

*Consolidated Financial Statements of the*

**WINNIPEG REGIONAL HEALTH AUTHORITY**

*March 31, 2010*

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

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.

Ernst & Young 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 Arlene Wilgosh

Original signed by Paul Kochan

Arlene Wilgosh  
President & Chief Executive Officer

Paul A. Kochan, FCA  
Vice-President & Chief Financial Officer

## AUDITORS' REPORT

To the Directors of  
**Winnipeg Regional Health Authority**

We have audited the consolidated statement of financial position of the **Winnipeg Regional Health Authority** ["the Authority"] as at March 31, 2010 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the preceding year were audited by other chartered accountants.

Original signed by Ernst & Young LLP
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Winnipeg, Manitoba,  
June 9, 2010.

Chartered Accountants

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**WINNIPEG REGIONAL HEALTH AUTHORITY****Consolidated Statement of Operations**

For the year ended March 31, 2010

(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Manitoba Health operating income	\$ 2,077,237	\$ 1,951,466
Other income (Schedule 1)	117,453	108,082
Amortization of deferred contributions, capital	65,641	58,972
Recognition of deferred contributions, future expenses	12,822	2,430
	<b>2,273,153</b>	<b>2,120,950</b>
<b>EXPENSES</b>		
Direct operations	1,893,531	1,765,710
Interest	747	786
Amortization of capital assets	67,173	61,848
	<b>1,961,451</b>	<b>1,828,344</b>
<b>FACILITY FUNDING</b>		
Long term care facility funding (Schedule 2)	267,854	249,045
Community health agency funding (Schedule 3)	34,770	31,439
Adult day care facility funding (Schedule 4)	3,094	2,754
Long term care community therapy services	715	691
<b>GRANT FUNDING</b>		
Grants to facilities and agencies (Schedule 5)	19,300	19,091
	<b>2,287,184</b>	<b>2,131,364</b>
<b>OPERATING DEFICIT</b>	<b>(14,031)</b>	<b>(10,414)</b>
<b>NON-INSURED SERVICES</b>		
Non-insured services income	72,447	63,227
Non-insured services expenses	66,797	56,711
<b>NON-INSURED SERVICES SURPLUS</b>	<b>5,650</b>	<b>6,516</b>
<b>DEFICIT FOR THE YEAR</b>	<b>\$ (8,381)</b>	<b>\$ (3,898)</b>

Original signed by Dr. John Wade

..... Director

Original signed by Marc Labossiere

..... Director

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

As at March 31, 2010  
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 11,587	\$ 37,302
Accounts receivable (Note 5)	125,859	116,127
Inventory (Note 6)	43,771	18,738
Prepaid expenses	13,519	11,338
Investments (Note 9)	6,402	12,787
Employee benefits recoverable from Manitoba Health (Note 7)	78,675	78,675
	<b>279,813</b>	<b>274,967</b>
CAPITAL ASSETS (Note 8, 14)	<b>1,139,535</b>	<b>1,055,592</b>
<b>OTHER ASSETS</b>		
Employee future benefits recoverable from Manitoba Health (Note 22)	82,302	82,302
Investments (Note 9)	24,753	15,796
Specific purpose funds (Note 10)	45,077	48,547
Nurse recruitment and retention fund (Note 11)	4,242	4,358
	<b>\$ 1,575,722</b>	<b>\$ 1,481,562</b>
<b>LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 12)	\$ 194,597	\$ 192,373
Demand loans (Note 13)	29,000	-
Employee benefits payable (Note 7)	92,324	99,004
Current portion of long term debt (Note 14)	46,040	47,097
	<b>361,961</b>	<b>338,474</b>
<b>LONG TERM DEBT AND DEFERRED CONTRIBUTIONS</b>		
Long term debt (Note 14)	20,785	22,431
Employee future benefits payable (Note 22)	143,324	120,899
Specific purpose funds (Note 10)	45,077	48,547
Deferred contributions (Note 16)	953,149	891,288
Nurse recruitment and retention fund (Note 11)	4,242	4,358
	<b>1,166,577</b>	<b>1,087,523</b>
COMMITMENTS AND CONTINGENCIES (Note 18)		
<b>NET ASSETS</b>	<b>47,184</b>	<b>55,565</b>
	<b>\$ 1,575,722</b>	<b>\$ 1,481,562</b>

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Consolidated Statement of Changes in Net Assets**  
For the year ended March 31, 2010  
(in thousands of dollars)

	2010				2009
	Investment in Capital Assets (Note 17)	Unrestricted Net Assets	Internally Restricted Net Assets (Schedule 6)	Total	Total
Balance, beginning of year	\$ 73,920	\$ (43,221)	\$ 24,866	\$ 55,565	\$ 59,463
Net (deficit) surplus	(6,079)	(3,905)	1,603	(8,381)	(3,898)
Purchase of capital assets	13,764	(12,857)	(907)	-	-
Net asset restrictions	-	(1,412)	1,412	-	-
Balance, end of year	\$ 81,605	\$ (61,395)	\$ 26,974	\$ 47,184	\$ 55,565

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Consolidated Statement of Cash Flows**  
For the year ended March 31, 2010  
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
<b>OPERATING ACTIVITIES</b>		
Deficit for the year	\$ (8,381)	\$ (3,898)
Items not affecting cash		
Amortization of capital assets	74,555	68,217
Amortization of deferred contributions related to capital assets	(68,476)	(62,166)
Recognition of deferred contributions related to future expenses	(12,887)	(3,297)
Net change in employee future benefits	15,745	10,338
	<u>556</u>	<u>9,194</u>
Changes in non-cash operating working capital items	(34,722)	(4,327)
Deferred contributions received - future expenses	22,470	10,162
	<u>(11,696)</u>	<u>15,029</u>
<b>FINANCING ACTIVITIES</b>		
Deferred contributions received - capital assets	120,754	100,600
Proceeds of demand loans	30,000	-
Demand loans repayments	(1,000)	-
Proceeds of long term debt	-	45,109
Long term debt repayments	(2,703)	(9,040)
	<u>147,051</u>	<u>136,669</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(158,498)	(140,193)
Increase in investments	(2,572)	(1,958)
	<u>(161,070)</u>	<u>(142,151)</u>
<b>(DECREASE) INCREASE</b>	<b>(25,715)</b>	<b>9,547</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>37,302</u>	<u>27,755</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,587</u>	<u>\$ 37,302</u>
<b>Comprised of:</b>		
Cash	\$ 10,884	\$ 33,859
Cash equivalents	703	3,443
Total	<u>\$ 11,587</u>	<u>\$ 37,302</u>
<b>Supplementary Information:</b>		
Interest paid	\$ 3,115	\$ 5,046



