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, 2022

WINNIPEG REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

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, B.Sc., MBA, MA
President & Chief Executive Officer

Dan Skwarchuk, B.Comm (Hons), CPA, CGA
Regional Lead Corporate Services &
Chief Financial Officer

TABLE OF CONTENTS

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

	2022	2021
FINANCIAL ASSETS		
Cash	**$ 37,134**	$ 66,142
Accounts receivable (Note 4)	**274,286**	85,317
Investments (Note 5)	**29,355**	41,277
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
	412,639	264,600
LIABILITIES		
Bank indebtedness (Note 10)	**111,477**	87,913
Accounts payable and accrued liabilities (Notes 7 and 8)	**306,846**	188,891
Unearned revenue (Note 9)	**70,088**	63,327
Employee benefits payable (Note 6)	**93,390**	91,397
Employee future benefits payable (Note 16)	**126,095**	127,775
Long-term debt (Note 10)	**896,028**	929,801
	1,603,924	1,489,104
NET DEBT	**(1,191,285)**	(1,224,504)
NON-FINANCIAL ASSETS		
Inventory	**27,174**	26,390
Prepaid expenses	**4,266**	5,513
Tangible capital assets, net (Note 11)	**1,579,002**	1,638,680
	1,610,442	1,670,583
COMMITMENTS AND CONTINGENCIES (Note 12)		
TOTAL NET ASSETS	**$ 419,157**	$ 446,079
Total net assets is comprised of:		
Accumulated surplus	**419,275**	448,016
Accumulated remeasurement losses	**(118)**	(1,937)
	$ 419,157	$ 446,079

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

P Solman

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

BM Innes

. . . . Brenda McInnes, CPA, CA
Treasurer

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022
(in thousands of dollars)

	2022 Core Operations	2022 Capital Operations	2022 Actual Total	2022 Budget Total (Note 18)	2021 Core Operations	2021 Capital Operations	2021 Actual Total
REVENUE							
Manitoba Health and Senior Care grants	$ 2,178,209	$ 104,605	$ 2,282,814	$ 1,968,356	$ 1,944,427	$ 102,794	$ 2,047,221
Grants from other provincial government sources	102,757	-	102,757	91,105	90,697	-	90,697
Other capital grants	-	4,844	4,844	2,702	-	10,910	10,910
Patient and resident income	45,594	-	45,594	55,540	44,664	-	44,664
Recoveries from external sources	27,187	-	27,187	16,045	28,902	-	28,902
Investment income (Note 5)	608	-	608	2,067	183	-	183
Other income	8,382	-	8,382	6,741	4,994	-	4,994
	2,362,737	109,449	2,472,186	2,142,556	2,113,867	113,704	2,227,571
EXPENSES							
Acute care	1,032,546	127,641	1,160,187	985,300	909,590	126,078	1,035,668
Community care	500,074	5,934	506,008	434,662	453,541	6,131	459,672
Long-term care	589,061	3,932	592,993	474,176	524,820	4,382	529,202
Medical remuneration	235,249	-	235,249	263,104	223,582	-	223,582
	2,356,930	137,507	2,494,437	2,157,242	2,111,533	136,591	2,248,124
INSURED SERVICES SURPLUS (DEFICIT)	5,807	(28,058)	(22,251)	(14,686)	2,334	(22,887)	(20,553)
NON-INSURED SERVICES							
Non-insured services income	41,880	5,476	47,356	51,757	35,389	5,580	40,969
Non-insured services expenses	47,687	6,159	53,846	39,151	37,723	6,301	44,024
NON-INSURED SERVICES DEFICIT	(5,807)	(683)	(6,490)	12,606	(2,334)	(721)	(3,055)
DEFICIT BEFORE RESTRUCTURING	-	(28,741)	(28,741)	(2,080)	-	(23,608)	(23,608)
IMPACT OF RESTRUCTURING TRANSACTION (NOTE 19)	-	-	-	-	(2,322)	-	(2,322)
DEFICIT FOR THE YEAR	$ -	$ (28,741)	$ (28,741)	$ (2,080)	$ (2,322)	$ (23,608)	$ (25,930)
ACCUMULATED SURPLUS, BEGINNING OF YEAR			448,016				473,946
ACCUMULATED SURPLUS, END OF YEAR			$ 419,275				$ 448,016

