



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, 2024*

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

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

## Independent Auditor's Report

To the Board of Directors of  
the Winnipeg Regional Health Authority

### Report on the Audit of the Consolidated Financial Statements

#### 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, 2024, and the consolidated statements of operations and accumulated deficit, change in net debt, remeasurement gains and losses and cash flow 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 Authority as at March 31, 2024, and the results of its operations and accumulated deficit, changes in its net debt, remeasurement gains, and its cash flow 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 consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated financial statements. We are responsible for the direction, supervision 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  
Winnipeg, Manitoba  
June 25, 2024

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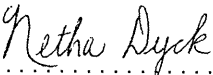
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**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Consolidated Statement of Financial Position**

As at March 31, 2024  
(in thousands of dollars)

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash	\$ 43,954	\$ 88,817
Accounts receivable (Note 5)	272,445	208,456
Investments (Note 6)	29,560	30,923
Employee benefits recoverable from Manitoba Health (Note 7)	51,409	51,972
Employee future benefits recoverable from Manitoba Health (Note 16)	19,661	19,892
	<b>417,029</b>	<b>400,060</b>
<b>LIABILITIES</b>		
Bank indebtedness	109,133	89,321
Accounts payable and accrued liabilities (Note 8)	407,420	352,991
Unearned revenue (Note 9)	55,670	63,665
Employee benefits payable (Note 7)	100,001	93,570
Employee future benefits payable (Note 16)	123,658	123,366
Long-term debt (Note 10)	375,193	343,302
Asset retirement obligation liability (Note 17)	48,906	79,199
	<b>1,219,981</b>	<b>1,145,414</b>
<b>NET DEBT</b>	<b>(802,952)</b>	<b>(745,354)</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	32,447	31,640
Prepaid expenses	7,629	5,462
Tangible capital assets, net (Note 11)	688,549	650,606
	<b>728,625</b>	<b>687,708</b>
COMMITMENTS AND CONTINGENCIES (Note 12)		
<b>TOTAL NET LIABILITIES</b>	<b>\$ (74,327)</b>	<b>\$ (57,646)</b>
<b>Total net liabilities are comprised of:</b>		
Accumulated deficit	(75,873)	(58,275)
Accumulated remeasurement gains	1,546	629
	<b>\$ (74,327)</b>	<b>\$ (57,646)</b>

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

.....  Dr. Netha Dyck, RN, EdD, CHE, I-FCNEI, I-FCAN  
Chair, Board of Directors

.....  Brenda McInnes, CPA, CA  
Treasurer

**WINNIPEG REGIONAL HEALTH AUTHORITY**  
**Consolidated Statement of Operations and Accumulated Deficit**  
For the year ended March 31, 2024  
(in thousands of dollars)

	2024			2024	2023		
	Core Operations	Capital Operations	Actual Total	Budget Total (Note 19)	Core Operations	Capital Operations	Actual Total
<b>REVENUE</b>							
Manitoba Health grants	\$ 2,246,860	\$ 47,773	\$ 2,294,633	\$ 2,070,148	\$ 2,078,873	\$ 54,487	\$ 2,133,360
Grants from other provincial government sources	105,855	-	105,855	94,689	94,689	-	94,689
Other capital grants	-	6,223	6,223	5,171	-	5,171	5,171
Patient and resident income	52,802	-	52,802	43,630	43,630	-	43,630
Recoveries from external sources	49,127	-	49,127	29,040	29,404	-	29,404
Investment income	1,558	-	1,558	475	1,401	-	1,401
Other income	4,007	-	4,007	7,595	11,866	-	11,866
	<b>2,460,209</b>	<b>53,996</b>	<b>2,514,205</b>	<b>2,250,748</b>	<b>2,259,863</b>	<b>59,658</b>	<b>2,319,521</b>
<b>EXPENSES</b>							
Acute care	1,087,991	17,238	1,105,229	1,054,916	982,295	65,592	1,047,887
Community care	514,580	5,327	519,907	475,439	469,803	5,636	475,439
Long-term care	628,803	3,247	632,050	524,216	557,327	4,378	561,705
Medical remuneration	279,003	-	279,003	216,271	245,150	-	245,150
	<b>2,510,377</b>	<b>25,812</b>	<b>2,536,189</b>	<b>2,270,842</b>	<b>2,254,575</b>	<b>75,606</b>	<b>2,330,181</b>
<b>INSURED SERVICES (DEFICIT) SURPLUS</b>	<b>(50,168)</b>	<b>28,184</b>	<b>(21,984)</b>	<b>(20,094)</b>	<b>5,288</b>	<b>(15,948)</b>	<b>(10,660)</b>
<b>NON-INSURED SERVICES</b>							
Non-insured services income	28,880	-	28,880	45,000	49,818	-	49,818
Non-insured services expenses	24,494	-	24,494	39,632	55,106	651	55,757
<b>NON-INSURED SERVICES SURPLUS (DEFICIT)</b>	<b>4,386</b>	<b>-</b>	<b>4,386</b>	<b>5,368</b>	<b>(5,288)</b>	<b>(651)</b>	<b>(5,939)</b>
<b>(DEFICIT) SURPLUS BEFORE RESTRUCTURING</b>	<b>(45,782)</b>	<b>28,184</b>	<b>(17,598)</b>	<b>(14,726)</b>	<b>-</b>	<b>(16,599)</b>	<b>(16,599)</b>
<b>IMPACT OF RESTRUCTURING TRANSACTIONS (Note 20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,594)</b>	<b>(389,114)</b>	<b>(391,708)</b>
<b>(DEFICIT) SURPLUS FOR THE YEAR</b>	<b>\$ (45,782)</b>	<b>\$ 28,184</b>	<b>\$ (17,598)</b>	<b>\$ (14,726)</b>	<b>\$ (2,594)</b>	<b>\$ (405,713)</b>	<b>\$ (408,307)</b>
ACCUMULATED (DEFICIT) SURPLUS, BEGINNING OF YEAR			(58,275)				350,032
<b>ACCUMULATED DEFICIT, END OF YEAR</b>			<b>\$ (75,873)</b>				<b>\$ (58,275)</b>

