

Financial Statements of

WINNIPEG REGIONAL HEALTH AUTHORITY

March 31, 2006

WINNIPEG REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2006

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 & Chief Financial Officer

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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, 2006 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, 2006 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, 2006

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WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Operations

For the year ended March 31, 2006

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
		(Restated - Note 20)
REVENUE		
Manitoba Health operating income	\$ 1,591,567	\$ 1,514,289
Other income (Schedule 1)	54,983	52,489
Amortization of deferred contributions, capital	22,341	20,999
Recognition of deferred contributions, future expenses	9,977	2,234
	1,678,868	1,590,011
EXPENSES		
Direct operations	836,967	777,322
Amortization of capital assets	22,571	21,247
	859,538	798,569
FACILITY FUNDING		
Acute care facility funding (Schedule 2)	550,971	533,336
Long term care facility funding (Schedule 3)	224,084	212,745
Community health agency funding (Schedule 4)	24,489	23,293
Adult day care facility funding (Schedule 5)	2,834	2,582
Long term care community therapy services	632	636
GRANT FUNDED		
Grants to facilities and agencies (Schedule 6)	17,358	16,043
	1,679,906	1,587,204
OPERATING (DEFICIT) SURPLUS	(1,038)	2,807
Non-insured services net surplus	1,488	1,306
OPERATING AND NON-INSURED SERVICES SURPLUS	450	4,113
Unfunded increase in pre-retirement liability - WRHA	(16,663)	(3,051)
Unfunded increase in pre-retirement liability - DSM	(1,641)	-
NET (DEFICIT) SURPLUS	\$ (17,854)	\$ 1,062

APPROVED BY THE BOARD

Original signed by Neil Fast

..... Director

Original signed by Louis Druwe

..... Director

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

As at March 31, 2006

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
ASSETS		(Restated - Note 20)
CURRENT		
Cash and marketable securities	\$ 64,618	\$ 92,864
Accounts receivable (Note 3)	51,140	41,633
Inventory	7,687	6,359
Prepaid expenses	3,534	3,087
Employee benefits recoverable from Manitoba Health (Note 4)	78,675	78,675
	<u>205,654</u>	<u>222,618</u>
CAPITAL ASSETS (Note 5)	462,385	397,346
OTHER ASSETS		
Employee future benefits recoverable from Manitoba Health (Note 18)	82,302	82,302
Specific purpose funds (Note 8)	35,280	34,749
Nurse recruitment and retention fund (Note 10)	3,990	5,088
	<u>\$ 789,611</u>	<u>\$ 742,103</u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 106,421	\$ 98,253
Employee benefits payable (Note 4)	80,539	79,384
Current portion of long term debt (Note 7)	1,795	1,960
	<u>188,755</u>	<u>179,597</u>
LONG TERM DEBT AND DEFERRED CONTRIBUTIONS		
Long term debt (Note 7)	22,868	24,649
Employee future benefits payable (Note 18)	102,229	85,566
Specific purpose funds (Note 8)	35,280	34,749
Deferred contributions (Note 9)	417,281	375,392
Nurse recruitment and retention fund (Note 10)	3,990	5,088
	<u>770,403</u>	<u>705,041</u>
NET ASSETS	19,208	37,062
COMMITMENTS AND CONTINGENCIES (Note 13)		
	<u>\$ 789,611</u>	<u>\$ 742,103</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Changes in Net Assets

For the year ended March 31, 2006

(in thousands of dollars)

	2006								2005
	Investment in Capital Assets (Note 11)	Unrestricted			Internally Restricted			Total	Total (Restated - Note 20)
		Operating	Unfunded Future Employee Benefits	Total Unrestricted	Laundry Capital Assets	Pan Am Capital Assets	Total Internally Restricted		
Balance, beginning of year	\$ 16,339	\$ 26,266	\$ (3,051)	\$ 23,215	\$ -	\$ -	\$ -	\$ 39,554	\$ 32,865
Prior period adjustment:									
Deferred contributions (Note 20)	-	-	-	-	-	-	-	-	3,135
Manitoba Health operating income (Note 20)	-	(2,492)	-	(2,492)	-	-	-	(2,492)	-
Adjusted balance, beginning of year	16,339	23,774	(3,051)	20,723	-	-	-	37,062	36,000
Net (deficit) surplus	(2,253)	2,703	(18,304)	(15,601)	-	-	-	(17,854)	1,062
Purchases of capital assets	5,152	(5,152)	-	(5,152)	-	-	-	-	-
Net Asset Restrictions	-	(1,081)	-	(1,081)	569	512	1,081	-	-
Balance, end of year	\$ 19,238	\$ 20,244	\$ (21,355)	\$ (1,111)	\$ 569	\$ 512	\$ 1,081	\$ 19,208	\$ 37,062

