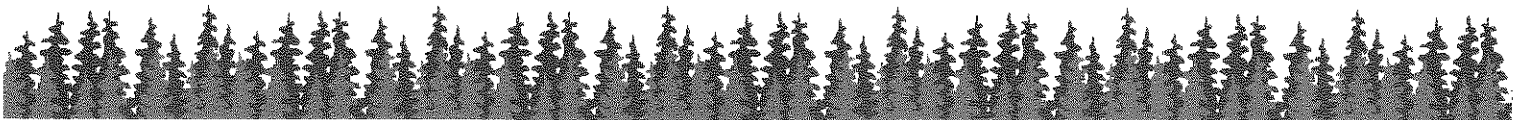


OFFICE RÉGIONAL DE LA SANTÉ  
DES PARCS



**Parkland Regional Health Authority Inc.**  
**Consolidated Financial Statements**  
*For the year ended March 31, 2010*



**Parkland Regional Health Authority Inc.**

**Contents**

*For the year ended March 31, 2010*

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## Management's Responsibility

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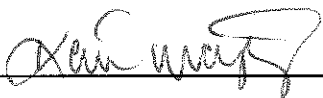
To the Board of Directors of Parkland Regional Health Authority Inc.:

Management has responsibility for preparing the accompanying consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

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 safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization with the exception of one board member. The Audit Committee is appointed by the Board to review the consolidated financial statements in detail with management and to report to the Board prior to their approval of the consolidated financial statements for publication.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Board of Parkland Regional Health Authority Inc. 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 Audit Committee and management to discuss their audit findings.



Management



Management

To the Board of Directors of Parkland Regional Health Authority Inc.

We have audited the consolidated statement of financial position of the Parkland Regional Health Authority Inc. as at March 31, 2010 and the consolidated statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Parkland Regional Health Authority Inc. as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brandon, Manitoba

June 17, 2010

*Meyers Norris Penny LLP*

Chartered Accountants

**Parkland Regional Health Authority Inc.**  
**Consolidated Statement of Financial Position**

*As at March 31, 2010*

	<i>Affiliates</i>	<i>Devolved</i>	<b>2010</b>	<b>2009</b>
<b>Assets</b>				
<b>Current</b>				
Cash	1,071,417	2,147,774	<b>3,219,191</b>	9,123,649
Current investments (Note 6)	-	163,685	<b>163,685</b>	101,955
Accounts receivable (Note 4)	130,130	1,637,838	<b>1,767,968</b>	1,841,171
Due from Manitoba Health (Note 5)	-	2,593,923	<b>2,593,923</b>	822,745
Inventory	121,703	1,375,228	<b>1,496,931</b>	1,369,661
Prepaid expenses	48,209	432,587	<b>480,796</b>	597,136
Inter-facility	(998,370)	998,370	-	-
	373,089	9,349,405	<b>9,722,494</b>	13,856,317
<b>Capital assets (Note 7)</b>	8,120,508	74,728,738	<b>82,849,246</b>	82,955,280
<b>Trust assets</b>	36,538	35,610	<b>72,148</b>	35,767
<b>Manitoba Health receivable—employee benefits obligation (Note 9)</b>	1,634,175	8,533,598	<b>10,167,773</b>	10,167,773
	10,164,310	92,647,351	<b>102,811,661</b>	107,015,137

*Continued on next page*

*The accompanying notes are an integral part of these financial statements.*

**Parkland Regional Health Authority Inc.**  
**Consolidated Statement of Financial Position**

*As at March 31, 2010*

	<i>Affiliates</i>	<i>Devolved</i>	<i>2010</i>	<i>2009</i>
<i>Continued from previous page</i>				
<b>Liabilities</b>				
<b>Current</b>				
Lines of credit	-	778,966	778,966	70,000
Accounts payable and accruals	1,275,591	7,425,344	8,700,935	9,511,112
Employee benefits payable (Note 9)	1,324,461	8,721,158	10,045,619	9,364,874
	2,600,052	16,925,468	19,525,520	18,945,986
<b>Other long-term liabilities (Note 8)</b>	-	518,314	518,314	52,919
<b>Deferred benefits entitlement (Note 9)</b>	718,135	3,624,587	4,342,722	3,277,335
<b>Deferred contributions (Note 12)</b>	7,916,569	74,920,733	82,837,302	84,221,728
<b>Trust liabilities</b>	36,538	35,610	72,148	35,767
	8,671,242	79,099,244	87,770,486	87,587,749
<b>Net Assets</b>				
Invested in capital assets (Note 13)	505,439	2,302,039	2,807,478	2,843,570
Internally restricted net assets	269,269	410,008	679,277	604,920
Unrestricted net assets	(1,881,692)	(6,089,407)	(7,971,100)	(2,967,088)
	(1,106,984)	(3,377,360)	(4,484,345)	481,402
	10,164,310	92,647,351	102,811,661	107,015,137