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, 2024  
(in thousands of dollars)

	<b>Budget</b>	<b>2024</b>	<b>2023</b>
DEFICIT FOR THE YEAR	\$ (14,726)	\$ (17,598)	\$ (408,307)
<b>CHANGE IN TANGIBLE CAPITAL ASSETS</b>			
Acquisition of tangible capital assets	(63,500)	(89,549)	(78,299)
Amortization of tangible capital assets	60,998	43,434	62,419
Transfer of tangible capital assets (Note 20)	-	391	963,610
Gain on disposal of tangible capital assets	-	2	-
Addition of tangible capital assets - asset retirement obligation	-	(7,226)	(3,356)
Amortization of tangible capital assets - asset retirement obligation	-	1,188	1,156
Transfer of tangible capital assets - asset retirement obligation	-	-	7,883
Write-downs of tangible capital assets - asset retirement obligation	-	13,817	-
	<b>(2,502)</b>	<b>(37,943)</b>	953,413
<b>CHANGE IN OTHER NON-FINANCIAL ASSETS</b>			
Net change in inventories	-	(807)	(4,466)
Net change in prepaid expenses	-	(2,167)	(1,196)
	-	<b>(2,974)</b>	(5,662)
<b>CHANGE IN OTHER ITEMS</b>			
Net remeasurement gains for the year	-	917	747
	-	<b>917</b>	747
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>(17,228)</b>	<b>(57,598)</b>	540,191
NET DEBT, BEGINNING OF YEAR	(745,354)	(745,354)	(1,285,545)
<b>NET DEBT, END OF YEAR</b>	<b>\$ (762,582)</b>	<b>\$ (802,952)</b>	<b>\$ (745,354)</b>

*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, 2024  
(in thousands of dollars)

	<u>2024</u>	<u>2023</u>
Accumulated remeasurement gains (losses) at beginning of year	\$ 629	\$ (118)
Unrealized gains (losses) on Investments	917	(487)
Realized gains on Derivative – interest rate swap	-	1,234
Net remeasurement gains for the year	<u>917</u>	<u>747</u>
Accumulated remeasurement gains at end of year	<u>\$ 1,546</u>	<u>\$ 629</u>

*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, 2024  
(in thousands of dollars)

	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES</b>		
Deficit for the year	\$ (17,598)	\$ (408,307)
Items not affecting cash		
Amortization of tangible capital assets	43,434	62,419
Transfer of tangible capital assets (Note 20)	391	963,610
Gain on disposals of tangible capital assets	(2)	-
Asset retirement obligation - accretion and amortization	4,792	8,374
Asset retirement obligation - revaluation	(27,307)	-
Impact of restructuring (Note 20)	-	(571,902)
Recognition of unearned revenue	(54,125)	(59,722)
Employee future benefits expense	9,331	7,158
	<b>(41,084)</b>	<b>1,630</b>
Net change in operating working capital balances	46,493	165,371
Unearned revenue transferred to other health organizations	(4,750)	(4,398)
Employee future benefit payments	(9,039)	(9,887)
	<b>(8,380)</b>	<b>152,716</b>
<b>FINANCING ACTIVITIES</b>		
(Payments to) Proceeds from operating line of credit	19,812	(22,156)
Proceeds from capital line of credit	56,682	37,062
Payment of capital line of credit	(54,609)	(44,418)
Proceeds from long-term debt	54,609	44,418
Payment of long-term debt	(24,791)	(35,949)
	<b>51,703</b>	<b>(21,043)</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(89,549)	(78,299)
	<b>(89,549)</b>	<b>(78,299)</b>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in investments, net	1,363	(1,691)
	<b>1,363</b>	<b>(1,691)</b>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(44,863)</b>	<b>51,683</b>
CASH, BEGINNING OF YEAR	88,817	37,134
CASH, END OF YEAR	\$ 43,954	\$ 88,817

