Winnipeg Regional Health Authority
Office régional de la santé de Winnipeg

Consolidated Financial Statements of the

WINNIPEG REGIONAL HEALTH AUTHORITY

For the year ended March 31, 2021

WINNIPEG REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Board of Directors of the Winnipeg Regional Health Authority. The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards 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.

Deloitte 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 fair presentation of the consolidated financial statements prepared by management.

Mike Nader
President & Chief Executive Officer

Kim Sharman
Interim Chief Financial Officer

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

To the Board of Directors of
the Winnipeg Regional Health Authority

Opinion
We have audited the consolidated financial statements of the Winnipeg Regional Health Authority (the "Authority"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, change in net debt, remeasurement gains and losses and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Winnipeg Regional Health Authority as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the financial statements. We are responsible for the direction, supervisor and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants

June 22, 2021
Winnipeg, Manitoba

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

		2021		2020
FINANCIAL ASSETS				
Cash	**$**	**66,142**	$	66,421
Accounts receivable (Note 4)		**85,317**		71,191
Investments (Note 5)		**41,277**		37,640
Employee benefits recoverable from Manitoba Health and Seniors Care (Note 6)		**51,972**		51,972
Employee future benefits recoverable from Manitoba Health and Seniors Care (Note 16)		**19,892**		19,892
		264,600		247,116
LIABILITIES				
Bank indebtedness (Note 10)		**87,913**		48,394
Accounts payable and accrued liabilities (Notes 7 and 8)		**188,891**		212,790
Unearned revenue (Note 9)		**63,327**		59,760
Employee benefits payable (Note 6)		**91,397**		88,487
Employee future benefits payable (Note 16)		**127,775**		129,994
Long-term debt (Note 10)		**929,801**		965,256
		1,489,104		1,504,681
NET DEBT		**(1,224,504)**		(1,257,565)
NON-FINANCIAL ASSETS				
Inventory		**26,390**		24,193
Prepaid expenses		**5,513**		5,979
Tangible capital assets, net (Note 11)		**1,638,680**		1,694,710
		1,670,583		1,724,882
COMMITMENTS AND CONTINGENCIES (Note 12)				
TOTAL NET ASSETS	**$**	**446,079**	$	467,317
Total net assets is comprised of:				
Accumulated surplus		**448,016**		473,946
Accumulated remeasurement losses		**(1,937)**		(6,629)
	$	**446,079**	$	467,317

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

P Solman
.... Patricia Solman, CPA, CA
Chair, Board of Directors

Frank Koch-Schulte
.... Frank Koch-Schulte
Treasurer

WINNIPEG REGIONAL HEALTH AUTHORITY

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2021
(in thousands of dollars)

	2021 Core Operations	2021 Capital Operations	2021 Actual Total	2021 Budget Total (Note 18)	2020 Actual Total
REVENUE					
Manitoba Health and Senior Care grants	$ 1,944,427	$ 102,794	$ 2,047,221	$ 2,090,026	$ 2,026,086
Grants from other provincial government sources	90,697	-	90,697	5,757	5,985
Other capital grants	-	10,910	10,910	2,189	27,022
Patient and resident income	44,664	-	44,664	45,000	47,332
Recoveries from external sources	28,902	-	28,902	13,000	27,603
Investment income (Note 5)	183	-	183	1,675	1,634
Other income	4,994	-	4,994	5,462	7,764
	2,113,867	113,704	2,227,571	2,163,109	2,143,426
EXPENSES					
Acute care	909,590	126,078	1,035,668	997,402	1,032,290
Community care	453,541	6,131	459,672	440,000	440,647
Long-term care	524,820	4,382	529,202	480,000	477,728
Medical remuneration	223,582	-	223,582	266,335	225,096
	2,111,533	136,591	2,248,124	2,183,737	2,175,761
INSURED SERVICES SURPLUS (DEFICIT)	2,334	(22,887)	(20,553)	(20,628)	(32,335)
NON-INSURED SERVICES					
Non-insured services income	35,389	5,580	40,969	41,935	41,935
Non-insured services expenses	37,723	6,301	44,024	39,632	39,632
NON-INSURED SERVICES (DEFICIT) SURPLUS	(2,334)	(721)	(3,055)	2,303	2,303
DEFICIT BEFORE RESTRUCTURING	-	(23,608)	(23,608)	(18,325)	(30,032)
IMPACT OF RESTRUCTURING TRANSACTION (NOTE 19)	(2,322)	-	(2,322)	-	(16,556)
DEFICIT FOR THE YEAR	$ (2,322)	$ (23,608)	$ (25,930)	$ (18,325)	$ (46,588)
ACCUMULATED SURPLUS, BEGINNING OF YEAR			473,946		520,534
ACCUMULATED SURPLUS, END OF YEAR			$ 448,016		$ 473,946

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

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2021
(in thousands of dollars)

	Budget	2021	2020
DEFICIT FOR THE YEAR	$ (18,325)	$ (25,930)	$ (46,588)
CHANGE IN TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	(69,636)	(63,877)	(87,607)
Amortization of tangible capital assets	111,015	119,741	113,939
Loss on disposal of tangible capital assets	-	166	339
	23,054	56,030	26,671
CHANGE IN OTHER NON-FINANCIAL ASSETS			
Net change in inventories		(2,197)	19,978
Net change in prepaid expenses		466	10,065
		(1,731)	30,043
CHANGE IN OTHER ITEMS			
Net remeasurement gain (loss) for the year		4,692	(3,126)
Net change in endowments		-	(1,876)
		4,692	(5,002)
DECREASE IN NET DEBT		33,061	5,124
NET DEBT, BEGINNING OF YEAR		1,257,565	1,262,689
NET DEBT, END OF YEAR		$ 1,224,504	$ 1,257,565