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, 2022
(in thousands of dollars)

	Budget	2022	2021
DEFICIT FOR THE YEAR	**$ (2,080)**	**$ (28,741)**	$ (25,930)
CHANGE IN TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	**(63,500)**	**(61,936)**	(63,877)
Amortization of tangible capital assets	**121,703**	**121,195**	119,741
Loss on disposal of tangible capital assets	**-**	**419**	166
	56,123	**59,678**	56,030
CHANGE IN OTHER NON-FINANCIAL ASSETS			
Net change in inventories		**(784)**	(2,197)
Net change in prepaid expenses		**1,247**	466
		463	(1,731)
CHANGE IN OTHER ITEMS			
Net remeasurement gain for the year		**1,819**	4,692
		1,819	4,692
DECREASE IN NET DEBT		**33,219**	33,061
NET DEBT, BEGINNING OF YEAR		**(1,224,504)**	(1,257,565)
NET DEBT, END OF YEAR		**$(1,191,285)**	$ (1,224,504)

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, 2022
(in thousands of dollars)

		2022		2021
Accumulated remeasurement losses at beginning of year	**$**	**(1,937)**	$	(6,629)
Unrealized gains attributable to:				
Derivative – interest rate swap (Note 8)		**1,816**		2,483
Investments		**3**		2,209
Net remeasurement gain for the year		**1,819**		4,692
Accumulated remeasurement losses at end of year	**$**	**(118)**	$	(1,937)

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, 2022
(in thousands of dollars)

	2022	2021
OPERATING ACTIVITIES		
Deficit for the year	**$ (28,741)**	$ (25,930)
Items not affecting cash		
Amortization of tangible capital assets	**121,195**	119,741
Loss on disposals of tangible capital assets	**419**	166
Recognition of unearned revenue	**(20,287)**	(12,699)
Employee future benefits expense	**10,505**	10,370
	83,091	91,648
Net change in non-cash operating working capital balances	**(66,739)**	(32,154)
Unearned revenue received	**31,734**	25,097
Unearned revenue transferred to other health organizations	**(4,686)**	(8,831)
Employee future benefit payments	**(12,185)**	(12,589)
	31,215	63,171
FINANCING ACTIVITIES		
Proceeds from operating line of credit	**23,564**	39,519
Proceeds from capital line of credit	**36,939**	33,504
Payment of capital line of credit	**(18,014)**	(43,133)
Proceeds from long-term debt	**18,014**	43,133
Payment of long-term debt	**(70,712)**	(68,959)
	(10,209)	4,064
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(61,936)**	(63,877)
	(61,936)	(63,877)
INVESTING ACTIVITIES		
Decrease (increase) in investments, net	**11,922**	(3,637)
	11,922	(3,637)
DECREASE IN CASH	**(29,008)**	(279)
CASH, BEGINNING OF YEAR	**66,142**	66,421
CASH, END OF YEAR	**$ 37,134**	$ 66,142

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 will apply this standard using the modified retroactive application method and 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 will likely require restatement of comparative values but those are 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, 2022.

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, wage settlement 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, 2022, the Authority has not identified a liability for contaminated sites based on the recognition criteria (2021 – nil).