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

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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### 1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority (the “Authority” or “WRHA”) was established as of May 28, 2012 by merging with the Churchill Regional Health Authority under the *Regional Health Authorities Act*, as the successor to the former 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”) – by means of operating agreements.
  - Other supporting organizations (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 (now Digital Health) which provides information technology services to all regional health authorities in Manitoba, Shared Health, CancerCare Manitoba, as well as health care providers and their colleges and associations. The tangible capital assets and related liabilities of these divisions were subsequently transferred to Shared Health on July 1, 2022 through a Government of Manitoba Order in Council.
  - Effective April 1, 2022, as part of the provincial Health System Transformation Program discussed in Note 19, the Authority transferred operating control, the tangible capital assets, and related liabilities of the Manitoba Adolescent Treatment Centre to Shared Health.
  - Effective April 1, 2022, as part of the provincial Health System Transformation Program discussed in Note 19, the operating control, tangible capital assets, and related liabilities related to the delivery of Addictions Foundation Manitoba services within the Winnipeg region were transferred from the Province of Manitoba to the WRHA.
  - Effective March 22, 2023, the Seven Oaks Foundation is no longer consolidated within the WRHA’s financial results. The directors of the Foundation are no longer appointed by the Seven Oaks General Hospital and, as such, the WRHA no longer exercises any control over the Foundation.
- 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.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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- 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

### Standards effective April 1, 2026

The PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of PSAS 1000 – Financial Statement Concepts and PSAS 1100 – Financial Statement Objectives for fiscal years beginning on or after April 1, 2026; earlier adoption is permitted. This Conceptual Framework is to be applied prospectively. The Authority continues to evaluate the impact of the adoption of this Conceptual Framework.

PSAS 1202 – Financial Statement Presentation replaces PSAS 1201 – Financial Statement Presentation and takes effect April 1, 2026. Early adoption is permitted only if the Conceptual Framework is also adopted at the same time. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. In this standard, prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. 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 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 as disclosed in note 1.

### 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.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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### 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 or 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.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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### 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
Asset retirement obligations	1.47% - 5.26%

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 funding mechanisms with the departments of Manitoba Health (MH) and of Housing, Addictions and Homelessness (HAH) and other government departments. These consolidated financial statements use funding mechanisms approved by the two departments for the year ended March 31, 2024.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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The amount of revenue recognized requires a number of estimates. Since MH and HAH do 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.

Asset retirement obligations also require extensive use of estimates such as the degree to which areas may be affected, the timeframe for the future remediation work, cost escalation over that same timeframe and, the appropriate discount rate to use to determine the present value of these future obligations.

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 write-down 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.

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

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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operations. If the loss in value subsequently reverses, the write-down in the consolidated statement of operations is not reversed.

### 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, 2024, the Authority has not identified a liability for contaminated sites based on the recognition criteria (2023 – nil).

### k) **Asset Retirement Obligations**

Asset retirement obligations (AROs) are provisions for legal obligations for the retirement of the Authority's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- i. there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii. a past transaction or event giving rise to the liability has occurred;
- iii. it is expected that future economic benefits will be given up; and
- iv. a reasonable estimate of the amount can be made.

Liabilities are recognized by the Authority in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are measured initially at management's best estimate as the present value of the estimated future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, there is a corresponding increase to the carrying value of the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period. In subsequent periods, the liability is accreted over time and adjusted for changes in the liability estimate, as applicable or timing of the future cash flows. The capitalized asset retirement costs are amortized on a straight-line basis over the same remaining useful life of the related asset. For tangible capital assets that have been fully amortized, the capitalized ARO costs are amortized over 25 years. This time period reflects the continued use of fully amortized capital assets and an estimate of the time span between the decision to construct a new replacement hospital through to its construction and the eventual demolition of the previous hospital. No construction of new hospitals is currently planned within the WRHA. The amortization and accretion expense are included in the Consolidated Statement of Operations. The estimate of the ARO and the associated assumptions regarding escalation and discount rates is revisited annually.

WRHA holds a significant number of buildings which will incur costs for AROs in future years or, ultimately, at the end of the asset's useful life. The type of AROs identified to date at WRHA are asbestos, PCB in ballasts and electrical transformers, small residential and commercial refrigerators, refrigerants in large chillers and rooftop units, and fuel storage tanks. The most significant potential AROs for the Authority are for asbestos used in building construction and



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underground fuel storage tanks. The two areas of legislation governing the WRHA's AROs are the Workplace Health & Safety and Health Regulation of 2006 for asbestos within buildings and the 2001 Storage and Handling of Petroleum Products and Allied Products Regulation, M.R. 188/2001 for fuel storage tanks.

The effective date of the liability for WRHA's assets is the later of:

- i. The date of when the legislation or regulation came into effect; or
- ii. The date the asset was acquired.

#### 4. CHANGE IN ACCOUNTING POLICY

##### Revenue

Effective April 1, 2023, the Authority adopted PSAS 3400 – Revenue retroactively with no restatement. 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. The Authority has determined that there is no impact to the financial statements as a result of this adoption.

#### 5. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
MH – core and capital operations	\$ 133,954	\$ 108,145
Other Province of Manitoba departments	56,565	14,915
Facility advances and receivables	51,049	55,967
Patient-related and other	51,945	41,771
Capital grants receivable	3,674	3,116
Allowance for doubtful accounts	(24,742)	(15,458)
	<u>\$ 272,445</u>	<u>\$ 208,456</u>

Aging of accounts receivable as at March 31, 2024 is as follows:

