

Consolidated Financial Statements of

WINNIPEG REGIONAL HEALTH AUTHORITY

March 31, 2008

WINNIPEG REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Winnipeg Regional Health Authority. The consolidated 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 consolidated 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 consolidated 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

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 consolidated statement of financial position of Winnipeg Regional Health Authority (the "Authority") as at March 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 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 19, 2008

TABLE OF CONTENTS

	<u>Page</u>
Consolidated Statement of Operations	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Net Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Financial Statements	5 - 27
Schedules to the Financial Statements	28 - 33
Supplementary Information	34 - 37

WINNIPEG REGIONAL HEALTH AUTHORITY

Consolidated Statement of Operations

For the year ended March 31, 2008

(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
REVENUE		
Manitoba Health and Healthy Living operating income	\$ 1,819,727	\$ 1,702,506
Other income (Schedule 1)	110,609	103,376
Amortization of deferred contributions, capital	55,756	52,228
Recognition of deferred contributions, future expenses	7,054	6,390
	<u>1,993,146</u>	<u>1,864,500</u>
EXPENSES		
Direct operations	1,656,440	1,529,381
Interest	918	399
Amortization of capital assets	56,438	53,778
	<u>1,713,796</u>	<u>1,583,558</u>
FACILITY FUNDING		
Long term care facility funding (Schedule 2)	232,823	225,394
Community health agency funding (Schedule 3)	29,457	27,336
Adult day care facility funding (Schedule 4)	2,674	2,637
Long term care community therapy services	675	632
GRANT FUNDED		
Grants to facilities and agencies (Schedule 5)	18,825	15,487
	<u>1,998,250</u>	<u>1,855,044</u>
OPERATING (DEFICIT) SURPLUS	(5,104)	9,456
NON-INSURED SERVICES		
Non-insured services income	79,334	76,587
Non-insured services expenses	73,545	71,642
NON-INSURED SERVICES SURPLUS	5,789	4,945
SURPLUS FOR THE YEAR	\$ 685	\$ 14,401

Original signed by Dr. John Wade

..... Director

Original signed by Ray Cadieux

..... Director

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Financial Position

As at March 31, 2008
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
ASSETS		(Restated - Note 20)
CURRENT		
Cash and marketable securities	\$ 32,301	\$ 58,777
Accounts receivable (Note 5)	118,562	76,025
Inventory	18,212	16,327
Prepaid expenses	9,543	10,032
Employee benefits recoverable from Manitoba Health and Healthy Living (Note 6)	78,675	78,675
	<u>257,293</u>	<u>239,836</u>
CAPITAL ASSETS (Note 7)	983,616	910,627
OTHER ASSETS		
Employee future benefits recoverable from Manitoba Health and Healthy Living (Note 19)	82,302	82,302
Investments (Note 8)	22,079	27,099
Specific purpose funds (Note 9)	46,851	46,228
Nurse recruitment and retention fund (Note 10)	2,847	3,419
	<u>\$ 1,394,988</u>	<u>\$ 1,309,511</u>
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	\$ 196,813	\$ 156,008
Employee benefits payable (Note 6)	92,802	87,252
Current portion of long term debt (Note 12)	2,264	10,035
	<u>291,879</u>	<u>253,295</u>
LONG TERM DEBT AND DEFERRED CONTRIBUTIONS		
Long term debt (Note 12)	31,195	25,540
Employee future benefits payable (Note 19)	116,764	111,528
Specific purpose funds (Note 9)	46,851	46,228
Deferred contributions (Note 13)	845,989	810,132
Nurse recruitment and retention fund (Note 10)	2,847	3,419
	<u>1,335,525</u>	<u>1,250,142</u>
NET ASSETS	59,463	59,369
COMMITMENTS AND CONTINGENCIES (Note 15)		
	<u>\$ 1,394,988</u>	<u>\$ 1,309,511</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2008
(in thousands of dollars)

	2008													2007	
	Investment in Capital Assets (Note 14)	Unrestricted Net Assets	Internally Restricted Net Assets										Total	Total (Restated - Note 20)	
			Laundry Capital Assets	Pan Am Capital Assets	Telehealth Capital Assets	Concordia Capital Assets	Grace Capital Assets	Victoria Capital Assets	Seven Oaks Ancillaries & Wellness Institute	Riverview Internally Restricted	Misericordia Ancillary Fund	St. Boniface Internally Restricted			Total Internally Restricted
Balance, beginning of year	\$ 67,364	\$ (24,894)	\$ 611	\$ 853	\$ 457	\$ -	\$ -	\$ -	\$ 3,090	\$ 2,707	\$ 3,051	\$ 6,130	\$ 16,899	\$ 59,369	\$ 27,741
Prior period adjustment:															
Consolidation of Other Hospitals and MATC (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,171
Amortization of capital assets (Note 20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56
Adjusted balance, beginning of year	67,364	(24,894)	611	853	457	-	-	-	3,090	2,707	3,051	6,130	16,899	59,369	44,968
Change in accounting policies (Note 2)	-	(40)	-	-	-	-	-	-	-	109	(7)	-	102	62	-
Transfer surplus to foundation	-	(653)	-	-	-	-	-	-	-	-	-	-	-	(653)	-
Net (deficit) surplus	(3,531)	2,937	-	-	-	-	-	-	82	148	630	419	1,279	685	14,401
Purchases of capital assets	31,014	(28,474)	(390)	(1,151)	-	-	(562)	-	(389)	-	-	(48)	(2,540)	-	-
Net Asset Restrictions	-	(8,274)	745	298	505	1,030	3,650	1,744	302	-	-	-	8,274	-	-
Balance, end of year	\$ 94,847	\$ (59,398)	\$ 966	\$ -	\$ 962	\$ 1,030	\$ 3,088	\$ 1,744	\$ 3,085	\$ 2,964	\$ 3,674	\$ 6,501	\$ 24,014	\$ 59,463	\$ 59,369

