Consolidated Financial Statements of the

WINNIPEG REGIONAL HEALTH AUTHORITY

March 31, 2014

WINNIPEG REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

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 consolidated 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	Signed
Arlene Wilgosh President & Chief Executive Officer	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 statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in net assets, remeasurement gains and losses, and cash flows for the year then ended, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 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, 2014, and the results of its operations and changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Winnipeg, Canada,
August 26, 2014.

Chartered Accountants

TABLE OF CONTENTS

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Financial Position
As at March 31
(in thousands of dollars)

	2014	2013
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 90,933**	$ 154,803
Accounts receivable (Note 4)	**140,907**	98,826
Inventory (Note 5)	**31,062**	31,666
Prepaid expenses	**16,395**	12,651
Investments (Note 8)	**14,852**	10,560
Employee benefits recoverable from Manitoba Health, Healthy Living and Seniors ("Manitoba Health") (Note 6)	**78,957**	78,957
	373,106	387,463
CAPITAL ASSETS, NET (Notes 7 and 15)	**1,558,470**	1,437,462
OTHER ASSETS		
Employee future benefits recoverable from Manitoba Health (Note 21)	**82,499**	82,499
Investments (Note 8)	**99,610**	61,450
Accounts held in trust (Note 9)	**4,333**	4,434
Nurse recruitment and retention fund (Note 10)	**4,405**	4,870
	$ 2,122,423	$ 1,978,178
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 11)	**$ 244,454**	$ 209,922
Employee benefits payable (Note 6)	**106,736**	103,303
Current portion of long-term debt (Note 12)	**51,508**	45,215
	402,698	358,440
NON-CURRENT		
Long-term debt (Note 12)	**24,929**	20,527
Employee future benefits payable (Note 21)		
Accrued retirement entitlement	**184,617**	177,753
Sick leave liability	**37,073**	35,336
Accounts held in trust (Note 9)	**4,333**	4,434
Deferred contributions (Note 14)	**1,422,764**	1,326,978
Nurse recruitment and retention fund (Note 10)	**4,405**	4,870
	1,678,121	1,569,898
COMMITMENTS AND CONTINGENCIES (Note 17)		
NET ASSETS	**43,277**	49,423
ACCUMULATED REMEASUREMENT (LOSSES) GAINS	**(1,673)**	417
	$ 2,122,423	$ 1,978,178

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

Signed

Dr. Jerry Gray, Board Chair

Signed

Reg Kliewer, Treasurer

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Operations
For the year ended March 31
(in thousands of dollars)

	2014	2013
REVENUE		
Manitoba Health operating income	**$ 2,476,900**	$ 2,386,750
Other income (Schedule 1)	**110,680**	111,408
Amortization of deferred contributions, capital	**77,058**	74,413
Recognition of deferred contributions, future expenses	**32,743**	18,699
	2,697,381	2,591,270
EXPENSES		
Direct operations	**2,250,394**	2,153,383
Interest	**488**	527
Amortization of capital assets	**86,925**	80,381
	2,337,807	2,234,291
FACILITY FUNDING		
Long-term care facility funding (Schedule 2)	**296,082**	294,949
Community health agency funding (Schedule 3)	**43,855**	40,318
Adult day care facility funding (Schedule 4)	**3,185**	3,254
Long-term care community therapy services	**1,219**	764
GRANT FUNDING		
Grants to facilities and agencies (Schedule 5)	**29,878**	26,331
	2,712,026	2,599,907
OPERATING DEFICIT	**(14,645)**	(8,637)
NON-INSURED SERVICES		
Non-insured services income	**66,922**	75,085
Non-insured services expenses	**61,915**	70,939
NON-INSURED SERVICES SURPLUS	**5,007**	4,146
DEFICIT FOR THE YEAR	**$ (9,638)**	$ (4,491)

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

WINNIPEG REGIONAL HEALTH AUTHORITY

Consolidated Statement of Changes in Net Assets

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

	2014				
	Unrestricted Net Assets	**Investment in Capital Assets (Note 15)**	**Internally Restricted Net Assets (Schedule 6)**	**Endowment Accounts (Note 16)**	**Total**
Balance, beginning of year	**$ (134,694)**	**$ 154,212**	**$ 29,905**	**$ -**	**$ 49,423**
Middlechurch Adjustment (Note 2)	**277**	**920**	**166**	**-**	**1,363**
Adjustment upon adoption of financial instruments standard	**-**	**-**	**-**	**-**	**-**
Surplus (deficit) for the year	**4,403**	**(15,226)**	**1,185**	**-**	**(9,638)**
Purchase of capital assets, net	**(13,831)**	**16,327**	**(2,496)**	**-**	**-**
Net asset restrictions	**(89)**	**-**	**89**	**-**	**-**
Endowments Received	**-**	**-**	**-**	**2,129**	**2,129**
Balance, end of year	**$ (143,934)**	**$ 156,233**	**$ 28,849**	**$ 2,129**	**$ 43,277**

	2013				
	Unrestricted Net Assets	Investment in Capital Assets (Note 15)	Internally Restricted Net Assets (Schedule 6)	Endowment Accounts (Note 16)	Total
Balance, beginning of year	$ (104,613)	$ 131,379	$ 28,850	$ -	$ 55,616
Middlechurch Adjustment (Note 2)	-	-	-	-	-
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

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 year ended March 31
(in thousands of dollars)