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, 2021
(in thousands of dollars)

		2021		2020
Accumulated remeasurement losses at beginning of year	**$**	**(6,629)**	$	(3,503)
Unrealized gains (losses) attributable to:				
Derivative – interest rate swap (Note 8)		**2,483**		(1,942)
Investments		**2,209**		(1,184)
Net remeasurement gain (loss) for the year		**4,692**		(3,126)
Accumulated remeasurement losses at end of year	**$**	**(1,937)**	$	(6,629)

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, 2021
(in thousands of dollars)

		2021		2020
OPERATING ACTIVITIES				
Deficit for the year	$	**(25,930)**	$	(46,588)
Items not affecting cash				
Amortization of tangible capital assets		**119,741**		113,939
Loss on disposals of tangible capital assets		**166**		339
Recognition of unearned revenue		**(12,699)**		(29,862)
Employee future benefits expense		**10,370**		8,494
Restructuring impact on employee future benefits		**-**		(65,675)
		91,648		(19,353)
Net change in non-cash operating working capital balances		**(32,154)**		101,686
Unearned revenue received		**25,097**		32,596
Unearned revenue transferred to other health organizations		**(8,831)**		(35,827)
Employee future benefit payments		**(12,589)**		(13,540)
		63,171		65,562
FINANCING ACTIVITIES				
Proceeds from operating line of credit		**39,519**		16,923
Proceeds from capital line of credit		**33,504**		57,554
Payment of capital line of credit		**(43,133)**		(210,037)
Proceeds from long-term debt		**43,133**		210,037
Payment of long-term debt		**(68,959)**		(58,364)
		4,064		16,113
CAPITAL ACTIVITIES				
Acquisition of tangible capital assets		**(63,877)**		(87,607)
		(63,877)		(87,607)
INVESTING ACTIVITIES				
(Increase) decrease in investments, net		**(3,637)**		3,549
		(3,637)		3,549
DECREASE IN CASH		**(279)**		(2,383)
CASH, BEGINNING OF YEAR		**66,421**		68,804
CASH, END OF YEAR	$	**66,142**	$	66,421

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

1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority (the "Authority" or "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, long term care services and acute care services.

The scope of the Authority's operations is classified into these three distinct segments:

i. Consolidated direct operations – provided through:
   - Direct ownership – Home Care services, Mental Health services, Public Health services, Primary Care services, Long Term Care services (Middlechurch Home of Winnipeg and Riverpark Gardens sites), Acute Care services (Churchill Health Centre, Deer Lodge Centre, Grace General Hospital, Pan Am Clinic, and Victoria General Hospital sites), and Medical Remuneration.
   - Community hospitals (Concordia Hospital, Seven Oaks General Hospital – "Community Hospitals") – by means of agreements to further regionalization and operating agreements.
   - Other hospitals (Misericordia Health Centre, Riverview Health Centre, St. Boniface General Hospital – "Other Hospitals"), and Manitoba Adolescent Treatment Centre ("MATC") – by means of operating agreements.
   - Other supporting organizations (Seven Oaks Foundation, St. Boniface General Auxiliary)
   - Effective April 1, 2019, as part of the provincial Health System Transformation Program discussed in Note 19, the Authority transferred operating control of some of its divisions and departments to Shared Health Inc. ("Shared Health") including the Acute Care services of Health Sciences Centre and its ancillary operations including the Volunteer Enterprises of the Health Sciences Centre Inc. Also transferred were the operations of Manitoba eHealth which provides information technology services to all regional health authorities in Manitoba, Shared Health, CancerCare Manitoba, the Addictions Foundation of Manitoba, as well as health care providers and their colleges and associations. The tangible capital assets and related liabilities of these divisions will transfer at a subsequent date through a Government of Manitoba order under legislation.

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.

The Authority is a not-for-profit organization. Under the *Income Tax Act* (Canada), the Authority is exempt from income taxes, provided certain requirements of the *Income Tax Act* (Canada) are met.

2. FUTURE ACCOUNTING POLICY CHANGES

a) Standard effective April 1, 2022

The Authority has undertaken a review of the Public Sector Accounting Standard ("PSAS") 3280 – Asset Retirement Obligations which takes effect April 1, 2022. The Authority has begun its review of potential obligations that may require recognition under this standard, including liabilities related to the retirement of assets which contain asbestos or other contaminants. Further review and refinement of the valuation methodologies for recognizing these obligations continues. The impact to the Authority's consolidated financial statements is unknown at this time.

b) Standard effective April 1, 2023

PSAS 3400 – Revenue takes effect April 1, 2023. This new standard provides guidance on accounting for overall revenue transactions for which there is no specific guidance elsewhere in the Public Sector Accounting Handbook. This standard may be applied retroactively or prospectively. The Authority continues to evaluate the impact of the adoption of this standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Canadian public sector accounting standards. The significant accounting policies used in the preparation of the consolidated financial statements are as follows:

a) Controlled entities

The Authority consolidates all organizations that it controls through its ability to determine the strategic operating, capital, investing and financial policies of the organizations. The Authority continues to control the tangible capital assets and associated long-term debt for Health Sciences Centre and Digital Health (formerly eHealth) until such time as an Order in Council is passed in the Manitoba Legislature to allow Shared Health to own and control those assets and associated long-term debt. Shared Health has management responsibility and holds the budgets for the operations of Health Sciences Centre and Digital Health as a result of a restructuring transaction effected April 1, 2019 (Note 19).

b) Core and capital operations

The Authority includes all operating revenues and expenses in core operations with the exception of the revenue and expenses related to externally funded capital operations. Capital revenue includes any revenues or grants received specifically for the purpose of funding tangible capital assets. Capital expenses include the amortization of funded tangible capital assets and any other capital related expenses, including interest expense associated with debt incurred to finance those externally funded tangible capital assets.

c) Revenue recognition

Provincial government transfers for operating purposes are recognized as revenue in the period in which all eligibility criteria and stipulations, if any, have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is considered unearned until conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer from the Province of Manitoba is authorized.