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
For the year ended March 31, 2008
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
OPERATING ACTIVITIES		
Surplus for the year	\$ 685	\$ 14,401
Transfer of surplus to Misericordia Health Centre Foundation Inc.	(653)	-
Items not affecting cash		
Amortization of capital assets	62,475	59,907
Amortization of deferred contributions related to capital assets	(58,944)	(55,501)
Recognition of deferred contributions related to future expenses	(7,860)	(6,393)
Unrecognized (gains) losses on investments	(734)	-
Loss on transfer of capital assets	-	110
Net change in employee future benefits	10,786	4,933
	<u>5,755</u>	<u>17,457</u>
Changes in non-cash operating working capital items	(3,128)	(4,139)
Deferred contributions received - future expenses	7,637	12,363
	<u>10,264</u>	<u>25,681</u>
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	95,024	100,787
Long term debt repayments	(2,116)	(19,292)
	<u>92,908</u>	<u>81,495</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(135,464)	(115,996)
Decrease in investments	5,816	1,917
	<u>(129,648)</u>	<u>(114,079)</u>
DECREASE	(26,476)	(6,903)
CASH AND MARKETABLE SECURITIES, BEGINNING OF YEAR	<u>58,777</u>	<u>65,680</u>
CASH AND MARKETABLE SECURITIES, END OF YEAR	<u>\$ 32,301</u>	<u>\$ 58,777</u>
Comprised of:		
Cash	\$ 23,137	\$ 21,519
Marketable securities	9,164	37,258
Total	<u>\$ 32,301</u>	<u>\$ 58,777</u>
Supplementary Information:		
Interest paid	\$ 2,009	\$ 1,838

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(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, Deer Lodge Centre, and Pan Am Clinic sites. Acute care services are also provided by Concordia Hospital, Seven Oaks General Hospital, Victoria General Hospital, The Salvation Army Grace General Hospital (“the Community Hospitals”) and the three non-devolved hospitals, Misericordia Health Centre, Riverview Health Centre, Inc., St. Boniface General Hospital (“the Other 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. CHANGES IN ACCOUNTING POLICIES

The Authority has adopted the following recommendations of the CICA Handbook:

a) Section 1506, Accounting Changes

This revised standard requires that (i) a voluntary change in accounting principles can be made if, and only if, the changes result in more reliable and relevant information; (ii) changes in accounting policies are accompanied with restated amounts for prior periods and reasons for the change; and (iii) for changes in estimates, the nature and amount of the change should be disclosed. The Authority has not made any voluntary change in accounting principles since the adoption of the revised standard.

b) Section 3855, Financial Instruments – Recognition and Measurement

This section describes the standards for recognizing and measuring financial instruments in the statement of financial position and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.

c) Section 3861, Financial Instruments – Disclosure and Presentation

This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

d) Section 3251, Equity

This Section establishes standards for the presentation of net assets and changes in net assets during the reporting period.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

2. CHANGES IN ACCOUNTING POLICIES (continued)

The Authority has made the following classifications:

- Cash and marketable securities, investments (bonds, money market and mutual funds), specific purpose funds and nurse recruitment and retention fund are classified as financial assets held for trading and are measured at fair value.
- Investments (mortgage), accounts receivable, employee benefits recoverable from Manitoba Health and Healthy Living and employee future benefits recoverable from Manitoba Health and Healthy Living are classified as loans and receivables and are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities, current portion of long term debt, employee benefits payable, specific purpose funds, nurse recruitment and retention fund and long-term debt are classified as other liabilities and are measured at amortized cost using the effective interest rate method.

These new standards were applied retroactively as of April 1, 2007 without restatement of prior years' figures. The implementation of the standard on April 1, 2007 resulted in a decrease to investments of \$62, a decrease of \$40 to unrestricted net assets and an increase of \$102 to internally restricted net assets due to the adoption of recording the investments at fair value.

3. 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 provided through:
 - Direct Ownership – Home Care services, Mental Health services, Public Health services, Primary Care services, Acute Care services (Health Sciences Centre, Deer Lodge Centre and Pan Am sites), and Medical Remuneration.
 - Agreement – the Community Hospitals by means of agreements to further regionalization and operating agreements.
 - Non-devolved Other Hospitals and MATC – by means of operating agreements
- ii. 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.
- iii. Other Health services – provided through various agencies by means of grant funding mechanisms.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Definition of controlled entity

The Authority is the majority funder of the Community Hospitals, the Other Hospitals and MATC, which 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 Community Hospitals', the Other Hospitals', and MATC's purposes are integrated with that of the WRHA such that they and the WRHA have common and complementary objectives. Moreover, due to the existence of operating agreements between the Authority and the Community Hospitals, Other Hospitals and MATC, the WRHA has the ability to determine their strategic operating, investing and financing policies.

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

As permitted by Canadian generally accepted accounting principles, the controlled Community Hospitals, Other Hospitals and MATC have been consolidated into the Authority's financial statements due to the nature of the agreements in existence, while the controlled Deer Lodge Centre Foundation has not since it is not directly involved in the delivery of health care services. Note 18 provides a financial summary of this controlled non-consolidated entity.

