Prairie Mountain Health
Consolidated Financial Statements
For the year ended March 31, 2024

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To the Board of Directors of Prairie Mountain Health:

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 public sector accounting standards.

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 the consolidated financial statements.

The Board of Directors and the Finance Committee are composed primarily of Directors who are neither management nor employees of the Region. 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 Finance Committee is appointed by the Board and 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 Region's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Prairie Mountain Health 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 Finance Committee and management to discuss their audit findings.

Management

Management

Independent Auditor's Report

To the Board of Directors of Prairie Mountain Health:

Opinion

We have audited the consolidated financial statements of Prairie Mountain Health (the "Region"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, remeasurement gains and losses, changes in net debt and its consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Region as at March 31, 2024, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Region 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, 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 Region'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 Region or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Region'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Region'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 Region'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 Region 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 Region 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.

MNP LLP

Brandon, Manitoba
June 19, 2024

Chartered Professional Accountants

Prairie Mountain Health

Consolidated Statement of Financial Position

As at March 31

(in thousands of dollars)

		2024		2023
FINANCIAL ASSETS				
Cash and cash equivalents	$	4,332	$	40,024
Accounts receivable *(Note 4)*		13,807		12,421
Investments *(Note 6)*		10,032		9,227
Due from Manitoba Health (Note 5)		73,353		73,642
Other assets		95		98
		101,619		135,412
LIABILITIES				
Accounts payable and accrued liabilities *(Note 8)*		53,963		59,529
Unearned revenue (*Note 11*)		14,193		15,326
Employee benefits payable *(Note 9)*		35,765		34,458
Employee future benefits payable *(Note 9)*		38,691		39,080
Long-term debt *(Note 10)*		246,763		121,669
Asset retirement obligations (Note 12)		52,440		48,418
		442,815		318,480
NET DEBT	$	(341,196)	$	(183,068)
OTHER ASSETS				
Inventories held for use		5,909		5,864
Prepaid expenses		2,733		2,536
Capital assets *(Note 7)*		394,435		269,985
		403,077		278,385
ACCUMULATED SURPLUS	$	61,881	$	95,317
ACCUMULATED SURPLUS IS COMPRISED OF:				
Accumulated capital and operating surplus		56,367		90,178
Restricted *(Note 14)*		4,718		5,036
Accumulated remeasurement gains (losses)		796		103
	$	61,881	$	95,317

Commitments and contingencies *(Note 18)*

Approved on behalf of the Board

Director

Director

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

Prairie Mountain Health

Consolidated Statement of Operations

For the year ended March 31

(in thousands of dollars)

	Budget 2024 Total	Actual 2024 Operating	Actual 2024 Capital	Actual 2024 Total	Actual 2023 Total
REVENUE					
Manitoba Health, Seniors and Long-Term Care revenue (Note 15)	$ 555,793	$ 586,441	$ 19,137	$ **605,578**	$ 568,938
Housing, Addictions and Homelessness revenue (Note 16)	38,490	41,662	-	**41,662**	37,785
Separately funded programs	1,552	1,836	-	**1,836**	1,544
Authorized/residential charges	36,106	37,529	-	**37,529**	35,584
Non-insured income	2,000	2,943	-	**2,943**	2,137
Other income	50,666	8,937	5,373	**14,310**	15,707
Investment income	1,600	2,293	-	**2,293**	2,113
	686,207	**681,641**	**24,510**	**706,151**	663,808
EXPENSES					
Acute care services	$ 275,110	$ 281,008	$ -	$ **281,008**	$ 263,336
Personal care home services	184,611	200,302	-	**200,302**	176,299
Therapy services	11,422	11,583	-	**11,583**	9,743
Community based home care services	45,581	50,310	-	**50,310**	43,924
Community based health services	33,516	32,355	-	**32,355**	29,624
Community based mental health services	36,002	38,521	-	**38,521**	33,710
Emergency medical services	-	11	-	**11**	108
Medical remuneration	42,697	58,437	-	**58,437**	46,758
Regional undistributed costs	32,349	35,170	-	**35,170**	32,048
Future employee benefits	4,200	3,590	-	**3,590**	3,218
Reserve for major repairs and equipment	93	79	-	**79**	113
Amortization of capital assets	16,887	-	17,685	**17,685**	18,135
Accretion	-	-	2,017	**2,017**	1,965
Interest expense	3,924	-	4,294	**4,294**	4,942
Loss (gain) on disposal of capital assets	-	-	(1)	**(1)**	(17)
Minor equipment purchases	1,763	-	3,703	**3,703**	4,369
	688,155	**711,366**	**27,698**	**739,064**	668,275
SURPLUS (DEFICIT)	$ **(1,948)**	$ **(29,725)**	$ **(3,188)**	$ **(32,913)**	$ (4,467)
ANCILLARY OPERATIONS					
Ancillary income	$ 2,350	$ 2,915	$ -	$ **2,915**	$ 2,512
Ancillary expenses - other	1,877	3,205	-	**3,205**	2,618
Ancillary expenses - amortization of capital assets	214	-	214	**214**	234
ANCILLARY SURPLUS (DEFICIT)	**259**	**(290)**	**(214)**	**(504)**	(340)
SURPLUS (DEFICIT) BEFORE OTHER ITEMS	$ **(1,689)**	$ **(30,015)**	$ **(3,402)**	$ **(33,417)**	$ (4,807)
RESTRUCTURING GAINS (LOSSES) (Note 25)	**-**	(19)	-	**(19)**	8,906
SURPLUS (DEFICIT) FOR THE YEAR	**(1,689)**	**(30,034)**	**(3,402)**	**(33,436)**	4,099
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		(1,221)	96,538	95,317	91,218
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		$ **(31,255)**	$ **93,136**	$ **61,881**	$ 95,317

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

Prairie Mountain Health

Consolidated Statement of Change in Net Debt

For the year ended March 31

(in thousands of dollars)

