

Financial Statements of

WINNIPEG REGIONAL HEALTH AUTHORITY

March 31, 2005

WINNIPEG REGIONAL HEALTH AUTHORITY

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2005**

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

Dr. Brian D. Postl
President & Chief Executive Officer

Original signed by Paul Kochan

Paul A. Kochan, FCA
Vice-President Finance & Corporate
Services and Chief Financial Officer

Deloitte & Touche LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

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, 2005 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, 2005 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, 2005

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, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
REVENUE		
Manitoba Health operating income	\$ 1,524,117	\$ 1,435,483
Other income (Schedule 1)	52,489	47,883
Amortization of deferred contributions, capital	20,999	21,884
Recognition of deferred contributions, future expenses	2,234	8,799
	1,599,839	1,514,049
EXPENSES		
Direct operations	777,322	726,268
Amortization of capital assets	21,247	22,111
Interest	7,336	9,936
Increase in employee future benefits	-	16,566
	805,905	774,881
FACILITY FUNDING		
Acute care facility funding (Schedule 2)	533,336	499,279
Long term care facility funding (Schedule 3)	212,745	199,253
Community health agency funding (Schedule 4)	23,293	20,731
Adult day care facility funding (Schedule 5)	2,582	2,354
Long term care community therapy services	636	698
GRANT FUNDED		
Grants to facilities and agencies (Schedule 6)	16,043	15,606
	1,594,540	1,512,802
OPERATING SURPLUS	5,299	1,247
Non-insured services net surplus	1,306	3,093
OPERATING AND NON-INSURED SERVICES SURPLUS	6,605	4,340
Unfunded increase in pre-retirement liability	(3,051)	-
NET SURPLUS	\$ 3,554	\$ 4,340

APPROVED BY THE BOARD

Original signed by Jean-Paul Gobeil Director

Original signed by Neil Fast Director

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

As at March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
ASSETS		(Restated - Note 19)
CURRENT		
Cash and marketable securities	\$ 92,864	\$ 69,544
Accounts receivable (Note 3)	41,633	39,382
Inventory	6,359	7,087
Prepaid expenses	3,087	2,419
Sinking fund reserve (Note 6)	-	47,340
Employee benefits recoverable from Manitoba Health	78,675	78,709
	222,618	244,481
CAPITAL ASSETS (Note 4)	397,346	338,238
OTHER ASSETS		
Employee future benefits recoverable from Manitoba Health (Note 17)	82,302	82,302
Cash held in trust by Manitoba Health for debt service	1,375	4,300
Sinking fund reserve (Note 6)	10,846	9,976
Specific purpose funds (Note 7)	34,749	32,910
Nurse recruitment and retention fund (Note 9)	5,088	4,921
	\$ 754,324	\$ 717,128
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 96,617	\$ 89,564
Employee benefits payable	79,384	78,763
Current portion of long term debt (Note 6)	11,700	53,869
	187,701	222,196
LONG TERM DEBT AND DEFERRED CONTRIBUTIONS		
Long term debt (Note 6)	49,649	60,928
Employee future benefits payable (Note 17)	85,566	82,515
Specific purpose funds (Note 7)	34,749	32,910
Deferred contributions (Note 8)	355,152	280,793
Nurse recruitment and retention fund (Note 9)	5,088	4,921
	717,905	684,263
NET ASSETS	36,419	32,865
COMMITMENTS AND CONTINGENCIES (Note 12)		
	\$ 754,324	\$ 717,128

WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Changes in Net Assets

For the year ended March 31, 2005

(in thousands of dollars)

	2005				2004
	Investment in Capital Assets (Note 10)	Unrestricted	Internally Restricted (Physician Recruitment)	Total	Total (Restated - Note 19)
Balance, beginning of year	\$ 15,634	\$ 16,655	\$ 576	\$ 32,865	\$ 19,873
Prior period adjustment: Deferred contributions (Note 19)	-	-	-	-	8,652
Adjusted balance, beginning of year	15,634	16,655	576	32,865	28,525
Net surplus (deficiency)	(2,361)	6,491	(576)	3,554	4,340
Purchases of capital assets	3,066	(3,066)	-	-	-
Balance, end of year	\$ 16,339	\$ 20,080	\$ -	\$ 36,419	\$ 32,865

WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Cash Flows

For the year ended March 31, 2005

(in thousands of dollars)

	2005	2004
OPERATING ACTIVITIES		
Net surplus	\$ 3,554	\$ 4,340
Items not affecting cash		
Amortization of capital assets	25,115	25,833
Amortization of deferred contributions related to capital assets	(22,754)	(23,808)
Recognition of deferred contributions related to future expenses	(2,240)	(8,799)
Net change in employee future benefits	3,706	(552)
Amortization of debenture issue costs	-	4
	7,381	(2,982)
Changes in non-cash operating working capital items	4,862	14,773
Deferred contributions received - future expenses	11,087	6,410
	23,330	18,201
FINANCING ACTIVITIES		
Net change in sinking fund reserve	46,470	(5,983)
Cash held in trust by Manitoba Health	2,925	-
Deferred contributions received - capital assets	88,266	67,989
Proceeds of long term debt	3,556	-
Long term debt repayments	(57,004)	(12,330)
	84,213	49,676
INVESTING ACTIVITIES		
Acquisition of capital assets	(84,223)	(71,758)
INCREASE (DECREASE)	23,320	(3,881)
CASH AND MARKETABLE SECURITIES, BEGINNING OF YEAR	69,544	73,425
CASH AND MARKETABLE SECURITIES, END OF YEAR	\$ 92,864	\$ 69,544
Comprised of:		
Cash	\$ 24,910	\$ 23,272
Marketable securities	67,954	46,272
Total	\$ 92,864	\$ 69,544
Supplementary Information:		
Interest paid	\$ 8,148	\$ 10,658

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2005

(amounts in thousands of dollars)

1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority (“the Authority”, WRHA) 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”) and the Manitoba Adolescent Treatment Centre (MATC). 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.

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 is 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 and MATC 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 facilities in (ii) are non-consolidated controlled entities (see note 2b.)

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2005
(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, 2005.

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2005

(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, 2005 is \$68,056 (cost - \$67,954), March 31, 2004 - \$46,501 (cost \$46,272).

e) *Medical, drugs and other supplies*

Medical, drugs and other supplies are valued at average cost and expensed when put into use.

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) *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 and from the sites that it funds, minimizing 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, 2005
(amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial instruments (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.

i) 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.

j) 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.

k) 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.

l) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2005
(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, 2005

(amounts in thousands of dollars)

3. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
Manitoba Health - operating and capital	\$ 11,642	\$ 20,451
Facility advances and receivables	17,608	9,060
Patient related and other	12,383	9,871
	<u>\$ 41,633</u>	<u>\$ 39,382</u>

4. CAPITAL ASSETS

	<u>2005</u>			<u>2004</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,814	\$ -	\$ 4,814	\$ 4,651
Buildings	324,024	121,025	202,999	201,695
Improvements to land & buildings	7,193	4,584	2,609	2,715
Equipment	298,907	233,032	65,875	60,678
Computer hardware	12,319	7,285	5,034	5,191
Computer software	1,208	1,178	30	44
Furniture	4,170	1,237	2,933	2,894
Leasehold improvements	3,917	1,568	2,349	2,024
Facility upgrades	5,085	1,342	3,743	3,998
Construction in progress	106,954	-	106,954	54,332
Start-up costs	2,856	2,850	6	16
	<u>\$ 771,447</u>	<u>\$ 374,101</u>	<u>\$ 397,346</u>	<u>\$ 338,238</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2005</u>	<u>2004</u>
Accounts payable and accrued liabilities	\$ 64,401	\$ 54,251
Accrued salaries	26,473	30,159
Accrued interest on long term debt	854	3,455
Holdbacks on construction contracts	4,889	1,699
	<u>\$ 96,617</u>	<u>\$ 89,564</u>

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2005****(amounts in thousands of dollars)****6. LONG-TERM DEBT**

