

Financial Statements of

WINNIPEG REGIONAL HEALTH AUTHORITY

March 31, 2004

WINNIPEG REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

Deloitte & Touche LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Original signed by Dr. Brian Postl and Paul Kochan

Dr. Brian D. Postl
President & Chief Executive Officer
Services and Chief Financial Officer

Paul A. Kochan, FCA
Vice-President Finance & Corporate

AUDITORS' REPORT

To the Directors of
Winnipeg Regional Health Authority

We have audited the statement of financial position of Winnipeg Regional Health Authority (the "Authority") as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Deloitte & Touche LLP.

Chartered Accountants

Winnipeg, Manitoba
June 22, 2004

TABLE OF CONTENTS

	<u>Page</u>
Statement of Operations	1
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 21
Schedules to the Financial Statements	22 -27
Supplementary Information	28 - 31

WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Operations

For the year ended March 31, 2004

(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
REVENUE		
Manitoba Health operating income	\$ 1,435,483	\$ 1,301,481
Other income (Schedule 1)	47,883	41,568
Amortization of deferred contributions		
Capital assets	21,884	19,024
Future expenses	8,799	4,265
	<u>1,514,049</u>	<u>1,366,338</u>
EXPENSES		
Direct operations	726,268	637,505
Amortization of capital assets	22,111	19,095
Interest	9,936	10,375
Increase in future employee benefits	16,566	20,326
	<u>774,881</u>	<u>687,301</u>
FACILITY FUNDING		
Acute care facility funding (Schedule 2)	499,279	472,194
Long term care facility funding (Schedule 3)	199,253	166,013
Community health agency funding (Schedule 4)	20,731	21,366
Adult day care facility funding (Schedule 5)	2,354	2,345
Long term care community therapy services	698	863
GRANT FUNDED		
Grants to facilities and agencies (Schedule 6)	15,606	16,210
	<u>1,512,802</u>	<u>1,366,292</u>
OPERATING SURPLUS	<u>1,247</u>	<u>46</u>
Add		
Non-insured services net surplus	3,093	2,196
NET SURPLUS	<u>\$ 4,340</u>	<u>\$ 2,242</u>

APPROVED BY THE BOARD

..... Director

..... Director

Original signed by Patti Sullivan and Jean-Paul Gobeil

WINNIPEG REGIONAL HEALTH AUTHORITY**Statement of Financial Position**

As at March 31, 2004

(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
ASSETS		(Restated - Note 19)
CURRENT		
Cash and marketable securities	\$ 69,544	\$ 73,425
Accounts receivable (Note 3)	39,382	54,303
Inventory	7,087	7,064
Prepaid expenses	2,419	2,548
Sinking fund reserve (Note 6)	47,340	-
Employee benefits recoverable from Manitoba Health	78,709	68,134
	<u>244,481</u>	<u>205,474</u>
CAPITAL ASSETS, net (Note 4)	338,238	292,313
OTHER ASSETS		
Future employee benefits recoverable from Manitoba Health	82,302	68,214
Cash held in trust for debt service by Manitoba Health	4,300	4,300
Sinking fund reserve (Note 6)	9,976	51,333
Specific purpose funds (Note 7)	32,910	31,461
Nurse recruitment and retention fund (Note 9)	4,921	7,106
	<u>\$ 717,128</u>	<u>\$ 660,201</u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 89,564	\$ 89,814
Employee benefits payable	78,763	68,779
Current portion of long term debt (Note 6)	53,869	5,495
	<u>222,196</u>	<u>164,088</u>
LONG TERM DEBT AND DEFERRED CONTRIBUTIONS		
Long term debt (Note 6)	60,928	121,632
Future employee benefits payable	82,515	68,388
Specific purpose funds (Note 7)	32,910	31,461
Deferred contributions (Note 8)	289,445	247,653
Nurse recruitment and retention fund (Note 9)	4,921	7,106
	<u>692,915</u>	<u>640,328</u>
NET ASSETS	24,213	19,873
COMMITMENTS AND CONTINGENCIES (Note 12)		
	<u>\$ 717,128</u>	<u>\$ 660,201</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Changes in Net Assets

For the year ended March 31, 2004

(in thousands of dollars)

	2004				2003
	Investment in Capital Assets (Note 10)	Unrestricted	Internally Restricted (Physician Recruitment)	Total	Restated (Note 19)
Balance, beginning of year	\$ 22,989	\$ (4,263)	\$ 1,147	\$ 19,873	\$ 17,770
Prior period adjustment:					
Invested in capital assets (Note 19)	(10,649)	10,649	-	-	-
Labour relations secretariat (Note 19)	-	-	-	-	(139)
Adjusted balance, beginning of year	12,340	6,386	1,147	19,873	17,631
Excess (Deficit) of revenue over expenses	(2,025)	6,936	(571)	4,340	2,242
Purchases of capital assets	5,319	(5,319)	-	-	-
Balance, end of year	\$ 15,634	\$ 8,003	\$ 576	\$ 24,213	\$ 19,873