Approved on behalf of the Board

Mary K. Hudyma Director

Paul R. Engeman Director

The accompanying notes are an integral part of these financial statements.

**Parkland Regional Health Authority Inc.**  
**Consolidated Statement of Changes in Net Assets**

*For the year ended March 31, 2010*

	<i>Invested in capital assets</i>	<i>Internally restricted for capital purposes</i>	<i>Unrestricted</i>	<b>2010 Total</b>	<i>2009 Total</i>
<b>Balance, beginning of year</b>	2,843,570	604,920	(2,967,088)	<b>481,402</b>	(2,429,658)
<b>Reclassification (Note 18)</b>	(35,616)	35,616	-	-	2,618,205
<b>Restated</b>	2,807,954	640,536	(2,967,088)	<b>481,402</b>	188,547
<b>Excess (deficiency) of revenues over expenses</b>	(389,749)	78,865	(4,654,863)	<b>(4,965,747)</b>	292,855
<b>Investment in capital assets</b>	391,996	(40,124)	(351,872)	-	-
<b>Internal transfers</b>	(2,723)	-	2,723	-	-
<b>Balance, end of year</b>	2,807,478	679,277	(7,971,100)	<b>(4,484,345)</b>	<b>481,402</b>

*The accompanying notes are an integral part of these financial statements.*

**Parkland Regional Health Authority Inc.**  
**Consolidated Statement of Operations**

*For the year ended March 31, 2010*

	<i>Affiliates</i>	<i>Devolved</i>	<b>2010</b>	<b>2009</b>
<b>Revenues</b>				
Manitoba Health operating income <i>(Note 10)</i>	13,087,665	103,808,599	<b>116,896,264</b>	109,232,766
Patient income	2,359,427	5,674,939	<b>8,034,366</b>	7,774,502
Other income	381,979	3,686,054	<b>4,068,033</b>	4,106,885
Amortization of deferred contributions	344,627	3,917,345	<b>4,261,972</b>	4,056,533
	16,173,698	117,086,937	<b>133,260,635</b>	125,170,686
<b>Expenses</b>				
Acute care	5,745,451	49,234,499	<b>54,979,950</b>	49,570,941
Long-term care	10,275,194	28,489,804	<b>38,764,998</b>	36,512,033
Community and mental health	-	11,075,448	<b>11,075,448</b>	10,227,190
Homecare	99,054	12,527,368	<b>12,626,422</b>	11,909,778
Emergency response and transport	-	5,538,570	<b>5,538,570</b>	4,883,074
Regional health costs <i>(Note 11)</i>	-	2,894,496	<b>2,894,496</b>	2,106,180
Medical remuneration – non global	-	5,500,142	<b>5,500,142</b>	4,811,185
Pre-retirement	232,431	1,923,796	<b>2,156,227</b>	469,374
Amortization of capital assets	433,204	4,256,925	<b>4,690,129</b>	4,385,892
Interest on long-term obligations	-	-	-	2,184
	16,785,334	121,441,048	<b>138,226,382</b>	124,877,831
<b>Excess (deficiency) of revenues over expenses</b>	<b>(611,636)</b>	<b>(4,354,111)</b>	<b>(4,965,747)</b>	292,855

