VOLUME 4 - SECTION 3

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Section 3:

CROWN ORGANIZATIONS (CONTINUED):

To the Board of Assiniboine Regional Health Authority:

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

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

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

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

June 4, 2009

Chief Executive Officer

Chief Financial Officer

To the Board of Assiniboine Regional Health Authority:

We have audited the consolidated statement of financial position of Assiniboine Regional Health Authority as at March 31, 2009 and the consolidated statements of operations and changes in net assets 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 financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 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 4, 2009

Meyers Norris Penny LLP

Chartered Accountants

Assiniboine Regional Health Authority
Consolidated Statement of Financial Position
As at March 31, 2009

	2009	2008
Assets		
Current Assets		
Cash	**29,520,233**	17,649,579
Marketable securities	**4,104,276**	3,837,455
Accounts receivable (Note 4)	**2,145,539**	2,063,836
Manitoba Health receivable - vacation entitlement (Note 5)	**6,484,052**	6,484,052
Inventories	**933,764**	962,881
Prepaid expenses	**621,787**	620,107
	43,809,651	31,617,910
Manitoba Health receivable - pre-retirement obligation (Note 6)	**7,336,760**	7,336,760
Capital assets (Note 7)	**99,695,777**	84,695,735
Trust assets	**121,042**	113,683
	150,963,230	123,764,088
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**14,349,109**	12,158,842
Due to Manitoba Health (Note 8)	**7,224,672**	766,560
Current portion of long-term debt (Note 9)	**162,751**	153,290
Accrued vacation entitlement (Note 5)	**8,543,693**	7,621,077
	30,280,225	20,699,769
Long-term debt (Note 9)	**2,368,354**	2,531,238
Accrued pre-retirement obligation (Note 6)	**9,746,795**	9,281,842
Deferred contributions (Note 10)	**100,617,320**	84,710,648
Trust liabilities	**121,042**	113,683
	143,133,736	117,337,180
Commitments and contingencies (Note 11)	**-**	-
Net Assets		
Invested in capital assets (Note 12)	**3,353,085**	3,275,190
Internally restricted (Note 13)	**30,700**	210,746
Unrestricted	**4,445,709**	2,940,972
	7,829,494	6,426,908
	150,963,230	123,764,088

Approved on behalf of the Board:

Director ____________________ **Director** ____________________

The accompanying notes are an integral part of these financial statements

MNP

Assiniboine Regional Health Authority
Consolidated Statement of Operations
For the year ended March 31, 2009

	2009	2008
Revenues		
Manitoba Health operating income (Note 14)	**135,870,630**	127,370,745
Authorized/residential charges	**13,483,652**	12,617,559
Amortization of deferred contributions	**4,018,251**	4,151,394
Other income	**4,783,821**	4,794,830
Ancillary	**1,228,643**	1,177,503
Province of Manitoba	**2,096,165**	2,021,184
	161,481,162	152,133,215
Expenses		
Acute care	**51,989,313**	49,043,223
Long-term care	**53,270,574**	49,762,788
Community-based home care services	**11,859,881**	11,321,511
Medical remuneration	**9,612,116**	9,845,399
Community health clinics	**1,319,311**	1,017,672
Community-based health services	**6,099,822**	5,607,045
Land ambulance	**6,236,083**	5,497,968
Community-based mental health services	**1,922,358**	1,864,721
Therapy services	**947,401**	875,288
Community-based services administration	**709,112**	687,670
	143,965,971	135,523,285
Other Undistributed Costs		
Regional health authority costs	**9,344,413**	8,583,550
Amortization of capital assets	**4,239,644**	4,362,621
Ancillary	**1,189,770**	1,155,077
Pre-retirement	**1,437,273**	1,445,560
	16,211,100	15,546,808
Total expenses and other undistributed costs	**160,177,071**	151,070,093
Excess of revenues over expenses	**1,304,091**	1,063,122

The accompanying notes are an integral part of these financial statements

Assiniboine Regional Health Authority
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2009

	Invested in Capital assets	*Internally Restricted*	*Unrestricted*	**2009**	2008
Balance, beginning of year	3,275,190	210,746	2,940,972	**6,426,908**	5,359,245
Transfer to deferred contributions	-	-	5,388	**5,388**	6,157
Investment in capital assets	299,287	(299,287)	-	-	(31,246)
Internally restricted assets	-	119,241	-	**119,241**	116,749
Excess of revenues over expenses	(221,392)	-	1,525,483	**1,304,091**	1,063,122
Elderly Persons Housing adjustments	-	-	(26,134)	**(26,134)**	(51,283)
Transferred to Municipalities	-	-	-	-	(35,836)
Balance, end of year	**3,353,085**	**30,700**	**4,445,709**	**7,829,494**	6,426,908

The accompanying notes are an integral part of these financial statements

Assiniboine Regional Health Authority
Consolidated Statement of Cash Flows
For the year ended March 31, 2009

	2009	2008
Cash Flows from Operating Activities		
Excess of revenues over expenses	**1,304,091**	1,063,122
Adjustments for		
Loss (gain) on disposal of capital assets	**-**	(32,562)
Amortization of deferred contributions	**(4,018,251)**	(4,151,394)
Amortization of capital assets	**4,239,644**	4,362,621
	1,525,484	1,241,787
Changes in non-cash working capital balances		
Accounts receivable	**(81,703)**	(4,228)
Inventories	**29,117**	166,227
Prepaid expenses	**(1,680)**	(37,277)
Marketable securities	**(266,821)**	(154,465)
Due to Manitoba Health	**6,458,112**	(4,582,354)
Accounts payable and accrued liabilities	**2,190,267**	2,674,864
Accrued vacation entitlement	**922,616**	525,908
	10,775,392	(169,538)
Cash Flows from Investing and Financing Activities		
Increase in capital assets	**(19,239,686)**	(13,983,704)
Increase in deferred contributions	**19,924,923**	13,224,807
Increase (decrease) in long-term debt	**(153,423)**	(143,997)
Increase in accrued retirement obligation	**464,953**	399,551
Increase (decrease) in net assets	**98,495**	37,103
	1,095,262	(466,240)
Increase (decrease) in cash and cash equivalents during the year	**11,870,654**	(635,778)
Cash and cash equivalents, beginning of year	**17,649,579**	18,285,357
Cash and cash equivalents, end of year	**29,520,233**	17,649,579

1. Purpose of the organization

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

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

2. Change in accounting policies

Capital disclosures

Effective April 1, 2008, the Organization adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures about capital. Section 1535 Capital Disclosures establishes standards for disclosing what an entity regards as capital and an entity's objectives, policies and processes for managing its capital. The Section also prescribes disclosure regarding whether an entity has complied with any externally imposed capital requirements, and if not, the consequences of such non-compliance. The adoption of this new standard did not have a material impact on the Organization's consolidated financial statements.

Inventory

Effective April 1, 2008, the Organization adopted the Canadian Institute of Chartered Accountants' new recommendation for inventory under CICA 3031 Inventories. The new Section provides guidance on the measurement and disclosure of inventories. The new recommendation establishes that inventories should be measured at the lower of cost and net realizable value and provides guidance on the determination of cost. There was no material impact on the financial statements from the retrospective application of the new accounting recommendations

3. Significant accounting policies

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

Revenue recognition

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

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

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

3. Significant accounting policies *(continued)*

Contributed services

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

Inventories

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

Capital assets

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

	Method	Rate
Buildings	straight-line	10-40 years
Equipment, computers, vehicles, ambulance equipment	straight-line	5-10 years
Land improvements	straight-line	15 years

Pre-retirement obligations

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

Long-lived assets

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

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

Basis of consolidation

The following entities have been consolidated into these financial statements as at March 31, 2009 respectively.

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

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

3. Significant accounting policies *(continued)*

Financial information at different dates

The following entities have been consolidated into these financial statements as at December 31, 2008:

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

These entities have not been reported as at March 31, 2009 due to the reporting requirements of their funding agency: The Province of Manitoba – Department of Highways and Transportation. There have been no significant transactions in the intervening period between December 31, 2008 and March 31, 2009, and their revenues and expenses for the three-month intervening period have not been prepared since these entities are not significant to the Assiniboine Regional Health Authority as a whole.

Financial instruments

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:

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

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

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

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

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

3. Significant accounting policies *(continued)*

Measurement uncertainty

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

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

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

Recent accounting pronouncements

Financial instrument deferral of Section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation* to replace Section 3861 *Financial Instruments – Disclosure and Presentation*. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by a not-for-profit organization

In September 2008, amendments were made to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-profit Organizations*. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 *Cash Flow Statements* and Section 1751 *Interim Financial Statements* are applicable to not-for-profit organizations.

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 fundraising and general support expenses to other functions 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 fundraising and general support functions and the amounts and functions to which they have been allocated

4. Accounts receivable

	2009	*2008*
Trade receivables	**2,123,860**	1,946,289
GST receivable	**245,757**	267,043
Allowance for doubtful accounts	**(224,078)**	(149,496)
	2,145,539	2,063,836

5. Accrued vacation entitlement

The liability for the accrued vacation entitlement, as well as, the appropriate amount receivable from Manitoba Health has been recorded. Prior to April 1, 2004, deferred vacation entitlement costs were treated as Out-of-Globe by Manitoba Health. Since that time, In-Globe funding has been amended to include these costs. There will be an offsetting receivable from Manitoba Health only for the accumulated accrued vacation liability up to March 31, 2004. As at March 31, 2009, the amount receivable is $6,484,052.

	2009	*2008*
Due to Assiniboine Regional Health Authority Employees	**8,543,693**	7,621,077

6. Accrued retirement obligations

	2009	*2008*
Due to Members of the Health Employees Pension Plan and Members of the Civil Service Superannuation Plan	**9,703,033**	9,240,843
Due to Diagnostic Services of Manitoba	**43,762**	40,999
	9,746,795	9,281,842

Pre-retirement

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

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

6. Accrued retirement obligations *(continued)*

Pre-retirement *(continued)*

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

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

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

Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when the Authority requires the funding to discharge the related pre-retirement liabilities. As at March 31, 2008, the amount receivable is $7,336,760.

Pension plans

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

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.6% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, and 8.2% 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 employer contributions to the Plan to remain a constant percentage of employees' contributions.

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. At the end of 2007, the Plan was 98.3% funded on a solvency basis. Under legislation, the Plan is required to make special payments to fund the solvency deficiency, and these payments will be made over the course of the next five years to make the Plan solvent. At that time, no contribution increases were necessary. The Plan's going-concern position improved in 2007, showing a surplus of $84 million versus a surplus of $11 million at the end of 2009.

Actual contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $4,916,805 (2008 - $4,433,657) and are included in the statement of operations.

6. Accrued retirement obligations *(continued)*

***Pension plans** (continued)*

Some of the employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is reflected in the financial statements relating to the effects of participating in the Plan by the Authority and its employees. The Authority is in receipt of an actuarial report on the Statement of Pension Obligations under the Civil Service Superannuation Act as at December 31, 2007.

7. Capital assets

		2009		*2008*
	Cost	*Accumulated Amortization*	***Net Book Value***	*Net Book Value*
Land	509,709	-	**509,709**	509,709
Land improvements	1,706,863	864,712	**842,151**	665,472
Buildings	96,197,163	36,825,205	**59,371,958**	58,994,016
Equipment, computers, vehicles	17,139,051	8,524,256	**8,614,795**	7,837,405
Construction in progress	30,357,164	-	**30,357,164**	16,689,133
	145,909,950	46,214,173	**99,695,777**	84,695,735

8. Due to Manitoba Health

	2009	*2008*
Out-of-Globe 2006/2007	**-**	(654,332)
Out-of-Globe 2007/2008	**3,469,599**	1,420,892
Out-of-Globe 2008/2009	**3,755,073**	-
	7,224,672	766,560

In-Globe Funding

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

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

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

8. Due to Manitoba Health *(continued)*

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.

9. Long-term debt

	2009	*2008*
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 4.37% to 6.00%, due from December 1, 2013 to March 1, 2018, with monthly payments of principal and interest from $142 to $2,854, secured by buildings.	**533,659**	588,343
Mortgages payable to Manitoba Housing and Renewal Corporation at interest rates from 7.75% to 10.75%, due from December 31, 2022 to December 31, 2023, with monthly payments of principal and interest from $5,478 to $6,479 secured by buildings.	**1,130,558**	1,169,929
Mortgage payable to the Royal Bank of Canada, at 5.00%, monthly payments of $8,684 principal and interest, secured by a first charge against the Tiger Hills Villa land and buildings, a general assignment of all rents and leases and a chattel mortgage covering the appliances in the Tiger Hills Villa.	**866,888**	926,256
	2,531,105	2,684,528
Less: current portion	**162,751**	153,290
	2,368,354	2,531,238

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

2010	162,751
2011	172,880
2012	183,702
2013	195,316
2014	207,713
Thereafter	1,608,743
	2,531,105

9. Long-term debt *(continued)*

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

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

10. Deferred contributions

Expended and unexpended deferred contributions represent restricted capital funding received.

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

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

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

Changes in the deferred contributions balance are as follows:

	Expended	Unexpended	Other	2009	2008
Balance, beginning of year	78,762,381	3,133,907	2,814,360	84,710,648	75,637,235
Funding Manitoba Health	21,081,033	2,753,406	-	23,834,439	1,645,800
Donations received	-	-	793,715	793,715	3,924,513
Interest earned	-	6,073	108,278	114,351	122,202
Other funding	-	1,501,958	-	1,501,958	1,229,498
Capital asset purchases	19,084,035	(1,226,361)	(742,129)	17,115,545	11,719,176
Operating expenses	-	(2,083,641)	(244,541)	(2,328,182)	(5,193,834)
Amortization	(3,978,371)	-	-	(3,978,371)	(4,000,873)
Principal payments on long-term debt	(21,072,773)	-	-	(21,072,773)	(348,738)
Transferred to Municipalities	-	-	-	-	(4,461)
Reclassification	(36,952)	(37,058)	-	(74,010)	(19,870)
Balance, end of year	93,839,353	4,048,284	2,729,683	100,617,320	84,710,648

10. Deferred contributions *(continued)*

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

	2009	2008
Lines of credit	**11,051,719**	11,304,920
Mortgages payable to Canada Mortgage and Housing Corporation at interest rates from 4.17% to 10.50%, due from January 1, 2009 to May 1, 2029, with monthly payments of principal and interest from $1,368 to $5,718, secured by buildings	**4,113,570**	5,785,117
	15,165,289	17,090,037

Lines of Credit

The Authority has authorized capital lines of credit of $31,605,218 and has authorized $6,900,000 of an operating line of credit. These lines of credit bear interest at the bank's prime rate minus 0.65%. Security provided on these lines of credit includes an overdraft borrowing agreement and a letter of comfort from Manitoba Health.