		Budget **2024**		***Actual*** **2024**		Actual 2023
Surplus (Deficit) for the year	**$**	(1,689)	**$**	**(33,436)**	**$**	4,099
Acquisition of tangible capital assets				**(142,349)**		(7,078)
Amortization of tangible capital assets		16,887		**17,899**		18,369
Loss (gain) on sale of tangible capital assets		**-**		**(1)**		(17)
Proceeds on sale of tangible capital assets		**-**		**1**		17
Decrease (increase) of inventories		**-**		**(45)**		(377)
Decrease (increase) of prepaid expenses		**-**		**(197)**		(979)
Change in Net Debt	$	15,198	**$**	**(158,128)**	$	**14,034**
Net Debt, beginning of year			**$**	**(183,068)**	$	(197,102)
Net Debt, end of year			**$**	**(341,196)**	$	(183,068)

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

Prairie Mountain Health
Consolidated Statement of Cash Flows
For the year ended March 31
(in thousands of dollars)

		2024		2023
OPERATING TRANSACTIONS				
Surplus (deficit) for the year	**$**	**(33,436)**	$	4,099
Adjustments to determine net cash provided by (used in) operating activities				
Loss (gain) on disposal of tangible capital assets		**(1)**		(17)
Amortization of tangible capital assets		**17,899**		18,369
Accretion expenses		**2,017**		1,965
Changes in non-cash operating working capital items:				
Accounts receivable		**(1,386)**		(4,986)
Due from Manitoba Health and Seniors Care		**289**		23,170
Inventories held for use		**(45)**		(377)
Prepaid expenses		**(197)**		(979)
Other long term assets		**3**		194
Accounts payable and accrued liabilities		**(5,566)**		(18,977)
Unearned revenue		**(1,133)**		(10,896)
Employee future benefits		**1,918**		36
Asset retirement obligations		**2,005**		-
		(17,633)		11,601
CAPITAL TRANSACTIONS				
Proceeds on sale of tangible capital assets		**1**		17
Cash used to acquire tangible capital assets		**(142,349)**		(7,078)
		(142,348)		(7,061)
INVESTING TRANSACTIONS				
Portfolio investment transactions		**(805)**		130
FINANCING TRANSACTIONS				
Repayment of loans and advances		**125,094**		(16,198)
NET CHANGE IN CASH		**(35,692)**		(11,528)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**40,024**		51,552
CASH AND CASH EQUIVALENTS, END OF YEAR	**$**	**4,332**	$	40,024

Supplementary Information

Interest received	**$**	**2,293**	$	2,113
Interest paid		**4,294**		4,942

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

Prairie Mountain Health
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31
(in thousands of dollars)

		2024		2023
Accumulated remeasurement gains (losses) at beginning of year	**$**	**103**	$	166
Unrealized gains (losses) attributable to:				
Portfolio investments		**693**		(63)
Accumulated remeasurement gains (losses) at end of year	**$**	**796**	$	103

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

1. Organization

On May 28, 2012, Regulation 63/2012 under the Regional Health Authorities Act (the "Act") was passed to amalgamate the Assiniboine Regional Health Authority, Brandon Regional Health Authority Inc. and Parkland Regional Health Authority Inc. and a new Region named the "Western Regional Health Authority" was established for the western Manitoba health region. On December 10, 2012, Regulation 151/2012 was passed under the "Act" changing the Region's name to Prairie Mountain Health. Prairie Mountain Health ("the Region", "PMH") commenced activity on April 1, 2012. The Region is involved in the provision of health care services to the western region of Manitoba. The Region is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Change in Accounting Policy

a) Revenue *(PS 3400)*

The Region has adopted the Canadian Public Sector Accounting Standard 3400 Revenue effective for the current fiscal year beginning April 1, 2023. PS 3400 Revenue differentiates between revenue arising from transactions that include performance obligations, identified as exchange transactions, and transactions that do not have performance obligations, identified as non-exchange transactions.

For transactions within the scope of PS 3400, the Region has evaluated the composition and characteristics of the following transactions:

- Transactions with no performance obligations are recognized as revenue when the Region has the authority to claim or retain an inflow of economic resources and a past event has occurred that gives rise to an asset.
- Transactions with performance obligations are recognized as revenue either at a point in time or over a period of time when individual performance obligations are satisfied.

The adoption of this standard impacted the timing of the recognition of fee revenue, ancillary revenue, and other income.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. Significant accounting policies

These consolidated financial statements have been prepared in accordance with the Canadian public sector accounting standards and include the following significant accounting policies:

a) Basis of reporting

The Region provides community health care services, acute health care services and long-term care services through devolved and contract facilities. The assets, liabilities, and operations of the following devolved organizations have been included in these consolidated financial statements:

Baldur Health Centre
Benito Health Centre
Birtle Health Centre
Boissevain Health Centre
Boissevain-Westview Lodge
Brandon Regional Health Centre
Carberry Health Centre
Cartwright-Davidson Memorial Health Centre
Community and Home Care Health Services
Community Mental Health Services
Child and Adolescent Treatment Centre - Brandon
Dauphin Regional Health Centre
Deloraine Health Centre
Deloraine-Bren Del Win Lodge
Dinsdale Personal Care Home
Elkhorn-Elkwood Manor
Erickson Health Centre
Fairview Personal Care Home
Gilbert Plains Health Centre
Glenboro Health Centre
Grandview Hospital District
Grandview Personal Care Home
Hamiota Health Centre
Hamiota Health Centre Lilac Residence (East Wing)
Hamiota Health Centre Lilac Residence (North Wing)
Hartney Health Centre
Killarney-Tri Lake Health Centre
McCreary/Alonsa Health Centre
Melita Health Centre
Minnedosa Health Centre
Minnedosa Personal Care Home
Neepawa Health Centre
Neepawa-Country Meadows Personal Care Home
Pioneer Lodge Inc.
Reston Health Centre
Rideau Park Personal Care Home
Riverdale Personal Care Home Inc. Westwood Lodge
Rivers Health Centre
Roblin District Health Centre
Rossburn Health Centre
Russell Health Centre
Russell Personal Care Home
St. Paul’s Personal Care Home
Sandy Lake Personal Care Home
Shoal Lake-Strathclair Health Centre
Souris Health Centre
Swan Valley Health Centre
Swan Valley Lodge
Swan River Valley Personal Care Home
Tiger Hills Villa Inc.
Treherne-Tiger Hills Health Centre
Virden Health Centre
Virden-Sherwood Nursing Home
Virden-Westman Nursing Home
Wawanesa Health Centre

The Region also provides health care services, by means of operating agreements, through non-devolved facilities. The health care services provided are delivered under the control of the Region as the major funder. The financial position and results of operations of these related organizations have been consolidated in these financial statements. The following facilities are non-devolved:

Ste. Rose Health Centre
Winnipegosis General Hospital
Mossey River Personal Care Home Inc. – Winnipegosis

Effective November 11, 2023, Dinsdale Personal Care Home was purchased by Prairie Mountain Health. For the year ended March 31, 2024, Dinsdale Personal Care Home was a devolved facility within Prairie Mountain Health. Details related to the acquisition are in Note 25.