	2014	2013
Accumulated remeasurement gains at beginning of year	**$ 417**	$ -
Adjustment upon adoption financial instruments standard	**-**	1,702
Unrealized losses attributable to:		
Derivative – interest rate swap (Note 13)	**(1,312)**	(775)
Portfolio Investments - change in market value	**(768)**	406
Realized (gains) losses reclassified to statement of operations		
Amounts realized during the year	**(10)**	(916)
Net remeasurement loss for the year	**(2,090)**	(1,285)
Accumulated remeasurement (losses) gains at end of year	**$ (1,673)**	$ 417

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

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

		2014		2013
OPERATING ACTIVITIES				
Deficit for the year	$	(9,638)	$	(4,491)
Items not affecting cash				
Amortization of capital assets		95,127		88,349
Amortization of deferred contributions, capital assets		(79,901)		(77,313)
Recognition of deferred contributions, future expenses		(33,374)		(30,178)
Net change in employee benefits		12,034		13,664
		(15,752)		(9,969)
Changes in non-cash operating working capital balances		(9,290)		55,795
Deferred contributions received - future expenses		22,192		32,160
		(2,850)		77,986
FINANCING ACTIVITIES				
Deferred contributions received - capital assets		186,869		169,048
Proceeds of long-term debt		16,847		-
Long-term debt repayments		(6,152)		(6,551)
		197,564		162,497
CAPITAL ACTIVITIES				
Construction in progress		(158,990)		(75,979)
Purchase of capital assets (net)		(57,142)		(97,555)
		(216,132)		(173,534)
INVESTING ACTIVITIES				
Increase in investments		(42,452)		(1,706)
		(42,452)		(1,706)
(DECREASE) INCREASE		(63,870)		65,243
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		154,803		89,560
CASH AND CASH EQUIVALENTS, END OF YEAR	$	90,933	$	154,803
Comprised of:				
Cash	$	90,799	$	153,544
Cash equivalents		134		1,259
Total	$	90,933	$	154,803
Supplementary Information:				
Interest paid	$	6,535	$	5,783

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

(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 long term care services through Middlechurch Home of Winnipeg and Riverpark Gardens and provides acute care services through its Churchill Health Centre, Deer Lodge Centre, Grace General Hospital, Health Sciences Centre, Pan Am Clinic, and Victoria General Hospital sites. Acute care services are also provided by non-devolved hospitals Concordia Hospital, Seven Oaks 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 consolidated 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 20 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, the Authority is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. MIDDLECHURCH ASSET TRANSFER

On January 1, 2014, the Authority acquired the assets and assumed the liabilities of Middlechurch Home of Winnipeg Inc. (now "Middlechurch"). This transaction has been accounted for prospectively. As a result, the carrying values of Middlechurch's assets, liabilities and net assets as at January 1, 2014 and its operations for the 3-months ended March 31, 2014 are included in these consolidated financial statements.

A financial summary of Middlechurch is as follows:

		January 1, 2014
Financial Position		
Total assets	$	8,344
Total liabilities and deferred contributions		6,981
Total net assets	$	1,363

		For the 3 Months ended March 31, 2014
Statement of Operations		
Total revenue	$	3,977
Total expenses		4,301
Surplus/(Deficit) from operations	$	(324)

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Public Sector Accounting Standards including PS 4200 - 4270 ("PSAB for GNFPO").

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, Long Term Care services (Middlechurch and Riverpark Gardens sites), Acute Care services (Churchill Health Centre, Deer Lodge Centre, Grace General Hospital, Health Sciences Centre, Pan Am, and Victoria General Hospital sites), and Medical Remuneration.
   - 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 GNFPO, 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 20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition (continued)

ii. Unrestricted contributions – recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

iii. Externally restricted contributions – recognized as revenue in the year in which the related expenses are recognized.

iv. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

v. Contributions approved but not received at the end of an accounting period are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

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, Healthy Living and Seniors ("Manitoba Health") funding mechanisms. These consolidated financial statements use funding mechanisms approved by Manitoba Health for the year ended March 31, 2014.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

h) Use of estimates

The preparation of consolidated financial statements in conformity with PSAB for GNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as 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 for future purchases through internal restrictions set 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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments (continued)

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.

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 long-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.

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

(in thousands of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Due to/from Manitoba Health (continued)

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.

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.

4. ACCOUNTS RECEIVABLE

	2014	2013
Manitoba Health – operating, capital and fee for service	**$ 105,356**	$ 62,622
Accounts receivable from other Province of Manitoba departments	**597**	332
Facility advances and receivables	**3,243**	2,729
Patient related and other	**33,895**	35,606
Allowance for doubtful accounts	**(2,184)**	(2,463)
	$ 140,907	$ 98,826

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

(in thousands of dollars)

5. INVENTORY

	2014			2013
	Held for Sale	Held for Internal Use	Total	Total
Balance, beginning of year	$ 3,199	$ 28,467	$ 31,666	$ 30,470
Amount purchased in year	5,193	174,570	179,763	189,244
Amount expensed in year	(6,108)	(172,621)	(178,729)	(185,924)
Amount written down in year	(3)	(1,641)	(1,644)	(2,244)
Write-downs reversed in year	6	-	6	120
Balance, end of year	$ 2,287	$ 28,775	$ 31,062	$ 31,666

6. EMPLOYEE BENEFITS

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

The employee benefits recoverable from Manitoba Health is as follows:

	2014	2013
Balance, beginning of year	$ 78,957	$ 78,957
Balance, end of year	$ 78,957	$ 78,957

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

	2014	2013
Balance, beginning of year	$ 103,303	$ 97,340
Increase in vacation/overtime/statutory holiday entitlements	3,433	5,963
Balance, end of year	$ 106,736	$ 103,303

7. CAPITAL ASSETS

	2014		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 18,902	$ -	$ 18,902
Buildings	1,334,663	(517,557)	817,106
Buildings under capital lease	16,690	(452)	16,238
Furniture and equipment	908,516	(747,975)	160,541
Computer hardware and software	233,365	(99,848)	133,517
Leasehold improvements	70,277	(25,442)	44,835
Construction in progress	367,331	-	367,331
	$ 2,949,744	$ (1,391,274)	$ 1,558,470

(in thousands of dollars)

7. CAPITAL ASSETS (continued)

	2013		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 18,308	$ -	$ 18,308
Buildings	1,190,362	(474,751)	715,611
Buildings under capital lease	-	-	-
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

The Authority has capitalized interest on some projects up until they are substantially complete. The amount of interest capitalized during the year was $3,302 (2013 - $2,308).

