

	(in thousands)					
	December 31, 2013				March 31, 2013	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other		Total	Total
			Non-Cash Benefits <sup>(3)</sup>	Total		
(9 Months)				(12 Months)		
Co-Chair of the Authority	\$ -	\$ 23	\$ -	\$ 23	\$ 22	
Co-Chair of the Authority	-	9	-	9	10	
Board Members (6 members)	-	21	-	21	47	
Chief Executive Officer <sup>(4)</sup>	109	11	26	146	235	

(1) Base Salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.  
 Co-chairs and board members receive honoraria only.  
 The Department of Human Services paid \$9 (2013 - \$6) of the total honoraria expenses disclosed in this schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

(4) Chief Executive Officer was replaced by the Acting Director in the year.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

**FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Central Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Central Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**Nine Months ended December 31, 2013**

	(in thousands)		
		<b>December 31,</b>	<b>March 31,</b>
		<b>2013</b>	<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 77,735	\$ 56,912	\$ 82,876
Other Revenue			
Inter-Authority Services	75	13	32
Other Revenue	1,600	1,613	1,940
<b>Total Revenues</b>	<b>79,410</b>	<b>58,538</b>	<b>84,848</b>
<b>Expenses - Directly Incurred (Note 2b, Schedule 1)</b>			
Child Care Support Services	3,685	1,304	11,416
Prevention of Family Violence and Bullying	806	486	634
Child Intervention Services	34,672	25,154	31,955
Support for Permanency	4,335	3,616	4,056
Early Intervention Services for Children and Youth	5,400	5,002	6,884
Foster Care Support	21,143	13,028	18,343
Family Support for Children with Disabilities	8,146	6,138	7,975
Protection of Sexually Exploited Children	1,148	832	1,064
Inter-Authority Services	75	13	32
<b>Total Expenses</b>	<b>79,410</b>	<b>55,573</b>	<b>82,359</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ 2,965</b>	<b>\$ 2,489</b>

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



**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 10,291	\$ 9,813
Accounts Receivable (Note 5)	3,020	3,476
Advances	-	1
	<u>\$ 13,311</u>	<u>\$ 13,290</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	<u>\$ 4,796</u>	<u>\$ 7,740</u>
<b>Net Assets</b>		
Net Assets at Beginning of Period	5,550	3,061
Net Operating Results	<u>2,965</u>	<u>2,489</u>
Net Assets at End of Period	<u>8,515</u>	<u>5,550</u>
	<u>\$ 13,311</u>	<u>\$ 13,290</u>

Contractual Obligations and Contingent Liabilities (Note 7 and 8)

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

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months ended December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	(9 Months)	(12 Months)
<b>Operating Transactions</b>		
Net Operating Results	\$ 2,965	\$ 2,489
Decrease (Increase) in Accounts Receivable	456	(924)
Decrease (Increase) in Advances	1	(1)
(Decrease) in Accounts Payable and Accrued Liabilities	<u>(2,944)</u>	<u>(277)</u>
Cash Provided by Operating Transactions	<u>(2,487)</u>	<u>(1,202)</u>
 <b>Increase in Cash and Cash Equivalents</b>	 478	 1,287
 <b>Cash and Cash Equivalents at Beginning of Period</b>	 9,813	 8,526
 <b>Cash and Cash Equivalents at End of Period</b>	 <u><u>\$ 10,291</u></u>	 <u><u>\$ 9,813</u></u>

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

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Central Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**a) Reporting Entity**

The reporting entity is the Central Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**b) Basis of Financial Reporting**

***Revenue Accounting Policy***

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)

b) Basis of Financial Reporting (Cont'd)

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs, which are the cost of employer contributions for current services of employees during the period; and
- valuation 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.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amount can be made.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Cash and cash equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by right are not included.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, advances and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statement of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$79,410 on April 29, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$3,020 and \$4,796 respectively (March 31, 2013 - \$3,476 and \$7,740) in these financial statements are subject to measurement uncertainty. The receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DISSOLUTIONS OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:

	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Initial (original) budget	\$ 77,735	\$ 79,762
Fourth quarter grant not provided	(21,053)	-
Additional funding for the period	230	3,114
Grant for the period	<u>\$ 56,912</u>	<u>\$ 82,876</u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	December 31, 2013		March 31, 2013	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 1,458	\$ -	\$ 1,458	\$ 1,807
Other Receivables	844	-	844	1,344
Refunds from suppliers	717	-	717	314
Child and Family Services Authorities	1	-	1	11
	<u>\$ 3,020</u>	<u>\$ -</u>	<u>\$ 3,020</u>	<u>\$ 3,476</u>

Accounts receivable are unsecured and non-interest bearing.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payable	\$ 2,303	\$ 3,000
Accrued Vacation Pay and Manpower Expenses	2,023	1,848
Department of Human Services	74	370
Department of Treasury Board and Finance	33	2,133
Child and Family Services Authorities	64	52
Other	299	337
	<u>\$ 4,796</u>	<u>\$ 7,740</u>

**NOTE 7 CONTRACTUAL OBLIGATIONS**  
*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under contracts and programs	<u>\$ 7,726</u>	<u>\$ 14,604</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013 – 14 (3 Months)	\$ 3,666
2014 – 15	4,060
	<u>\$ 7,726</u>



**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 8 CONTINGENT LIABILITIES**

*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in two (March 31, 2013: two) claims of which the outcome is not determinable. Of these claims, two (March 31, 2013: two) have specified amounts totalling \$332,900 (March 31, 2013: \$332,900). Included in the total claims, two claims totalling \$332,900 (March 31, 2013: two claims totalling \$332,900) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 9 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, Public Services Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$1,578 for the nine months ended December 31, 2013 (March 31, 2013 – \$1,909). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 10 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 11 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
 SCHEDULE TO FINANCIAL STATEMENT  
 Expenses - Directly Incurred Detailed by Object - Schedule 1  
 Nine Months ended December 31, 2013**

	(in thousands)		
	<b>December 31, 2013</b>	<b>March 31, 2013</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
Salaries, Wages and Employee Benefits	21,393	15,733	\$ 21,422
Supplies and Services	51,919	35,477	45,170
Grants	6,023	4,350	15,676
Inter-Authority Services	75	13	32
Other	-	-	59
<b>Total Expenses</b>	<b>\$ 79,410</b>	<b>\$ 55,573</b>	<b>\$ 82,359</b>

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENT**  
**Related Party Transactions - Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties that are on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	<i>(in thousands)</i>			
	<b>Entities in the Ministry</b>		<b>Other Entities</b>	
	<b>December 31, 2013</b>	<b>March 31, 2013</b>	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from Department of Human Services	\$ 56,912	\$ 82,876	\$ -	\$ -
Recoveries - Inter-Authority Services	13	32	-	-
	<b>\$ 56,925</b>	<b>\$ 82,908</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 444	\$ 310	\$ -	\$ -
Department of Human Services	354	472	-	-
Department of Education	-	-	1,232	1,629
Department of Infrastructure	-	-	1	2
Department of Service Alberta	-	-	138	153
	<b>\$ 798</b>	<b>\$ 782</b>	<b>\$ 1,371</b>	<b>\$ 1,784</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 1,384	\$ 1,437	\$ -	\$ -
Calgary & Area Child and Family Services Authority	-	6	-	-
East Central Child and Family Services Authority	1	-	-	-
Edmonton Child and Family Services Authority	-	5	-	-
Department of Treasury Board and Finance	-	-	(33)	(2,133)
Edmonton & Area Child and Family Services Authority	(30)	(15)	-	-
North Central Alberta Child and Family Services Authority	(18)	(18)	-	-
Calgary and Area Child and Family Services Authority	(15)	(18)	-	-
East Central Alberta Child and Family Services Authority	-	(1)	-	-
	<b>\$ 1,322</b>	<b>\$ 1,396</b>	<b>\$ (33)</b>	<b>\$ (2,133)</b>

The above transactions do not include service arrangements disclosed in Schedule 1.

**CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENT**  
**Salary and Benefits Disclosure - Schedule 3**  
**Nine Months ended December 31, 2013**

*(in thousands)*

	December 31, 2013			March 31, 2013	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>	Total	Total
	(9 Months)			(12 Months)	
Co-Chair of the Authority	\$ -	\$ 37	\$ -	\$ 37	\$ 37
Co-Chair of the Authority	-	30	-	30	35
Board Members (6 members)	-	77	-	77	98
Chief Executive Officer <sup>(4)</sup>	112	-	28	140	195

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.  
 Co-chairs and board members receive honoraria only.  
 The Department of Human Services paid \$12 of the total honoraria expenses disclosed in this schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, group life insurance, short term disability plans Health Spending Account, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

# **EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the East Central Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the East Central Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	December 31,		March 31, 2013
	Budget	2013 Actual	Actual
	(12 Months)	(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 21,992	13,035	\$ 23,689
Other Revenue			
Inter-Authority Services	-	3	15
Other Revenue	16	216	38
<b>Total Revenues</b>	<b>22,008</b>	<b>13,254</b>	<b>23,742</b>
<b>Expenses - Directly Incurred (Note 2b, Schedule 1)</b>			
Child Care Support Services	1,294	577	3,231
Prevention of Family Violence and Bullying	156	101	151
Child Intervention Services	8,850	6,536	8,665
Support for Permanency	1,537	1,119	1,266
Early Intervention Services for Children and Youth	1,142	1,369	2,208
Foster Care Support	3,826	2,919	3,938
Family Support for Children with Disabilities	5,121	3,197	4,363
Protection of Sexually Exploited Children	82	66	84
Inter-Authority Services	-	3	15
<b>Total Expenses</b>	<b>22,008</b>	<b>15,887</b>	<b>23,921</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>(2,633)</b>	<b>(179)</b>

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

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,984	\$ 5,029
Accounts Receivable (Note 5)	584	669
	<u><b>\$ 2,568</b></u>	<u><b>\$ 5,698</b></u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	<u>\$ 1,965</u>	<u>\$ 2,462</u>
<b>Net Assets</b>		
Net Assets at Beginning of Period	3,236	3,415
Net Operating Results	<u>(2,633)</u>	<u>(179)</u>
Net Assets at End of Period	<u>603</u>	<u>3,236</u>
	<u><b>\$ 2,568</b></u>	<u><b>\$ 5,698</b></u>

Contractual obligations and contingent liabilities (Note 7 and 8)

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



**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months ended December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	(9 Months)	(12 Months)
<b>Operating Transactions</b>		
Net Operating Results	\$ (2,633)	\$ (179)
Decrease in Accounts Receivable	85	10
Decrease in Accounts Payable and Accrued Liabilities	<u>(497)</u>	<u>(105)</u>
Cash Provided by Operating Transactions	(3,045)	(274)
<b>Cash and Cash Equivalents, Beginning of Period</b>	5,029	5,303
<b>Cash and Cash Equivalents, End of Period</b>	<u><u>\$ 1,984</u></u>	<u><u>\$ 5,029</u></u>

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

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The East Central Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act*, was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the East Central Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc, directly incurred expenses also include:

- Pension costs, which are the cost of employer contributions for current service of employees during the period, and
- Valuation 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.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting**

***Cash and Cash Equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by right are not included.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting**

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statement of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$22,008 on May 22, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$584 (2013 - \$669) and \$1,965 (2013 - \$2,462) respectively in these financial statements are subject to measurement uncertainty. The accrued receivables and liabilities are based on estimates, calculated using linear and aging analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 3 DISSOLUTIONS OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Initial (original) budget	\$ 21,992	\$ 22,074
Fourth quarter grant not provided	(8,957)	-
Additional funding for the period	<u>-</u>	<u>1,615</u>
Grant for the period	<u>\$ 13,035</u>	<u>\$ 23,689</u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 528	\$ -	\$ 528	\$ 588
Department of Treasury Board and Financ	1	-	1	-
Child and Family Services Authorities	-	-	-	4
Refunds from Suppliers	55	-	55	77
	<u>\$ 584</u>	<u>\$ -</u>	<u>\$ 584</u>	<u>\$ 669</u>

Accounts receivable are unsecured and non-interest bearing.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payable	\$ 1,754	\$ 1,647
Department of Treasury Board and Finance	5	706
Accrued Vacation Pay and Manpower Expenses	163	38
Department of Human Services	29	56
Child and Family Services Authorities	14	15
	\$ 1,965	\$ 2,462

**NOTE 7 CONTRACTUAL OBLIGATIONS**

*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met. Estimated payment required for fiscal 2014 is \$620 with no contractual obligations thereafter.

**NOTE 8 CONTINGENT LIABILITIES**

*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in two (2013: two) claims of which the outcome is not determinable. Of these claims, two (2013: two) have specified amounts totalling \$332,900 (2013: \$332,900). Included in the total claims, two claims totalling \$332,900 (2013: two claims totalling \$332,900) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 9 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, Public Services Pension Plan, and the multi-employee Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$523 for the nine months ended December 31, 2013 (2013 – \$703). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 10 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 11 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.



**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	<b>Budget</b>	<b>December 31, 2013 Actual</b>	<b>March 31, 2013 Actual</b>
	(12 Months)	(9 Months)	(12 Months)
Salaries, Wages and Employee Benefits	\$ 7,168	\$ 4,945	\$ 7,354
Supplies and Services	10,247	7,937	9,905
Grants	4,593	3,002	6,618
Inter-Authority Services	-	3	15
Other	-	-	29
<b>Total Expenses</b>	<b>\$ 22,008</b>	<b>\$ 15,887</b>	<b>\$ 23,921</b>

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 13,035	\$ 23,689	\$ -	\$ -
Recoveries - Inter-Authority Services	3	15	-	-
	<b>\$ 13,038</b>	<b>\$ 23,704</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 126	\$ 161	\$ -	\$ -
Department of Human Services	133	177	-	-
Department of Education	-	-	36	41
Department of Health and Wellness	-	-	55	52
Department of Service Alberta	-	-	84	69
	<b>\$ 259</b>	<b>\$ 338</b>	<b>\$ 175</b>	<b>\$ 162</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 499	\$ 532	\$ -	\$ -
Southeast Alberta Child and Family Services Authority	(1)	-	-	-
Central Alberta Child and Family Services Authority	(1)	1	-	-
Edmonton and Area Child and Family Services Authority	(12)	(14)	-	-
North Central Alberta Child and Family Services Authority	-	2	-	-
Department of Treasury Board and Finance	1	-	(5)	(705)
	<b>\$ 486</b>	<b>\$ 521</b>	<b>\$ (5)</b>	<b>\$ (705)</b>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**EAST CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
 SCHEDULE TO FINANCIAL STATEMENT  
 Salary and Benefits Disclosure - Schedule 3  
 Nine Months ended December 31, 2013**

*(in thousands)*

	December 31, 2013				March 31, 2013
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>	Total	Total
	(9 Months)				(12 Months)
Co-Chair of the Authority	\$ -	\$ 21	\$ -	\$ 21	\$ 41
Co-Chair of the Authority	-	20	-	20	32
Board Members (6 members)	-	27	-	27	57
Chief Executive Officer <sup>(4) (5)</sup>	90	-	15	105	208

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.  
 Co-chairs and board members receive honoraria only.  
 The Department of Human Services paid \$10 (2013 - \$22) of the total honoraria expenses disclosed in this schedule.
- (3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, group life insurance, short term disability plans Health Spending Account, professional memberships and tuition fees.
- (4) Automobile provided, no dollar amount included in other non-cash benefits.
- (5) The CEO was replaced by an Acting Director during the year.