All significant inter-divisional transactions of non-devolved and contract facilities have been eliminated.

Funds paid to non-devolved facilities in accordance with their operating agreements that are not expended in the relevant fiscal year shall be deemed to be an operating surplus. Any operating surplus at year end shall be deducted from the non-devolved facilities’ future payments, unless otherwise approved in writing by the Region. The Region shall not approve retention of surpluses that exceed two percent (2%) of total funding from the Region. The Region will not be responsible for any deficits incurred by the non-devolved facilities in providing the required programs/services.

3. Significant accounting policies *(continued)*

a) *Basis of reporting* *(continued)*

The Region also receives funding from the Brandon Regional Health Centre Foundation, the Fairview Foundation and Dauphin Hospital Foundation and other community foundations/auxiliaries, which organize fundraising drives to raise funds for the use of the Region or its related entities. The extent of any funding provided by these independent entities is solely at the discretion of its Board of Directors. As there is no control, significant influence or economic interest between the Region and the Foundations, no financial information regarding the Foundations are reported or disclosed in the consolidated financial statements of the Region.

b) Revenue recognition

Provincial government transfers for operating purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions are 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, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability for the Region.

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

- Assets funded by approved/funded debt: revenue is recognized when the debt principal and interest payment funding is received.
- Assets funded by an allocation of cash: revenue is recognized when the funded asset is purchased or developed.
- Assets funded based on services provided for a specified period of time: revenue is recognized over the specified period of service.

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 Region if the amount can be reasonably estimated and collection is reasonably assured. All non-government contributions 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.

Provincial funding
During the year, Manitoba Health and Seniors Care (MHSC) was renamed Manitoba Health, Seniors and Long-Term Care (MHSLTC) and Manitoba Health and Community Wellness (MHCW) was renamed Housing, Addictions and Homelessness (HAH). Funding is received separately from each health department.

In-Globe funding
In-Globe funding is funding approved by MHSLTC and HAH, for Regional Health programs unless otherwise specified as Out-of-globe funding. This includes volume changes and price increases for the four service categories of Acute Care, Long Term Care, Community and Mental Health, and Home Care. All additional costs in these four service categories must be absorbed within the global funding provided.

Out-of-Globe funding
Out-of-Globe funding is funding approved by MHSLTC and HAH for specific programs.

Any operating surplus related to Out-of-Globe funding arrangements is recorded on the consolidated statement of financial position as a payable to MHSLTC and/or HAH until such time as MHSLTC and HAH reviews the consolidated financial statements. At that time MHSLTC and HAH determine what portion of the approved surplus may be retained by the Region, or repaid to MHSLTC and/or HAH.

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

b) ***Revenue recognition*** *(continued)*

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

Non-insured income
Non-insured income is revenue received for products and services where the recipient does not have MHSLTC coverage or where coverage is available from a third party. Revenue is recognized when the product is received and/or the service is rendered.

Ancillary income
Ancillary income comprises amounts received for preferred accommodations, non MHSLTC or HAH activities and parking fees. Revenue is recognized when the service is provided.

Other income
Other income comprises recoveries for a variety of uninsured goods and services sold to patients or external customers. Revenue is recognized when the good is sold or the service is provided.

These non-exchange transactions have no performance obligation and are recognized at their realizable value when the Region has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Investment income
Investment income comprises interest from cash, interest from fixed income investments, and realized gains and losses on the sale of investments. Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

c) Contributed materials and services

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and an official receipt for income tax purposes has been issued to the donors.

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the consolidated financial statements.

d) Cash and cash equivalents

The Region considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

e) ***Financial instruments***

Measurement of financial instruments
The Region initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Region subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the consolidated statement of remeasurement gains and losses in the period incurred.

3. Significant accounting policies *(continued)*

e) *Financial instruments* *(continued)*

The Region uses the following measurement classifications for its financial assets and financial liabilities:

Cash and cash equivalents	Amortized Cost
Accounts receivable	Amortized Cost
Due from Manitoba Health	Amortized Cost
Investments	Fair Value
Accounts payable and accrued liabilities	Amortized Cost
Employee future benefits obligations	Amortized Cost

In accordance with Public Sector Accounting (PSA) standards adopted for April 1, 2011, the Region has elected to record investments at fair value, using market bid prices at year-end as a basis for valuation. Purchases and sales of investments are recorded at the trade date and transaction costs are expensed as incurred and recorded in the consolidated statement of operations. Any discount or premium arising on purchase is amortized over the period of maturity in order to reflect a yield based on purchase costs and a carrying value of the amount expected to be realized at maturity. Interest earned on investments and gains or losses resulting from net settlements in the period are recorded in the consolidated statement of operations.

The Region uses the following classifications of fair value measurements for its portfolio investments:

Prices quoted in active markets	Level 1
Observable bid prices in the markets	Level 2
Source other than observable market	Level 3

Impairment
At the end of each reporting period, the Region assesses whether there are any indications that a financial asset may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Region, including but not limited to the following events: significant decline in fair market value, significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the Region determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Region identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset in the cost or amortized cost category, it reduces the carrying amount of the asset to the highest of the following:

i. the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
ii. the amount that could be realized by selling the asset at the consolidated statement of financial position date; and
iii. the amount the Region expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights

The carrying amount of the asset in the cost or amortized cost category is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the consolidated statement of operations.