	<u>2005</u>	<u>2004</u>
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, 2.69% revolving 60 days.	\$ 9,740	\$ 6,184
Bank loan, prime less 0.8%	-	3,367
Banker's acceptances, supported by specific borrowing resolution incorporating an assignment of monies payable by the Governments of Canada or Manitoba	-	1,303
Operating credit line demand installment loans:		
Interest at prime less 0.8%, maturing January 17, 2008	-	440
	<u>\$ 9,740</u>	<u>\$ 11,294</u>
b) Debentures payable consist of the following:		
13 5/8% Debenture dated November 15, 1984 maturing 2004, annual payments of \$42 (fair value \$nil)	\$ -	\$ 13
13.40% Sinking fund debenture maturing 2004, annual payments of \$1,100	-	50,000
10.00% Sinking fund debenture maturing 2011, annual payments of \$625	25,000	25,000
	<u>\$ 25,000</u>	<u>\$ 75,013</u>

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2005****(amounts in thousands of dollars)****6. LONG-TERM DEBT (continued)**

c) Mortgages payable consist of the following:

	<u>2005</u>	<u>2004</u>
8.25% Mortgage, maturing 2017		
Emily Street Parkade (fair value \$10,136)	\$ 9,535	\$ 10,082
6.47% Mortgage, maturing 2004,		
William Avenue Parkade (fair value \$nil)	-	64
7.38% Mortgage payable, maturing 2018		
Nutrition & Food Services (fair value \$18,147)	16,043	16,719
7.04% Mortgage payable, maturing 2006		
Nutrition & Food Services (fair value \$1,059)	1,031	1,625
	<u>\$ 26,609</u>	<u>\$ 28,490</u>
Total long-term debt	\$ 61,349	\$ 114,797
Less amounts due within one year, included in current liabilities	(11,700)	(53,869)
	<u>\$ 49,649</u>	<u>\$ 60,928</u>

At March 31, 2005 the carrying value of the sinking fund reserves and accumulated interest aggregated \$10,846 (March 31, 2004 - \$57,316). 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, 2005 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, 2005

(amounts in thousands of dollars)

6. LONG-TERM DEBT (continued)

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

2006	\$	11,700
2007		1,810
2008		1,517
2009		1,624
2010		1,740

7. SPECIFIC PURPOSE FUNDS

Cash and investments held for specific purposes include the following:

	<u>2005</u>	<u>2004</u>
Cash and marketable securities, at cost	\$ 34,749	\$ 32,910

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>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 32,910	\$ 31,461
Grants, bequests and donations	19,105	17,118
Investment income	1,374	1,469
Disbursements	(18,640)	(17,138)
Balance, end of year	\$ 34,749	\$ 32,910

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, 2005

(amounts in thousands of dollars)

8. DEFERRED CONTRIBUTIONS

	<u>2005</u>	<u>2004</u>
		(Restated - Note19)
Deferred contributions, future expenses		
- operating expenses	\$ 16,560	\$ 15,078
- contract settlement expenses	7,608	-
	<u>24,168</u>	15,078
Deferred contributions, capital	330,984	265,715
Deferred contributions, total	<u>\$ 355,152</u>	<u>\$ 280,793</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 recognition of deferred contributions, future expenses is recorded as revenue in the statement of operations.

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 15,078	\$ 28,116
Amount received during the year	11,087	6,410
Transferred from (to) deferred contributions, capital	243	(10,649)
Less: amount recognized as revenue - Programs	(2,234)	(8,799)
Less: amount recognized as revenue - Non-insured services	(6)	-
Balance, end of year	<u>\$ 24,168</u>	<u>\$ 15,078</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>2005</u>	<u>2004</u>
		(Restated - Note19)
Balance, beginning of year	\$ 265,715	\$ 219,537
Amount received during the year	88,266	67,989
Transferred (to) from deferred contributions, future expenses	(243)	10,649
Less: amount amortized to revenue – Programs	(20,999)	(21,884)
Less: amount amortized to revenue – Non-insured services	(1,755)	(1,924)
Restatement (note 19)	-	(8,652)
Balance, end of year	<u>\$ 330,984</u>	<u>\$ 265,715</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2005