8. INVESTMENTS

	Fair value hierarchy level	2014	2013
Investments at fair value			
Money market investments	**Level 2**	**$ 1,110**	$ 2,166
Government bonds	**Level 2**	**52,382**	25,326
Corporate bonds	**Level 2**	**43,330**	41,543
Guaranteed Investment Certificates (GICs)	**Level 2**	**19,893**	6,575
		116,715	75,610
Less: amounts included with cash and cash equivalents		**(134)**	(1,259)
Less: amounts included with accounts held in trust (Note 9)		**(2,119)**	(2,341)
		114,462	72,010
Less: amounts maturing/redeemable within one year, included in current assets		**(14,852)**	(10,560)
		$ 99,610	$ 61,450

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.

(in thousands of dollars)

8. 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, 2014, the maturity dates are as follows:

	Government	Corporate	GICs	Effective Yield
Within 1 year	$ 1,676	$ 2,148	$ 11,054	2.39%
2 to 5 years	41,864	28,575	8,839	2.40%
5 to 10 years	8,816	11,320	-	3.49%
Over 10 years	26	1,287	-	3.34%
	$ 52,382	$ 43,330	$ 19,893	

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

9. ACCOUNTS HELD IN TRUST

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

	2014	2013
Cash and cash equivalents	**$ 2,214**	$ 2,093
Investments, at fair value (Note 8)	**2,119**	2,341
	$ 4,333	$ 4,434

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

	2014	2013
Balance, beginning of year	**$ 4,434**	$ 4,853
Grants, bequests and donations	**1,903**	1,166
Investment (loss) income	**(386)**	31
Disbursements	**(1,618)**	(1,616)
Balance, end of year	**$ 4,333**	$ 4,434

(in thousands of dollars)

10. 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:

	2014	2013
Cash and cash equivalents	**$ 4,405**	$ 4,870

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

	2014	2013
Balance, beginning of year	**$ 4,870**	$ 4,169
Additions to fund	**2,500**	3,200
Interest earned on investment	**28**	20
Fund expenditures	**(2,993)**	(2,519)
Balance, end of year	**$ 4,405**	$ 4,870

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accounts payable and accrued liabilities	**$ 164,989**	$ 156,423
Accounts payable to Manitoba Health	**17,436**	7,542
Accrued salaries	**50,320**	37,972
Holdbacks on construction contracts	**11,709**	7,985
	$ 244,454	$ 209,922

(in thousands of dollars)

12. LONG-TERM DEBT

		2014		2013
1.720% Banker's Acceptance, maturing April 15, 2014 Health Sciences Centre Tecumseh Street Parkade Original Obligation $38,319, Fair value $33,052 (2013 - $34,344)	**$**	**33,052**	$	34,344
5.9% Obligation Under Capital Lease, maturing March 31, 2053 WRHA capital lease for Access St. James Original obligation $16,690, Fair value $16,415 (2013 - $nil)		**16,415**		-
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 $8,233 (2013 - $9,975)		**8,233**		8,787
Prime minus 0.65% Mortgage payable, maturing December 31, 2015 Health Sciences Centre Kleysen Institute Original Obligation $13,999, Fair value $7,188 (2013 - $8,818)		**7,188**		8,818
7.38% Mortgage payable, maturing August 31, 2018 Monthly principal and interest payments $157 Nutrition and Food Services Original Obligation $18,976, Fair value $7,499 (2013 - $8,906)		**7,095**		8,406
1.405% Banker's Acceptance, maturing April 28, 2014 Health Sciences Centre Emily Street Parkade Original Obligation $7,256, Fair value $3,027 (2013 - $3,857)		**3,027**		3,857
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 $889 (2013 - $993)		**889**		993
Prime Non-Revolving Term Credit Facility, no fixed maturity Riverview Health Centre Boilers Original Obligation $1,286, Fair value $212 (2013 - $286)		**212**		286
5.75% Mortgage Payable, Maturing March 31, 2018 Monthly principal and interest payments $3 Middlechurch Original Obligation $668, Fair value $144 (2013 - $nil)		**157**		-
Prime plus 0.30% Demand Loan Monthly principal and interest payments $3 Churchill Health Centre Original Obligation $213, Fair value $193 (2013 - $180)		**148**		180

(in thousands of dollars)

12. LONG-TERM DEBT (continued)

	2014	2013
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 $21 (2013 - $71)	**21**	71
	76,437	65,742
Less amounts due within one year, included in current liabilities	**(51,508)**	(45,215)
	$ 24,929	$ 20,527

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

The Health Sciences Centre Tecumseh Street Parkade Loan has been secured with the Tecumseh Street Parkade, which at March 31, 2014 had a net book value of $37,226 (2013 - $38,747). The Health Sciences Centre Emily Street Parkade Loan has been secured with the Emily Street Parkade which at March 31, 2014 had a net book value of $4,759 (2013 - $5,011). 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, 2014 a net book value of $7,188 (2013 - $8,818). Principal repayments will match the timing of the receipt of the pledges. The Authority anticipates approximately $5,097 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, 2014 had a net book value of $3,072 (2013 - $3,178).