11. Commitments and contingencies

The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2009 management believes the Authority has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit person's reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any losses experienced by the group of subscribers for the years in which they were a subscriber. As of December 31, 2007, the Authority has a subscriber's surplus of $387,568.

Environmental Liabilities

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

12. Invested in capital assets

	2009	2008
Capital Assets	**99,695,777**	84,695,735
Amounts financed by:		
Deferred contributions related to capital assets	**(93,839,353)**	(78,762,381)
Long-term debt	**(2,531,105)**	(2,684,528)
Due from operating account	**27,766**	26,364
	3,353,085	3,275,190

13. Internally restricted net assets

The Authority has restricted $30,700 (2008 - $210,746) in net assets as this represents parking proceeds. The funds have been internally restricted for future repair or replacement of Health Centre parking lots.

14. Manitoba Health operating income

	2009	2008
Revenue as per Manitoba Health's final funding document	**139,298,526**	128,437,919
Add:		
CUPE wage standardization	-	1,488,934
CUPE 0.4% contract settlement	**141,621**	-
MGEU professional technical market supplement	**580,050**	278,211
MGEU EMS training	**15,769**	-
MNU market supplement	-	422,196
MAHCP wage settlement	**11,150**	18,807
Primary Health Care nurses salaries and benefits	**314,156**	240,846
Admission / discharge / transfer software	-	59,476
Minnedosa arthroscopy program - wait list	**201,250**	210,387
Rivers rehabilitation program - wait list	**206,300**	206,300
Deloraine cancer care program - wait list	**54,449**	22,343
Provincial data network	**4,254**	12,023
Interfacility transfers	**1,033,692**	1,026,110
Mental health worker - wait list	**83,600**	83,600
Louis Riel Day statutory holiday	-	365,036
Personal Care Home staffing guidelines	**148,630**	-
Reciprocal inpatients & outpatients	**112,039**	-
Patient safety	**50,913**	-
Community health assessment	**78,339**	-
Services for Seniors group living project	-	7,590
Diabetes education pre-diabetes project	-	3,584
STI / HIV	**24,900**	-
Healthy living activators	**114,900**	-
	3,176,012	4,445,443

14. Manitoba Health operating income (continued)

	2009	2008
Continued from previous page	**3,176,012**	4,445,443
Deduct:		
Medical remuneration - out-of-globe	**(4,315,759)**	(3,747,810)
Medical remuneration - in-globe	**-**	(390,401)
Adjustments (rounding variances, write-offs, etc.)	**42**	31
	(4,315,717)	(4,138,180)
Total funding approved by Manitoba Health	**138,158,821**	128,745,182
Deduct:		
Capital funding	**(1,557,198)**	(1,048,451)
Capital interest on loans	**(730,993)**	(325,986)
	135,870,630	127,370,745

15. Economic dependence

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

16. Comparative figures

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

17. Related party transactions

The Authority is responsible for the overall management of the health care services provided in the Assiniboine region. Programs for hospital and personal care services are delivered in the region by the Authority. The Authority transacts business on a regular basis with organizations and agencies described in Notes 3, 5, 6, 8, 9 and 14.

18. Capital disclosures

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

If the retainable surplus exceeds 2% of the annual in globe operating budget, as approved by the Authority, the surplus in excess of 2% is an obligation payable to Manitoba Health. For the fiscal year ended March 31, 2009, the Authority was in compliance with this requirement.

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

18. Capital disclosures (continued)

Under the terms of agreements with MHRC and CMHC, replacement reserve accounts are to be credited with amounts as determined by either CMHC or MHRC. 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 MHRC 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 MHRC 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 MHRC properties, any excess subsidy funding provided to the Authority is to be repaid. Where a cumulative deficiency exists for MHRC properties, the shortfall is the responsibility of MHRC subject to MHRC approval of project costs.

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AUDITORS' REPORT

To the Board of Directors of
Brandon Regional Health Authority

We have audited the consolidated statement of financial position of Brandon Regional Health Authority as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 Brandon Regional Health Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
June 24, 2009

Brandon Regional Health Authority
Consolidated Statement of Financial Position

March 31		2009		2008
ASSETS				
CURRENT				
Cash	$	10,822,801	$	2,026,046
Accounts receivable (Note 3)		3,929,164		5,995,360
Inventories		1,427,950		1,315,299
Prepaid expenses		1,744,373		2,238,556
Due From Manitoba Health & Healthy Living - Vacation		7,224,269		7,224,269
Due From Manitoba Health & Healthy Living - Vacation Non-Devolved Facilities		788,820		788,820
		25,937,377		**19,588,350**
DUE FROM MANITOBA HEALTH & HEALTHY LIVING - Pre-retirement		9,191,179		9,191,179
DUE FROM MANITOBA HEALTH & HEALTHY LIVING - Pre-retirement Non-Devolved Facilities		826,654		826,654
INVESTMENTS (Note 4)		3,829,230		3,766,526
CAPITAL ASSETS (Note 5)		101,993,695		104,781,883
	$	**141,778,135**	**$**	**138,154,592**
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	10,106,035	$	8,945,247
Bank advances		926,708		1,099,906
Employee Future Benefits - Vacation		9,891,343		9,121,767
Due to Non-Devolved Facilities - Employee Future Benefits - Vacation		788,820		788,820
Current portion of long term debt (Note 7)		110,515		103,770
		21,823,421		**20,059,510**
EMPLOYEE FUTURE BENEFITS - Pre-retirement		12,474,540		12,126,433
DUE TO NON-DEVOLVED FACILITIES - Employee Future Benefits - Pre-retirement		826,654		826,654
LONG TERM DEBT (Note 7)		643,546		754,061
DEFERRED CONTRIBUTIONS (Note 8)				
Expenses of future periods		1,539,192		1,727,395
Capital assets		97,855,985		99,479,066
		135,163,338		**134,973,119**
NET ASSETS				
Invested in capital assets (Note 9)		1,723,555		1,944,822
Internally restricted (Note 10)		3,784,734		3,322,266
Externally restricted (Note 10)		28,242		28,202
Unrestricted		1,078,266		(2,113,817)
		6,614,797		**3,181,473**
COMMITMENTS AND CONTINGENCIES (Note 12)				
	$	**141,778,135**	**$**	**138,154,592**

Brandon Regional Health Authority
Consolidated Statement of Operations

For the year ended March 31		2009		2008
REVENUE				
Manitoba Health & Healthy Living operating income				
Income as per Funding Document (excluding funding related to Capital and Interest)	$	166,056,547	$	154,315,375
One Time Funding		1,598,015		1,445,014
Retroactive Salary Payments		956,589		874,039
Recovery of Non Global Items		346,779		1,436,206
Other Manitoba Health & Healthy Living Income		4,654,327		4,493,635
Total Manitoba Health & Healthy Living Funding (Note 11)		173,612,257		162,564,269
Non-insured income		8,121,443		8,691,997
Other Income		3,316,131		3,481,550
Amortization of deferred contributions		9,436,065		9,049,675
Capital revenue - Non Devolved Facilities		346,764		540,303
Ancillary revenue		3,610,896		3,867,345
		198,443,556		**188,195,139**
EXPENSES				
Acute Care Services		111,935,883		107,092,483
Long Term Care Services		24,913,244		23,954,173
Medical Remuneration - All Programs		15,881,169		14,105,563
Community Based Mental Health Services		12,752,374		12,065,026
Community Based Home Care Services		6,888,692		6,368,231
Community Based Health Services		5,972,799		4,917,039
Land Ambulance		577,644		557,436
RHA Administration Costs		3,256,678		2,909,524
Amortization of capital assets		8,011,216		8,616,175
Capital payments - Facilities		346,764		540,303
Interest on capital lease		-		7,024
Interest on long term debt		87,575		126,576
Other operating expenses		1,376,217		1,750,156
Ancillary expenses		3,080,651		3,464,597
		195,080,906		**186,474,306**
Excess of revenue over expenses for the year	$	**3,362,650**	$	**1,720,833**

ALLOCATION OF EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES:

Investment in Capital Assets - Manitoba Health & Healthy Living Activities	$	(586,591)	$	(841,437)
Unrestricted - Manitoba Health & Healthy Living Activities		3,781,763		2,625,681
Investment in Capital Assets - Non Manitoba Health & Healthy Living Activities		(451,247)		(508,319)
Internally Restricted - Non Manitoba Health & Healthy Living Activities		618,685		443,870
Externally Restricted		40		1,038
	$	**3,362,650**	$	**1,720,833**

Brandon Regional Health Authority
Consolidated Statement of Changes in Net Assets

For the year ended March 31

	Invested in Capital Assets Note 9	Internally Restricted Note 10	Externally Restricted Note 10	Unrestricted	2009 Total	2008 Total
BALANCE, beginning of year	$ 1,944,822	$ 3,322,266	$ 28,202	$ (2,113,817)	$ 3,181,473	$ 1,378,821
Excess (Shortfall) of revenue over expenses	(1,037,838)	618,685	40	3,781,763	3,362,650	1,720,833
Net change in investment in capital assets	816,571	(174,017)	-	(642,554)	-	-
Change in fair value of investments classified as available-for-sale	-	17,800	-	52,874	70,674	81,819
BALANCE, end of year	**$ 1,723,555**	**$ 3,784,734**	**$ 28,242**	**$ 1,078,266**	**$ 6,614,797**	**$ 3,181,473**

Brandon Regional Health Authority
Consolidated Statement of Cash Flows

For the year ended March 31		2009		2008
OPERATING ACTIVITIES				
Excess of revenue over expenses for the year	$	3,362,650	$	1,720,833
Items not affecting cash				
Amortization of capital assets		8,011,216		8,616,175
Amortization of deferred contributions related to expenses of future periods		(2,445,642)		(1,783,486)
Amortization of deferred contributions related to capital assets		(6,990,423)		(7,266,189)
Net Change to employee future benefits		1,117,683		(605,375)
Changes in non-cash operating working capital items		3,679,190		655,177
		6,734,674		1,337,135
FINANCING ACTIVITIES				
Receipt of deferred contributions related to expenses of future periods		2,380,147		2,214,823
Receipt of deferred contributions related to capital assets		5,244,634		6,052,629
Repayment of bank advances		(173,198)		(1,063,168)
Repayment of long term debt		(103,769)		(97,437)
Repayment of obligation under capital lease		-		(200,428)
		7,347,814		6,906,419
INVESTING ACTIVITIES				
Purchase of capital assets		(5,223,029)		(6,229,562)
Redemption of Investments		(62,704)		12,054
		(5,285,733)		(6,217,508)
INCREASE IN CASH		**8,796,755**		2,026,046
CASH, BEGINNING OF YEAR		**2,026,046**		-
CASH, END OF YEAR	**$**	**10,822,801**	**$**	2,026,046
Supplementary cash flow information				
Interest paid	$	85,575	$	126,576

1 PURPOSE OF THE ORGANIZATION

The Brandon Regional Health Authority ("Authority") was incorporated under the laws of Manitoba on January 6, 1997. The Authority commenced activity on April 1, 1998. The Authority is principally involved in providing health care services to the community of Brandon and surrounding regions. The Authority 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 SIGNIFICANT ACCOUNTING POLICIES

The Authority has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not for profit organizations not to apply sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Authority for the year ended March 31, 2009. The Authority applies the requirements of Section 3861 of the CICA Handbook.

The consolidated financial statements have been prepared in accordance with the Canadian generally accepted accounting prinicples and reflect the following significant accounting policies:

a) ***Change in Accounting Policies***

Effective April 1, 2008, the Authority adopted CICA section 1535, *Capital Disclosures,* which establishes standards for the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. See notes 8, 9 and 10 for details on restrictions in the use of capital. There were no other external restrictions.

Effective April 1, 2008 the Authority adopted CICA section 3031, *Inventories* , which replaces, section 3030, *Inventories* . The revised standard provides more extensive guidance on measurement, and expands disclosure requirements to increase transparency. The Authority's accounting policy for inventory is consistent with measurement requirements in the new standard and as a result, no adjustment was recorded on transition; however, additional disclosure requirements will be applied as described below.

The main features of the new standard, which impact the Authority, include:
Consistent use of either a first-in and first-out or weighted average formula to measure the cost of other inventories. The Authority uses the weighted average formula to measure cost and actual cost using first in first out method for pharmacy inventory.
Disclosure of the accounting policies used, carrying amounts, amounts recognized as an expense, write downs, and the amount of any reversal of write downs recognized as a reduction in expenses.

b) ***Basis of Reporting***

The Authority provides health care services through devolved and contract facilities. All significant inter-divisional transactions of these organizations have been eliminated.

The assets, liabilities, and operations of the following devolved organizations have been included in these financial statements:

Brandon Regional Health Centre
Child and Adolescent Treatment Centre
Community and Home Care Health Services
Community Mental Health Services
Fairview Home
Rideau Park Personal Care Home
Westman Laundry

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) ***Basis of Reporting (Continued)***

The health care services provided by the contract facilities are delivered under the control of the Authority as the major funder. The financial position and results of operations of these related organizations (The Salvation Army Dinsdale Personal Care Home and Westman Regional Laboratory Services Inc.) have not been consolidated. Instead a summary of their financial information has been included in these notes (Note 14).

c) ***Revenue recognition***

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

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health & Healthy Living. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health & Healthy Living with respect to the year ended March 31, 2009.

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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

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.

Revenue from preferred accommodation and marketed services is recognized when the goods are sold or the service is provided.

d) ***Contributed services***

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 financial statements.

e) ***Inventories***

Inventories are valued at average cost, except pharmacy inventory which is valued at the actual cost using the first in, first out method.

f) ***Investments***

Investments are classified as available-for-sale financial assets and are comprised of bonds and guaranteed investment certificates, which are recorded at fair value based on bid prices at year-end. Purchases and sales of investments are recorded at the trade date and transaction costs are expensed as incurred and recorded in the Statement of Operations. Changes in unrealized gains and losses are reflected as direct increase or decrease in net assets.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) ***Financial Instruments***

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Authority's designation of such instruments.

Classification

Cash - Held for trading
Accounts receivable - Loans and Receivables
Investments - Available for Sale
Due From Manitoba Health & Healthy Living - Vacation - Loans and Receivables
Due From Manitoba Health & Healthy Living - Vacation - Non-Devolved Facilities - Loans and Receivables
Due From Manitoba Health & Healthy Living - Pre-retirement - Loans and Receivables
Due From Manitoba Health & Healthy Living - Pre-retirement - Non-Devolved Facilities - Loans and Receivables
Accounts payable and accrued liabilities - Other Liabilities
Bank advances - Other Liabilities
Employee Future Benefits - Vacation - Other Liabilities
Due to Non-Devolved Facilities - Employee Future Benefits - Vacation & Pre-retirement - Other Liabilities
Long term debt - Other Liabilities

Available for Sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or held-for-trading investments. Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in the consolidated statement of changes in net assets until realized when the cumulative gain or loss is transferred to other income.