Funding received for the acquisition or development of tangible capital assets is recognized as revenue in one of two ways:

i. Assets financed by approved/funded debt: revenue is recognized when the debt principal and interest payment funding is received.
ii. Assets financed by cash received or receivable: revenue is recognized when the funded asset is purchased or developed.

Any unrestricted non-government contributions or grants are recorded as revenue in the year received or in the years the funds are committed to the Authority if the amount can be reasonably estimated and collection is reasonably assured. All non-government contribution or grants that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as unearned revenue until the resources are used for the purpose or purposes specified.

Non-insured services income is recognized when services are rendered.

Investment income, which includes interest and realized gains and losses, is recorded as revenue when earned. Unrealized gains and losses are recorded in the consolidated statement of remeasurement gains and losses and are recorded as investment income when realized.

d) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

e) Inventory

Inventory held for internal use consists of medical supplies, drugs, linen and other supplies that are measured at the lower of cost and replacement cost. Inventory held for sale is measured at the lower of cost and net realizable value. Cost for all types of inventory is calculated using the weighted average cost formula.

f) Tangible capital assets including capital leases

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Tangible capital assets are amortized on a straight-line basis at the following annual rates:

Buildings	2% - 10%
Buildings under capital lease	over the term of the lease
Furniture and equipment	4% - 33%
Computer hardware and software	10% - 33%
Leasehold improvements	over the term of the lease

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

g) Employee future benefits

The Authority accrues its obligations under employee benefit plans and the related costs. The Authority has adopted the following policies:

Multi-employer plans

Defined contribution accounting is applied for multi-employer pension plans, whereby contributions are expensed on an accrual basis, as the Authority has insufficient information to apply defined benefit plan accounting.

Other defined benefit plans

The cost of non-pension post-retirement benefits earned by employees is actuarially determined using the projected unit credit prorated on the service actuarial cost method and management's best estimate assumptions. Actuarial gains and 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 costs 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 assumptions and/or experience are recognized over the EARSL of active employees.

h) Use of estimates

The preparation of consolidated financial statements in conformity with PSAS 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The Authority is funded by the Province of Manitoba using Manitoba Health and Seniors Care ("MHSC") funding mechanisms. These consolidated financial statements use funding mechanisms approved by MHSC for the year ended March 31, 2021.

The amount of revenue recognized from MHSC requires a number of estimates. Since MHSC does not communicate certain adjustments related to revenue until after the completion of the consolidated financial statements, the amount of revenue recognized during the year may be increased or decreased subsequent to year-end. The amount of revenue recognized in these consolidated financial statements represents management's best estimate of amounts that have been earned during the year.

Other amounts estimated by management include the useful life of tangible capital assets, employee future benefits payable, unsettled wage accruals and allowance for doubtful accounts.

i) Financial instruments

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

Fair value

The fair value category includes derivatives and investments.

Derivatives and investments 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. In the year of settlement or disposal, the gains or losses are reclassified to the consolidated statement of operations.

The Authority recognizes investments based on trade dates. Transaction costs related to investments are expensed as incurred.

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. If the loss in value subsequently reverses, the writedown in the consolidated statement of operations is not reversed until the investment is sold.

Amortized cost

The amortized cost category includes accounts receivable, accounts payable and accrued liabilities, bank indebtedness and long-term debt. These financial instruments are initially recognized at fair value and subsequently carried at amortized cost using the effective interest 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.

Writedowns 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 writedown being recognized in the consolidated statement of operations. If the loss in value subsequently reverses, the writedown in the consolidated statement of operations is not reversed.

(in thousands of dollars)

j) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceed maximum acceptable amounts under an environmental standard. The Authority is required to recognize a liability related to the cost of the remediation of contaminated sites when certain recognition criteria are met. For the fiscal year ended March 31, 2021, the Authority has not identified a liability for contaminated sites based on the recognition criteria (2020 – nil).

4. ACCOUNTS RECEIVABLE

		2021		2020
MHSC – core and capital operations	$	39,794	$	29,960
Other Province of Manitoba departments		**1,866**		1,763
Facility advances and receivables		**5,863**		5,876
Patient-related and other		**36,707**		28,634
Capital grants receivable		**30,076**		30,405
Allowance for doubtful accounts		**(28,989)**		(25,447)
	$	**85,317**	$	71,191

Aging of accounts receivable as at March 31, 2021 is as follows:

	Total	Current	Past Due 0 - 60 days	Past Due 61 - 120 days	Past Due >120 days
Patient-related and other	$ 36,707	$ 19,518	$ 3,026	$ 2,232	$ 11,931
Capital grants receivable	30,076	5,753	87	2,140	22,096
Other Province of Manitoba departments	1,866	358	-	-	1,508
Facility advances and receivables	5,863	-	-	-	5,863
Gross receivables	74,512	25,629	3,113	4,372	41,398
MHSC (See below)	39,794	33,401	-	-	6,393
Allowance for doubtful accounts	(28,989)	(375)	(1,299)	(1,771)	(25,544)
Net receivables	$ 85,317	$ 58,655	$ 1,814	$ 2,601	$ 22,247