In addition to the long-term debt above, the Authority has unsecured operating lines of credit which at March 31, 2014 amount to $36,000 (2013 - $36,000). As at March 31, 2014, $nil is being utilized (2013 - $nil).

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

	Bank Loans	Capital Lease
2014/15	$ 51,374	$ 134
2015/16	3,715	142
2016/17	1,739	150
2017/18	1,864	162
2018/19	877	201
Thereafter	453	15,626

(in thousands of dollars)

13. 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 ("Emily") and Tecumseh Street Parkade ("Tecumseh") at the Health Sciences Centre. These interest rate swaps relate to banker's acceptances (listed in Note 12), which are automatically renewed monthly until the end of the swap agreement.

The notional amount of the Emily swap at March 31, 2014 is $3,027 (2013 - $3,857), maturing on July 23, 2017 with a fixed rate of 4.105%. The fair value of this swap has been calculated as $(132) (2013 - $(113)), resulting in a derivative liability of $132 (2013 - $113).

The notional amount of the Tecumseh swap at March 31, 2014 is $33,052 (2013 - $34,236) maturing on November 15, 2039 with a fixed rate of 4.4%. The fair value of this swap has been calculated at $(2,825) (2013 - $(1,532)), resulting in a derivative liability of $2,825 (2013 - $1,532).

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.

14. DEFERRED CONTRIBUTIONS

		2014		2013
Deferred contributions, future expenses				
-funding provided by Manitoba Health	**$**	**45,729**	$	52,636
-funding provided by other sources		**40,957**		45,246
		86,686		97,882
Deferred contributions, capital		**1,336,078**		1,229,096
Deferred contributions, total	**$**	**1,422,764**	$	1,326,978

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.

		2014		2013
Balance, beginning of year	**$**	**97,882**	$	95,991
Amount received during the year		**22,192**		32,160
Transferred to deferred contributions, capital		**(14)**		(91)
Less: amount recognized as revenue - programs		**(32,743)**		(18,699)
Less: amount recognized as revenue - non-insured services		**(631)**		(11,479)
Balance, end of year	**$**	**86,686**	$	97,882

(in thousands of dollars)

14. DEFERRED CONTRIBUTIONS (continued)

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.

		2014		2013
Balance, beginning of year	$	**1,229,096**	$	1,137,270
Amount received during the year		**186,869**		169,048
Transferred from deferred contributions, future expenses		**14**		91
Less: amount amortized to revenue - programs		**(77,058)**		(74,413)
Less: amount amortized to revenue - non-insured services		**(2,843)**		(2,900)
Balance, end of year	$	**1,336,078**	$	1,229,096

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:

		2014		2013
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%	$	**220,478**	$	160,509
Sinking fund debentures, Series E, 8.69%, maturing May 30, 2016 St. Boniface General Hospital		**51,436**		51,410
	$	**271,914**	$	211,919

At March 31, 2014, the value of the sinking fund assets and accumulated interest aggregated $39,065 (2013 - $36,910).

(in thousands of dollars)

14. DEFERRED CONTRIBUTIONS (continued)

b) Deferred contributions, capital (continued)

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:

2014/15	$	2,461
2015/16		2,390
2016/17		2,330
2017/18		2,277
2018/19		2,038

15. INVESTMENT IN CAPITAL ASSETS

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

		2014		2013
Capital assets	**$**	**1,558,470**	$	1,437,462
Amounts financed by:				
Deferred contributions		**(1,336,078)**		(1,229,096)
Loans and accounts payable		**(66,159)**		(54,154)
Investment in capital assets	**$**	**156,233**	$	154,212

Change in investment in capital assets is calculated as follows:

		2014		2013
a) Surplus (deficit) for the year				
Amortization of capital assets included in programs	**$**	**(86,925)**	$	(80,381)
Amortization of capital assets included in non-insured services		**(8,202)**		(7,968)
Amortization of deferred contributions related to capital assets included in programs		**77,058**		74,413
Amortization of deferred contributions related to capital assets included in non-insured services		**2,843**		2,900
	$	**(15,226)**	$	(11,036)
b) **Middlechurch adjustment**	**$**	**920**	$	-

(in thousands of dollars)

15. INVESTMENT IN CAPITAL ASSETS (continued)

c) Purchase of capital assets	**$**	**216,132**	$	173,534
Amounts funded by:				
Capital contributions received during the year		**(186,869)**		(169,048)
Capital contributions transferred from future expenses		**(14)**		(91)
Change in capital contributions receivable, loans and accounts payable		**(12,922)**		29,474
	$	**16,327**	$	33,869
Change in investment in capital assets	**$**	**2,021**	$	22,833

16. ENDOWMENT ACCOUNTS

Endowment accounts are to be invested in perpetuity and investment income earned is to be used for designated purposes.

		2014		2013
Health Sciences Centre ("HSC") Nursing Education Endowment Account	**$**	**641**	$	-
HSC Staff Endowment Account		**775**		-
Variety Children Heart Endowment Account		**610**		-
Lindsey & Duke Endowment Account		**103**		-
	$	**2,129**	$	-

17. 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.