**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**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, Grace General Hospital and Pan Am Clinic sites. Acute care services are also provided by Concordia Hospital, Seven Oaks General Hospital, Victoria 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”). Volunteer Enterprises of the Health Sciences Centre Inc. (“VENT”) operates services within the WRHA and their results are included in these financial statements. 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 not-for-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**

During the previous year, the Authority was assessing the impact of revisions to the 4400 series of the Canadian Institute of Chartered Accountants (“CICA”) Handbook, and certain sections that relate to not-for-profit organizations, to its current reporting practices. With respect to presentation, the Authority will continue to disclose net assets invested in capital assets although the CICA amendment has made the disclosure optional. CICA section 1540, Cash Flow Statements, is now applicable to not-for-profit organizations. The Authority will continue its presentation of a statement of cash flows under the guidelines of this section. Management has determined that CICA Section 4470, Disclosure of Allocated Expenses for Not-for-Profit Organizations, does not apply to the Authority as its expenses are not allocated to more than one function. These changes were adopted effective April 1, 2009 and, as noted, did not impact the financial statement presentation by the Authority.

**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 three 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, Grace General Hospital and Pan Am sites), and Medical Remuneration.
  - Agreement – the Community Hospitals by means of agreements to further regionalization and operating agreements.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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.

**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', MATC's and VENT'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.

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 Seven Oaks General Hospital Foundation Inc. and St Boniface General Auxiliary Inc. have not since they are not directly involved in the delivery of health care services. Note 21 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.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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, 2010.

**d) Cash and cash equivalents**

Cash and cash equivalents consist of highly liquid instruments, such as certificates of deposit, term deposits, treasury notes and other money market instruments, which generally have original maturities of less than three months from the date of issuance.

**e) Inventory**

Inventory consists of medical supplies, drugs, linen and other supplies that are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula. Inventory is expensed when sold or put into use.

**f) 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

Interest on the debt associated with construction in progress projects is capitalized as incurred.

**g) 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.

**h) 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.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i) 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.

**j) 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 facilities that it funds, minimizing credit risk. The Authority also has some credit risk associated with an interest rate swap. This risk is minimized by entering into the agreement with a major Canadian financial institution.

*Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk, and other price risk.

The Authority is exposed to market risks through the derivative instruments entered into. The Authority uses derivative instruments only for risk management purposes and not for generating trading profit. As such, any change in cash flows associated with derivative instruments due to their exposure to market risks is designed to be offset by changes in cash flows related to the risk being hedged.

The Authority's primary market risk exposure is interest rate risk. This interest rate risk is the risk arising from fluctuations in short term interest rates and the volatility of those rates on the issuance of floating rate debt. The Authority mitigates this risk by retaining the ability to convert all floating rate borrowings to fixed rate borrowings. The Authority has entered into an interest rate swap to manage a proportion of total debt that is subject to variable rates.

The Authority has minimal exposure to foreign exchange and other price risks.

*Financial assets and liabilities*

Under the 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.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Financial instruments (continued)**

Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

<u>Classification</u>	
Cash and cash equivalents	Held for trading
Specific purpose funds	Held for trading
Nurse recruitment and retention fund	Held for trading
Derivative instruments	Held for trading
Investments (bonds, money market, GICs, and mutual funds)	Held for trading
Investments (mortgage)	Loans and receivables
Accounts receivable	Loans and receivables
Employee benefits recoverable from Manitoba Health	Loans and receivables
Employee future benefits recoverable from Manitoba Health	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Demand loans	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, employee future benefits recoverable from Manitoba Health, 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.

*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 upon initial recognition. 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.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Financial instruments (continued)**

*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.

**k) Derivative financial instruments**

The Authority is using a derivative instrument to manage exposure to changes in interest rates. The Authority's objective for holding this derivative is to minimize risk using the most efficient methods to eliminate or reduce the impacts of this exposure.

The Authority entered into an interest rate swap to manage the interest rate cash flow exposure associated with certain debt obligations. The contract has an effect of converting the floating rate of interest on certain debt to a fixed rate.

Under this swap, the Authority agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts, as well as, amounts reflecting the amortization of principal amounts.

This derivative is measured at fair value at the end of each year and the unrealized gains or losses arising from remeasurement are recorded and presented under interest expense in the consolidated statement of operations and in accounts payable and accrued liabilities in the consolidated statement of financial position.

It is the Authority's policy not to speculate on derivative instruments; thus, these instruments are purchased for risk management purposes.

**l) Investments**

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 Authority recognizes their investments based on settlement date.

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

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m) Due to/from Manitoba Health**

*In Globe funding*

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

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

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

*Out of Globe funding*

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

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

Conversely, any operating deficits related to Out of Globe funding arrangements are 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.

**4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED**

There are no further policies that have been pronounced but not yet effective that would be applicable to the Authority.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

**5. ACCOUNTS RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Manitoba Health - operating, capital and fee for service	\$ 97,978	\$ 90,489
Accounts receivable from other Province of Manitoba Departments	1,435	1,420
Facility advances and receivables	8,959	5,578
Patient related and other	27,681	26,034
Allowance for doubtful accounts	<b>(10,194)</b>	<b>(7,394)</b>
	<b>\$ 125,859</b>	<b>\$ 116,127</b>

**6. INVENTORY**

	<u>2010</u>			<u>2009</u>
	Held for Sale	Held for Internal Use	Total	Total
Balance, beginning of year	\$ 1,228	\$ 17,510	\$ 18,738	\$ 18,212
Amount purchased in year	527	190,153	190,680	151,498
Amount expensed in year	(479)	(165,279)	(165,758)	(151,302)
Amount written down in year	(163)	(12)	(175)	(60)
Writedowns reversed in year	11	275	286	390
Balance, end of year	<b>\$ 1,124</b>	<b>\$ 42,647</b>	<b>\$ 43,771</b>	<b>\$ 18,738</b>

