

Assiniboine Regional Health Authority
Consolidated Financial Statements
March 31, 2011

Assiniboine Regional Health Authority Contents

For the year ended March 31, 2011

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Management's Responsibility

To the Board of Assiniboine Regional Health Authority:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Health authority. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the health authority's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

June 15, 2011



Chief Executive Officer



Chief Financial Officer

Independent Auditors' Report

To the Members of Assiniboine Regional Health Authority:

We have audited the accompanying financial statements of Assiniboine Regional Health Authority, which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Assiniboine Regional Health Authority as at March 31, 2011 and the results of their operations, changes in net assets and their cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brandon, Manitoba

June 15, 2011

MNP LLP
Chartered Accountants

Assiniboine Regional Health Authority
Consolidated Statement of Financial Position

As at March 31, 2011

	2011	2010
Assets		
Current Assets		
Cash	24,861,178	24,458,664
Marketable securities	4,313,139	4,207,958
Accounts receivable (Note 3)	1,507,823	1,119,267
Manitoba Health receivable - vacation entitlement (Note 5)	6,484,052	6,484,052
Inventories	1,015,502	1,102,753
Prepaid expenses	460,849	461,018
	38,642,543	37,833,712
Manitoba Health receivable - pre-retirement obligation (Note 5)	7,336,760	7,336,760
Capital assets (Note 6)	102,615,423	100,072,684
Trust assets	135,714	128,391
	148,730,440	145,371,547
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	12,500,375	11,310,223
Due to Manitoba Health (Note 7)	1,196,280	2,665,933
Current portion of long-term debt (Note 8)	183,601	172,772
Accrued vacation entitlement (Note 4)	8,947,961	8,628,787
	22,828,217	22,777,715
Long-term debt (Note 8)	2,011,766	2,195,468
Accrued pre-retirement obligation (Note 5)	11,767,144	10,714,309
Deferred contributions (Note 9)	102,043,084	100,334,206
Trust liabilities	135,714	128,391
	138,785,925	136,150,089
Commitments and contingencies (Note 10)		
Net Assets		
Invested in capital assets (Note 11)	3,197,499	3,167,076
Internally restricted (Note 12)	148,666	119,573
Unrestricted	6,598,350	5,934,809
	9,944,515	9,221,458
	148,730,440	145,371,547

Approved on behalf of the Board:
 Director 

Director 

The accompanying notes are an integral part of these financial statements

Assiniboine Regional Health Authority Consolidated Statement of Operations

For the year ended March 31, 2011

	2011	2010
Revenues		
Manitoba Health operating income (Note 13)	153,608,082	148,761,544
Authorized/residential charges	14,423,531	14,062,013
Amortization of deferred contributions	4,322,198	4,120,485
Other income	5,402,488	4,632,628
Ancillary	1,349,168	1,279,539
Province of Manitoba	2,216,657	2,215,377
	181,322,124	175,071,586
Expenses		
Acute care	58,533,975	56,195,270
Long-term care	57,711,168	55,890,254
Community-based home care services	13,636,849	12,503,472
Medical remuneration	13,339,016	11,893,910
Community health clinics	1,484,309	1,329,947
Community-based health services	7,109,925	6,948,216
Land ambulance	7,087,475	6,716,966
Community-based mental health services	2,170,301	2,041,111
Therapy services	1,021,053	1,155,092
Community-based services administration	778,274	706,385
	162,872,345	155,380,623
Other Undistributed Costs		
Regional health authority costs	9,919,606	10,115,575
Amortization of capital assets	4,553,525	4,342,696
Ancillary	1,336,825	1,290,498
Pre-retirement	1,918,489	2,620,631
	17,728,445	18,369,400
Total expenses and other undistributed costs	180,600,790	173,750,023
Excess of revenues over expenses	721,334	1,321,563

The accompanying notes are an integral part of these financial statements

Assiniboine Regional Health Authority
Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2011