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the date of the statement of financial position. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

Fair value of financial instruments

The fair value of cash, accounts receivable, due from the Manitoba Health & Healthy Living –vacation and vacation for non-devolved facilities, bank advances, accounts payable and accrued liabilities and employee future benefits - vacation approximates their carrying values due to their short-term maturity.
The fair value of due from the Manitoba Health & Healthy Living – Pre-retirement, Pre-retirement Non-devolved Faciliites, Empolyee future benefits - Pre-retirement and due to non-devolved facilities - Employee future benefits -Pre-retirement, cannot be determined as there are no specific terms of repayment.
Unless otherwise noted, it is management’s opinion that the Entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) ***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value.

Capital assets, excluding vehicles are amortized on a straight-line basis using the following annual rates:

Parking lots	10%
Buildings	2.5% - 6.67%
Building service equipment/equipment	5% - 20%

Vehicles are amortized an a declining balance basis using 30% as the annual rate and are included in building service equipment/equipment.

i) ***Compensated absences***

Compensation expense is accrued for all employees as entitlement to these payments is earned, in accordance with the Authority's benefit plans for vacation.

j) ***Pre-Retirement entitlement obligation***

The Authority has recorded an accrual based on an actuarial valuation that 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 criteria below. Funding for the retirement entitlement prior to March 31, 2004 is recoverable from Manitoba Health & Healthy Living. Effective April 1, 2004, any increase in the entitlement is the responsibility of the Brandon Regional Health Authority.

The benefits paid during the year by the Authority amounted to $1,087,770 (2008 - $638,213.) and are included in the statement of operations. The service costs for the year were $288,447 (2008 - $764,403).

Healthcare Employees Pension Plan

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

- have ten years service and have reached the age of 55 or
- qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee
- retire at or after age 65
- terminate employment at any time due to permanent disability

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) ***Pre-Retirement entitlement obligation (Continued)***

Civil Service Superannuation Plan

The Authority'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, at retirement to employees who have reached the age of 55 and have nine or more years of service, the following severance pay:

- one week of severance pay for each year of service up to 15 years of service
- two weeks of additional severance pay for each increment of five years service past the 15 years of service up to 35 years of service

The significant actuarial assumptions adopted in measuring the Authority's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 6.70% (2008 - 5.50%) and a rate of salary increase of 3.50% (2008 - 3.50%) plus age related merit/promotion scale with nil for disability.

k) ***Due From Manitoba Health & Healthy Living - Employee Future Benefits***

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its on-going annual funding to the Authority, 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 the related pre-retirement liabilities.

l) ***Due to/from Manitoba Health & Healthy Living***

In Globe Funding

In Globe funding is funding approved by Manitoba Health & Healthy Living 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 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 & Healthy Living until such time as Manitoba Health & Healthy Living reviews the financial statements. At that time Manitoba Health & Healthy Living determines what portion of the approved surplus maybe retained by the Authority, or repaid to Manitoba Health & Healthy Living.

Under Manitoba Health & Healthy Living policy the Regional Health Authority is responsible for In Globe deficits, unless otherwise approved by Manitoba Health & Healthy Living.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) ***Due to/from Manitoba Health & Healthy Living (Continued)***

Out of Globe Funding

Out of Globe funding is funding approved by Manitoba Health & Healthy Living 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 & Healthy Living until such time as Manitoba Health & Healthy Living reviews the financial statements. At that time Manitoba Health & Healthy Living determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health & Healthy Living.

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 & Healthy Living until such time as Manitoba Health & Healthy Living reviews the financial statements. At that time, Manitoba Health & Healthy Living 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 & Healthy Living are absorbed by the Authority.

m) ***Future accounting changes***

In November 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to Section 1540, Cash flow statement, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organization, Section 4430, Capital assets held by not-for-profit organization, Section 4460, Disclosure of related party transactions by not-for-profit organization and issued Section 4470, Disclosure of allocated expenses by not-for-profit organization. The new standards will be applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Authority will adopt the new standards as of April 1, 2009.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Section 4430 has been amended to specify that smaller Organizations that capitalize their capital assets shall capitalize all classes of capital assets, amortize and write down those assets in accordance with relevant Handbook Sections.

Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840.

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Authority is currently evaluating the impact of the adoption of these new standards on its financial statements.

n) **Capital Management**

The Entity's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Entity's capital consists of net assets.

There were no changes in the Entity's approach to capital management during the period.

3 ACCOUNTS RECEIVABLE

		2009		2008
Manitoba Health & Healthy Living				
Retroactive Salary Increases	$	577,451	$	1,727,021
Other Operations		2,266,718		1,641,667
Non Medical Reciprocal Recoveries		-		1,190,228
Out of Globe - 2003/04		-		(107,094)
Out of Globe - 2004/05		-		(310,993)
Out of Globe - 2005/06		-		(186,305)
Out of Globe - 2006/07		16,506		31,315
Out of Globe - 2007/08		34,273		135,160
Out of Globe - 2008/09		(363,799)		-
		2,531,149		4,120,999
Patients		634,516		783,953
Government of Canada - Goods and Services Tax		197,353		269,719
BRHC Foundation , BGH Auxiliary and Westman Laboratory		937,565		782,241
Sundry		992,541		1,126,638
		5,293,124		7,083,550
Less allowance for doubtful accounts		(1,363,960)		(1,088,190)
	$	**3,929,164**	$	**5,995,360**

4 INVESTMENTS

		2009		
		Cost		Fair Value
Government of Canada Bonds	$	41,647	$	46,392
Other Bonds		3,129,318		3,288,452
Other		477,880		494,386
	$	**3,648,845**	$	**3,829,230**

		2008		
		Cost		Fair Value
Government of Canada Bonds	$	177,187	$	179,810
Other Bonds		3,475,209		3,582,298
Other		4,418		4,418
	$	**3,656,814**	$	**3,766,526**

The fair values of the investments are based on the year end quoted market bid price.

5 CAPITAL ASSETS

		2009				
		Cost		Accumulated Amortization		Net Book Value
Land & parking lots	**$**	4,599,513	$	1,757,986	**$**	2,841,527
Buildings		108,495,317		34,337,723		74,157,594
Building service equipment/equipment		90,778,635		68,987,656		21,790,979
Work in Progress		3,203,595		-		3,203,595
	$	**207,077,060**	**$**	**105,083,365**	**$**	**101,993,695**

5 CAPITAL ASSETS (Continued)

	2008		
	Cost	Accumulated Amortization	Net Book Value
Land & parking lots	$ 4,599,513	$ 1,586,340	$ 3,013,173
Buildings	106,321,734	31,687,627	74,634,107
Building service equipment/equipment	86,735,068	63,798,181	22,936,887
Work in Progress	4,197,716	-	4,197,716
	$ 201,854,031	**$ 97,072,148**	**$ 104,781,883**

6 BANK ADVANCES

The bank advances have been authorized by the Province of Manitoba . Interest is paid monthly based on an interest rate of prime plus 1.00%. The amount available for operating credit is $8,500,000.

7 LONG TERM DEBT

	2009	2008
City of Brandon 6.5% loan, repayable $159,529 annually, including interest, maturing 2015.	$ 754,061	$ 857,831
Less current portion	(110,515)	(103,770)
	$ 643,546	**$ 754,061**

The fair value of the Authority's long term debt is $790,615 as at March 31, 2009 calculated using discounted cash flow analysis based on incremental borrowing rates currently available for similar terms and maturities.

Principal payments due in the next five years are as follows:		
	2010	$ 110,515
	2011	117,699
	2012	125,349
	2013	133,497
	2014	142,174

8 DEFERRED CONTRIBUTIONS

a) ***Expenses of future periods***

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment and construction projects.

		2009		2008
Balance, beginning of year	$	1,727,395	$	1,296,058
Add amount received		2,380,147		2,214,823
Less amount transferred to deferred contributions related to capital assets		(122,708)		-
Less amount amortized to revenue in the year		(2,445,642)		(1,783,486)
Balance, end of year	$	**1,539,192**	$	**1,727,395**

b) ***Capital assets***

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

		2009		2008
Balance, beginning of year	$	99,479,066	$	100,692,626
Additional contributions received		5,244,634		6,052,629
Add amount transferred from expenses of future periods		122,708		-
Less amounts amortized to revenue in the year		(6,990,423)		(7,266,189)
Balance, end of year	$	**97,855,985**	$	**99,479,066**

The balance of unamortized capital contributions related to capital assets consists of the following:

		2009		2008
Unamortized capital contributions used to purchase assets	$	98,013,654	$	100,802,396
Underspent/(Overspent) contributions		(157,669)		(1,323,330)
	$	**97,855,985**	$	**99,479,066**

8 DEFERRED CONTRIBUTIONS - Capital Assets (Continued)

During the 2006 fiscal year, the Province of Manitoba assumed the long term and third party debt of the Authority and was recognized as borrowings in the Public Accounts of the Province of Manitoba. Accordingly, the Authority has classified the long term debt and short term financing as deferred contributions. The following long term debt related to third party's is included in deferred contributions:

	2009	2008
School of Nursing Building 5.75% mortgage, repayable $27,241 semi-annually, including interest, maturing 2019. The mortgage is secured by land and buildings.	$ 409,996	$ 439,619
Fairview Home 6% mortgage, repayable $3,907 monthly, including interest, maturing 2018. The mortgage is secured by land and buildings.	342,177	367,951
Fairview Home 7 1/2% mortgage, repayable $2,778 monthly, including interest, maturing 2023. The mortgage is secured by land and buildings.	294,259	305,411
Fairview Home 10 1/8%, sinking fund debenture, repayable $97,318 monthly, including interest, matured 2008. The indenture documentation assigns the subsidies provided by Manitoba Health & Healthy Living for payment of the debenture.	-	9,250,000

9 INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2009	2008
Capital assets	$ 101,993,695	$ 104,781,883
Funds held by Manitoba Health & Healthy Living		
Amounts financed by:		
Deferred contributions	(98,013,654)	(100,802,396)
Accounts Payable	(575,717)	(76,928)
Loan and mortgage payable	(1,680,769)	(1,957,737)
	$ 1,723,555	**$ 1,944,822**

10 RESTRICTED ASSETS

Internally Restricted

The Board of Directors has restricted net assets related to non Manitoba Health & Healthy Living activities of $3,784,734 (2008 - $3,322,266). The revenue earned on these restricted assets is used for the operations of these non Manitoba Health & Healthy Living activities and for possible capital asset purchases.

Externally Restricted

Net assets are restricted for scholarship purposes and are subject to externally imposed restrictions that the assets be maintained permanently. Investment income from this fund is restricted for a scholarship.

11 MANITOBA HEALTH & HEALTHY LIVING REVENUE

		2009		2008
Allocation per Funding Document	$	168,320,284	$	157,011,326
Add: MAHCP Accrual		315,391		193,566
CUPE Accrual		161,000		558,830
MNU Retro		-		506,297
MGEU Lab Market Adjustment		411,704		186,321
MGEU Community		68,494		-
Waiting Lists Initiative Funding		409,421		473,008
Colonoscopy Funding		87,500		-
STI Funding		51,000		-
Accelerated 09/10 Funding		623,500		-
Proctor Funding		40,154		-
2008/09 Targeted Funding		202,401		-
PCH Funding		163,909		-
One Time Funding - ER Hard To Fill Shift Premium		-		131,062
One Time Funding - Louis Riel Statutory Holiday		-		223,402
Total Funding Approved by Manitoba Health & Healthy Living		170,854,758		159,283,812
Add: Other Income				
Non-Global Reconciliation		346,779		1,436,206
Separately Funded Programs		20,130		292,680
Fee for Service Income		4,654,327		4,247,522
Less: Amounts recorded in Deferred Contributions		(2,263,737)		(2,695,951)
Total Revenue from Manitoba Health & Healthy Living	**$**	**173,612,257**	**$**	**162,564,269**

12 COMMITMENTS AND CONTINGENCIES

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

2010	$	1,371,369
2011		1,360,458
2012		738,560
2013		717,110
2014		722,795

b) The Authority 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 Authority.

c) Effective January 1, 2003 the Authority 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, 2009.

13 PENSION PLAN

The majority of the employees of the Authority are members of the Healthcare Employees Pension Plan (HEPP), which is a multi-employer defined benefit pension plan. HEPP plan members will receive benefits based on the length of service and on the average of 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. 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.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by HEPP. Pension contributions are at 6.8% of basic annual earnings up to the Canada Pension Plan ceiling plus 8.4% of basic earnings in excess of the Canada Pension Plan ceiling contributed by employees. The funding objective is for employer contributions to HEPP to remain a constant percentage of employee's contributions.

The most recent actuarial valuation filed with the Manitoba Pension Commission for the plan was at December 31, 2007, and indicated that the plan was fully funded. Changes in market conditions and other assumptions may affect the funded status. The next actuarial valuation to be filed with the Manitoba Pension Commission will be as at December 31, 2010. Actual Authoritycontributions to HEPP made during the year by the on behalf of its employees amounted to $5,361,178 (2008 - $5,022,300) and are included in the statement of operations.

The remaining employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participation in the pension plan by the Authority and its employees.

14 NON-DEVOLVED FACILITIES

The Authority has a contract arrangement with The Salvation Army Dinsdale Personal Care Home, which provides long term care in the community of Brandon. In addition, the organization carries out the charitable, educational, religious and other benevolent objects and purposes of the Salvation Army. The organization is a registered charity under the Income Tax Act.

Until December 2005 the Authority had the responsibility of providing management services to Westman Regional Laboratory. At that time the management was transferred to Diagnostic Services of Manitoba (DSM). The Authority continues to provide other services which will be transitioned to DSM by 2010. Westman Lab provides laboratory services to a number of health care providers in Manitoba. The majority of Westman Lab's revenue is from Manitoba Health & Healthy Living.

The Authority does recognize that since there is economic dependence of both Dinsdale Personal Care Home and Westman Lab on the Authority, accounting control does exist between the Authority and these organizations. In light of this, management of the Authority has provided a financial summary of these organizations. All revenues received by the Authority on behalf of Westman Lab and Dinsdale Personal Care Home are reflected in the Authorities revenues and payments issued to these entities are recorded as expenses.

Financial statements of Dinsdale Personal Care Home and Westman Lab are available upon request.