(in thousands of dollars)

17. COMMITMENTS AND CONTINGENCIES (continued)

b) At March 31, 2014, annual lease payments for the various premises occupied by the Authority over the next five fiscal years are as follows:

2014/15	$	15,551
2015/16		15,044
2016/17		14,490
2017/18		14,403
2018/19		13,966

c) At March 31, 2014, the Authority had capital commitments of approximately $158,814 (2013 - $203,218) and equipment purchase commitments of approximately $10,529 (2013 - $3,400).

d) The Authority has entered into various equipment lease commitments. The minimum amounts payable over the next five fiscal years are as follows:

2014/15	$	7,431
2015/16		6,243
2016/17		3,327
2017/18		1,265
2018/19		294

e) The Authority has entered into a capital lease for the Access St. James building. The lease payments over the next five fiscal years are as follows:

2014/15	$	1,102
2015/16		1,102
2016/17		1,102
2017/18		1,105
2018/19		1,133

18. 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, 2014.

19. ECONOMIC DEPENDENCE

The Authority received approximately 92% (2013 - 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.

(in thousands of dollars)

20. 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. 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:

		2014		2013
Financial Position				
Total assets	**$**	**1,792**	$	1,837
Total liabilities and deferred contributions		**239**		211
Total net assets	**$**	**1,553**	$	1,626
Results of Operations				
Total revenue	**$**	**1,253**	$	1,332
Total expenses		**1,152**		1,173
Surplus from operations	**$**	**101**	$	159
Cash Flows				
Used in operating activities	**$**	**-**	$	(330)
Provided by (used in) financing, capital and investing activities		**33**		(183)
(Decrease) increase in cash	**$**	**33**	$	(513)

20. RELATED ENTITIES (continued)

a) Controlled entities (continued)

During the year, the entities listed contributed $425 (2013 - $610) to various facilities within the Authority. The Authority incurred expenses of $nil (2013 - $nil) with the listed entities. As at March 31, 2014, various facilities within the Authority had aggregate amounts of $90 (2013 - $58) receivable from and $nil (2013 - $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 $7,384 (2013 - $6,043) to various facilities within the Authority. The Authority incurred expenses of $nil (2013 - $nil) with the above entities. As at March 31, 2014, various facilities within the Authority had aggregate amounts of $2,814 (2013 - $929) receivable from and $29 (2013 - $127) 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 $3,543 (2013 - $3,796) to various facilities within the Authority. The Authority incurred expenses of $nil (2013 - $nil) with these entities. As at March 31, 2014, various facilities within the Authority had aggregate amounts of $793 (2013 - $1,110) receivable from and $nil (2013 - $89) 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, 2014, the Authority had aggregate amounts of $nil (2013 - $nil) receivable from and $16,744 (2013 - $17,383) payable to proprietary and non-proprietary personal care homes and community health agencies.

21. 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 [illegible]'s last day of service payable upon retirement, death, or termination of service caused by a transfer of departmental function.

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, 2013, projected to March 31, 2014 using Public Sector Accounting standard 3250 – Retirement Benefits. Actuarial gains (losses) are amortized on a straight-line basis. The period of amortization is equal to the expected average remaining service life (EARSL) 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:

(in thousands of dollars)

21. EMPLOYEE FUTURE BENEFITS (continued)

a) Accrued retirement entitlement (continued)

		2014		2013
Accrued benefit obligation	**$**	**164,995**	$	80,850
Funded status – plan deficit	**$**	**(164,995)**	$	(180,850)
Adjustment for Middlechurch		**(984)**		-
Unamortized net actuarial loss (gain)		**(18,638)**		3,097
Accrued benefit (liability)	**$**	**(184,617)**	$	(177,753)

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

		2014		2013
Accrued benefit (liability) – beginning of year	**$**	**(177,753)**	$	(170,512)
Adjustment for Middlechurch		**(984)**		-
In-year (expense)		**(17,316)**		(16,676)
Benefits paid		**11,436**		9,435
Accrued benefit (liability) – end of year	**$**	**(184,617)**	$	(177,753)

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

		2014		2013
Current service cost	**$**	**13,340**	$	12,834
Amortization of actuarial (gain) loss		**413**		(54)
Interest cost		**3,563**		3,896
	$	**17,316**	$	16,676

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

	2014	2013
Discount rate	**3.350 %**	2.125 %
Salary escalation	**3.000 %**	3.000 %
EARSL	**8.3 Yrs**	8.2 Yrs

The significant actuarial assumptions adopted in measuring the Authority's expense for the retirement benefit plan are as follows:

	2014	2013
Discount rate	**2.125 %**	2.375 %
Salary escalation	**3.000 %**	3.000 %

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

(in thousands of dollars)

21. EMPLOYEE FUTURE BENEFITS (continued)

a) Accrued retirement entitlement (continued)

Province of Manitoba. Any changes from the March 31, 2004 liability amount are reflected in the consolidated statement of operations.

		2014		2013
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.

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, 2013, 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 Settlors, 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 $77,878 (2013 - $74,658) and are included as an expense in the consolidated 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

(in thousands of dollars)

21. EMPLOYEE FUTURE BENEFITS (continued)

b) Pension plan (continued)

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 $1,308 (2013 - $1,280) 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 $1,528 (2013 - $1,490) to this plan.

c) Sick Leave Liability

PSAB for GNFPO standards for Post-Employment Benefits, Compensated Absences, and Termination Benefits (PS 3255) requires the recording of a liability for sick leave benefits that accumulate, but do not vest.

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

		2014		2013
Balance, beginning of year	**$**	**35,336**	$	34,876
Net increase sick leave liability		**1,737**		460
Balance, end of year	**$**	**37,073**	$	35,336

Assumptions used in determining valuation of the obligation are as follows:

	2014	2013
Discount rate	**3.350%**	2.125%
Salary escalation	**3.000%**	3.000%

Assumptions used in determining the expense are as follows:

	2014	2013
Discount rate	**2.125%**	2.375%
Salary escalation	**3.000%**	3.000%

22. 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.