(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>2005</u>	<u>2004</u>
Cash and marketable securities, at cost	\$ 5,088	\$ 4,921

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

Balance, beginning of year	\$ 4,921	\$ 7,106
Additions to fund	2,600	175
Interest earned on investment	108	168
Fund expenditures	(2,541)	(2,528)
Balance, end of year	\$ 5,088	\$ 4,921

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2005****(amounts in thousands of dollars)****10. INVESTMENT IN CAPITAL ASSETS**

Investment in capital assets is calculated as follows:

	<u>2005</u>	<u>2004</u>
		(Restated - Note19)
Capital assets	\$ 290,386	\$ 283,890
Startup costs	6	16
Construction and other projects in progress	106,954	54,332
	<u>\$ 397,346</u>	<u>\$ 338,238</u>

Amounts financed by:

Sinking Fund	10,846	57,316
Cash held in trust by Manitoba Health for debt service	521	4,300
Deferred contributions	(330,984)	(265,715)
Loans and accounts payable	(61,390)	(118,505)
Investment in capital assets	<u>\$ 16,339</u>	<u>\$ 15,634</u>

Change in investment in capital assets is calculated as follows:

	<u>2005</u>	<u>2004</u>
a) Excess of expenses over revenues		
Amortization of capital assets included in programs	\$ (21,247)	\$ (22,111)
Amortization of capital assets included in uninsured services	(3,868)	(3,722)
Amortization of deferred contributions related to capital assets included in programs	20,999	21,884
Amortization of deferred contributions related to capital assets included in uninsured services	1,755	1,924
	<u>\$ (2,361)</u>	<u>\$ (2,025)</u>
b) Purchase of capital assets	<u>\$ 84,223</u>	<u>\$ 71,758</u>
Amounts funded by:		
Capital contributions received in the year	(88,266)	(67,989)
Capital contributions transferred to (from) future expenses	243	(10,649)
Change in capital contributions receivable	6,866	12,199
	<u>\$ 3,066</u>	<u>\$ 5,319</u>
Change in investment in capital assets	<u>\$ 705</u>	<u>\$ 3,294</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2005

(amounts in thousands of dollars)

11. CONTROLLED ENTITIES INFORMATION

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

	<u>2005</u>	<u>2004</u>
Financial position:		
Assets	\$ 562,555	\$ 569,992
Liabilities	521,968	521,973
Total net assets	<u>\$ 40,587</u>	<u>\$ 48,019</u>
Results of operations:		
Total revenues	\$ 593,094	\$ 564,521
Total expenses	598,066	574,241
Deficit from operations	<u>\$ (4,972)</u>	<u>\$ (9,720)</u>
Non-insured services:		
Total revenues	\$ 29,625	\$ 29,312
Total expenses	28,749	27,068
Surplus from uninsured services	<u>\$ 876</u>	<u>\$ 2,244</u>
Other:		
Unfunded increase in pre-retirement liability	\$ (3,031)	\$ -
Surplus refundable to WRHA	(88)	-
Prior year adjustments	(294)	(252)
Total other	<u>\$ (3,413)</u>	<u>\$ (252)</u>
Net deficit	<u>\$ (7,509)</u>	<u>\$ (7,728)</u>
Cash flows:		
From operating activities	\$ 7,539	\$ (2,822)
Cash received from (used for) financing & investing	9,649	(7,356)
Increase (decrease) in cash	<u>\$ 17,188</u>	<u>\$ (10,178)</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2005
(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 effect on the financial position of the Authority.
- b) At March 31, 2005, annual lease payments for the various premises occupied by the Authority over the next five years are as follows:

2006	\$ 4,233
2007	3,844
2008	3,543
2009	3,099
2010	1,878

- c) At March 31, 2005, the Authority had capital commitments of approximately \$30,526 (2004 - \$58,082) and equipment purchase commitments of approximately \$4,521 (2004 - \$2,548).
- d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five years are as follows:

2006	\$ 1,436
2007	1,167
2008	1,034
2009	331
2010	189

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, 2005.