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
For the year ended March 31, 2004
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
OPERATING ACTIVITIES		
Net surplus/deficit	\$ 4,340	\$ 2,242
Items not affecting cash		
Amortization of capital assets	25,833	23,225
Amortization of deferred contributions related to capital assets	(23,808)	(21,635)
Recognition of deferred contributions related to future expenses	(8,799)	(4,265)
Net change in future employee benefits	(552)	-
Amortization of debenture issue costs	4	207
	<u>(2,982)</u>	<u>(226)</u>
Changes in non-cash operating working capital items	\$14,773	(1,192)
Deferred contributions received - future expenses	6,410	11,954
	<u>18,201</u>	<u>10,536</u>
FINANCING ACTIVITIES		
Net change in sinking fund reserve	(5,983)	(2,958)
Deferred contributions received - capital assets	67,989	38,273
New long term debt	-	7,177
Long term debt repayments	(12,330)	(12,657)
	<u>49,676</u>	<u>29,835</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(71,758)	(32,387)
	<u>(71,758)</u>	<u>(32,387)</u>
INCREASE	(3,881)	7,984
CASH AND MARKETABLE SECURITIES, BEGINNING OF YEAR	73,425	65,441
CASH AND MARKETABLE SECURITIES, END OF YEAR	\$ 69,544	\$ 73,425
Comprised of:		
Cash	\$ 23,272	\$ 29,370
Marketable securities	46,272	44,055
Total	\$ 69,544	\$ 73,425
Supplementary Information:		
Interest paid	\$ 10,658	\$ 11,087

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2004

(amounts in thousands of dollars)

1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority (“the Authority”) was established on December 1, 1999. The Authority provides community health services directly through its operations of Home Care, Mental Health and Public Health and provides acute care services through its Health Sciences Centre (HSC), Deer Lodge Centre (DLC), and Pan Am Clinic (Pan Am) sites. Acute care services are also provided by seven other urban hospitals (Concordia Hospital, Misericordia Health Centre, Riverview Health Centre, Inc., St. Boniface General Hospital, The Salvation Army Grace Hospital, Seven Oaks General Hospital, and Victoria General Hospital) (“the Hospitals”). Long term care, community health and other health services are delivered in the region through non-proprietary and proprietary personal care homes and community health agencies as well as through a number of non-profit organizations.

Effective April 1, 2002, the delivery of long term care services in the region was expanded to include proprietary personal care homes. In addition, the Authority assumed responsibility for funding the proprietary personal care homes outside of the region. Programming responsibility for these personal care homes remains with the appropriate rural regional health authorities.

Effective August 1, 2002, the assets and liabilities of the Deer Lodge Centre (DLC) were transferred to the Authority. The Board of Directors of DLC was dissolved and the net assets of DLC were integrated into the Authority.

The Authority is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) The reporting entity

The scope of the Authority’s operations are classified into these four distinct segments:

- i. Direct Operations – Home Care services, Mental Health services, Public Health services, Primary Care services, Acute Care services (HSC, DLC, and Pan Am sites), and medical remuneration.
- ii. Acute Care services – provided through the seven other hospitals by means of operating agreements.
- iii. Long Term Care and Community Health services – provided through non-proprietary and proprietary personal care homes and community health agencies by means of service purchase agreements.
- iv. Other Health services – provided through various agencies by means of grant funding mechanisms.

The seven Acute Care hospitals in (ii) are non-consolidated controlled entities. A financial summary of these non-consolidated controlled entities is provided in Note 11.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Definition of controlled entity

The Authority is the majority funder of the Hospitals. The Hospitals act as the Authority's agents in providing health care services mandated by the Province of Manitoba. These health care services are delivered under the control of the Authority from an accounting perspective. This determination of control is based largely on the fact that the Hospitals' purpose is integrated with that of the WRHA such that the Hospitals and the WRHA have common and complementary objectives. Moreover, due to the existence of operating agreements between the Authority and the Hospitals, the WRHA has the power to determine the strategic operating, investing and financing policies of the Hospitals.

Additionally, the Deer Lodge Centre Foundation has been deemed a controlled entity by virtue of the fact that its purpose is to raise funds for the Deer Lodge Centre.

As permitted by Canadian generally accepted accounting principles, the controlled entities have not been consolidated into the Authority's financial statements. Note 11 provides a financial summary of these controlled non-consolidated entities.

c) Revenue recognition

The Authority follows the deferral method of accounting for contributions:

- i. Operating contributions – recorded as revenue in the period to which they relate.
- ii. Unrestricted contributions – recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iii. Externally restricted contributions – recognized as revenue in the year in which the related expenses are recognized.
- iv. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.
- v. Contributions approved but not received at the end of an accounting period are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

The Authority is funded by the Province of Manitoba using Manitoba Health funding mechanisms. These financial statements use funding mechanisms approved by Manitoba Health for the year ended March 31, 2004.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investments

Investments in marketable securities are recorded at cost. Market value of the investments at March 31, 2004 is \$46,501 (cost - \$46,272), March 31, 2003 - \$44,210 (cost \$44,055).

e) Medical, drugs and other supplies

Medical, drugs and other supplies are valued at cost.

f) Linen and bedding inventory

Linen and bedding inventory is recorded at cost and expensed when put into use.

g) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis using an annual rate of:

Buildings	2.5%
Improvements to land & buildings	4-20%
Equipment	10-33%
Computer hardware/software	20%
Furniture	10%
Leasehold improvements	over the life of the lease
Facility upgrades	5%
Start-up costs	33 1/3%

h) Debenture issue costs

Debenture issue costs are amortized over the term of the debentures.

i) Financial instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority's accounts receivable are comprised mostly of amounts due from the Government of Manitoba, which minimizes credit risk.