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 and Healthy Living funding mechanisms. These financial statements use funding mechanisms approved by Manitoba Health and Healthy Living for the year ended March 31, 2008.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Inventory

Inventory consists of medical supplies, drugs, linen and other supplies that are valued at average cost and expensed when put into use.

e) 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	2-20%
Furniture & equipment	5-33%
Computer hardware and software	10-20%
Leasehold improvements	over the life of the lease

f) Surplus retention and use policy

Non-proprietary personal care homes, and community health agencies are eligible to retain insured services surpluses based on an agreed upon formula. The non-retainable portion of the surplus is recorded on their Statement of Financial Position as a payable to WRHA.

g) 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. The amounts estimated by management include amortization of capital assets, employee future benefits payable and allowance for doubtful accounts.

h) Internally restricted net assets

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

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority's accounts receivable are comprised mostly of amounts due from the Government of Manitoba 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 ability to convert all floating rate borrowings to fixed rate borrowings.

Financial assets and liabilities

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

<u>Classification</u>	
Cash and marketable securities	Held for trading
Specific purpose funds	Held for trading
Nurse recruitment and retention fund	Held for trading
Investments (bonds, money market and mutual funds)	Held for trading
Investments (mortgage)	Loans and receivables
Accounts receivable	Loans and receivables
Employee benefits recoverable from Manitoba Health and Healthy Living	Loans and receivables
Employee future benefits recoverable from Manitoba Health and Healthy Living	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Employee benefits payable	Other liabilities
Long-term debt	Other liabilities
Specific purpose funds	Other liabilities
Nurse recruitment and retention fund	Other liabilities

The carrying value of accounts receivable, employee benefits recoverable from Manitoba Health and Healthy Living, employee future benefits recoverable from Manitoba Health and Healthy Living, accounts payable and accrued liabilities and employee benefits payable approximates their fair value due to the short-term nature of these instruments. The carrying value of specific purpose funds and nurse recruitment and retention fund approximates their fair value due to the held for trading classification of the underlying investments.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Effective interest method

The Authority uses the effective interest method to recognize interest income or expense, which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

j) Investments

Effective April 1, 2007, bonds, money market and mutual fund investments are classified as held for trading and are stated at fair value. Unrealized gains and losses, representing the change in the difference between the fair value and the cost of these investments at the beginning and end of each year, are reflected in other income in the Consolidated Statement of Operations. Fair value of investments is determined based on quoted market prices.

The mortgage is classified as loans and receivables and is measured at amortized cost.

For periods prior to April 1, 2007, all investments were recorded at cost, and investment income was recorded on an accrual basis.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Due to/from Manitoba Health and Healthy Living

In Globe funding

In Globe funding is funding approved by Manitoba Health and Healthy Living 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 and Healthy Living until such time as Manitoba Health and Healthy Living reviews the financial statements. At that time, Manitoba Health and Healthy Living determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health and Healthy Living.

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

Out of Globe funding

Out of Globe funding is funding approved by Manitoba Health and Healthy Living 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 and Healthy Living until such time as Manitoba Health and Healthy Living reviews the financial statements. At that time, Manitoba Health and Healthy Living determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health and Healthy Living.

Conversely, any operating deficits related to Out of Globe funding arrangements are recorded on the statement of financial position as a receivable from Manitoba Health and Healthy Living until such time as Manitoba Health and Healthy Living reviews the financial statements. At that time, Manitoba Health and Healthy Living 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 and Healthy Living are absorbed by the Authority.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Authority's next fiscal year. The Authority is in the process of determining the impact that these standards will have on its financial reporting.

a) Capital Disclosures

Section 1535, "Capital Disclosures" establishes standards for the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

b) Financial Instruments – Disclosures and Presentation

Sections 3862, "Financial Instruments – Disclosures" and 3863 "Financial Instruments – Presentation" replace the existing Section 3861 "Financial Instruments – Disclosure and Presentation". These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

c) Inventories

Section 3031, "Inventories" replaces the existing Section 3030 with the same title. The new section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. Other changes from the current standards on accounting for inventories include: (i) the elimination of the LIFO method of accounting for inventory; (ii) the requirement for an entity to use a consistent cost formula for inventory of a similar nature and use; and (iii) the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. In addition, disclosure requirements have been enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are now required to be disclosed.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

5. ACCOUNTS RECEIVABLE

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Manitoba Health and Healthy Living - operating, capital and fee for service	\$ 65,629	\$ 35,152
Facility advances and receivables	12,711	1,249
Patient related and other	40,934	40,185
Allowance for doubtful accounts	(712)	(561)
	<u>\$ 118,562</u>	<u>\$ 76,025</u>

6. 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 and Healthy Living. Manitoba Health and Healthy Living 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 and Healthy Living is as follows:

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Balance, beginning of year	\$ 78,675	\$ 78,675
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	\$ 87,252	\$ 83,637
Increase in vacation / overtime / statutory holidays entitlements	5,550	3,615
Balance, end of year	<u>\$ 92,802</u>	<u>\$ 87,252</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

7. CAPITAL ASSETS	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
				(Restated - Note 20)
Land	\$ 16,484	\$ -	\$ 16,484	\$ 16,693
Buildings	996,046	(344,236)	651,810	543,324
Furniture & equipment	714,110	(554,703)	159,407	138,121
Computer hardware and software	35,385	(22,845)	12,540	5,082
Leasehold improvements	15,072	(5,122)	9,950	3,790
Construction in Progress	133,425	-	133,425	203,617
	\$ 1,910,522	\$ (926,906)	\$ 983,616	\$ 910,627

8. INVESTMENTS

	2008	2007
		(Restated - Note 20)
Money market investments	\$ 9,164	\$ 37,258
Bonds	19,657	24,521
Mutual funds	328	6
Mortgage	2,094	2,572
	31,243	64,357
Less: amounts included with cash and marketable securities	(9,164)	(37,258)
	\$ 22,079	\$ 27,099

In 2008, investments are carried at fair value except for the mortgage, which is at amortized cost. In 2007, carrying value represented book value (Note 3).