# **EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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Independent Auditor's Report

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Statement of Financial Position

Statement of Cash Flows

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Schedule 2 – Related Party Transactions

Schedule 3 – Salary and Benefits Disclosure



## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Edmonton and Area Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Edmonton and Area Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**For the Nine Months ended December 31, 2013**

	(in thousands)		
	<b>Budget</b>	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	(12 Months)	(9 Months)	(12 Months)
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 310,362	\$ 250,794	\$ 366,988
Other Revenue			
Inter-Authority Services	266	450	1,040
Other	488	816	1,309
<b>Total Revenues</b>	<b>311,116</b>	<b>252,060</b>	<b>369,337</b>
<b>Expenses - Directly Incurred (Note 2b and Schedule 1)</b>			
Child Care Support Services	8,775	4,765	73,481
Prevention of Family Violence and Bullying	618	443	611
Child Intervention Services	153,467	116,346	147,302
Support for Permanency	13,446	11,029	13,360
Early Intervention Services for Children and Youth	14,534	14,476	18,840
Foster Care Support	74,373	53,454	70,307
Family Support for Children with Disabilities	43,373	33,497	42,759
Protection of Sexually Exploited Children	2,264	2,078	2,359
Inter-Authority Services	266	450	1,040
<b>Total Expenses</b>	<b>311,116</b>	<b>236,538</b>	<b>370,059</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ 15,522</b>	<b>\$ (722)</b>

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

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 12,340	\$ 7,339
Accounts Receivable (Note 5)	9,965	10,657
Tangible Capital Assets (Note 6)	17	8
	<u><b>\$ 22,322</b></u>	<u><b>\$ 18,004</b></u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 7)	<u>\$ 20,159</u>	<u>\$ 31,363</u>
<b>Net Assets (Liabilities)</b>		
Net Liabilities at Beginning of Period	(13,359)	(12,637)
Net Operating Results	<u>15,522</u>	<u>(722)</u>
Net Assets (Liabilities) at End of Period	<u>2,163</u>	<u>(13,359)</u>
	<u><b>\$ 22,322</b></u>	<u><b>\$ 18,004</b></u>

Contractual obligations and contingent liabilities (Note 8 and 9)

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

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For the Nine Months ended December 31, 2013

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	(9 Months)	(12 Months)
<b>Operating Transactions</b>		
Net Operating Results	\$ 15,522	\$ (722)
Non-Cash Items included in Net Operating Results:		
Amortization (Note 6)	3	1
	<u>15,525</u>	<u>(721)</u>
Decrease in Accounts Receivable	692	1,866
Decrease in Accounts Payable and Accrued Liabilities	(11,204)	(1,345)
Cash Provided by (Applied To) Operating Transactions	<u>5,013</u>	<u>(200)</u>
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(12)	-
<b>Increase (Decrease) in Cash</b>	5,001	(200)
<b>Cash and Cash Equivalents at Beginning of Period</b>	7,339	7,539
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>\$ 12,340</u></u>	<u><u>\$ 7,339</u></u>

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



**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Edmonton and Area Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, *the Building Families and Communities Act* was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements have been prepared primarily in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Edmonton and Area Child and Family Services Authority, which is part of the Ministry of Human Services.

**(b) Basis of Financial Reporting**

***Revenue Accounting Policy***

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs, which are the cost of employer contributions for current service of employees during the period, and
- Valuation 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.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amount can be made.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Cash and Cash Equivalents***

Cash and cash equivalents consists of deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by rights are not included. Tangible capital assets of the Authority 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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Net Assets/Liabilities***

Net liabilities represent the difference between the carrying value of assets held by the Authority and its liabilities.

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statements of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$311,116 on April 26, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$9,965 (March 31, 2013 - \$10,657) and \$20,159 (March 31, 2013 - \$31,363) respectively in these financial statements are subject to measurement uncertainty. The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority were transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES  
(in thousands)**

The grant is determined as follows:	December 31, 2013 <u>(9 months)</u>	March 31, 2013 <u>(12 months)</u>
Initial (original) budget	\$ 310,362	\$ 350,829
Fourth quarter grant not provided	(63,240)	-
Additional funding for the period	3,672	16,159
Grant for the period	<u>\$ 250,794</u>	<u>\$ 366,988</u>

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 5 ACCOUNTS RECEIVABLE**  
*(in thousands)*

	December 31, 2013		March 31, 2013
	Gross Amount	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 8,472	\$ 8,472	\$ 9,131
Refunds from Suppliers	1,424	1,424	1,379
Child and Family Services Authorities	61	61	74
Persons with Developmental Disabilities	8	8	73
	\$ 9,965	\$ 9,965	\$ 10,657

Accounts receivable are unsecured and non-interest bearing.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	<u>Equipment*</u>	<u>Total</u>
<b>Estimated Useful Life</b>	10 Years / 5 Years	
<b>Historical Cost</b>		
Beginning of Year	\$ 74	\$ 74
Additions	<u>12</u>	<u>12</u>
	<u>86</u>	<u>86</u>
<b>Accumulated Amortization</b>		
Beginning of Year	66	66
Amortization Expense	<u>3</u>	<u>3</u>
	<u>69</u>	<u>69</u>
<b>Net Book Value at December 31, 2013</b>	<u>\$ 17</u>	<u>\$ 17</u>
<b>Net Book Value at March 31, 2013</b>	<u>\$ 8</u>	<u>\$ 8</u>

\*Equipment includes office equipment, furniture and other equipment.  
 Rosecrest bathtub has a useful life of 10 years.  
 The client bed has a useful life of 5 years.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payables	\$ 9,071	\$ 15,646
Accrued Vacation Pay and Manpower Expenses	10,659	8,718
Department of Human Services	270	374
Department of Treasury Board and Finance	152	6,598
Department of Justice and Solicitor General	7	-
Child and Family Services Authorities	-	27
	<u>\$ 20,159</u>	<u>\$ 31,363</u>

**NOTE 8 CONTRACTUAL OBLIGATIONS**

*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 131,923</u>	<u>\$ 41,601</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 Months)	\$ 131,645
2014-15	229
2015-16	49
2016-17	-
2017-18	-
2018-19	-
Thereafter	-
	<u>\$ 131,923</u>



**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 CONTINGENT LIABILITIES**

*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The total amount claimed for all likely claims is \$117,270 (March 31, 2013: \$122,870). Included in the total likely claims are claims in which the Authority has been jointly named with other entities. Included in the total likely claims are claims covered in whole by the Alberta Risk Management Fund.

The Authority has been named in 15 (March 31, 2013: 14) claims of which the outcome is not determinable. Of these claims, 15 (March 31, 2013: 14) have specified amounts totalling \$349,672 (March 31, 2013: \$349,022). Included in the total claims, 14 claims totalling \$341,672 (March 31, 2013: 12 claims totalling \$340,877) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 10 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, and Public Services Pension Plan, and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$6,736 for the nine months ended December 31, 2013 (12 months ended March 31, 2013 – \$7,639). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 11 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months ended December 31, 2013**

	(in thousands)		
		<b>December 31,</b>	<b>March 31,</b>
	<b>Budget</b>	<b>2013</b>	<b>2013</b>
	(12 Months)	(9 Months)	(12 Months)
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Salaries, Wages and Employee Benefits	\$ 82,485	\$ 64,328	\$ 83,446
Supplies and Services	201,165	149,744	187,593
Grants	27,200	22,013	97,583
Inter-Authority Services	266	450	1,040
Other-Write off and Bad Debts	-	-	396
Amortization of Tangible Capital Assets	-	3	1
<b>Total Expenses</b>	<b>\$ 311,116</b>	<b>\$ 236,538</b>	<b>\$ 370,059</b>

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties that are on the Statements of Operations and the Statements of Financial Position, measured at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	<b>Entities in the Ministry</b>		<b>Other Entities</b>	
	<b>December 31, 2013</b>	<b>March 31, 2013</b>	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 250,794	\$ 366,988	\$ -	\$ -
Recoveries - Inter-Authority Services	450	1,040	-	-
Miscellaneous Revenue:				
Department of Health	-	-	199	307
Department of Human Services	-	55	-	-
Persons with Developmental Disabilities	80	148	-	-
	<b>\$ 251,324</b>	<b>\$ 368,231</b>	<b>\$ 199</b>	<b>\$ 307</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 7	\$ 49	\$ -	\$ -
Department of Human Services	1,371	1,828	-	-
Department of Enterprise and Advanced Education	-	-	214	162
Department of Education	-	-	432	475
Department of Health	-	-	66	118
Department of Infrastructure	-	-	3	5
Department of Service Alberta	-	-	114	178
Department of Justice and Solicitor General	-	-	19	-
	<b>\$ 1,378</b>	<b>\$ 1,877</b>	<b>\$ 848</b>	<b>\$ 938</b>

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2 (Continued)**  
**Nine Months ended December 31, 2013**