Interest rate risk

Interest rate risk is the risk arising from fluctuations in short term interest rates and the volatility of those rates. The Authority mitigates this risk by retaining the option to convert all floating rate borrowings to fixed rate borrowings.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value

The carrying amounts of short-term financial assets and liabilities are a reasonable estimate of the fair values because of the short maturity of those instruments. Short-term financial assets are comprised of cash and marketable securities, accounts receivable and employee benefits recoverable from Manitoba Health. Short-term financial liabilities are comprised of accounts payable and accrued liabilities, employee benefits payable and current portion of long term debt.

The fair value of the long term asset future employee benefits recoverable from Manitoba Health and the long term liability future employee benefits payable could not be determined because there are no specific terms of repayment.

j) Retirement entitlement obligations

The Authority applies the accounting recommendations for employee future benefits contained in Section 3461 of the Canadian Institute of Chartered Accountants' Handbook.

k) Employee benefits

The Authority records a provision for employee benefits including accrued vacation and accrued overtime entitlements.

Funding for employee benefits is recoverable from Manitoba Health as a component of salary costs in the period in which the expenditures are made. Accordingly, the cost of the estimated accrued vacation pay and overtime entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with the funding secured in subsequent years.

l) Surplus retention and use policy – Acute care operations and controlled entities

50% of the insured services operating surplus for the current fiscal year is recorded on the Statement of Financial Position as deferred contributions. The Authority will confirm the approved amount of the retainable surplus when the Authority reviews the audited financial statements of its Controlled Entities.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Due to/from Manitoba Health

In Globe Funding

In Globe funding is funding approved by Manitoba Health for Regional Health Authority programs unless otherwise specified as Out of Globe funding. This includes volume changes and price increases for the five service categories of Acute Care, Long Term Care, Community and Mental Health, Home Care, and Emergency Response and Transport. All additional costs in these five service areas must be absorbed from within the global funding provided.

Any operating surplus greater than 2% of budget related to In Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health.

Under Manitoba Health policy, the Authority is responsible for In Globe deficits, unless otherwise approved by Manitoba Health.

Out of Globe Funding

Out of Globe Funding is funding approved by Manitoba Health for specific programs.

Any operating surplus related to Out of Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health.

Conversely, any operating deficits related to Out of Globe funding arrangements is recorded on the statement of financial position as a receivable from Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines their final funding approvals which indicate the portion of the deficit that will be paid to the Authority. Any unapproved costs not paid by Manitoba Health are absorbed by the Authority.

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements**

As at March 31, 2004

(amounts in thousands of dollars)

3. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
Manitoba Health - operating and capital	\$ 20,451	\$ 25,388
Facility advances and bridge funding	9,060	14,579
Patient related and other	9,871	14,336
	<u>\$ 39,382</u>	<u>\$ 54,303</u>

4. CAPITAL ASSETS

	<u>2004</u>			<u>2003</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,651	\$ -	\$ 4,651	\$ 4,650
Buildings	316,628	114,933	201,695	193,890
Improvements to land & buildings	5,797	3,082	2,715	2,535
Equipment	279,594	218,916	60,678	51,980
Computer hardware	10,543	5,352	5,191	3,180
Computer software	1,208	1,164	44	593
Furniture	3,798	904	2,894	1,792
Leasehold improvements	3,127	1,103	2,024	2,239
Facility upgrades	5,085	1,087	3,998	4,252
Construction in progress	54,332	-	54,332	27,191
Start-up costs	2,856	2,840	16	11
	<u>\$ 687,619</u>	<u>\$ 349,381</u>	<u>\$ 338,238</u>	<u>\$ 292,313</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2004</u>	<u>2003</u>
Accounts payable and accrued liabilities	\$ 54,251	\$ 62,272
Accrued salaries	30,159	23,715
Accrued interest on long term debt	3,455	3,457
Holdbacks on construction contracts	1,699	370
	<u>\$ 89,564</u>	<u>\$ 89,814</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

6. LONG-TERM DEBT

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
a) Bank loans payable consist of the following:		
Demand bank loans for capital projects in anticipation of the future issuance of long-term debt by Manitoba Health, interest at prime less 1.0%	\$ 6,184	\$ 15,681
Bank loan, interest at prime less 0.8%	3,367	3,645
Banker's acceptances, supported by specific borrowing resolution incorporating an assignment of monies payable by the Governments of Canada or Manitoba: Interest at 2.70%, maturing April 20, 2004	1,303	1,500
Operating credit line demand installment loans: Interest at prime less 0.8%, maturing January 17, 2008	440	533
Bank loan, interest as determined annually by Manitoba Health	-	48
	<u>\$ 11,294</u>	<u>\$ 21,407</u>

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
b) Debentures payable consist of the following:		
13 5/8% Debenture dated November 15, 1984 maturing 2004, annual payments of \$42 (fair value \$14)	\$ 13	\$ 55
13.40% Sinking fund debenture maturing 2004, annual payments of \$1,100	50,000	50,000
10.25% Sinking fund debenture maturing 2011, annual payments of \$625	25,000	25,000
	<u>\$ 75,013</u>	<u>\$ 75,055</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

6. LONG-TERM DEBT (continued)

c) Mortgages payable consist of the following:

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
8.25% Mortgage, maturing 2017 Emily Street Parkade (fair value \$10,606)	10,082	10,593
6.47% Mortgage, maturing 2004, William Avenue Parkade (fair value \$88)	64	402
7.38% Mortgage payable, maturing 2018 Nutrition & Food Services (fair value \$18,758)	16,719	17,347
7.04% Mortgage payable, maturing 2006 Nutrition & Food Services (fair value \$1,712)	1,625	2,178
6.86% Mortgage payable, maturing 2003 Nutrition & Food Services (fair value \$nil)	-	145
	\$ 28,490	\$ 30,665
Total long-term debt	\$ 114,797	\$ 127,127
Less amounts due within one year, included in current liabilities	(53,869)	(5,495)
	\$ 60,928	\$ 121,632

At March 31, 2004 the carrying value of the sinking fund reserves and accumulated interest aggregated \$57,316 (March 31, 2003 - \$51,333). Annual payments are made by the Authority/Manitoba Health from cash held in trust. The aggregate balance in the sinking fund reserves for all debentures will be sufficient to retire the associated sinking fund debentures at maturity.

The fair value of long term debt at March 31, 2004 has been calculated using discounted cash flow analysis based on incremental borrowing rates currently available for similar terms and maturities.

The fair value of the bank loans payable could not be determined because there are no specific terms of repayment.

Certain of the long-term debt instruments contain various restrictive covenants.

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2004

(amounts in thousands of dollars)

6. LONG-TERM DEBT (continued)

d) The principal repayments over the next five years are as follows:

2005	\$	53,869
2006		8,482
2007		2,088
2008		1,795
2009		1,903

7. SPECIFIC PURPOSE FUNDS

Cash and investments held for specific purposes include the following:

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Cash and marketable securities, at cost	\$ 32,910	\$ 31,461

The Authority maintains numerous research, trust and clearing accounts designated for specific purposes. An analysis of the changes in these funds is as follows:

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Balance, beginning of year	\$ 31,461	\$ 27,050
Grants, bequests and donations	17,118	17,509
Investment income	1,469	1,935
Disbursements	(17,138)	(15,033)
Balance, end of year	\$ 32,910	\$ 31,461

Certain of the funds designated for specific purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact, or that the principal be used for specifically stated purposes.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

8. DEFERRED CONTRIBUTIONS

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Deferred contributions, future expenses	\$ 15,078	\$ 28,116
Deferred contributions, capital	274,367	219,537
Deferred contributions, total	<u>\$ 289,445</u>	<u>\$ 247,653</u>

a) Deferred contributions, future expenses

Deferred contributions related to future expenses represent the unspent amount of funding received for the Authority's operating expenses. The amortization of deferred contributions, future expenses is recorded as revenue in the statement of operations.

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Balance, beginning of year	\$ 28,116	\$ 20,427
Amount received during the year	6,410	13,988
Transferred to deferred contributions, capital	(10,649)	(2,034)
Less: amount recognized as revenue in the year	(8,799)	(4,265)
Balance, end of year	<u>\$ 15,078</u>	<u>\$ 28,116</u>

b) Deferred contributions, capital

Deferred contributions related to capital assets represent the unamortized and unspent amount of funding received for the purchase of the Authority's capital assets. The amortization of deferred contributions, capital is recorded as revenue in the statement of operations.

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Balance, beginning of year	\$ 219,537	\$ 202,899
Amount received during the year	67,989	36,239
Transferred from deferred contributions, future expenses	10,649	2,034
Amounts amortized to revenue – Programs	(21,884)	(19,024)
Amounts amortized to revenue – Ancillary operations	(1,924)	(2,611)
Balance, end of year	<u>\$ 274,367</u>	<u>\$ 219,537</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2004

(amounts in thousands of dollars)

9. NURSE RECRUITMENT AND RETENTION FUND

In 2000, Manitoba Health had established a \$7 million Nurse Recruitment and Retention Fund in order to assist with the implementation of recruitment and retention strategies for nurses throughout Manitoba. The Authority holds, invests and disburses funds on behalf of the Nurse Recruitment and Retention Committee. The Fund is administered by a tri-partite committee comprised of the Regional Health Authorities of Manitoba, Manitoba Health, and the Manitoba Nurses Union. The Authority can only disburse funds authorized by this committee.

Cash and investments held for the Nurse Recruitment and Retention Fund include the following:

	<u>2004</u>	<u>2003</u>
Cash and marketable securities, at cost	\$ 4,921	\$ 7,106

An analysis of the changes in the Nurse Recruitment and Retention Fund is as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 7,106	\$ 6,635
Additions to fund	175	2,175
Interest earned on investment	168	194
Fund expenditures	(2,528)	(1,898)
Balance, end of year	\$ 4,921	\$ 7,106

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements**

As at March 31, 2004

(amounts in thousands of dollars)

10. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Capital assets	\$ 283,890	\$ 265,111
Start-up costs	16	11
Construction in progress	54,332	27,191
	<u>\$ 338,238</u>	<u>\$ 292,313</u>

Amounts financed by:

Sinking Fund	57,316	51,333
Cash held in trust by Manitoba Health for debt service	4,300	4,300
Deferred contributions	(274,367)	(219,537)
Loans and accounts payable	(109,853)	(116,069)
Investment in capital assets	<u>\$ 15,634</u>	<u>\$ 12,340</u>

Change in net assets invested in capital assets is calculated as follows:

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
a) Excess of expenses over revenues		
Amortization of capital assets included in programs	\$ (22,111)	\$ (19,095)
Amortization of capital assets included in ancillary operations	(3,722)	(4,130)
Amortization of deferred contributions related to capital assets included in programs	21,884	19,024
Amortization of deferred contributions related to capital assets included in ancillary operations	1,924	2,611
	<u>\$ (2,025)</u>	<u>\$ (1,590)</u>
b) Purchase of capital assets	<u>\$ 71,758</u>	<u>\$ 32,387</u>
Amounts funded by:		
Capital contributions received in the year	(67,989)	(36,293)
Capital contributions transferred from future expenses	(10,649)	(2,034)
Change in capital contributions receivable	12,199	8,651
	<u>\$ 5,319</u>	<u>\$ 2,711</u>
Change in net assets	<u>\$ 3,294</u>	<u>\$ 1,121</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2004

(amounts in thousands of dollars)

11. CONTROLLED ENTITIES INFORMATION

A financial summary of the seven urban hospitals and the Deer Lodge Centre Foundation, which have not been consolidated, with the accounts of the Authority is as follows:

	<u>2004</u>	<u>2003</u>
Financial position:		(Restated - Note 19)
Assets	\$ 569,992	\$ 542,332
Liabilities	521,973	497,941
Total net assets	\$ 48,019	\$ 44,391
Results of operations:		
Total revenues	\$ 564,521	\$ 532,046
Total expenses	574,241	533,563
Deficit from operations	\$ (9,720)	\$ (1,517)
Ancillary operations:		
Total revenues	\$ 29,312	\$ 26,941
Total expenses	27,068	24,748
Surplus from ancillary operations	\$ 2,244	\$ 2,193
Other:		
Surplus refundable to WRHA	\$ -	\$ (622)
Prior years' deficit/(funding recovery) support	(252)	1,572
Total other	\$ (252)	\$ 950
Net (deficit) surplus	\$ (7,728)	\$ 1,626
Cash flows:		
From operating activities	\$ (2,822)	\$ 3,719
Cash used for financing & investing	(7,356)	(9,153)
Decrease in cash	\$ (10,178)	\$ (5,434)

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2004

(amounts in thousands of dollars)

12. COMMITMENTS AND CONTINGENCIES

- a) The Authority is subject to legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse affect on the financial position of the Authority.
- b) At March 31, 2004, annual lease payments of the Authority under the operating lease for the various premises occupied by the Authority over the next five years are as follows:

2005	\$ 3,480
2006	3,325
2007	3,112
2008	2,940
2009	2,905

- c) At March 31, 2004, the Authority had capital commitments of approximately \$58,082 (2003 - \$87,222) and equipment purchase commitments of approximately \$2,548 (2003 - \$12,657).
- d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five years are as follows:

2005	\$ 3,917
2006	2,801
2007	1,760
2008	986
2009	280

13. HIROC

On July 1, 1987, a group of health care organizations ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal under provincial Insurance Acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2004.

14. ECONOMIC DEPENDENCE

The Authority received approximately 97% (2003 – 97%) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

15. RELATED PARTY TRANSACTIONS

The Authority is responsible for the overall management of health care services provided in the Winnipeg Health Region. Programs are delivered in the region by the Authority through its direct service operations, by Hospitals through operating agreements, by proprietary and non-proprietary personal care homes and community health agencies through service purchase agreements as well as through a number of non-profit organizations through grant funding mechanisms. The Authority transacts business on a regular basis with the organizations and agencies described in Notes 1 and 2b.

16. RELATED ENTITIES

The Authority has an economic interest in the Health Sciences Centre Foundation Inc. (HSCF) and the Children's Hospital Foundation of Manitoba Inc. (CHFM). The financial statements of the foundations have not been included in these statements.

These foundations are incorporated under the Corporations Act of Manitoba and are registered charities for the purposes of the Income Tax Act and accordingly exempt from income taxes. The foundations' aims and objectives are to raise, invest and allocate funds for research projects through a number of institutions.

During the year \$351 (2003 - \$196) in funds were distributed through Health Sciences Centre. HSCF also administers payments to medical researchers that work at Health Sciences Centre on a fee for service basis. The fees paid to HSCF during the year by Health Sciences Centre for this service amounted to \$40 (2003 - \$19).

During the year, CHFM contributed \$890 (2003 - \$613) to Health Sciences Centre to assist with activities at the Children's Hospital.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

17. EMPLOYEE FUTURE BENEFITS

a) Accrued retirement entitlement

The Authority's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Healthcare Employees Pension Plan (HEPP) is to pay out four days of salary per year of service upon retirement if the employee complies with one of the following conditions:

- i) has ten years service and has reached the age 55 or
- ii) qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee
- iii) retires at or after age 65
- iv) terminates employment at any time due to permanent disability

The Authority undertook an actuarial valuation of the HEPP non-pension pre-retirement leave benefit for accounting purposes as at December 31, 2000, projected to March 31, 2004. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 5.5% and a rate of salary increase of 4.0% plus age related merit/promotion scale with no provision for disability.

The Authority's contractual commitment based on an actuarial valuation, for the pre-retirement entitlement for members of the Civil Service Superannuation Plan (CSSP) is to pay out, at retirement to employees who have reached the age of 55 and have nine or more years of service, the following severance pay:

- one week of severance pay for each year of service up to 15 years of service.
- 2 weeks of additional severance pay for each increment of five years past the 15 years of service up to 35 years of service.