The fair value of the bonds was \$24,536 and the fair value of the mutual funds was \$5 at March 31, 2007 using quoted market prices.

Investments include a mortgage of \$2,094 (2007 - \$2,572) to Parkade Inc., a corporation without share capital whose Member is the same as that of the St. Boniface General Hospital. Interest is charged at the rate of 4.2% per annum and mortgage payments are \$48 per month including principal and interest. Under the current terms it is estimated the mortgage will retire by March 15, 2012. The mortgage covers the parkade structure and the leasehold title for the land on which the parkade is situated. The fair value of the mortgage is estimated at \$2,123 (2007 - \$2,567). The fair value was determined using estimated market rates available to the Authority for the same or similar instruments.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

9. SPECIFIC PURPOSE FUNDS

Cash and investments held for specific purposes include the following:

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Cash and investments, at carrying value	\$ 46,851	\$ 46,228

In 2008, investments are carried at fair value using quoted market prices. In 2007, carrying value represented book value.

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

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Balance, beginning of year	\$ 46,228	\$ 44,959
Grants, bequests and donations	25,860	26,196
Investment income	1,379	1,807
Disbursements	(26,616)	(26,734)
Balance, end of year	\$ 46,851	\$ 46,228

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 Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

10. NURSE RECRUITMENT AND RETENTION FUND

In 2000, Manitoba Health and Healthy Living 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 Healthy Living, 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>2008</u>	<u>2007</u>
Cash and investments, at carrying value	\$ 2,847	\$ 3,419

In 2008, investments are carried at fair value using quoted market prices. In 2007, carrying value represented book value.

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

Balance, beginning of year	\$ 3,419	\$ 3,990
Additions to fund	1,400	1,309
Interest earned on investment	133	120
Fund expenditures	(2,105)	(2,000)
Balance, end of year	\$ 2,847	\$ 3,419

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Accounts payable and accrued liabilities	\$ 144,575	\$ 120,453
Accrued salaries	48,351	33,851
Accrued interest on long term debt	462	455
Holdbacks on construction contracts	3,425	1,249
	\$ 196,813	\$ 156,008

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

12. LONG-TERM DEBT

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Prime less 0.5% Term Loan, maturing 2011 Concordia Energy Saving Project Fair value \$209 (2007 - \$275)	\$ 209	\$ 275
Hospital Loan- Atrium 5.8%, maturing September 30, 2014 St. Boniface General Hospital Fair value \$12,398 (2007 - \$11,873)	11,122	11,514
Prime plus 0.25% Demand Loan, maturing 2015 Grace General Hospital Hospice Fair value \$321 (2007 - \$371)	321	371
Prime less 1.0% Mortgage, maturing 2017 Health Sciences Centre Emily Street Parkade Fair value \$7,595 (2007 - \$8,099)	7,595	8,361
7.38% Mortgage payable, maturing 2018 Nutrition & Food Services Fair value \$13,461 (2007 - \$14,626)	13,690	14,532
Government of Canada, Technology 2000 Inc. loan St. Boniface Hospital Fair value undeterminable	522	522
	33,459	35,575
Less amounts due within one year, included in current liabilities	(2,264)	(10,035)
	\$ 31,195	\$ 25,540

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

The Technology 2000 Inc. loan is from the Government of Canada, through the Western Economic Diversification Program. The loan is unsecured and no further interest is accrued. It is not practical to determine the fair value of the Technology 2000 Inc. loan due to the underlying terms.

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

2009	\$	2,264
2010		2,358
2011		2,433
2012		2,488
2013		2,604

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

13. DEFERRED CONTRIBUTIONS

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Deferred contributions, future expenses		
- operating expenses	\$ 12,985	\$ 12,813
- contract settlement expenses	3,524	4,902
	<u>16,509</u>	<u>17,715</u>
Deferred contributions, capital	829,480	792,417
Deferred contributions, total	<u>\$ 845,989</u>	<u>\$ 810,132</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>2008</u>	<u>2007</u>
		(Restated - Note 20)
Balance, beginning of year	\$ 17,715	\$ 11,835
Amount received during the year	7,637	12,363
Transferred to deferred contributions, capital	(983)	(90)
Less: amount recognized as revenue - Programs	(7,054)	(6,390)
Less: amount recognized as revenue - Non-insured services	(806)	(3)
Balance, end of year	<u>\$ 16,509</u>	<u>\$ 17,715</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>2008</u>	<u>2007</u>
		(Restated - Note 20)
Balance, beginning of year	\$ 792,417	\$ 747,041
Amount received during the year	95,024	100,787
Transferred from deferred contributions, future expenses	983	90
Less: amount amortized to revenue – Programs	(55,756)	(52,228)
Less: amount amortized to revenue – Non-insured services	(3,188)	(3,273)
Balance, end of year	<u>\$ 829,480</u>	<u>\$ 792,417</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

13. DEFERRED CONTRIBUTIONS (continued)

b) Deferred contributions, capital (continued)

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 incorporated the following long-term debt as deferred contributions:

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Demand bank loans for capital projects in anticipation of the future issuance of long-term debt by Manitoba Health and Healthy Living, 2.69% revolving 60 days	\$ -	\$ 7,747
Demand bank loans for capital projects in anticipation of the future issuance of long-term debt by Manitoba Health and Healthy Living, Prime less 1.0% to Prime less 0.5%	50,009	11,892
Sinking fund debentures, Series 91, 10.00%, maturing June 11, 2011 Health Sciences Centre	25,000	25,000
Sinking fund debentures, Series D, 10.25%, maturing July 15, 2008 St. Boniface General Hospital	23,000	23,000
Sinking fund debentures, Series E, 8.69%, maturing May 30, 2016 St. Boniface General Hospital	51,500	51,500
	\$ 149,509	\$ 119,139

At March 31, 2008 the value of the sinking fund assets and accumulated interest aggregated \$61,045 (2007 restated - \$55,439). Annual payments are made by the Authority/Manitoba Health and Healthy Living from cash held in trust, which at March 31, 2008 was \$2,112 (2007 - \$2,112).