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 8,202	\$ 8,757	\$ -	\$ -
Persons with Developmental Disabilities	8	73	-	-
Southwest Alberta Child and Family Services Authority	-	(22)	-	-
Southeast Alberta Child and Family Services Authority	18	-	-	-
Central Alberta Child and Family Services Authority	30	10	-	-
East Central Alberta Child and Family Services Authority	13	14	-	-
North Central Alberta Child and Family Services Authority	-	18	-	-
Metis Settlements Child And Family Services Authority	-	27	-	-
Department of Treasury Board and Finance	-	-	(152)	(6,598)
Department of Justice and Solicitor General	-	-	(7)	-
Department of Health	-	-	61	78
	<u>\$ 8,271</u>	<u>\$ 8,877</u>	<u>\$ (98)</u>	<u>\$ (6,520)</u>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**EDMONTON AND AREA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Salary and Benefits Disclosure - Schedule 3**  
**Nine Months ended December 31, 2013**

	(in thousands)				<b>March 31,</b>
	<b>December 31, 2013</b>			<b>2013</b>	
	(9 Months)			(12 Months)	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>	Total	Total
Co-Chair of the Authority	\$ -	\$ 17	\$ -	\$ 17	\$ 24
Co-Chair of the Authority	-	14	-	14	20
Board Members (12 members)	-	92	-	92	136
Chief Executive Officer	141	-	36	177	278

<sup>(1)</sup> Base salary includes pensionable base pay.

<sup>(2)</sup> Other cash benefits include vacation payments and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.  
 Co-chairs and board members receive honoraria only.  
 The Department of Human Services paid \$7 of the total honoraria expenses disclosed in this schedule.

<sup>(3)</sup> Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

# **NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Directly Incurred Detailed by Object

Schedule 2 – Related Party Transactions

Schedule 3 – Salary and Benefits Disclosure



## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the North Central Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the North Central Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Nine Months ended December 31, 2013

	(in thousands)		
		<b>December 31,</b>	<b>March 31,</b>
	<b>Budget</b>	<b>2013</b>	<b>2013</b>
	<b>(12 Months)</b>	<b>Actual</b>	<b>Actual</b>
		<b>(9 Months)</b>	<b>(12 Months)</b>
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 55,233	\$ 41,200	\$ 59,018
Other Revenue			
Inter-Authority Services	395	412	273
Other Revenue	42	451	207
<b>Total Revenues</b>	<b>55,670</b>	<b>42,063</b>	<b>59,498</b>
<b>Expenses - Directly Incurred (Note 2b and Schedule 1)</b>			
Child Care Support Services	1,615	799	6,260
Prevention of Family Violence and Bullying	-	35	45
Child Intervention Services	24,725	16,738	22,794
Support for Permanency	4,736	3,241	4,238
Early Intervention Services for Children and Youth	3,428	3,506	4,758
Foster Care Support	15,135	9,950	14,216
Family Support for Children with Disabilities	5,566	4,124	5,377
Protection of Sexually Exploited Children	70	48	59
Inter-Authority Services	395	412	273
<b>Total Expenses</b>	<b>55,670</b>	<b>38,853</b>	<b>58,020</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ 3,210</b>	<b>\$ 1,478</b>

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



**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31, 2013</u>	<u>March 31, 2013</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 11,328	\$ 11,022
Accounts Receivable (Note 5)	2,454	1,493
Prepaid Expenses	-	43
Tangible Capital Assets (Note 6)	<u>4</u>	<u>8</u>
	<b><u>\$ 13,786</u></b>	<b><u>\$ 12,566</u></b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 7)	<u>\$ 4,101</u>	<u>\$ 6,091</u>
<b>Net Assets</b>		
Net Assets at Beginning of Period	6,475	4,997
Net Operating Results	<u>3,210</u>	<u>1,478</u>
Net Assets at End of Period	<u>9,685</u>	<u>6,475</u>
	<b><u>\$ 13,786</u></b>	<b><u>\$ 12,566</u></b>

Contractual obligations and contingent liabilities (Note 8 and 9)

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

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For the Nine Months ended December 31, 2013

	(in thousands)	
	<b>December 31,</b>	<b>March 31,</b>
	<b>2013</b>	<b>2013</b>
	<b>(9 Months)</b>	<b>(12 Months)</b>
<b>Operating Transactions</b>		
Net Operating Results	\$ 3,210	\$ 1,478
Non-Cash Items included in Net Operating Results:		
Amortization	4	5
	<u>3,214</u>	<u>1,483</u>
(Increase) Decrease in Accounts Receivable	(961)	259
Decrease (Increase) in Prepaid Expenses	44	(3)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	<u>(1,990)</u>	<u>280</u>
Cash provided by Operating Transactions	<u>306</u>	<u>2,019</u>
<b>Increase in Cash</b>	306	2,019
<b>Cash and Cash Equivalents at Beginning of Period</b>	11,022	9,003
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>\$ 11,328</u></u>	<u><u>\$ 11,022</u></u>

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

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The North Central Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the Public Service Act, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act* was proclaimed on December 31, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting standards.

**(a) Reporting Entity**

The reporting entity is the North Central Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**(b) Basis of Financial Reporting**

***Revenues Accounting Policy***

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statements of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets
- Pension costs, which are the cost of employer contributions for current service of employees during the period, and
- Valuation 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.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Cash and cash equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by rights are not included.

Tangible capital assets of the Authority 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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

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Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities. Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

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***Measurement Uncertainty***

*(in thousands)*

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The accrued accounts receivable and accounts payable and accrued liabilities recorded as \$2,454 (March 31, 2013 - \$1,493) and \$4,101 (March 31, 2013 – \$6,091) respectively in these financial statements are subject to measurement uncertainty. The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority was transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:	<u>December 31, 2013</u> (9 Months)	<u>March 31, 2013</u> (12 Months)
Initial (original) budget	\$ 55,233	\$ 56,521
Fourth quarter grant not provided	(14,130)	-
Additional funding for the period	<u>97</u>	<u>2,497</u>
Grant for the period	<u>\$ 41,200</u>	<u>\$ 59,018</u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	<u>December 31, 2013</u>		<u>March 31, 2013</u>	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 2,397	\$ -	\$ 2,397	\$ 1,401
Child and Family Services Authorities	36	-	36	22
Refunds from Suppliers	-	-	-	47
Accounts Receivable - Other	21	-	21	23
	<u>\$ 2,454</u>	<u>\$ -</u>	<u>\$ 2,454</u>	<u>\$ 1,493</u>

Accounts receivable are unsecured and non-interest bearing.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	<u>Equipment*</u>	<u>Total</u>
<b>Estimated Useful Life</b>	5 Years	
<b>Historical Cost</b>		
Beginning of Year	\$ 25	\$ 30
Additions		
Disposals, including write-downs	-	(5)
	<u>25</u>	<u>25</u>
<b>Accumulated Amortization</b>		
Beginning of Year	17	17
Amortization Expense	4	5
Effect of Disposals	-	(5)
	<u>21</u>	<u>17</u>
<b>Net Book Value at December 31, 2013</b>	<u>\$ 4</u>	<u>\$ 4</u>
<b>Net Book Value at March 31, 2013</b>	<u>\$ 8</u>	<u>\$ 8</u>

\*Equipment includes office equipment, furniture and other equipment.

**NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
Trade Payables	\$ 1,741	\$ 1,671
Accrued Vacation Pay and Manpower Expenses	1,635	1,374
Department of Human Services	36	114
Child and Family Services Authorities	30	79
Department of Treasury Board and Finance	24	1,760
Other	635	1,093
	<u>\$ 4,101</u>	<u>\$ 6,091</u>



**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 8 CONTRACTUAL OBLIGATIONS**  
*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>December 31,</u> 2013	<u>March 31,</u> 2013
Obligations under operating leases, contracts and programs	<u>\$ 8,046</u>	<u>\$ 12,893</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	<u>Total</u>
2013-14 (3 Months)	\$ 1,764
2014-15	5,996
2015-16	136
2016-17	99
2017-18	50
2018-19	1
Thereafter	-
	<u>\$ 8,046</u>

**NOTE 9 CONTINGENT LIABILITIES**  
*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in 4 (March 31, 2013: 4) claims of which the outcome is not determinable. Of these claims, 3 (March 31, 2013: 3) have specified amounts totalling \$339,520 (March 31, 2013: \$339,520). The remaining 1 (March 31, 2013: 1) claim has no amounts specified. Included in the total claims, 4 claims totalling \$339,520 (March 31, 2013: 4 claims totalling \$339,520) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount. The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 10 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension, Public Services Pension Plan, and the Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$1,159 for the nine months ended December 31, 2013 (12 month ended March 31, 2013 – \$1,353).