The Salvation Army Dinsdale Personal Care Home

	2009	2008
FINANCIAL POSITION		
Total assets	$ 2,980,755	$ 3,100,195
Total liabilities	$ 2,787,672	$ 2,916,373
Total net assets	193,083	183,822
	$ 2,980,755	$ 3,100,195
RESULTS OF OPERATIONS		
Total revenues	$ 4,062,082	$ 3,750,573
Total expenses	(4,052,821)	(3,788,977)
Net operating surplus (deficit)	$ 9,261	$ (38,404)

Westman Regional Laboratory Services Inc.

	2009	2008
FINANCIAL POSITION		
Total assets	$ 4,973,631	$ 5,678,073
Total liabilities	$ 4,980,522	$ 5,684,964
Total net assets	(6,891)	(6,891)
	$ 4,973,631	$ 5,678,073

14 NON-DEVOLVED FACILITIES (Continued)

Westman Regional Laboratory Services Inc. (Continued)

RESULTS OF OPERATIONS

		2009		2008
Total revenues	$	14,486,799	$	14,258,608
Total expenses		(15,211,226)		(14,796,743)
Net operating shortfall (recoverable from Manitoba Health & Healthy Living)	$	(724,427)	$	(538,135)

15 COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

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AUDITORS' REPORT

To the Governing Council of The Salvation Army in Canada

We have audited the statement of financial position of The Salvation Army Dinsdale Personal Care Home as at March 31, 2009 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Home'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 financial statements present fairly, in all material respects, the financial position of the Home as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Signed **"KPMG LLP"**

Chartered Accountants

Winnipeg, Canada

June 15, 2009

THE SALVATION ARMY DINSDALE PERSONAL CARE HOME

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

		2009		2008
Assets				
Current assets:				
Cash	$	131,743	$	216,594
Accounts receivable		17,915		25,672
Inventory		23,670		29,421
Prepaid expenses		5,450		5,087
Employee benefits recoverable from Brandon Regional Health Authority [note 6(a)]		190,916		190,916
Due from Brandon Regional Health Authority (note 4)		161,768		–
		531.462		467.690
Employee future benefits recoverable from Brandon Regional Health Authority [note 6(b)]		199,105		199,105
Cash held for restricted purposes		122.423		176.168
Resident trust deposits		14,371		15,872
Property, plant and equipment (note 5)		2,113,394		2,241,360
	$	2,980,755	$	3,100,195
Liabilities, Deferred Contributions and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	218,743	$	208,075
Accrued vacation payable [note 6(a)]		212,620		210,702
Current portion of long-term debt		107,833		103,420
Due to Brandon Regional Health Authority (note 4)		–		58,329
		539,196		580,526
Accrued pre-retirement entitlement obligation [note 6(b)]		271,588		273,862
Long-term debt (note 8)		1,649,410		1,756,252
Resident trust accounts payable		13,371		15,465
Deferred contributions (note 7):				
Expenses of future periods		69,947		35,987
Property, plant and equipment		244,160		254,281
		314,107		290,268
Net assets:				
Invested in property, plant and equipment (note 9)		71,705		82,859
Internally restricted		178,360		182,225
Unrestricted		(56,982)		(81,262)
		193,083		183,822
Continuity of operations (note 1)				
	$	2,980,755	$	3,100,195

See accompanying notes to financial statements.

On behalf of the Home:

_______________________ Executive Director _______________________ Director of Business

THE SALVATION ARMY DINSDALE PERSONAL CARE HOME

Statement of Operations

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Brandon Regional Health Authority (note 10)	$ 2,970,673	$ 2,695,181
Residential charges	912,288	841,086
Other income	35,195	17,463
	3,918,156	3,553,730
Amortization of deferred contributions	143,529	196,843
Total revenue	4,061,685	3,750,573
Expenses:		
Salaries	2,684,083	2,497,470
Employee benefits	521,243	445,187
Health and education levy	57,193	52,238
Other supplies and expenses	452,651	426,120
Physical plant	180,024	216,931
Interest (note 8)	29,661	32,961
Amortization of property, plant and equipment	127,966	128,049
	4,052,821	3,798,956
Excess (deficiency) of revenue over expenses on operations	8,864	(48,383)
Excess of revenue over expenses - contributed services	397	9,979
Excess (deficiency) of revenue over expenses	$ 9,261	$ (38,404)

See accompanying notes to financial statements.

THE SALVATION ARMY DINSDALE PERSONAL CARE HOME

Statement of Changes in Net Assets

Year ended March 31, 2009, with comparative figures for 2008

	Invested in property, plant and equipment	Internally restricted	Unrestricted	Total 2009	Total 2008
Balance, beginning of year	$ 82,859	$ 182,225	$ (81,262)	$ 183,822	$ 222,226
Excess (deficiency) of revenue over expenses	(2,469)	397	11,333	9,261	(38,404)
Inter-fund transfer	(8,685)	(4,262)	12,947	–	–
Balance, end of year	$ 71,705	$ 178,360	$ (56,982)	$ 193,083	$ 183,822

See accompanying notes to financial statements.

Purpose of organization:

The Salvation Army Dinsdale Personal Care Home (the Home) provides long-term care in the community of Brandon. The Home is owned and operated by The Governing Council of the Salvation Army in Canada pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes, and licensed under the provisions of the Brandon Regional Health Authority (BRHA). In addition, the Home carries out the charitable, educational, religious and other benevolent objects and purposes of the Salvation Army. The Home is a registered charity under the *Income Tax Act* and accordingly is exempt from income taxes.

1. Continuity of operations:

At March 31, 2009, the Home's current liabilities exceed its current assets by $7,734 (2007 - $112,836). The Home also had an unrestricted net asset deficiency of $56,982 (2008 - $81,262) at March 31, 2009 due mainly as a result of operating losses in fiscal 2008 and prior.

The ability of the Home to continue as a going concern, to realize the carrying value of its assets and to discharge its liabilities when due is dependent on the Home continuing to operate at a break-even or surplus position in future years, and the continued support of the Brandon Regional Health Authority.

2. Significant accounting policies:

(a) Basis of presentation:

The accounts are maintained on the accrual method of reporting income and expenses.

(b) Revenue recognition:

The Home 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. Contributions restricted for the purchase of property, plant and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property, plant and equipment.

The Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by BRHA. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

2. Significant accounting policies (continued):

(c) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When an asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value. Property, plant and equipment are amortized using the straight-line method over the estimated useful life of the assets:

Asset	Term
Building	40 years
Equipment and furnishings	5 - 10 years
Computer equipment	5 years

(d) Operating fund surpluses:

Approved operating fund surpluses are repayable to the BRHA.

(e) Pre-retirement entitlement obligation:

The Home has a contractual commitment to pay out to employees four days salary per year of service upon retirement subject to meeting certain criteria:

- have ten years service and have reached the age of 55 or
- qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee.

The Home has recorded an accrual 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.

(f) Employee future benefits recoverable from BRHA:

Funding for vacation entitlement and pre-retirement obligations is provided by Manitoba Health through BRHA as part of its regular budget in the period in which the expenditures are made. Vacation entitlements and pre-retirement entitlements that will be funded by BRHA have been recorded in the statement of financial position as recoverable from BRHA.

2. Significant accounting policies (continued):

(g) Internally restricted net assets:

Internally restricted net assets consists of donations, bequests and other contributions received by the Home and by Salvation Army on behalf of the Home. It is drawn upon to cover costs not covered by funding from BRHA. As at March 31, 2009, $53,000 is owed by the unrestricted fund to the internally restricted fund.

(h) Cash held for restricted purposes:

Cash held for restricted purposes represents cash related to internally restricted net assets.

(i) Statement of cash flows:

A statement of cash flows has not been provided as it would not provide any further information to the users of the financial statements.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(k) Financial instruments:

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

The Home designated cash and cash held for restricted purposes as held-for-trading; resident trust deposits, accounts receivable, due from BRHA and employee future benefits recoverable from BRHA as loans and receivables; and accounts payable and accrued liabilities, accrued vacation payable, resident trust accounts payable, due to BRHA and long-term debt as other liabilities. The Home does not have held-to-maturity or available-for-sale financial instruments.

2. Significant accounting policies (continued):

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(l) New accounting standards:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Home's next fiscal year. The Home is in the process of determining the impact that these standards will have on its financial reporting.

CICA Section 3862, *Financial Instruments - Disclosure* and Section 3863, *Financial Instruments - Disclosure and Presentation* were to replace the existing Section 3861, *Financial Instruments - Disclosure and Presentation*, effective April 1, 2009 for the Home. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations,* was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Home will adopt these standards on April 1, 2009.

3. Financial instruments:

Interest rate risk:

Interest rate risk is the risk to the Home's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Home does not use derivative instruments to reduce this risk.

Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, most of the Home's accounts receivable are amounts due from government funding authorities, which minimizes credit risk.

Fair value:

The fair value of accounts receivable, due from BRHA, accounts payable and accrued liabilities and accrued vacation payable approximate their carrying value due to their short-term maturity.

The fair value of long-term debt approximates the carrying values as management believes the interest rates are comparable to market values.

4. Due from (to) Brandon Regional Health Authority:

	2009	2008
Funding advances from BRHA	$ –	$ (115,402)
Amounts receivable from BRHA	161,768	57,073
	$ 161,768	$ (58,329)

Funding advances received from BRHA are unsecured and non-interest bearing.

5. Property, plant and equipment:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Land	$ 133,615	$ –	$ 133,615	$ 133,615
Buildings	4,218,592	2,259,319	1,959,273	2,072,911
Equipment and furnishings	570,060	549,554	20,506	34,834
	$ 4,922,267	$ 2,808,873	$ 2,113,394	$ 2,241,360

5. Property, plant and equipment (continued):

Title to the Home's land and buildings is held by the Governing Council of the Salvation Army, which owns and operates the Home.

6. Employee benefits:

(a) Vacation payable:

The BRHA funds a portion of the vacation pay benefits of the Home, which is limited to the amount established at March 31, 2004 of $190,916. This amount is included in employee benefits recoverable from BRHA in the statement of financial position. Each year the Home is expected to fund the change in the liability from its annual funding.

(b) Pre-retirement entitlement obligation:

The Home has undertaken an actuarial valuation as of March 31, 2008 of the accrued pre-retirement entitlement obligation. The significant actuarial assumptions adopted in measuring the Home's accrued pre-retirement entitlement obligation include mortality and withdrawal rates, a discount rate of 6.7 percent (2008 - 5.50 percent), a rate of salary increase of 3.5 percent (2008 - 3.5 percent) plus age related merit/promotion scale and a factor ranging from 0 - 2.28 percent (2008 - 0 - 1.31 percent) for disability.

The amount of funding which will be provided by BRHA for these pre-retirement benefits of $199,105 was initially determined based on the accrued pre-retirement entitlement obligation at March 31, 2004, and was recorded as employee future benefits recoverable from BRHA. The Home is responsible for funding the pre-retirement entitlement obligation accumulated after March 31, 2004, including the interest accretion, through its annual funding from BRHA.

The employee future benefits recoverable from BRHA has no specified terms of repayment.

The fair value of the employee future benefits recoverable from BRHA approximates its carrying value as the interest component described above is comparable to current market rates.

7. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted funds for major repairs:

		2009		2008
Balance, beginning of year	$	35,987	$	86,175
Add funding received in current year		51,992		18,840
Less major repairs		(18,032)		(69,028)
		33,960		(50,188)
Balance, end of year	$	69,947	$	35,987

(b) Property, plant and equipment:

Deferred capital contributions related to property, plant and equipment represent the unamortized amount and unspent amount of donations and grants received for the purchase of property, plant and equipment and replacement of equipment. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

		2009		2008
Balance, beginning of year	$	254,281	$	258,162
Add:				
Payments of mortgage principal (note 8)		103,420		98,751
Major equipment funding		21,960		23,600
Other		(10,004)		1,583
Less:				
Amounts amortized to revenue		(125,497)		(127,815)
		(10,121)		(3,881)
Balance, end of year	$	244,160	$	254,281

The Home has an outstanding loan of $317,163 (2008 - $348,749) payable to the Province of Manitoba. The Province has committed to fund payments of interest and principal on this loan, but does so directly, and does not include these amounts in funding provided directly to the Home. As the Province is funding the payment of principal and interest directly, the loan is not presented as a separate liability on the statement of financial position, but was recognized as an increase in deferred capital contributions when first incurred.

8. Long-term debt:

	2009	2008
Canada Mortgage Housing Corporation, mortgage payable, interest at 4.31%, repayable $15,058 monthly interest and principal, maturing 2021	$ 1,757,243	$ 1,859,672
Current portion	(107,833)	(103,420)
	$ 1,649,410	$ 1,756,252

The Province of Manitoba, via the BRHA, provides funding for all payments of principal (note 7(b)) and interest on this debt.

Principal payments expected in the next five years are as follows:

2010	$ 107,833
2011	112,436
2012	117,195
2013	122,578
2014	127,780

9. Invested in property, plant and equipment:

	2009	2008
Property, plant and equipment	$ 2,113,394	$ 2,241,360
Amounts financed by:		
Deferred contributions	(244,160)	(254,281)
Long-term debt	(1,757,243)	(1,859,672)
Relating to capital assets within internally restricted funds	(40,286)	(44,548)
	$ 71,705	$ 82,859

10. Revenue - Brandon Regional Health Authority:

	2009	2008
Total approved funding	$ 3,114,893	$ 2,836,373
Less funding allocated to deferred contributions:		
Equipment	(21,960)	(23,600)
Major repairs	(18,840)	(18,840)
Mortgage principal	(103,420)	(98,752)
Funding for operations	$ 2,970,673	$ 2,695,181

11. Pension plan:

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan - Manitoba (the Plan), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on their length of service and on their average of 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 facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and, accordingly, the Plan is accounted for as a defined contribution plan.

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 reported the plan had a solvency deficiency. This deficiency will be funded by special payments out of current contributions. Any contribution deficiencies in the plan would be addressed through pension benefit reductions or contribution rate increases from the participating members. A change in underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $154,124 (2008 - $139,739) and are included in the statement of operations.