	<i>Invested in Capital assets</i>	<i>Internally Restricted</i>	<i>Unrestricted</i>	2011	2010
Balance, beginning of year	3,167,076	119,573	5,934,809	9,221,458	7,829,494
Transfer (to) from deferred contributions	-	-	(5,364)	(5,364)	2,778
Investment in capital assets	262,588	(99,829)	(162,759)	-	-
Internally restricted assets	-	128,922	-	128,922	125,074
Excess of revenues over expenses	(232,165)	-	953,499	721,334	1,321,563
Elderly Persons Housing adjustments	-	-	(55,651)	(55,651)	(57,451)
Transferred to Municipalities (Note 19)	-	-	(66,184)	(66,184)	-
Balance, end of year	3,197,499	148,666	6,598,350	9,944,515	9,221,458

The accompanying notes are an integral part of these financial statements

Assiniboine Regional Health Authority

Consolidated Statement of Cash Flows

For the year ended March 31, 2011

	2011	2010
Cash Flows from Operating Activities		
Excess of revenues over expenses	721,334	1,321,563
Adjustments for		
Loss (gain) on disposal of capital assets	(2,428)	(1,874)
Amortization of deferred contributions	(4,322,198)	(4,120,485)
Amortization of capital assets	4,553,525	4,342,696
	950,233	1,541,900
Changes in non-cash working capital balances		
Accounts receivable	(388,556)	1,026,272
Inventories	87,251	(168,989)
Prepaid expenses	169	160,769
Marketable securities	(105,181)	(103,682)
Due to Manitoba Health	(1,469,653)	(4,558,739)
Accounts payable and accrued liabilities	1,190,152	(3,038,886)
Accrued vacation entitlement	319,174	85,094
	583,589	(5,056,261)
Cash Flows from Investing and Financing Activities		
Increase in capital assets	(7,096,264)	(4,719,603)
Increase in deferred contributions	6,031,076	3,837,371
Increase (decrease) in long-term debt	(172,873)	(162,865)
Increase in accrued retirement obligation	1,052,835	967,514
Increase (decrease) in net assets	4,151	72,275
	(181,075)	(5,308)
Increase (decrease) in cash and cash equivalents during the year	402,514	(5,061,569)
Cash and cash equivalents, beginning of year	24,458,664	29,520,233
Cash and cash equivalents, end of year	24,861,178	24,458,664

The accompanying notes are an integral part of these financial statements

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

1. Purpose of the organization

The Assiniboine Regional Health Authority is a not-for-profit organization created in the Province of Manitoba by regulation 99/2002 under the Regional Health Authorities Act. Through participation, teamwork and available resources, the Assiniboine Regional Health Authority's mission is to share in enhanced well-being through the delivery of quality health services that are responsive to the needs of the population.

The organization is a registered charity and, as such, is exempt from income taxes and may issue income tax receipts to donors.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and include the following significant accounting policies:

Basis of consolidation

The following entities have been consolidated into these financial statements as at March 31, 2011 respectively:

Hamiota District Health Centre Inc. Lilac Residence (East Wing)
Hamiota District Health Centre Inc. Lilac Residence (North Wing)
Morley House of Shoal Lake Elderly Persons Housing
Morley House of Shoal Lake Lakeshore Lodge
Pioneer Lodge Inc.
Riverdale Personal Care Home Inc. Westwood Lodge
Tiger Hills Villa Inc.

The financial statements of the above entities are prepared in accordance with the accounting principles required by Manitoba Housing. The differences in accounting policies used by the above entities and Assiniboine Regional Health Authority would not result in significant changes to these consolidated financial statements.

Revenue recognition

The Authority follows the deferral method of accounting for contributions including government grants and donations.

The Authority is funded primarily through grants from Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. In accordance with funding arrangements with Manitoba Health, estimated final settlements are accrued in the fiscal period to which they relate. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Where a grant or other restricted contribution is received but relates to expenses of one or more future periods, it is deferred and recognized as revenue in the same period as the related expenses are recognized. Contributions restricted for the purchase of capital assets or to repay long-term debt as a lump sum are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Contributed services

A number of individuals donate significant amounts of time to the Authority's activities. No amount is reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

2. **Significant accounting policies (continued)**

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Capital assets

Capital assets are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings & leasehold improvements	straight-line	10-50 years
Equipment, computers, vehicles, ambulance equipment	straight-line	5-10 years
Land improvements	straight-line	15 years

Pre-retirement obligations

The Authority applies the accounting recommendations for employee future benefits contained in *Section 3461* of the *Canadian Institute of Chartered Accountants' Handbook*.