14. ECONOMIC DEPENDENCE

The Authority received approximately 97% (2004 – 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, 2005
(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 a significant influence on 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 \$225 (2004 - \$351) in funds were distributed to the Health Sciences Centre from HSCF. 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 \$21 (2004 - \$40). At March 31, 2005 the Health Sciences Centre had a payable to HSCF of \$283 (2004 - \$203), prepaid rent for office space (\$203) and funds restricted for the specific future purchases (\$80). The Health Sciences Centre also had a receivable from HSCF of \$11 (2004 - \$232).

During the year, CHFM contributed \$836 (2004 - \$890) 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, 2005
(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 pre-retirement leave benefit for accounting purposes as at December 31, 2000, projected to March 31, 2005. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 5.25% and a rate of salary increase of 3.0% 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 pre-retirement leave benefit for accounting purposes as at December 31, 2000, projected to March 31, 2005. 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.

The amount of funding which will be provided by Manitoba Health for pre-retirement entitlement obligations has been capped at the amount owing as at March 31, 2004 and has been recorded as a receivable on the statement of financial position. Manitoba Health has indicated that it will repay this receivable over a 25 year period. Any future changes from the March 31, 2004 liability amount will be reflected in the statement of operations. The amount of the receivable is being recorded on a non-discounted basis. This accounting policy is consistent with that advocated and followed by Manitoba Health, a related party to WRHA. The fair value of the receivable on a discounted basis would be significantly less than the carrying value and the difference could be materially influenced by the effective discount rate utilized.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2005
(amounts in thousands of dollars)

17. EMPLOYEE FUTURE BENEFITS (continued)

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.

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, 2004, indicates that the plan is fully funded for the next three years. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to \$15,902 (2004 - \$16,092) 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. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to \$770 (2004 - \$785) and are included in the statement of operations.

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

The prior year financial statements were corrected to reflect a reclassification between net assets – invested in capital assets, net assets – unrestricted and deferred contributions in the amount of \$8,652.

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 1 - Other Income

For the year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Separately funded primary health programs	\$ 6,607	\$ 5,617
Patient and resident income	10,273	9,799
Radiology fee for service	3,267	2,907
External recoveries	24,440	22,662
Interest income	1,992	2,064
Miscellaneous income	5,910	4,834
Total	\$ 52,489	\$ 47,883

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 2 - Acute Care Facility Funding

For the year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Concordia Hospital	\$ 47,337	\$ 41,658
Grace General Hospital	65,306	60,663
Manitoba Adolescent Treatment Centre	8,228	8,292
Misericordia Health Centre	31,203	30,514
Riverview Health Centre	36,126	35,026
Seven Oaks General Hospital	69,880	63,330
St. Boniface General Hospital	218,554	207,160
Victoria General Hospital	56,702	52,636
Total Acute Care Facility Funding	\$ 533,336	\$ 499,279

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 3 - Long Term Care Facility Funding

For the year ended March 31, 2005

(in thousands of dollars)