The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 11 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were prepared by management and approved by the Deputy Minister of Human Services.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	<u>Budget</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>(12 Months)</u>	<u>2013</u>	<u>2013</u>
		<u>Actual</u>	<u>Actual</u>
		<u>(9 Months)</u>	<u>(12 Months)</u>
Salaries, Wages and Employee Benefits	\$ 15,056	\$ 11,810	\$ 15,306
Supplies and Services	34,732	22,027	31,245
Grants	5,487	4,600	11,150
Inter-Authority Services	395	412	273
Other	-	-	41
Amortization of Tangible Capital Assets	-	4	5
<b>Total Expenses</b>	<b><u>\$ 55,670</u></b>	<b><u>\$ 38,853</u></b>	<b><u>\$ 58,020</u></b>

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
SCHEDULES TO FINANCIAL STATEMENTS**

**Related Party Transactions - Schedule 2**

**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties that are on the Statement of Operations and the Statement of Financial Position, measured at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 41,200	\$ 59,018	\$ -	\$ -
Recoveries - Inter-Authority Services	412	273	-	-
	<b>\$ 41,612</b>	<b>\$ 59,291</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 340	\$ 856	\$ -	\$ -
Department of Human Services	265	609	-	-
Department of Enterprise and Advanced Education	-	-	2	12
Department of Education	-	-	8	1
Department of Health	-	-	6	7
Department of Infrastructure	-	-	-	1
Department of Service Alberta	-	-	153	148
	<b>\$ 605</b>	<b>\$ 1,465</b>	<b>\$ 169</b>	<b>\$ 169</b>

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2 (Continued)**  
**Nine Months ended December 31, 2013**

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 2,361	\$ 1,287	\$ -	\$ -
Department of Treasury Board and Finance	-	-	(24)	(1,760)
East Central Alberta Child and Family Services Authority	-	(2)	-	-
Edmonton and Area Child and Family Services Authority	-	(17)	-	-
Central Area Child and Family Services Authority	18	18	-	-
Northwest Alberta Child and Family Services Authority	-	(26)	-	-
Northeast Alberta Child and Family Services Authority	18	-	-	-
Metis Settlements Child and Family Services Authority	(29)	(30)	-	-
	<u>\$ 2,368</u>	<u>\$ 1,230</u>	<u>\$ (24)</u>	<u>\$ (1,760)</u>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**NORTH CENTRAL ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
SCHEDULES TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure - Schedule 3  
Nine Months ended December 31, 2013**

(in thousands)

	December 31, 2013 (9 Months)				March 31, 2013 (12 Months)
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>	Total	Total
Co-Chair of the Authority	\$ 20	\$ -	\$ -	\$ 20	\$ 27
Co-Chair of the Authority	36	-	-	36	46
Co-Chair of the Authority <sup>(4)</sup>	-	-	-	-	15
Board Members	61	-	-	61	61
Chief Executive Officer	115	29	2	146	217

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.

Co-chairs and board members receive honoraria only.

The Department of Human Services paid \$10 of the total honoraria expenses disclosed in this schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

(4) Co-Chair of the Authority changed in previous fiscal year.

# **NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Northwest Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northwest Alberta Child and Family Services Authority at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta



**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Nine Months ended December 31, 2013

	(in thousands)		
	December 31,		March 31, 2013
	Budget	2013	Actual
	(12 Months)	Actual	Actual
		(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 43,336	\$ 32,154	\$ 44,056
Other Revenue			
Inter-Authority Services	350	11	121
Other Revenue	215	158	187
<b>Total Revenues</b>	<b>43,901</b>	<b>32,323</b>	<b>44,364</b>
<b>Expenses - Directly Incurred (Note 2b, Schedule 1)</b>			
Child Care Support Services	2,637	1,120	5,208
Prevention of Family Violence and Bullying	120	119	154
Child Intervention Services	19,443	13,754	16,734
Supports for Permanency	2,257	1,468	1,895
Early Intervention Services Children and Youth	4,387	4,223	5,877
Foster Care Support	8,782	6,203	9,065
Family Support for Children with Disabilities	5,701	3,499	4,782
Protection of Sexually Exploited Children	224	97	163
Inter-Authority Services	350	11	121
<b>Total Expenses</b>	<b>43,901</b>	<b>30,494</b>	<b>43,999</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ 1,829</b>	<b>\$ 365</b>

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

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	<u>(9 Months)</u>	<u>(12 Months)</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 8,081	\$ 8,716
Accounts Receivable (Note 5)	1,335	1,191
Tangible Capital Assets (Note 6)	-	1
	<u>\$ 9,416</u>	<u>\$ 9,908</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 7)	<u>\$ 2,485</u>	<u>\$ 4,806</u>
<b>Net Assets</b>		
Net Assets at Beginning of Period	5,102	4,737
Net Operating Results	<u>1,829</u>	<u>365</u>
Net Assets at End of Period	<u>6,931</u>	<u>5,102</u>
	<u>\$ 9,416</u>	<u>\$ 9,908</u>

Contractual obligations and contingent liabilities (Note 8 and 9)

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

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For the Nine Months ended December 31, 2013

	(in thousands)	
	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	<b>(9 Months)</b>	<b>(12 Months)</b>
<b>Operating Transactions</b>		
Net Operating Results	\$ 1,829	\$ 365
Non-Cash Items included in Net Operating Results:		
Amortization	1	4
	<u>1,830</u>	<u>369</u>
(Increase) Decrease in Accounts Receivable	(144)	985
(Increase) Decrease in Prepaid Expenses	-	9
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(2,321)	632
	<u>(635)</u>	<u>1,995</u>
<b>(Decrease) Increase in Cash</b>	(635)	1,995
<b>Cash and Cash Equivalents at Beginning of Period</b>	8,716	6,721
<b>Cash and Cash Equivalents at End of Period</b>	<u><u>\$ 8,081</u></u>	<u><u>\$ 8,716</u></u>

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

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Northwest Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act* was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**a) Reporting Entity**

The reporting entity is the Northwest Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**b) Basis of Financial Reporting**

***Revenue Accounting Policy***

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statements of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets
- pension costs which are the cost of employer contributions for current services of employees during the period, and
- valuation 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 provision for accrued vacation pay for the employees assigned to the Authority by the Department of Human Services.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

***Cash and Cash Equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by right are not included. Tangible capital assets of the Authority 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 \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**b) Basis of Financial Reporting (Cont'd)**

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statements of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$43,901 on April 12, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$1,335 and \$2,485 respectively in these financial statements are subject to measurement uncertainty. The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DISSOLUTIONS OF THE AUTHORITY**

Pursuant to *the Building Families and Communities Act*, Cash and Cash Equivalents of the Authority was transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

<b>December 31, 2013</b>	<b>March 31, 2013</b>
(9 Months)	(12 Months)

The grant is determined as follows:

Initial (original) budget	\$ 43,336	\$ 42,438
Fourth quarter grant not provided	(11,734)	-
Additional funding for the period	552	1,618
Grant for the period	<u>\$ 32,154</u>	<u>\$ 44,056</u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	<b>December 31, 2013</b>		<b>March 31, 2013</b>	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 1,082	\$ -	\$ 1,082	\$ 1,123
Refunds from Suppliers	251	-	251	25
Other Receivables	2	-	2	17
Child and Family Services Authorities	-	-	-	26
	<u>\$ 1,335</u>	<u>\$ -</u>	<u>\$ 1,335</u>	<u>\$ 1,191</u>

Accounts receivable are unsecured and non-interest bearing.



**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	<u>Equipment*</u>	<u>Computer Hardware and Software</u>	<u>Total</u>
<b>Estimated Useful Life</b>	5 Years	5 Years	
<b>Historical Cost</b>			
Beginning of Year	\$ 11	\$ 122	\$ 133
Disposal	(5)	-	\$ (5)
	<u>6</u>	<u>122</u>	<u>128</u>
<b>Accumulated Amortization</b>			
Beginning of Year	10	122	132
Amortization Expense	(4)	-	(4)
	<u>6</u>	<u>122</u>	<u>128</u>
<b>Net Book Value at December 31, 2013</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Book Value at March 31, 2013</b>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>

\*Equipment includes office equipment, furniture and other equipment.

**NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	<u>December 31, 2013</u>	<u>March 31, 2013</u>
Accrued Vacation Pay and Manpower Expenses	\$ 1,509	\$ 1,665
Trade Payable	937	1,333
Department of Treasury Board and Finance	29	1,798
Department of Human Services	10	10
	<u>\$ 2,485</u>	<u>\$ 4,806</u>

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 8 CONTRACTUAL OBLIGATIONS**  
*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under contracts and programs	<u>\$ 2,481</u>	<u>\$ 9,430</u>

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Total
2013-14 (3 Months)	<u>\$ 2,481</u>

**NOTE 9 CONTINGENT LIABILITIES**  
*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in 2 (2013: 2) claims of which the outcome is not determinable. Of these claims, 2 (2013: 2) have specified amounts totalling \$332,900 (2013: \$332,900). Included in the total claims, 2 claims totalling \$332,900 (2013: 2 claims totalling \$332,900) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 10 BENEFIT PLANS**  
*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension, Public Services Pension Plan, and the multi-employee Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$1,137 for the nine months ended December 31, 2013 (2013 – \$1,370). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 11 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the management and approved by the Deputy Minister of Human Services.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	<b>Budget</b>	<b>December 31, 2013</b>	<b>March 31, 2013</b>
	(12 Months)	Actual (9 Months)	Actual (12 Months)
Salaries, Wages and Employee Benefits	\$ 15,175	\$ 11,010	\$ 14,774
Supplies and Services	23,342	16,296	20,893
Grants	5,030	3,235	8,092
Inter-Authority Services	350	11	121
Other	-	(59)	115
Amortization of Tangible Capital Assets	4	1	4
<b>Total Expenses</b>	<b>\$ 43,901</b>	<b>\$ 30,494</b>	<b>\$ 43,999</b>

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions- Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties that are on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 32,154	\$ 44,056	\$ -	\$ -
Recoveries - Inter-Authority Services	11	121	-	-
Miscellaneous Revenue:				
Maintenance Enforcement Program	-	-	15	21
	<u>\$ 32,165</u>	<u>\$ 44,177</u>	<u>\$ 15</u>	<u>\$ 21</u>
<b>Expenses - Directly Incurred</b>				
Department of Human Services	\$ 266	\$ 354	\$ -	\$ -
Inter-Authority Services Received	11	8	-	-
Department of Education	-	-	522	720
Department of Service Alberta	-	-	167	179
	<u>\$ 277</u>	<u>\$ 362</u>	<u>\$ 689</u>	<u>\$ 899</u>
<b>Receivable from/(Payable to):</b>				
Department of Treasury Board and Finance	\$ -	\$ -	\$ (29)	\$ (1,798)
Department of Human Services (Net)	1,072	1,113	-	-
Edmonton and Area Child and Family Services Authority	-	26	-	-
	<u>\$ 1,072</u>	<u>\$ 1,139</u>	<u>\$ (29)</u>	<u>\$ (1,798)</u>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**NORTHWEST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure - Schedule 3  
Nine Months ended December 31, 2013**

(in thousands)

	December 31, 2013				March 31, 2013
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)		Total
			Total		
Co-Chair of the Authority	\$ 21	\$ -	\$ -	\$ 21	\$ 33
Co-Chair of the Authority	14	-	-	14	31
Board Members (5 members)	38	-	-	38	91
Chief Executive Officer	109	3	26	138	187

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.  
Co-chairs and board members receive honoraria only.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including position, health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

# **NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**

## **FINANCIAL STATEMENTS**

**Nine Months Ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Northeast Alberta Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northeast Alberta Child and Family Services Authority as at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta



**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Nine Months ended December 31, 2013

	(in thousands)		
	December 31,	March 31,	
	2013	2013	
	Budget	Actual	Actual
	(12 Months)	(9 Months)	(12 Months)
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 4)	\$ 15,421	\$ 10,463	\$ 15,400
Other Revenue			
Other	310	356	423
<b>Total Revenue</b>	<b>15,731</b>	<b>10,819</b>	<b>15,823</b>
<b>Expenses - Directly Incurred (Note 2b, Schedule 1)</b>			
Child Care Support Services	687	316	1,271
Prevention of Family Violence and Bullying	105	37	49
Child Intervention Services	7,773	5,097	6,315
Support for Permanency	545	470	577
Early Intervention Services for Children and Youth	1,401	1,556	2,354
Foster Care Support	2,908	1,588	2,666
Family Support for Children with Disabilities	2,253	1,862	2,219
Protection of Sexually Exploited Children	59	-	-
<b>Total Expenses</b>	<b>15,731</b>	<b>10,926</b>	<b>15,451</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ (107)</b>	<b>\$ 372</b>

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

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2013

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	<u>(9 Months)</u>	<u>(12 Months)</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,567	\$ 3,910
Accounts Receivable (Note 5)	442	419
	<u>\$ 4,009</u>	<u>\$ 4,329</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	<u>\$ 913</u>	<u>\$ 1,126</u>
<b>Net Assets</b>		
Net Assets at Beginning of Period	3,203	2,831
Net Operating Results	(107)	372
Net Assets at End of Period	<u>3,096</u>	<u>3,203</u>
	<u>\$ 4,009</u>	<u>\$ 4,329</u>

Contractual Obligations and Contingent Liabilities (Note 7 and 8)

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

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For the Nine Months ended December 31, 2013

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	<u>(9 Months)</u>	<u>(12 Months)</u>
<b>Operating Transactions</b>		
Net Operating Results	\$ (107)	\$ 372
	(107)	372
(Increase) Decrease in Accounts Receivable	(23)	15
(Decrease) in Accounts Payable and Accrued Liabilities	(213)	(293)
Cash Provided by Operating Transactions	<u>(343)</u>	<u>94</u>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	(343)	94
<b>Cash and Cash Equivalents, Beginning of Period</b>	3,910	3,816
<b>Cash and Cash Equivalents, End of Period</b>	<u><u>\$ 3,567</u></u>	<u><u>\$ 3,910</u></u>

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

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Northeast Alberta Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the “Management Services Agreement” between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, *the Building Families and Communities Act* was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Northeast Alberta Child and Family Services Authority, which is part of the Ministry of Human Services.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc, directly incurred expenses also include:

- pension costs, which are the cost of employer contributions for current service of employees during the period, and
- valuation 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.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Cash and Cash Equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by right are not included.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financials assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statement of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$15,731 on May 17, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$442 (March 31, 2013 – \$419) and \$913 (March 31, 2013 – \$1,126) respectively in these financial statements are subject to measurement uncertainty. The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from what was estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the *Building Families and Communities Act*, Cash and Cash Equivalents of the Authority was transferred to the General Revenue Fund. The remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:

	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Initial (original) budget	\$ 15,421	\$ 14,474
Fourth quarter grant not provided	(4,938)	-
Change in funding for the period	<u>(20)</u>	<u>926</u>
Grant for the period	<u><u>\$ 10,463</u></u>	<u><u>\$ 15,400</u></u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	December 31, 2013		March 31, 2013	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 250	\$ -	\$ 250	\$ 302
Other	202	10	192	117
	<u><u>\$ 452</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 442</u></u>	<u><u>\$ 419</u></u>

Accounts receivable are unsecured and non-interest bearing.