MHSC receivables by funding year as at March 31, 2021 are as follows:

	Total	2020/21	2019/20	2018/19	2017/18 and prior
MHSC – core operations	$ 33,987	$ 32,769	$ 1,218	$ -	$ -
MHSC – capital operations	5,807	632	150	288	4,737
	$ 39,794	$ 33,401	$ 1,368	$ 288	$ 4,737

(in thousands of dollars)

Aging of accounts receivable as at March 31, 2020 is as follows:

			Past Due		
	Total	Current	0 - 60 days	61 - 120 days	>120 days
Patient-related and other	$ 28,634	$ 10,783	$ 3,540	$ 2,218	$ 12,093
Capital grants receivable	30,405	7,534	890	1,374	20,607
Other Province of Manitoba departments	1,763	549	-	1	1,213
Facility advances and receivables	5,876	-	45	-	5,831
Gross receivables	66,678	18,866	4,475	3,593	39,744
MHSC (See below)	29,960	23,238	-	-	6,722
Allowance for doubtful accounts	(25,447)	(114)	(413)	(468)	(24,452)
Net receivables	$ 71,191	$ 41,990	$ 4,062	$ 3,125	$ 22,014

MHSC receivables by funding year as at March 31, 2020 are as follows:

	Total	2019/20	2018/19	2017/18	2016/17 and prior
MHSC – core operations	$ 24,785	$ 23,088	$ 991	$ 699	$ 7
MHSC – capital operations	5,175	150	288	1,849	2,888
	$ 29,960	$ 23,238	$ 1,279	$ 2,548	$ 2,895

5. INVESTMENTS

	Fair value hierarchy level	**2021**	2020
Investments at fair value			
Money market investments	**Level 2**	**$ 3,469**	$ 5,893
Government bonds	**Level 2**	**1,156**	2,422
Principal protected notes	**Level 2**	**5,425**	2,602
Corporate bonds	**Level 2**	**5,416**	5,945
Guaranteed Investment Certificates ("GICs")	**Level 2**	**13,825**	15,633
Mutual Funds	**Level 1**	**3,632**	-
Publicly traded common shares	**Level 1**	**8,354**	5,152
		$ 41,277	$ 37,647
Less: amounts included with accrued interest		**-**	(7)
		$ 41,277	$ 37,640

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)

The Authority's total investment income is $1,223 (2020 - $3,354), which includes $183 (2020 - $1,634) in direct operations and $1,040 (2020 - $1,720) included in non-insured services income.

(in thousands of dollars)

None of the above investments are considered impaired, and no investment loss 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.

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 Principal protected notes, Government and Corporate bonds and GICs by staggering maturity dates. As at March 31, 2021, the maturity dates are as follows:

	Principal protected notes	Government bonds	Corporate bonds	GICs	Effective yield
Within 1 year	$ 1,083	$ -	$ 3,005	$ 1,495	1.52%
2 to 5 years	3,267	166	1,889	12,330	1.95%
5 to 10 years	1,075	532	436	-	1.08%
Over 10 years	-	458	86	-	3.77%
	$ 5,425	$ 1,156	$ 5,416	$ 13,825	

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

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 MHSC. The amount of funding that will be provided by MHSC for employee benefits has been capped and has been recorded as a receivable of $51,972 (2020 – $51,972) on the consolidated statement of financial position. MHSC 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.

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

	2021	2020
Balance, beginning of year	**$ 88,487**	$ 128,091
Restructuring (Note 19)	**-**	(41,776)
Increase in vacation/overtime/statutory holiday entitlements	**2,910**	2,172
Balance, end of year	**$ 91,397**	$ 88,487

(in thousands of dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2021		2020
Accounts payable and accrued liabilities	**$**	**122,877**	$	105,754
Accounts payable to Shared Health		**-**		69,115
Accounts payable to MHSC		**2,225**		2,373
Accrued salaries		**63,732**		35,447
Holdbacks on construction contracts		**57**		101
	$	**188,891**	$	212,790

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Authority has entered into an interest rate swap to convert a floating interest rate debt instrument into a fixed interest rate debt instrument for the Tecumseh Street Parkade ("Tecumseh") at the Health Sciences Centre. This interest rate swap relates to banker's acceptance (listed in Note 10), which is automatically renewed monthly until the end of the swap agreement.

The notional amount of the Tecumseh swap at March 31, 2021 is $24,011 (2020 - $25,302) maturing on November 15, 2039 with a fixed rate of 4.4%. The fair value of this swap has been calculated at $(3,449) (2020 - $(5,932)), resulting in a derivative liability of $3,449 (2020 - $5,932) included in accounts payable and accrued liabilities.

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

9. UNEARNED REVENUE

Unearned operating revenue represents the unspent amount of funding received for the Authority's operating expenses not yet incurred. Unearned capital revenue represents advance funding, received from MHSC, foundations or other funders for specified capital expenditures.