**7. 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>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 78,675	\$ 78,675
Balance, end of year	<b>\$ 78,675</b>	<b>\$ 78,675</b>

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

Balance, beginning of year	\$ 99,004	\$ 92,802
(Decrease) increase in vacation/overtime/stat holiday entitlements	<b>(6,680)</b>	6,202
Balance, end of year	<b>\$ 92,324</b>	<b>\$ 99,004</b>



**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2010**  
**(amounts in thousands of dollars)**

8. CAPITAL ASSETS	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 18,296	\$ -	\$ 18,296	\$ 16,534
Buildings	1,104,706	(395,521)	709,185	676,971
Furniture & equipment	760,814	(607,430)	153,384	150,327
Computer hardware and software	94,423	(38,423)	56,000	57,702
Leasehold improvements	47,593	(8,712)	38,881	11,877
Construction in progress	163,789	-	163,789	142,181
	<b>\$ 2,189,621</b>	<b>\$ (1,050,086)</b>	<b>\$ 1,139,535</b>	<b>\$ 1,055,592</b>

The Authority has capitalized interest on some projects up until they are substantially complete. The amount of interest capitalized in the year was \$372 (2009 - \$2,334).

**9. INVESTMENTS**

	2010	2009
Money market investments	\$ 703	\$ 3,443
Government bonds	39,147	37,075
Corporate bonds (rated A or better)	23,434	25,000
Guaranteed Investment Certificates (GICs)	2,005	1,220
Mutual funds	-	47
Mortgage	1,078	1,597
	<b>66,367</b>	<b>68,382</b>
Less: amounts included with cash and cash equivalents	(703)	(3,443)
Less: amounts included with specific purpose funds	(34,509)	(36,356)
	<b>(35,212)</b>	<b>(39,799)</b>
Less: amounts maturing/ redeemable within one year, included in current assets	(6,402)	(12,787)
	<b>\$ 24,753</b>	<b>\$ 15,796</b>

Investments are carried at fair value using quoted market prices, except for the mortgage, which is at amortized cost.

The mortgage of \$1,078 (2009 - \$1,597) is 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 \$1,104 (2009 - \$1,640). 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, 2010**  
**(amounts in thousands of dollars)**

**9. INVESTMENTS (Continued)**

The Authority manages the liquidity risk associated with its investments by limiting the types of eligible investments. Corporate bonds are limited to a rating of A or higher and money market investments are limited to R1 or better.

The Authority is exposed to the effects of future changes in the prevailing level of interest rates. Changes in the market interest rates have a direct effect on the fair value of the Authority's investments. The Authority mitigates the interest rate risk exposure of its Government and Corporate bonds and GICs by staggering maturity dates. As of March 31, 2010, the maturity dates are as follows:

	Government	Corporate	GICs	Effective Yield
Within 1 year	\$ 4,074	\$ 1,512	\$ 572	3.60%
2 to 5 years	17,520	17,677	1,433	4.43%
5 to 10 years	9,523	3,279	-	4.38%
Over 10 years	8,030	966	-	4.97%
	<b>\$ 39,147</b>	<b>\$ 23,434</b>	<b>\$ 2,005</b>	

Money market investments are not exposed to significant interest rate risk due to the short-term maturity of these investments. Investments in mutual funds are not exposed to significant interest rate risk.

**10. SPECIFIC PURPOSE FUNDS**

Cash and cash equivalents and investments held for specific purposes include the following:

	<b>2010</b>	2009
Cash and cash equivalents	<b>\$ 10,568</b>	\$ 12,191
Investments, at fair value	<b>34,509</b>	36,356
	<b>\$ 45,077</b>	\$ 48,547

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

	<b>2010</b>	2009
Balance, beginning of year	<b>\$ 48,547</b>	\$ 46,851
Grants, bequests and donations	<b>32,361</b>	28,557
Investment income	<b>1,843</b>	1,769
Disbursements	<b>(37,674)</b>	(28,630)
Balance, end of year	<b>\$ 45,077</b>	\$ 48,547

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.

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**11. 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 cash equivalents held for the Nurse Recruitment and Retention Fund include the following:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 4,242	\$ 4,358

Investments are carried at fair value using quoted market prices.

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

Balance, beginning of year	\$ 4,358	\$ 2,847
Additions to fund	3,724	3,961
Interest earned on investment	-	51
Fund expenditures	(3,840)	(2,501)
Balance, end of year	\$ 4,242	\$ 4,358

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2010</u>	<u>2009</u>
Accounts payable and accrued liabilities	\$ 148,927	\$ 137,609
Accrued salaries	44,143	47,543
Accrued interest on long term debt	-	455
Holdbacks on construction contracts	1,527	6,766
	\$ 194,597	\$ 192,373

**13. DEMAND LOANS**

The demand loans represent two interest free cash advances from Manitoba Health. The first interest free demand loan has a balance at March 31, 2010 of \$19,000 (2009 - \$nil) and was issued on October 31, 2009 in the amount of \$20,000 with a repayment schedule of \$1,000 per annum. The second interest free demand loan has a balance at March 31, 2010 of \$10,000 (2009 - \$nil) and was issued on January 13, 2010 in the amount of \$10,000 with repayment at Manitoba Health's request. The fair value of this debt approximates carrying value as it is due on demand.

