

Consolidated Financial Statements of the
WINNIPEG REGIONAL HEALTH AUTHORITY
March 31, 2013

WINNIPEG REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2013

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 public sector accounting standards for government not-for-profit organizations as issued by the Public Sector Accounting Board. Of necessity, the financial statements include some amounts that are based on estimates and judgments.

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.

Signed by Arlene Wilgosh

Arlene Wilgosh
President & Chief Executive Officer

Signed by Glenn McLennan

Glenn McLennan, CMA
Vice-President & Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Directors of
Winnipeg Regional Health Authority

We have audited the accompanying consolidated financial statements of the **Winnipeg Regional Health Authority** [the "Authority"], which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, and April 1, 2011, and the consolidated statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and 2012, and the consolidated statement of remeasurement gains and losses for the year ended March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the **Winnipeg Regional Health Authority** as at March 31, 2013 and 2012, and April 1, 2011, and the results of its operations and changes in its net assets and its cash flows for the years ended March 31, 2013 and 2012 in accordance with Canadian public sector accounting standards.

Winnipeg, Canada,
September 24, 2013.

Signed by Ernst & Young

Chartered Accountants

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WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statements of Financial Position
(in thousands of dollars)

	As at March 31, 2013	As at March 31, 2012 (Restated)	As at April 1, 2011 (Restated)
ASSETS			
CURRENT			
Cash and cash equivalents	\$ 154,803	\$ 89,580	\$ 40,519
Accounts receivable (Note 5)	98,826	163,459	171,200
Inventory (Note 6)	31,666	30,470	29,183
Prepaid expenses	12,651	12,327	13,511
Investments (Note 9)	10,560	6,099	7,182
Employee benefits recoverable from Manitoba Health (Note 7)	78,957	78,957	78,957
	387,463	380,872	340,532
CAPITAL ASSETS, NET (Notes 8 and 14)	1,437,462	1,352,277	1,212,058
OTHER ASSETS			
Employee future benefits recoverable from Manitoba Health (Note 22)	82,499	82,499	82,499
Investments (Note 9)	61,460	64,205	55,931
Accounts held in trust (Note 10)	4,434	4,853	3,576
Nurse recruitment and retention fund (Note 11)	4,870	4,169	3,512
	\$ 1,978,178	\$ 1,888,875	\$ 1,698,108
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities (Note 12)	\$ 209,922	\$ 215,955	\$ 200,954
Demand loans (Note 13)	-	-	18,000
Employee benefits payable (Note 7)	103,303	97,340	95,712
Current portion of long-term debt (Note 14)	45,215	47,345	50,898
	358,440	360,640	365,564
NON-CURRENT			
Long-term debt (Note 14)	20,527	24,948	27,918
Employee future benefits payable (Note 22)			
Accrued retirement entitlement	177,753	170,512	162,361
Sick leave liability	35,336	34,876	34,876
Accounts held in trust (Note 10)	4,434	4,853	3,576
Deferred contributions (Note 16)	1,326,978	1,233,261	1,043,077
Nurse recruitment and retention fund (Note 11)	4,870	4,169	3,512
	1,569,898	1,472,619	1,275,320
COMMITMENTS AND CONTINGENCIES (Note 18)			
NET ASSETS	49,423	55,616	57,224
ACCUMULATED REMEASUREMENT GAINS	417	-	-
	\$ 1,978,178	\$ 1,888,875	\$ 1,698,108

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Signed by Dr. Jerry Gray

Dr. Jerry Gray, Board Chair

Signed by Reg Kliewer

Reg Kliewer, Treasurer

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

For the years ended March 31

(In thousands of dollars)

	<u>2013</u>	<u>2012</u>
		(Restated)
REVENUE		
Manitoba Health operating income	\$ 2,386,750	\$ 2,303,890
Other income (Schedule 1)	111,408	113,151
Amortization of deferred contributions, capital	74,413	66,511
Recognition of deferred contributions, future expenses	18,699	12,871
	<u>2,591,270</u>	<u>2,496,423</u>
EXPENSES		
Direct operations	2,152,491	2,080,523
Interest	527	722
Amortization of capital assets	80,381	72,162
	<u>2,233,399</u>	<u>2,153,407</u>
FACILITY FUNDING		
Long-term care facility funding (Schedule 2)	294,949	284,735
Community health agency funding (Schedule 3)	40,318	38,067
Adult day care facility funding (Schedule 4)	3,254	3,249
Long-term care community therapy services	764	735
GRANT FUNDING		
Grants to facilities and agencies (Schedule 5)	27,223	19,993
	<u>2,599,907</u>	<u>2,500,186</u>
OPERATING DEFICIT	<u>(8,637)</u>	<u>(3,763)</u>
NON-INSURED SERVICES		
Non-insured services income	75,085	82,451
Non-insured services expenses	70,939	80,296
NON-INSURED SERVICES SURPLUS	<u>4,146</u>	<u>2,155</u>
DEFICIT FOR THE YEAR	<u>\$ (4,491)</u>	<u>\$ (1,608)</u>

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statements of Changes in Net Assets
For the years ended March 31
(in thousands of dollars)

	2013			
	Unrestricted Net Assets	Investment in Capital Assets (Note 17)	Internally Restricted Net Assets (Schedule 6)	Total
Balance, beginning of year	\$ (104,613)	\$ 131,379	\$ 28,850	\$ 55,616
Adjustment upon adoption of financial instruments standard	(1,702)	-	-	(1,702)
Surplus (deficit) for the year	5,872	(11,036)	673	(4,491)
Purchase of capital assets, net	(31,306)	33,869	(2,563)	-
Net asset restrictions	(2,945)	-	2,945	-
Balance, end of year	\$ (134,694)	\$ 154,212	\$ 29,905	\$ 49,423

	2012 (Restated)				2011 (Restated)
	Unrestricted Net Assets	Investment in Capital Assets (Note 17)	Internally Restricted Net Assets (Schedule 6)	Total	Total
Balance, beginning of year	\$ (72,721)	\$ 102,126	\$ 27,819	\$ 57,224	\$ 47,183
Amalgamation of Churchill RHA	-	-	-	-	934
Adjustments on transition to PSAB	-	-	-	-	(50,821)
Adjusted balance, beginning of year	(72,721)	102,126	27,819	57,224	(2,704)
Correction of accounting error (note 27)	-	-	-	-	57,765
Surplus (deficit) for the year	8,392	(10,813)	813	(1,608)	2,163
Purchase of capital assets, net	(39,394)	40,066	(672)	-	-
Net asset restrictions	(890)	-	890	-	-
Balance, end of year	\$ (104,613)	\$ 131,379	\$ 28,850	\$ 55,616	\$ 57,224

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Remeasurement Gains and Losses
For the years ended March 31
(in thousands of dollars)

	<u>2013</u>
Accumulated remeasurement gains at beginning of year	\$ -
Adjustment upon adoption financial instruments standard	1,702
Financial instruments	
Portfolio Investments - change in market value	406
Amounts realized during the year	(916)
Unrealized loss attributable to:	
Derivative – interest rate swap	(775)
Net remeasurement loss for the year	(1,285)
Accumulated remeasurement gains at end of year	\$ 417

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statements of Cash Flows

For the years ended March 31
(in thousands of dollars)