When the extent of impairment of a previously written-down asset in the cost or amortized cost category decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of operations in the period the reversal occurs.

When the Region identifies a loss in value that is other than a temporary decline of a financial asset in the fair value category, the asset is written down to recognize the loss. The amount of the loss is recognized in the consolidated statement of operations and is not reversed if there is a subsequent increase in value.

3. Significant accounting policies *(continued)*

e) Financial instruments *(continued)*

Transaction costs
Transaction costs are added to the carrying value of items in the cost or amortized cost category when they are initially recognized, and expensed in the period incurred for items in the fair value category. Transaction costs include fees and commissions paid to agents, advisors, brokers and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Risk management
The Region is exposed to various risks through its financial instruments. The following analysis provides a measure of the Region's risk exposure and concentrations:

	Risks			
			Market risk	
Financial instruments	*Credit*	*Liquidity*	*Currency*	*Interest Rate*
Cash				X
Amounts receivable	X		X	
Accounts payable and accrued liabilities		X	X	

The Region manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews risk management policies and procedures on an annual basis.

The Region also has a specific Investment Policy that details the asset quality and proportion of fixed income and equity securities in which investments are made.

The Region does not use derivative financial instruments to manage its risks.

Credit risk

Credit risk arises from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Region could incur a financial loss. The Region's accounts receivable are comprised mostly of amounts due from the Government of Manitoba and from the facilities it funds, minimizing credit risk. The Region's policy is to limit extending credit to individuals and has been proactive in the implementation of processes to accept prepayment for products and services.

Management regularly reviews the aging of accounts receivable balances. Amounts deemed uncollectible are written down to their expected realizable values, by making an allowance for doubtful accounts adjustment, as soon as the account is determined not to be fully collectible. The Region considers the following factors in determining collectability: age of the amount outstanding, knowledge gained surrounding change in economic circumstances of the third party, and the history of collectability based on the type of revenue stream.

Prior to authorizing the provision of a loan, the Region's management reviews the financial position of the potential loan recipient and considers current and historical evidence of cash flows and economic circumstances. It is not a policy of the Region to grant loans, however, special considerations are reviewed with the Board of Directors prior to a provision being granted. The Region's management regularly reviews loan balances and the principal and interest payments due to assess collectability and risk of loss. Valuation allowances are made when collection is in doubt. When there is sufficient evidence to support that an amount is uncollectible with no realistic prospect of recovery, a valuation allowance is recorded in order to reflect the loan, or class of loans, at the lower of cost and net recoverable value. Once all or part of a loan is written-off, it is not subsequently reversed. Interest is accrued on loans receivable to the extent it is deemed collectable.

3. Significant accounting policies *(continued)*

e) Financial instruments *(continued)*

Liquidity risk

Liquidity risk is the risk that the Region will not be able to meet a demand for cash or fund its obligations as they come due. The Region meets its liquidity requirements by anticipating investing and financing activities and holding assets that can be readily converted into cash. The Region has operating lines of credit available totaling $24,500,000 should it be required to meet temporary fluctuations in cash requirements. Lines of credit are approved by Manitoba Health and are in effect for the period ending March 31, 2024. The Region is not currently accessing the operating lines of credit.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of the Region is the Canadian dollar. The Region's transactions in U.S. dollars are infrequent and are limited to non-resident charges, certain purchases and tangible capital asset acquisitions. The Region does not use foreign exchange forward contracts to manage foreign exchange transaction exposures. The Region's investment portfolio does not hold any investments in foreign currency.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The exposure of the Region to interest rate risk arises from its interest bearing assets. The Region's cash includes amounts on deposit with financial institutions that earn interest at market rates. The Region manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Region’s results of operations.

The primary objective of the Region with respect to its fixed income investments is to generate income and preserve capital. The Region manages the interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

Changes to risk

There have been no changes to the Region's risk exposures from the prior year.

f) Inventories held for use

Inventories consist of medical supplies, drugs, linen and other supplies that are measured at average cost, except drugs which are valued at the actual cost using the first-in, first-out method. The cost of inventories includes purchase price, shipping, unrebated portion of goods and services tax, and provincial tax. Inventory is expensed when put into use.

g) Tangible capital assets

Purchased capital assets are recorded at cost. The costs of tangible capital assets are capitalized upon meeting the criteria for recognition as a tangible capital asset, otherwise, costs are expensed as incurred. The cost of a tangible capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. Land is carried at cost or fair market value at the date of acquisition and is not amortized.

3. Significant accounting policies *(continued)*

g) Tangible capital assets *(continued)*

A tangible capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the consolidated statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the tangible capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the tangible capital asset subsequently increases.

Contributed capital assets are recorded at fair value at the date of contribution.

The Region's objectives when managing tangible capital assets 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 an operating and capital budget is developed and monitored to ensure the Region's capital is maintained at an appropriate level. There were no changes in the Region's approach to capital management during the period.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses. Capital assets, excluding vehicles, are amortized on a straight-line basis over their estimated useful lives as follows:

Parking lots	8-15 years
Land improvements	15 years
Buildings and leasehold improvements	20-40 years
Building service equipment/equipment	4-20 years
Computer software and equipment	3-5 years

Vehicles are amortized on a declining balance basis using 30% as the annual rate and are included in Building service equipment/equipment. Asset retirement costs are included in building and leasehold improvements and equipment. These costs are amortized on a straight-line basis at rates of 10-40 years.

h) Foreign currency transactions

Monetary assets and liabilities of the Region which are denominated in foreign currencies are translated at year-end exchange rates. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains and losses are included in the consolidated statement of operations.

i) Management estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the consolidated financial statements, 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. Areas requiring use of significant estimates include useful life of tangible capital assets, allowance for accounts deemed uncollectable and amounts recognized for employee benefit obligations. The estimated asset retirement obligation is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the consolidated statement of operations. 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.