Long-lived assets

Long-lived assets consist of capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Authority performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

Financial instruments

Held for trading:

The Organization has classified the following financial assets and liabilities as held for trading: cash and marketable securities. These instruments are recorded at their fair value.

Loans and receivables:

The Organization has classified the following financial assets as loans and receivables: accounts receivable and Due from Manitoba Health. These assets are initially recognized at their fair value approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in operations.

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

2. Significant accounting policies (continued)

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectibility. Gains and losses arising from changes in fair value are recognized in net operations upon derecognition or impairment.

Other financial liabilities:

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable, accruals and Due to Manitoba Health. These liabilities are initially recognized at their fair value approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in operations.

Financial asset impairment:

The Organization assesses impairment of all its financial assets, except those classified as held for trading. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year operations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets. The accrued pre-retirement obligation and the accrued vacation entitlement liability are stated based on management estimates and actuarial valuations. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

3. Accounts receivable

	2011	2010
Trade receivables	1,670,432	1,237,984
GST receivable	183,610	140,043
Allowance for doubtful accounts	(346,219)	(258,760)
	1,507,823	1,119,267

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

4. Accrued vacation entitlement

The liability for the accrued vacation entitlement, as well as, the appropriate amount receivable from Manitoba Health has been recorded. Prior to April 1, 2004, deferred vacation entitlement costs were treated as Out-of-Globe by Manitoba Health. Since that time, In-Globe funding has been amended to include these costs. There will be an offsetting receivable from Manitoba Health only for the accumulated accrued vacation liability up to March 31, 2004. As at March 31, 2011, the amount receivable is \$6,484,052.

	2011	2010
Due to Assiniboine Regional Health Authority Employees	8,947,961	8,628,787

5. Accrued retirement obligations

Pre-retirement

	2011	2010
Due to Members of the Health Employees Pension Plan and Members of the Civil Service Superannuation Plan	11,186,618	10,714,309
Due to Members of the MGEU Community Support Collective Agreement	580,526	-
	11,767,144	10,714,309

The Authority's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Health Employees Pension Plan is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

- i) has ten years service and has reached the age of 55 or
- ii) qualifies for the "eighty" rule which is calculated by adding the number of years service to the age of the employee or
- iii) retires at or after age 65 or
- iv) terminates employment at any time due to permanent disability

The Authority's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Civil Service Superannuation Plan, employed by the Authority on or before May 2, 2003, is to pay out, at retirement to employees who have reached the age of 55 and have nine or more years of service, the following severance pay:

- i) one week of severance pay for each year of service up to 15 years of service.
- ii) two weeks of additional severance pay for each increment of five years service past the 15 years of service up to 30 years of service.

The Authority's contractual commitment, based on an actuarial valuation, for pre-retirement entitlement for members of the MGEU Community Support Collective Agreement, is to pay out one week's pay for each year of accumulated service, or portion thereof, upon retirement if the employee has accumulated ten (10) or more years of accumulated service, up to a maximum of fifteen (15) week's pay.

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

5. Accrued retirement obligations (continued)

Funding for the retirement obligation is recoverable from Manitoba Health for pre-retirement costs incurred up to March 31, 2004 on an Out-of-Globe basis in the year of payment. As of April 1, 2004, In-Globe funding has been amended to include these costs. The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004.

Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when the Authority requires the funding to discharge the related pre-retirement liabilities. As at March 31, 2011, the amount receivable is \$7,336,760.

Pension plans

Most of the employees of the Authority are members of the Health Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore the Plan is accounted for as a defined contribution plan in accordance with the requirements of the *Canadian Institute of Chartered Accountants' Handbook, Section 3461*.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.8% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, and 8.4% thereafter, required to provide assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The employer's costs are 7.8% and 9.4% respectively.

The Healthcare Employees' Pension Plan is subject to the provisions of the Pension Benefits Act, Manitoba. This Act requires that the Plan's actuaries conduct two valuations – a going-concern valuation and a solvency valuation.

In 2010, Healthcare Employees' Benefits Manitoba completed the solvency exemption application process, and has now been granted exemption for the solvency funding and transfer deficiency provision.

As at December 2008, the actuarial valuation showed a deficit of \$388 million. Therefore, in order to ensure the long term sustainability of the Plan, combination rates will increase 2.2% through a gradual implementation over 27 months from January 1, 2011 to April 1, 2013.

Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to \$5,685,965 (2010 - \$5,278,199) and are included in the statement of operations.

Some of the employees of the Authority 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 the Civil Service Superannuation Fund. Accordingly, no provision is reflected in the financial statements relating to the effects of participating in the Plan by the Authority and its employees. The Authority is in receipt of an actuarial report on the Statement of Pension Obligations under the Civil Service Superannuation Act as at December 31, 2007.

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

6. Capital assets

	<i>Cost</i>	<i>Accumulated Amortization</i>	2011 Net Book Value	2010 Net Book Value
Land	509,709	-	509,709	509,709
Land improvements	1,696,482	766,277	930,205	777,161
Buildings & leasehold improvements	98,570,602	42,030,318	56,540,284	57,847,311
Equipment, computers, vehicles	19,362,295	10,238,154	9,124,141	9,105,457
Construction in progress	35,511,084	-	35,511,084	31,833,046
	155,650,172	53,034,749	102,615,423	100,072,684

7. Due to Manitoba Health

	2011	2010
Out-of-Globe 2008/2009	(141,621)	4,237,683
Out-of-Globe 2009/2010	3,302,913	(1,571,750)
Out-of-Globe 2010/2011	(1,965,012)	-
	1,196,280	2,665,933

In-Globe Funding

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

Any operating surplus greater than 2% of budget related to In-Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time, Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health.

Under Manitoba Health policy the Authority is responsible for In-Globe deficits, unless otherwise approved by Manitoba Health.

Out-of-Globe Funding

Out-of-Globe funding is funding approved by Manitoba Health for specific programs.

Any operating surplus related to Out-of-Globe funding arrangements is recorded on the statement of financial position as a payable to Manitoba Health until such time as Manitoba Health reviews the financial statements. At that time Manitoba Health determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health.

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

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
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8. Long-term debt

	2011	2010
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 4.37% to 6.00%, due from December 1, 2013 to March 1, 2018, with monthly payments of principal and interest from \$142 to \$2,854, secured by buildings.	415,955	476,250
Mortgages payable to Manitoba Housing at interest rates from 7.75% to 10.75%, due from December 31, 2022 to December 31, 2023, with monthly payments of principal and interest from \$5,478 to \$6,479 secured by buildings.	1,040,357	1,087,486
Mortgage payable to the Royal Bank of Canada, at 5.00%, monthly payments of \$8,684 principal and interest, secured by a first charge against the Tiger Hills Villa land and buildings, a general assignment of all rents and leases and a chattel mortgage covering the appliances in the Tiger Hills Villa.	739,055	804,504
	2,195,367	2,368,240
Less: current portion	183,601	172,772
	2,011,766	2,195,468

Principal repayments for the next five years and thereafter are as follows:

2012	183,601
2013	195,316
2014	207,713
2015	221,004
2016	235,246
Thereafter	1,152,487
	2,195,367

In prior years, the Authority entered into long-term loan agreements with various financial institutions to provide debt financing to the Authority. The Province of Manitoba continues to pay the principal and interest on this long-term debt. During the 2005 fiscal year, this long-term debt was assumed by the Province of Manitoba and was recognized as borrowings in the Public Accounts (Special Purpose Financial Statements) of the Province of Manitoba as at April 1, 2004.

Accordingly, since the Province of Manitoba has recognized the long-term debt as its borrowings, the Authority has restated the long-term debt as deferred contributions in its financial statements.

9. Deferred contributions

Expended and unexpended deferred contributions represent restricted capital funding received. Expended deferred contributions related to capital assets represent the unamortized amount of funds received for the purchase of capital assets and the repayment of capital debt. The amortization of capital deferred contributions is recorded as revenue in the statement of operations.

Unexpended deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment, major repairs, construction and other expenses.

Other deferred contributions represent donations that were received from other sources restricted by site or by program for the purchase of capital assets or other items, as per the donor's request.