4. ACCOUNTS RECEIVABLE

		2022		2021
MHSC – core and capital operations	**$**	**201,089**	$	39,794
Other Province of Manitoba departments		**38,300**		1,866
Facility advances and receivables		**6,447**		5,863
Patient-related and other		**33,176**		36,707
Capital grants receivable		**8,095**		30,076
Allowance for doubtful accounts		**(12,821)**		(28,989)
	$	**274,286**	$	85,317

Aging of accounts receivable as at March 31, 2022 is as follows:

	Total	Current	Past Due 0 - 60 days	Past Due 61 - 120 days	Past Due >120 days
Patient-related and other	$ 33,176	$ 13,340	$ 2,078	$ 2,132	$ 15,626
Capital grants receivable	8,095	3,203	109	45	4,738
Other Province of Manitoba departments	38,300	26,044	603	1,262	10,391
Facility advances and receivables	6,447	(2,353)	252	2,847	5,701
Gross receivables	86,018	40,234	3,042	6,286	36,456
MHSC (See below)	201,089	152,790	-	-	48,299
Allowance for doubtful accounts	(12,821)	(742)	(112)	(416)	(11,551)
Net receivables	$ 274,286	$ 192,282	$ 2,930	$ 5,870	$ 73,204

MHSC receivables by funding year as at March 31, 2022 are as follows:

	Total	2021/22	2020/21	2019/20	2018/19 and prior
MHSC – core operations	$ 198,959	$ 151,663	$ 46,078	$ 1,218	$ -
MHSC – capital operations	2,130	1,127	524	479	-
	$ 201,089	$ 152,790	$ 46,602	$ 1,697	$ -

(in thousands of dollars)

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

			Past Due		
	Total	Current	0 - 60 days	61 - 120 days	>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

5. INVESTMENTS

	Fair value hierarchy level	**2022**	2021
Investments at fair value			
Money market investments	**Level 2**	**$ -**	$ 3,469
Government bonds	**Level 2**	**737**	1,156
Principal protected notes	**Level 2**	**-**	5,425
Corporate bonds	**Level 2**	**1,763**	5,416
Guaranteed Investment Certificates ("GICs")	**Level 2**	**12,364**	13,825
Mutual Funds	**Level 1**	**4,367**	3,632
Publicly traded common shares	**Level 1**	**10,124**	8,354
		$ 29,355	$ 41,277

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 $1,853 (2021 - $1,223), which includes $608 (2021 - $183) in direct operations and $1,245 (2021 - $1,040) included in non-insured services income.

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.

(in thousands of dollars)

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, 2022, the maturity dates are as follows:

	Government bonds	Corporate bonds	GICs	Effective yield
Within 1 year	$ -	$ 50	$ 3,888	3.18%
2 to 5 years	296	1,556	8,476	2.20%
5 to 10 years	310	152	-	2.16%
Over 10 years	131	5	-	3.75%
	$ 737	$ 1,763	$ 12,364	

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 (2021 – $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:

	2022	2021
Balance, beginning of year	**$ 91,397**	$ 88,487
Net increase in vacation/overtime/statutory holiday entitlements	**1,993**	2,910
Balance, end of year	**$ 93,390**	$ 91,397

(in thousands of dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2022		2021
Accounts payable and accrued liabilities	**$**	**176,522**	$	122,877
Accounts payable to MHSC		**10,379**		2,225
Accrued salaries		**119,886**		63,732
Holdbacks on construction contracts		**59**		57
	$	**306,846**	$	188,891

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, 2022 is $22,719 (2021 - $24,011) maturing on November 15, 2039 with a fixed rate of 4.4%. The fair value of this swap has been calculated at $(1,633) (2021 - $(3,449)), resulting in a derivative liability of $1,633 (2021 - $3,449) 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.

	2022			2021		
	Core	**Capital**	**Total**	Core	Capital	Total
Funding provided by MHSC	**$ 16,054**	**$ 32,885**	**$ 48,939**	$ 8,560	$ 35,231	$ 43,791
Funding provided by other sources	**18,096**	**3,053**	**21,149**	15,792	3,744	19,536
Unearned Revenue	**$ 34,150**	**$ 35,938**	**$ 70,088**	$ 24,352	$ 38,975	$ 63,327