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**14. LONG TERM DEBT**

	<u>2010</u>	<u>2009</u>
0.585% Banker's Acceptance, maturing April 14, 2010 Health Sciences Centre Tecumseh Street Parkade Fair value \$38,319 (2009 - \$38,252)	<b>\$ 38,319</b>	\$ 38,252
7.38% Mortgage payable, maturing August 31, 2018 Monthly principal and interest payments \$157 Nutrition & Food Services Fair value \$13,072 (2009 - \$13,998)	<b>11,806</b>	12,782
5.8% Bank Loan, maturing September 30, 2014 Monthly principal and interest payments \$87 St. Boniface General Hospital Atrium Fair value \$10,717 (2009 - \$10,841)	<b>10,267</b>	10,708
0.617% Banker's Acceptance, maturing April 27, 2010 Health Sciences Centre Emily Street Parkade Fair value \$6,154 (2009 - \$6,857)	<b>6,154</b>	6,857
Government of Canada, Technology 2000 Inc. loan St. Boniface Hospital Fair value \$nil (2009 - undeterminable)	-	522
Prime plus 0.25% Term Loan, maturing 2015 Monthly principal and interest payments \$4 Grace General Hospital Hospice Fair value \$221 (2009 - \$271)	<b>221</b>	271
Prime less 0.5% Term Loan, maturing 2011 Monthly principal and interest payments \$7 Concordia Energy Saving Project Fair value \$58 (2009 - \$136)	<b>58</b>	136
	<b>66,825</b>	69,528
Less amounts due within one year, included in current liabilities	<b>(46,040)</b>	(47,097)
	<b>\$ 20,785</b>	\$ 22,431

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.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
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**14. LONG TERM DEBT (Continued)**

The Technology 2000 Inc. loan was from the Government of Canada, through the Western Economic Diversification Program. The loan was forgiven in October 2009 as the result of the conclusion of a settlement agreement with Western Economic Diversification Canada. WED agreed to forgive the outstanding loan balance of \$502 and the associated interest payable of \$455.

The 5.8% Bank Loan maturing on September 30, 2014 is secured by an assignment of existing and future leases and rents related to the St. Boniface Hospital Atrium. In accordance with the terms of the loan agreement, the Hospital cannot sell, transfer, assign, mortgage, lease, encumber, or otherwise dispose of any building or land associated with the Atrium without the lender's consent.

The HSC Tecumseh Street Parkade loan has been secured with the Tecumseh Street Parkade which at March 31, 2010 had a net book value of \$42,215 (2009 - \$43,006). The HSC Emily Street Parkade loan has been secured with the Emily Street Parkade which at March 31, 2010 had a net book value of \$5,408 (2009 - \$5,858). The assigned results of the HSC Parking Operations have also been secured against both of the parkade loans.

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

2010/11	\$	46,040
2011/12		1,675
2012/13		1,790
2013/14		1,914
2014/15		2,018

**15. DERIVATIVE FINANCIAL INSTRUMENTS**

The Authority has entered into an interest rate swap to convert a floating interest rate debt instrument into a fixed interest rate debt instrument for the Emily Street Parkade at the Health Sciences Centre. The notional amount of this swap at March 31, 2010 is \$6,154 maturing on July 23, 2017 with a fixed rate of 4.105%. The fair value of this swap has been calculated at \$23 (2009 - (\$60)), resulting in a derivative asset of \$23 (2009 - (\$60)).

This derivative is measured at fair value at the end of each year and the unrealized gains or losses arising from remeasurement are recorded and presented under interest expense in the consolidated statement of operations and in accounts payable and accrued liabilities in the consolidated statement of financial position.

The counterparty to this contract is a major Canadian financial institution. The Authority does not anticipate any material adverse effect on its financial position resulting from the involvement in this type of contract, nor does it anticipate non-performance by the counterparty given their high credit rating.

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**16. DEFERRED CONTRIBUTIONS**

	<u>2010</u>	<u>2009</u>
Deferred contributions, future expenses		
- operating expenses	\$ 30,688	\$ 19,086
- contract settlement expenses	-	2,715
	<u>30,688</u>	<u>21,801</u>
Deferred contributions, capital	<u>922,461</u>	<u>869,487</u>
Deferred contributions, total	<u>\$ 953,149</u>	<u>\$ 891,288</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>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 21,801	\$ 16,509
Amount received during the year	22,470	10,162
Transferred to deferred contributions, capital	(696)	(1,573)
Less: amount recognized as revenue - Programs	(12,822)	(2,430)
Less: amount recognized as revenue - Non-insured services	(65)	(867)
Balance, end of year	<u>\$ 30,688</u>	<u>\$ 21,801</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>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 869,487	\$ 829,480
Amount received during the year	120,754	100,600
Transferred from deferred contributions, future expenses	696	1,573
Less: amount amortized to revenue – Programs	(65,641)	(58,972)
Less: amount amortized to revenue – Non-insured services	(2,835)	(3,194)
Balance, end of year	<u>\$ 922,461</u>	<u>\$ 869,487</u>

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**16. 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 part of its deferred contributions balance:

	<u>2010</u>	<u>2009</u>
Demand bank loans for capital projects in anticipation of the future issuance of long term debt by Manitoba Health, Prime less 1.0% to Prime plus .5%	\$ 29,167	\$ 45,396
Sinking fund debentures, Series 91, 10.00%, maturing June 11, 2011 Health Sciences Centre	25,000	25,000
Sinking fund debentures, Series E, 8.69%, maturing May 30, 2016 St. Boniface General Hospital	51,500	51,500
	<b>\$ 105,667</b>	<b>\$ 121,896</b>

At March 31, 2010 the value of the sinking fund assets and accumulated interest aggregated \$44,824 (2009 - \$41,975). Annual payments are made by the Authority/Manitoba Health from cash held in trust, which at March 31, 2010 was \$2,112 (2009 - \$2,112).

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

2010/11	\$ 3,017
2011/12	28,255
2012/13	5,723
2013/14	4,206
2014/15	4,166

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**17. INVESTMENT IN CAPITAL ASSETS**

Investment in capital assets represents the amount of capital assets internally funded and is calculated as follows:

	<u>2010</u>	<u>2009</u>
Capital assets	<b>\$ 1,139,535</b>	\$ 1,055,592
Amounts financed by:		
Deferred contributions	<b>\$ (922,461)</b>	\$ (869,487)
Loans and accounts payable	<b>(135,469)</b>	(112,185)
Investment in capital assets	<b>\$ 81,605</b>	\$ 73,920

Change in investment in capital assets is calculated as follows:

	<u>2010</u>	<u>2009</u>
<b>a) Excess of expenses over revenues</b>		
Amortization of capital assets included in programs	<b>\$ (67,173)</b>	\$ (61,848)
Amortization of capital assets included in non-insured services	<b>(7,382)</b>	(6,369)
Amortization of deferred contributions related to capital assets included in programs	<b>65,641</b>	58,972
Amortization of deferred contributions related to capital assets included in non-insured services	<b>2,835</b>	3,194
	<b>\$ (6,079)</b>	\$ (6,051)
<b>b) Purchase of capital assets</b>	<b>\$ 158,498</b>	\$ 140,193
Amounts funded by:		
Capital contributions received in the year	<b>(120,754)</b>	(100,600)
Capital contributions transferred from future expenses	<b>(696)</b>	(1,573)
Change in capital contributions receivable, loans and accounts payable	<b>(23,284)</b>	(52,896)
	<b>\$ 13,764</b>	\$ (14,876)
Change in investment in capital assets	<b>\$ 7,685</b>	\$ (20,927)