WINNIPEG REGIONAL HEALTH AUTHORITY

Statement of Cash Flows

For the year ended March 31, 2006

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
		(Restated - Note 20)
OPERATING ACTIVITIES		
Net (deficit) surplus	\$ (17,854)	\$ 1,062
Items not affecting cash		
Amortization of capital assets	27,075	25,115
Amortization of deferred contributions related to capital assets	(24,822)	(22,754)
Recognition of deferred contributions related to future expenses	(9,978)	(2,240)
Net change in employee future benefits	17,818	3,706
	<u>(7,761)</u>	4,889
Changes in non-cash operating working capital items	(3,114)	9,955
Deferred contributions received - future expenses	1,953	11,087
	<u>(8,922)</u>	25,931
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	74,736	83,494
Long term debt repayments	(1,946)	(1,882)
	<u>72,790</u>	81,612
INVESTING ACTIVITIES		
Purchase of capital assets	(92,114)	(84,223)
(DECREASE) INCREASE	(28,246)	23,320
CASH AND MARKETABLE SECURITIES, BEGINNING OF YEAR	92,864	69,544
CASH AND MARKETABLE SECURITIES, END OF YEAR	\$ 64,618	\$ 92,864
Comprised of:		
Cash	\$ 12,038	\$ 24,910
Marketable securities	52,580	67,954
Total	\$ 64,618	\$ 92,864
Supplementary Information:		
Interest paid	\$ 1,793	\$ 1,895

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2006

(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, 2006
(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 12 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, 2006.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2006
(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, 2006 is \$52,538 (cost - \$52,580), March 31, 2005 - \$68,056 (cost \$67,954). If the market value of the investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

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, 2006
(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 employee future benefits recoverable from Manitoba Health and the long term liability employee future benefits payable could not be determined because there are no specific terms of repayment.

i) Surplus retention and use policy

Hospitals, non-proprietary personal care homes, and community health agencies are eligible to retain insured services surpluses based on an agreed upon formula. The retainable portion of the surplus is recorded on the site's Statement of Financial Position as deferred contributions.

j) 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, 2006
(amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

l) Internally restricted net assets

The Authority has allocated some of the net assets to future capital purchases through internal restrictions by the Board of Directors.

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2006****(amounts in thousands of dollars)****3. ACCOUNTS RECEIVABLE**

	<u>2006</u>	<u>2005</u>
Manitoba Health - operating and capital	\$ 14,967	\$ 11,642
Facility advances and receivables	17,645	17,608
Patient related and other	18,528	12,383
	<u>\$ 51,140</u>	<u>\$ 41,633</u>

4. EMPLOYEE BENEFITS

The Authority records a provision for employee benefits including accrued vacation, overtime, and statutory holiday entitlements. Prior to March 31, 2004 changes in the liability related to employee benefits were recoverable from Manitoba Health. Manitoba Health advised that changes subsequent to March 31, 2004 are no longer recoverable and must be included in the current year operations.

An analysis of the changes in the employee benefits recoverable from Manitoba Health is as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 78,675	\$ 78,709
Transferred to Diagnostic Services Manitoba	-	(34)
Balance, end of year	<u>\$ 78,675</u>	<u>\$ 78,675</u>

An analysis of the changes in the employee benefits payable is as follows:

Balance, beginning of year	\$ 79,384	\$ 78,763
Increase in vacation / overtime / statutory holidays entitlements	1,155	621
Balance, end of year	<u>\$ 80,539</u>	<u>\$ 79,384</u>

5. CAPITAL ASSETS

	<u>2006</u>			<u>2005</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 6,330	\$ -	\$ 6,330	\$ 4,814
Buildings	334,867	128,311	206,556	202,999
Improvements to land & buildings	20,633	5,501	15,132	2,609
Equipment	316,644	248,495	68,149	65,875
Computer hardware	14,209	9,058	5,151	5,034
Computer software	1,208	1,187	21	30
Furniture	5,076	1,366	3,710	2,933
Leasehold improvements	6,494	2,119	4,375	2,349
Facility upgrades	5,085	1,596	3,489	3,743
Construction in progress	149,472	-	149,472	106,954
Start-up costs	2,856	2,856	-	6
	<u>\$ 862,874</u>	<u>\$ 400,489</u>	<u>\$ 462,385</u>	<u>\$ 397,346</u>