	2021			2020		
	Core	**Capital**	**Total**	Core	Capital	Total
Funding provided by MHSC	**$ 8,560**	**$ 35,231**	**$ 43,791**	$ 2,320	$ 34,076	$ 36,396
Funding provided by other sources	**15,792**	**3,744**	**19,536**	18,902	4,463	23,364
Unearned Revenue	**$ 24,352**	**$ 38,975**	**$ 63,327**	$ 21,222	$ 38,538	$ 59,760

	2021			2020		
	Core	**Capital**	**Total**	Core	Capital	Total
Balance, beginning of year	**$ 21,222**	**$ 38,538**	**$ 59,760**	$ 43,516	$ 49,337	$ 92,853
Restructuring (Note 19)	**-**	**-**	**-**	(19,513)	-	(19,513)
Add: amount received during the year	**12,974**	**18,389**	**31,363**	13,639	18,958	32,596
Transfers to other health organizations	**(1,641)**	**(13,456)**	**(15,097)**	(4,635)	(11,679)	(16,314)
Less: amount recognized as revenue	**(8,203)**	**(4,496)**	**(12,699)**	(11,785)	(18,077)	(29,862)
Balance, end of year	**$ 24,352**	**$ 38,975**	**$ 63,327**	$ 21,222	$ 38,538	$ 59,760

(in thousands of dollars)

10. LONG-TERM DEBT

		2021		2020
Debt with Province of Manitoba				
1.50% - 5.75% treasury loans, maturing from November 30, 2021 to February 28, 2061 Monthly principal payments $5,518	$	**841,007**	$	864,911
Prime minus 1.90% floating rate lines of credit supporting capital projects		**38,152**		47,781
Total debt with Province of Manitoba	**$**	**879,159**	$	912,692
Third party debt				
1.720% banker's acceptance, matures April 15, 2021 Health Sciences Centre Tecumseh Street Parkade (Note 8)	**$**	**24,011**	$	25,302
5.9% obligation under capital lease, maturing March 31, 2053 WRHA capital lease for Access St. James Monthly principal and interest payments $92		**15,243**		15,470
3.58% bank loan, maturing October 30, 2044 Monthly principal and interest payments $48 St. Boniface General Hospital Atrium		**11,231**		11,530
Prime minus 0.65% term loan, maturing September 30, 2022 Monthly principal and interest payments $9 Grace General Hospital Ancillary Parking Lot		**157**		262
Total third party debt	**$**	**50,642**	$	52,564
Total long-term debt	**$**	**929,801**	$	965,256

Unsecured loans held with Manitoba Finance's Treasury Division through the promissory notes for the Authority are recognized in the consolidated statement of financial position of the Authority.

The Health Sciences Centre Tecumseh Street Parkade loan has been collateralized by the Tecumseh Street Parkade, which at March 31, 2021 had a net book value of $26,678 (2020 - $28,242). The assigned results of the Health Sciences Centre Business and Innovative Services have also been secured against the parkade loan.

The St. Boniface General Hospital Atrium loan maturing on October 30, 2044 is collateralized 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 St. Boniface General Hospital cannot sell, transfer, assign, mortgage, lease, encumber, or otherwise dispose of any associated building or land without the lender's consent.

The Grace General Hospital Ancillary parking lot loan has been collateralized by the revenue from the Grace General Hospital Ancillary parking lot.

In addition to the long-term debt above, the Authority has unsecured operating lines of credit which, as at March 31, 2021, amount to $101,500 (2020 - $101,500). As at March 31, 2021, $87,913 was being utilized (2020 - $48,394).

(in thousands of dollars)

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

Principal Payments	Third-party debt	Capital lease	Treasury loans	Total
2021/22	$ 24,426	$ 240	$ 106,860	$ 131,526
2022/23	374	257	66,893	67,524
2023/24	333	302	61,334	61,969
2024/25	346	320	55,935	56,601
2025/26	358	339	54,622	55,319
Thereafter	9,562	13,785	533,515	556,862
	$ 35,399	$ 15,243	$ 879,159	$ 929,801

11. TANGIBLE CAPITAL ASSETS

	2021				
	Opening	**Transfers**	**Additions**	**Disposals**	**Closing**
Cost					
Land	**$ 20,206**	**$ -**	**$ -**	**$ -**	**$ 20,206**
Buildings	**1,763,920**	**7,432**	3,336	(268)	**1,774,420**
Buildings under capital lease	**16,690**	**-**	**-**	**-**	**16,690**
Furniture and equipment	**834,842**	**8,103**	19,258	**(2,138)**	**860,065**
Computer hardware and software	**491,572**	**2,109**	**101**	**-**	**493,782**
Leasehold improvements	**156,014**	**1,008**	**866**	**-**	**157,888**
Construction in progress (Note 12)	**162,370**	**(18,652)**	**40,316**	**-**	**184,034**
	$ 3,445,614	**$ -**	**$ 63,877**	**$ (2,406)**	**$ 3,507,085**
	Opening	**Transfers**	**Amortization**	**Disposals**	**Closing**
Accumulated Amortization					
Buildings	**710,604**	**$ -**	**$ 44,980**	**$ (268)**	**$ 755,316**
Buildings under capital lease	**2,955**	**-**	**417**	**-**	**3,372**
Furniture and equipment	**695,406**	**(12)**	**36,536**	**(1,972)**	**729,958**
Computer hardware and software	**275,532**	**12**	**30,856**	**-**	**306,400**
Leasehold improvements	**66,407**	**-**	**6,952**	**-**	**73,359**
	$ 1,750,904	**$ -**	**$ 119,741**	**$ (2,240)**	**$ 1,868,405**
Net Book Value	**$ 1,694,710**				**$ 1,638,680**

(in thousands of dollars)

	2020				
	Opening	Transfers	Additions	Disposals	Closing
Cost					
Land	$ 20,206	$ -	$ -	$ -	$ 20,206
Buildings	1,478,919	281,750	6,857	(3,606)	1,763,920
Buildings under capital lease	16,690	-	-	-	16,690
Furniture and equipment	784,284	37,751	14,420	(1,613)	834,842
Computer hardware and software	467,109	24,575	15	(127)	491,572
Leasehold improvements	150,256	5,720	38	-	156,014
Construction in progress (Note 12)	446,118	(349,796)	66,277	(229)	162,370
	$ 3,363,582	$ -	$ 87,607	$ (5,575)	$ 3,445,614

	Opening	Transfers	Amortization	Disposals	Closing
Accumulated Amortization					
Buildings	$ 673,893	$ 164	$ 40,153	$ (3,606)	$ 710,604
Buildings under capital lease	2,538	-	417	-	2,955
Furniture and equipment	663,392	(164)	33,713	(1,535)	695,406
Computer hardware and software	245,375	-	30,252	(95)	275,532
Leasehold improvements	57,003	-	9,404	-	66,407
	$ 1,642,201	$ -	$ 113,939	$ (5,236)	$ 1,750,904
Net Book Value	$ 1,721,381				$ 1,694,710

The Authority capitalizes interest on some projects up until they are substantially complete. The amount of interest capitalized during the year amounted to $675 (2020 - $215).