(in thousands of dollars)

3. Significant accounting policies *(continued)*

j) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) as at the consolidated financial statement date when there is a legal obligation for the Region to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Region reviews the carrying amount of the liability. The Region recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Region continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

4. Accounts receivable

The Region's exposure to credit risk for accounts receivable as at March 31 is as follows:

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	2024
Patients/residents	$ 1,270	$ 844	$ 305	$ 11,320	$ 13,739
Trade receivables	5,242	338	(26)	1,129	6,683
GST receivable	632	374	21	-	1,027
Foundations	6	3	19	42	70
Approved capital funding	603	449	19	954	2,025
Accrued interest	-	-	-	113	113
	7,753	2,008	338	13,558	23,657
Less allowance for doubtful accounts:					
Patients/residents	-	-	-	(9,567)	(9,567)
Trade receivables	-	-	-	(283)	(283)
	-	-	-	(9,850)	(9,850)
	$ 7,753	$ 2,008	$ 338	$ 3,708	$ 13,807

(in thousands of dollars)

4. Accounts receivable *(continued)*

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	2023
Patients/residents	$ 877	$ 605	$ 252	$ 9,317	$ 11,051
Trade receivables	4,345	361	64	1,321	6,091
GST receivable	706	371	393	-	1,470
Foundations	55	5	19	26	105
Approved capital funding	1,718	348	76	(435)	1,707
Accrued interest	18	10	10	35	73
	7,719	1,700	814	10,264	20,497
Less allowance for doubtful accounts:					
Patients/residents	-	-	-	(7,919)	(7,919)
Trade receivables	-	-	-	(157)	(157)
	-	-	-	(8,076)	(8,076)
	$ 7,719	$ 1,700	$ 814	$ 2,188	$ 12,421

5. Due from (to) Manitoba Health

The amount recorded as a receivable from the Province for pre-retirement and related vacation 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 on-going annual funding to the Region, an amount equivalent to the change in pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related pre-retirement liabilities.

	1-30 Days	**31-60 Days**	**61-90 Days**	**91-120+ Days**	**2024**
Other operating	**$ 31,625**	**$ 1,021**	**$ 971**	**$ 1,087**	**$ 34,704**
Out of Globe 2019/20	**-**	**-**	**-**	**(1,303)**	**(1,303)**
Out of Globe 2020/21	**-**	**-**	**-**	**(314)**	**(314)**
Out of Globe 2021/22	**-**	**-**	**-**	**(390)**	**(390)**
Out of Globe 2022/23	**-**	**-**	**-**	**(549)**	**(549)**
Out of Globe 2023/24	**3,700**	**-**	**-**	**-**	**3,700**
Approved capital funding	**442**	**-**	**-**	**(38)**	**404**
Vacation	**-**	**-**	**-**	**17,419**	**17,419**
Vacation-Non-Devolved Facilities	**-**	**-**	**-**	**557**	**557**
Pre-retirement	**-**	**-**	**-**	**18,497**	**18,497**
Pre-retirement-Non-Devolved Facilities	**-**	**-**	**-**	**628**	**628**
	35,767	**1,021**	**971**	**35,594**	**73,353**
Less: allowance for doubtful accounts	**-**	**-**	**-**	**-**	**-**
	$ 35,767	**$ 1,021**	**$ 971**	**$ 35,594**	**$ 73,353**

(in thousands of dollars)

5. Due from (to) Manitoba Health *(continued)*

	1-30 Days	31-60 Days	61-90 Days	91-120+ Days	2023
Other operating	$33,620	$ (6)	$ (5)	$ 3,888	$ 37,497
Out of Globe 2019/20	-	-	-	(1,303)	(1,303)
Out of Globe 2020/21	-	-	-	(314)	(314)
Out of Globe 2021/22	-	-	-	(555)	(555)
Out of Globe 2022/23	(342)	-	-	-	(342)
Approved capital funding	1,453	-	-	105	1,558
Vacation	-	-	-	17,228	17,228
Vacation-Non-Devolved Facilities	-	-	-	748	748
Pre-retirement	-	-	-	18,298	18,298
Pre-retirement-Non-Devolved Facilities	-	-	-	827	827
	34,731	(6)	(5)	38,922	73,642
Less: allowance for doubtful accounts	-	-	-	-	
	$ 34,731	**$ (6)**	**$ (5)**	**$ 38,922**	**$ 73,642**

6. Investments

	2024		2023	
	Cost	**Fair Value**	Cost	Fair Value
Cash & cash equivalents	**$ 613**	**$ 613**	$ 959	$ 959
Provincial and federal bonds	**-**	**-**	969	936
Corporate bonds	**-**	**-**	261	221
Bond pooled investments at interest rates from .30%-9.90%	**5,075**	**5,040**	4,451	4,284
Equity pooled investments with dividend rates from 0.50%-3.70%	**3,038**	**3,864**	2,458	2,801
Alternative pooled investments with distribution rates from 0%-6.10%	**484**	**489**	-	-
Investment in Tiger Hills Villa	**26**	**26**	26	26
	$ 9,236	**$ 10,032**	$ 9,124	$ 9,227

Investments primarily consist of bonds and guaranteed investment certificates (GIC's) with maturity dates of 12 months or greater from date of acquisition. Investments are fixed income instruments issued or guaranteed by Canadian governments and corporations and include federal and provincial bonds, corporate debentures and mortgage-backed securities, with a minimum A rating by an independent rating agency.

7. Capital assets

		2024	
	Cost	**Accumulated Amortization**	**Net Book Value**
Land and parking lots	**$ 4,815**	**$ -**	**$ 4,815**
Land improvements	**6,351**	**3,950**	**2,401**
Buildings and leasehold improvements	**469,861**	**255,339**	**214,522**
Building service equipment/equipment	**115,775**	**85,040**	**30,735**
Construction in progress	**141,962**	**-**	**141,962**
	$ 738,764	**$ 344,329**	**$ 394,435**

(in thousands of dollars)

7. Capital assets *(continued)*

		2023	
	Cost	Accumulated Amortization	Net Book Value
Land and parking lots	$ 4,816	$ -	$ 4,816
Land improvements	5,828	3,685	2,143
Buildings and leasehold improvements	468,298	244,210	224,088
Building service equipment/equipment	109,381	78,568	30,813
Construction in progress	8,125	-	8,125
	$ 596,448	$ 326,463	$ 269,985

Included in tangible capital assets are asset retirement costs with a net book value of **$15,565** ($15,353 - 2023) and amortization expense totaling **$679** ($580 - 2023).