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2006****(amounts in thousands of dollars)****6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2006</u>	<u>2005</u>
		(Restated - Note 20)
Accounts payable and accrued liabilities	\$ 82,344	\$ 66,891
Accrued salaries	18,583	26,473
Holdbacks on construction contracts	5,494	4,889
	<u>\$ 106,421</u>	<u>\$ 98,253</u>

7. LONG-TERM DEBT

	<u>2006</u>	<u>2005</u>
		(Restated - Note 20)
8.25% Mortgage, maturing 2017 Emily Street Parkade (fair value \$8,528)	\$ 8,954	\$ 9,535
7.38% Mortgage payable, maturing 2018 Nutrition & Food Services (fair value \$15,020)	15,316	16,043
7.04% Mortgage payable, maturing 2006 Nutrition & Food Services (fair value \$394)	393	1,031
	<u>24,663</u>	<u>26,609</u>
Less amounts due within one year, included in current liabilities	<u>(1,795)</u>	<u>(1,960)</u>
	<u>\$ 22,868</u>	<u>\$ 24,649</u>

The fair value of long term debt at March 31, 2006 has been calculated using discounted cash flow analysis based on incremental borrowing rates currently available for similar terms and maturities.

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

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

2007	\$	1,795
2008		1,502
2009		1,610
2010		1,725
2011		1,848

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2006****(amounts in thousands of dollars)**

8. SPECIFIC PURPOSE FUNDS

Cash and investments held for specific purposes include the following:

	<u>2006</u>	<u>2005</u>
Cash and marketable securities, at cost	\$ 35,280	\$ 34,749

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>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 34,749	\$ 32,910
Grants, bequests and donations	19,923	19,105
Investment income	1,525	1,374
Disbursements	(20,917)	(18,640)
Balance, end of year	\$ 35,280	\$ 34,749

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, 2006

(amounts in thousands of dollars)

9. DEFERRED CONTRIBUTIONS

	<u>2006</u>	<u>2005</u>
		(Restated - Note 20)
Deferred contributions, future expenses		
- operating expenses	\$ 11,364	\$ 16,560
- contract settlement expenses	-	7,608
	<u>11,364</u>	<u>24,168</u>
Deferred contributions, capital	405,917	351,224
Deferred contributions, total	<u>\$ 417,281</u>	<u>\$ 375,392</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>2006</u>	<u>2005</u>
		(Restated - Note 20)
Balance, beginning of year	\$ 24,168	\$ 15,078
Amount received during the year	1,953	11,087
Transferred (to) from deferred contributions, capital	(4,779)	243
Less: amount recognized as revenue - Programs	(9,977)	(2,234)
Less: amount recognized as revenue - Non-insured services	(1)	(6)
Balance, end of year	<u>\$ 11,364</u>	<u>\$ 24,168</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>2006</u>	<u>2005</u>
		(Restated - Note 20)
Balance, beginning of year	351,224	290,727
Amount received during the year	74,736	83,494
Transferred from (to) deferred contributions, future expenses	4,779	(243)
Less: amount amortized to revenue – Programs	(22,341)	(20,999)
Less: amount amortized to revenue – Non-insured services	(2,481)	(1,755)
Balance, end of year	<u>\$ 405,917</u>	<u>\$ 351,224</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2006

(amounts in thousands of dollars)

9. DEFERRED CONTRIBUTIONS (continued)

b) Deferred contributions, capital (continued)

The long-term debt that has been incorporated in deferred contributions includes the following:

	<u>2006</u>	<u>2005</u>
Demand bank loans for capital projects in anticipation of the future issuance of long-term debt by Manitoba Health, 2.69% revolving 60 days.	\$ 8,879	\$ 9,740
10.00% Sinking fund debenture maturing 2011, annual payments of \$625	25,000	25,000
	<u>\$ 33,879</u>	<u>\$ 34,740</u>

At March 31, 2006 the value of the sinking fund assets and accumulated interest aggregated \$11,807 (March 31, 2005 - \$10,846). Annual payments are made by the Authority/Manitoba Health from cash held in trust, which at March 31, 2006 was \$2,112 (March 31, 2005 - \$1,375).

10. 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 the committee.