	Total	Current	Past Due		
			0 - 60 days	61 - 120 days	>120 days
Patient-related and other	\$ 51,945	\$ 16,801	\$ 5,113	\$ 5,188	\$ 24,843
Capital grants receivable	3,674	519	160	247	2,748
Other Province of Manitoba departments	56,565	50,943	475	1,047	4,100
Facility advances and receivables	51,049	22	11,040	1,729	38,258
Gross receivables	163,233	68,285	16,788	8,211	69,949
MH (See below)	133,954	114,024	-	-	19,930
Allowance for doubtful accounts	(24,742)	(388)	(677)	(2,799)	(20,878)
Net receivables	<u>\$ 272,445</u>	<u>\$ 181,921</u>	<u>\$ 16,111</u>	<u>\$ 5,412</u>	<u>\$ 69,001</u>

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MH receivables by funding year as at March 31, 2024 are as follows:

	Total	2023/24	2022/23	2021/22	2020/21 and prior
MH – core operations	\$ 132,767	\$ 124,012	\$ 4,143	\$ 2,171	\$ 2,441
MH – capital operations	1,187	113	90	724	260
	<b>\$ 133,954</b>	<b>\$ 124,125</b>	<b>\$ 4,233</b>	<b>\$ 2,895</b>	<b>\$ 2,701</b>

Aging of accounts receivable as at March 31, 2023 is as follows:

	Total	Current	Past Due		
			0 - 60 days	61 - 120 days	>120 days
Patient-related and other	\$ 41,771	\$ 13,769	\$ 2,117	\$ 3,415	\$ 22,470
Capital grants receivable	3,116	37	-	138	2,941
Other Province of Manitoba departments	14,915	15,026	-	(111)	-
Facility advances and receivables	55,967	5,202	-	-	50,765
Gross receivables	115,769	34,034	2,117	3,442	76,176
MH (See below)	108,145	65,447	-	-	42,698
Allowance for doubtful accounts	(15,458)	(188)	(54)	(478)	(14,738)
Net receivables	<b>\$ 208,456</b>	<b>\$ 99,293</b>	<b>\$ 2,063</b>	<b>\$ 2,964</b>	<b>\$ 104,136</b>

MH receivables by funding year as at March 31, 2023 are as follows:

	Total	2022/23	2021/22	2020/21	2019/20 and prior
MH – core operations	\$ 106,942	\$ 64,244	\$ 40,257	\$ 2,441	\$ -
MH – capital operations	1,203	1,203	-	-	-
	<b>\$ 108,145</b>	<b>\$ 65,447</b>	<b>\$ 40,257</b>	<b>\$ 2,441</b>	<b>\$ -</b>

## 6. INVESTMENTS

Investments at fair value	Fair value hierarchy level	2024	2023
	Government bonds	Level 2	\$ 1,762
Corporate bonds	Level 2	2,059	8,257
Guaranteed Investment Certificates ("GICs")	Level 2	8,694	8,730
Mutual Funds	Level 1	4,257	3,694
Publicly traded common shares	Level 1	12,788	8,814
		<b>\$ 29,560</b>	<b>\$ 30,923</b>

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:

- i. Level 1: Unadjusted quoted prices in an active market for an identical asset or liability
- ii. 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)
- iii. Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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The Authority's total investment income is \$5,766 (2023 - \$4,269), which includes \$1,558 (2023 - \$1,401) in direct operations and \$4,208 (2023 - \$2,868) 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.

### 7. EMPLOYEE BENEFITS

The Authority records a provision for employee benefits including accrued vacation, overtime, and statutory holiday entitlements. Prior to March 31, 2004, changes in the liability related to employee benefits were recoverable from MH. The amount of funding that will be provided by MH for employee benefits has been capped and has been recorded as a receivable of \$51,409 (2023 - \$51,972) on the consolidated statement of financial position. MH 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:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 93,570	\$ 93,390
Net increase in vacation/overtime/statutory holiday entitlements	6,431	180
Balance, end of year	<u>\$ 100,001</u>	<u>\$ 93,570</u>

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Accounts payable and accrued liabilities	\$ 266,527	\$ 233,221
Accounts payable to Shared Health	4,585	-
Accounts payable to MH	83,777	57,516
Accrued salaries	52,336	62,223
Holdbacks on construction contracts	195	31
	<u>\$ 407,420</u>	<u>\$ 352,991</u>

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### 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 MH, foundations or other funders for specified capital expenditures.

	2024			2023		
	Core	Capital	Total	Core	Capital	Total
Funding provided by MH	\$ 330	\$ 31,325	\$ 31,655	\$ 7,097	\$ 34,884	\$ 41,981
Funding provided by other sources	17,430	6,585	24,015	14,843	6,841	21,684
Unearned Revenue	\$ 17,760	\$ 37,910	\$ 55,670	\$ 21,940	\$ 41,725	\$ 63,665

	2024			2023		
	Core	Capital	Total	Core	Capital	Total
Balance, beginning of year	\$ 21,940	\$ 41,725	\$ 63,665	\$ 34,150	\$ 35,938	\$ 70,088
Add: amount received during the year	42,636	8,244	50,880	47,702	9,995	57,697
Transfers to other health organizations	-	(4,750)	(4,750)	(1,750)	(2,648)	(4,398)
Less: amount recognized as revenue	(46,816)	(7,309)	(54,125)	(58,162)	(1,560)	(59,722)
Balance, end of year	\$ 17,760	\$ 37,910	\$ 55,670	\$ 21,940	\$ 41,725	\$ 63,665

### 10. LONG-TERM DEBT

	2024	2023
<b>Debt with Province of Manitoba</b>		
1.50% - 5.75% treasury loans, maturing from January 2025 to March 2064		
Monthly principal payments \$2,012	\$ 334,637	\$ 304,186
Prime minus 1.90% floating rate lines of credit supporting capital projects	15,845	13,772
Total debt with Province of Manitoba	\$ 350,482	\$ 317,958
<b>Third party debt</b>		
5.9% obligation under capital lease, maturing March 31, 2053		
WRHA capital lease for Access St. James		
Monthly principal and interest payments \$97	14,445	14,746
3.58% bank loan, maturing September 30, 2044		
Monthly principal and interest payments \$59		
St. Boniface General Hospital Atrium	10,266	10,598
Total third party debt	\$ 24,711	\$ 25,344
Total long-term debt	\$ 375,193	\$ 343,302

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 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.