*The accompanying notes are an integral part of these financial statements.*

**Parkland Regional Health Authority Inc.**  
**Consolidated Statement of Cash Flows**

*For the year ended March 31, 2010*

	<i>Affiliates</i>	<i>Devolved</i>	<b>2010</b>	<b>2009</b>
<b>Cash provided by (used in)</b>				
<b>Operations</b>				
Excess (deficiency) of revenues over expenses	(611,636)	(4,354,111)	<b>(4,965,747)</b>	292,855
Items not involving cash:				
Proceeds on disposal of capital assets	-	-	-	(577)
Amortization of capital assets	433,204	4,256,925	<b>4,690,129</b>	4,385,892
Amortization of deferred contributions	(344,627)	(3,917,345)	<b>(4,261,972)</b>	(4,056,533)
	(523,059)	(4,014,531)	<b>(4,537,590)</b>	621,637
<b>Changes in non-cash operating working capital</b>				
Temporary investments	-	(61,730)	<b>(61,730)</b>	18,818,566
Lines of credit	-	708,966	<b>708,966</b>	57,385
Due (to) from Manitoba Health	-	(1,771,178)	<b>(1,771,178)</b>	1,683,793
Other working capital	68,997	1,394,626	<b>1,463,623</b>	557,746
	68,997	270,684	<b>339,681</b>	21,117,490
<b>Financing and Investing</b>				
Purchase of capital assets	(617,021)	(3,999,115)	<b>(4,616,136)</b>	(5,419,402)
Disposal of capital assets	-	32,041	<b>32,041</b>	45,459
Disposal of investments	-	-	-	(2,510)
Disposal of cash upon devolution	(201,771)	201,771	-	-
Deferred contributions	567,846	2,309,700	<b>2,877,546</b>	(13,675,964)
Interfacility	(309,223)	309,223	-	-
Repayment of long-term debt	-	-	-	(80,450)
	(560,169)	(1,146,380)	<b>(1,706,549)</b>	(19,132,867)
<b>Increase (decrease) in cash during the year</b>	(1,014,231)	(4,890,227)	<b>(5,904,458)</b>	2,606,260
<b>Cash, beginning of year</b>	2,085,648	7,038,001	<b>9,123,649</b>	6,517,389
<b>Cash, end of year</b>	1,071,417	2,147,774	<b>3,219,191</b>	9,123,649

The accompanying notes are an integral part of these financial statements.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

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**1. Organization**

The Parkland Regional Health Authority Inc. is a non-profit organization incorporated without share capital under the laws of the Province of Manitoba. The Parkland Regional Health Authority Inc. is involved in the provision of health care services to persons resident in the Parkland Region.

The Parkland Regional Health Authority Inc. is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

**2. Change in accounting policies**

**Disclosure of allocated expenses by not-for-profit organizations**

In September 2008, the Canadian Institute of Chartered Accountants issued new recommendations for disclosures regarding allocated expenses by not-for-profit organizations. CICA Handbook Section 4470 *Disclosure of Allocated Expenses by Not-for-profit Organizations* requires disclosure by not-for-profit organizations that allocate general support expenses to other functions and of the policies adopted for the allocation of such expenses among functions, the nature of the allocated expenses, and the basis on which allocations are made. The section also requires disclosure of the amounts allocated from each of its general support functions and the amounts and functions to which they have been allocated.

This new Section is effective for annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Parkland Regional Health Authority has applied this new recommendation for consolidated financial statements dated March 31, 2010.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

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**3. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

***Basis of accounting***

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized, as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

The financial statements include the accounts of all controlled not-for-profit organizations of the Parkland Regional Health Authority Inc. All significant inter-departmental transactions have been eliminated.

The assets, liabilities, revenues and expenses of the following not-for-profit operations have been included in these financial statements:

**Devolved facilities:**

Dauphin Regional Health Centre  
Roblin District Health Centre  
Gilbert Plains Health Centre  
Grandview Hospital District  
Dauphin & District Ambulance Service  
Roblin & District Ambulance Service  
Grandview Personal Care Home  
Parkland Regional Hospital Laundry Ltd.  
McCreary/Alonsa Health Centre  
Ste. Rose Ambulance Service  
Swan Valley Ambulance Service  
Swan Valley Lodge  
Swan Valley Health Centre  
Swan River Valley Personal Care Home  
Benito Health Centre  
Waterhen Ambulance Service

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

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

**Affiliates:**

Hôpital Général – Ste. Rose – General Hospital  
Winnipegosis – Mossey River Personal Care Home Inc.  
Winnipegosis General Hospital  
St. Paul's Home (Inc.)  
Dr. Gendreau Personal Care Home Inc.

The McCreary/Alonsa Health Centre devolved to the Parkland Regional Health Authority Inc. April 1, 2009.

The Parkland Regional Health Authority Inc. also receives funding from independent organizations, which organize fundraising drives in various geographical areas exclusively for the use of the Parkland Regional Health Authority Inc. or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of the board of directors of the independent entities.