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

	<u>2006</u>	<u>2005</u>
Cash and marketable securities, at cost	\$ 3,990	\$ 5,088

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

Balance, beginning of year	\$ 5,088	\$ 4,921
Additions to fund	1,200	2,600
Interest earned on investment	130	108
Fund expenditures	(2,428)	(2,541)
Balance, end of year	<u>\$ 3,990</u>	<u>\$ 5,088</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2006
(amounts in thousands of dollars)

11. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	<u>2006</u>	<u>2005</u> (Restated - Note 20)
Capital assets	\$ 312,913	\$ 290,386
Startup costs	-	6
Construction and other projects in progress	149,472	106,954
	<u>\$ 462,385</u>	<u>\$ 397,346</u>

Amounts financed by:

Deferred contributions	(405,917)	(351,224)
Loans and accounts payable	(37,230)	(29,783)
Investment in capital assets	<u>\$ 19,238</u>	<u>\$ 16,339</u>

Change in investment in capital assets is calculated as follows:

	<u>2006</u>	<u>2005</u> (Restated - Note 20)
a) Excess of expenses over revenues		
Amortization of capital assets included in programs	\$ (22,571)	\$ (21,247)
Amortization of capital assets included in uninsured services	(4,504)	(3,868)
Amortization of deferred contributions related to capital assets included in programs	22,341	20,999
Amortization of deferred contributions related to capital assets included in uninsured services	2,481	1,755
	<u>\$ (2,253)</u>	<u>\$ (2,361)</u>
b) Purchase of capital assets	<u>\$ 92,114</u>	<u>\$ 84,223</u>
Amounts funded by:		
Capital contributions received in the year	(74,736)	(83,494)
Capital contributions transferred (from) to future expenses	(4,779)	243
Change in capital contributions receivable	(7,447)	2,094
	<u>\$ 5,152</u>	<u>\$ 3,066</u>
Change in Investment in Capital Assets	<u>\$ 2,899</u>	<u>\$ 705</u>

WINNIPEG REGIONAL HEALTH AUTHORITY**Notes to the Financial Statements****As at March 31, 2006****(amounts in thousands of dollars)****12. 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:

FINANCIAL POSITION	<u>2006</u>	<u>2005</u>
		(Restated - Note 20)
Assets	\$ 569,908	\$ 564,021
Liabilities	539,364	522,852
Total net assets	\$ 30,544	\$ 41,169
 RESULTS OF OPERATIONS		
Total revenues	\$ 624,541	\$ 592,820
Total expenses	629,909	597,871
	(5,368)	(5,051)
Surplus refundable to WRHA	(445)	(88)
Prior year adjustments	(23)	(294)
Operating deficit	(5,836)	(5,433)
Non-insured services income	26,716	29,625
Non-insured services expenses	26,181	28,749
Non-insured services surplus	535	876
Operating and non-insured deficit	(5,301)	(4,557)
Unfunded increase in pre-retirement liability	(5,337)	(2,692)
Net deficit	\$ (10,638)	\$ (7,249)
 CASH FLOWS		
From operating activities	\$ (9,303)	\$ 7,539
Cash (used for) received from financing & investing	(3,758)	9,649
(Decrease) increase in cash	\$ (13,061)	\$ 17,188

WINNIPEG REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

As at March 31, 2006

(amounts in thousands of dollars)

13. 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, 2006, annual lease payments for the various premises occupied by the Authority over the next five years are as follows:

2007	\$ 5,635
2008	5,522
2009	5,154
2010	3,921
2011	3,467

- c) At March 31, 2006, the Authority had capital commitments of approximately \$15,675 (2005 - \$30,526) and equipment purchase commitments of approximately \$4,979 (2005 - \$4,521).
- d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five years are as follows:

2007	\$ 2,118
2008	1,944
2009	972
2010	390
2011	98

14. 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, 2006.

15. ECONOMIC DEPENDENCE

The Authority received approximately 97% (2005 – 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, 2006
(amounts in thousands of dollars)

16. 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.

17. 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 \$420 (2005 - \$225) 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 \$24 (2005 - \$21). At March 31, 2006 the Health Sciences Centre had a payable to HSCF of \$55 in respect of fee for services as well as grants receivable (2005 - \$283 in respect of prepaid rent and funds restricted for future purchases). The Health Sciences Centre also had a receivable from HSCF of \$29 (2005 - \$11). At March 31, 2006, HSCF had a deferred revenue balance of \$183 (2005 - \$203) representing prepaid rent received from the Health Sciences Centre.

During the year, CHFM contributed \$1,201 (2005 - \$836) 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, 2006
(amounts in thousands of dollars)

18. EMPLOYEE FUTURE BENEFITS

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees of the WRHA are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable WRHA Group Pension Plan. The Authority's contractual commitment is to pay based upon one of the following (dependant on the agreement/policy applicable to the employee):

1. Four days of salary per year of service upon retirement if the employee complies with one of the following conditions:
 - i. has 10 years service* and has reached the age 55
 - 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

*Non-union policy requires 5 years service for staff not covered by a collective agreement.