	2005	2004
Non-Proprietary Personal Care Homes		
Bethania Mennonite Personal Care Home	\$ 5,494	\$ 5,747
Calvary Place Personal Care Home	3,603	4,270
Concordia Place Care Centre	5,125	5,334
Convalescent Home of Winnipeg	2,518	2,552
Donwood Manor Personal Care Home	4,170	4,286
Foyer Valade	3,904	4,048
Fred Douglas Lodge	4,687	4,648
Golden Links Lodge	2,777	3,019
Golden West Centennial Lodge	3,535	3,573
Holy Family Nursing Home	9,467	9,884
Lions Personal Care Centre	3,593	3,958
Luther Home	2,817	2,904
Meadowood Manor	2,884	3,010
Middlechurch Home of Winnipeg	6,805	6,855
Misericordia Place	3,432	2,967
Park Manor Personal Care Home	3,336	3,505
Pembina Place Mennonite Personal Care Home	2,132	2,201
Sharon Home	8,871	8,703
St. Joseph's Residence	3,337	3,073
Taché Centre	13,034	13,151
West Park Manor	4,612	4,903
Supportive Housing	2,376	2,376
Miscellaneous Funding Adjustments	634	328
Total	\$ 103,143	\$ 105,295
Proprietary Personal Care Homes		
Central Park Lodge - Beacon Hill	\$ 6,334	\$ 6,168
Central Park Lodge - Charleswood Care Centre	5,220	5,173
Central Park Lodge - Heritage Lodge	3,024	2,919
Central Park Lodge - Kildonan Personal Care Home	4,592	4,766
Central Park Lodge - Maples Personal Care Home	7,143	7,316
Central Park Lodge - Parkview Place	10,000	9,727
Central Park Lodge - Poseidon Care Centre	7,146	7,353
Extencicare - Oakview Place	8,433	8,101
Extencicare - Tuxedo Villa	6,753	6,655
Fort Garry Care Centre	2,174	2,138
Golden Door Geriatric Centre	2,636	2,585
River East Personal Care Home	4,552	4,723
St. Norbert Nursing Home	3,052	3,088
Vista Park Lodge	3,600	3,481
Miscellaneous Funding Adjustments	480	298
Total	\$ 75,139	\$ 74,491
Rural Proprietary Personal Care Homes		
Central Park Lodge - Valley View	\$ 2,962	\$ 2,937
Extencicare - Hillcrest Place	3,552	3,411
Extencicare - Red River Place	3,808	3,840
St. Adolphe Personal Care Home	1,352	1,295
Tudor House Personal Care Home	2,741	2,663
Miscellaneous Funding Adjustments	15	-
Total	\$ 14,430	\$ 14,146
Residential Care		
St. Amant Centre *	\$ 20,033	\$ 5,321
Total	\$ 212,745	\$ 199,253

The facility funding reported on this schedule reflects approximately 72% of the personal care homes' total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

* 2005 figures represent a full year of funding. The Authority only provided a portion of 2004 funding.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Community Health Agency Funding

For the year ended March 31, 2005

(in thousands of dollars)

	2005	2004
Aboriginal Health & Wellness Centre*	\$ 1,186	\$ -
Hope Centre Health Care Incorporated	783	747
Klinik Incorporated	3,775	3,701
Main Street Project Inc.	1,357	1,329
MFL Occupational Health and Safety Inc.	708	675
Mount Carmel Clinic	5,812	5,482
Nor'West Co-op Community Health Centre, Inc.	992	959
Rehabilitation Centre for Children, Inc.	2,257	2,259
Nine Circles Community Health Centre Inc.	1,705	1,631
Women's Health Clinic, Inc.	1,916	1,321
Clinique Youville Clinic Inc.	2,107	2,021
Sexuality Education Resource Centre Manitoba, Inc.	695	537
Miscellaneous Funding Adjustments	-	69
Total	\$ 23,293	\$ 20,731

* Became part of WRHA (transferred from MB Health) effective April 1, 2004.

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

For the year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Convalescent Home of Winnipeg	\$ 33	\$ 52
Fred Douglas Lodge	166	128
Golden Links Lodge	48	43
Golden West Lodge	145	125
Holy Family Nursing Home	163	146
Independent Living Resource Centre	88	93
Lions Personal Care Centre	145	156
Lions Place - Charleswood	244	215
Lions Place - Concordia	173	158
Lions Place - 610 Portage	206	191
Luther Home	65	66
Middlechurch Home of Winnipeg	177	165
Extendicare - Oakview Place	125	118
Park Manor Personal Care Home	97	99
Riverview Health Centre	154	175
Sharon Home	57	51
South YM/YWCA	154	147
Taché Centre	342	226
Total	\$ 2,582	\$ 2,354

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Grants to Facilities and Agencies
For the year ended March 31, 2005
(in thousands of dollars)