12. Related party transactions:

During the year, the Home had the following transactions and balances with The Salvation Army:

		2009		2008
Red Shield Appeal revenue designated for supervision	$	65,000	$	15,000
DHQ/THQ grant		–		45,000
Territorial Headquarters supervision expense		50,000		50,314

THE SALVATION ARMY DINSDALE PERSONAL CARE HOME

Expenses

Schedule A

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Salaries:		
Activity	$ 86,376	$ 75,264
Administration	139,262	130,921
Dieticians	288,057	277,253
Housekeeping	148,875	143,942
In-service director	39,042	27,293
Laundry	59,502	57,924
Nursing	1,811,562	1,670,556
Physical plant and equipment	111,407	114,317
	$ 2,684,083	$ 2,497,470
Employee benefits	$ 521,243	$ 445,187
Health and education levy	$ 57,193	$ 52,238
Other supplies and expenses:		
Activity	$ 2,198	$ 2,766
Drug capitation expense	26,970	26,317
Administration	78,011	62,229
Housekeeping	22,111	17,520
In-service education	1,450	750
Laundry and linen	73,207	73,522
Nursing	77,187	81,811
Nutritional services	127,627	118,617
Plant maintenance	43,890	42,588
	$ 452,651	$ 426,120
Physical plant:		
Heat and lights	$ 83,488	$ 73,075
Insurance	2,434	2,434
Property taxes	50,850	48,914
Water and sewer	24,143	23,703
Major repairs	19,109	68,805
	$ 180,024	$ 216,931

THE SALVATION ARMY DINSDALE PERSONAL CARE HOME

Contributed Services

Schedule B

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Donations	$ 12,381	$ 19,910
Ministry grant	60,000	60,000
Interest	13,208	12,250
Miscellaneous	12,602	28,579
Red Shield	65,000	15,000
Travel recoveries	3,036	7,874
DHQ/THQ grant	–	45,000
	166,227	188,613
Expenses:		
Administrator - wages and benefits	56,805	61,256
Automotive	13,413	16,322
Chaplaincy services	892	346
Child sponsorship and special projects	455	–
Christmas	2,984	3,836
Conferences and travel	6,649	11,431
Residence repairs	8,475	9,071
Miscellaneous	23,750	23,292
Supervision levy remitted	50,000	50,314
Utilities	2,407	2,766
	165,830	178,634
Excess of revenue over expenses	$ 397	$ 9,979

BDO Dunwoody LLP
Chartered Accountants
and Advisors

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Auditors' Report

To the Members of
Westman Regional Laboratory

We have audited the statement of financial position of **Westman Regional Laboratory** as at March 31, 2009 and the statements of operations and surplus 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 financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and the changes in its financial position and cashflows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP
Chartered Accountants

Brandon, Manitoba
May 28, 2009

Westman Regional Laboratory
Statement of Financial Position

March 31		**2009**		2008
Assets				
Current Assets				
Accounts receivable	**$**	**40,436**	$	47,457
Prepaid expenses		**60,688**		90,496
Manitoba Health Receivable		**3,160,928**		3,627,450
		3,262,052		3,765,403
Capital assets (Note 1)		**486,126**		687,217
Deferred charges future employee benefits		**1,225,453**		1,225,453
	$	**4,973,631**	$	5,678,073
Liabilities and Surplus				
Current Liabilities				
Bank indebtedness	**$**	**1,765,933**	$	2,454,036
Accounts payable		**648,179**		574,837
Due to Brandon Regional Health Authority		**861,572**		691,087
		3,275,684		3,719,960
Deferred contributions - capital assets (Note 3)		**(19,673)**		171,238
Accrued future employee benefits		**1,724,511**		1,793,766
		4,980,522		5,684,964
Surplus				
Deficit		**(6,891)**		(6,891)
	$	**4,973,631**	$	5,678,073

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Westman Regional Laboratory
Statement of Surplus

For the year ended March 31	2009	2008
Deficit, beginning of year	$ (6,891)	$ (6,891)
Net loss for the year	**(724,426)**	(538,135)
	(731,317)	(545,026)
Deficit recoverable from Manitoba Health	**724,426**	538,135
Deficit, end of year	**$ (6,891)**	$ (6,891)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Westman Regional Laboratory
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Manitoba Health	**$ 14,155,083**	$ 13,737,548
Amortization of deferred revenue	**202,544**	404,664
	14,357,627	14,142,212
Non-resident out-patient	**128,126**	116,320
Miscellaneous	**1,046**	76
	129,172	116,396
	14,486,799	14,258,608
Expenses		
Advertising	**750**	-
Amortization	**202,544**	404,664
Insurance	**12,155**	12,397
Interest	**98,662**	179,164
Laboratory and nuclear supplies	**2,761,248**	2,545,221
Medical remuneration	**2,362,971**	2,261,001
Membership dues and subscriptions	**3,053**	2,281
Other supplies	**104,133**	83,198
Physical plant		
- Insurance and taxes	**6,066**	5,824
- Repairs and maintenance	**58,311**	40,889
- Utilities	**144,925**	247,403
Pickup and delivery	**373,413**	352,693
Printing, postage and stationary	**80,485**	64,864
Professional fees	**85,359**	77,329
Purchased services	**332,384**	330,839
Rent	**23,241**	22,871
Salaries and benefits	**8,091,428**	7,682,510
Service contracts	**311,170**	299,824
System support	**51,170**	60,898
Telephone	**29,472**	27,484
Travel	**78,285**	95,389
	15,211,225	14,796,743
Deficit for the year	**$ (724,426)**	$ (538,135)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

March 31, 2009

Nature of Business

The organization is a non-profit entity, providing health services to Brandon and surrounding communities. Therefore any surplus that it generates is non-taxable. Effective December 1, 2005 the management of Westman Regional Laboratory Inc. was transferred to Diagnostic Services of Manitoba (DSM).

Capital Assets

Capital assets are recorded at cost.

Amortization is provided for on a straight-line basis in accordance with the following rates:

Building	-	2.5 %
Computer equipment	-	20 %
Equipment	-	10 %

Compensated Absences

Compensation expense is accrued for all employees as an entitlement to these payments earned, in accordance with the benefit plans for vacation in effect for Westman Regional Laboratory Services Inc.

Deferred Contributions - Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

During the 2005 fiscal year, the Province of Manitoba assumed the long-term debt and third party debt of Westman Regional Laboratory and was recognized as borrowings in the Public Accounts of the Province of Manitoba.

Accordingly, the Westman Regional Laboratory has reclassified the long term debt and short term financing as deferred contributions in its financial statements.

Deferred Charges - Future Employee Benefits

A provision for future employee benefits including accrued vacation entitlements and accrued retirement obligations is recorded. Funding for the future employee benefits as at March 31, 2005 is recoverable from Manitoba Health and as such has been set up as a receivable. Effective April 1, 2005, any increase in the entitlement is the responsibility of Westman Regional Laboratory.

Surplus and Deficits

Approved surpluses are repayable to Manitoba Health; approved deficits are recoverable from Manitoba Health.

Westman Regional Laboratory
Summary of Significant Accounting Policies

March 31, 2009

Revenue Recognition

This organization receives the majority of its revenue from the Province of Manitoba. Revenue is recognized in the year in which the related operating expenditures are incurred. Revenue for capital assets is recognized in the amount of the amortization expense incurred during the year.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

The organization's financial instruments consist of accounts receivable, bank indebtedness, accounts payable and amounts due to (from) related parties. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

The entity has classified its accounts receivable as loans and receivables and its bank indebtedness, accounts payable and due to (from) related parties as other liabilities, which are measured at amortized cost.

1. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Building	**$ 1,254,408**	**$ 1,124,369**	$ 1,254,408	$ 1,093,009
Equipment	**9,458,860**	**9,176,615**	9,458,860	9,047,627
Computer equipment	**358,356**	**284,514**	356,903	242,318
	$ 11,071,624	**$ 10,585,498**	$ 11,070,171	$ 10,382,954
Net book value		**$ 486,126**		$ 687,217

2. Related Party Transactions

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

The entity paid expenses to the Brandon Regional Health Authority, in the following amounts:

2009	2008
$ 457,729	$ 286,373

3. Deferred Contributions - Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	**$ 171,238**	$ 488,065
Add: Contributions receivable	**11,634**	87,837
Less: Amount amortized in the year	**(202,544)**	(404,664)
Balance, end of year	**$ (19,672)**	$ 171,238

Deferred contributions consist of the following:

	2009	2008
Amortization of capital assets in excess of contributions	**$ (1,301,617)**	$ (1,222,942)
Short term financing	**599,633**	665,870
Long-term debt	**682,311**	728,310
	$ (19,673)	$ 171,238

4. Statement of Cash Flows

A Statement of Cash Flows has not been provided as it would not provide any further information to the users of the financial statements.

5. Economic Dependence

The Westman Regional Laboratory Services Inc. is economically dependent on the Province of Manitoba for funding.

6. Comparative Figures

The comparative figures have been adjusted to conform to the current year's presentation.

KENDALL & PANDYA

Chartered Accountants

Partners.... David Kendall, FCA *
Manisha Pandya, CA *

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* Operating as professionnal corporations

AUDITOR'S REPORT

To the Board of Directors of the
BURNTWOOD REGIONAL HEALTH AUTHORITY INC:

We have audited the statement of financial position of BURNTWOOD REGIONAL HEALTH AUTHORITY INC. as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority'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 financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Kendall & Pandya

Thompson, Manitoba
May 30, 2009

Chartered Accountants.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.

YEAR ENDED MARCH 31, 2009

STATEMENT OF FINANCIAL POSITION

	2009	2008
ASSETS		
CURRENT ASSETS		
Bank	**$ 433,640**	-
Accounts receivable (Note 1)	**4,765,875**	$ 4,315,752
Inventories	**489,272**	538,217
Prepaid expenses	**436,763**	305,673
Vacation entitlements receivable – Manitoba Health	**2,589,257**	2,589,257
Due from Manitoba Health (Note 2)	**3,291,551**	2,976,047
	$12,006,358	$10,724,946
Pre-retirement receivable-Manitoba Health	**1,555,430**	1,555,430
Capital assets (Note 3)	**45,126,709**	45,668,314
	$ 58,688,497	$57,948,690
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	**$ -**	$ 432,682
Manitoba Health cash advance	**3,000,000**	3,000,000
Accounts payable	**5,018,377**	4,118,058
Deferred revenue (Note 5)	**1,939,160**	1,061,673
Line of credit (Note 6)	**-**	481,682
Current portion of capital lease obligations (Note 7)	**171,697**	148,740
Vacation entitlements payable	**3,396,083**	3,053,731
	13,525,317	12,296,566
Accrued pre-retirement obligation (Note 12)	**2,119,953**	2,119,953
Capital lease obligations (Note 7)	**553,233**	691,156
Deferred contributions (Note 8)		
Expenses of future periods	**238,098**	266,444
Capital assets	**38,600,781**	39,386,757
	$ 41,512,065	$ 42,464,310
Contingencies (Note 13)		
NET ASSETS		
Net assets invested in capital assets (Note 9)	**5,800,998**	4,959,979
Net assets internally restricted	**196,375**	196,375
Unrestricted net assets	**(2,346,258)**	(1,968,540)
	3,651,115	3,187,814
	$ 58,688,497	$ 57,948,690

APPROVED BY THE BOARD: ____________________ ________________________

See accompanying notes.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.

YEAR ENDED MARCH 31, 2009

STATEMENT OF CHANGES IN NET ASSETS

	Net Assets Invested in Capital Assets (Note 9)	Restricted Donations	Unrestricted	2009	2008
Balance, beginning of year	$ 4,959,979	$ 196,375	$(1,968,540)	$ 3,187,814	$ 3,285,931
Excess (Deficiency) of revenue over expenses for the year	34,092	-	429,209	463,301	(98,117)
Investment in capital assets (Note 9)	806,927	-	(806,927)	-	-
Balance, end of year	$ 5,800,998	$ 196,375	$(2,346,258)	$ 3,651,115	$ 3,187,814

See accompanying notes.

STATEMENT OF OPERATIONS

	2009	2008
REVENUE		
Amortization of deferred contributions	**$ 2,144,516**	$ 1,877,017
Ancillary programs	**977,072**	861,292
Manitoba Health (Note 10)	**74,406,907**	65,435,395
Northern patient transportation program recoveries	**2,065,938**	1,733,587
Other	**571,428**	1,367,867
Patient	**1,013,373**	1,024,184
	$ 81,179,234	$72,299,342
EXPENSES		
Acute care services	**$ 34,608,317**	$29,949,193
Amortization of capital assets	**2,110,424**	2,056,549
Ancillary operations	**977,072**	861,292
Community based – health services	**9,002,616**	7,375,908
Community based – home care	**1,652,172**	1,466,113
Community based – mental health	**469,533**	467,144
Land ambulance	**353,048**	237,048
Medical remuneration	**15,128,517**	15,003,588
Northern patient transportation program	**7,821,919**	6,833,650
Regional health authority	**5,777,267**	5,909,845
Support to seniors	**30,000**	30,000
Personal Care Home	**2,785,048**	2,207,129
	$ 80,715,933	$72,397,459
Excess (deficiency) of revenue over expenses for the year	**$ 463,301**	$ (98,117)

See accompanying notes.

BURNTWOOD REGIONAL HEALTH AUTHORITY INC.

YEAR ENDED MARCH 31, 2009

STATEMENT OF CASH FLOWS

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 463,301	$ (98,117)
Adjustments for		
Amortization of capital assets	2,110,424	2,056,549
Amortization of deferred contributions	(2,144,516)	(1,877,017)
	$ 429,209	$ 81,415
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts receivable	(450,123)	(1,550,681)
Due to Manitoba Health	(315,504)	2,066,965
Inventories	48,945	(25,073)
Prepaid expenses	(131,090)	(49,078)
Accounts payable	900,319	691,870
Vacation entitlements payable	342,352	946,025
Deferred revenue	877,487	(107,520)
	$ 1,272,386	$ 1,972,508
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets	$(1,568,819)	$ (6,589,550)
Payments of capital lease obligation	(114,966)	(139,186)
Receipt of deferred contributions related to capital assets	1,358,540	10,002,117
Receipt of deferred contributions related to expenses of future periods	(28,346)	14,039
Advances on line of credit	(481,682)	(2,493,499)
	$ (835,273)	$ 793,921
Increase in cash and cash equivalents during the year	866,322	2,847,844
Cash and cash equivalents, beginning of year	(432,682)	(3,280,526)
Cash and cash equivalents, end of year	$ 433,640	$ (432,682)
Represented by:		
Cash in bank	$ 433,640	-
Bank indebtedness	-	(432,682)
	$ 433,640	$ (432,682)

See accompanying notes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature and Purpose of Organization

Burntwood Regional Health Authority Inc. is a not for profit organization incorporated without share capital under the laws of Manitoba. The Authority is involved in the provision of health care services to persons resident in the Burntwood Region. The Authority is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using Canadian generally accepted accounting principles for not-for-profit organizations and 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.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates

Basis of Reporting

These financial statements include the accounts of the following controlled not-for-profit organizations of the Authority:

Community Health Resources Centre
Community Health Services
Gillam Hospital
Ilford Community Health Centre
Leaf Rapids Health Centre
Lynn Lake Hospital
Northern Consultation Centre
Pikwitonei Community Health Centre
Thicket Portage Community Health Centre
Thompson General Hospital
Wabowden Community Health Centre
Northern Spirit Manor

New Accounting Policies

Effective April 1, 2008 the Organization adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants. (CICA).