	2022			2021		
	Core	**Capital**	**Total**	Core	Capital	Total
Balance, beginning of year	**$ 24,352**	**$ 38,975**	**$ 63,327**	$ 21,222	$ 38,538	$ 59,760
Add: amount received during the year	**22,148**	**9,586**	**31,734**	13,414	11,683	25,097
Transfers to other health organizations	**-**	**(4,686)**	**(4,686)**	(2,081)	(6,750)	(8,831)
Less: amount recognized as revenue	**(12,350)**	**(7,937)**	**(20,287)**	(8,203)	(4,496)	(12,699)
Balance, end of year	**$ 34,150**	**$ 35,938**	**$ 70,088**	$ 24,352	$ 38,975	$ 63,327

(in thousands of dollars)

10. LONG-TERM DEBT

		2022		2021
Debt with Province of Manitoba				
1.50% - 5.75% treasury loans, maturing from November 30, 2022 to February 28, 2062 Monthly principal payments $5,714	**$**	**790,257**	$	841,007
Prime minus 1.90% floating rate lines of credit supporting capital projects		**57,077**		38,152
Total debt with Province of Manitoba	**$**	**847,334**	$	879,159
Third party debt				
1.720% banker's acceptance, matures April 18, 2022 Health Sciences Centre Tecumseh Street Parkade (Note 8)	**$**	**22,719**	$	24,011
5.9% obligation under capital lease, maturing March 31, 2053 WRHA capital lease for Access St. James Monthly principal and interest payments $94		**15,003**		15,243
3.58% bank loan, maturing September 30, 2044 Monthly principal and interest payments $59 St. Boniface General Hospital Atrium		**10,920**		11,231
Prime minus 0.90% term loan, maturing September 30, 2022 Monthly principal and interest payments $9 Grace General Hospital Ancillary Parking Lot		**52**		157
Total third party debt	**$**	**48,694**	$	50,642
Total long-term debt	**$**	**896,028**	$	929,801

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 is financed through banker's acceptance which is automatically renewed monthly until the end of the swap agreement (discussed in Note 8). This loan has been collateralized by the Tecumseh Street Parkade, which at March 31, 2022 had a net book value of $25,135 (2021 - $26,678). 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 September 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 thousands of dollars)

In addition to the long-term debt above, the Authority has unsecured operating lines of credit which, as at March 31, 2022, amount to $101,300 (2021 - $101,500). As at March 31, 2022, $111,477 was being utilized (2021 - $87,913), resulting in a temporary overage of the credit limit due to timing of funds received from MHSC. The Authority communicated this timing difference to the bank and the temporary overage was approved.

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
2022/23	23,093	257	124,921	148,271
2023/24	333	302	62,057	62,692
2024/25	346	320	56,562	57,228
2025/26	358	339	55,230	55,927
2026/27	371	360	54,035	54,766
Thereafter	9,190	13,425	494,529	517,144
	$ 33,691	$ 15,003	$ 847,334	$ 896,028

11. TANGIBLE CAPITAL ASSETS

	2022				
	Opening	**Transfers**	**Additions**	**Disposals**	**Closing**
Cost					
Land	**$ 20,206**	**$ -**	**$ -**	**$ -**	**$ 20,206**
Buildings	**1,774,420**	**8,047**	**916**	**(825)**	**1,782,558**
Buildings under capital lease	**16,690**	**-**	**-**	**-**	**16,690**
Furniture and equipment	**860,065**	**5,875**	**11,577**	**(5,992)**	**871,525**
Computer hardware and software	**493,782**	**33,665**	**224**	**-**	**527,671**
Leasehold improvements	**157,888**	**4,777**	**191**	**-**	**162,856**
Construction in progress (Note 12)	**184,034**	**(52,364)**	**49,028**	**(371)**	**180,327**
	$ 3,507,085	**$ -**	**$ 61,936**	**$ (7,188)**	**$ 3,561,833**