	<u>2013</u>	<u>2012</u> (Restated)
OPERATING ACTIVITIES		
Deficit for the year	\$ (4,491)	\$ (1,608)
Items not affecting cash		
Amortization of capital assets	88,349	80,144
Amortization of deferred contributions related to capital assets	(77,313)	(69,331)
Recognition of deferred contributions related to future expenses	(30,178)	(30,864)
Net change in employee future benefits	13,664	9,779
	<u>(9,969)</u>	<u>(11,880)</u>
Changes in non-cash operating working capital balances	55,795	22,621
Deferred contributions received - future expenses	32,160	68,374
	<u>77,986</u>	<u>79,115</u>
FINANCING ACTIVITIES		
Deferred contributions received - capital assets	169,048	222,005
Demand loan repayments	-	(18,000)
Proceeds of long-term debt	-	144
Long-term debt repayments	(6,551)	(6,667)
	<u>162,497</u>	<u>197,482</u>
CAPITAL ACTIVITIES		
Construction in progress	(75,979)	(70,837)
Purchase of capital assets (net)	(97,555)	(149,529)
	<u>(173,534)</u>	<u>(220,366)</u>
INVESTING ACTIVITIES		
Increase in investments	(1,706)	(7,191)
	<u>(1,706)</u>	<u>(7,191)</u>
INCREASE	65,243	49,041
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	89,560	40,519
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 154,803	\$ 89,560
Comprised of:		
Cash	\$ 153,544	\$ 88,804
Cash equivalents	1,259	756
Total	\$ 154,803	\$ 89,560
Supplementary Information:		
Interest paid	\$ 5,783	\$ 6,550

The accompanying notes and schedules are an integral part of the consolidated financial statements.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority ("the Authority", "WRHA") was established as of May 28, 2012 under the Regional Health Authorities Act, as the successor to the Winnipeg Regional Health Authority 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, Churchill Health Centre, Deer Lodge Centre, Grace General Hospital and Pan Am Clinic sites. Acute care services are also provided by non-devolved hospitals Concordia Hospital, Seven Oaks General Hospital, Victoria General Hospital ("the Community Hospitals"), the non-devolved hospitals Misericordia Health Centre, Riverview Health Centre, Inc., St. Boniface General Hospital ("the Other Hospitals"), and the Manitoba Adolescent Treatment Centre ("MATC"). In addition, the Authority also provides information technology services to all regional health authorities in Manitoba, Diagnostic Services of Manitoba, CancerCare Manitoba, the Addictions Foundation of Manitoba, as well as health-care providers and their colleges and associations through its operations of Manitoba eHealth. Volunteer Enterprises of the Health Sciences Centre Inc. ("VENT") operates services within the Authority 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. Note 21 provides details of the relationships that the Authority has with these related entities.

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. AMALGAMATION

On May 28, 2012, the Authority acquired the assets and assumed the liabilities of Churchill Regional Health Authority (now "Churchill Health Centre" or "Churchill"). Continuity of interests accounting has been applied to this transaction. As a result, the former carrying values of Churchill Regional Health Authority's assets, liabilities and net assets as at March 31, 2013, March 31, 2012 and April 1, 2011 and its operations and cash flows for the years ended March 31, 2013 and 2012 are included in these financial statements as if the authorities had always been combined.

A financial summary of Churchill Regional Health Authority is as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Financial Position			
Total assets	\$ 7,257	\$ 9,555	\$ 6,425
Total liabilities and deferred contributions	6,528	8,365	6,466
Total net assets	\$ 729	\$ 1,190	\$ (41)
Statement of Operations			
		2013	2012
Total revenue		\$ 15,341	\$ 15,442
Total expenses		14,766	15,187
Surplus from operations		\$ 575	\$ 255

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

2. AMALGAMATION (continued)

Cash Flows	2013	2012
(Used in) from operating activities	\$ (1,870)	\$ 3,111
From (used in) financing, capital, and investing activities	1,608	(3,010)
(Decrease) increase in cash	\$ (262)	\$ 101

3. FIRST-TIME ADOPTION OF PUBLIC SECTOR ACCOUNTING STANDARDS

The Public Sector Accounting Board ("PSAB") issued new standards for government not-for-profit organizations ("GNFPO"). For years beginning on or after January 1, 2012, GNFPO are given a choice of Public Sector Accounting standards or Public Sector Accounting standards including sections PS 4200 – 4270. The Authority has chosen to follow Public Sector Accounting standards including PS 4200 – 4270 ("PSAB for GNFPO").

Amounts related to March 31, 2012 and April 1, 2011 were previously presented in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These amounts have been restated as necessary to be compliant with our accounting policies under PSAB for GNFPO. Reconciliations and descriptions relating to the transition from Canadian GAAP to PSAB for GNFPO are included in Note 24.

These are the Authority's first set of financial statements prepared in accordance with the PSAB for GNFPO framework. In preparing its opening balance sheet as at April 1, 2011 (the "transition date"), the Authority has applied the transitional provisions included in Section 2125, "First-time Adoption by Government Organizations".

Section 2125 requires retroactive application of accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies in Note 4 "Significant Accounting Policies" have been consistently applied in the preparation of the consolidated financial statements with the exception of PS 3450 – Financial Instruments which has been applied with an effective date of April 1, 2012.

4. SIGNIFICANT ACCOUNTING POLICIES

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, Manitoba eHealth services, Acute Care services (Health Sciences Centre, Churchill Health Centre, Deer Lodge Centre, Grace General Hospital and Pan Am sites), and Medical Remuneration.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) The reporting entity (continued)

- Community Hospitals - by means of agreements to further regionalization and operating agreements.
 - 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 services and purposes are integrated with that of the Authority such that they and the Authority 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 Authority has the ability to determine their strategic operating, capital, investing and financing policies.

As permitted by PSAB for GNFP, the controlled Community Hospitals, Other Hospitals, MATC, and VENT 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 been consolidated 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.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition (continued)

- 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.
- vi. Non-insured services income is primarily recognized as revenue in the period in which it is received as they do not contain external restrictions.

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, 2013.

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 replacement cost. 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 at the following annual rates:

Buildings	2-10%
Furniture and equipment	4-33%
Computer hardware and software	10-33%
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

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 the Authority.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Use of estimates

The preparation of financial statements in conformity with PSAB for GNFPD requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

i) Internally restricted net assets

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

j) Financial instruments

The Authority classifies its financial instruments at either fair value or amortized cost. The Authority's accounting policy for each category is as follows:

Fair value

This category includes derivatives and investments. The Authority uses derivative instruments to manage exposure to changes in interest rates. The Authority's objective for holding these derivatives is to minimize risk using the most efficient methods to eliminate or reduce the impacts of this exposure.

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

Under these swaps, 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.

The derivatives are measured at fair value and the unrealized gains or losses arising from remeasurement are recorded and presented in the consolidated statement of remeasurement gains and losses and in accounts receivable or accounts payable and accrued liabilities in the consolidated statement of financial position. In the year of settlement or disposal, the gains or losses are reclassified to the consolidated statement of operations.

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

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

Investments are initially recognized at fair value and subsequently carried at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations.

The Authority recognizes investments based on settlement dates. Transaction costs related to investments are added to the carrying value of the instrument.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the consolidated statement of operations.

Amortized cost

This category includes accounts receivable, accounts payable and accrued liabilities and term debt. These financial instruments are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs are recognized when the amount of a loss is known with sufficient accuracy, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the consolidated statement of operations.