The Authority undertook an actuarial valuation of the CSSP non-pension pre-retirement leave benefit for accounting purposes as at December 31, 2000, projected to March 31, 2004. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.5% and a rate of salary increase of 4.0% plus age related merit/promotion scale with no provision for disability.

Funding for the retirement obligation is recoverable from Manitoba Health on an out of globe basis in the year of payment.

b) Pension plan

Most of the employees of the Authority are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants' Handbook section 3461.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2004
(amounts in thousands of dollars)

17. EMPLOYEE FUTURE BENEFITS (continued)

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employee's contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan as at December 31, 2002, indicates that the plan is fully funded. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to \$16,092 (2003 - \$14,136) and are included in the statement of operations.

Some of the employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the plan by the Authority and its employees.

18. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

19. RESTATEMENT OF PRIOR PERIODS

During the year, at the request of Manitoba Health, the Authority modified its method of accounting for long-term debt held with the Department of Finance, Province of Manitoba and deferred contributions. The prior year comparative numbers have been retroactively restated to account for the change. The net effect of the restatement for the year ended March 31, 2003 is to decrease long term debt by \$103,135, decrease current portion of long term debt by \$8,976 and to increase deferred contributions by \$112,111. As a result, Manitoba Health income decreased by \$6,542 and long term interest expense decreased by \$6,542.

In addition, internally restricted net assets were reduced and specific purpose funds were increased by \$139 to reflect the fact that the board does not control the disbursement of the funds.

The prior year financial statements were corrected to reflect a reclassification between net assets – invested in capital assets and net assets – unrestricted in the amount of \$10,649.

The prior year financial statements were corrected to reflect the reclassification of Deer Lodge Centre Foundation as a controlled entity.

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 1 - Other Income

For the 12 months ended March 31, 2004

(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
		(Restated - Note 19)
Separately funded primary health programs	\$ 5,617	\$ 4,769
Patient and resident income	9,122	8,450
Radiology fee for service	2,907	2,516
External recoveries	25,799	22,039
Interest income	2,064	1,943
Miscellaneous income	2,374	1,851
Total	\$ 47,883	\$ 41,568

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 2 - Acute Care Facility Funding

For the 12 months ended March 31, 2004

(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
Concordia Hospital	\$ 41,658	\$ 38,717
Grace General Hospital	60,663	58,055
Manitoba Adolescent Treatment Centre	8,292	7,491
Misericordia Health Centre	30,514	29,002
Riverview Health Centre	35,026	34,074
Seven Oaks General Hospital	63,330	57,435
St. Boniface General Hospital	207,160	196,899
Victoria General Hospital	52,636	50,521
Total Acute Care Facility Funding	\$ 499,279	\$ 472,194

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 3 - Long Term Care Facility Funding

For the 12 months ended March 31, 2004
(in thousands of dollars)

	2004	2003
Non-Proprietary Personal Care Homes		
Bethania	\$ 5,747	\$ 5,272
Calvary Place	4,270	4,108
Concordia	5,334	5,407
Convalescent Home	2,552	2,162
Donwood Manor	4,286	4,021
Foyer Valade	4,048	3,515
Fred Douglas	4,648	4,117
Golden Links	3,019	2,600
Golden West	3,573	3,186
Holy Family	9,884	8,658
Lions Manor	3,958	3,543
Luther Home	2,904	2,513
Meadowood	3,010	2,373
Middlechurch	6,855	6,218
Misericordia Place	2,967	3,389
Park Manor	3,505	3,006
Pembina Place (formerly Deaf Centre)	2,201	1,983
Sharon Home	8,703	7,803
St. Joseph's	3,073	2,978
Tache	13,151	12,007
West Park	4,903	3,755
Supportive Housing	2,376	2,376
Miscellaneous Funding Adjustments	328	399
Total	\$ 105,295	\$ 95,389
Proprietary Personal Care Homes		
Beacon Hill	\$ 6,168	\$ 5,815
CPL Parkview	9,727	9,046
CPL Poseidon	7,353	6,754
Charleswood Care Centre	5,173	4,804
Fort Gary Care Centre	2,138	2,016
Golden Door	2,585	2,552
Heritage Lodge	2,919	2,741
Kildonan	4,766	4,512
Maples	7,316	6,848
Oakview Place	8,101	7,444
River East	4,723	4,453
St. Norbert	3,088	2,903
Tuxedo Villa	6,655	6,002
Vista Park Lodge	3,481	3,379
Miscellaneous Funding Adjustments	298	429
Total	\$ 74,491	\$ 69,698
Rural Proprietary Personal Care Homes *		
CPL Brandon	\$ 2,937	\$ 176
Hillcrest Place	3,411	169
Red River Place	3,840	270
St. Adolphe	1,295	115
Tudor House	2,663	196
Total	\$ 14,146	\$ 926
Residential Care		
St. Amant Centre	\$ 5,321	\$ -
Total	\$ 199,253	\$ 166,013

The facility funding reported on the schedule reflects approximately 75% of the personal care homes total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

* 2004 figures represent a full year of funding. The Authority was only responsible for providing a portion of 2003 funding.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Community Health Agency Funding