A number of facilities within the Parkland Regional Health Authority Inc. receive donations from charitable foundations. As there is no control, significant influence or economic interest between the Parkland Regional Health Authority Inc. and these foundations, no financial information regarding these foundations is reported or disclosed in the financial statements of the Parkland Regional Health Authority Inc.

***Inventory***

Inventory is stated at the lower of cost and replacement cost. Cost is determined on the first-in, first-out basis.

***Capital assets***

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

Buildings	20 to 40 years
Equipment	4 to 20 years

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

***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 Organization 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.

Quoted market prices and prices for similar items are used to measure fair value of long-lived assets.

***Benefits obligation***

The Health Authority applies the accounting recommendations for employee future benefits contained in *Section 3461 of the Canadian Institute of Chartered Accountant's Handbook*. The pre-retirement benefits are determined by actuarial valuation.

***Revenue recognition***

The Parkland Regional Health Authority Inc. follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

***Contributed services***

A number of individuals donate significant amounts of time to the Organization'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.

***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 collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Estimates are made for amortization, based on the useful lives of capital assets, amounts due from Manitoba Health, revenue from Manitoba Health and In-Globe and Out-of-Globe funding that is not yet approved. Retirement obligations are based on actuarial valuations.

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.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

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

In January 2005, the Canadian Institute of Chartered Accountants' ("CICA") issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for financial statements with fiscal years beginning on or after October 1, 2006. On January 1, 2007, the Organization implemented these new standards, the main requirements of which are set out below:

**Financial instruments**

**Held for trading:**

The Organization has classified the following financial assets and liabilities as held for trading: cash and lines of credit. These instruments are initially recognized at their fair value.

**Loans and receivables:**

The Organization has classified the following financial assets as loans and receivables: accounts receivable and current investments. 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.

**Other financial liabilities:**

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. 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. Total interest expense, calculated using the effective interest rate method, is 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.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

<b>4. Accounts receivable</b>	<b>2010</b>	<b>2009</b>
Accrued interest	649	11,484
Ambulance	196,669	195,396
Ambulance - Health Canada First Nations Inuit Health	208,116	219,008
Dauphin General Hospital Foundation	22,722	22,205
Dr. Gendreau Memorial PCH Foundation Inc.	472	-
Employee Education Advances	40,195	106,883
Health Sciences Centre – Provincial Dialysis Program	32,319	23,684
National Industrial Communications	45,264	-
Other	885,201	756,563
Province of Manitoba	-	80,000
QA Adjusting Company	138,924	68,613
Residents/ Patients	187,948	205,867
Prevost Foundation Inc.	6,777	-
St. Paul's Home Auxillary	-	16,610
St. Paul's Home Foundation Inc.	-	38,336
Swan Valley Health Facilities Foundation Inc.	2,712	46,941
Swan Valley Shipper's Association	-	26,201
University of Manitoba	-	23,380
	<b>1,767,968</b>	<b>1,841,171</b>

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

<b>5. Due from Manitoba Health</b>	<b>2010</b>	<b>2009</b>
Current years Operating Funding	2,542,355	1,091,788
Out of Globe – 2009/2010	89,173	
Out of Globe – 2008/2009	(415,875)	(368,224)
Out of Globe – 2007/2008	-	(455,606)
Approved Capital Funding	93,892	271,594
Ambulance Interfacility Transfers and Lifeflights	284,378	283,193
	<b>2,593,923</b>	<b>822,745</b>

*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 Regional Health 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.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

**6. Investments**

	<i>2010</i>	<i>2009</i>
Royal Bank money market funds earning an annual rate of .01%. Fair market value of fund is 102,094.	102,094	101,955
Royal Bank money market funds earning an annual rate of .03%. Fair market value of fund is 61,591.	61,591	-
	<b>163,685</b>	<b>101,955</b>
Amount due within one year included in current investments	(163,685)	(101,955)
	-	-

**7. Capital assets**

	<i>Cost</i>	<i>Accumulated Amortization</i>	<i>2010 Net Book Value</i>	<i>2009 Net Book Value</i>
Land	603,643	-	603,643	581,013
Buildings	112,230,688	42,593,711	69,636,977	70,063,428
Equipment	38,436,258	26,654,815	11,781,443	10,674,918
Construction in progress	827,183	-	827,183	1,635,921
	<b>152,097,772</b>	<b>69,248,526</b>	<b>82,849,246</b>	<b>82,955,280</b>

**8. Other long-term liabilities**

Other long-term liability consists of the accrued retirement entitlement due to Diagnostic Services of Manitoba. The pension plan disclosure has been provided in note 9.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

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**9. Benefits obligation**

The Health Authority recorded pre-retirement, accrued vacation, statutory holiday and overtime salary liability as benefits obligation. Funding for the entitlement as at March 31, 2004 is recoverable from Manitoba Health.