22. 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 13) 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 1.60% to 5.74%, and maturities from April 8, 2014 to March 5, 2037. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of $2,310 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 $444 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 $3,351 on net assets and accumulated remeasurement gains (losses).

Liquidity Risk

The Authority is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. The Authority manages its liquidity risk by monitoring cash requirements through cash forecasts to ensure sufficient resources are available to meet its obligations.

The maturities of financial liabilities are provided in the notes to the consolidated financial statements related to these liabilities.

Foreign exchange and other price risk

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

23. 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
(in thousands of dollars)

		2014		2013
Separately funded primary health programs	**$**	**4,789**	$	4,914
Patient and resident income		**44,248**		42,894
Recoveries from external sources		**55,528**		55,860
Investment income		**3,301**		5,768
Other revenue		**2,814**		1,972
Total	**$**	**110,680**	$	111,408

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

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

		2014		2013
Non-Proprietary Personal Care Homes				
Actionmarguerite - St. Boniface (formerly Taché Centre)	**$**	**19,582**	$	17,773
Actionmarguerite - St. Vital (formerly Foyer Valade)		**7,383**		7,399
Bethania Mennonite Personal Care Home		**7,160**		6,960
Calvary Place Personal Care Home		**5,389**		5,365
Convalescent Home of Winnipeg		**3,868**		3,909
Donwood Manor Personal Care Home		**5,936**		5,995
Fred Douglas Lodge		**6,797**		6,827
Golden Links Lodge		**4,062**		4,105
Golden West Centennial Lodge		**5,186**		5,174
Holy Family Nursing Home		**13,308**		13,419
Lions Personal Care Centre		**5,430**		5,415
Luther Home		**3,892**		3,996
Meadowood Manor		**4,054**		4,174
Middlechurch Home of Winnipeg		**6,816**		9,978
Park Manor Personal Care Home		**4,645**		4,852
Pembina Place Mennonite Personal Care Home		**2,960**		3,003
Sharon Home		**9,519**		9,729
Southeast Personal Care Home		**3,934**		3,919
St. Joseph's Residence		**5,061**		4,927
West Park Manor		**6,509**		6,552
Miscellaneous Funding Adjustments		**3,508**		2,721
Total	**$**	**134,999**	$	136,192
Proprietary Personal Care Homes				
Central Park Lodge - Beacon Hill	**$**	**8,540**	$	8,570
Central Park Lodge - Charleswood Care Centre		**7,131**		7,150
Central Park Lodge - Heritage Lodge		**4,184**		4,247
Central Park Lodge - Kildonan Personal Care Home		**6,245**		6,291
Central Park Lodge - Maples Personal Care Home		**10,122**		10,096
Central Park Lodge - Parkview Place		**14,116**		14,522
Central Park Lodge - Poseidon Care Centre		**10,460**		10,481
Extendicare - Oakview Place		**11,357**		11,010
Extendicare - Tuxedo Villa		**9,853**		9,422
Golden Door Geriatric Centre		**3,614**		3,676
River East Personal Care Home		**6,316**		6,162
St. Norbert Nursing Home		**4,245**		4,002
Vista Park Lodge		**4,921**		4,853
Miscellaneous Funding Adjustments		**2,081**		1,344
Total	**$**	**103,185**	$	101,826
Rural Proprietary Personal Care Homes				
Central Park Lodge - Valley View	**$**	**4,238**	$	4,222
Extendicare - Hillcrest Place		**4,658**		4,561
Extendicare - Red River Place		**5,415**		5,172
St. Adolphe Personal Care Home		**1,564**		2,123
Tudor House Personal Care Home		**3,832**		3,793
Miscellaneous Funding Adjustments		**-**		-
Total	**$**	**19,707**	$	19,871
Residential Care				
Supportive Housing	**$**	**8,311**	$	8,170
St. Amant Centre		**29,880**		28,890
Total	**$**	**38,191**	$	37,060
Total	**$**	**296,082**	$	294,949

The facility funding reported on this schedule reflects approximately 75% (2013 - 75%) of the personal care homes' total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

In 2014, Drug Capitation Fees of $2,294 (2013 - $2,261) 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 year ended March 31, 2014
(in thousands of dollars)

	2014	2013
Aboriginal Health & Wellness Centre	**$ 1,986**	$ 1,368
Centre de Sante	**2,718**	2,633
Hope Centre Health Care Incorporated	**1,058**	1,045
Klinic Incorporated	**7,322**	7,010
Main Street Project Inc.	**2,745**	2,745
MFL Occupational Health and Safety Inc.	**797**	797
Mount Carmel Clinic	**8,038**	7,398
Nine Circles Community Health Centre Inc.	**3,437**	3,580
Nor'West Co-op Community Health Centre, Inc.	**3,711**	2,083
Rehabilitation Centre for Children, Inc.	**2,934**	2,814
Sexuality Education Resource Centre Manitoba, Inc.	**1,213**	1,191
Women's Health Clinic, Inc.	**5,190**	4,998
Clinique Youville Clinic Inc.	**2,705**	2,654
Miscellaneous Funding Adjustments	**1**	2
Total	**$ 43,855**	$ 40,318

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

For the year ended March 31, 2014
(in thousands of dollars)