**WINNIPEG REGIONAL HEALTH AUTHORITY**  
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**18. 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, 2010, annual lease payments for the various premises occupied by the Authority over the next five fiscal years are as follows:

2010/11	\$10,451
2011/12	10,237
2012/13	10,027
2013/14	9,363
2014/15	7,810

- c) At March 31, 2010, the Authority had capital commitments of approximately \$19,527 (2009 - \$38,876) and equipment purchase commitments of approximately \$11,900 (2009 - \$14,629).
- d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five fiscal years are as follows:

2010/11	\$ 4,118
2011/12	4,241
2012/13	3,509
2013/14	2,001
2014/15	875

**19. 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 pursuant to 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, 2010.

**20. ECONOMIC DEPENDENCE**

The Authority received approximately 91% (2009 - 92%) of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for continued operations. This volume of funding transactions is normal within the industry, as regional health authorities are primarily funded by their respective provincial Ministries of Health.

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**21. RELATED ENTITIES**

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). Transactions between the related parties are recorded at the exchange amount, which approximates fair value. For accounting purposes the relationships with these organizations and agencies are as follows:

**a) Controlled entities**

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

The consolidated entities within the Authority exercise control over the following entities by virtue of their ability to determine their operating, investing, or financing policies. The following entities are controlled, but not consolidated:

Seven Oaks General Hospital Foundation Inc.  
 St. Boniface General Auxiliary Inc.

These entities were incorporated under the Corporations Act of Manitoba, are registered charities for the purposes of the Income Tax Act and accordingly are exempt from income taxes. The aim of these entities is to advance the welfare of their respective hospitals and patients.

A financial summary of these entities is as follows:

	<u>2010</u>	<u>2009</u>
<i>Financial Position</i>		
Total assets	\$ 1,453	\$ 1,791
<u>Total liabilities &amp; deferred contributions</u>	<u>149</u>	<u>153</u>
Total net assets	\$ 1,304	\$ 1,638
<i>Results of Operations</i>		
Total revenues	\$ 1,758	\$ 1,417
<u>Total expenses</u>	<u>1,037</u>	<u>1,015</u>
Surplus from operations	\$ 720	\$ 402
<i>Cash Flows</i>		
(Used in) from operating activities	\$ (225)	\$ 306
<u>Used for financing &amp; investing activities</u>	<u>180</u>	<u>60</u>
(Decrease) increase in cash	\$ (45)	\$ 366

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
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**21. RELATED ENTITIES (continued)**

**a) Controlled entities (continued)**

During the year, the entities listed contributed \$1,324 (2009 - \$264) to various facilities within the Authority. The Authority incurred expenses of \$nil (2009 - \$nil) with the listed entities. As at March 31, 2010, various facilities within the Authority had aggregate amounts of \$40 (2009 - \$908) receivable from and \$nil (2009 - \$nil) payable to the entities above.

**b) Significant influence**

The consolidated entities within the Authority exercise significant influence over a number of hospital foundations and other similar organizations by virtue of their ability to affect the entities' strategic operating, investing, and financing policies. These entities were incorporated under the Corporations Act of Manitoba, are registered charities for the purposes of the Income Tax Act and accordingly are exempt from income taxes. The aim of these entities is to advance the welfare of their respective Hospitals and patients.

During the year, these entities contributed \$3,056 (2009 - \$9,559) to various facilities within the Authority. The Authority incurred expenses of \$nil (2009 - \$nil) with the above entities. As at March 31, 2010, various facilities within the Authority had aggregate amounts of \$704 (2009 - \$2,785) receivable from and \$32 (2009 - \$nil) payable to the entities above.

**c) Economic interest**

The consolidated entities within the Authority have an economic interest in a number of organizations that support the hospital by virtue of the organizations holding resources that must be used to produce revenue for the consolidated entities within the Authority.

During the year, these entities contributed \$3,210 (2009 - \$3,451) to various facilities within the Authority. The Authority incurred expenses of \$nil (2009 - \$134) with the above entities. As at March 31, 2010, various facilities within the Authority had aggregate amounts of \$604 (2009 - \$1,317) receivable from and \$nil (2009 - \$nil) payable to the entities listed.

In addition to these entities, the Authority has an economic interest in proprietary and non-proprietary personal care homes and community health agencies. Funding is provided to these entities through service purchase agreements to deliver service on behalf of the Authority. Schedules 2, 3, and 4 disclose the funding provided to these entities for the delivery of service. As at March 31, 2010, the Authority had aggregate amounts of \$786 (2009 - \$nil) receivable from and \$14,261 (2009 - \$12,178) payable to proprietary and non-proprietary personal care homes and community health agencies.

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
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**22. 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 (dependent 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
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.

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**22. EMPLOYEE FUTURE BENEFITS (continued)**

**a) Accrued retirement entitlement (continued)**

The Authority undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at December 31, 2009, projected to March 31, 2010. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 4.9% (2009 - 6.7%) and a rate of salary increase of 4.0% (2009 - 3.5%) 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 changes from the March 31, 2004 liability amount are reflected in the statement of operations.

	<u>2010</u>	<u>2009</u>
Employee future benefits recoverable from Manitoba Health	\$ <b>82,302</b>	\$ 82,302

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

Balance, beginning of year	\$ 120,899	\$ 116,764
Net increase in pre-retirement entitlements	<b>22,425</b>	4,135
Balance, end of year	<b>\$ 143,324</b>	\$ 120,899

**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. The Authority is a Signatory Board and Settlor of the Plan and as such all of the relevant financial information is contained within the financial information of the Plan. 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.