Adoption of accounting standards related to financial instruments

PSAB approved the following new public sector accounting standards:

- PS 1201 – Financial statement presentation (replacing PS 1200, Financial statement presentation)
- PS 2601 – Foreign currency translation (replacing PS 2600, Foreign currency translation)
- PS 3041 – Portfolio investments (replacing PS 3040, Portfolio investments)
- PS 3450 – Financial instruments

Adoption of all of these standards must take place in the same fiscal period. In accordance with the requirements of these standards, prospective application of the recognition, derecognition and measurement policies are presented beginning April 1, 2012. Accordingly, consolidated financial statements of prior periods, including comparative information, have not been restated and no comparative information is presented for the first time presentation of the consolidated statement of remeasurement gains and losses.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

Prior to April 1, 2012, investments were recorded at fair value with changes in unrealized gains and losses recorded in the consolidated statement of operations.

k) Due to/from Manitoba Health

In-Globe funding

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

Any operating surplus greater than 2% of budget related to In-Globe funding arrangements is recorded on the consolidated 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 consolidated statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the consolidated 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 consolidated statement of financial position as a receivable from Manitoba Health until such time as Manitoba Health reviews the consolidated financial statements. At that time, Manitoba Health determines their final funding approvals which indicate the portion of the deficit that will be paid to the Authority. Any unapproved costs not paid by Manitoba Health are absorbed by the Authority.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013
(In thousands of dollars)

5. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012 (Restated)</u>
Manitoba Health - operating, capital and fee for service	\$ 62,622	\$ 130,131
Accounts receivable from other Province of Manitoba departments	332	406
Facility advances and receivables	2,729	1,599
Patient related and other	35,606	33,912
Allowance for doubtful accounts	(2,463)	(2,589)
	<u>\$ 98,826</u>	<u>\$ 163,459</u>

There are no significant amounts that are past due or impaired.

6. INVENTORY

	<u>2013</u>			<u>2012 (Restated)</u>
	<u>Held for Sale</u>	<u>Held for Internal Use</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 1,305	\$ 29,165	\$ 30,470	\$ 29,163
Amount purchased in year	6,233	183,011	189,244	168,414
Amount expensed in year	(4,339)	(181,585)	(185,924)	(156,702)
Amount written down in year	(7)	(2,237)	(2,244)	(502)
Write-downs reversed in year	7	113	120	97
Balance, end of year	<u>\$ 3,199</u>	<u>\$ 28,467</u>	<u>\$ 31,666</u>	<u>\$ 30,470</u>

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.

The employee benefits recoverable from Manitoba Health is as follows:

	<u>2013</u>	<u>2012 (Restated)</u>
Balance, beginning of year	\$ 78,957	\$ 78,957
Balance, end of year	<u>\$ 78,957</u>	<u>\$ 78,957</u>

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

Balance, beginning of year	\$ 97,340	\$ 95,712
Increase in vacation/overtime/statutory holiday entitlements	5,963	1,628
Balance, end of year	<u>\$ 103,303</u>	<u>\$ 97,340</u>

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8. CAPITAL ASSETS

	2013		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 18,308	\$ -	\$ 18,308
Buildings	1,190,362	(474,751)	715,611
Furniture and equipment	849,381	(713,532)	135,849
Computer hardware and software	195,300	(78,802)	116,498
Leasehold improvements	61,977	(17,402)	44,575
Construction in progress	406,621	-	406,621
	\$ 2,721,949	\$ (1,284,487)	\$ 1,437,462

	2012 (Restated)		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 18,307	\$ -	\$ 18,307
Buildings	1,180,693	(445,439)	735,254
Furniture and equipment	822,973	(680,425)	142,548
Computer hardware and software	139,051	(57,782)	81,269
Leasehold improvements	61,302	(17,045)	44,257
Construction in progress	330,642	-	330,642
	\$ 2,552,968	\$ (1,200,691)	\$ 1,352,277

The Authority has capitalized interest on some projects up until they are substantially complete. The amount of interest capitalized during the year was \$2,308 (2012 - \$2,299).

9. INVESTMENTS

	Fair value hierarchy level	2013	2012 (Restated)
	Investments at fair value		
Money market investments	Level 2	\$ 2,166	\$ 1,655
Government bonds	Level 2	25,326	34,791
Corporate bonds	Level 2	41,543	32,554
Guaranteed Investment Certificates (GICs)	Level 2	6,575	4,503
		75,610	73,503
Less: amounts included with cash and cash equivalents		(1,259)	(756)
Less: amounts included with specific purpose funds		(2,341)	(2,443)
		72,010	70,304
Less: amounts maturing/redeemable within one year, included in current assets		(10,560)	(6,099)
		\$ 61,450	\$ 64,205

The fair value hierarchy level is provided to present the degree of objectivity of the fair values of the investment portfolio. The levels are defined as follows:

Level 1: Unadjusted quoted prices in an active market for an identical asset or liability

Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

None of the above investments are considered impaired, and no write-down was recorded during the year as there were no declines in the values of these investments that were concluded to be other than a temporary decline in value.

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9. INVESTMENTS (continued)

The Authority manages the liquidity risk associated with its investments by limiting the types of eligible investments. At the time of purchase, corporate bonds and government 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 at March 31, 2013, the maturity dates are as follows:

	Government	Corporate	GICs	Effective Yield
Within 1 year	\$ 5,717	\$ 3,501	\$ 1,494	4.37%
2 to 5 years	10,723	25,468	5,081	3.11%
5 to 10 years	8,859	11,547	-	3.73%
Over 10 years	27	1,027	-	3.95%
	\$ 25,326	\$ 41,543	\$ 6,575	

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

10. ACCOUNTS HELD IN TRUST

Cash and cash equivalents and investments held in trust include the following:

	2013	2012 (Restated)
Cash and cash equivalents	\$ 2,093	\$ 2,410
Investments, at fair value	2,341	2,443
	\$ 4,434	\$ 4,853

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

	2013	2012 (Restated)
Balance, beginning of year	\$ 4,853	\$ 3,576
Grants, bequests and donations	1,166	2,513
Investment income	31	(337)
Disbursements	(1,616)	(899)
Balance, end of year	\$ 4,434	\$ 4,853

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11. NURSE RECRUITMENT AND RETENTION FUND

In 2000, Manitoba Health had established a 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 tripartite 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>2013</u>	<u>2012 (Restated)</u>
Cash and cash equivalents	\$ 4,870	\$ 4,169

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

	<u>2013</u>	<u>2012 (Restated)</u>
Balance, beginning of year	\$ 4,169	\$ 3,512
Additions to fund	3,200	3,600
Interest earned on investment	20	13
Fund expenditures	(2,519)	(2,956)
Balance, end of year	\$ 4,870	\$ 4,169

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012 (Restated)</u>
Accounts payable and accrued liabilities	\$ 156,423	\$ 163,881
Accounts payable to Manitoba Health	7,542	7,572
Accrued salaries	37,972	40,755
Holdbacks on construction contracts	7,985	3,947
	<u>\$ 209,922</u>	<u>\$ 215,955</u>

13. DEMAND LOANS

The demand loan represents an interest free cash advance from Manitoba Health. The interest free demand loan has a balance at March 31, 2013 of \$nil (2012 - \$nil, 2011 - \$18,000) and was issued on October 31, 2009 in the amount of \$20,000. This loan was repaid in full in 2012.