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
For the year ended March 31, 2011

9. Deferred contributions (continued)

Changes in the deferred contributions balance are as follows:

	Expended	Unexpended	Other	2011	2010
Balance, beginning of year	94,530,452	3,015,983	2,787,771	100,334,206	100,617,320
Funding Manitoba Health	8,735,395	1,493,365	-	10,228,760	2,326,613
Donations received	-	-	801,388	801,388	932,874
Interest earned	-	1,840	63,273	65,113	68,092
Other funding	-	1,399,697	-	1,399,697	1,450,776
Capital asset purchases	6,987,770	(894,052)	(946,461)	5,147,257	3,149,540
Operating expenses	-	(2,670,732)	(249,251)	(2,919,983)	(3,322,189)
Amortization	(4,262,063)	(1,550)	-	(4,263,613)	(4,096,568)
Principal payments on long-term debt	(8,739,064)	-	-	(8,739,064)	(806,361)
Transferred to Municipalities (Note 19)	-	(8,795)	-	(8,795)	-
Reclassification	1,626	(3,508)	-	(1,882)	14,109
Balance, end of year	97,254,116	2,332,248	2,456,720	102,043,084	100,334,206

The lines of credit and long-term debt that have been incorporated in deferred contributions include the following:

	2011	2010
Lines of credit	5,110,165	9,271,081
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 4.31% to 10.50%, due from December 1, 2011 to May 1, 2029, with monthly payments of principal and interest from \$1,368 to \$5,718, secured by buildings	4,712,396	5,022,425
	9,822,561	14,293,506

Lines of Credit

The Authority has authorized capital lines of credit of \$7,607,881 and has authorized \$6,900,000 of an operating line of credit. These lines of credit bear interest at the bank's prime rate minus 0.8%. Security provided on these lines of credit includes an overdraft borrowing agreement and a letter of comfort from Manitoba Health.

Assiniboine Regional Health Authority
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For the year ended March 31, 2011

10. Commitments and contingencies

The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2011 management believes the Authority has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

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 person's to exchange with other persons reciprocal contracts of the 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 May 31, 2010. As of December 31, 2009, the Authority has a subscriber's surplus of \$511,339.

Environmental Liabilities

In accordance with accounting policy of the Province of Manitoba, the Authority has no known environmental liabilities for contaminated sites for which the Authority will become obligated to incur remediation costs due to reasons of public health and safety, contractual agreements, or to meet such standards which are set out in any act or regulation of government.

11. Invested in capital assets

	2011	2010
Capital Assets	102,615,423	100,072,684
Amounts financed by:		
Deferred contributions related to capital assets	(97,254,116)	(94,530,452)
Long-term debt	(2,195,367)	(2,368,240)
Due from (to) operating account	31,559	(6,916)
	3,197,499	3,167,076

12. Internally restricted net assets

The Authority has restricted \$148,666 (2010 - \$119,573) in net assets as this represents parking proceeds. The funds have been internally restricted for future repair or replacement of Health Centre parking lots.

13. Manitoba Health operating income

	2011	2010
Revenue as per Manitoba Health's final funding document	150,172,835	144,870,055
Add:		
CUPE 0.4% contract settlement	-	6,181
CUPE trades contract settlement	8,194	-
MGEU EMS training	15,769	-
	23,963	6,181

Assiniboine Regional Health Authority
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13. Manitoba Health operating income (continued)	2011	2010
<i>Continued from previous page</i>	23,963	6,181
MGEU community support general increase & wage standardization	678,998	123,578
MAHCP wage settlement	-	(811)
MNU 2% lump sum payments	746,835	-
MNU maternity leave top-up	266,398	115,165
CUPE maternity leave top-up	58,809	-
Extended health benefits	738,312	700,022
Health spending account	226,419	-
Pension contribution increase	187,459	-
Primary Health Care nurses salaries & benefits	303,760	299,874
Minnedosa arthroscopy program – wait list	-	135,400
Deloraine cancer care program – wait list	-	65,000
Provincial data network	19,822	14,523
Interfacility transfers	1,617,800	1,260,387
Personal Care Home staffing guidelines	1,750,910	1,528,417
Patient safety	-	4,499
Community health assessment	1,092	63,735
Philippine nurses recruitment	-	396,547
Pandemic influenza (H1N1)	-	881,680
Supply costs	-	601,700
East View Lodge capital operating	-	228,405
New Neepawa PCH capital operating	-	270,000
Surge capacity training	-	2,727
Showing we care workshop	-	5,000
Pre-retirement	-	1,835,000
Canadian Emergency Department Triage & Acuity Scale training	100,000	-
Heat Alert & Response System project	63,515	-
Releasing Time to Care project	12,700	-
Manitoba Quality Assurance Program costs	117,000	-
Diabetes education	46,653	-
Youth suicide prevention strategy	20,500	-
	6,980,945	8,537,029
Deduct:		
Medical remuneration - out-of-globe	(2,348,875)	(3,309,094)
Medical remuneration - in-globe	-	(82,582)
Adjustments (rounding variances, write-offs, etc.)	41	17
	(2,348,834)	(3,391,659)
Total funding approved by Manitoba Health	154,804,946	150,015,425
Deduct:		
Capital funding	(752,350)	(734,144)
Capital interest on loans	(444,514)	(519,737)
	153,608,082	148,761,544