**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	December 31, 2013	March 31, 2013
Trade Payables	\$ 635	\$ 412
Department of Treasury Board and Finance	3	384
Accrued Vacation Pay and Manpower Expenses	256	322
Department of Human Services	1	8
Child and Family Services Authorities	18	-
	<u>\$ 913</u>	<u>\$ 1,126</u>

**NOTE 7 CONTRACTUAL OBLIGATIONS**  
*(in thousands)*

Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	December 31, 2013	March 31, 2013
Obligations under operating leases, contracts and programs	<u>\$ 1,383</u>	<u>\$ 4,782</u>

Estimated payment requirements for the next year is as follows:

	<u>Total</u>
2013-14 (3 Months)	<u>\$ 1,383</u>

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 8 CONTINGENT LIABILITIES**

*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The Authority has been named in 2 (March 31, 2013: 2) claims of which the outcome is not determinable. Of these claims, 2 (March 31, 2013: 2) have specified amounts totalling \$332,900 (March 31, 2013: \$332,900). Included in the total claims, 2 claims totalling \$332,900 (March 31, 2013: 2 claims totalling \$332,900) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**NOTE 9 THIRD PARTY AGREEMENTS**

*(in thousands)*

The Authority has entered into a third party agreement with the Student Health Partnership to deliver various program services. The revenues of \$294 (March 31, 2013 - \$422) and expenses of \$294 (March 31, 2013 – \$422) are included in the financial statements.

Student Health Partnership	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Revenue	\$ 294	\$ 422
Expense	<u>(294)</u>	<u>(422)</u>
	<u>\$ -</u>	<u>\$ -</u>

**NOTE 10 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension Plan, Public Services Pension Plan, and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$293 for the nine months ended December 31, 2013 (March 31, 2013 – \$352). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 11 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by management and approved by the Deputy Minister of Human Services.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months ended December 31, 2013**

	(in thousands)		
	<b>Budget</b> <b>(12 Months)</b>	<b>December 31,</b> <b>2013</b> <b>Actual</b> <b>(9 Months)</b>	<b>March 31,</b> <b>2013</b> <b>Actual</b> <b>(12 Months)</b>
Salaries, Wages and Employee Benefits	\$ 4,260	\$ 3,085	\$ 4,592
Supplies and Services	8,765	6,212	7,777
Grants	2,706	1,629	3,082
<b>Total Expenses</b>	<b>\$ 15,731</b>	<b>\$ 10,926</b>	<b>\$ 15,451</b>

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 10,463	\$ 15,400	\$ -	\$ -
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 89	\$ 197	\$ -	\$ -
Department of Human Services	88	28	-	-
Department of Education	-	-	310	562
Department of Health and Wellness	-	-	121	114
Department of Service Alberta	-	-	15	21
	<b>\$ 177</b>	<b>\$ 225</b>	<b>\$ 446</b>	<b>\$ 697</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 249	\$ 294	\$ -	\$ -
North Central Alberta Child and Family Services Authority	18	-	-	-
Department of Treasury Board & Finance	-	-	3	(384)
	<b>\$ 267</b>	<b>\$ 294</b>	<b>\$ 3</b>	<b>\$ (384)</b>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**NORTHEAST ALBERTA CHILD AND FAMILY SERVICES AUTHORITY  
SCHEDULE TO FINANCIAL STATEMENTS  
Salary and Benefits Disclosure - Schedule 3  
Nine Months ended December 31, 2013**

	(in thousands)				
	December 31, 2013			March 31, 2013	
	(9 Months)			(12 Months)	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>	Total	Total
Co-Chair of the Authority	\$ -	\$ 21	\$ -	\$ 21	\$ 25
Co-Chair of the Authority	-	11	-	11	23
Board Members (6 members)	-	16	-	16	33
Chief Executive Officer <sup>(4)</sup>	122	39	2	163	226

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts, northern living allowances, and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013. Co-chairs and board members receive honoraria only. The Department of Human Services paid \$1 of the total honoraria expenses disclosed in this schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including position, health care, dental coverage, group life insurance, short term disability plans Health Spending Account, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**FINANCIAL STATEMENTS**

**Nine Months Ended ended December 31, 2013**

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## Independent Auditor's Report

To the Minister of Human Services

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Métis Settlements Child and Family Services Authority, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Métis Settlements Child and Family Services Authority at December 31, 2013, and the results of its operations and its cash flows for the nine month period then ended in accordance with Canadian public sector accounting standards.

### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the transfer of all assets and liabilities of the Authority to the Department of Human Services on January 1, 2014. Our opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General  
March 11, 2014  
Edmonton, Alberta



**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF OPERATIONS**  
For the Nine Months ended December 31, 2013

	(in thousands)		
	<b>December 31,</b>		<b>March 31,</b>
	<b>2013</b>		<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(12 Months)</b>	<b>(9 Months)</b>	<b>(12 Months)</b>
<b>Revenues</b>			
Government Transfers			
Transfers from Department (Note 3)	\$ 12,578	\$ 8,692	\$ 13,253
Other Revenue			
Inter-Authority Services	419	328	521
Other Revenue	6	77	(30)
<b>Total Revenues</b>	<b>13,003</b>	<b>9,097</b>	<b>13,744</b>
<b>Expenses - Directly Incurred (Note 2b and Schedule 1)</b>			
Child Care Support Services	717	256	1,076
Prevention of Family Violence and Bullying	406	181	359
Child Intervention Services	6,276	5,166	7,910
Support for Permanency	1,438	715	966
Early Intervention Services for Children and Youth	786	571	1,013
Foster Care Support	2,583	2,104	2,189
Family Support for Children with Disabilities	378	259	270
Inter-Authority Services	419	328	521
<b>Total Expenses</b>	<b>13,003</b>	<b>9,580</b>	<b>14,304</b>
<b>Net Operating Results</b>	<b>\$ -</b>	<b>\$ (483)</b>	<b>\$ (560)</b>

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

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2013**

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	<u>(9 Months)</u>	<u>(12 Months)</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,563	\$ 3,115
Accounts Receivable (Note 5)	384	403
Prepaid Expenses	-	1
	<u>\$ 1,947</u>	<u>\$ 3,519</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	<u>\$ 859</u>	<u>\$ 1,948</u>
<b>Net Assets</b>		
Net Assets at Beginning of Period	1,571	2,131
Net Operating Results	<u>(483)</u>	<u>(560)</u>
Net Assets at End of Period	<u>1,088</u>	<u>1,571</u>
	<u>\$ 1,947</u>	<u>\$ 3,519</u>

Contingent Liabilities (Note 7)

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

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
For the Nine Months ended December 31, 2013

	(in thousands)	
	<u>December 31,</u> <u>2013</u>	<u>March 31,</u> <u>2013</u>
	<u>(9 Months)</u>	<u>(12 Months)</u>
<b>Operating Transactions</b>		
Net Operating Results	\$ (483)	\$ (560)
Decrease in Accounts Receivable	19	91
Decrease (Increase) in Prepaid Expenses	1	(1)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(1,089)	420
Cash provided by Operating Transactions	<u>(1,069)</u>	<u>510</u>
<b>Decrease in Cash</b>	(1,552)	(50)
<b>Cash and Cash Equivalents, Beginning of Period</b>	3,115	3,165
<b>Cash and Cash Equivalents, End of Period</b>	<u>\$ 1,563</u>	<u>\$ 3,115</u>

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

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 AUTHORITY AND PURPOSE**

The Métis Settlements Child and Family Services Authority (the Authority) operates under the authority of the *Child and Family Services Authorities Act* and directions provided by the Minister of Human Services.

The Authority is to provide community-based child and family services, programs and other supports that build on community strengths and individual and family responsibility with organizations and community groups by utilizing partnerships and sharing resources.

Pursuant to the "Management Services Agreement" between the Authority and the Minister, the Department of Human Services has assigned certain departmental staff to the Authority. With the exception of the Chief Executive Officer (CEO), all individuals working for the Authority are assigned under this agreement. The agreement provides that the Minister will delegate to the Chief Executive Officer of the Authority, powers and duties under the *Public Service Act*, as are necessary to appoint, manage and direct these individuals.

Bill 30, the *Building Families and Communities Act* was proclaimed on December 11, 2013. The Bill transfers the powers, duties and functions of the Authority to the Department of Human Services. As a result, the Authority has been dissolved on December 31, 2013.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Reporting Entity**

The reporting entity is the Métis Settlements Child and Family Services Authority, which is part of the Ministry of Human Services.

**(b) Basis of Financial Reporting**

**Revenue Accounting Policy**

All revenues are reported on the accrual basis of accounting. Revenue includes grants from the Department of Human Services and other miscellaneous reimbursements and recoveries.

Monetary donations from external sources are recorded as revenue when received.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Authority's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Authority complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the Authority is eligible to receive the funds.