	2014	2013
Convalescent Home of Winnipeg	**$ 10**	$ 57
Fred Douglas Lodge	**210**	210
Golden Links Lodge	**-**	96
Golden West Lodge	**190**	182
Holy Family Nursing Home	**269**	269
Independent Living Resource Centre	**114**	114
Lions Personal Care Centre	**210**	176
Lions Place - Charleswood	**324**	324
Lions Place - Concordia	**218**	209
Lions Place - 610 Portage	**252**	244
Luther Home	**122**	107
Middlechurch Home of Winnipeg	**272**	272
Extendicare - Oakview Place	**171**	159
Park Manor Personal Care Home	**158**	158
Sharon Home	**88**	86
South YM/YWCA	**205**	170
Taché Centre	**373**	421
Miscellaneous Funding Adjustments	**(1)**	-
Total	**$ 3,185**	$ 3,254

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Grants to Facilities and Agencies
For the year ended March 31, 2014
(in thousands of dollars)

	2014	2013
Aboriginal Seniors Resource Centre	**172**	172
Age & Opportunity Centre Inc.	**503**	507
ALS House (Brummit Feasby)	**408**	408
Alzheimer's Society of Manitoba	**295**	238
Andrews Street Family Centre	**-**	7
Artbeat Studio Inc.	**50**	50
Betelstadur Housing Co-op	**7**	7
Bethania Personal Care Home	**11**	11
Bethel Place	**38**	38
Bonivital Council for Seniors	**40**	40
Broadway Seniors Resource Council Inc.	**40**	40
Brooklands Pioneer Senior Citizens Club	**26**	25
Canadian Mental Health Association-Winnipeg Region	**1,393**	1,623
Central Speech & Hearing Clinic Inc.	**292**	292
Charleswood Senior Centre	**48**	48
Chez Nous Inc.	**20**	20
City of Winnipeg - Emergency Services	**16,559**	13,675
Clubhouse of Winnipeg Inc.	**420**	420
CNIB	**13**	13
Columbus Manor	**20**	20
Community Therapy Services	**228**	225
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 Secter Creative Living Centre	**60**	60
Hospice & Palliative Care Manitoba	**84**	84
Jewish Child and Family	**77**	67
Jocelyn House	**480**	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	**27**	25
L'Accueil Colombien Inc.	**19**	19
Lindenwood Manor (Wpg Mennonite Seniors Care Inc.)	**102**	102
Lions Club	**38**	38
Ma Mawi Wi Chi Itata Centre	**555**	-
Manitoba Association of Multipurpose Senior Centres	**9**	8
Manitoba Brain Injury Program	**50**	50
Manitoba Cardiac Institute (Reh-fit)	**768**	766
Manitoba Eastern Star Chalet	**12**	12
Manitoba Housing Authority	**338**	352
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 year ended March 31, 2014
(in thousands of dollars)

	2014	2013
Middlechurch Home of Winnipeg	**36**	48
North End Wellness Elders	**3**	17
Park Manor Personal Care Home	**83**	83
Pembina Active Living 55+	**26**	25
Pembina Place	**38**	38
Rainbow Resource Centre	**367**	351
River East Council for Seniors	**64**	64
Rose & Max Rady Jewish Community Centre	**18**	18
Ruperts Land Caregiver Services	**76**	68
S.S.C.O.P.E. Incorporated	**104**	104
Salvation Army	**253**	253
Sara Riel Inc.	**1,191**	1,130
Seneca House	**382**	382
Seniors Home Help Inc.	**77**	77
Serena Manitoba Inc.	**12**	12
Seven Oaks Seniors Link	**40**	40
Society for Manitobans with Disabilities	**1,536**	1,567
South Winnipeg Seniors Resource Council Inc.	**64**	64
St. James/Assiniboia Senior Centre Inc.	**102**	100
Stay Young Centre	**18**	18
Transcona Council for Seniors	**50**	48
University of Manitoba - MILE, Comm. Dentistry Prgm & WIS	**179**	120
University of Manitoba Dentistry - PCH Program	**255**	255
University of Manitoba	**450**	450
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)
Total	**$ 29,878**	$ 26,331

WINNIPEG REGIONAL HEALTH AUTHORITY

Schedule 6 - Internally Restricted Net Assets

For the year ended March 31

(in thousands of dollars)

	2014												2013
	Internally Restricted Net Assets												
	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	Middlechurch	Misericordia Ancillary Fund	St. Boniface Internally Restricted	Total	Total
Balance, beginning of year	$ 2,428	$ 664	$ 281	$ 3,258	$ 306	$ 4,107	$ 2,375	$ 3,664	$ -	$ 6,295	$ 6,527	$ 29,905	$ 28,850
Middlechurch Adjustment (Note 2)	-	-	-	-	-	-	-	-	166	-	-	166	-
Surplus (deficit) for the year	-	-	-	-	-	(9)	-	113	-	1,041	40	1,185	673
Purchase of capital assets, net	(524)	-	-	-	-	(681)	-	-	-	(1,291)	-	(2,496)	(2,563)
Net asset restrictions	801	-	-	28	(14)	579	(1,381)	-	180	-	-	193	2,945
Balance, end of year	$ 2,705	$ 664	$ 281	$ 3,286	$ 292	$ 3,996	$ 994	$ 3,777	$ 346	$ 6,045	$ 6,567	$ 28,953	$ 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)