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14. LONG-TERM DEBT

	<u>2013</u>	<u>2012 (Restated)</u>
1.720% Banker's Acceptance, maturing April 15, 2013 Health Sciences Centre Tecumseh Street Parkade Original Obligation \$38,319, Fair value \$34,344 (2012 - \$35,635)	\$ 34,344	\$ 35,635
Prime minus 0.65% Mortgage payable, maturing December 31, 2015 Health Sciences Centre Kleysen Institute Original Obligation \$13,999, Fair value \$8,818 (2012 - \$11,302)	8,818	11,302
7.38% Mortgage payable, maturing August 31, 2018 Monthly principal and interest payments \$157 Nutrition and Food Services Original Obligation \$18,976, Fair value \$8,906 (2012 - \$9,982)	8,406	9,624
5.8% Bank Loan, maturing September 30, 2014 Monthly principal and interest payments \$87 St. Boniface General Hospital Atrium Original Obligation \$12,400, Fair value \$9,975 (2012 - \$10,272)	8,787	9,309
1.405% Banker's Acceptance, maturing April 28, 2013 Health Sciences Centre Emily Street Parkade Original Obligation \$7,256, Fair value \$3,857 (2012 - \$4,654)	3,857	4,654
Prime minus 0.65% Term Loan, maturing September 30, 2022 Monthly principal and interest payments \$9 Grace General Hospital Ancillary Parking Lot Original Obligation \$1,255, Fair value \$993 (2012 - \$1,098)	993	1,098
Prime Non-Revolving Term Credit Facility, no fixed maturity Riverview Health Centre Boilers Original Obligation \$1,286, Fair value \$286 (2012 - \$406)	286	406
Prime plus 0.30% Demand Loan Monthly principal and interest payments \$3 Churchill Health Centre Original Obligation \$213, Fair value \$180 (2012 - \$144)	180	144
Prime plus 0.25% Term Loan, maturing September 1, 2015 Monthly principal and interest payments \$4 Grace General Hospital Hospice Original Obligation \$500, Fair value \$71 (2012 - \$121)	71	121
	65,742	72,293
Less amounts due within one year, Included in current liabilities	(45,215)	(47,345)
	\$ 20,527	\$ 24,948

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.

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14. LONG-TERM DEBT (continued)

The Health Sciences Centre Tecumseh Street Parkade Loan has been secured with the Tecumseh Street Parkade, which at March 31, 2013 had a net book value of \$38,747 (2012 - \$40,287). The Health Sciences Centre Emily Street Parkade Loan has been secured with the Emily Street Parkade which at March 31, 2013 had a net book value of \$5,011 (2012 - \$5,570). The assigned results of the HSC Business and Innovative Services have also been secured against both of the parkade loans.

The Health Sciences Centre Kleysen Institute loan, which has been secured against an assignment of funding pledges, had at March 31, 2013 a net book value of \$61,404 (2012 - \$58,989). Principal repayments will match the timing of the receipt of the pledges. The Authority anticipates approximately \$4,527 of repayment in the next year.

The St. Boniface General Hospital Atrium Loan maturing on September 30, 2014 is secured by an assignment of existing and future leases and rents related to the St. Boniface General 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 Grace General Hospital Ancillary Parking Lot Loan has been secured with the revenue from the Grace Ancillary parking lot. The Grace General Hospital Hospice Loan has been secured with the Hospice building which at March 31, 2013 had a net book value of \$3,178 (2012 - \$3,284).

In addition to the long-term debt above, the Authority has unsecured operating lines of credit which at March 31, 2013 amount to \$36,000 (2012 - \$36,000). As at March 31, 2013, \$nil is being utilized (2012 - \$nil).

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

2013/14	\$	45,215
2014/15		11,969
2015/16		3,715
2016/17		1,739
2017/18		1,864
Thereafter		1,240

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Authority has entered into interest rate swaps to convert a floating interest rate debt instrument into a fixed interest rate debt instrument for each of the Emily Street Parkade and Tecumseh Street Parkade at the Health Sciences Centre. These interest rate swaps relate to banker's acceptances (listed in Note 14), which are automatically renewed monthly until the end of the swap agreement. The notional amount of the Emily swap at March 31, 2013 is \$3,857 (2012 - \$4,654), maturing on July 23, 2017 with a fixed rate of 4.106%. The fair value of this swap has been calculated as \$(113) (2012 - \$(136)), resulting in a derivative liability of \$113 (2012 - \$136).

The notional amount of the Tecumseh swap at March 31, 2013 is \$34,236 (2012 - \$35,635) maturing on November 15, 2039 with a fixed rate of 4.4%. The fair value of this swap has been calculated at \$(1,532) (2012 - \$(734)), resulting in a derivative liability of \$1,532 (2012 - \$734).

This derivative is measured at fair value and the unrealized gains or losses arising from remeasurement are recorded and presented in the consolidated statement of remeasurement gains and losses 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>2013</u>	<u>2012 (Restated)</u>
Deferred contributions, future expenses		
-funding provided by Manitoba Health	\$ 52,636	\$ 50,824
-funding provided by other sources	45,246	45,167
	<u>97,882</u>	<u>95,991</u>
Deferred contributions, capital	1,229,096	1,137,270
Deferred contributions, total	<u>\$ 1,326,978</u>	<u>\$ 1,233,261</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 consolidated statement of operations.

	<u>2013</u>	<u>2012 (Restated)</u>
Balance, beginning of year	\$ 95,991	\$ 58,484
Amount received during the year	32,160	68,374
Transferred to deferred contributions, capital	(91)	(3)
Less: amount recognized as revenue - programs	(18,699)	(12,871)
Less: amount recognized as revenue - non-insured services	(11,479)	(17,993)
Balance, end of year	<u>\$ 97,882</u>	<u>\$ 95,991</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 consolidated statement of operations.

	<u>2013</u>	<u>2012 (Restated)</u>
Balance, beginning of year	\$ 1,137,270	\$ 984,593
Amount received during the year	169,048	222,005
Transferred from deferred contributions, future expenses	91	3
Less: amount amortized to revenue - programs	(74,413)	(66,511)
Less: amount amortized to revenue - non-insured services	(2,900)	(2,820)
Balance, end of year	<u>\$ 1,229,096</u>	<u>\$ 1,137,270</u>

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16. DEFERRED CONTRIBUTIONS (continued)

b) Deferred contributions, capital (continued)

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>2013</u>	<u>2012 (Restated)</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 0.50%	\$ 160,509	\$ 90,009
Sinking fund debentures, Series E, 8.69%, maturing May 30, 2016 St. Boniface General Hospital	51,410	51,386
	<u>\$ 211,919</u>	<u>\$ 141,395</u>

At March 31, 2013 the value of the sinking fund assets and accumulated interest aggregated \$36,910 (2012 - \$33,825).

Repayment on the above demand bank loans for capital projects begins when the related capital projects are substantially complete. For those substantially complete projects, the scheduled principal repayments are as follows:

2013/14	\$ 2,305
2014/15	2,246
2015/16	2,232
2016/17	2,194
2017/18	2,118

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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>2013</u>	<u>2012 (Restated)</u>
Capital assets	\$ 1,437,462	\$ 1,352,277
Amounts financed by:		
Deferred contributions	\$ (1,229,096)	\$ (1,137,270)
Loans and accounts payable	(54,154)	(83,628)
Investment in capital assets	\$ 154,212	\$ 131,379

Change in investment in capital assets is calculated as follows:

	<u>2013</u>	<u>2012 (Restated)</u>
a) Surplus (deficit) for the year		
Amortization of capital assets included in programs	\$ (80,381)	\$ (72,162)
Amortization of capital assets included in non-insured services	(7,968)	(7,982)
Amortization of deferred contributions related to capital assets included in programs	74,413	66,511
Amortization of deferred contributions related to capital assets included in non-insured services	2,900	2,820
	\$ (11,036)	\$ (10,813)
b) Purchase of capital assets	\$ 173,534	\$ 220,366
Amounts funded by:		
Capital contributions received during the year	(169,048)	(222,005)
Capital contributions transferred from future expenses	(91)	(3)
Change in capital contributions receivable, loans and accounts payable	29,474	41,708
	\$ 33,869	\$ 40,066
Change in investment in capital assets	\$ 22,833	\$ 29,253

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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, 2013, annual lease payments for the various premises occupied by the Authority over the next five fiscal years are as follows:

2013/14	\$	17,911
2014/15		15,554
2015/16		15,035
2016/17		14,481
2017/18		14,394

- c) At March 31, 2013, the Authority had capital commitments of approximately \$203,218 (2012 - \$83,014) and equipment purchase commitments of approximately \$3,400 (2012 - \$7,533).
- d) The Authority has entered into various equipment lease commitments. The minimum amounts payable over the next five fiscal years are as follows:

2013/14	\$	8,366
2014/15		6,049
2015/16		4,575
2016/17		1,881
2017/18		461

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 and territories where it is licensed. 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, 2013.