2. One week of pay for each year of service up to 15 years of service and two weeks of additional pay for each five years past the 15 years of service up to 35 years of service upon retirement if the employee complies with the following conditions:
 - i. has 9 or more years of service
 - ii. has reached the age of 55
3. One week of pay for each year of accumulated service or portion thereof to a maximum of fifteen weeks pay upon retirement if the employee complies with the following conditions:
 - i. has 10 or more years of service
 - ii. has reached the age of 55

The Authority undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at December 31, 2005, projected to March 31, 2006. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 5.0% and a rate of salary increase of 3.0% 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 payment of this receivable, when required, is guaranteed by the Province. 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, 2006
(amounts in thousands of dollars)

18. EMPLOYEE FUTURE BENEFITS (continued)

a) *Accrued retirement entitlement (continued)*

	<u>2006</u>	<u>2005</u>
Employee future benefits recoverable from Manitoba Health	\$ 82,302	\$ 82,302

An analysis of the changes in the employee benefits payable is as follows:

Balance, beginning of year	\$ 85,566	\$ 82,515
Increase in pre-retirement entitlements	16,663	3,051
Balance, end of year	\$ 102,229	\$ 85,566

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 \$22,693 (2005 - \$17,225) 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 \$973 (2005 - \$823) and are included in the statement of operations.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
As at March 31, 2006
(amounts in thousands of dollars)

19. COMPARATIVE FIGURES

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

20. RESTATEMENT OF PRIOR PERIODS

In prior years, the Authority entered into long term loan agreements with various financial institutions to provide debt financing to the Authority. The Province of Manitoba continues to pay the principal and interest on this long-term debt. During the 2005 fiscal year, this long-term debt was assumed by the Province of Manitoba and was recognized as borrowings in the Public Accounts (Special Purpose Financial Statements) of the Province of Manitoba as at April 1, 2004. Accordingly, since the Province of Manitoba has recognized the long-term debt as its borrowings, the Authority has retroactively restated the long-term debt as deferred contributions in its financial statements. The net effect of the restatement for the year ended March 31, 2005 is to decrease cash held in trust by Manitoba Health for debt service by \$1,374, decrease sinking fund reserve by \$10,846, decrease accrued interest on long term debt by \$854, decrease long term debt by \$25,000, decrease current portion of long term debt by \$9,740 and to increase deferred contributions by \$23,374. As a result, Manitoba Health income decreased by \$7,336 and long term interest expense decreased by \$7,336.

The prior year financial statements were corrected to reflect a reclassification resulting in an increase of net assets – unrestricted and a decrease of deferred contributions in the amount of \$3,135.

At March 31, 2005, Manitoba Health operating income was reduced and accounts payable was increased by \$2,492 to reflect a decision by Manitoba Health to hold back current year funding in order to recover the amount.

The prior year controlled entity information has been revised to reflect restatements that occurred at various facilities. These restatements have been disclosed in the controlled entities' financial statements.

21. SUBSEQUENT EVENT

The Winnipeg Regional Health Authority entered into separate letters of agreement with Concordia Hospital, Seven Oaks General Hospital, Salvation Army Grace Hospital, and Victoria General Hospital ("the Community Hospitals") on March 31, 2006. Under the terms of these letters, the Community Hospitals agreed in principle to move forward on the further regionalization of certain aspects of their operations. Specific agreement was reached to proceed to transfer financial responsibility for the operations of the Community Hospitals to the WRHA, as well as the integration of the finance department itself. Also, under the terms of these letters, the WRHA agreed to assume responsibility for the unrestricted net asset deficits, specifically defined by term and exclusions, of the Community Hospitals as at March 31, 2006 subject to due diligence reviews and approval by the WRHA with agreement and approval by the Community Hospitals.

These letters of agreement are in effect as of April 1, 2006 until replaced by new Governance/Operating Agreements.

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 1 - Other Income

For the year ended March 31, 2006

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Separately funded primary health programs	\$ 5,350	\$ 6,607
Patient and resident income	11,536	10,273
Radiology fee for service	3,527	3,267
External recoveries	28,895	24,440
Interest income	2,938	1,992
Miscellaneous income	2,737	5,910
Total	<u>\$ 54,983</u>	<u>\$ 52,489</u>

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 2 - Acute Care Facility Funding

For the year ended March 31, 2006

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Concordia Hospital	\$ 54,357	\$ 47,337
Grace General Hospital	68,682	65,306
Manitoba Adolescent Treatment Centre	7,606	8,228
Misericordia Health Centre	33,283	31,203
Riverview Health Centre	35,111	36,126
Seven Oaks General Hospital	75,941	69,880
St. Boniface General Hospital	218,623	218,554
Victoria General Hospital	57,368	56,702
Total Acute Care Facility Funding	\$ 550,971	\$ 533,336