	2014	2013
REVENUE		
Manitoba Health operating income	**$ 2,476,900**	$ 2,386,750
Other income (Schedule 1)	**110,680**	111,408
Amortization of deferred contributions, capital	**77,058**	74,413
Recognition of deferred contributions, future expenses	**32,743**	18,699
	2,697,381	2,591,270
EXPENSES		
Salaries and wages	**1,500,467**	1,435,497
Medical remuneration	**225,835**	221,060
General supplies	**65,892**	58,354
Food and dietary Supplies	**7,341**	7,416
Medical and surgical supplies	**132,506**	128,269
Pharmaceutical supplies	**61,492**	60,609
Utilities	**25,047**	18,106
Miscellaneous	**45,560**	44,576
Equipment	**55,733**	52,982
Contracted out services	**102,591**	99,108
Buildings and grounds	**27,930**	27,406
Interest	**488**	527
Amortization	**86,925**	80,381
Non-acute care facility and grant funding	**374,219**	365,616
	2,712,026	2,599,907
OPERATING DEFICIT	**(14,645)**	(8,637)
NON-INSURED SERVICES		
Non-insured services income	**66,922**	75,085
Non-insured services expenses	**61,915**	70,939
NON-INSURED SERVICES SURPLUS	**5,007**	4,146
DEFICIT FOR THE YEAR	**$ (9,638)**	$ (4,491)

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)

	2014	2013
REVENUE		
Manitoba Health operating income	**$ 2,476,900**	$ 2,386,750
Other income (Schedule 1)	**110,680**	111,408
Amortization of deferred contributions, capital	**77,058**	74,413
Recognition of deferred contributions, future expenses	**32,743**	18,699
	2,697,381	2,591,270
EXPENSES		
Program costs		
Anaesthesia	**16,404**	15,603
Breast health	**2,818**	2,779
Cardiac sciences	**77,944**	76,228
Child health	**117,071**	113,670
Child, adolescent and mental health	**20,728**	20,507
Critical care	**66,343**	64,907
Diagnostic imaging	**68,559**	67,076
Diagnostic imaging - Radiology Fee for Service	**14,846**	13,685
Emergency	**98,381**	94,379
Family medicine	**44,596**	42,433
Genetics	**1,626**	1,542
Health Links	**6,847**	6,822
Laboratories	**96,243**	89,020
Medicine	**127,929**	122,872
Renal health	**64,011**	61,563
Mental health	**45,548**	42,085
Oncology	**9,325**	8,648
Oral health	**679**	640
Palliative care	**13,095**	12,484
Psychology	**4,972**	4,728
Rehab/Geriatrics	**49,217**	47,966
Surgery	**244,904**	239,343
Women's health	**56,080**	52,964
Long-term care	**74,827**	75,988
Residents and interns	**40,002**	38,353
Other diagnostic and therapeutic services	**49,686**	45,892
Pharmacy	**24,827**	41,168
Community based home care services	**218,729**	211,595
Community based mental health services	**24,194**	23,131
Community based primary health services	**49,214**	42,055
Separately funded primary health programs	**10,587**	10,483
	1,740,232	1,690,609

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)

	2014	2013
Indirect service costs		
Corporate and support services	**72,004**	77,286
Clinical and non-clinical support services	**112,094**	108,351
Information services		
eHealth information services (Schedule A)	**86,825**	82,182
Other information services	**367**	792
Facility services	**183,921**	156,375
Marketed services	**3,446**	3,397
Research and education services	**9,220**	8,555
	467,877	436,938
Other costs		
Non-acute care facility and grant funding	**374,219**	365,616
Aboriginal services and strategies	**3,215**	2,971
Other costs	**30,469**	15,164
Employee future benefits	**8,601**	7,701
Interest	**488**	527
Amortization of capital assets	**86,925**	80,381
	503,917	472,360
	2,712,026	2,599,907
OPERATING DEFICIT	**(14,645)**	(8,637)
NON-INSURED SERVICES		
Non-insured services income	**66,922**	75,085
Non-insured services expenses	**61,915**	70,939
NON-INSURED SERVICES SURPLUS	**5,007**	4,146
OPERATING AND NON-INSURED DEFICIT	**$ (9,638)**	$ (4,491)

WINNIPEG REGIONAL HEALTH AUTHORITY

Supplementary Information

Schedule A - Manitoba eHealth Operating Results

For the year ended March 31

(unaudited)

(in thousands of dollars)

	2014	2013
REVENUE		
Manitoba Health operating income	**$ 70,609**	$ 67,471
Recoveries	**16,558**	14,968
	87,167	82,439
EXPENSES		
Salaries, wages, and employee benefits	**45,252**	45,197
Data communications	**2,251**	1,711
License fees	**5,208**	3,247
Hardware and software maintenance	**18,675**	18,020
Buildings and ground expense	**2,783**	2,668
Miscellaneous and other	**12,656**	11,339
	86,825	82,182
OPERATING SURPLUS	**342**	257
Manitoba Health operating income reduction	**(342)**	(257)
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.

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.

(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:

	2014						2013					
	Acute Care Facilities and Corporate Office		**Personal Care Homes and Community Health Agencies**		**Total**		Acute Care Facilities and Corporate Office		Personal Care Homes and Community Health Agencies		Total	
	$	**%**	**$**	**%**	**$**	**%**	$	%	$	%	$	%
							(Restated)		(Restated)		(Restated)	
Corporate	**$56,304**	**2.24%**	**$13,778**	**5.83%**	**$70,082**	**2.55%**	$54,588	2.20%	$13,108	5.45%	$67,696	2.49%
HR and Recruitment	**23,372**	**0.93%**	**1,969**	**0.83%**	**25,341**	**0.92%**	22,893	0.92%	1,840	0.77%	24,733	0.91%
Patient Care Related	**17,146**	**0.68%**	**20**	**0.01%**	**17,166**	**0.62%**	17,343	0.70%	19	0.01%	17,362	0.64%
	$96,822	**3.85%**	**$15,767**	**6.67%**	**$112,589**	**4.09%**	$94,824	3.82%	$14,967	6.23%	$109,791	4.04%

The 2014 figures presented are based on preliminary data available at time of publication. Restatements were made to the 2013 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

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.