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

14. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Capital assets	\$ 850,191	\$ 707,010
Construction and other projects in progress	133,425	203,617
	<u>\$ 983,616</u>	<u>\$ 910,627</u>
Amounts financed by:		
Deferred contributions	\$ (829,480)	\$ (792,417)
Loans and accounts payable	(59,289)	(50,846)
Investment in capital assets	<u>\$ 94,847</u>	<u>\$ 67,364</u>

Change in investment in capital assets is calculated as follows:

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
a) Excess of expenses over revenues		
Amortization of capital assets included in programs	\$ (56,438)	\$ (53,778)
Amortization of capital assets included in non-insured services	(6,037)	(6,129)
Amortization of deferred contributions related to capital assets included in programs	55,756	52,228
Amortization of deferred contributions related to capital assets included in non-insured services	3,188	3,273
	<u>\$ (3,531)</u>	<u>\$ (4,406)</u>
b) Purchase of capital assets	\$ 135,464	\$ 115,996
Amounts funded by:		
Capital contributions received in the year	(95,024)	(100,787)
Capital contributions transferred from future expenses	(983)	(90)
Change in capital contributions receivable, loans and accounts payable	(8,443)	(4,836)
	<u>\$ 31,014</u>	<u>\$ 10,283</u>
Change in Investment in Capital Assets	<u>\$ 27,483</u>	<u>\$ 5,877</u>

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

15. 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, 2008, annual lease payments for the various premises occupied by the Authority over the next five fiscal years are as follows:

2009	\$7,734
2010	6,087
2011	5,012
2012	4,799
2013	4,737

- c) At March 31, 2008, the Authority had capital commitments of approximately \$22,143 (2007 restated - \$76,533) and equipment purchase commitments of approximately \$12,309 (2007 restated - \$10,777).
- d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five fiscal years are as follows:

2009	\$ 3,433
2010	3,035
2011	2,268
2012	1,470
2013	738

16. 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, 2008

17. ECONOMIC DEPENDENCE

The Authority received approximately 91% (2007 restated - 91%) of its total revenue from Manitoba Health and Healthy Living and is economically dependent on Manitoba Health and Healthy Living for continued operations.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

18. RELATED PARTY RELATIONSHIPS

The Authority provides community health services through operations directly owned by the Authority as well as through other organizations and agencies via a variety of agreements (Notes 1 and 3a). For accounting purposes the relationships with these organizations and agencies are as follows:

a) Controlled entities

The Community Hospitals, Other Hospitals, and MATC are controlled (Note 3b) and have been consolidated into the Authority's financial statements.

The Deer Lodge Centre Foundation, which is incorporated under the Corporations Act of Manitoba, is a registered charity for the purposes of the Income Tax Act and accordingly is exempt from income taxes. The Deer Lodge Centre Foundation's aims and objectives are to raise, invest and allocate funds to or for the benefit of the Deer Lodge Centre.

A financial summary of the Deer Lodge Centre Foundation, which has not been consolidated into the Authority's financial statements, is as follows:

	<u>2008</u>	<u>2007</u>
		(Restated – Note 20)
<i>Financial Position</i>		
Total assets	\$ 3,910	\$ 3,883
Total liabilities & deferred contributions	620	588
Total net assets	\$ 3,290	\$ 3,295
<i>Results of Operations</i>		
Total revenues	\$ 663	\$ 688
Total expenses	663	688
Surplus from operations	\$ -	\$ -
<i>Cash Flows</i>		
From operating activities	\$ (309)	\$ (190)
Used for financing & investing	257	185
Decrease in cash	\$ (52)	\$ (5)

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

18. RELATED PARTY RELATIONSHIPS (continued)

b) Significant influence

The Health Sciences Centre Foundation Inc.'s ("HSCF") aims and objectives are to promote health care excellence by funding medical research and clinical projects. The Authority exercises significant influence on HSCF as the Health Sciences Centre appoints two of HSCF's board members and a portion of the funds raised by HSCF are directed to the Health Sciences Centre.

HSCF is incorporated under the Corporations Act of Manitoba and is a registered charity for the purposes of the Income Tax Act and accordingly exempt from income taxes.

c) Economic interest

Funding is provided to proprietary and non-proprietary personal care homes and community health agencies through service purchase agreements to deliver service on behalf of the Authority. As a result, the Authority has economic interest in these entities.

Schedules 2, 3, and 4 disclose the funding provided to these entities for the delivery of service.

d) Related parties

The Authority and its Controlled Entities have relationships with the following parties:

Health Sciences Centre

- Children's Hospital Foundation of Manitoba Inc.

Concordia Hospital

- The Concordia Foundation Inc.
- Concordia Wellness Projects Inc.
- Concordia Hospital Fund Inc.

Seven Oaks General Hospital

- Seven Oaks General Hospital Foundation Inc.

The Salvation Army Grace General Hospital

- Grace General Hospital (Winnipeg) Foundation Inc.
- The Salvation Army Winnipeg Grace General Hospital Auxiliary

Victoria General Hospital

- The Victoria General Hospital Foundation Inc.
- Guild of Victoria General Hospital Inc.

Riverview Health Centre Inc.

- River Health Centre Foundation Inc.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

18. RELATED PARTY RELATIONSHIPS (continued)

d) Related parties (continued)

Misericordia Health Centre

- Misericordia Health Centre Foundation Inc.