Construction in progress commitment

Several projects with total costs incurred to date of **$15,215** ($8,125 – 2023) are in various stages of completion. Total expected costs for these projects is $24,105.

As at March 31, 2024, Shared Health is completing construction totaling **$48,108** ($29,382 – 2023) within the Prairie Mountain Health region. The tangible capital assets will be recognized by the Region when construction is substantially complete, and control of the assets is transferred to the Region. During the year, **$126,747** in construction in progress, and the corresponding debt, was transferred from Shared Health.

8. Accounts payable and accrued liabilities

	2024	2023
Accounts payable and accrued liabilities	**$20,355**	$ 28,260
Salary and payroll deductions payable	**31,596**	29,364
Pension payable	**2,001**	1,891
Accrued interest	**11**	14
	$53,963	$ 59,529

9. Employee future benefits

Employee future benefits include an accrued benefit obligation for vacation, pre-retirement, and sick leave benefits.

Vacation benefits obligation

The accrued benefit obligation for vacation benefits is valued using employee vacation banked balances at March 31 and salary rates. The total on the consolidated statement of financial position for vacation benefits at March 31, 2024 is **$36,765** ($34,458 – 2023) and is considered a short term obligation.

The long-term portion of employee future benefits is made up of pre-retirement and sick leave benefits as follows:

	2024	2023
Pre-retirement benefits obligation	**$33,163**	$ 33,066
Sick leave benefits obligation	**5,528**	6,014
	$38,691	$ 39,080

(in thousands of dollars)

9. Employee future benefits *(continued)*

Pre-retirement benefits obligation
The accrued benefit obligation for pre-retirement benefits is actuarially determined using the projected unit credit service pro-rated on service actuarial cost method and management's best estimates of expected future rates of return on assets, termination rates, employee demographics, salary rate increases plus age related merit/promotion scale with nil for disability and employee mortality and withdrawal rates. The most recent actuarial report was prepared at March 31, 2024. The valuation includes employees who qualify at the fiscal year-end date and an estimate for the remainder of the employees who have not yet met the years of service criteria. The accrued pre-retirement benefit obligation for March 31, 2024 is based on an extrapolation of that valuation.

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 Region's contractual commitment is to pay based upon one of the following (dependent on the agreement/policy applicable to the employee):

a) The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for current active plan members of the Healthcare Employees Pension Plan (HEPP), 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 Rule of 80 (where their age plus employment service totals 80)
   iii. retires at or after age 65
   iv. terminates employment at any time due to permanent disability

b) The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the Civil Service Superannuation Plan, is to pay out the following severance pay upon retirement to employees who have reached the age of 55 and have nine or more years of service:
   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 of service past the 15 years of service up to 35 years of service

c) The Region's contractual commitment, based on an actuarial valuation, for the pre-retirement entitlement for members of the MGEU 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.

The actuarial valuation was based on a number of assumptions about future events as follows:

	2024	2023
Discount rate - March 31	**5.15%**	4.50%
Rate of salary increase - April 1	**2.00% / 3.00%**	2.00% / 3.00%
EARSL - March 31 (in years)	**11.0**	11.0

Actuarial gains and losses can arise in a given year as a result of (a) the difference between the actual return on plan assets in that year and the expected return on plan assets for that year, (b) the difference between the actual accrued benefit obligations at the end of the year and the expected accrued benefit obligations at the end of the year and (c) changes in actuarial assumptions. For the fiscal year beginning April 1, 2013, and in accordance with Canadian public sector accounting standards, gains or losses that arise in a given year, along with past service costs that arise from pre-retirement benefits plan amendments, are to be amortized into income over the expected average remaining service life (EARSL) of the related employee group. Prior to April 1, 2013 valuation, gains or losses have been recognized in the period they were incurred.

The pre-retirement valuation includes employees who qualify at the fiscal year-end date and an estimate for the remainder of the employees who have not yet met the years of service criteria. The following table presents information about accrued pre-retirement benefit obligations, the change in value and the balance of the obligation at March 31, 2024.

(in thousands of dollars)

9. Employee future benefits *(continued)*

Change in Benefit Obligation – Pre-retirement

	2024	2023
Pre-retirement benefit obligation, beginning of year	**$ 33,296**	$ 35,726
Past service cost (gain)	**-**	(162)
Current period service cost	**2,402**	2,634
Interest cost	**1,532**	1,446
Benefits paid	**(3,903)**	(4,680)
Actuarial (gain)/loss	**(763)**	(1,668)
Pre-retirement benefit obligation, end of year	**32,564**	33,296
Unamortized net actuarial gain (loss)	**599**	(230)
Pre-retirement accrued benefit liability, end of year	**$ 33,163**	$ 33,066

Funding for the pre-retirement obligation is recoverable from MHSLTC for 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.

Sick leave benefits obligation

For the year ending March 31, 2013, the Region adopted accrual accounting for the sick leave plan according to Canadian public sector accounting standards section PS3255. Prior to that date the Region recognized benefit expenses equal to its payments for the actual payouts and no liability for accumulated sick leave was recorded in the consolidated statement of financial position. At the beginning of fiscal year April 1, 2011, a valuation of the Region's obligations for the accumulated sick leave banked was done for accounting purposes using the average usage of sick days used in excess of the annual sick days earned. Factors used in the calculation are as follows:

- Average employee daily wage
- Number of sick days used in the year
- Number of sick days earned in the year
- Excess days of used over earned
- Dollar value of the excess
- Number of unused sick days

Key assumptions used in the valuation were based on Management's best estimates. The valuation used the same assumptions about future events as was used for the pre-retirement valuation above. The following table presents information about the accrued sick leave benefit obligation, the change in value and the balance of the obligation:

Change in Benefit Obligation – Sick Leave

	2024	2023
Sick Leave benefit obligation, beginning of year	**$ 3,055**	$ 3,368
Past service cost (gain)	**-**	(19)
Current period service cost	**223**	252
Interest cost	**139**	134
Expected benefits paid	**(345)**	(500)
Actuarial (gain)/loss	**(140)**	(180)
Sick Leave benefit obligation, end of year	**2,932**	3,055
Unamortized net actuarial gain (loss)	**2,596**	2,959
Sick Leave benefit liability, end of year	**$ 5,528**	$ 6,014