20. ECONOMIC DEPENDENCE

The Authority received approximately 92% (2012 - 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 4a). Transactions between the related parties are recorded at the exchange amount. 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 4b) 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>2013</u>	<u>2012</u>
<i>Financial Position</i>		
Total assets	\$ 1,837	\$ 2,068
Total liabilities and deferred contributions	211	191
<u>Total net assets</u>	<u>\$ 1,626</u>	<u>\$ 1,877</u>
<i>Results of Operations</i>		
Total revenue	\$ 1,332	\$ 1,607
Total expenses	1,173	1,063
<u>Surplus from operations</u>	<u>\$ 159</u>	<u>\$ 544</u>
<i>Cash Flows</i>		
(Used in) from operating activities	\$ (330)	\$ 368
Used in financing, capital and investing activities	(183)	(135)
<u>(Decrease) increase in cash</u>	<u>\$ (513)</u>	<u>\$ 233</u>

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21. RELATED ENTITIES (continued)

a) Controlled entities (continued)

During the year, the entities listed contributed \$610 (2012 - \$571) to various facilities within the Authority. The Authority incurred expenses of \$nil (2012 - \$nil) with the listed entities. As at March 31, 2013, various facilities within the Authority had aggregate amounts of \$58 (2012 - \$76) receivable from and \$nil (2012 - \$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 \$6,043 (2012 - \$6,895) to various facilities within the Authority. The Authority incurred expenses of \$nil (2012 - \$39) with the above entities. As at March 31, 2013, various facilities within the Authority had aggregate amounts of \$929 (2012 - \$1,680) receivable from and \$127 (2012 - \$35) 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 a 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 \$3,796 (2012 - \$6,242) to various facilities within the Authority. The Authority incurred expenses of \$nil (2012 - \$9) with these entities. As at March 31, 2013, various facilities within the Authority had aggregate amounts of \$1,110 (2012 - \$2,547) receivable from and \$89 (2012 - \$100) payable to these entities.

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, 2013, the Authority had aggregate amounts of \$nil (2012 - \$nil) receivable from and \$17,383 (2012 - \$27,013) payable to proprietary and non-proprietary personal care homes and community health agencies.

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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 meets one of the following conditions:
 - i. has 10 years of continuous employment and retires after the age 55 but before age 65;
 - ii. has 10 years of continuous employment and who meet the "magic 80" provisions of the HEB Pension Plan;
 - iii. retires at or after age 65;
 - iv. terminates employment at any time due to permanent disability
2. One week of pay for each year of service up to 15 years of service upon retirement if the employee meets the following conditions:
 - i. has 10 or more years of service
3. One week of pay for each year of accumulated service or portion thereof to a maximum of 15 weeks pay upon retirement if the employee meets 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 of service plus 25% of the unused sick leave 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 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 accrues its obligations under the defined benefit employee benefit plans and the related costs. The cost of post-employment benefits earned by employees is actuarially determined using the projected unit credit service pro-rated on service actuarial cost method and management's best estimate assumptions.

The most recent valuation of the obligation was performed at December 31, 2012, projected to March 31, 2013 using PS 3250. Actuarial gains (losses) are amortized on a straight-line basis. The period of amortization is equal to the expected average remaining service life (EARS�) of active employees. Past service cost are expensed when incurred. Liabilities are measured using a discount rate determined by reference to the Authority's cost of borrowing. Adjustments to these costs arising from changes in actuarial assumption and/or experience are recognized over the estimated average remaining service period of the active employees.

Information about the Authority's accrued retirement benefit plan at March 31 is as follows:

	2013	2012
Accrued benefit obligation	\$ 180,850	\$ 169,515
Funded status – plan deficit	(180,850)	(169,515)
Unamortized net actuarial loss (gain)	3,097	(997)
Accrued benefit (liability)	\$ (177,753)	(170,512)

The change in the Authority's accrued retirement benefit plan is comprised of the following:

	2013	2012
Accrued benefit (liability) – beginning of year	\$ (170,512)	\$ (162,361)
In-year (expense)	(16,676)	(16,763)
Benefits paid	9,435	8,612
Accrued benefit (liability) – end of year	\$ (177,753)	\$ (170,512)

The expense related to the Authority's accrued retirement benefit plans consists of the following:

	2013	2012
Current service cost	\$ 12,834	\$ 12,276
Amortization of actuarial (gain) loss	(54)	-
Interest cost	3,896	4,487
	\$ 16,676	\$ 16,763

The significant actuarial assumptions adopted for measuring the Authority's accrued benefit obligations are:

	March 31, 2013	March 31, 2012	April 1, 2011
Discount rate	2.125 %	2.375 %	2.875 %
Salary escalation	3.000 %	3.000 %	3.500 %
EARS�	8.2	8.3	8.2

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22. EMPLOYEE FUTURE BENEFITS (continued)

a) Accrued retirement entitlement (continued)

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 consolidated statement of financial position. Manitoba Health has indicated that payment of this receivable, when required, is guaranteed by the Province of Manitoba. Any changes from the March 31, 2004 liability amount are reflected in the consolidated statement of operations.

	<u>2013</u>	<u>2012</u>
Employee future benefits recoverable from Manitoba Health	\$ 82,499	\$ 82,499

b) Pension plan

Most of the employees are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer, defined benefit, highest consecutive average earnings, contributory 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 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 PSAB for GNFPPO Section 3250.110.

The Plan's assets consist of investment grade securities. Market and credit risks 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 the best estimates of the Plan's management, in consultation with its actuaries, of the amount, together with a rate 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, 2012, but the results of this valuation are not yet publicly available. As at December 31, 2011, the valuation determined that the Plan was not fully funded, a contribution rate increase was ratified by the Plan Settlers, and it continues to be gradually implemented. Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to \$74,658 (2012 - \$74,662) and are included as an expense in the consolidated statement of operations.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

22. EMPLOYEE FUTURE BENEFITS (continued)

b) Pension plan (continued)

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 consolidated financial statements relating to the effects of participating in this 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 \$1,280 (2012 - \$1,243) 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 of \$1,490 (2012 - \$1,388) to this plan.

c) Sick Leave Liability

Under previous Canadian GAAP, non-vesting sick leave benefits were not recognized in the consolidated financial statements. PS 3255, Post-Employment Benefits, Compensated Absences, and Termination Benefits requires the recording of a liability for sick leave benefits that accumulate, but do not vest. As a result, the Authority has recognized a liability and charge to net assets as at the transition date, and an adjustment to excess revenues over expenses for the year ended March 31, 2012.

An analysis of the changes in the sick leave liability are as follows:

	2013	2012
Balance, beginning of year	\$ 34,876	\$ 34,876
Net increase sick leave liability	460	-
Balance, end of year	<u>\$ 35,336</u>	<u>\$ 34,876</u>

Assumptions used in determining valuation are as follows:

	March 31, 2013 (%)	March 31, 2012 (%)	April 1, 2011 (%)
Discount rate	<u>2.125</u>	2.375	2.375
Salary escalation	<u>3.000</u>	3.000	3.000

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

23. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Authority is exposed to various financial risks through transactions in financial instruments.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority is exposed to credit risk in connection with its accounts receivable, interest rate swap, and investment activities.

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. These receivable balances are monitored on an on-going basis. An impairment allowance is set up based on the Authority's judgment on a case by case basis. There are no significant amounts that are past due or impaired.

The Authority's credit risk associated with an interest rate swap is minimized by entering into an agreement with a major Canadian financial institution.