	2005	2004
Aboriginal Seniors Resource Centre	\$ 125	\$ -
Age & Opportunity Centre Inc.	532	535
AGR Health Services to Seniors	-	-
ALS House	138	-
Bethel Place	34	34
Bluebird Service Club	10	10
Bonivital Council for Seniors	35	35
Broadway Seniors Resource Council Inc.	35	35
Keewatin Inkster (formerly Brooklands/Weston Community Resource)	35	35
Canadian Mental Health Association	873	873
Central Speech & Hearing Clinic Inc.	106	124
Charleswood Senior Centre	32	32
Chez Nous Inc.	17	17
City of Winnipeg - Emergency Services	4,784	4,479
Clubhouse of Winnipeg Inc.	357	357
Columbus Manor	17	17
Community Therapy Services	178	178
Creative Retirement Manitoba	32	32
Doray Enterprises	290	-
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 Sector Creative Living Centre	42	42
Jewish Child and Family	32	34
Jocelyn House	84	70
Kingsford Haus Co-op Ltd.	10	10
L'Accueil Colombien Inc.	16	16
Lions Club	33	33
Manitoba Association of Multipurpose Senior Centres	2	2
Manitoba Cardiac Institute (Reh-fit)	653	635
Manitoba Eastern Star Chalet	10	10
Manitoba Housing Authority	293	293
MacDonald Youth Services	289	309
Meals on Wheels of Winnipeg Inc.	141	141
Metropolitan Kiwanis Courts	70	17
Middlechurch Home of Winnipeg	41	41
Seven Oaks (formerly North Winnipeg Community Council)	17	20
Pembina Place (formerly Deaf Centre Manitoba Inc.)	33	33
River East Council for Seniors	48	45
Rose & Max Rady Jewish Community Centre	16	16
Ruperts Land Caregiver Services	35	35
S.S.C.O.P.E. Incorporated	87	111
Salvation Army	1,137	1,508
Sara Riel Inc.	1,569	1,515
Seniors Home Help Inc.	64	64
Seneca House	331	331
Serena Manitoba Inc.	11	11
Seven Oaks Wellness Centre	522	478
Society for Manitobans with Disabilities	1,147	1,147
South Winnipeg Senior Resource Council Inc.	39	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.	913	1,123
Transcona Council for Seniors	39	39
University of Manitoba-Medical Info Line for the Elderly	30	30
University of Manitoba - Dental Services	40	-
Villa Cabrini Inc.	34	34
Villa Nova	10	10
Villa Tache	27	27
Villa Vita Inc.	25	25
Wolseley Family Centre	86	86
YW/YMCA of Winnipeg	154	154
Total	\$ 16,043	\$ 15,606

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Nature of Expense
For the year ended March 31, 2005
(unaudited)
(in thousands of dollars)

	2005	2004
REVENUE		
Manitoba Health operating income	\$ 1,510,502	\$ 1,440,788
Other government revenue	13,824	10,864
Patient services (includes patient and resident income)	15,322	14,549
Amortization of deferred contributions	48,157	55,527
Other revenue	58,299	54,126
Total Revenue	1,646,104	1,575,854
EXPENSES		
Salaries and Wages	891,482	836,929
Medical remuneration	106,302	107,269
Printing, stationery and office supplies	7,128	7,776
Housekeeping, laundry and linen	10,654	9,912
Utilities, insurance and taxes	24,010	22,906
Food and dietary supplies	20,474	20,477
Medical and surgical supplies	72,661	69,716
Pharmaceutical supplies	57,666	58,655
Diagnostic supplies	16,246	15,442
Miscellaneous and other	43,675	42,951
Repairs and maintenance	26,966	27,700
Referred out services	42,067	33,811
Radiology fee for service costs	8,129	8,780
Interest	16,073	19,068
Amortization of capital assets	46,630	47,449
Change in future employee benefits	-	16,566
Non-acute care facility and grant funding	255,300	238,642
Total Operating Costs	1,645,463	1,584,049
SURPLUS (DEFICIT) FROM OPERATIONS	641	(8,195)
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	81,199	79,086
Ancillary operations expenses	79,016	73,751
Surplus from Ancillary Operations	2,183	5,335
UNFUNDED INCREASE IN PRE-RETIREMENT LIABILITY	(6,060)	-
PRIOR YEAR ADJUSTMENTS	(294)	(247)
SURPLUS REFUNDABLE TO WRHA	(88)	-
DEFICIT FOR THE YEAR	\$ (3,618)	\$ (3,107)