Section 1535, *Capital Disclosures*

Section 1535 establishes standards for disclosing information about an organization's capital and how it is managed. These standards require an organization to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, *Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation*

Sections 3862 and 3863 are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an organization, related exposures and the management of these risks. These sections were subsequently amended to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These organizations are permitted to continue to apply Section 3861 *Financial Instruments – Disclosure and Presentation* in place of Sections 3862 and 3863. An organization that does so must disclose this fact.

Section 3031, *Inventories*

Section 3031, *Inventories,* replaces Section 3030, *Inventories*. It provides more guidance on the measurement and disclosure requirements for inventories. The adoption of Section 3031 did not have an impact on the recognition, measurement or presentation of inventory in the Health Authority' financial statements.

Future Accounting Policy Changes

The CICA amended a number of standards applicable to not-for-profit organizations.

The CICA Section 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 *Cash Flow Statements* applicable to NFPOs; and
- make Section 1751 *Interim Financial Statements* applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller organizations.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 *Related Party Transactions*

New Section CICA 4470 *Disclosure of Allocated Expenses by Not-For-Profit Organizations* establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an organization that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an organization to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

Revenue Recognition

The Authority follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Health Services Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements with Manitoba Health with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by Manitoba Health after completion of their review of the Authority's accounts.

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 Transportation. 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 global 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 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 to Manitoba Health are absorbed by the Authority.

Any adjustments will be reflected in the year the final statement of recommended costs is received from Manitoba Health.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Contributed Materials and Services

Contributed materials and services, which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recoded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The organization has designated its financial instruments as follows:

Cash is classified as a financial asset held for trading and is measured at fair value with gains and losses recognized in net earnings.

Accounts receivable, vacation entitlements receivable, pre-retirement receivable, and the amounts due from Province of Manitoba are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities, vacation entitlements payable and Manitoba Health cash advance, are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

The organization has continued to apply Section 3861- *Financial Instruments- Disclosure and Presentation* in place of Sections 3862 and 3863

The fair value of cash, accounts receivable, vacation entitlements receivable, amounts due from the Province of Manitoba, accounts payable and accrued liabilities, vacation entitlements payable and Manitoba Health cash advance approximates their carrying values due to their short-term maturity.

The carrying value of the due from the Province of Manitoba – pre-retirement receivable approximates its fair value, as the annual interest accretion is funded.

The organization's activities are exposed to a variety of financial risks, which include:

a) Interest Rate Risk

The organization's main interest rate risk arises from short-term deposits raised for ongoing operations. The organization has no interest bearing debt. The organization periodically monitors the investment it makes and is satisfied with the credit rating of its banks.

b) Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations and is managed on a group basis. Credit risks arise from cash and deposits with banks, as well as credit exposures to customers for committed transactions. The organization does not have a significant concentration of credit risk with any one group.

c) Liquidity Risk

As at March 31, 2009 the organization had $ 5,199,515 in cash and accounts receivable and $ 5,018,377 in accounts payable. Prudent liquidity risk management implies maintaining sufficient cash through available funding via an adequate amount of committed credit facilities and the ability to close out financing positions. The organization manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

d) Concentration of Credit Risk

Exposure to credit risk arises through the failure of a customer or third party to meet its contractual obligations to the organization. The organization's maximum exposure to credit risk as at March 31, 2009 is its accounts receivable.

Inventories

Inventories are stated at the lower of cost and replacement cost. Cost is generally determined on a moving average basis.

Capital Management

The organization's objective when managing capital is to maintain sufficient capital to cover its cost of operations. The organization's capital consists of net assets.

The organization's capital management policy is to
- Meet short-term capital needs with working capital needs with working capital advances from the Manitoba Health and Healthy Living.
- Meet long term capital needs through long term debt with the Manitoba Health and Healthy Living.

The organization is not subject to externally imposed capital requirements.

There were no changes to the organization's approach to capital management during the period.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Building	40 years straight-line basis
Computers	4 years straight-line basis
Equipment	10 years straight-line basis

Vacation Entitlements Receivable/Pre-retirement receivable – Manitoba Health

An offsetting receivable from Manitoba Health equal to the liability balance outstanding as at March 31, 2004 has been recorded.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Burntwood Regional Health Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related pre-retirement liabilities.

Pre - Retirement Obligation

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

Net Assets Internally Restricted

Part of the net assets of the Authority have been restricted as approved by the Board of Directors or in accordance with specific directives. Transfers among net asset classes are recorded when approved by the Board of Directors.

1. Accounts Receivable

	2009	2008
Patients Receivable	**$ 1,957,264**	$1,587,048
Other	**179,013**	171,799
Goods and Services Tax	**53,892**	255,363
Northern Patient Transportation Program	**2,974,860**	2,664,696
Allowance for Doubtful Accounts	**(399,154)**	(363,154)
	$ 4,765,875	$4,315,752

2. Due (to) from Manitoba Health

	2009	2008
2006-07 PCH Funding	**$ (45)**	$ (45)
2006-07 Medical Renumeration	**2,180,119**	2,180,119
2007-08 Web Sense	-	7,435
2007-08 Safety & Security Projects	-	198,531
2007-08 Immunization Funding	-	45,215
2007-08 Ilford	-	41,865
2007-08 Acquired Brain Injury Unit Funding	-	195,053
2007-08 Waitlist Initiatives	**127,445**	127,445
2007-08 Inter Facility Transfers	-	52,502
2007-08 MNU Market Supplement	-	127,927
2008-09 Board Expenses	**428**	-
2008-09 CHA Billing	**14,564**	-
2008-09 MAHCP Wage Standardization	**690,062**	-
2008-09 Boiler Replacement	**270**	-
2008-09 Computers	**23,232**	-
2008-09 Waitlist 08/09	**184,000**	-
2008-09 Unfunded Interest	**71,476**	-
	$ 3,291,551	$2,976,047

7. Capital Lease Obligation

	2009	2008
Burntwood Community Health Resource Centre		
The obligation under the capital lease is at an interest rate of 2% above prime adjusted semi-annually. The lease which is under flexible repayment terms is currently being repaid over 15 years with monthly payments of $16,681 (principal and interest)	**$ 691,156**	$ 839,896
Lease Payable – Nexcap; monthly payments of $ 1,149.66 including interest at 8.258 %. Due September 1, 2011	**$ 33,774**	$ -
Amount due within one year included in current liabilities	**(171,697)**	(148,740)
	$ 553,233	$ 691,156

The obligation under capital leases is secured by certain plant and office equipment.

The future minimum lease payments for the next 5 years are as follows:

2010	$171,697
2011	$183,608
2012	$188,795
2013	$180,830
2014	$ -

8. Deferred Contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs and construction projects.

	2009	2008
Balance, beginning of year	**$ 266,444**	$ 252,405
Add amount received during year	**31,692**	14,039
Deduct: transfer re: Personal Care Home	**(60,038)**	-
Balance, end of year	**$ 238,098**	$ 266,444

b) Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations, grants received and funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or funding received.

	2009	2008
Balance, beginning of year	**$ 39,386,757**	$32,575,279
Additional contributions received	**1,358,540**	10,002,117
Less amounts amortized to revenue	**(2,144,516)**	(1,877,017)
Less: transfer of DSM assets (Note 15)	**-**	(1,313,622)
Balance, end of year	**$ 38,600,781**	$39,386,757

9. Net Assets Invested in Capital Assets

a) Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$45,126,709**	$45,668,314
Amount financed by:		
Deferred contributions	**38,600,781**	39,386,757
Lines of credit	**-**	481,682
Capital leases	**724,930**	839,896
	$ 5,800,998	$ 4,959,979

b) Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess (Deficiency) of revenue over expenses for the year		
Amortization of deferred contributions related to capital assets	**$ 2,144,516**	$1,877,017
Amortization of capital assets	**2,110,424**	2,056,550
	$ 34,092	$(179,533)
Net changes in investment in capital assets		
Purchase of capital assets	**$ 1,568,819**	$6,589,550
Payment of capital lease obligation	**155,016**	139,186
Increase in capital lease obligation	**(40,050)**	-
Advances on line of credit	**481,682**	2,493,500
Manitoba Health – Capital asset funding	**(930,630)**	(9,625,725)
Manitoba Health deferred asset funding	**(427,910)**	(376,392)
	806,927	(779,881)
	$ 841,019	$ (959,414)

10. Revenue from Manitoba Health

	2009	2008
Revenue as per Manitoba Health funding document	**$ 73,363,934**	$65,448,755
Add: 2008 – 2009 Waitlist Funding	**184,000**	-
2007 – 2008 Waitlist funding	-	127,445
2008-2009 Funding for STI/HIV Control	**114,300**	-
HPV Funding -	**9,428**	-
Wage standardization and market adjustment	**690,062**	127,927
PDN Upgrade	**7,300**	2,825
MNU Northern Retention Allowance	**1,298,850**	-
Medical remuneration	-	45,164
2008-2009 Accelerated Surge Capacity	**2,727**	-
Immunization funding	**46,703**	-
Accelerated Supply Payments	**260,100**	-
Interest on debt repayment	**36,193**	-
Reciprocal Revenue	-	252,275
Acquired Brain Injury Unit	-	195,053
Ilford	-	41,865
Louis Riel Day	-	37,580
Med 2020	-	33,662
Deferred Personal Care Home Recruitment	-	130,000
Dialysis	-	87,308
	$ 2,649,663	$1,081,104
Deduct:		
Nelson House PCH funding – flow through	**$ (340,854)**	$ (335,938)
Healthy Living budget transfer	**(75,000)**	-
Interest funding (actual)	**(226,633)**	(161,934)
	$ (642,487)	$ (497,872)
Total funding approved by Manitoba Health	**$ 75,371,110**	$66,031,987
Deduct:		
Amounts recorded as deferred contributions	**(964,203)**	(596,592)
Revenue from Manitoba Health	**$ 74,406,907**	$65,435,395

11. Pension Plans

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 plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, 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 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, 2006, indicates the current contribution levels are adequate to fund the cost of benefits. Effective July 1, 2008, the contribution rates increased by 1.4% for each of the employer and employee. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to $ 1,660,226 (2008 – $1,472,362) and are included in the statement of operations.

Some of the employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba liability related to the Civil Service Superannuation Plan. Accordingly, no provision is required in the financial statements relating to the effects of participating in the plan by the Authority and its employees.

12. Pre-retirement Obligations

	2009	2008
Members of the Health Employees Pension Plan	**$ 1,920,423**	$1,920,423
Members of the Civil Service Superannuation Plan	**199,530**	199,530
	$ 2,119,953	$2,119,953

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

- have ten year service and have reached the age of 55 or
- qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee or
- retire at or after age 65 or
- terminate employment at any time due to permanent disability

The RHA'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, at retirement to employees who have reached the age of 55 and have nine or more years of service, the following severance pay:

- one week of severance pay for each year of service up to 15 years of service
- 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

The Authority undertook an actuarial valuation of the accrued pre-retirement entitlements as of March 31, 2009. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.70% (2008- 5.50%) and a rate of salary increase of 3.5% (2008 – 3.5%) plus age related merit/promotion scale with no provision for disability.

13. Contingencies

a) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2009, management believes the Authority has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

3. Capital Assets

	2009 Cost	2009 Accumulated Amortization	2009 Net Book Value	2008 Cost	2008 Accumulated Amortization	2008 Net Book Value
Land	$ 13,694	$ -	**$ 13,694**	$ 13,694	$ -	$ 13,694
Buildings	50,949,745	12,420,527	**38,529,218**	45,014,349	11,262,758	33,751,591
Computers	1,299,548	1,101,951	**197,597**	1,299,548	997,548	302,000
Equipment	17,302,325	13,418,744	**3,883,581**	16,093,913	12,570,492	3,523,421
Construction in Progress	2,502,619	-	**2,502,619**	8,077,608	-	8,077,608
	$72,067,931	$26,941,222	**$45,126,709**	$70,499,112	$24,830,798	$45,668,314

Included in capital asset additions during the year is interest of $ nil (2008 - $165,057) which has been capitalized.

4. Bank Indebtedness

The Burntwood Regional Health Authority Inc. has an authorized operating line of credit of $2.6 million bearing interest at the bank's prime rate minus ½%. Security provided on this line of credit includes an overdraft borrowing agreement and a Letter of Comfort from Manitoba Health.

5. Deferred Revenue

Deferred revenue consists of Manitoba Health funding received in the fiscal year for various programs. This allocation of funding is recognized as revenue when program expenses are incurred. The change in the deferred revenue balance for the year is as follows:

	2009	2008
Balance, beginning of year	**$1,061,673**	$1,169,193
Amount recognized as revenue in the current year	**(843,645)**	(758,708)
Funding received	**1,721,132**	651,188
Balance, end of year	**$1,939,160**	$1,061,673

6. Line of Credit

	2009	2008
Demand operating line of credit payable to the Royal Bank of Canada bearing interest at prime minus 0.65% to a maximum of $ 253,000.	**$ 0**	$ 481,682

The Royal Bank line of credit is secured by a Letter of Comfort from Manitoba Health.

b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permits persons reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums of any experience by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

c) Due to the dismissal of three senior executives in a previous period, litigation proceedings were on going at the time of the audit report. The likelihood or financial implications if any, are not determinable at the time of this report.

14. Inter Program Charges

Included in the statement of operations are inter program charges which result in a reduction in Regional Health Authority costs of $30,502 and an increase in ancillary costs of $30,502.

15. Transfer of DSM Assets

During the prior fiscal year, the Health Authority was advised by Manitoba Health that designated assets were to be transferred to Diagnostic Services of Manitoba Inc. at net book value. At the date of transfer the value of these assets were $1,313,622.

16. Economic Dependence

The Health Authority is economically dependent on Manitoba Health as substantially all the revenue of the organization is funding by Manitoba Health.