For the 12 months ended March 31, 2004
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
Health Action Centre *	\$ -	\$ 2,397
Hope Centre Health Care Incorporated	747	670
Klinik Incorporated	3,701	3,276
Main Street Project Inc.	1,329	1,270
MFL Occupational Health and Safety Inc.	675	527
Mount Carmel Clinic	5,482	5,309
Nor'West Co-op Community Health Centre, Inc.	959	856
Rehabilitation Centre for Children, Inc.	2,259	1,977
Nine Circles Community Health Centre Inc.	1,631	1,460
Women's Health Clinic, Inc.	1,321	1,273
Clinique Youville Clinic Inc.	2,021	1,800
Sexuality Education Resource Centre Manitoba, Inc.	537	500
Miscellaneous Funding Adjustments	69	51
Total	\$ 20,731	\$ 21,366

* Became part of WRHA direct operations effective April 1, 2003.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Adult Day Care Facility Funding

For the 12 months ended March 31, 2004
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
Convalescent Home	\$ 52	\$ 31
Fred Douglas	128	138
Golden Links	43	43
Golden West	125	122
Holy Family	146	141
Independent Living Resource Centre	93	88
Lions Manor	156	137
Lions Place - Charleswood	215	240
Lions Place - Concordia	158	164
Lions Place - 610 Portage	191	197
Luther Home	66	70
Middlechurch	165	144
Oakview Place	118	118
Park Manor	99	89
Riverview Health Centre	175	148
Sharon Home	51	49
South YM/YWCA	147	131
Tache	226	294
Miscellaneous Funding Adjustments	-	1
Total	\$ 2,354	\$ 2,345

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Grants to Facilities and Agencies
For the 12 months ended March 31, 2004
(in thousands of dollars)

	2004	2003
Age & Opportunity Centre Inc	\$ 535	\$ 527
AGR Health Services to Senior:	-	176
Bethel Place	34	34
Bluebird Service Clut	10	10
Bonivital Council for Senior:	35	35
Broadway Seniors Resource Council Inc	35	35
Brooklands/Weston Community Resource	35	35
Canadian Mental Health Associatio	873	913
Central Speech & Hearing Clinic Inc	124	-
Charleswood Senior Centr	32	3
Chez Nous Inc.	17	17
City of Winnipeg - Emergency Services	4,479	4,479
Clubhouse of Winnipeg Inc	357	357
Columbus Manor	17	17
Community Therapy Services	178	178
Creative Retirement Manitob:	32	32
Fort Garry Services Inc.	17	17
Foyer Vincent Inc.	17	17
Friendly Neighbour Council	35	35
Friends Housing Inc.	71	71
Good Neighbours Senior Centre Inc	32	32
Gwen Sectar Creative Living Centr	42	42
Jewish Child and Family	34	29
Jocelyn House	70	70
Kingsford Haus Co-op Ltd	10	10
L'Accueil Colombien Inc	16	16
Lions Club	33	33
Manitoba Association of Multipurpose Senior Centre	2	2
Manitoba Cardiac Institute (Reh-fit)	635	630
Manitoba Eastern Star Chale	10	10
Manitoba Housing Authority	293	293
MacDonald Youth Service:	309	329
Meals on Wheels of Winnipeg Inc	141	141
Metropolitan Kiwanis Court:	17	17
Middlechurch Home of Winnipeg	41	41
Seven Oaks (formerly North Winnipeg Community Council	20	35
Pembina Place (formerly Deaf Centre Manitoba Inc	33	33
River East Council for Senior:	45	45
Rose & Max Rady Jewish Community Centr	16	16
Ruperts Land Caregiver Service:	35	35
S.S.C.O.P.E. Incorporatec	111	101
Salvation Army	1,508	1,893
Sara Riel Inc.	1,515	1,515
Seniors Home Help Inc	64	64
Seneca House	331	314
Serena Manitoba Inc	11	11
Seven Oaks Wellness Centre	478	462
Society for Manitobans with Disabilitie	1,147	1,147
South Winnipeg Senior Resource Council Inc	35	35
St. Amant Centre (dental grant)	13	13
St. James/Assiniboia Senior Centre Inc	82	82
Stay Young Centre	16	16
Ten Ten Sinclair Housing Inc	1,123	892
Transcona Council for Senior:	39	39
University of Manitob:	30	30
University of Manitoba - Library Services	-	400
Villa Cabrini Inc	34	33
Villa Nova	10	10
Villa Tache	27	27
Villa Vita Inc.	25	39
Wolseley Family Centre	86	86
YW/YMCA of Winnipeg	154	154
Total	\$ 15,606	\$ 16,210

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Nature of Expense
For the 12 months ended March 31, 2004
(unaudited)
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
REVENUE		
Manitoba Health operating income	\$ 1,440,788	\$ 1,308,260
Other government revenue	10,864	13,740
Patient services (includes patient and resident income)	14,549	14,321
Amortization of deferred contributions	55,527	48,294
Other Revenue	54,126	43,460
Total Revenue	1,575,854	1,428,075
EXPENSES		
Salaries and Wages	835,999	755,169
Medical remuneration	107,269	93,588
Printing, stationery and office Supplies	7,776	7,533
Housekeeping, laundry and linen	9,912	8,765
Utilities, insurance and taxes	22,906	21,028
Food and dietary supplies	8,390	12,952
Medical and surgical supplies	69,716	66,478
Pharmaceutical supplies	58,655	53,874
Diagnostic supplies	15,442	15,176
Miscellaneous and other	55,968	37,972
Repairs and maintenance	27,700	24,492
Referred out services	33,811	35,848
Radiology fee for service costs	8,780	3,990
Interest	19,068	19,701
Amortization of capital assets	47,449	43,932
Change in future employee benefits	16,566	20,326
Non-acute care facility and grant funding	238,642	206,798
Total Operating Costs	1,584,049	1,427,622
(DEFICIT) SURPLUS FROM OPERATIONS	(8,195)	453
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	79,086	80,479
Ancillary operations expenses	73,751	75,859
Surplus from Ancillary Operations	5,335	4,620
PRIOR YEAR DEFICIT SUPPORT	(247)	1,572
SURPLUS REFUNDABLE TO WRHA	-	(2,553)
(DEFICIT) SURPLUS FOR THE YEAR	\$ (3,107)	\$ 4,092