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**22. EMPLOYEE FUTURE BENEFITS (continued)**

**b) Pension Plan (continued)**

The Plan's assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan through the use of multiple professional investment advisors who are guided by 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 employees' 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 for funding purposes occurred on December 31, 2007. This valuation indicated that the plan was fully funded. The plan is required to have its next actuarial valuation for funding purposes on or before December 31, 2010. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to \$62,390 (2009 - \$58,598) 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 Employees' Benefits Program which includes the Civic Employees' Pension Plan. The Civic Employees' Pension Plan is a defined benefit pension plan operated by the City of Winnipeg. During the year, the Authority expensed \$599 (2009 - \$235) for current year's contributions.

Some employees are eligible for membership in the multi employer Home Care Workers' Benefit Trust, which includes the Manitoba Home Care Pension Plan. The Manitoba Home Care Pension Plan is a defined contribution pension plan. During the year, the Authority expensed contributions to the pension plan of \$1,201 (2009 - \$1,160).

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
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**23. CAPITAL DISCLOSURES**

The Authority's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide health care services to the community. The capital position of the Authority is managed through its net assets, deferred contributions and loans.

The Authority relies mainly on government funding to finance its operations. The funds provided by government are allocated to the various programs based on the priorities identified by the Authority's Board of Directors.

During the year, the Board of Directors internally restricted \$1,412 (2009 - \$2,093) of unrestricted net assets to be used for future capital purchases. Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

The Authority also receives restricted contributions from government, private companies and individuals. Contributions received but not spent by the end of an accounting period are deferred and recognized in the appropriate period. During the year ended March 31, 2010, the Authority complied with the external restrictions imposed by its funders.

The Authority has entered into borrowing facilities to finance the purchase of capital assets. These facilities contain financial covenants. For all borrowing facilities, the Authority is to ensure that the proceeds of external financing arranged to refinance project loans will be first utilized to repay relevant project loans. Additionally, for the Emily Street Parkade and Tecumseh Street Parkade Loans, the Authority is required to maintain a Debt Service Coverage ratio, of not less than 110%. During the year ended March 31, 2010, the Authority complied with the financial covenants imposed by its financial institution.

**24. CHANGE IN ESTIMATE**

In order to obtain consistency throughout the consolidated sites, the WRHA has implemented one standard rate for the estimate of benefits on the Vacation, Statutory Holidays, and Overtime liability. This change in estimate has led to a reduction of the employee benefits payable and the direct operations expenses by \$13,688 in the current year.

**25. COMPARATIVE FIGURES**

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

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Schedule 1 - Other Income

For the year ended March 31, 2010

(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
Separately funded primary health programs	\$ 4,225	\$ 4,142
Other government revenue	8,441	7,793
Patient and resident income	36,146	35,273
Radiology fee for service	10,345	9,155
Recoveries	48,034	43,373
Investment income	645	1,289
Miscellaneous income	9,617	7,057
<b>Total</b>	<b>\$ 117,453</b>	<b>\$ 108,082</b>



# WINNIPEG REGIONAL HEALTH AUTHORITY

## Schedule 2 - Long Term Care Facility Funding

For the year ended March 31, 2010  
(in thousands of dollars)

	2010	2009
<b>Non-Proprietary Personal Care Homes</b>		
Bethania Mennonite Personal Care Home	\$ 6,397	\$ 5,953
Calvary Place Personal Care Home	5,075	4,659
Convalescent Home of Winnipeg	3,436	3,039
Donwood Manor Personal Care Home	5,453	4,915
Foyer Valade	6,985	6,256
Fred Douglas Lodge	6,497	5,713
Golden Links Lodge	3,968	3,513
Golden West Centennial Lodge	4,846	4,414
Holy Family Nursing Home	12,841	11,232
Lions Personal Care Centre	4,874	4,449
Luther Home	3,805	3,501
Meadowood Manor	3,839	3,565
Middlechurch Home of Winnipeg	9,298	8,506
Park Manor Personal Care Home	4,316	4,065
Pembina Place Mennonite Personal Care Home	2,831	2,572
Sharon Home	9,286	9,493
St. Joseph's Residence	4,739	4,330
Taché Centre	16,631	15,023
West Park Manor	6,292	5,782
Supportive Housing	7,091	5,697
Miscellaneous Funding Adjustments	763	541
<b>Total</b>	<b>\$ 129,263</b>	<b>\$ 117,218</b>
<b>Proprietary Personal Care Homes</b>		
Central Park Lodge - Beacon Hill	\$ 8,294	\$ 7,868
Central Park Lodge - Charleswood Care Centre	6,753	6,525
Central Park Lodge - Heritage Lodge	4,005	3,838
Central Park Lodge - Kildonan Personal Care Home	6,034	5,691
Central Park Lodge - Maples Personal Care Home	9,366	8,963
Central Park Lodge - Parkview Place	13,309	12,257
Central Park Lodge - Poseidon Care Centre	9,847	9,434
Extendicare - Oakview Place	10,505	9,921
Extendicare - Tuxedo Villa	8,970	8,414
Golden Door Geriatric Centre	3,445	3,233
River East Personal Care Home	5,697	5,476
St. Norbert Nursing Home	3,696	3,547
Vista Park Lodge	4,437	4,322
Miscellaneous Funding Adjustments	542	600
<b>Total</b>	<b>\$ 94,900</b>	<b>\$ 90,089</b>
<b>Rural Proprietary Personal Care Homes</b>		
Central Park Lodge - Valley View	\$ 4,045	\$ 3,866
Extendicare - Hillcrest Place	4,449	4,235
Extendicare - Red River Place	4,786	4,598
St. Adolphe Personal Care Home	1,890	1,838
Tudor House Personal Care Home	3,573	3,418
Miscellaneous Funding Adjustments	1	-
<b>Total</b>	<b>\$ 18,744</b>	<b>\$ 17,955</b>
<b>Residential Care</b>		
St. Amant Centre	\$ 24,947	\$ 23,783
<b>Total</b>	<b>\$ 267,854</b>	<b>\$ 249,045</b>

The facility funding reported on this schedule reflects approximately 73% (2009 - 74%) of the personal care homes' total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

In 2010, Drug Capitation Fees of \$2,181 were paid directly by the WRHA on behalf of the Non-Proprietary and Proprietary personal care homes (2009 - \$2,190).