*Accrued retirement entitlement*

The Health Authority has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

- i) have ten years service and have 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
- iii) retires at or after age 65 or
- iv) terminates employment at any time due to permanent disability

The Health Authority has recorded an accrual amount based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of the employees who have not yet met the criteria above. Funding for the retirement entitlement accrued prior to March 31, 2004 is recoverable from Manitoba Health on an Out-of-Globe basis in the year of payment.

Each year, the Health Authority updates an actuarial valuation of the accrued retirement entitlements. The significant actuarial assumptions adopted in measuring the accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 4.90% (6.70% in 2009) and a rate of salary increase of 4.0% (3.5% in 2009) plus age related merit/promotion scale with nil disability.

*Pension plan*

Most of the employees of the Authority are members of the Healthcare 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 the length of service and on the average annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the 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 assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, together with the 6.8% (6.8% in 2009) of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees and 8.4% (8.4% in 2009) thereafter, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for the employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2007, indicates a solvency deficiency which will be funded by special payments to the Plan over the next five years out of current contributions in those years. Should these special payments not be sufficient in returning the Plan to solvency, contribution rate increases or pension benefit reductions may be necessary.

Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to \$3,937,796 (2009 - \$3,866,382) and are included in the statement of operations.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

<b>10. Manitoba Health operating income</b>	<b>2010</b>	<b>2009</b>
Revenue as per Manitoba Health's final funding document	111,547,705	108,729,505
Add:		
Salary and Benefit Settlements	1,827,463	687,795
Supply Funding	434,000	-
Pandemic Funding	348,462	-
Dauphin Emergency Department Enhancement Initiative	177,000	-
Dauphin Role Study Funding	79,100	-
Patient Safety Funding	76,660	-
Medical Remuneration Adjustments	60,000	60,000
Renal Unit Expansion	40,247	40,377
Mentorship Funding	13,832	-
Aboriginal Health	7,900	-
Reclaiming Hope Suicide Prevention Funding	4,750	-
Critical Incident Project Management Funding	-	41,800
Provincial Data Network Funding	-	14,100
Relationships by Objective Funding	-	7,619
	114,617,119	109,581,196
Add/Deduct: Non-Global surplus receivable for 2009/10	97,945	(415,875)
	114,715,064	109,165,321
Add separately funded programs:		
Emergency Services Billings	1,801,833	1,520,466
Philippine Nurse Recruitment	367,147	8,285
Non Global Prior Year Adjustments	308,032	451,455
Immunization Program	115,431	109,932
STI/HIV Control	-	106,100
Chronic Disease Prevention Initiative	82,368	76,025
Community Health Needs Assessment	51,787	98,777
Risk Factor and Complication Assessment Funding	4,016	16,680
Board expenses	3,806	10,274
Telepsychiatry Clinics	-	6,794
	117,449,484	111,570,109
Deduct: Amounts recorded as deferred contributions for:		
- Long-term debt	(244,463)	(634,661)
- Equipment funding	-	(482,304)
- Major repairs	(37,495)	(37,495)
- Capital interest on loans reclassified to deferred contributions	(246,262)	(1,182,883)
- Ostomy Program	(25,000)	-
	116,896,264	109,232,766

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

**11. Regional Health Authority Inc. costs**

	<i>2010</i>	<i>2009</i>
Corporate office salaries	1,216,403	1,121,717
Corporate office benefits	220,564	182,721
Expenses paid on behalf of facilities	262,433	141,890
Board expenses	129,640	112,009
Recruitment	101,902	89,105
Medical Remuneration - Global	324,224	233,883
Pandemic Expenses	302,575	-
Community Health Needs Assessment	51,787	-
Other	284,968	224,855
	2,894,496	2,106,180

**12. Deferred contributions**

Deferred contributions represent capital funding received from Manitoba Health or donations received from other sources restricted for the purchase of depreciable capital assets and/or future expenses.