	Opening	**Transfers**	**Amortization**	**Disposals**	**Closing**
Accumulated Amortization					
Buildings	**755,316**	**$ -**	**$ 43,897**	**$ (777)**	**$ 798,436**
Buildings under capital lease	**3,372**	**-**	**417**	**-**	**3,789**
Furniture and equipment	**729,958**	**-**	**36,542**	**(5,992)**	**760,508**
Computer hardware and software	**306,400**	**-**	**27,846**	**-**	**334,246**
Leasehold improvements	**73,359**	**-**	**12,493**	**-**	**85,852**
	$ 1,868,405	**$ -**	**$ 121,195**	**$ (6,769)**	**$ 1,982,831**
Net Book Value	**$ 1,638,680**				**$ 1,579,002**

(in thousands of dollars)

	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

The Authority capitalizes interest on some projects up until they are substantially complete. The amount of interest capitalized during the year amounted to $551 (2021 - $675).

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, 2022, 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
2022/23	$ 19,482	$ 3,495
2023/24	17,764	2,931
2024/25	17,386	1,931
2025/26	17,061	1,000
2026/27	15,496	520
Thereafter	146,708	281
	$ 233,897	$ 10,158

c) As at March 31, 2022, the Authority has recorded construction projects of $180,327 (2021 - $184,034); the estimated cost to complete these projects is $278,710 (2021 - $185,850). The Authority currently has capital commitments of approximately $115,034 (2021 - $65,006) and equipment purchase commitments of approximately $5,860 (2021 - $3,423).

(in thousands of dollars)

d) In the 2020/21 fiscal year, a contingent liability was recognized in accounts payable and accrued liabilities in the consolidated statement of financial position for outstanding wage settlements related to expired collective agreements. During the current fiscal year, some of the outstanding contracts were settled, while others continue to be negotiated. During the 2021/22 fiscal year, this liability has been updated and continues to be 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:

	2022	2021
Laundry capital assets	**$ 7,372**	$ 7,051
Nutrition and Food Services	**6,181**	6,181
Concordia capital assets	**798**	798
Deer Lodge capital assets	**281**	281
Victoria capital assets	**329**	329
Seven Oaks ancillaries and Wellness Institute	**6,017**	5,439
Riverview internally restricted	**6,148**	6,034
Misericordia ancillary fund	**2,292**	2,292
St. Boniface internally restricted	**7,929**	7,934
Total	**$ 37,347**	$ 36,339

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, 2022.

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, 2022 that required disclosure.

(in thousands of dollars)

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.

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, 2021, projected to March 31, 2022. Information about the Authority's accrued retirement liability as at March 31 is as follows:

	2022	2021
Accrued benefit obligation	**$ 108,103**	$ 111,695
Funded status – plan deficit	**$ (108,103)**	$ (111,695)
Unamortized net actuarial gain	**(5,160)**	(2,170)
Accrued benefit liability	**$ (113,263)**	$ (113,865)

(in thousands of dollars)

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

		2022		2021
Accrued benefit liability – beginning of year	**$**	**(113,865)**	$	(114,663)
In-year expense		**(9,942)**		(9,898)
Benefits paid		**10,544**		10,696
Accrued benefit liability – end of year	**$**	**(113,263)**	$	(113,865)

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

		2022		2021
Current service cost	**$**	**8,915**	$	8,652
Amortization of actuarial gain		**(1,910)**		(1,655)
Interest cost		**2,937**		2,901
	$	**9,942**	$	9,898

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

	2022	2021
Discount rate	**4.00%**	2.65%
Salary escalation	**3.00%**	3.50%
Expected average remaining service life	**11.0 Yrs**	7.8 Yrs

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

	2022	2021
Discount rate	**2.65%**	2.60%
Salary escalation	**3.00%**	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 (2021 – $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 $72,042 (2021 - $67,630) 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, 2021 disclosed total actuarial value of assets of $9,561,724 with total actuarial liabilities of $8,289,289, resulting in a surplus of $1,272,435.

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 $618 (2021 - $593) to this plan. The most recent valuation for financial reporting purposes completed by this plan as at December 31, 2020 disclosed total actuarial value of assets of $4,857,551 with total actuarial liabilities of $5,624,930, resulting in an unfunded liability of $767,379.