St. Boniface General Hospital

- St. Boniface General Hospital Auxillary Inc.
- St. Boniface Hospital & Research Foundation Inc.
- St. Boniface General Hospital Parkade Inc.
- Biovan Inc.
- Dorais Charities Inc.

The financial statements of these related parties have not been included in these statements but are available from the individual related entities.

19. EMPLOYEE FUTURE BENEFITS

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable 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

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

19. EMPLOYEE FUTURE BENEFITS (continued)

a) Accrued retirement entitlement (continued)

4. Payment or pre-retirement leave equivalent to the number of unused sick leave days accumulated during the last 5 years service plus 25% of the unused sick days accumulated prior to the last 5 years of service multiplied by the daily rate of the employee's permanent or regular position in effect on the employee's last day of service payable upon:
- i. Retirement, death, or termination of service caused by a transfer of departmental function.

The Authority undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at December 31, 2007, projected to March 31, 2008. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 5.5% (2007 – 4.85%) and a rate of salary increase of 3.5% (2007 – 3.0%) plus age related merit/promotion scale with no provision for disability.

The amount of funding which will be provided by Manitoba Health and Healthy Living 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 and Healthy Living 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.

	<u>2008</u>	<u>2007</u> <small>(Restated – Note 20)</small>
Employee future benefits recoverable from		
Manitoba Health and Healthy Living	\$ 82,302	\$ 82,302

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

Balance, beginning of year	\$ 111,528	\$ 110,210
Net increase in pre-retirement entitlements	5,236	1,318
Balance, end of year	\$ 116,764	\$ 111,528

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

19. EMPLOYEE FUTURE BENEFITS (continued)

b) Pension plan

Most of the employees 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, 2007, indicates that the plan is fully funded. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to \$51,373 (2007 restated - \$47,696) and are included in the statement of operations.

Some employees 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.

Some employees are eligible for membership in the multi employer City of Winnipeg Employee's Benefits Program which consists of the Civic Employee's Pension Plan and the Civic Employees Long-Term Disability Plan. The Civic Employee's Pension Plan is a defined benefit pension plan operated by the City of Winnipeg. During the year, the Authority expensed \$238 (2007 - \$374) for current year's contributions. The Civic Employees Long-Term Disability Plan provides disability benefits to members who become disabled on or after January 1, 1992. The Authority contributed \$1,240 (2007 - \$1,102) to the plan during the year.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2008
(amounts in thousands of dollars)

20. RESTATEMENT OF PRIOR PERIODS

Due to the resulting inclusion of the Other Hospitals and MATC in these consolidated financial statements, the following restatements of have been made to the March 31, 2007 balances: increased the total assets by \$306,375, increased the total liabilities by \$284,981, increased the total net assets by \$21,394. In addition, total revenue increased by \$46,592 and total expenses increased by \$42,425 for the year ended March 31, 2007.

The prior year financial statements were corrected to reflect an overstatement of amortization of capital assets at one of the Community Hospitals. This adjustment resulted in a decrease in amortization of capital assets expense in the amount of \$56 and an increase in net assets – invested in capital assets in the amount of \$56.

21. COMPARATIVE FIGURES

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

22. SUBSEQUENT EVENT

The Winnipeg Regional Health Authority entered into an agreement with the Salvation Army Grace General Hospital (the "Grace") on January 10, 2008. Under the terms of this agreement, the Grace agreed to transfer its operations, property, liabilities and obligations to the WRHA pursuant to the provisions of The Regional Health Authorities Act and subject to approval of The Governing Council of the Salvation Army in Canada, which was subsequently received.

The transfer was approved by the WRHA Board of Directors on March 25, 2008 and is effective April 1, 2008.

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 1 - Other Income

For the year ended March 31, 2008

(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Separately funded primary health programs	\$ 4,391	\$ 4,320
Patient and resident income	29,870	29,247
Radiology fee for service	11,599	10,625
External recoveries	51,498	45,666
Investment income	2,936	3,243
Miscellaneous income	10,315	10,275
Total	\$ 110,609	\$ 103,376

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 2 - Long Term Care Facility Funding

For the year ended March 31, 2008
(in thousands of dollars)

	2008	2007
		(Restated - Note 20)
Non-Proprietary Personal Care Homes		
Bethania Mennonite Personal Care Home	\$ 5,526	\$ 5,527
Calvary Place Personal Care Home	3,941	3,811
Convalescent Home of Winnipeg	2,885	2,824
Donwood Manor Personal Care Home	4,615	4,422
Foyer Valade	5,819	5,115
Fred Douglas Lodge	5,395	5,194
Golden Links Lodge	3,242	3,164
Golden West Centennial Lodge	3,980	4,058
Holy Family Nursing Home	10,577	10,805
Lions Personal Care Centre	3,423	3,650
Luther Home	3,171	3,100
Meadowood Manor	3,268	3,288
Middlechurch Home of Winnipeg	7,705	7,658
Park Manor Personal Care Home	3,796	3,677
Pembina Place Mennonite Personal Care Home	2,334	2,299
Sharon Home	9,488	9,397
St. Joseph's Residence	3,972	3,953
Taché Centre	14,365	14,656
West Park Manor	5,271	5,178
Supportive Housing	3,853	3,526
Miscellaneous Funding Adjustments	1,301	445
Total	\$ 107,927	\$ 105,747
Proprietary Personal Care Homes		
Central Park Lodge - Beacon Hill	\$ 7,337	\$ 6,926
Central Park Lodge - Charleswood Care Centre	6,041	5,787
Central Park Lodge - Heritage Lodge	3,532	3,206
Central Park Lodge - Kildonan Personal Care Home	5,316	5,317
Central Park Lodge - Maples Personal Care Home	8,564	8,159
Central Park Lodge - Parkview Place	11,457	10,341
Central Park Lodge - Poseidon Care Centre	8,619	8,123
Extencicare - Oakview Place	9,495	9,315
Extencicare - Tuxedo Villa	7,914	7,688
Fort Garry Care Centre	-	459
Golden Door Geriatric Centre	3,001	2,911
River East Personal Care Home	5,283	5,055
St. Norbert Nursing Home	3,411	3,406
Vista Park Lodge	4,172	3,984
Miscellaneous Funding Adjustments	1,313	938
Total	\$ 85,455	\$ 81,615
Rural Proprietary Personal Care Homes		
Central Park Lodge - Valley View	\$ 3,575	\$ 3,446
Extencicare - Hillcrest Place	4,029	3,710
Extencicare - Red River Place	4,413	4,208
St. Adolphe Personal Care Home	1,551	1,422
Tudor House Personal Care Home	3,083	2,943
Miscellaneous Funding Adjustments	2	(219)
Total	\$ 16,653	\$ 15,510
Residential Care		
St. Amant Centre	\$ 22,788	\$ 22,522
Total	\$ 232,823	\$ 225,394