In addition to the long-term debt above, the Authority has unsecured operating lines of credit which, as at March 31, 2024, amount to \$112,400 (2023 - \$116,400). As at March 31, 2024, \$109,133 was being utilized (2023 - \$89,321).

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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
2024/25	\$ 346	\$ 320	\$ 39,993	\$ 40,659
2025/26	358	339	23,152	23,849
2026/27	371	360	23,029	23,760
2027/28	384	384	20,951	21,719
2028/29	399	437	19,542	20,378
Thereafter	8,408	12,605	223,815	244,828
	<u>\$ 10,266</u>	<u>\$ 14,445</u>	<u>\$ 350,482</u>	<u>\$ 375,193</u>

**11. TANGIBLE CAPITAL ASSETS**

	2024					
	Opening	Transfers	Additions	Disposals	Write-downs	Closing
<b>Cost</b>						
Land	\$ 10,168	\$ -	\$ -	\$ -	\$ -	\$ 10,168
Buildings	847,512	6,871	2,631	-	-	857,014
Buildings under capital lease	16,690	-	-	-	-	16,690
Furniture and equipment	593,404	1,194	13,682	(31)	-	608,249
Computer hardware and software	53,455	-	205	-	-	53,660
Leasehold improvements	161,739	31	12	-	-	161,782
Construction in progress	96,674	(8,487)	73,019	-	-	161,206
Asset Retirement Obligation	37,172	-	7,226	-	(13,817)	30,581
	<u>\$ 1,816,814</u>	<u>\$ (391)</u>	<u>\$ 96,775</u>	<u>\$ (31)</u>	<u>\$ (13,817)</u>	<u>\$ 1,899,350</u>
<b>Accumulated Amortization</b>						
Buildings	\$ 464,932	\$ (3,942)	\$ 20,049	\$ -	\$ -	\$ 481,039
Buildings under capital lease	4,206	-	418	-	-	4,624
Furniture and equipment	537,123	2,056	16,251	(29)	-	555,401
Computer hardware and software	51,088	540	878	-	-	52,506
Leasehold improvements	91,020	1,346	5,838	-	-	98,204
Asset Retirement Obligation	17,839	-	1,188	-	-	19,027
	<u>\$ 1,166,208</u>	<u>\$ -</u>	<u>\$ 44,622</u>	<u>\$ (29)</u>	<u>\$ -</u>	<u>\$ 1,210,801</u>
<b>Net Book Value</b>	<u>\$ 650,606</u>					<u>\$ 688,549</u>

	2023					
	Opening	Transfers	Additions	Disposals	Write-downs	Closing
<b>Cost</b>						
Land	\$ 20,206	\$ (10,038)	\$ -	\$ -	\$ -	\$ 10,168
Buildings	1,782,558	(942,074)	7,268	(240)	-	847,512
Buildings under capital lease	16,690	-	-	-	-	16,690
Furniture and equipment	871,525	(295,147)	17,153	(127)	-	593,404
Computer hardware and software	527,671	(474,406)	190	-	-	53,455
Leasehold improvements	162,856	(1,125)	8	-	-	161,739
Construction in progress	180,327	(137,333)	53,680	-	-	96,674
Asset retirement obligation	46,333	(12,517)	3,356	-	-	37,172
	<u>\$ 3,608,166</u>	<u>\$ (1,872,640)</u>	<u>\$ 81,655</u>	<u>\$ (367)</u>	<u>\$ -</u>	<u>\$ 1,816,814</u>
<b>Accumulated Amortization</b>						
Buildings	\$ 798,436	\$ (360,145)	\$ 27,008	\$ (367)	\$ -	\$ 464,932
Buildings under capital lease	3,789	-	417	-	-	4,206
Furniture and equipment	760,508	(243,864)	20,479	-	-	537,123
Computer hardware and software	334,246	(291,409)	8,251	-	-	51,088
Leasehold improvements	85,852	(1,096)	6,264	-	-	91,020
Asset retirement obligation	21,316	(4,633)	1,156	-	-	17,839
	<u>\$ 2,004,147</u>	<u>\$ (901,147)</u>	<u>\$ 63,575</u>	<u>\$ (367)</u>	<u>\$ -</u>	<u>\$ 1,166,208</u>
<b>Net Book Value</b>	<u>\$ 1,604,019</u>					<u>\$ 650,606</u>

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The Authority capitalizes interest on some projects up until they are substantially complete. The amount of interest capitalized during the year amounted to \$2,996 (2023 - \$1,264).