	Donation Unexpended		Expended	<i>2010</i>	<i>2009</i>
Balance, beginning of year	340,907	2,619,440	80,171,710	83,132,057	98,371,997
Reclassification	(27,221)	27,221	(32,334)	(32,334)	(2,648,133)
Capital asset additions	(232,387)	(1,750,699)	4,189,073	2,205,987	3,302,442
Capital asset disposals	-	-	294	294	(18,704)
Capital funding	-	1,030,212	(12,000)	1,018,212	(12,098,621)
Interest and donations	336,127	2,607	-	338,734	233,266
Amortization	-	-	(4,261,972)	(4,261,972)	(3,843,689)
Other operating expenses	(131,724)	(54,693)	(122)	(186,539)	(166,501)
Balance, end of year	285,702	1,874,088	80,054,649	82,214,439	83,132,057
Deferred revenue				622,863	1,089,671
				82,837,302	84,221,728

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

**13. Invested in capital assets**

	Affiliates	Devolved	2010	2009
Capital Assets	8,120,508	74,728,738	<b>82,849,246</b>	82,955,280
Amounts financed by:				
Deferred contributions and revenue related to capital assets	(7,911,466)	(74,302,973)	<b>(82,214,439)</b>	(83,132,059)
Cash – capital	276,908	643,134	<b>920,042</b>	1,205,031
Temporary investments – capital	-	61,591	<b>61,591</b>	-
Accounts receivable – capital	349	531,438	<b>531,787</b>	341,144
Due from Manitoba Health – capital	-	93,892	<b>93,892</b>	271,594
Prepaid expenses – capital	-	-	-	344
Accounts payable – capital	-	(47,071)	<b>(47,071)</b>	(163,252)
Due from operating account	19,140	593,290	<b>612,430</b>	1,365,488
	<b>505,439</b>	<b>2,302,039</b>	<b>2,807,478</b>	<b>2,843,570</b>

**14. Financial instruments**

The Parkland Regional Health Authority Inc.'s financial instruments consist of cash, accounts receivable, temporary investments, accounts payable, amounts due to (from) Manitoba Health and long-term debt. Unless otherwise noted, it is management's opinion that the Parkland Regional Health Authority Inc. is not exposed to significant interest, currency or credit risks arising from these financial instruments.

***Fair Value***

The carrying amounts of cash, accounts receivable, temporary investments, lines of credit, accounts payable, amounts due to (from) Manitoba Health and accrued liabilities approximate their fair values due to the short-term maturities of these items. The carrying amounts of the organization's investments and loans approximate their fair values as the investments and loans have currently prevailing interest rates.

**Parkland Regional Health Authority Inc.**  
**Notes to the Consolidated Financial Statements**

*For the year ended March 31, 2010*

**15. Allocation of expenses**

The Parkland Regional Health Authority has allocated the following expenses:

	2010				2009			
	Acute	Long Term Care	Community	Total	Acute	Long Term Care	Community	Total
Education	33,345	29,705	20,876	83,926	24,937	22,153	15,315	62,405
Human Resources	285,972	254,372	175,594	715,938	262,151	219,401	173,826	655,378
Information Tech	784,757	262,567	219,791	1,267,115	627,580	224,666	155,593	1,007,839
Laundry Services	525,777	546,056	-	1,071,833	543,624	550,637	-	1,094,261
Quality Assurance	35,258	31,200	21,687	88,145	45,281	40,073	27,848	113,202
	1,665,109	1,123,900	437,948	3,226,957	1,503,573	1,056,930	372,582	2,933,085

**16. Economic dependence**

The Parkland Regional Health Authority Inc. received 88% of its total revenue for the year ended March 31, 2010 from Manitoba Health.

**17. Comparative amounts**

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

**18. Reclassification**

An adjustment was made by St. Paul's Home Inc. to reclassify restricted net assets from invested in capital assets.

**19. Related party transactions**

The Authority is responsible for the overall management of the health care services provided in the Parkland region. Programs for hospital and personal care home services are delivered in the region by the Health Authority. The Health Authority transacts business on a regular basis with organizations and agencies as described in Notes 5, 6, 8, 9, 11, and 12.

**20. 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 residents. 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, 2010, the Authority was in a deficit position. For the affiliates, if the retainable surplus exceeds 1.5% of the annual in globe operating budget, as approved by the Authority, the surplus in excess of 1.5% is an obligation payable to Parkland Regional Health Authority.