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Schedule 3 - Community Health Agency Funding**

For the year ended March 31, 2010  
(in thousands of dollars)

	<b>2010</b>	<b>2009</b>
Aboriginal Health & Wellness Centre	\$ 1,134	\$ 1,061
Centre de Sante	2,550	2,172
Hope Centre Health Care Incorporated	998	936
Klinik Incorporated	5,925	5,108
Main Street Project Inc.	1,796	1,736
MFL Occupational Health and Safety Inc.	773	742
Mount Carmel Clinic	7,346	6,705
Nine Circles Community Health Centre Inc.	3,376	2,739
Nor'West Co-op Community Health Centre, Inc.	1,330	1,187
Rehabilitation Centre for Children, Inc.	2,863	2,672
Sexuality Education Resource Centre Manitoba, Inc.	1,032	895
Women's Health Clinic, Inc.	3,030	3,060
Clinique Youville Clinic Inc.	2,588	2,421
Miscellaneous Funding Adjustments	29	5
<b>Total</b>	<b>\$ 34,770</b>	<b>\$ 31,439</b>

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

For the year ended March 31, 2010  
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
Convalescent Home of Winnipeg	\$ 55	\$ 38
Fred Douglas Lodge	201	190
Golden Links Lodge	92	55
Golden West Lodge	173	162
Holy Family Nursing Home	260	192
Independent Living Resource Centre	109	107
Lions Personal Care Centre	166	163
Lions Place - Charleswood	299	268
Lions Place - Concordia	195	189
Lions Place - 610 Portage	232	223
Luther Home	101	94
Middlechurch Home of Winnipeg	261	198
Extendicare - Oakview Place	152	145
Park Manor Personal Care Home	150	109
Sharon Home	82	68
South YM/YWCA	163	170
Taché Centre	402	382
Miscellaneous Funding Adjustments	1	1
<b>Total</b>	<b>\$ 3,094</b>	<b>\$ 2,754</b>

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Schedule 5 - Grants to Facilities and Agencies**  
**For the year ended March 31, 2010**  
**(in thousands of dollars)**

	<u>2010</u>	<u>2009</u>
Aboriginal Seniors Resource Centre	\$ 169	\$ 169
Age & Opportunity Centre Inc.	610	627
ALS House	408	408
Alzheimer's Society of Manitoba	65	65
Betelstadur Housing Co-op	7	7
Bethania Personal Care Home	18	18
Bethel Place	38	38
Bonivital Council for Seniors	39	39
Broadway Seniors Resource Council Inc.	39	39
Canadian Mental Health Association	982	982
Canadian Polish Manor	14	18
Central Speech & Hearing Clinic Inc.	101	101
Charleswood Senior Centre	46	46
Chez Nous Inc.	19	19
City of Winnipeg - Emergency Services	5,894	6,230
Clubhouse of Winnipeg Inc.	378	357
CNIB	12	12
Columbus Manor	19	19
Community Therapy Services	209	199
Creative Retirement Manitoba	46	46
Donwood Manor	118	111
Doray Enterprises	332	332
Fort Garry Services Inc.	38	38
Foyer Vincent Inc.	19	19
Friends Housing Inc.	94	94
Good Neighbours Senior Centre Inc.	128	128
Gwen Sector Creative Living Centre	58	58
Hospice & Palliative Care Manitoba	83	83
Jewish Child and Family	36	36
Jocelyn House	285	285
Keewatin Inkster (formerly Brooklands/Weston Community Resource)	95	95
Kingsford Haus Co-op Ltd.	12	12
La Federation de Franco MB	17	17
L'Accueil Colombien Inc.	18	18
Lindenwoods	100	100
Lions Club	37	37
Luther Home Care	-	114
Manitoba Association of Multipurpose Senior Centres	4	4
Manitoba Cardiac Institute (Reh-fit)	750	762
Manitoba Eastern Star Chalet	12	12
Manitoba Housing Authority	360	360
MacDonald Youth Services	324	315
McClure	12	12
Meals on Wheels of Winnipeg Inc.	159	159
Metropolitan Kiwanis Courts	101	101

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Schedule 5 - Grants to Facilities and Agencies (continued)**  
**For the year ended March 31, 2010**  
**(in thousands of dollars)**

	<u>2010</u>	<u>2009</u>
Middlechurch Home of Winnipeg	47	47
Park Manor Personal Care Home	82	-
Pembina Place (formerly Deaf Centre Manitoba Inc.)	37	37
Rainbow Society	267	282
River East Council for Seniors	62	62
Rose & Max Rady Jewish Community Centre	17	17
Ruperts Land Caregiver Services	56	52
S.S.C.O.P.E. Incorporated	102	162
Salvation Army	248	278
Salvation Army - Grace Hospital	1,000	1,000
Sara Riel Inc.	840	840
Seniors Home Help Inc.	75	75
Seneca House	374	374
Serena Manitoba Inc.	12	12
Seven Oaks Seniors Link (formerly North Winnipeg Community Council)	39	39
Seven Oaks Wellness Centre	727	597
Society for Manitobans with Disabilities	1,452	1,452
South Winnipeg Senior Resource Council Inc.	59	51
St. James/Assiniboia Senior Centre Inc.	94	89
Stay Young Centre	18	18
Transcona Council for Seniors	43	43
United Way	250	-
University of Manitoba - Medical Info Line for the Elderly	33	33
University of Manitoba - Dental Services	45	45
University of Manitoba Dentistry - PCH Program	255	160
University of Manitoba	316	176
University of Manitoba - Smile Plus	77	32
Villa Cabrini Inc.	38	38
Villa Nova	12	12
Villa Tache	30	30
Willow Centre	12	12
Wolseley Family Centre	97	97
YW/YMCA of Winnipeg	182	182
Miscellaneous Funding Adjustments	(3)	6
<b>Total</b>	<b>\$ 19,300</b>	<b>\$ 19,091</b>

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Schedule 6 - Internally Restricted Net Assets**  
For the year ended March 31, 2010  
(in thousands of dollars)