With respect to credit risk arising from investment activities, the Authority manages this risk by developing an investment policy that establishes criteria for the selection of investments that include benchmarks for the creditworthiness of entities.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

Market risk

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

Interest rate risk

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 is exposed to interest rate risk with respect to its investments because the fair value will fluctuate due to changes in market interest rates. In addition, the Authority is exposed to interest rate risk with respect to its long-term debt because cash flows will fluctuate because the interest rate is linked to the bank's prime rate, which changes from time to time.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

23. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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 (Note 15) to manage a proportion of total debt that is subject to variable rates.

The fair value of our bond portfolio is subject to changes in the interest rate. The bonds held as investments have interest rates ranging from 1.70 to 6.38%, and maturities from April 1, 2013 to March 5, 2037. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of \$2,728 on net assets and accumulated remeasurement gains (losses).

The interest payments on our variable rate long-term debt are subject to changes in the interest rate. A 1% change in the interest rate would result in an impact of \$483 on interest expense on the consolidated statement of operations.

Offsetting the change on the variable rates of the Tecumseh and Emily Street Parkades is the interest rate swap. A 1% increase in interest rates, with all other variables held constant, would result in an estimated impact of \$3,665 on net assets and accumulated remeasurement gains (losses).

Foreign exchange and other price risk

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

24. TRANSITION TO PSAB FOR GNFP

CICA PS 2125 provides a number of elective exemptions related to standards in PSAB. The Authority has elected to use the following exemptions and exceptions were used at the date of transition to PSAB for GNFPs:

Optional exemptions

Retirement and post-employment benefits

The Authority has elected to recognize all cumulative actuarial gains and losses related to employee future benefits at April 1, 2011 (the transition date) directly in accumulated surplus (deficit) per Section PS 2125.10. Actuarial gains and losses subsequent to the date of transition to PSAB for GNFP are accounted for in accordance with PS 3250, Retirement Benefits.

The Authority has not elected to use any other exemptions.

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

24. TRANSITION TO PSAB FOR GNFPO (continued)

Reconciliation of net assets and excess of revenues over expenses

Certain accounting policies previously applied under pre-changeover Canadian GAAP financial statements have been amended to comply with PSAB for GNFPO. The comparative figures for March 31, 2012 were restated to reflect these adjustments. The following reconciliations and notes that accompany the reconciliations provide a description of the effect of transition.

	Excess of revenue over expenses for the year ended March 31, 2012	Net assets at April 1, 2011
Excess of revenue over expenses and net assets, Previous Canadian GAAP	\$ (33)	\$ 108,045
<i>Adjustments:</i>		
Election to recognize cumulative actuarial losses	(1,575)	(14,895)
Recognition of sick leave obligation	-	(35,926)
Excess of revenue over expense and net assets, PSAB	\$ (1,608)	\$ 57,224

Election to recognize cumulative actuarial losses

Using an elective exemption available at the transition date, the Authority has recognized actuarial losses related to employee future benefits in the opening net assets at the transition date.

Recognition of sick leave obligation

As required under PS 3255, the Authority has recognized a liability with respect to sick leave that accumulates but does not vest.

25. SUBSEQUENT EVENTS

The Victoria General Hospital ("VGH") Board of Trustees passed a resolution transferring all assets, obligations, and ownership of VGH to the Authority effective April 1, 2013, pursuant to the Regional Health Authorities Act and approved by the Minister of Health of the Province of Manitoba.

26. COMPARATIVE FIGURES

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

WINNIPEG REGIONAL HEALTH AUTHORITY
Notes to the Consolidated Financial Statements
As at March 31, 2013 and 2012
(in thousands of dollars)

27. ADJUSTMENTS IN PRIOR PERIOD FINANCIAL STATEMENTS

a) Manitoba Health Funding

In the current fiscal year, the Authority was advised by Manitoba Health that it had established a liability to the Authority with respect to its program deficits that were incurred in each year up until March 31, 2011. The correction of this prior period error has been reported retroactively, and comparative information has been restated as it is considered an oversight of information available at the time the financial statements were prepared that ought to have been taken into account. The impact of this correction has been an increase in unrestricted net assets of \$58,475 in 2011 and an increase in accounts receivable of \$58,475 in 2011. No corresponding receivable has been established for 2012. In 2013, this receivable was fulfilled by Manitoba Health. As such, the accounts receivable reduced by \$58,475 in 2013 and cash increased \$58,475 in 2013.

Also in 2013, miscellaneous funding adjustments related to the 2011/12 fiscal year were corrected resulting in a \$2,077 reduction in net assets and accounts receivable from Manitoba Health.

b) Invested in capital assets

Accounting errors were noted impacting deferred contributions, invested in capital assets, and unrestricted net assets. The correction has been reported retroactively, and comparative information has been restated. The impact of these corrections at March 31, 2012 has been an increase of \$nil (April 1, 2011 - \$710) to deferred contributions, an increase of \$13,770 (April 1, 2011 - \$21,033) to invested in capital assets, and a decrease of \$13,770 (April 1, 2011 - \$21,743) to unrestricted net assets.

WINNIPEG REGIONAL HEALTH AUTHORITY**Schedule 1 - Other Income**

For the year ended March 31

(in thousands of dollars)

	<u>2013</u>	<u>2012 Restated</u>
Separately funded primary health programs	\$ 4,914	\$ 4,501
Patient and resident income	42,894	46,598
Recoveries from external sources	55,860	57,045
Investment income	5,768	1,998
Other revenue	1,972	3,009
Total	\$ 111,408	\$ 113,151

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 2 - Long Term Care Facility Funding

For the years ended March 31
(in thousands of dollars)

	2013	2012 (Restated)
Non-Proprietary Personal Care Homes		
Actionmarguerite - St. Boniface (formerly Taché Centre)	\$ 17,773	\$ 17,970
Actionmarguerite - St. Vital (formerly Foyer Valade)	7,399	7,167
Bethania Mennonite Personal Care Home	6,960	6,802
Calvary Place Personal Care Home	5,365	5,292
Convalescent Home of Winnipeg	3,909	3,546
Donwood Manor Personal Care Home	5,985	5,797
Fred Douglas Lodge	6,827	6,506
Golden Links Lodge	4,105	4,091
Golden West Centennial Lodge	5,174	5,156
Holy Family Nursing Home	13,419	13,133
Lions Personal Care Centre	5,415	5,196
Luther Home	3,996	3,901
Meadowood Manor	4,174	3,895
Middlechurch Home of Winnipeg	9,978	9,724
Park Manor Personal Care Home	4,862	4,673
Pembina Place Mennonite Personal Care Home	3,003	2,968
Southeast Personal Care Home	3,919	2,959
Sharon Home	9,729	9,641
St. Joseph's Residence	4,927	4,839
West Park Manor	6,552	6,558
Faith Gardens Inc.	15	15
Miscellaneous Funding Adjustments	2,706	1,658
Total	\$ 136,192	\$ 131,485
Proprietary Personal Care Homes		
Central Park Lodge - Beacon Hill	\$ 8,570	\$ 8,484
Central Park Lodge - Charleswood Care Centre	7,150	6,899
Central Park Lodge - Heritage Lodge	4,247	4,277
Central Park Lodge - Kildonan Personal Care Home	6,291	6,123
Central Park Lodge - Maples Personal Care Home	10,096	9,726
Central Park Lodge - Parkview Place	14,622	13,648
Central Park Lodge - Poseidon Care Centre	10,481	10,182
Extendicare - Oakview Place	11,010	10,847
Extendicare - Tuxedo Villa	9,422	9,131
Golden Door Geriatric Centre	3,676	3,547
River East Personal Care Home	6,162	5,806
St. Norbert Nursing Home	4,002	3,808
Vista Park Lodge	4,853	4,752
Miscellaneous Funding Adjustments	1,344	919
Total	\$ 101,826	\$ 98,139
Rural Proprietary Personal Care Homes		
Central Park Lodge - Valley View	\$ 4,222	\$ 4,091
Extendicare - Hillcrest Place	4,561	4,562
Extendicare - Red River Place	5,172	4,923
St. Adolphe Personal Care Home	2,123	2,025
Tudor House Personal Care Home	3,793	3,659
Miscellaneous Funding Adjustments	-	-
Total	\$ 19,871	\$ 19,260
Residential Care		
Supportive Housing	\$ 8,170	\$ 8,070
St. Amant Centre	28,890	27,781
Total	\$ 37,060	\$ 35,851
Total	\$ 294,949	\$ 284,735