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 3 - Long Term Care Facility Funding

For the year ended March 31, 2006

(in thousands of dollars)

	2006	2005
Non-Proprietary Personal Care Homes		
Bethania Mennonite Personal Care Home	\$ 5,760	\$ 5,494
Calvary Place Personal Care Home	3,640	3,603
Concordia Place Care Centre	4,733	5,125
Convalescent Home of Winnipeg	2,701	2,518
Donwood Manor Personal Care Home	4,295	4,170
Foyer Valade	4,193	3,904
Fred Douglas Lodge	4,855	4,687
Golden Links Lodge	2,972	2,777
Golden West Centennial Lodge	3,779	3,535
Holy Family Nursing Home	10,056	9,467
Lions Personal Care Centre	3,527	3,593
Luther Home	2,942	2,817
Meadowood Manor	3,044	2,884
Middlechurch Home of Winnipeg	7,122	6,805
Misericordia Place	3,095	3,432
Park Manor Personal Care Home	3,532	3,336
Pembina Place Mennonite Personal Care Home	2,193	2,132
Sharon Home	8,852	8,871
St. Joseph's Residence	3,517	3,337
Taché Centre	13,682	13,034
West Park Manor	4,956	4,612
Supportive Housing	3,206	2,376
Miscellaneous Funding Adjustments	514	634
Total	\$ 107,166	\$ 103,143
Proprietary Personal Care Homes		
Central Park Lodge - Beacon Hill	\$ 6,718	\$ 6,334
Central Park Lodge - Charleswood Care Centre	5,599	5,220
Central Park Lodge - Heritage Lodge	3,289	3,024
Central Park Lodge - Kildonan Personal Care Home	5,081	4,592
Central Park Lodge - Maples Personal Care Home	7,677	7,143
Central Park Lodge - Parkview Place	10,475	10,000
Central Park Lodge - Poseidon Care Centre	7,895	7,146
Extendicare - Oakview Place	8,991	8,433
Extendicare - Tuxedo Villa	7,365	6,753
Fort Garry Care Centre	2,211	2,174
Golden Door Geriatric Centre	2,874	2,636
River East Personal Care Home	4,978	4,552
St. Norbert Nursing Home	2,839	3,052
Vista Park Lodge	3,756	3,600
Miscellaneous Funding Adjustments	446	480
Total	\$ 80,194	\$ 75,139
Rural Proprietary Personal Care Homes		
Central Park Lodge - Valley View	\$ 3,327	\$ 2,962
Extendicare - Hillcrest Place	3,682	3,552
Extendicare - Red River Place	4,037	3,808
St. Adolphe Personal Care Home	1,386	1,352
Tudor House Personal Care Home	2,875	2,741
Miscellaneous Funding Adjustments	243	15
Total	\$ 15,550	\$ 14,430
Residential Care		
St. Amant Centre	\$ 21,174	\$ 20,033
Total	\$ 224,084	\$ 212,745

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.

In 2006 Drug Capitation Fees of \$1,945 were paid directly by the WRHA on behalf of the Non-Proprietary and Proprietary personal care homes. In 2005 these fees would have been incurred at these sites with funding of \$1,903 having been provided by the WRHA.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Community Health Agency Funding

For the year ended March 31, 2006
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Aboriginal Health & Wellness Centre	\$ 1,201	\$ 1,186
Centre de Sante	157	-
Hope Centre Health Care Incorporated	790	783
Klinik Incorporated	4,011	3,775
Main Street Project Inc.	1,451	1,357
MFL Occupational Health and Safety Inc.	654	708
Mount Carmel Clinic	5,862	5,812
Nine Circles Community Health Centre Inc.	1,854	1,705
Nor'West Co-op Community Health Centre, Inc.	1,021	992
Rehabilitation Centre for Children, Inc.	2,296	2,257
Sexuality Education Resource Centre Manitoba, Inc.	668	695
Women's Health Clinic, Inc.	2,299	1,916
Clinique Youville Clinic Inc.	2,225	2,107
Total	\$ 24,489	\$ 23,293

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

For the year ended March 31, 2006
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Convalescent Home of Winnipeg	\$ 37	\$ 33
Fred Douglas Lodge	184	166
Golden Links Lodge	52	48
Golden West Lodge	155	145
Holy Family Nursing Home	183	163
Independent Living Resource Centre	103	88
Lions Personal Care Centre	156	145
Lions Place - Charleswood	257	244
Lions Place - Concordia	182	173
Lions Place - 610 Portage	213	206
Luther Home	110	65
Middlechurch Home of Winnipeg	194	177
Extendicare - Oakview Place	139	125
Park Manor Personal Care Home	106	97
Riverview Health Centre	170	154
Sharon Home	65	57
South YM/YWCA	163	154
Taché Centre	365	342
Total	\$ 2,834	\$ 2,582