(in thousands of dollars)

10. Long-term debt

	2024	2023
Loans payable to Treasury Division at interest rates from 3.00% to 5.40%, due from March 31, 2025 to February 29, 2036, with monthly payments of principal from $23 to $183 plus interest, secured by promissory note.	**$ 42,316**	$ 50,267
Loans payable to Treasury Division at interest rates from 2.65% to 3.20%, due from March 31, 2025 to March 31, 2060, with monthly payments of principal and interest from $12 to $123, secured by promissory note.	**45,690**	48,043
Loans payable to Treasury Division at interest rates from 1.50% to 2.25%, due from February 28, 2031 to February 28, 2041, with monthly payments of principal and interest from $1 to $39, secured by promissory note.	**3,142**	3,562
Loan payable to Treasury Division at interest rate of 2.75%, due February 29, 2032, with a monthly payment of principal and interest of $26, secured by promissory note.	**2,212**	2,459
Loans payable to Treasury Division at interest rates from 4.35% to 4.55%, due from February 28, 2033 to February 28, 2063, with monthly payments of principal and interest from $1 to $19, secured by promissory note.	**4,077**	4,571
Loans payable to Treasury Division at interest rates from 4.60% to 4.90%, due from March 31, 2034 to March 31, 2064, with monthly payments of principal and interest from $16 to $577, secured by promissory note.	**128,300**	-
Lines of credit and floating loans payable to Treasury Division, interest at 5.3%.	**19,617**	10,896
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 7.875% to 10.50%, due from May 1, 2024 to May 1, 2029, with monthly payments of principal and interest from $1 to $7, secured by buildings.	**1,408**	1,825
Mortgage payable to Manitoba Housing at an interest rate of 7.75%, due December 31, 2023, with monthly payments of principal and interest of $5, secured by building.	**1**	46
	$ 246,763	$ 121,669

Principal payments due in the next five years are as follows:		
	2025	$ 11,676
	2026	10,470
	2027	10,307
	2028	10,191
	2029	9,000
	Thereafter	195,119
		$ 246,763

(in thousands of dollars)

11. Unearned revenue

Unearned operating revenue represents the unspent amount of funding received for the Region’s operating expenses not yet incurred. Unearned capital revenue represents advance funding, received from MHSLTC, foundations or other funders.

	Operating	**Capital**	**2024**	2023
Balance, beginning of year	**$ 5,053**	**$ 10,273**	**$15,326**	$ 26,222
Amount received during the year	**2,738**	**7,621**	**10,359**	8,571
Less: amount recognized as revenue - programs	**(3,016)**	**(7,434)**	**(10,450)**	(9,242)
Less: amount recognized as revenue - ancillary services	**-**	**(369)**	**(369)**	(386)
Less: transfers to Shared Health	**-**	**-**	**-**	(7,424)
Less: transfers to due from (to) MHSLTC	**(673)**	**-**	**(673)**	(2,415)
Balance, end of year	**$ 4,102**	**$ 10,091**	**$ 14,193**	$ 15,326

12. Asset retirement obligations

The Region is legally required to perform closure, post-closure and remediation activities on sites containing asbestos, fuel storage sites and other asset related obligations meeting the criteria of PS 3280. The expected future cash outflow has been determined using an inflation rate of 2.0% and estimated to be $111,899,413 in the year that the retirement cost is expected to occur. The year of expected future cash flow has been determined assuming using the asset’s useful life or planned remediation date with estimated dates ranging from 2030 to 2071.

The Region recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the building. The asset retirement cost is amortized on a straight-line basis over the useful life of the related building and equipment.

The Region estimated the amount of the liability using a present value technique with the discount rate set as 4.25% which represents the Province of Manitoba's average cost of borrowing.

	2024	2023
Balance, beginning of year	**$ 48,418**	$ 46,453
Changes in assumptions	**2,005**	-
Accretion	**2,017**	1,965
Balance, end of year	**$ 52,440**	$ 48,418

13. Pension plan

The majority of the employees of the Region are members of the Healthcare Employees Pension Plan - HEPP (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 health entities within the related group and as such, 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 Canadian public sector accounting standards, section 3250.

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 through the Plan investment policy. Pension expense is based on Plan management’s best estimates, in consultation with its actuaries to provide 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 HEPP to remain a constant percentage of employee's contributions. Variances between actual funding estimates and actual experience may be material and any differences are generally to be funded by the participating members.

On October 17, 2017 HEB Manitoba and the Board of the Healthcare Employees’ Pension Plan (HEPP) announced changes designed to enhance the long-term sustainability of the Plan’s defined benefit commitment. There are transition rules for current

(in thousands of dollars)

13. Pension plan *(continued)*

members. Future members who begin employment after December 1, 2019 must be age 55 to retire and will not be eligible for supplementary or bridge benefits.

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, HEB Manitoba completed the solvency exemption application process, and has now been granted exemption for the solvency funding and transfer deficiency provision. As at December 31, 2023 the Plan's going concern ratio was 114.6%.

During the year, the Region contributed **$26,949** ($26,969 – 2023) to the Pension Plan using contribution rates set out in the Plan as follows:

	2024	2023
Employee contributions		
% of Basic Annual Earnings below YMPE*	**8.9%**	8.9%
% of Basic Annual Earnings above YMPE	**10.5%**	10.5%
Employer contributions		
% of Basic Annual Earnings below YMPE	**8.9%**	8.9%
% of Basic Annual Earnings above YMPE	**10.5%**	10.5%

(*YMPE – Yearly Maximum Pensionable Earnings)

14. Restricted assets

The Board of Directors has restricted net assets related to non MHSC activities of **$4,718** ($5,036 - 2023). The revenue earned on these restricted assets is used for the operations of these non MHSC activities and for possible tangible capital asset purchases. Restricted net assets consist of donations, bequests, revenue from ancillary operations and other contributions.