### 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, 2024, 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:

	<u>Premises</u>		<u>Equipment</u>
2024/25	\$ 17,260	\$	2,907
2025/26	16,414		1,599
2026/27	15,049		554
2027/28	14,301		227
2028/29	13,438		15
Thereafter	107,059		15
	<u>\$ 183,521</u>	<u>\$</u>	<u>5,317</u>

- c) As at March 31, 2024, the Authority has recorded construction projects of \$161,206 (2023 - \$96,674); the estimated cost to complete these projects is \$291,993 (2023 - \$220,270). The Authority currently has capital commitments of approximately \$50,364 (2023 - \$96,143) and equipment purchase commitments of approximately \$4,553 (2023 - \$5,470).
- d) In the 2022/23 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, all outstanding contracts were settled.

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### 13. DESIGNATED NET ASSETS

Annually, the Board of Directors (or Board of Directors of consolidated entities as applicable) approve the amount set aside by the Authority and its consolidated entities for the following purposes:

	<u>2024</u>	<u>2023</u>
Laundry capital assets	\$ 7,346	\$ 7,882
Nutrition and Food Services	6,255	6,181
Concordia capital assets	798	798
Deer Lodge capital assets	281	281
Victoria capital assets	329	329
Seven Oaks ancillaries and Wellness Institute	6,524	6,016
Riverview internally restricted	6,401	6,294
Misericordia internally and ancillary fund	3,127	3,127
St. Boniface internally restricted	9,527	7,331
Total	<u>\$ 40,588</u>	<u>\$ 38,239</u>

### 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, 2024.

### 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, 2024 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

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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 and the Other Hospitals 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' and the Other Hospitals' 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 and Other Hospitals, the Authority has the ability to determine their strategic operating, capital, investing and financing policies.

The controlled Community Hospitals and Other Hospitals have been consolidated into the Authority's consolidated financial statements due to the nature of the agreements in existence. St. Boniface General Auxiliary Inc. has 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 March 31, 2022, projected to March 31, 2024. Information about the Authority's accrued retirement liability as at March 31 is as follows:

	<u>2024</u>	<u>2023</u>
Accrued benefit obligation	\$ 92,976	\$ 102,424
Funded status – plan deficit	(92,976)	(102,424)
Unamortized net actuarial gain	(20,158)	(9,826)
Accrued benefit liability	\$ (113,134)	\$ (112,250)



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

	<u>2024</u>	<u>2023</u>
Accrued benefit liability – beginning of year	\$ (112,250)	\$ (113,263)
In-year expense	(9,367)	(7,736)
Benefits paid	8,483	8,749
Accrued benefit liability – end of year	<u>\$ (113,134)</u>	<u>\$ (112,250)</u>

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

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 7,162	\$ 7,936
Amortization of actuarial gain	(2,195)	(1,180)
Interest cost	4,400	4,206
Past Service Cost (Gain)	-	(3,226)
	<u>\$ 9,367</u>	<u>\$ 7,736</u>

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

	<u>2024</u>	<u>2023</u>
Discount rate	5.10%	4.50%
Salary escalation	3.00%	3.00%
Expected average remaining service life	10.9 Yrs	10.1 Yrs

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

	<u>2024</u>	<u>2023</u>
Discount rate	4.50%	4.00%
Salary escalation	2.00%	2.00%

The amount of funding that will be provided by MH for pre-retirement entitlement obligations has been capped and has been recorded as a receivable of \$19,661 (2023 - \$19,892) on the consolidated statement of financial position. MH 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 \$68,422 (2023 - \$66,920) and are included as an expense in the

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consolidated statement of operations. The most recent valuation for financial reporting purposes completed by the Plan as at December 31, 2023 disclosed total actuarial value of assets of \$10,658,165 (2022 - \$10,011,845) with total actuarial liabilities of \$9,302,255 (2022 - \$8,691,510), resulting in a surplus of \$1,355,910 (2022 - \$1,320,335).

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 \$1,540 (2023 - \$1,397) to this plan. The most recent valuation for financial reporting purposes completed by this plan as at December 31, 2022 disclosed total actuarial value of assets of \$4,585,648 with total actuarial liabilities of \$5,761,288, resulting in an unfunded liability of \$1,175,640.

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 \$3,942 (2023 - \$3,841) for current year's contributions. The most recent valuation for financial reporting purposes completed by this plan as at December 31, 2022 disclosed total actuarial value of assets of \$6,354,433 with total actuarial liabilities of \$6,142,563, resulting in a surplus of \$211,870.

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 \$4,215 (2023 - \$2,192) to this plan.