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Auditors' Report

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

We have audited the statement of financial position of Churchill Regional Health Authority Inc. (RHA) as at March 31, 2009, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the RHA'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 financial statements present fairly, in all material respects, the financial position of the RHA as at March 31, 2009, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Portage la Prairie, Manitoba
May 21, 2009

Churchill Regional Health Authority Inc.
Statement of Financial Position

March 31	2009	2008
Assets		
Current Assets		
Cash and bank	**$ 2,488,320**	$ 2,323,978
Accounts receivable (note 2)	**233,550**	237,260
Due from Manitoba Health (note 3)	**81,867**	41,584
Inventory	**379,752**	347,575
Goods and Services Tax recoverable	**25,953**	44,640
Prepaid expenses	**63,304**	67,379
Accounts receivable - Province of Manitoba (note 4)	**282,239**	282,239
	3,554,985	3,344,655
Capital Assets (note 5)	**3,432,031**	3,740,311
Accounts Receivable - Province of Manitoba (note 4)	**197,540**	197,540
	$ 7,184,556	$ 7,282,506
Liabilities and Surplus (Deficiency) in Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 888,169**	$ 788,926
Accounts payable - capital	**10,082**	25,508
Due to Manitoba Health (note 6)	**1,744,300**	1,935,000
Security and other deposits	**81,603**	13,617
Vacation, overtime and statutory holiday pay payable	**405,610**	340,616
Current portion of capital lease obligations (note 7)	**6,660**	8,160
	3,136,424	3,111,827
Capital Lease Obligations (note 7)	**24,190**	30,850
Pre-retirement Entitlements (note 8)	**254,096**	229,204
Deferred Contributions Related to Capital Assets (note 9)	**3,401,181**	3,671,480
	6,815,891	7,043,361
Surplus (Deficiency) in Net Assets		
Net assets invested in capital assets (note 10)	**-**	29,821
Externally restricted - separately funded programs (note 11)	**(210,045)**	(109,173)
Unrestricted	**578,710**	318,497
	368,665	239,145
Contingencies (note 12)		
	$ 7,184,556	$ 7,282,506

On behalf of the Board:

______________________ Director

______________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Churchill Regional Health Authority Inc.
Statement of Changes in Net Assets

For the year ended March 31				2009	2008
	Invested in Capital Assets	Separately Funded Programs	Unrestricted	Total	Total
Balance, beginning of year	$ 29,821	$ (109,173)	$ 318,497	$ 239,145	$ (13,124)
Excess (deficiency) of revenue over expenses for the year	(16,494)	(100,872)	246,886	129,520	252,269
Net asset transfer (note 13)	(13,327)	-	13,327	-	-
Balance, end of year	$ -	$ (210,045)	$ 578,710	$ 368,665	$ 239,145

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Churchill Regional Health Authority Inc.
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Manitoba Health funded programs		
Hospital	**$ 7,205,206**	$ 7,015,896
Diagnostic Services	**777,364**	714,768
Dental Clinic	**137,760**	137,760
Community Services	**1,085,320**	1,031,315
Northern Patient Transportation Program	**1,052,491**	1,008,672
Land Ambulance	**329,223**	234,528
Home Care	**140,304**	115,656
Amortization of deferred contributions (note 9)	**394,837**	400,933
Offset income	**846,632**	847,200
	11,969,137	11,506,728
Separately funded programs		
Churchill Child and Family Services (schedule 1)	**499,837**	411,422
Receiving Home (schedule 2)	**319,575**	321,727
Nunavut Services (schedule 3)	**55,440**	49,440
Families 'R' Us, Baby First and Healthy Baby (schedule 4)	**166,000**	147,508
	1,040,852	930,097
Ancillary income, net (schedule)	**35,089**	77,413
	1,075,941	1,007,510
	13,045,078	12,514,238
Expenses		
Manitoba Health funded programs		
Hospital	**7,022,026**	6,722,406
Diagnostic Services	**706,024**	660,008
Dental Clinic	**155,614**	128,144
Community Services	**942,518**	865,565
Addictions Program	**94,165**	77,333
Northern Patient Transportation Program	**1,124,247**	965,841
Land Ambulance	**377,798**	299,354
Home Care	**118,397**	97,452
Amortization	**411,331**	425,443
Directors' fees and expenses	**49,892**	47,898
Employee future benefits	**24,892**	21,728
Interest and bank charges (recovery)	**(2,330)**	16,602
Interest on obligations under capital lease	**1,983**	2,624
	11,026,557	10,330,398
Separately funded programs		
Churchill Child and Family Services (schedule 1)	**563,706**	406,348
Receiving Home (schedule 2)	**302,348**	396,051
Nunavut Services (schedule 3)	**41,705**	37,308
Families 'R' Us, Baby First and Healthy Baby (schedule 4)	**233,965**	94,364
	1,141,724	934,071
	12,168,281	11,264,469
Excess of revenue over expenses before other expense	**876,797**	1,249,769
Other expense		
Surplus repayable to Manitoba Health	**(747,277)**	(997,500)
Excess of revenue over expenses for the year	**$ 129,520**	$ 252,269

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Churchill Regional Health Authority Inc.
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows provided by (used in) Operating Activities		
Excess of revenue over expenses for the year	$ 129,520	$ 252,269
Adjustments for		
Amortization of capital assets	411,331	425,443
Amortization of deferred contributions	(394,837)	(400,933)
	146,014	276,779
Net change in non-cash operating working capital		
Accounts receivable	3,710	51,708
Due from Manitoba Health	(230,983)	243,058
Inventory	(32,177)	51,712
Goods and Service Tax recoverable	18,687	(3,211)
Prepaid expenses	4,075	(17,261)
Accounts payable and accrued liabilities	99,243	160,870
Security and other deposits	67,986	1,550
Vacation, overtime and statutory holiday pay payable	64,994	9,719
	(4,465)	498,145
Increase in pre-retirement entitlement	24,892	21,728
	20,427	519,873
	166,441	796,652
Cash Flows provided by (used in) Investing and Financing Activities		
Purchase of capital assets	(103,051)	(299,967)
Payments on capital lease obligations	(8,160)	(12,111)
Receipt of contributions related to capital assets	124,538	277,110
Decrease in accounts payable - capital	(15,426)	(96,771)
	(2,099)	(131,739)
Increase in cash, during the year	164,342	664,913
Cash and bank, beginning of year	2,323,978	1,659,065
Cash and bank, end of year	$ 2,488,320	$ 2,323,978

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nature and Purpose of Organization

Churchill Regional Health Authority Inc. (RHA) is a non-profit organization incorporated in 1996 without share capital under the Corporations Act of Manitoba. Churchill RHA Inc. is the regional health authority for the Churchill Health Centre. The RHA provides hospital and social service facilities to Churchill and the surrounding area, including eight communities in the Kiviliq Region.

The RHA is a registered charitable organization under the Income Tax Act and, as such, is exempt from income tax and may issue income tax receipts to donors.

The following accounting policies followed by the Churchill Regional Health Authority Inc. are in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Revenue Recognition

The RHA follows the deferral method of accounting for contributions, which include donations and Government funding.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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.

Revenue from ancillary activities are recorded when the product is sold or when the service is rendered.

Management Estimates

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Inventory

Inventory is stated at the lower of cost, using a first-in, first-out basis of calculation, and net realizable value. Included in the hospital expense line are inventory purchases of $429,991 (2008 - $390,730).

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed capital assets are recorded at a nominal amount. Assets acquired under capital leases are amortized over the estimated life of the assets. Capital assets are amortized on a straight-line basis using the following annual rates.

Buildings	2.5 %
Building service equipment	4 - 10 %
Major equipment	6.7 - 20 %
Equipment under capital leases	20 %
Computer equipment	20 %

Separately Funded Programs

Adjustments to prior years, if any, resulting from a final review by the funding agency are reported in the statement of operations in the year the funding agency completes their review.

Accrued Benefit Entitlements

Benefit entitlements, which include vacation pay and pre-retirement leave entitlements are recorded in the year that the services to which they relate are provided.

Retirement Entitlement Obligations

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

Capital Disclosures

The Authority considers its capital to be its unrestricted net assets, externally restricted net assets, deferred contributions related to capital assets and amounts invested in capital assets. The Authority's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide health services to the community. Annual budgets are developed and monitored to ensure the Authority's capital is maintained at an appropriate level. Debt is utilized for projects where specific approvals from Manitoba Health have been obtained in advance of borrowings. There are no externally imposed restrictions other than the information provided in note 11.

Financial Instruments

The RHA utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the RHA is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The RHA classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The RHA's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of cash and bank. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of accounts receivable, Due from Manitoba Health and the accounts receivable - Province of Manitoba. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred The carrying value of all loans and receivables approximates their fair values. This applies to the long-term accounts receivable - Province of Manitoba as well as the annual interest accretion is funded.

Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accruals, due to Manitoba Health and vacation, overtime and statutory holiday pay payable. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred. The carrying value all financial liabilities approximate their fair value.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the RHA, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The RHA is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Cash Flow Statements

Section 1540 was amended to include not-for-profit organizations within its scope. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The RHA is currently assessing the impact of the new standard.

Financial Statement Presentation by Not-for-Profit Organizations

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The RHA is currently assessing the impact of the new standard.

Disclosure of Related Party Transactions by Not-for-Profit Organizations

Section 4460 includes modifications to the scope of the standards. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The RHA is currently assessing the impact of the new standard.

Financial instruments - disclosures and presentation

On October 15, 2008, the CICA deferred indefinately the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument disclosures and presentation. The RHA elected to defer application of these standards.

1. Change in Accounting Policy

Capital Disclosures

On April 1, 2008, the RHA adopted a requirement of the CICA to provide disclosure about how it manages its net assets (see Summary of Significant Accounting Policies).

Inventory

On April 1, 2008, the RHA adopted a requirement of the CICA to provide additional disclosures regarding the amount of inventory recognized as an expense during the year, any write-down of inventory or reversal of write-down of inventory during the year and any circumstances surrounding any write-downs. The applicable information required by the RHA is noted in the Summary of Signficant Accounting Policies for inventory.

2. Accounts Receivable

	2009	2008
General operating	**$ 212,374**	$ 209,593
Pharmacy	**2,703**	2,703
Separately funded and working capital advance	**(13,805)**	14,463
Daycare	**47,561**	27,343
Other	**(15,283)**	(16,842)
	$ 233,550	$ 237,260

3. Due from Manitoba Health

	2009	2008
Approved capital funding	$ 7,517	$ 7,517
Other	74,350	34,067
	$ 81,867	$ 41,584

4. Current and Future Employee Benefits Recoverable from Manitoba Health

Employee pre-retirement obligations are accrued as incurred based on an actuarial estimation while vacation benefits are accrued as earned by the employees.

Due to the nature of the benefits, the pre-retirement benefits recoverable and payable are classified as long-term whereas the vacation benefits recoverable and payable are classified as current.

Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by Authority's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

5. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	$ 1,145,179	$ 730,320	$ 1,145,179	$ 701,690
Building service equipment	4,299,334	1,861,695	4,264,347	1,624,333
Major equipment	3,197,847	2,756,788	3,139,768	2,657,864
Computer equipment	706,509	568,035	696,522	521,618
Equipment under capital lease	121,427	121,427	121,427	121,427
	$ 9,470,296	$ 6,038,265	$ 9,367,243	$ 5,626,932
Net book value		$ 3,432,031		$ 3,740,311

6. Due to Manitoba Health

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 an amount repayable 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. For the year ended March 31, 2009, the RHA recorded $746,800 (2008 - $997,500) as a surplus repayable to Manitoba Health.

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

	2009	2008
2006/2007 surplus repayable	**$ -**	$ 937,500
2007/2008 surplus repayable	**997,500**	997,500
2008/2009 surplus repayable	**746,800**	-
	$ 1,744,300	$ 1,935,000

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 RHA.

7. Capital Lease Obligations

The following is a schedule of minimum lease payments under a capital lease, expiring November 2011, together with the balance of the obligation under the capital lease.

2010	$ 8,643
2011	8,643
2012	16,809
	34,095
Less imputed interest at 5.75%	3,245
	30,850
Less amount due within one year included in current liabilities	6,660
	$ 24,190

8. Pre-retirement Entitlements

a) Accrued Pre-retirement Entitlement

	2009	2008
Members of the Health Employees Pension Plan	$ 254,096	$ 229,204

Accrued retirement obligations are based on an actuarial valuation as at March 31, 2009. The RHA's contractual commitment for the pre-retirement entitlement for members of the Health Employee Pension Plan is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions.

- have ten years service and have reached the age of 55;

- qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee;

- retire at or after age 65; or

- terminate employment at any time due to permanent disability.

The significant actuarial assumptions adopted in measuring the RHA's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit / promotion scale.

Funding of the retirement obligation is recoverable from Manitoba Health and has been recorded as a receivable. The amount of recoverable and the receivable from Manitoba Health has been capped at the amount of the liability owing as at March 31, 2004 being $197,540. Subsequent to March 31, 2004, the Province has included in its annual funding to the Churchill Regional Health Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The annual increase in obligation over the balance of the liability as at March 31, 2004 will be recognized as an expense in the statement of operations.

8. Pre-retirement Entitlements continued

b) Pension Plan

Most of the employees of the RHA 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 cost of the benefit plan is 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 requirement of the Canadian Institute of Chartered Accountants' Handbook section 3461.

Pension assets consist of investment-grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, 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 employer contributions to the Plan to remain a constant percentage of employee 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 that the Plan is in deficit. Actual contributions to the Plan made during the year by the RHA on behalf of its employees amounted to $278,604 (2008 - $253,141) and are included in the statement of operations.

9. Deferred Contributions Related to Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of funding assistance received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

Changes in the deferred contribution balance are as follows.

	2009	2008
Balance, beginning of year	**$ 3,671,480**	$ 4,030,144
Add deferred contributions received in the current year	**124,538**	277,110
Less deferred contribution reduction - disposed capital assets	**-**	(234,841)
Less amount amortized to revenue in the year	**(394,837)**	(400,933)
Balance, end of year	**$ 3,401,181**	$ 3,671,480

10. Net Assets Invested in Capital Assets

Net assets invested in capital assets is determined as follows.

	2009	2008
Capital assets	$ 3,432,031	$ 3,740,311
Deferred contributions related to capital assets	(3,401,181)	(3,671,480)
Capital lease obligations	(30,850)	(39,010)
	$ -	$ 29,821

11. Externally Restricted - Separately Funded Programs

The various surpluses and deficits of the separately funded programs are aggregated and recorded as one figure in the financial statements. They remain designated for the respective separately funded programs.

	2009	2008
Accumulated deficit - Churchill Child and Family Services (schedule 1)	$ (80,877)	$ (17,008)
Accumulated deficit - Receiving Home (schedule 2)	(187,235)	(204,462)
Accumulated surplus - Nunavut Services (schedule 3)	61,724	47,989
Accumulated surplus - Baby First and Healthy Baby (schedule 4)	(6,405)	61,560
Accumulated surplus - Health Promotion	2,748	2,748
	$ (210,045)	$ (109,173)

12. Contingencies

The nature of the RHA's activities is such that there can be litigation or arbitration pending or in prospect at any time. With respect to claims at March 31, 2009, management believes the RHA has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims would not have a material effect on the RHA's financial position.

A group of hospitals, including the RHA, have formed the Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is a pooling of the public liability insurance risks of 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, 2009.

13. Net Asset Transfer

The transfer of net assets from (to) the amount invested in capital assets from unrestricted net assets is determined as follows.