The facility funding reported on this schedule reflects approximately 75% (2012 - 74%) of the personal care homes' total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

In 2013, Drug Capitation Fees of \$2,261 (2012 - \$2,829) were paid directly by the WRHA on behalf of the Non-Proprietary and Proprietary personal care homes.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 3 - Community Health Agency Funding

For the years ended March 31
(in thousands of dollars)

	2013	2012 (Restated)
Aboriginal Health & Wellness Centre	\$ 1,368	\$ 1,292
Centre de Sante	2,633	2,603
Hope Centre Health Care Incorporated	1,045	1,047
Klinik Incorporated	7,010	6,848
Main Street Project Inc.	2,745	2,555
MFL Occupational Health and Safety Inc.	797	789
Mount Carmel Clinic	7,398	7,417
Nine Circles Community Health Centre Inc.	3,580	3,482
Nor'West Co-op Community Health Centre, Inc.	2,083	1,688
Rehabilitation Centre for Children, Inc.	2,814	2,750
Sexuality Education Resource Centre Manitoba, Inc.	1,191	1,103
Women's Health Clinic, Inc.	4,998	3,890
Clinique Youville Clinic Inc.	2,654	2,602
Miscellaneous Funding Adjustments	2	1
Total	\$ 40,318	\$ 38,067

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

For the years ended March 31
(in thousands of dollars)

	<u>2013</u>	<u>2012 (Restated)</u>
Convalescent Home of Winnipeg	\$ 57	\$ 57
Fred Douglas Lodge	210	210
Golden Links Lodge	96	96
Golden West Lodge	182	182
Holy Family Nursing Home	269	269
Independent Living Resource Centre	114	114
Lions Personal Care Centre	176	175
Lions Place - Charleswood	324	322
Lions Place - Concordia	209	207
Lions Place - 610 Portage	244	243
Luther Home	107	107
Middlechurch Home of Winnipeg	272	272
Extencicare - Oakview Place	159	159
Park Manor Personal Care Home	158	157
Sharon Home	86	86
South YM/YWCA	170	170
Taché Centre	421	421
Miscellaneous Funding Adjustments	-	2
Total	\$ 3,254	\$ 3,249

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

	<u>2013</u>	<u>2012 (Restated)</u>
Aboriginal Seniors Resource Centre	\$ 172	\$ 172
Age & Opportunity Centre Inc.	507	507
ALS House (Brummit Feasby)	408	415
Alzheimer's Society of Manitoba	238	93
Andrews Street Family Centre	7	40
Arbeat Studio Inc.	50	-
Betelstadur Housing Co-op	7	7
Bethania Personal Care Home	11	9
Bethel Place	38	38
Bonivital Council for Seniors	40	40
Broadway Seniors Resource Council Inc.	40	40
Brooklands Pioneer Senior Citizens Club	25	25
Canadian Mental Health Association-Winnipeg Region	1,623	1,303
Central Speech & Hearing Clinic Inc.	292	266
Charleswood Senior Centre	48	48
Chez Nous Inc.	20	20
City of Winnipeg - Emergency Services	13,675	5,609
Clubhouse of Winnipeg Inc.	420	420
CNIB	13	13
Columbus Manor	20	20
Community Therapy Services - Mental Health	225	219
Creative Retirement Manitoba	48	48
Donwood Manor	121	121
Fort Garry Services Inc.	38	38
Foyer Vincent Inc.	20	20
Friends Housing Inc.	96	96
Good Neighbours Senior Centre Inc.	131	131
Gwen Sector Creative Living Centre	60	60
Hospice & Palliative Care Manitoba	84	84
Jewish Child and Family	67	42
Jocelyn House	291	291
Keewatin Inkster Community Resource Council	97	97
KeKinan Centre Inc.	15	15
Kingsford Haus Co-op Ltd.	12	12
La Federation de Franco MB	25	25
L'Accueil Colombien Inc.	19	19
Lindenwood Manor (Wpg Mennonite Seniors Care Inc.)	102	102
Lions Club	38	38
Manitoba Association of Multipurpose Senior Centres	8	8
Manitoba Brain Injury Program	50	51
Manitoba Cardiac Institute (Reh-fit)	766	766
Manitoba Eastern Star Chalet	12	12
Manitoba Housing Authority	352	355
MacDonald Youth Services	-	331
McClure	12	12
Meals on Wheels of Winnipeg Inc.	162	162
Metropolitan Kiwanis Courts	103	103

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Grants to Facilities and Agencies (continued)
For the years ended March 31
(In thousands of dollars)

	2013	2012 (Restated)
Middlechurch Home of Winnipeg	48	48
North End Wellness Elders	17	-
Park Manor Personal Care Home	83	83
Pembina Active Living 55+	25	25
Pembina Place	38	38
Rainbow Resource Centre	351	351
River East Council for Seniors	64	64
Rose & Max Rady Jewish Community Centre	18	18
Ruperts Land Caregiver Services	68	68
S.S.C.O.P.E. Incorporated	104	224
Salvation Army	253	253
Sara Riel Inc.	1,130	970
Seniors Home Help Inc.	77	77
Seneca House	382	382
Serena Manitoba Inc.	12	12
Seven Oaks Seniors Link	40	40
Seven Oaks Wellness Centre	892	886
Society for Manitobans with Disabilities	1,567	1,518
South Winnipeg Seniors Resource Council Inc.	64	64
St. James/Assiniboia Senior Centre Inc.	100	99
Stay Young Centre	18	18
Transcona Council for Seniors	48	48
University of Manitoba - MILE, Comm. Dentistry Prgm & WISH	120	80
University of Manitoba Dentistry - PCH Program	255	255
University of Manitoba	450	1,638
Villa Cabrini Inc.	38	38
Villa Nova	12	12
Villa Tache	31	31
Willow Centre	12	12
Winnipeg Housing Rehab Corp.	19	19
Wolseley Family Centre	99	99
YW/YMCA of Winnipeg	186	186
Miscellaneous Funding Adjustments	(6)	(6)
Total	\$ 27,223	\$ 19,993

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Internally Restricted Net Assets
For the years ended March 31
(In thousands of dollars)

	2013										2012 Restated	
	Internally Restricted Net Assets										Total	
	Laundry Capital Assets	Concordia Capital Assets	Deer Lodge Capital Assets	Grace Capital Assets	Victoria Capital Assets	Seven Oaks Ancillaries & Wellness Institute	Health Sciences Centre Internally Restricted	Riverview Internally Restricted	Misericordia Capital Assets	Misericordia Ancillary Fund	St. Boniface Internally Restricted	Total
Balance, beginning of year	\$ 2,632	\$ 885	\$ 149	\$ 3,042	\$ 285	\$ 4,097	\$ 1,984	\$ 3,620	\$ -	\$ 5,589	\$ 6,587	\$ 28,850
Surplus (deficit) for the year	-	-	-	-	-	26	-	44	-	629	(26)	813
Purchase of capital assets, net	(1,083)	(231)	-	-	-	(576)	-	-	-	(639)	(34)	(672)
Net asset restrictions	879	-	132	215	81	560	381	-	716	-	-	890
Balance, end of year	\$ 2,428	\$ 654	\$ 281	\$ 3,258	\$ 305	\$ 4,107	\$ 2,375	\$ 3,664	\$ 716	\$ 5,579	\$ 6,527	\$ 29,905