12. 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) As at March 31, 2021, the Authority had agreements to lease various premises occupied by the Authority, as well as commitments to lease various equipment. Lease payments for the next five years are as follows:

	Premises	Equipment
2021/22	$ 24,419	$ 2,854
2022/23	24,431	1,193
2023/24	21,358	842
2024/25	17,713	729
2025/26	16,698	714
Thereafter	158,192	283
	$ 262,811	$ 6,616

c) As at March 31, 2021, the Authority has recorded construction projects of $184,034 (2020 - $162,370); the estimated cost to complete these projects is $185,850 (2020 - $210,858). The Authority currently has capital commitments of approximately $65,006 (2020 - $69,229) and equipment purchase commitments of approximately $3,423 (2020 - $4,001).

(in thousands of dollars)

d) During the 2020/21 fiscal year, a contingent liability was recognized in accounts payable and accrued liabilities in the consolidation statement of financial position for wage settlements related to expired collective agreements. The amount recorded is an estimate, which may be subject to change. The extent of the liability accrued is not being disclosed pending completion of labour negotiations.

13. DESIGNATED NET ASSETS

Annually, the Board of Directors approves the amount set aside by the Authority and its consolidated entities for the following purposes:

	2021	2020
Laundry capital assets	**$ 7,051**	$ 7,411
Nutrition and Food Services	**6,181**	6,181
Concordia capital assets	**798**	664
Deer Lodge capital assets	**281**	281
Grace capital assets	**-**	3,290
Victoria capital assets	**329**	329
Seven Oaks ancillaries and Wellness Institute	**5,439**	5,175
Riverview internally restricted	**6,034**	5,951
Middlechurch internally restricted	**-**	206
Misericordia ancillary fund	**2,292**	944
St. Boniface internally restricted	**7,934**	7,897
Total	**$ 36,339**	$ 38,329

14. HEALTHCARE INSURANCE RECIPROCAL OF CANADA

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, 2021.

15. RELATED PARTIES

a) Key management personnel

The Authority undertakes an annual review to identify all of its related parties, including key management personnel, who are the individuals having authority and responsibility for planning, directing and controlling the activities of the entity. The key management personnel of the WRHA include members of the Board of Directors and Senior Management of the Authority. Each person identified as a key manager is required to disclose, on an annual basis or as any applicable situation arises, any conflict of interest with the Authority. If a conflict exists, the Authority quantifies the transactions and discloses as required. There were no related party transactions with key management personnel during the year ended March 31, 2021 that required disclosure.

b) Entities under common control

The Authority enters into funding arrangements either to receive or provide funding from/to other entities within the Province of Manitoba Government Reporting Entity. These entities are considered related parties as they and the WRHA are under the common control of the Province of Manitoba. The funding received or provided is recognized on an accrual basis at the exchange value of the funding transferred between the entities.

c) 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 (Note 1). Transactions between related entities are recorded at the exchange amount.

The Authority is the majority funder of the Community Hospitals, the Other Hospitals and MATC, which act as the Authority’s agents in providing health care services mandated by the Province of Manitoba. These health care services are delivered under the control of the Authority from an accounting perspective. This determination of control is based largely on the fact that the Community Hospitals’, the Other Hospitals’ and MATC’s, 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.

The controlled Community Hospitals, Other Hospitals and MATC have been consolidated into the Authority’s consolidated financial statements due to the nature of the agreements in existence. Seven Oaks General Hospital Foundation Inc. and St. Boniface General Auxiliary Inc. have also been consolidated as required under PSAS.

(in thousands of dollars)

16. 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 a formula (dependent on the agreement/policy applicable to the employee).

The most recent valuation of the obligation was performed as at December 31, 2018, projected to March 31, 2021. Information about the Authority's accrued retirement liability as at March 31 is as follows:

	2021	2020
Accrued benefit obligation	**$ 111,695**	$ 111,037
Funded status – plan deficit	**$ (111,695)**	$ (111,037)
Unamortized net actuarial gain	**(2,170)**	(3,626)
Accrued benefit liability	**$ (113,865)**	$ (114,663)

The change in the Authority's accrued benefit liability consists of the following:

	2021	2020
Accrued benefit liability – beginning of year	**$ (114,663)**	$ (173,253)
Restructuring (Note 19)	**-**	56,108
In-year expense	**(9,898)**	(8,461)
Benefits paid	**10,696**	10,943
Accrued benefit liability – end of year	**$ (113,865)**	$ (114,663)

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

	2021	2020
Current service cost	**$ 8,652**	$ 8,000
Amortization of actuarial gain	**(1,655)**	(2,767)
Interest cost	**2,901**	3,228
	$ 9,898	$ 8,461

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

	2021	2020
Discount rate	**2.65%**	2.60%
Salary escalation	**3.50%**	3.50%
Expected average remaining service life	**7.8 Yrs**	7.8 Yrs

(in thousands of dollars)

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

	2021	2020
Discount rate	**2.60%**	3.10%
Salary escalation	**3.50%**	3.50%

The amount of funding that will be provided by MHSC for pre-retirement entitlement obligations has been capped and has been recorded as a receivable of $19,892 (2020 – $19,892) on the consolidated statement of financial position. MHSC has indicated that payment of this receivable, when required, is guaranteed by the Province of Manitoba.

b) Pension plans

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. All of the relevant financial information is contained within the financial information of the Plan.

Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $67,630 (2020 - $69,958) and are included as an expense in the consolidated statement of operations.

The most recent valuation for financial reporting purposes completed by the Plan as at December 31, 2020 disclosed total actuarial value of assets of $8,864,899 with total actuarial liabilities of $7,936,834, resulting in a surplus of $928,065.

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. During the year, the Authority expensed contributions of $593 (2020 - $562) to this plan.

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 $3,603 (2020 - $2,954) for current year's contributions. The most recent valuation for financial reporting purposes completed by this plan as at December 31, 2017 disclosed total actuarial value of assets of $5,000,689 with total actuarial liabilities of $4,725,325, resulting in a surplus of $275,364.

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 $2,090 (2020 - $2,121) to this plan.

(in thousands of dollars)

c) Sick leave liability

The Authority provides sick leave benefits that accumulate, but do not vest.

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

	2021	2020
Accrued benefit obligation	$ **11,282**	$ 11,763
Funded status – plan deficit	**$ (11,282)**	$ (11,763)
Unamortized net actuarial gain	**(2,628)**	(3,568)
Accrued benefit liability	**$ (13,910)**	$ (15,331)

The change in the Authority's sick leave liability consists of the following:

	2021	2020
Accrued benefit liability – beginning of year	**$ (15,331)**	$ (27,462)
Restructuring (Note 19)	**-**	9,567
In-year expense	**(472)**	(33)
Benefits paid	**1,893**	2,597
Accrued benefit liability – end of year	**$ (13,910)**	$ (15,331)

The expense related to the Authority's sick leave liability consists of the following:

	2021	2020
Current service cost	**$ 1,138**	$ 1,051
Amortization of actuarial gain	**(978)**	(1,402)
Interest cost	**312**	384
	$ 472	$ 33

The significant actuarial assumptions adopted for measuring the Authority's sick leave liability are as follows:

	2021	2020
Discount rate	**2.65%**	2.60%
Salary escalation	**3.50%**	3.50%
Expected average remaining service life	**7.2 Yrs**	7.2 Yrs

The significant actuarial assumptions adopted in measuring the Authority's expense for the sick leave liability are as follows:

	2021	2020
Discount rate	**2.60%**	3.10%
Salary escalation	**3.50%**	3.50%

17. FINANCIAL INSTRUMENT RISK MANAGEMENT

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

a) 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 cash, accounts receivable, interest rate swap, and investment activities.

The Authority's accounts receivable consist 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 ongoing 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 which do not already have allowances.

The Authority's credit risk associated with cash and the 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 credit risk or policies, procedures, and methods used to measure the risk.

b) 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 its derivative instruments. 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 includes the risk arising from fluctuations in 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.

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 has entered into an interest rate swap to manage the interest rate cash flow exposure associated with a portion of total debt that is subject to variable rates. The contracts have an effect of converting the floating rate of interest to a fixed rate.

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

The fair value of the bond portfolio is also subject to changes in the interest rate. The bonds held as investments have interest rates ranging from 1.77% to 4.45%, and maturities from June 1, 2021 to December 1, 2048. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of $66 (2020 - $84) on net assets and accumulated remeasurement gains or losses.

The interest payments on the variable rate long-term debt are subject to changes in the interest rate. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of $242 (2020 - $220) on interest expense on the consolidated statement of operations.

Offsetting the change on the variable rate of the Tecumseh loan is the interest rate swap. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of $1,441 (2020 - $2,421) on net assets and accumulated remeasurement gains or losses.

Foreign exchange and other price risk

The Authority is exposed to equity price risk on its publicly traded common shares. Fluctuations in the fair value of these shares are recognized in the consolidated statement of remeasurement gains and losses. The Authority has minimal exposure to foreign exchange risk.

c) Liquidity risk

Liquidity risk is the risk that the Authority 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.

18. BUDGETED FIGURES

Budgeted Figures, detailed within the Authority’s 2020-21 Summary Budget submission, have been provided for comparison purposes and have been approved by the Authority’s Board. The budgeted total revenues and total expenditures were subject to audit.

19. RESTRUCTURING TRANSACTION

The Province of Manitoba established a Health System Transformation Program to guide the thoughtful planning and phased implementation of broad health-system changes aimed at improving the quality, accessibility and efficiency of health-care services province-wide. As part of the transformation, Shared Health, a provincial organization, was created and has been given the responsibility for developing and administering a provincial clinical and preventative service plan for the Government of Manitoba with respect to all provincial health services and for consolidating certain provincially scoped health care services, support services and facilities under one organization. Shared Health and the Authority are under the common control of the Province of Manitoba.

During the 2020/21 fiscal year, some residual restructuring transactions took place with Shared Health, resulting in accounts payable of $2,322 on the consolidated statement of financial position and a restructuring charge of $2,322 on the consolidation statement of operations. These transactions relate to the transfer of internally restricted funds to Shared Health. They include a transfer of $1,507 for future MRI purchases at St. Boniface General Hospital and $815 for use by the Child Protection Centre at the Health Sciences Centre.