15. MHSLTC (MHSC) revenue

	2024	2023
Allocation per Funding Document	**$ 518,941**	$ 480,880
Add One Time Funding:		
Salary and benefit settlements and initiatives	**50,595**	15,746
Primary care/community program improvement initiatives	**1,267**	342
Mental Health program improvement initiatives	**-**	600
Family physician stipends	**267**	271
Emergency services billings	**40**	40
COVID-19	**-**	44,561
Day of mourning	**-**	1,700
Diagnostic and Surgical Recovery Task Force initiatives	**481**	2,054
Stevenson Review initiatives	**7,706**	743
Home care program improvement initiatives	**-**	1,924
Clinical and Preventive Services Plan initiatives	**2,761**	-
Various program improvement initiatives	**1,035**	247
Total funding approved by MHSLTC (MHSC)	**583,093**	549,108
Add/(Deduct):		
Medical remuneration non-global receivable (payable)	**3,883**	(760)
Capital interest receivable (payable)	**(24)**	(24)
Capital principal receivable (payable)	**-**	62
Funding for interest payments on Treasury Division loans	**4,201**	4,812
Funding for principal payments on Treasury Division loans	**11,230**	11,461
Funding for tangible capital asset purchases	**3,195**	4,279
Total revenue from MHSLTC (MHSC)	**$ 605,578**	$ 568,938

(in thousands of dollars)

16. HAH (MHCW) revenue

	2024	2023
Allocation per Funding Document	**$ 41,207**	$ 35,544
Add One Time funding:		
Funding transferred from Addictions Foundation of Manitoba	**-**	1,532
Salary and benefit settlements	**-**	327
Mental health program improvement initiatives	**449**	382
Total funding approved by HAH (MHCW)	**41,656**	37,785
Add/(Deduct):		
Medical remuneration non-global receivable (payable)	**6**	-
Total revenue from HAH (MHCW)	**$ 41,662**	$ 37,785

17. Capital disclosures

The Region operates a number of elderly persons housing facilities which are subject to capital requirements as part of Canada Mortgage and Housing 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 Region is to be repaid. Where a cumulative deficiency exists for Manitoba Housing properties, the shortfall is the responsibility of Manitoba Housing subject to approval of project costs.

18. Commitments and contingencies

a) The Region has entered into various operating lease commitments. The amounts payable over the next four years are as follows:

2025	$1,838
2026	1,220
2027	575
2028	92

b) The Region is subject to individual 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 Region.

c) Effective January 1, 2003 the Region joined in the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks for its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to reassessment for losses, if any, experienced by the pool for the years in which they were members and these losses could be material. No reassessments have been made to March 31, 2024.

19. Liability for contaminated sites

Public sector accounting standard 3260 requires recognition of a liability for remediation of contaminated sites where contamination exceeds environment site standards and a reasonable estimate of the amount can be made. Reporting requirements are limited to the contamination of soil, water and sediment. As of March 31, 2024, the Region has no known contaminated sites or no known future potential contaminated sites.

(in thousands of dollars)

20. Related party transactions

The Region provides community health services through operations directly owned by the Region as well as through other organizations and agencies via a variety of agreements (Notes 3(a), 3(b), 5 and 17). Transactions between the related parties are recorded at the exchange amount.

21. Trusts under administration

At March 31, the balance of funds held in trust are as follows:

	2024	2023
Resident trust funds	**$ 387**	$ 361

These funds are not included in the balances of the Region's consolidated financial statements.

22. Expenses by type

	2024	2023
Personnel services	**$ 600,039**	$ 521,473
Grants/Transfer payments	**9,868**	9.871
Transportation	**7,289**	13,961
Communication	**618**	732
Supplies and services	**82,212**	83,299
Debt servicing	**4,352**	4,994
Minor capital	**5,349**	5,785
Amortization	**19,916**	20,334
Other operating	**12,840**	10,678
Balance, end of year	**$ 742,483**	$ 671,127

23. Disclosure of allocated expenses

Allocated expenses relate to expenses that have been assigned amongst programs where acute care and personal care homes share the same facility, and would not include all facilities under the Region. The portion of expense allocated is as follows:

	Acute	**Personal Care Homes**	**Community**	**2024**	2023
Administration	**$ 896**	**$ 921**	**-**	**$ 1,817**	$ 1,774
Food services	**4,214**	**16,669**	**47**	**20,930**	19,294
Housekeeping	**4,008**	**2,992**	**-**	**7,000**	5,980
Laundry	**1,920**	**1,519**	**-**	**3,439**	3,412
Medical & surgical supplies	**580**	**384**	**-**	**964**	1,056
Plant operations	**6,570**	**1,705**	**-**	**8,275**	8,504
Plant maintenance	**4,014**	**2,616**	**-**	**6,630**	6,141
Balance, end of year	**$22,202**	**$26,806**	**$47**	**$49,055**	$ 46,161

24. Economic dependence

The Region received approximately **85%** (85% - 2023) of its total revenue from MHSLTC and is economically dependent on MHSLTC for continued operations. This volume of funding transactions is normal within the industry, as regional health authorities are primarily funded by their respective provincial Ministries of Health.

(in thousands of dollars)

25. Restructuring transaction

During the year, the Region incurred restructuring transactions with Shared Health, a provincial organization. Shared Health was established to support a centralized and better-connected provincial health planning process; and develop a provincial clinical and preventative services plan, as follows:

a) Effective May 26, 2023, Human Resources Shared Services personnel were transferred from PMH's payroll system to Shared Health's payroll system. The carrying value of the liabilities were:

Liabilities	$ 187
Restructuring gain	$ 187

b) Effective November 11, 2023, Prairie Mountain Health completed an acquisition of the assets of Dinsdale Personal Care Home, for total consideration of $900. The operations of Dinsdale Personal Care Home were transferred to the Region.

The carrying value of the financial assets and liabilities transferred were:

Due from Manitoba Health	$ 390
Capital assets	693
Employee future benefits payable	(367)
Restructuring loss	206

There were no contingent liabilities transferred from Dinsdale Personal Care Home as part of the restructuring transaction and the Region did not incur any restructuring costs.

26. Comparative figures

Comparative figures have been restated to compare to current year presentation**.**