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
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14. Related party transactions

The Authority is responsible for the overall management of the health care services provided in the Assiniboine region. Programs for hospital and personal care services are delivered in the region by the Authority. The Authority transacts business on a regular basis with organizations and agencies described in Notes 2, 4, 5, 7, 8 and 13.

15. Capital disclosures

The Authority considers its capital to be its net assets. The Authority's objectives when managing its capital are to safeguard its ability to operate as a going concern so it can continue to provide services to its members. An Annual Health Plan including operating and capital budgets is developed and monitored to ensure the Authority's capital is maintained at an appropriate level.

If the retainable surplus exceeds 2% of the annual in globe operating budget, as approved by the Authority, the surplus in excess of 2% is an obligation payable to Manitoba Health. For the fiscal year ended March 31, 2011, the Authority was in compliance with this requirement.

The Authority operates a number of elderly persons housing facilities which are subject to capital requirements as part of Canada Housing and Mortgage Corporation (CMHC) and Manitoba Housing.

Under the terms of agreements with Manitoba Housing and CMHC, replacement reserve accounts are to be credited with amounts as determined in consultation with Manitoba Housing. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by Manitoba Housing or CMHC from time to time. The funds in the account may only be used as approved. Withdrawals are credited to interest first and then principal.

Pursuant to the operating agreements with Manitoba Housing for Riverdale Personal Care Home Inc. Westwood Lodge, Tiger Hills Villa Inc. and Hamiota District Health Centre Inc. Lilac Residence (North Wing) elderly persons housing facilities, on a cumulative basis for all Manitoba Housing properties, any excess subsidy funding provided to the Authority is to be repaid. Where a cumulative deficiency exists for Manitoba Housing properties, the shortfall is the responsibility of Manitoba Housing subject to Manitoba Housing approval of project costs.

16. Disclosure of allocated expenses

The Authority has allocated expenses amongst departments as follows:

	Acute care	Long-term care	Community-based health services	2011	Acute care	Long-term care	Community-based health services	2010
Administration	679,889	670,277	-	1,350,166	887,660	853,984	-	1,741,644
Housekeeping	1,785,761	1,276,808	-	3,062,569	1,709,472	1,212,952	-	2,922,424
Laundry	416,783	907,816	-	1,324,599	393,550	861,766	-	1,255,316
Plant Operations	3,402,329	1,189,900	-	4,592,229	3,414,631	1,207,273	-	4,621,904
Plant Maintenance	1,673,721	1,224,988	-	2,898,709	1,444,353	988,050	-	2,432,403
Nursing	1,371,117	853,350	-	2,224,467	1,403,387	781,887	-	2,185,274
Food Services	2,511,026	6,634,776	39,554	9,185,356	2,299,948	6,622,480	43,454	8,965,882
	11,840,626	12,757,915	39,554	24,638,095	11,553,001	12,528,392	43,454	24,124,847

Assiniboine Regional Health Authority
Notes to the Consolidated Financial Statements
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17. Economic dependence

Assiniboine Regional Health Authority receives a substantial portion of its revenue from Manitoba Health.

18. Comparative figures

Certain comparative figures have been reclassified, if necessary, to conform with the current year presentation.

19. Transfer of controlled of entities

As of January 1, 2011, the operating control and net assets of the following Organizations were transferred to their respective local Municipalities:

Baldur Handi-Van Service
Hartney Handi-Transit
Tiger Hillis Handi-Van Service

Net assets for the Organizations totaled \$66,184.