### 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 March 31, 2022, projected to March 31, 2024. Information about the Authority's accrued benefit liability as at March 31 is as follows:

	<u>2024</u>	<u>2023</u>
Accrued benefit obligation	\$ 6,200	\$ 12,832
Funded status – plan deficit	(6,200)	(12,832)
Unamortized net actuarial (gain) / loss	(4,324)	1,716
Accrued benefit liability	\$ (10,524)	\$ (11,116)

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

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(in thousands of dollars)

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

	<u>2024</u>	<u>2023</u>
Accrued benefit liability – beginning of year	\$ (11,116)	\$ (12,832)
In-year expense	36	578
Benefits paid	556	1,138
Accrued benefit liability – end of year	\$ (10,524)	\$ (11,116)

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

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 535	\$ 472
Amortization of actuarial gain	(865)	(1,048)
Interest cost	294	282
Past Service Cost (Gain)	-	(284)
	\$ (36)	\$ (578)

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

	<u>2024</u>	<u>2023</u>
Discount rate	5.10%	4.50%
Salary escalation	3.00%	3.00%
Expected average remaining service life	9.6 Yrs	8.3 Yrs

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

	<u>2024</u>	<u>2023</u>
Discount rate	4.50%	4.00%
Salary escalation	2.00%	2.00%

## 17. ASSET RETIREMENT OBLIGATION LIABILITY

As at March 31, 2024, the estimated total undiscounted costs of the AROs are \$87,295 (2023 - \$122,601). The estimated liability is the present value of the estimated future cash flows required to settle the asset retirement obligations, using a discount rate of 5.13% (2023 - 4.55%) and an inflation rate of 2.00% (2023 - 2.00%). The discount rate represents the average interest rate of new debt for a debt portfolio that preserves the current average term to maturity of 22 years (2023 - 21 years). Most of these obligations are expected to be paid out in 17 - 30 years. The ARO liability was revalued on March 31, 2024 to recognize the changes in estimated costs, timing of cash flows, discount rate, and inflation rate.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

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(in thousands of dollars)

A reconciliation of the beginning and ending aggregate carrying amount of the liability is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 79,199	\$ 94,260
Changes during the year:		
Estimated Health Sciences Centre liabilities transferred to Shared Health	-	(25,634)
Accretion expense	3,604	3,424
Change in estimates	(28,646)	7,149
Change in discount rate	(5,251)	-
Balance, end of year	<u>\$ 48,906</u>	<u>\$ 79,199</u>

### 18. 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, 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.

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.

#### 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.

##### *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.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

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(in thousands of dollars)

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 0.25% to 8.90%, and maturities from April 1, 2024 to March 15, 2031. A 1% change in the interest rates, with all other variables held constant, would result in an estimated impact of \$38 (2023 - \$97) on net assets and accumulated remeasurement gains or losses.

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, 2024, the maturity dates are as follows:

	Government bonds	Corporate bonds	GICs	Effective yield
Within 1 year	\$ 250	\$ 957	\$ 5,839	2.45%
2 to 5 years	1,000	1,033	2,855	2.51%
5 to 10 years	512	69	-	2.11%
	<u>\$ 1,762</u>	<u>\$ 2,059</u>	<u>\$ 8,694</u>	

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

### *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.

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.

## **19. BUDGETED FIGURES**

Budgeted Figures, detailed within the Authority's 2023/24 Summary Budget submission, have been provided for comparison purposes and were approved by the Authority's Board on August 23, 2022.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

### 20. RESTRUCTURING TRANSACTIONS

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.

Effective July 1, 2022 all tangible capital assets related to Health Sciences Centre and Digital Health along with the associated debt was transferred to Shared Health. Included in the debt transferred was the Tecumseh Street Parkade interest rate swap. The net loss on the swap at the time of the transaction was \$399,475.

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. Provincial programs, such as the Authority's Manitoba Adolescent Treatment Centre, have transferred to Shared Health as of April 1, 2022. In addition, the responsibility for delivery of the Addictions Foundation of Manitoba programs within the WRHA's service territory have been transferred from the Province to the Authority in two phases on April 1 and July 1, 2022.

Effective March 22, 2023, The Seven Oaks Foundation is no longer consolidated within the WRHA's financial results. With the recent change to how the Board members are appointed, the necessary control criteria are no longer met.

The total impact of these restructuring transactions is:

	WRHA Restructuring Transactions 2023					
	HSC	MATC	AFM	Digital Health	SOGH Foundation	Total
Transfer of tangible capital assets	\$ (1,826,807)	\$ (5,864)	\$ 155	\$ (27,605)	\$ -	\$ (1,860,121)
Transfer of accumulated amortization	872,261	4,403	(114)	19,961		896,511
Net change in financial assets	(4,873)	(2,332)	2,370		(2,652)	(7,487)
Payment of capital line of credit	44,418					44,418
Payment of long-term debt	517,220					517,220
Asset retirement obligation liability	25,634					25,634
Asset retirement obligation net asset	(7,883)					(7,883)
<b>Total restructuring gain (loss)</b>	<b>\$ (380,030)</b>	<b>\$ (3,793)</b>	<b>\$ 2,411</b>	<b>\$ (7,644)</b>	<b>\$ (2,652)</b>	<b>\$ (391,708)</b>

The transfers of tangible capital assets, accumulated amortization, long term debt and capital line of credit are non-cash transactions and are not included in the cash-flow statement.

# WINNIPEG REGIONAL HEALTH AUTHORITY

## Notes to the Consolidated Financial Statements

March 31, 2024

(in thousands of dollars)

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### 21. SUBSEQUENT EVENT

Effective April 1, 2024 the Authority acquired Golden West Centennial Lodge (the "Lodge"), a 116-bed personal care home located in west Winnipeg, from the Salvation Army and has become operationally responsible for the management of the facility and services to residents. The Lodge offers a variety of programs for its residents and is committed to providing a safe and secure environment that maintains a sense of self and home.