The facility funding reported on this schedule reflects approximately 72% (2007 - 72%) of the personal care homes' total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

In 2008 Drug Capitation Fees of \$2,140 were paid directly by the WRHA on behalf of the Non-Proprietary and Proprietary personal care homes (2007 - \$2,123).

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 3 - Community Health Agency Funding

For the year ended March 31, 2008
(in thousands of dollars)

	2008	2007
Aboriginal Health & Wellness Centre	\$ 1,115	\$ 1,108
Centre de Sante	2,152	1,091
Hope Centre Health Care Incorporated	882	869
Klinik Incorporated	4,550	4,570
Main Street Project Inc.	1,634	1,641
MFL Occupational Health and Safety Inc.	724	736
Mount Carmel Clinic	6,279	6,097
Nine Circles Community Health Centre Inc.	2,452	2,069
Nor'West Co-op Community Health Centre, Inc.	1,177	1,150
Rehabilitation Centre for Children, Inc.	2,575	2,563
Sexuality Education Resource Centre Manitoba, Inc.	834	845
Women's Health Clinic, Inc.	2,769	2,350
Clinique Youville Clinic Inc.	2,312	2,246
Miscellaneous Funding Adjustments	2	1
Total	\$ 29,457	\$ 27,336

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Adult Day Care Facility Funding

For the year ended March 31, 2008
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
		(Restated - Note 20)
Convalescent Home of Winnipeg	\$ 37	\$ 37
Fred Douglas Lodge	185	183
Golden Links Lodge	53	52
Golden West Lodge	158	155
Holy Family Nursing Home	187	183
Independent Living Resource Centre	104	103
Lions Personal Care Centre	158	156
Lions Place - Charleswood	260	257
Lions Place - Concordia	184	182
Lions Place - 610 Portage	216	213
Luther Home	91	90
Middlechurch Home of Winnipeg	192	189
Extendicare - Oakview Place	140	139
Park Manor Personal Care Home	106	105
Sharon Home	66	65
South YM/YWCA	165	163
Taché Centre	371	365
Total	\$ 2,674	\$ 2,637

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Grants to Facilities and Agencies
For the year ended March 31, 2008
(in thousands of dollars)

	2008	2007
Aboriginal Seniors Resource Centre	\$ 165	\$ 155
Age & Opportunity Centre Inc.	626	596
ALS House	351	328
Betelstadur Housing Co-op	7	6
Bethania Personal Care Home	17	10
Bethel Place	37	35
Bluebird Service Club	-	15
Bonivital Council for Seniors	38	36
Broadway Seniors Resource Council Inc.	38	36
Canadian Mental Health Association	962	899
Canadian Polish Manor	18	15
Central Speech & Hearing Clinic Inc.	101	101
Charleswood Senior Centre	44	33
Chez Nous Inc.	19	18
City of Winnipeg - Emergency Services	7,600	5,579
Clubhouse of Winnipeg Inc.	357	357
CNIB	12	11
Columbus Manor	19	18
Community Therapy Services	195	183
Creative Retirement Manitoba	44	33
Donwood Manor	49	34
Doray Enterprises	325	312
Fort Garry Services Inc.	37	35
Foyer Vincent Inc.	19	18
Friends Housing Inc.	92	78
Good Neighbours Senior Centre Inc.	64	33
Gwen Secter Creative Living Centre	56	44
Hospice & Palliative Care Manitoba	81	76
Jewish Child and Family	35	33
Jocelyn House	280	238
Kali Shiva	100	-
Keewatin Inkster (formerly Brooklands/Weston Community Resource)	93	70
Kingsford Haus Co-op Ltd.	11	11
La Federation de Franco MB	5	-
L'Accueil Colombien Inc.	18	17
Lindenwoods	95	17
Lions Club	36	34
Manitoba Association of Multipurpose Senior Centres	4	4
Manitoba Cardiac Institute (Reh-fit)	736	682
Manitoba Eastern Star Chalet	11	11
Manitoba Housing Authority	353	307
MacDonald Youth Services	309	294
McClure	11	11
Meals on Wheels of Winnipeg Inc.	155	145
Metropolitan Kiwanis Courts	99	145

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Grants to Facilities and Agencies (continued)
For the year ended March 31, 2008
(in thousands of dollars)