Note: The amounts reported on this schedule reflect the consolidated financial results of the Authority, (including HSC, DLC, and Pan Am) and Hospitals funded by the Authority through an operating agreement. Differences in the timing of revenue/expense recognition between the Authority and the Hospitals results in line item differences between this schedule and the statement of operations. The overall reported (deficit) surplus is a compilation of the audited results of operations for all included sites.

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program
For the 12 months ended March 31, 2004
(unaudited)
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
REVENUE		
Manitoba Health operating income	\$ 1,440,788	\$ 1,308,260
Other government revenue	10,864	13,740
Patient services (includes patient and resident income)	14,549	14,321
Amortization of deferred contributions	55,527	48,294
Other Revenue	54,126	43,460
Total Revenue	1,575,854	1,428,075
EXPENSES		
Program costs		
Anaesthesia	6,470	6,024
Breast health	2,377	1,812
Cardiac sciences	51	-
Child health	60,411	52,693
Child adolescent & mental health	12,766	11,593
Critical care	41,774	37,753
Diagnostic imaging	40,119	40,037
Diagnostic imaging - Radiology Fee for Service	8,535	5,206
Emergency	44,593	40,234
Family medicine	37,756	32,854
Health Links	2,794	985
Laboratories	51,599	47,597
Medicine	83,067	76,905
Renal health	38,266	35,441
Mental health	26,697	24,912
Oncology	10,287	9,264
Psychology	2,960	2,520
Rehab/Geriatrics	54,510	51,217
Surgery	147,217	136,065
Tele-health	2,098	7
Women's health	41,268	39,390
Long term care	39,008	35,716
Residents and interns	18,942	16,069
Other diagnostic & therapeutic services	23,649	21,817
Pharmacy	27,704	26,444
Community based home care services	129,105	113,751
Community based mental health services	7,510	6,431
Community based primary health services	18,719	12,027
Separately funded primary health programs	5,408	5,215
	985,660	889,979

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program (continued)
For the 12 months ended March 31, 2004
(unaudited)
(in thousands of dollars)

	<u>2004</u>	<u>2003</u>
Indirect service costs		
Corporate and support services	62,798	51,754
Clinical and non-clinical support services	58,574	59,526
Information services	12,456	11,836
Facility services	119,718	105,236
Marketed services	110	134
Research and education services	4,603	4,946
	258,259	233,432
Other costs		
Non-acute care facility and grant funding	238,642	206,798
Aboriginal Services & Strategies	1,635	1,377
Other costs	7,465	7,777
Pre-retirement	9,305	4,300
Interest	19,068	19,701
Amortization of capital assets	47,449	43,932
Change in future employee benefits	16,566	20,326
	340,130	304,211
Total operating expenses	1,584,049	1,427,622
SURPLUS FROM OPERATIONS	(8,195)	453
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	79,086	80,479
Ancillary operations expenses	73,751	75,859
Surplus from Ancillary Operations	5,335	4,620
PRIOR YEAR DEFICIT SUPPORT	(247)	1,572
SURPLUS REFUNDABLE TO WRHA	-	(2,553)
SURPLUS FOR THE YEAR	\$ (3,107)	\$ 4,092

Note: The amounts reported on this schedule reflect the consolidated financial results of the Authority, (including HSC, DLC, and Pan Am) and Hospitals funded by the Authority through an operating agreement. Differences in the timing of revenue/expense recognition between the Authority and the Hospitals results in line item differences between this schedule and the statement of operations. The overall reported (deficit) surplus is a compilation of the audited results of operations for all included sites.

WINNIPEG REGIONAL HEALTH AUTHORITY

Supplementary Information

As at March 31, 2004

(unaudited)

ADMINISTRATIVE COSTS

The Canadian Institute of Health Information (CIHI) defines a standard set of guidelines for the classification and coding of financial and statistical information for use by all Canadian health service organizations. The Authority adheres to these coding guidelines.

By CIHI definition, administrative costs consist of: General Administration (including Acute/Long Term Care/Community administration, patient relations, community needs assessment, risk management, quality assurance, and executive costs), Finance, Human Resources, Labour Relations, Nurse/Physician recruitment and retention, and Nursing Administration.

The administrative cost percentage indicator (administrative costs as a percentage of total operating costs) adheres to CIHI definitions with the exception that employee benefits have been excluded to improve comparability with other Manitoba regional health authorities. An indicator including benefits has also been presented below.

Administrative cost percentage for the Authority (including hospitals and PCH's) are below:

	<u>2004</u>	<u>2003</u>
Administrative cost % (benefits excluded)	5.8%	5.6%
Administrative cost % (benefits included)	7.1%	6.9%