As of April 1, 2019, Shared Health assumed the operational responsibilities of the following divisions and departments of the Authority:

- Health Sciences Centre (insured services and ancillary operations)
- Digital Health (formerly Manitoba eHealth)
- Diagnostic & Non-invasive Cardiac Services
- Emergency Medical Services
- Patient Transport
- Certain corporate and administrative functions

This initial restructuring included the transfer of approximately $900 million of MHSC annual operating funding from the Authority to Shared Health. A Government of Manitoba order under legislation is expected during the 2021/22 fiscal year that will allow for the transfer of the associated tangible capital assets and related liabilities for the above divisions and departments. The amount of the capital transfer will be determined at the date the Order in Council is finalized.

There were no contingent liabilities transferred to Shared Health as part of the restructuring transaction and the Authority did not incur any restructuring costs. Shared Health has agreed to assume the non-capital contractual obligations of the transferred divisions and departments. Any capital contractual obligations will transfer along with the capital assets and related liabilities at a future point in time.

(in thousands of dollars)

The carrying value of the assets and liabilities transferred on April 1, 2019 was:

Financial Assets	
Cash	$ 2,822
Accounts receivable	73,639
Employee benefits recoverable from MHSC	25,441
Employee future benefits recoverable from MHSC	56,067
	157,969
Non-Financial Assets	
Inventory	21,199
Prepaids	10,225
	31,424
Liabilities	
Accounts payable and accrued liabilities	(43,997)
Unearned revenue	(19,513)
Employee benefits payable	(41,776)
Employee future benefits payable	(65,675)
	(170,961)
Endowment Accounts	(1,876)
Restructuring Charge	$ 16,556

20. COVID-19

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Significant expenditures were incurred by the Authority as part of the response to combat COVID-19. Throughout the fiscal year, the Authority was reimbursed by MHSC for those costs identified as incremental expenditures due to the COVID-19 pandemic. While these amounts have been paid to the Authority, it is anticipated that MHSC will perform audit procedures subsequent to year-end that may result in a revised settlement of the revenues provided for these expenditures. In addition, transfers of personal protective equipment were received from Government of Manitoba Central Services. These items have been valued at current market prices and grant revenue has been recognized by the Authority in the consolidated statement of operations.

The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the government and central bank interventions.

21. 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 - Consolidated Statement of Operations by Expense Category

For the year ended March 31, 2021
(in thousands of dollars)

	2021 Core Operations	2021 Capital Operations	2021 Actual Total	2021 Budget Total (Note 18)	2020 Actual Total
REVENUE					
Manitoba Health and Senior Care grants	$ 1,944,427	$ 102,794	$ 2,047,221	$ 2,090,026	$ 2,026,086
Grants from other provincial government sources	90,697	-	90,697	5,757	5,985
Other capital grants	-	10,910	10,910	2,189	27,022
Patient and resident income	44,664	-	44,664	45,000	47,332
Recoveries from external sources	28,902	-	28,902	13,000	27,603
Investment income (Note 5)	183	-	183	1,675	1,634
Other income	4,994	-	4,994	5,462	7,764
	2,113,867	113,704	2,227,571	2,163,109	2,143,426
EXPENSES					
Salaries and wages	1,132,186	-	1,132,186	1,084,563	1,098,526
Medical remuneration	227,349	-	227,349	266,335	228,345
General supplies	31,202	-	31,202	24,630	24,928
Food and dietary Supplies	16,373	-	16,373	14,028	17,863
Medical and surgical supplies	83,681	-	83,681	89,371	93,477
Pharmaceutical supplies	60,438	-	60,438	58,123	57,894
Utilities	15,669	-	15,669	14,859	15,717
Miscellaneous	36,926	-	36,926	35,426	57,296
Software, equipment, maintenance and rentals	21,698	-	21,698	21,675	21,908
Contracted out services	14,924	-	14,924	29,579	11,596
Buildings and grounds	28,599	-	28,599	26,317	26,475
Interest	1,582	29,906	31,488	27,934	30,518
Amortization	5,062	106,685	111,747	103,683	106,838
	1,675,689	136,591	1,812,280	1,796,523	1,791,381
FACILITY FUNDING					
Long term care facility funding	354,410	-	354,410	314,303	308,740
Community health agency funding	66,594	-	66,594	58,407	61,136
GRANT FUNDING					
Grants to facilities and agencies	14,840	-	14,840	14,504	14,504
	435,844	-	435,844	387,214	384,380
INSURED SERVICES SURPLUS (DEFICIT)	2,334	(22,887)	(20,553)	(20,628)	(32,335)
NON-INSURED SERVICES					
Non-insured services income					
Manitoba Health and Senior Care grants	5,601	-	5,601	-	-
Other income	29,788	5,580	35,368	41,935	41,935
	35,389	5,580	40,969	41,935	41,935
Non-insured services expenses					
Compensation	17,314	-	17,314	16,900	16,879
Supplies	6,447	-	6,447	3,950	3,944
Utilities and miscellaneous	10,793	-	10,793	10,000	10,147
Interest	410	1,064	1,474	1,450	1,562
Amortization of capital assets	2,759	5,237	7,996	7,332	7,100
	37,723	6,301	44,024	39,632	39,632
NON-INSURED SERVICES (DEFICIT) SURPLUS	(2,334)	(721)	(3,055)	2,303	2,303
DEFICIT BEFORE RESTRUCTURING	-	(23,608)	(23,608)	(18,325)	(30,032)
IMPACT OF RESTRUCTURING TRANSACTION (NOTE 19)	(2,322)	-	(2,322)	-	(16,556)
DEFICIT FOR THE YEAR	$ (2,322)	$ (23,608)	$ (25,930)	$ (18,325)	$ (46,588)