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 year ended March 31, 2005
(unaudited)
(in thousands of dollars)

	2005	2004
REVENUE		
Manitoba Health operating income	\$ 1,510,502	\$ 1,440,788
Other government revenue	13,824	10,864
Patient services (includes patient and resident income)	15,320	14,549
Amortization of deferred contributions	48,157	55,527
Other revenue	58,301	54,126
Total Revenue	1,646,104	1,575,854
EXPENSES		
Program costs		
Anesthesia	6,449	6,470
Breast health	2,318	2,377
Cardiac sciences	21,336	364
Child health	62,579	60,411
Child adolescent & mental health	14,555	12,766
Critical care	43,627	41,774
Diagnostic imaging	45,081	40,119
Diagnostic imaging - Radiology Fee for Service	9,163	8,535
Emergency	48,423	44,593
Family medicine	34,481	31,624
Genetics	2	-
Health Links	3,120	2,794
Laboratories	53,708	51,599
Medicine	75,814	88,885
Renal health	39,798	38,266
Mental health	30,312	26,697
Oncology	10,567	10,287
Oral health	43	-
Psychology	3,019	2,960
Rehab/Geriatrics	51,174	52,958
Surgery	153,025	147,217
Tele-health	1,715	2,098
Women's health	43,919	41,268
Long term care	40,141	39,008
Residents and interns	20,827	18,942
Other diagnostic & therapeutic services	30,647	25,202
Pharmacy	27,533	27,704
Community based home care services	140,365	129,105
Community based mental health services	8,802	7,510
Community based primary health services	20,500	18,719
Separately funded primary health programs	7,273	5,408
	1,050,316	985,660

WINNIPEG REGIONAL HEALTH AUTHORITY

Supplementary Information

WRHA Statement of Operations including all Acute Care Operations

By Program (continued)

For the year ended March 31, 2005

(unaudited)

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
Indirect service costs		
Corporate and support services	68,748	62,798
Clinical and non-clinical support services	54,978	58,574
Information services	11,799	12,456
Facility services	119,129	119,718
Marketed services	135	110
Research and education services	5,127	4,603
	259,916	258,259
Other costs		
Non-acute care facility and grant funding	255,301	238,642
Aboriginal services & strategies	1,647	1,635
Other costs	11,796	7,465
Pre-retirement	3,784	9,305
Interest	16,073	19,068
Amortization of capital assets	46,630	47,449
Change in future employee benefits	-	16,566
	335,231	340,130
Total operating expenses	1,645,463	1,584,049
SURPLUS (DEFICIT) FROM OPERATIONS	641	(8,195)
ANCILLARY AND OTHER RESTRICTED OPERATIONS		
Ancillary operations income	81,199	79,086
Ancillary operations expenses	79,016	73,751
Surplus from Ancillary Operations	2,183	5,335
UNFUNDED INCREASE IN PRE-RETIREMENT LIABILITY	(6,060)	-
PRIOR YEAR ADJUSTMENTS	(294)	(247)
SURPLUS REFUNDABLE TO WRHA	(88)	-
DEFICIT FOR THE YEAR	\$ (3,618)	\$ (3,107)

WINNIPEG REGIONAL HEALTH AUTHORITY

Supplementary Information

As at March 31, 2005

(unaudited)

(amounts in thousands of dollars)

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.

The most current definition of administrative costs determined by CIHI includes: 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 Communications. In prior years, the figures presented incorrectly included Nursing Administration and omitted Communications. The prior year figures below have been restated accordingly.

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 costs and percentages for the Authority (including hospitals, non-proprietary personal care homes and community health agencies) are:

	<u>2005</u>	<u>2004</u>
Administrative costs (benefits excluded)	\$ 66,707	\$ 67,764
Administrative cost % (benefits excluded)	4.8%	5.2%
Administrative costs (benefits included)	\$ 83,109	\$ 81,679
Administrative cost % (benefits included)	6.0%	6.2%