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Grants to Facilities and Agencies
For the year ended March 31, 2006
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Aboriginal Seniors Resource Centre	\$ 153	\$ 125
Age & Opportunity Centre Inc.	561	532
ALS House	325	138
Bethania Personal Care Home	3	-
Bethel Place	34	34
Bluebird Service Club	10	10
Bonivital Council for Seniors	36	35
Broadway Seniors Resource Council Inc.	36	35
Keewatin Inkster (formerly Brooklands/Weston Community Resource)	55	35
Canadian Mental Health Association	895	873
Central Speech & Hearing Clinic Inc.	99	106
Charleswood Senior Centre	33	32
Chez Nous Inc.	17	17
City of Winnipeg - Emergency Services	5,317	4,784
Clubhouse of Winnipeg Inc.	357	357
CNIB	11	-
Columbus Manor	17	17
Community Therapy Services	181	178
Creative Retirement Manitoba	33	32
Donwood Manor	9	-
Doray Enterprises	296	290
Fort Garry Services Inc.	28	17
Foyer Vincent Inc.	17	17
Friendly Neighbour Council	32	35
Friends Housing Inc.	83	71
Good Neighbours Senior Centre Inc.	33	32
Gwen Selter Creative Living Centre	43	42
Hospice & Palliative Care Manitoab	75	-
Jewish Child and Family	32	32
Jocelyn House	238	84
Kingsford Haus Co-op Ltd.	10	10
L'Accueil Colombien Inc.	17	16
Lindenwoods	10	-
Lions Club	33	33
Manitoba Association of Multipurpose Senior Centres	4	2
Manitoba Cardiac Institute (Reh-fit)	683	653
Manitoba Eastern Star Chalet	10	10
Manitoba Housing Authority	299	293
MacDonald Youth Services	294	289
McClure	4	-
Meals on Wheels of Winnipeg Inc.	144	141
Metropolitan Kiwanis Courts	144	70

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Grants to Facilities and Agencies (continued)
For the year ended March 31, 2006
(in thousands of dollars)

	2006	2005
Middlechurch Home of Winnipeg	42	41
Seven Oaks (formerly North Winnipeg Community Council)	33	17
Pembina Place (formerly Deaf Centre Manitoba Inc.)	33	33
River East Council for Seniors	57	48
Rose & Max Rady Jewish Community Centre	16	16
Ruperts Land Caregiver Services	43	35
S.S.C.O.P.E. Incorporated	103	87
Salvation Army	225	1,137
Sara Riel Inc.	1,666	1,569
Seniors Home Help Inc.	68	64
Seneca House	338	331
Serena Manitoba Inc.	11	11
Seven Oaks Wellness Centre	549	522
Society for Manitobans with Disabilities	1,185	1,147
South Winnipeg Senior Resource Council Inc.	46	39
St. Amant Centre (dental grant)	13	13
St. James/Assiniboia Senior Centre Inc.	84	82
St. Raphael	50	-
Stay Young Centre	16	16
Ten Ten Sinclair Housing Inc.	1,160	913
Transcona Council for Seniors	39	39
University of Manitoba - Medical Info Line for the Elderly	30	30
University of Manitoba - Dental Services	41	40
University of Manitoba	450	-
Villa Cabrini Inc.	34	34
Villa Nova	10	10
Villa Tache	27	27
Villa Vita Inc.	16	25
Willow	5	-
Wolseley Family Centre	88	86
YW/YMCA of Winnipeg	169	154
Total	\$ 17,358	\$ 16,043