	2008	2007
Middlechurch Home of Winnipeg	46	43
Seven Oaks (formerly North Winnipeg Community Council)	38	36
Pembina Place (formerly Deaf Centre Manitoba Inc.)	34	34
Rainbow Society	132	-
River East Council for Seniors	61	57
Rose & Max Rady Jewish Community Centre	22	16
Ruperts Land Caregiver Services	50	47
S.S.C.O.P.E. Incorporated	125	93
Salvation Army	270	227
Sara Riel Inc.	840	876
Seniors Home Help Inc.	74	69
Seneca House	377	343
Serena Manitoba Inc.	12	11
Seven Oaks Wellness Centre	587	597
Society for Manitobans with Disabilities	1,423	1,330
South Winnipeg Senior Resource Council Inc.	50	47
St. James/Assiniboia Senior Centre Inc.	88	84
Stay Young Centre	18	16
Transcona Council for Seniors	43	40
University of Manitoba - Medical Info Line for the Elderly	33	31
University of Manitoba - Dental Services	44	41
University of Manitoba	350	-
Villa Cabrini Inc.	37	35
Villa Nova	11	11
Villa Tache	29	27
Willow Centre	11	11
Wolseley Family Centre	95	89
YW/YMCA of Winnipeg	199	167
Miscellaneous Funding Adjustments	2	(4)
Total	\$ 18,825	\$ 15,487

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, 2008
(unaudited)
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
REVENUE		
Manitoba Health and Healthy Living operating income	\$ 1,819,727	\$ 1,702,506
Other income (Schedule 1)	110,621	103,376
Amortization of deferred contributions, capital	55,744	52,228
Recognition of deferred contributions, future expenses	7,054	6,390
	1,993,146	1,864,500
EXPENSES		
Salaries and wages	1,039,306	974,525
Medical remuneration	151,628	124,483
Printing, stationery and office supplies	8,395	7,952
Housekeeping, laundry and linen	12,120	12,295
Utilities, insurance and taxes	30,934	28,470
Food and dietary supplies	21,089	20,619
Medical and surgical supplies	99,201	92,158
Pharmaceutical supplies	56,740	57,102
Diagnostic supplies	18,584	18,200
Miscellaneous and other	64,443	66,533
Repairs and maintenance	33,918	30,659
Referred out services	103,347	84,410
Radiology fee for service costs	11,499	10,657
Interest	918	399
Amortization of capital assets	56,438	53,778
Employee future employee benefits	5,236	1,318
Non-acute care facility and grant funding	284,454	271,486
	1,998,250	1,855,044
OPERATING (DEFICIT) SURPLUS	(5,104)	9,456
NON-INSURED SERVICES		
Non-insured services income	79,334	76,587
Non-insured services expenses	73,545	71,642
NON-INSURED SERVICES SURPLUS	5,789	4,945
SURPLUS FOR THE YEAR	\$ 685	\$ 14,401

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program
For the year ended March 31, 2008
(unaudited)
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
REVENUE		
Manitoba Health and Healthy Living operating income	\$ 1,819,727	\$ 1,702,506
Other income (Schedule 1)	110,621	103,376
Amortization of deferred contributions, capital	55,744	52,228
Recognition of deferred contributions, future expenses	7,054	6,390
	1,993,146	1,864,500
EXPENSES		
Program costs		
Anaesthesia	10,518	8,357
Breast health	2,522	2,479
Cardiac sciences	52,673	39,161
Child health	78,431	68,941
Child adolescent & mental health	16,161	15,608
Critical care	44,937	47,821
Diagnostic imaging	57,502	52,869
Diagnostic imaging - Radiology Fee for Service	11,635	10,570
Emergency	67,849	55,495
Family medicine	34,149	34,145
Genetics	1,165	944
Health Links	5,632	5,140
Laboratories	65,415	59,126
Medicine	88,974	85,525
Renal health	47,393	43,508
Mental health	35,122	33,232
Oncology	7,287	7,525
Oral Health	459	422
Paliative Care	8,568	5,088
Psychology	3,801	3,331
Rehab/Geriatrics	54,381	51,906
Surgery	181,573	172,601
Tele-health	2,304	2,034
Women's health	48,528	46,409
Long term care	57,411	54,647
Residents and interns	26,923	21,995
Other diagnostic & therapeutic services	38,135	33,916
Pharmacy	31,557	29,720
Community based home care services	167,471	155,580
Community based mental health services	13,718	11,899
Community based primary health services	26,892	24,463
Separately funded primary health programs	7,257	7,054
	1,296,343	1,191,511

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program (continued)
For the year ended March 31, 2008
(unaudited)
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
Indirect service costs		
Corporate and support services	61,991	58,252
Clinical and non-clinical support services	71,794	68,401
Information services	49,800	39,145
Facility services	134,837	130,421
Marketed services	89	83
Research and education services	9,920	8,448
	<u>328,431</u>	<u>304,750</u>
Other costs		
Non-acute care facility and grant funding	284,454	271,486
Aboriginal services & strategies	2,178	2,064
Other costs	24,252	29,738
Employee future employee benefits	5,236	1,318
Interest	918	399
Amortization of capital assets	56,438	53,778
	<u>373,476</u>	<u>358,783</u>
	<u>1,998,250</u>	<u>1,855,044</u>
OPERATING (DEFICIT) SURPLUS	(5,104)	9,456
NON-INSURED SERVICES		
Non-insured services income	79,334	76,587
Non-insured services expenses	73,545	71,642
NON-INSURED SERVICES SURPLUS	5,789	4,945
OPERATING AND NON-INSURED SURPLUS	\$ 685	\$ 14,401

WINNIPEG REGIONAL HEALTH AUTHORITY

Supplementary Information

As at March 31, 2008

(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>2008</u>	<u>2007</u>
		(Restated- Note 20)
Administrative costs	\$ 85,787	\$ 81,969
Administrative cost %	4.2%	4.4%

Certain operating costs previously excluded from the total operating cost calculation due to anomalies between Manitoba Health and Healthy Living reporting requirements and CIHI reporting requirements have now been included.