	2010											2009
	Internally Restricted Net Assets											Total
	Laundry Capital Assets	Telehealth Capital Assets	Concordia Capital Assets	Grace Capital Assets	Victoria Capital Assets	Seven Oaks Ancillaries & Wellness Institute	Health Sciences Centre Internally Restricted	Riverview Internally Restricted	Misericordia Ancillary Fund	St. Boniface Internally Restricted	Total Internally Restricted	
Balance, beginning of year	\$ 1,204	\$ 510	\$ 1,030	\$ 3,088	\$ 1,353	\$ 3,799	\$ -	\$ 3,097	\$ 4,229	\$ 6,556	\$ 24,866	\$ 24,014
Net surplus	-	-	24	-	-	53	2,176	203	(1,012)	159	1,603	770
Purchase of capital assets	-	-	-	(19)	(192)	(656)	-	-	-	(40)	(907)	(2,011)
Net Asset Restrictions	693	-	-	-	-	719	-	-	-	-	1,412	2,093
Balance, end of year	\$ 1,897	\$ 510	\$ 1,054	\$ 3,069	\$ 1,161	\$ 3,915	\$ 2,176	\$ 3,300	\$ 3,217	\$ 6,675	\$ 26,974	\$ 24,866

**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, 2010  
(unaudited)  
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>		
Manitoba Health operating income	\$ 2,077,237	\$ 1,951,466
Other income (schedule 1)	117,453	108,082
Amortization of deferred contributions, capital	65,641	58,972
Recognition of deferred contributions, future expenses	12,822	2,430
	<b>2,273,153</b>	<b>2,120,950</b>
<b>EXPENSES</b>		
Salaries and wages	1,232,762	1,151,702
Medical remuneration	180,303	168,742
Printing, stationery and office supplies	6,547	6,543
Housekeeping, laundry and linen	17,067	17,804
Utilities, insurance and taxes	39,941	38,711
Food and dietary supplies	20,298	21,974
Medical and surgical supplies	111,775	110,078
Pharmaceutical supplies	55,084	52,158
Diagnostic supplies	23,098	21,586
Miscellaneous and other	56,316	55,942
Repairs and maintenance	56,839	53,221
Referred out services	57,917	50,665
Radiology fee for service costs	13,159	12,449
Interest	747	786
Amortization of capital assets	67,173	61,848
Employee future benefits	22,425	4,135
Non-acute care facility and grant funding	325,733	303,020
	<b>2,287,184</b>	<b>2,131,364</b>
<b>OPERATING DEFICIT</b>	<b>(14,031)</b>	<b>(10,414)</b>
<b>NON-INSURED SERVICES</b>		
Non-insured services income	72,447	63,227
Non-insured services expenses	66,797	56,711
<b>NON-INSURED SERVICES SURPLUS</b>	<b>5,650</b>	<b>6,516</b>
<b>DEFICIT FOR THE YEAR</b>	<b>\$ (8,381)</b>	<b>\$ (3,898)</b>

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Supplementary Information**  
**WRHA Statement of Operations including all Acute Care Operations**  
**By Program**  
For the year ended March 31, 2010  
(unaudited)  
(in thousands of dollars)

	2010	2009
<b>REVENUE</b>		
Manitoba Health operating income	\$ 2,077,237	\$ 1,951,466
Other income (schedule 1)	117,453	108,082
Amortization of deferred contributions, capital	65,641	58,972
Recognition of deferred contributions, future expenses	12,822	2,430
	<b>2,273,153</b>	<b>2,120,950</b>
<b>EXPENSES</b>		
Program costs		
Anaesthesia	14,195	14,590
Breast health	2,504	2,600
Cardiac sciences	67,065	60,649
Child health	98,426	84,384
Child adolescent & mental health	18,898	17,581
Critical care	52,953	49,230
Diagnostic imaging	64,030	60,998
Diagnostic imaging - Radiology Fee for Service	13,069	12,411
Emergency	83,143	76,638
Family medicine	36,585	35,112
Genetics	1,346	1,179
Health Links	6,562	5,829
Laboratories	74,672	69,887
Medicine	104,981	96,646
Renal health	56,753	53,227
Mental health	39,089	36,717
Oncology	8,038	7,602
Oral health	502	494
Palliative care	9,286	8,951
Psychology	4,024	3,749
Rehab/Geriatrics	59,748	57,454
Surgery	207,049	197,657
Tele-health	2,445	2,411
Women's health	49,359	52,499
Long term care	62,742	58,400
Residents and interns	30,037	26,575
Other diagnostic & therapeutic services	42,763	38,615
Pharmacy	34,546	33,323
Community based home care services	184,151	174,229
Community based mental health services	16,797	14,809
Community based primary health services	38,344	29,905
Separately funded primary health programs	8,609	8,030
	<b>1,492,711</b>	<b>1,392,381</b>



**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Supplementary Information**  
**WRHA Statement of Operations including all Acute Care Operations**  
**By Program (continued)**  
For the year ended March 31, 2010  
(unaudited)  
(in thousands of dollars)

	<u>2010</u>	<u>2009</u>
Indirect service costs		
Corporate and support services	<b>69,903</b>	71,236
Clinical and non-clinical support services	<b>89,019</b>	83,525
Information services	<b>52,979</b>	47,151
Facility services	<b>145,578</b>	141,647
Marketed services	<b>90</b>	83
Research and education services	<b>9,447</b>	10,111
	<b>367,016</b>	353,753
Other costs		
Non-acute care facility and grant funding	<b>325,733</b>	303,020
Aboriginal services & strategies	<b>2,190</b>	2,216
Other costs	<b>9,189</b>	13,225
Employee future benefits	<b>22,425</b>	4,135
Interest	<b>747</b>	786
Amortization of capital assets	<b>67,173</b>	61,848
	<b>427,457</b>	385,230
	<b>2,287,184</b>	2,131,364
<b>OPERATING DEFICIT</b>	<b>(14,031)</b>	(10,414)
NON-INSURED SERVICES		
Non-insured services income	<b>72,447</b>	63,227
Non-insured services expenses	<b>66,797</b>	56,711
<b>NON-INSURED SERVICES SURPLUS</b>	<b>5,650</b>	6,516
<b>OPERATING AND NON-INSURED DEFICIT</b>	<b>\$ (8,381)</b>	<b>\$ (3,898)</b>

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Supplementary Information

As at March 31, 2010

(unaudited)

(amounts in thousands of dollars)

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### 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.

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

	<u>2010</u>	<u>2009</u> (Restated)
Administrative costs	\$ 92,753	\$ 90,244
Administrative cost %	3.9%	4.1%

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.