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, 2006
(unaudited)
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
REVENUE		
Manitoba Health operating income	\$ 1,592,123	\$ 1,510,286
Other government revenue	11,630	13,028
Patient services (includes patient and resident income)	15,583	15,320
Amortization of deferred contributions	57,268	47,873
Other Revenue	62,757	58,505
	<u>1,739,361</u>	<u>1,645,012</u>
EXPENSES		
Salaries and wages	938,432	890,834
Medical remuneration	114,771	106,302
Printing, stationery and office supplies	7,304	6,763
Housekeeping, laundry and linen	11,187	10,264
Utilities, insurance and taxes	27,713	24,815
Food and dietary supplies	19,118	19,478
Medical and surgical supplies	84,364	72,661
Pharmaceutical supplies	61,214	57,666
Diagnostic supplies	16,853	15,863
Miscellaneous and other	50,537	44,069
Repairs and maintenance	27,608	26,670
Referred out services	50,695	41,912
Radiology fee for service costs	10,073	9,338
Interest	7,435	15,921
Amortization of capital assets	48,567	46,796
Change in future employee benefits	-	-
Non-acute care facility and grant funding	269,397	255,300
	<u>1,745,268</u>	<u>1,644,652</u>
PRIOR YEAR ADJUSTMENTS	(23)	(294)
SURPLUS REFUNDABLE TO WRHA	(445)	(88)
OPERATING DEFICIT	<u>(6,375)</u>	<u>(22)</u>
NON-INSURED SERVICES		
Non-insured services income	84,015	81,795
Non-insured services expenses	82,064	79,085
NON-INSURED SERVICES SURPLUS	<u>1,951</u>	<u>2,710</u>
OPERATING AND NON-INSURED (DEFICIT) SURPLUS	(4,424)	2,688
UNFUNDED INCREASE IN PRE-RETIREMENT LIABILITY	(23,835)	(5,684)
NET DEFICIT	<u>\$ (28,259)</u>	<u>\$ (2,996)</u>

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, 2006
(unaudited)
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
REVENUE		
Manitoba Health operating income	\$ 1,592,123	\$ 1,510,286
Other government revenue	11,630	13,028
Patient services (includes patient and resident income)	15,583	15,320
Amortization of deferred contributions	57,268	47,873
Other Revenue	62,757	58,505
	1,739,361	1,645,012
EXPENSES		
Program costs		
Anaesthesia	7,144	6,449
Breast health	2,408	2,318
Cardiac sciences	27,377	21,336
Child health	67,163	62,579
Child adolescent & mental health	14,955	14,555
Critical care	45,487	43,627
Diagnostic imaging	48,927	44,252
Diagnostic imaging - Radiology Fee for Service	9,763	9,195
Emergency	51,073	48,423
Family medicine	36,691	34,481
Genetics	26	2
Health Links	3,850	3,120
Laboratories	57,547	53,708
Medicine	82,096	75,814
Renal health	43,912	39,798
Mental health	31,848	30,312
Oncology	10,873	10,567
Oral Health	348	43
Psychology	3,151	3,020
Rehab/Geriatrics	51,522	51,174
Surgery	148,360	140,459
Tele-health	20,398	14,282
Women's health	44,166	43,919
Long term care	44,617	40,141
Residents and interns	20,960	20,827
Other diagnostic & therapeutic services	31,994	29,877
Pharmacy	29,018	28,303
Community based home care services	146,349	140,365
Community based mental health services	10,232	8,802
Community based primary health services	21,826	20,500
Separately funded primary health programs	7,648	7,273
	1,121,729	1,049,521

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program (continued)
For the year ended March 31, 2006
(unaudited)
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Indirect service costs		
Corporate and support services	55,437	48,405
Clinical and non-clinical support services	66,335	67,411
Information services	27,555	19,246
Facility services	126,007	120,877
Marketed services	161	135
Research and education services	7,662	5,473
	283,157	261,547
Other costs		
Non-acute care facility and grant funding	269,397	255,300
Aboriginal services & strategies	2,045	1,647
Other costs	7,343	10,145
Pre-retirement	5,595	3,775
Interest	7,435	15,921
Amortization of capital assets	48,567	46,796
	340,382	333,584
	1,745,268	1,644,652
PRIOR YEAR ADJUSTMENTS	(23)	(294)
SURPLUS REFUNDABLE TO WRHA	(445)	(88)
OPERATING DEFICIT	(6,375)	(22)
NON-INSURED SERVICES		
Non-insured services income	84,015	81,795
Non-insured services expenses	82,064	79,085
NON-INSURED SERVICES SURPLUS	1,951	2,710
OPERATING AND NON-INSURED (DEFICIT) SURPLUS	(4,424)	2,688
UNFUNDED INCREASE IN PRE-RETIREMENT LIABILITY	(23,835)	(5,684)
DEFICIT FOR THE YEAR	\$ (28,259)	\$ (2,996)

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, 2006

(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.

The administrative cost percentage indicator (administrative costs as a percentage of total operating costs) adheres to CIHI definitions.

The figures presented are based on data available at time of publication. Restatements are made in the subsequent year to reflect final data and changes in the CIHI definition, if any.

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

	<u>2006</u>	<u>2005</u>
Administrative costs	\$ 83,111	\$ 86,029
Administrative cost %	5.5%	6.0%