**WINNIPEG REGIONAL HEALTH AUTHORITY**
**Schedule 1 - Consolidated Statement of Operations by Expense Category**

For the year ended March 31, 2024

(in thousands of dollars)

	2024			2024	2023		
	Core Operations	Capital Operations	Actual Total	Budget Total (Note 19)	Core Operations	Capital Operations	Actual Total
<b>REVENUE</b>							
Manitoba Health grants	\$ 2,246,860	\$ 47,773	\$ 2,294,633	\$ 2,070,148	\$ 2,078,873	\$ 54,487	\$ 2,133,360
Grants from other provincial government sources	105,855	-	105,855	94,689	94,689	-	94,689
Other capital grants	-	6,223	6,223	5,171	-	5,171	5,171
Patient and resident income	52,802	-	52,802	43,630	43,630	-	43,630
Recoveries from external sources	49,127	-	49,127	29,040	29,404	-	29,404
Investment income	1,558	-	1,558	475	1,401	-	1,401
Other income	4,007	-	4,007	7,595	11,866	-	11,866
	<b>2,460,209</b>	<b>53,996</b>	<b>2,514,205</b>	<b>2,250,748</b>	<b>2,259,863</b>	<b>59,658</b>	<b>2,319,521</b>
<b>EXPENSES</b>							
Salaries and wages	1,313,473	-	1,313,473	1,199,732	1,194,799	-	1,194,799
Medical remuneration	280,232	-	280,232	216,271	246,768	-	246,768
General supplies	38,564	-	38,564	32,388	41,748	-	41,748
Food and dietary supplies	29,022	-	29,022	16,313	18,889	-	18,889
Medical and surgical supplies	116,386	-	116,386	101,811	101,811	-	101,811
Pharmaceutical supplies	59,965	-	59,965	61,420	61,420	-	61,420
Utilities	19,656	-	19,656	14,242	20,109	-	20,109
Miscellaneous	52,125	(27,307)	24,818	26,167	36,288	(464)	35,824
Software, equipment, maintenance and rentals	25,909	-	25,909	14,291	23,710	-	23,710
Contracted out services	14,993	-	14,993	10,111	17,083	-	17,083
Buildings and grounds	27,822	-	27,822	28,096	28,096	-	28,096
Interest	2,995	10,730	13,725	27,768	2,575	14,342	16,917
Amortization	5,086	37,597	42,683	53,294	6,153	53,354	59,507
Asset retirement obligation - amortization and accretion	-	4,792	4,792	-	-	8,374	8,374
	<b>1,986,228</b>	<b>25,812</b>	<b>2,012,040</b>	<b>1,801,904</b>	<b>1,799,449</b>	<b>75,606</b>	<b>1,875,055</b>
<b>FACILITY FUNDING</b>							
Long term care facility funding	421,164	-	421,164	393,210	365,618	-	365,618
Community health agency funding	83,947	-	83,947	60,664	71,311	-	71,311
<b>GRANT FUNDING</b>							
Grants to facilities and agencies	19,038	-	19,038	15,064	18,197	-	18,197
	<b>524,149</b>	<b>-</b>	<b>524,149</b>	<b>468,938</b>	<b>455,126</b>	<b>-</b>	<b>455,126</b>
<b>INSURED SERVICES (DEFICIT) SURPLUS</b>	<b>(50,168)</b>	<b>28,184</b>	<b>(21,984)</b>	<b>(20,094)</b>	<b>5,288</b>	<b>(15,948)</b>	<b>(10,660)</b>
<b>NON-INSURED SERVICES</b>							
Non-insured services income							
Other income	28,880	-	28,880	45,000	49,818	-	49,818
	<b>28,880</b>	<b>-</b>	<b>28,880</b>	<b>45,000</b>	<b>49,818</b>	<b>-</b>	<b>49,818</b>
Non-insured services expenses							
Compensation	13,092	-	13,092	16,384	25,121	-	25,121
Supplies	1,914	-	1,914	3,946	11,162	-	11,162
Utilities and miscellaneous	8,362	-	8,362	9,990	16,176	-	16,176
Interest	375	-	375	1,608	386	-	386
Amortization of capital assets	751	-	751	7,704	2,261	651	2,912
	<b>24,494</b>	<b>-</b>	<b>24,494</b>	<b>39,632</b>	<b>55,106</b>	<b>651</b>	<b>55,757</b>
<b>NON-INSURED SERVICES SURPLUS (DEFICIT)</b>	<b>4,386</b>	<b>-</b>	<b>4,386</b>	<b>5,368</b>	<b>(5,288)</b>	<b>(651)</b>	<b>(5,939)</b>
<b>(DEFICIT) SURPLUS BEFORE RESTRUCTURING</b>	<b>(45,782)</b>	<b>28,184</b>	<b>(17,598)</b>	<b>(14,726)</b>	<b>-</b>	<b>(16,599)</b>	<b>(16,599)</b>
<b>IMPACT OF RESTRUCTURING TRANSACTIONS (Note 20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,594)</b>	<b>(389,114)</b>	<b>(391,708)</b>
<b>(DEFICIT) SURPLUS FOR THE YEAR</b>	<b>\$ (45,782)</b>	<b>\$ 28,184</b>	<b>\$ (17,598)</b>	<b>\$ (14,726)</b>	<b>\$ (2,594)</b>	<b>\$ (405,713)</b>	<b>\$ (408,307)</b>