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 $3,654 (2021 - $3,603) for current year’s contributions. The most recent valuation for financial reporting purposes completed by this plan as at December 31, 2020 disclosed total actuarial value of assets of $5,710,426 with total actuarial liabilities of $5,558,121, resulting in a surplus of $152,305.

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 $1,972 (20210 - $2,090) to this plan.

(in thousands of dollars)

c) Sick leave liability

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

The most recent valuation of the obligation was performed as at December 31, 2021, projected to March 31, 2022. Information about the Authority's accrued benefit liability as at March 31 is as follows:

		2022		2021
Accrued benefit obligation	**$**	**7,260**	$	11,282
Funded status – plan deficit	**$**	**(7,260)**	$	(11,282)
Unamortized net actuarial gain		**(5,572)**		(2,628)
Accrued benefit liability	**$**	**(12,832)**	$	(13,910)

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

		2022		2021
Accrued benefit liability – beginning of year	**$**	**(13,910)**	$	(15,331)
In-year expense		**(563)**		(472)
Benefits paid		**1,641**		1,893
Accrued benefit liability – end of year	**$**	**(12,832)**	$	(13,910)

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

		2022		2021
Current service cost	**$**	**1,173**	$	1,138
Amortization of actuarial gain		**(904)**		(978)
Interest cost		**294**		312
	$	**563**	$	472

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

	2022	2021
Discount rate	**4.00%**	2.65%
Salary escalation	**3.00%**	3.50%
Expected average remaining service life	**9 Yrs**	7.2 Yrs

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

	2022	2021
Discount rate	**2.65%**	2.60%
Salary escalation	**3.00%**	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 1.495% to 4.69%, and maturities from December 5, 2022 to December 2, 2051. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of $25 (2021 - $66) 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 $228 (2021 - $242) 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 $1,838 (2021 - $1,441) 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 2021-22 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.

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

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.

A Government of Manitoba Order in Council approved under proposed legislation is expected during the 2022/23 fiscal year that will allow for the transfer of the associated tangible capital assets and related liabilities for the above Clinical Programs and Administrative Services. While tangible capital assets did not transfer in the 2020/21 fiscal year nor the 2021/22 fiscal year, the Authority agreed to make these assets available for the provision of services transferred to Shared Health through a jointly executed Interim Governance, Management and Operating Agreement. Shared Health covered the carrying costs incurred by the Authority for the HSC Ancillary Operations capital loans through the payment and recording of a facility fee of $5,476 (2021 - $5,600). It is anticipated that the tangible capital assets will transfer to Shared Health in the 2022/23 fiscal year.

(in thousands of dollars)

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 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. SUBSEQUENT EVENT

Health System Transformation – Wave 2

On April 1, 2022 and April 29, 2022, transition of specific staff and services into new organizations and refinement of organizational structures took place as part of the Health System Transformation Wave 2. These transitions are a significant step towards fulfilling the redefined roles of government health departments and health Service Delivery Organizations.

As part of the Wave 2 transition, Manitoba's mental health and addictions services have been brought together to help evolve and strengthen mental health and addictions service delivery across Manitoba. Provincial programs, such as the Authority's Manitoba Adolescent Treatment Centre, have transferred to Shared Health as of April 1, 2022. The transfer of MATC will result in a reduction of the following:

Financial assets	$ 8,090
Liabilities	5,784
Net debt	2,306
Non-financial assets	1,487
Total net assets	$ 3,793
Revenue	$ 15,418
Expenses	15,374
Net surplus	$ 44

These transfers are essential in being able to work collaboratively to ensure Manitobans have easier access to the mental health and addictions care they need, in their community or closer to home.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 1 - Consolidated Statement of Operations by Expense Category
For the year ended March 31, 2022
(in thousands of dollars)