***Expenses***

Directly Incurred

Directly incurred expenses are those costs the Authority has primary responsibility and accountability for, as reflected in the Government's budget documents. These are included in the Statement of Operations and Schedule 1.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- Pension costs, which are the cost of employer contributions for current service of employees during the period, and
- Valuation 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.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

***Cash and Cash Equivalents***

Cash and cash equivalents includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the Authority.

***Assets***

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Authority are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals. Assets acquired by rights are not included.

***Liabilities***

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the period. The settlement of liabilities will result in sacrifice of economic benefits in the future.

***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 value of cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short term nature of these instruments.

***Net Assets***

Net assets represent the difference between the carrying value of assets held by the Authority and its liabilities.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Cont'd)**

**(b) Basis of Financial Reporting (Cont'd)**

Canadian public sector accounting standards require a “net debt” presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as “net debt” or “net financial assets” as an indicator of the future revenues required to pay for past transactions and events. The Authority operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

***Budget***

*(in thousands)*

The Authority receives its financing by way of a grant from the Department of Human Services. The Authority is economically dependent upon the Department of Human Services since the viability of its on-going operations depends on the grant revenues from the Department. The budget presented in the Statement of Operations was included in the 2013-14 Government and Lottery Fund Estimates tabled in the Legislative Assembly on April 14, 2013. The Authority approved the budget of \$13,003 on April 27, 2013.

***Measurement Uncertainty***

*(in thousands)*

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The accounts receivable and accounts payable and accrued liabilities recorded as \$384 (March 31, 2013 - \$403) and \$859 (March 31, 2013 – \$1,948) respectively in these financial statements are subject to measurement uncertainty. The accrued receivables and liabilities are based on estimates, calculated using linear analysis of current expense trends as well as management input. The actual amount could vary significantly from that estimated.

***Voluntary Contribution***

These financial statements do not include voluntary contributions received for materials and services because of the difficulty in determining their fair market values.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 3 DISSOLUTION OF THE AUTHORITY**

Pursuant to the Building Families and Communities Act, Cash and Cash Equivalents of the Authority was transferred to the General Revenue Fund and the remaining assets, liabilities and obligations of the Authority were transferred to the Department of Human Services on January 1, 2014.

**NOTE 4 GRANTS FROM THE DEPARTMENT OF HUMAN SERVICES**

*(in thousands)*

The grant is determined as follows:	December 31, 2013 <u>(9 Months)</u>	March 31, 2013 <u>(12 Months)</u>
Initial (original) budget	\$ 12,578	\$ 12,345
Fourth quarter grant not provided	(3,959)	-
Additional funding for the period	73	908
Grant for the period	<u>\$ 8,692</u>	<u>\$ 13,253</u>

**NOTE 5 ACCOUNTS RECEIVABLE**

*(in thousands)*

	December 31, 2013			March 31, 2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Department of Human Services	\$ 346	\$ -	\$ 346	\$ 363
Child and Family Services Authorities	30	-	30	33
Accounts Receivable - Other	8	-	8	7
	<u>\$ 384</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 403</u>

Accounts receivable are unsecured and non-interest bearing.



**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**  
*(in thousands)*

	December 31, 2013	March 31, 2013
	<u>          </u>	<u>          </u>
Trade Payable	\$ 370	\$ 1,071
Department of Human Services	7	11
Accrued Vacation Pay and Manpower Expenses	472	437
Child and Family Services Authorities	-	30
Department of Treasury Board & Finance	10	399
	<u>\$ 859</u>	<u>\$ 1,948</u>

**NOTE 7 CONTINGENT LIABILITIES**  
*(in thousands)*

The Authority is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities. The Authority has been named in 4 (March 31, 2013: 4) claims of which the outcome is not determinable. Of these claims, 4 (March 31, 2013: 4) have specified amounts totalling \$333,750 (March 31, 2013: \$333,750). Included in the total claims, 4 claims totalling \$333,750 (March 31, 2013: 4 claims totalling \$333,750) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 8 BENEFIT PLANS**

*(in thousands)*

The Authority participates in the multi-employer Pension Plan: Management Employees Pension, Public Services Pension Plan, and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$348 for the nine months ended December 31, 2013 (12 months ended March 31, 2013 – \$426). The Authority is not responsible for future funding of the plan deficit other than through contribution increases.

**NOTE 9 COMPARATIVE FIGURES**

Certain March 31, 2013 figures have been reclassified to conform to the December 31, 2013 presentation.

**NOTE 10 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by management and approved by the Deputy Minister of Human Services.

**METIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Expenses - Directly Incurred Detailed by Object - Schedule 1**  
**Nine Months Ended December 31, 2013**

	(in thousands)		
	<b>December 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	(12 Months)	(9 Months)	(12 Months)
Salaries, Wages and Employee Benefits	\$ 4,877	\$ 3,422	\$ 4,495
Supplies and Services	7,066	5,426	8,204
Grants	641	404	1,084
Inter-Authority Services	419	328	521
<b>Total Expenses</b>	<b>\$ 13,003</b>	<b>\$ 9,580</b>	<b>\$ 14,304</b>

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Related Party Transactions - Schedule 2**  
**Nine Months ended December 31, 2013**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and the Board of the Authority.

The Authority and its employees 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 Authority had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	(in thousands)			
	Entities in the Ministry		Other Entities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
	(9 Months)	(12 Months)	(9 Months)	(12 Months)
<b>Revenues:</b>				
Grant from the Department of Human Services	\$ 8,692	\$ 13,253	\$ -	\$ -
Recoveries - Inter-Authority Services	77	521	-	-
	<b>\$ 8,769</b>	<b>\$ 13,774</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses - Directly Incurred</b>				
Inter-Authority Services Received	\$ 189	\$ 314	\$ -	\$ -
Department of Human Services	44	-	-	-
Department of Enterprise and Advanced Education	-	-	10	12
Department of Education	-	-	176	145
Department of Service Alberta	-	-	54	51
	<b>\$ 233</b>	<b>\$ 314</b>	<b>\$ 240</b>	<b>\$ 208</b>
<b>Receivable from/(Payable to):</b>				
Department of Human Services (Net)	\$ 339	\$ 353	\$ -	\$ -
Payable to Department of Treasury & Finance	-	-	(10)	(399)
Department of Education	-	-	(30)	(39)
Edmonton and Area Child and Family Services Authority	-	(27)	-	-
North Central Alberta Child and Family Services Authority	30	30	-	-
	<b>\$ 369</b>	<b>\$ 356</b>	<b>\$ (40)</b>	<b>\$ (438)</b>

The above transactions do not include support services arrangements disclosed in Schedule 1.

**MÉTIS SETTLEMENTS CHILD AND FAMILY SERVICES AUTHORITY**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**Salary and Benefits Disclosure- Schedule 3**  
**Nine Months ended December 31, 2013**

	(in thousands)				March 31, 2013 (12 Months)
	December 31, 2013 (9 Months)			Total	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-Cash Benefits <sup>(3)</sup>		Total
Co-Chair of the Authority	\$ -	\$ 29	\$ -	\$ 29	\$ 30
Co-Chair of the Authority	-	18	-	18	39
Board Members (6 members)	-	25	-	25	50
Chief Executive Officer	101	-	24	125	203

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in the nine months ended December 31, 2013.

Co-chairs and board members receive honoraria only.

The Department of Human Services paid \$8 (2013-\$119) of the total honoraria expenses disclosed in this schedule.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, group life insurance, short term disability plans, Health Spending Account, professional memberships and tuition fees.

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***Public Interest  
Disclosure  
(Whistleblower  
Protection) Act***

ANNUAL REPORT EXTRACTS AND OTHER STATUTORY REPORTS

# Annual Report Extracts and Other Statutory Reports

## *Public Interest Disclosure (Whistleblower Protection) Act*

Section 32 of the *Public Disclosure (Whistleblower Protection) Act* requires the chief officer of a department to report annually on all disclosures made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

This constitutes the annual report of the chief officer of the department covering the period of April 1, 2013 to March 31, 2014.

### **Chief Officer Report as at March 31, 2014**

There have been no disclosures received by, acted on or not acted on by the designated officer. Therefore there have been no investigations commenced by the designated officer as the result of disclosures and there is no data to report in relation to the reporting requirements under s. 32 of the *Public Interest Disclosure (Whistleblower Protection) Act*.