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
(unaudited)
(in thousands of dollars)

	2013	2012 (Restated)
REVENUE		
Manitoba Health operating income	\$ 2,386,750	\$ 2,303,890
Other income (Schedule 1)	111,408	113,151
Amortization of deferred contributions, capital	74,413	66,511
Recognition of deferred contributions, future expenses	18,699	12,871
	2,591,270	2,496,423
EXPENSES		
Salaries and Wages	1,434,605	1,354,987
Medical Remuneration	221,060	227,052
General Supplies	58,354	55,438
Food and Dietary Supplies	7,416	6,688
Medical and Surgical Supplies	128,269	122,627
Pharmaceutical Supplies	60,609	59,401
Utilities	18,106	18,130
Miscellaneous	44,576	57,656
Equipment Expense	52,982	51,980
Contracted Out Services	99,108	101,504
Buildings and Grounds Expense	27,406	25,057
Interest	527	722
Amortization	80,381	72,165
Non-acute care facility and grant funding	366,508	346,779
	2,599,907	2,500,186
OPERATING DEFICIT	(8,637)	(3,763)
NON-INSURED SERVICES		
Non-insured services income	75,085	82,451
Non-insured services expenses	70,939	80,296
NON-INSURED SERVICES SURPLUS	4,146	2,155
DEFICIT FOR THE YEAR	\$ (4,491)	\$ (1,608)

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

	2013	2012 (Restated)
REVENUE		
Manitoba Health operating income	\$ 2,386,750	\$ 2,303,890
Other income (Schedule 1)	111,408	113,151
Amortization of deferred contributions, capital	74,413	66,511
Recognition of deferred contributions, future expenses	18,699	12,871
	2,591,270	2,496,423
EXPENSES		
Program costs		
Anaesthesia	15,603	15,458
Breast health	2,779	2,689
Cardiac sciences	76,228	75,863
Child health	113,670	106,477
Child, adolescent and mental health	20,507	20,050
Critical care	64,907	62,480
Diagnostic imaging	67,076	66,333
Diagnostic imaging - Radiology Fee for Service	13,685	13,729
Emergency	94,379	90,263
Family medicine	42,433	39,736
Genetics	1,542	1,483
Health Links	6,822	6,600
Laboratories	89,020	84,418
Medicine	122,872	118,629
Renal health	61,563	59,042
Mental health	42,085	40,338
Oncology	8,648	5,184
Oral health	640	660
Palliative care	12,484	12,081
Psychology	4,728	4,372
Rehab/Geriatrics	47,966	62,435
Surgery	239,343	226,002
Women's health	52,964	50,932
Long-term care	75,988	63,308
Residents and interns	38,353	33,706
Other diagnostic and therapeutic services	45,892	46,927
Pharmacy	41,168	37,333
Community based home care services	211,595	205,784
Community based mental health services	23,131	21,910
Community based primary health services	42,055	39,622
Separately funded primary health programs	10,483	9,823
	1,690,609	1,623,667

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

	<u>2013</u>	<u>2012 (Restated)</u>
Indirect service costs		
Corporate and support services	76,394	83,423
Clinical and non-clinical support services	108,351	92,822
Information services		
eHealth information services (Schedule A)	82,182	75,369
Other information services	792	4,186
Facility services	156,375	157,478
Marketed services	3,397	97
Research and education services	8,555	9,621
	<u>436,046</u>	<u>422,996</u>
Other costs		
Non-acute care facility and grant funding	366,508	346,779
Aboriginal services and strategies	2,971	2,890
Other costs	15,164	22,819
Employee future benefits	7,701	8,151
Interest	527	722
Amortization of capital assets	80,381	72,162
	<u>473,252</u>	<u>453,523</u>
	<u>2,599,907</u>	<u>2,500,186</u>
OPERATING DEFICIT	(8,637)	(3,763)
NON-INSURED SERVICES		
Non-insured services income	75,085	82,451
Non-insured services expenses	70,939	80,296
NON-INSURED SERVICES SURPLUS	4,146	2,155
OPERATING AND NON-INSURED DEFICIT	\$ (4,491)	\$ (1,608)

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
Schedule A - Manitoba eHealth Operating Results
For the year ended March 31
(unaudited)
(in thousands of dollars)

	2013	2012
REVENUE		
Manitoba Health operating income	\$ 67,471	\$ 61,798
Recoveries	14,968	13,847
	82,439	75,645
EXPENSES		
Salaries, wages, and employee benefits	45,197	42,017
Data communications	1,711	2,240
License fees	3,247	2,821
Hardware and software maintenance	18,020	17,462
Buildings and ground expense	2,668	2,724
Miscellaneous and other	11,339	8,105
	82,182	75,369
OPERATING SURPLUS	257	276
Manitoba Health operating income reduction	(257)	(276)
SURPLUS FOR THE YEAR	\$ -	\$ -

The above results are exclusive of items such as employee future benefits and the revenue and expenses related to capital assets, as these items are recorded outside of eHealth operations.

WINNIPEG REGIONAL HEALTH AUTHORITY

Supplementary Information

As at March 31, 2013

(unaudited)

(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.

At the request of Manitoba Health, the presentation of administrative costs has been modified to include new categorizations in order to increase transparency in financial reporting. These categories and their inclusions are as follows:

Corporate

Includes: General Administration, Acute Care/Long-term Care/Community Services Administration, Executive Offices, Board of Trustees, Planning & Development, Community Health Assessment, Risk Management, Internal Audit, Finance & Accounting, Communications, Telecommunications, and Mail Service.

Recruitment & Human Resources

Includes: Personnel Records, Recruitment & Retention (General, Physicians, Staff, and Nurses), Labour Relations, Employee Compensation & Benefits Management, Employee Health & Assistance Programs, Occupational Health & Safety, and Provincial Labour Relations Secretariat.

Patient Care Related

Includes: Utilization Management, Cancer Standards & Guidelines, Patient Relations, Infection Control, Quality Assurance (Medical, Nursing, and Other), and Accreditation.

WINNIPEG REGIONAL HEALTH AUTHORITY
 Supplementary Information
 As at March 31, 2013
 (unaudited)
 (in thousands of dollars)

ADMINISTRATIVE COSTS (continued)

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

	2013						2012							
	Acute Care Facilities and Corporate Office			Personal Care Homes and Community Health Agencies			Acute Care Facilities and Corporate Office			Personal Care Homes and Community Health Agencies				
	\$	%		\$	%		\$	%		\$	%			
Corporate	\$55,326	2.23%		\$13,616	5.71%		\$53,966	2.27%		\$14,379	6.12%		\$68,345	2.62%
HR and Recruitment	22,891	0.92%		1,841	0.77%		23,065	0.97%		1,237	0.53%		24,302	0.93%
Patient Care Related	17,343	0.70%		19	0.01%		16,400	0.69%		18	0.01%		16,418	0.63%
	<u>\$95,560</u>	<u>3.85%</u>		<u>\$15,476</u>	<u>6.49%</u>		<u>\$93,431</u>	<u>3.93%</u>		<u>\$15,634</u>	<u>6.66%</u>		<u>\$109,065</u>	<u>4.18%</u>

The 2013 figures presented are based on preliminary data available at time of publication. Restatements were made to the 2012 figures to reflect the final data that was submitted after the publication date and for the removal of Telehealth information (previously included in Patient Care Related category above).

ADMINISTRATIVE COSTS

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