	2022 Core Operations	2022 Capital Operations	2022 Actual Total	2022 Budget Total (Note 18)	2021 Core Operations	2021 Capital Operations	2021 Actual Total
REVENUE							
Manitoba Health and Senior Care grants	$ 2,178,209	$ 104,605	$ 2,282,814	$ 1,968,356	$ 1,944,427	$ 102,794	$ 2,047,221
Grants from other provincial government sources	102,757	-	102,757	91,105	90,697	-	90,697
Other capital grants	-	4,844	4,844	2,702	-	10,910	10,910
Patient and resident income	45,594	-	45,594	55,540	44,664	-	44,664
Recoveries from external sources	27,187	-	27,187	16,045	28,902	-	28,902
Investment income (Note 5)	608	-	608	2,067	183	-	183
Other income	8,382	-	8,382	6,741	4,994	-	4,994
	2,362,737	109,449	2,472,186	2,142,556	2,113,867	113,704	2,227,571
EXPENSES							
Salaries and wages	1,283,104	-	1,283,104	1,051,424	1,132,186	-	1,132,186
Medical remuneration	238,511	-	238,511	258,197	227,349	-	227,349
General supplies	42,636	-	42,636	24,605	31,202	-	31,202
Food and dietary Supplies	18,031	-	18,031	14,014	16,373	-	16,373
Medical and surgical supplies	91,034	-	91,034	89,280	83,681	-	83,681
Pharmaceutical supplies	65,641	-	65,641	58,064	60,438	-	60,438
Utilities	18,021	-	18,021	14,844	15,669	-	15,669
Miscellaneous	38,806	701	39,507	35,390	36,926	-	36,926
Software, equipment, maintenance and rentals	23,853	-	23,853	21,653	21,698	-	21,698
Contracted out services	16,074	-	16,074	29,549	14,924	-	14,924
Buildings and grounds	28,372	-	28,372	26,290	28,599	-	28,599
Interest	1,200	28,361	29,561	32,549	1,582	29,906	31,488
Amortization	5,150	108,445	113,595	113,665	5,062	106,685	111,747
	1,870,433	137,507	2,007,940	1,769,524	1,675,689	136,591	1,812,280
FACILITY FUNDING							
Long term care facility funding	398,005	-	398,005	313,984	354,410	-	354,410
Community health agency funding	72,234	-	72,234	58,348	66,594	-	66,594
GRANT FUNDING							
Grants to facilities and agencies	16,258	-	16,258	14,489	14,840	-	14,840
	486,497	-	486,497	386,821	435,844	-	435,844
INSURED SERVICES SURPLUS (DEFICIT)	5,807	(28,058)	(22,251)	(13,789)	2,334	(22,887)	(20,553)
NON-INSURED SERVICES							
Non-insured services income							
Manitoba Health and Senior Care grants	-	-	-	-	5,601	-	5,601
Other income	41,880	5,476	47,356	51,757	29,788	5,580	35,368
	41,880	5,476	47,356	51,757	35,389	5,580	40,969
Non-insured services expenses							
Compensation	24,595	-	24,595	16,384	17,314	-	17,314
Supplies	10,093	-	10,093	3,946	6,447	-	6,447
Utilities and miscellaneous	10,119	-	10,119	9,990	10,793	-	10,793
Interest	399	1,040	1,439	1,690	410	1,064	1,474
Amortization of capital assets	2,481	5,119	7,600	8,038	2,759	5,237	7,996
	47,687	6,159	53,846	40,048	37,723	6,301	44,024
NON-INSURED SERVICES DEFICIT	(5,807)	(683)	(6,490)	11,709	(2,334)	(721)	(3,055)
DEFICIT BEFORE RESTRUCTURING	-	(28,741)	(28,741)	(2,080)	-	(23,608)	(23,608)
IMPACT OF RESTRUCTURING TRANSACTION (NOTE 19)	-	-	-	-	(2,322)	-	(2,322)
DEFICIT FOR THE YEAR	$ -	$ (28,741)	$ (28,741)	$ (2,080)	$ (2,322)	$ (23,608)	$ (25,930)