	2009	2008
Capital asset additions	**$ (103,051)**	$ (308,267)
Annual funding for capital assets purchases	**124,538**	277,110
Capital lease debt payments	**(8,160)**	(12,112)
	$ 13,327	$ (43,269)

14. Revenue from Manitoba Health

Revenue as per Manitoba Health's final funding document	$ 10,928,352	
Deduct:		
Capital interest	(58,752)	
Total funding approved by Manitoba Health	10,869,600	
Deduct:		
Amounts recorded as deferred contributions	$ (256,488)	$ 10,613,112

Revenue from Manitoba Health - Statement of Operations

Hospital	$ 7,205,206	
Diagnostic Services	777,364	
Dental Clinic	137,760	
Community Services	1,085,320	
Northern Patient Transportation Program	1,052,491	
Land Ambulance	329,223	
Home Care	140,304	
Less - other sources of income	$ (114,556)	$ 10,613,112

Churchill Regional Health Authority Inc.
Schedule of Ancillary Income (Expense)

For the year ended March 31		2009		2008
Children's Centre, net (gross $317,323, 2008 - $261,656)	$	**(38,804)**	$	(2,542)
Retail pharmacy, net (gross $552,118, 2008 - $500,398)		**77,077**		68,732
Gift shop and vending machine, net (gross $41,120, 2008 - $49,271)		**8,660**		4,487
Donations		**778**		-
Non-Manitoba Health funded specialists		**(12,622)**		6,736
	$	**35,089**	$	77,413

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Auditors' Comments on Supplementary Financial Information

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

We have audited the financial statements of Churchill Regional Health Authority Inc. as at March 31, 2009 and reported thereon dated May 21, 2009. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Dunwoody LLP

Chartered Accountants

Portage la Prairie, Manitoba
May 21, 2009

Churchill Regional Health Authority Inc.
Schedule 1 - Churchill Child and Family Services
Schedule of Revenue and Expenditures

For the year ended March 31	2009	2008
Revenue		
Province of Manitoba	$ 485,437	$ 402,922
Preventative funds	14,400	8,500
	499,837	411,422
Expenditures		
Clothing	100	1,199
Incidentals and travel	138,026	64,161
Maintenance	418,849	331,792
Professional Fees	34	-
Supplies	6,697	9,196
	563,706	406,348
Excess (deficiency) of revenue over expenditures	(63,869)	5,074
Deficit, beginning of year	(17,008)	(22,082)
Deficit, end of year	$ (80,877)	$ (17,008)

Churchill Regional Health Authority Inc.
Schedule 2 - Receiving Home
Schedule of Revenue and Expenditures

For the year ended March 31	2009	2008
Revenue		
Province of Manitoba	**$ 319,575**	$ 321,727
Expenditures		
Activity supplies	**20**	612
Administration	**6,845**	6,845
Allowance and incidentals	**4,948**	3,986
Clothing	**271**	2,286
Delivery and express	**803**	1,304
Education	**1,050**	140
Employee benefits	**37,425**	33,146
Food	**9,026**	13,481
Foster care payments	**22**	-
Health and education tax	**4,206**	5,839
Other supplies	**3,476**	3,073
Printing, postage and stationery	**153**	488
Professional fees	**1,200**	1,200
Rent and municipal property taxes	**21,751**	21,697
Repairs and maintenance	**1,695**	853
Salaries and wages	**181,839**	269,507
Telephone	**2,256**	2,341
Utilities	**15,576**	23,229
Vehicle lease and maintenance	**9,786**	6,024
	302,348	396,051
Excess (deficiency) of revenue over expenditures	**17,227**	(74,324)
Deficit, beginning of year	**(204,462)**	(130,138)
Deficit, end of year	**(187,235)**	(204,462)

Churchill Regional Health Authority Inc.
Schedule 3 - Nunavut Services
Schedule of Revenue and Expenditures

For the year ended March 31	2009	2008
Revenue		
Fees	$ 55,440	$ 49,440
Expenditures		
Delivery and express	5,945	1,842
Printing, postage and stationery	1,104	660
Rent	8,692	8,730
Repairs and maintenance	-	180
Salaries and living allowance	25,000	25,000
Telephone	964	896
	41,705	37,308
Excess of revenue over expenditures	13,735	12,132
Surplus, beginning of year	47,989	35,857
Surplus, end of year	$ 61,724	$ 47,989

Churchill Regional Health Authority Inc.
Schedule 4 - Families 'R' Us, Baby First and Healthy Baby
Schedule of Revenue and Expenditures

For the year ended March 31	Families 'R' Us	Baby First	Healthy Baby	2009 Totals	2008 Totals
Revenue					
Fees	$ 76,500	$ 83,900	$ 5,600	$ 166,000	$ 147,508
Expenditures					
Employee benefits	$ -	30,441	298	30,739	10,008
Health and education tax	-	1,310	56	1,366	1,307
Minor equipment purchases	8,047	-	-	8,047	-
Rent	-	3,000	242	3,242	3,242
Salaries and wages	27,883	40,810	2,620	71,313	60,506
Supplies	89,125	1,262	1,378	91,765	9,472
Telephone	1,892	-	-	1,892	1,822
Training and education	-	8,798	-	8,798	9,607
Travel (recovery)	14,158	-	2,645	16,803	(1,600)
	141,105	85,621	7,239	233,965	94,364
Excess (deficiency) of revenue over expenditures	(64,605)	(1,721)	(1,639)	$ (67,965)	$ 53,144
Surplus (deficit), beginning of year	65,585	6,187	(10,211)	61,560	8,416
Surplus (deficit), end of year	$ 980	$ 4,466	$ (11,850)	$ (6,405)	$ 61,560

Churchill Regional Health Authority Inc.
Schedule 5 - Children's Centre
Schedule of Revenue and Expenditures

For the year ended March 31	2009	2008
Revenue		
Maintenance grant	120,975	108,196
Parent and province fees	$ 112,655	$ 110,817
Provincial grant	72,769	35,849
Meals	6,230	6,780
Local Fundraising	4,694	14
	317,323	261,656
Expenditures		
Delivery and express	610	179
Employee benefits	51,049	28,758
Food	6,630	7,927
Health and education tax	6,007	4,272
Membership fees	191	181
Office administration	4,200	4,079
Printing, postage and stationery	275	520
Professional fees	1,200	1,200
Registration fees	215	(414)
Rent	12,089	11,332
Salaries and allowances	264,360	198,096
Supplies	6,678	6,507
Travel	2,623	1,561
	356,127	264,198
Deficiency of revenue over expenditures	(38,804)	(2,542)
Deficiency transfered to Unrestricted Net Assets	38,804	2,542
Surplus (deficit), end of year	$ -	$ -

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Auditors' Report

To the Board of Directors of
INTERLAKE REGIONAL HEALTH AUTHORITY INC.:

We have audited the consolidated statement of financial position of **INTERLAKE REGIONAL HEALTH AUTHORITY INC.** as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority'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, the financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 25, 2009

INTERLAKE REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Financial Position

March 31		2009		2008
				(Restated (Note 17))
Assets				
Current Assets				
Cash and term deposits	**$**	**8,483,548**	$	4,445,500
Accounts receivable		**1,309,043**		1,218,437
Due from Manitoba Health and Healthy Living (Note 3)		**1,817,652**		2,261,548
Inventories		**812,882**		741,247
Prepaid expense		**989,742**		606,251
Vacation entitlements receivable (Note 4)		**3,688,400**		3,688,400
		17,101,267		12,961,383
Retirement obligations receivable (Note 12)		**4,183,222**		4,183,222
Other assets		**86,639**		110,637
Capital assets (Note 5)		**42,925,567**		43,382,381
	$	**64,296,695**	$	60,637,623

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INTERLAKE REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Financial Position

March 31	2009	2008
		(Restated (Note 17))
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 7,886,834**	$ 6,605,002
Accrued vacation entitlements (Note 4)	**4,868,178**	4,570,645
Current portion of long-term debt (Note 7)	**52,634**	50,338
	12,807,646	11,225,985
Accrued retirement obligations (Note 12)	**5,948,205**	5,475,722
Due to Betel Home Foundation	**-**	58,600
Long-term debt (Note 7)	**481,797**	534,432
Deferred Contributions (Note 8)		
Expenses of future periods	**2,818,040**	1,463,312
Capital assets	**40,006,525**	39,677,149
	42,824,565	41,140,461
Commitments and contingencies (Note 11)		
Net Assets		
Investment in capital assets (Note 9)	**2,384,611**	3,120,462
Externally restricted (Note 14)	**738,502**	726,442
Internally restricted (Note 14)	**202,326**	208,145
Unrestricted - RHA	**(1,621,952)**	(2,214,129)
Unrestricted - Contract Facilities	**530,995**	361,503
	2,234,482	2,202,423
	$ 64,296,695	$ 60,637,623

Approved on behalf of the Board:

_______________________ Director

_______________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INTERLAKE REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Operations

For the year ended March 31		2009		2008
				(Restated (Note 17))
Revenue				
Province of Manitoba				
Health and Healthy Living (Note 10)	**$**	**99,495,379**	$	90,175,829
Client Non-Insured		**6,234,825**		5,630,591
Interest		**114,511**		214,113
Offset and other income		**2,823,529**		2,433,938
Ancillary income		**184,304**		185,597
Amortization of deferred contributions		**3,206,499**		3,188,228
		112,059,047		101,828,296
Expenditures				
Acute care services		**29,253,578**		26,726,049
Amortization of capital assets		**3,245,254**		3,226,903
Ancillary operations operating expenditures		**118,128**		126,541
Chemotherapy		**283,188**		245,507
Community health		**9,847,081**		8,951,021
Home based care		**11,376,916**		11,200,219
Diagnostic services		**7,370,002**		6,595,879
Dialysis		**1,368,846**		1,047,341
Emergency response and transport		**6,826,605**		6,262,000
Long-term care services		**24,436,549**		22,623,922
Mental health services		**4,506,198**		4,313,833
Medical remuneration		**8,860,289**		7,452,201
Nurse recruitment and retention		**53,744**		49,371
Regional undistributed expenditures		**3,961,718**		3,497,784
Safety and renovations		**491,221**		226,761
		111,999,317		102,545,332
Excess (deficiency) of revenue over expenditures for the year	**$**	**59,730**	$	(717,036)
Allocated as follows:				
Regional services	**$**	**(120,370)**	$	(1,055,515)
Contracted services		**180,100**		338,479
	$	**59,730**	$	(717,036)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INTERLAKE REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Changes in Net Assets

For the year ended March 31						2009	2008
	Investment in Capital Assets (Note 9)	Externally Restricted (Note 14)	Internally Restricted (Note 14)	Unrestricted - RHA	Unrestricted - Contract Facilities	Total	Total
Balance, beginning of year	$ 3,120,462	$ 726,442	$ 208,145	$ (2,214,129)	$ 361,503	$ 2,202,423	$ 2,987,744
Reallocation of interest earned on donation and externally restricted funds	-	17,731	16,181	(33,912)	-	-	-
Change in externally restricted net assets	-	(5,671)	(22,000)	-	-	(27,671)	(68,285)
Funding Adjustment	-	-	-	3,697	(3,697)	-	-
Excess (deficiency) of revenue over expenditures for the year	(38,755)	-	-	(81,615)	180,100	59,730	(717,036)
Net changes in investment in capital assets	(697,096)	-	-	704,007	(6,911)	-	-
Balance, end of year	$ 2,384,611	$ 738,502	$ 202,326	$ (1,621,952)	$ 530,995	$ 2,234,482	$ 2,202,423

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

INTERLAKE REGIONAL HEALTH AUTHORITY INC.
Consolidated Statement of Cash Flows

For the year ended March 31	2009	2008
		(Restated (Note 17))
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for the year	**$ 59,730**	$ (717,036)
Adjustments for		
Amortization of capital assets	**3,245,254**	3,226,903
Amortization of deferred contributions related to capital assets	**(3,206,499)**	(3,188,228)
Deferred contributions - expenses of future periods		
Receipts	**3,613,350**	1,510,736
Expenditures	**(2,258,622)**	(1,622,661)
	1,453,213	(790,286)
Changes in non-cash working capital		
Accounts receivable	**(90,606)**	235,272
Due from (to) Manitoba Health and Healthy Living	**443,896**	(914,732)
Inventories	**(71,635)**	68,125
Prepaid expense	**(383,491)**	129,150
Accounts payable and accrued liabilities	**1,281,832**	783,567
Accrued vacation entitlements	**297,533**	144,513
	1,477,529	445,895
Accrued retirement obligations	**472,483**	13,277
	3,403,225	(331,114)
Cash Flows from Investing Activities		
Purchase of capital assets	**(2,788,440)**	(2,548,084)
Other assets	**23,998**	13,291
	(2,764,442)	(2,534,793)
Cash Flows from Financing Activities		
Repayment of long-term debt	**(50,339)**	(47,836)
Repayment of funds to Foundations	**(64,271)**	(58,600)
Receipt of deferred contributions related to capital assets	**3,535,875**	2,624,310
Payout of externally restricted net assets	**(22,000)**	(68,285)
	3,399,265	2,449,589
Net increase (decrease) in cash and term deposits	**4,038,048**	(416,318)
Cash and term deposits, beginning of year	**4,445,500**	4,861,818
Cash and term deposits, end of year	**$ 8,483,548**	$ 4,445,500

Supplementary Information		
Interest paid during the year	**$ 25,718**	$ 28,394

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Revenue Recognition

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

Under the Health Services Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health and Healthy Living (MHHL). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements with MHHL with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by MHHL after completion of their review of the Authority's accounts.

In-Globe Funding is funding approved by MHHL for the five service categories of Acute Care, Long-term Care, Community and Mental Health, Home Care and Emergency Response and Transport.

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

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

Out-of-Globe Funding is funding approved by MHHL for specific programs.

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

Revenue Recognition (continued)

Conversely, any operating deficits related to Out-of-Globe funding arrangements are recorded on the statement of financial position as a receivable from MHHL until such time as MHHL reviews the financial statements. At that time, MHHL 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 MHHL are absorbed by the Authority.

Any adjustments will be reflected in the year the final statement of recommended costs is received from MHHL.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Inventories

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

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Compensated Absences

Compensation expense is accrued to all employees as entitlement to these payments is earned in accordance with the Authority's benefit plans for vacation and retirement allowances.

Use of Estimates

In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

Contributed Services

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 financial statements.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	5%
Buildings	3.33% and 5%
Ambulances	20%
Equipment and computers	10% - 20%

Financial Instruments

The Authority utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Authority classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Authority's accounting policy for each category is as follows:

<u>Held-for-trading</u>

This category is comprised of cash and short-term investments (guaranteed investment certificates). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Financial Instruments (continued)

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of accounts receivable, amounts due from the Province of Manitoba, vacation entitlements receivable and retirement obligations receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accruals. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Authority, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Authority is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

New Accounting Pronouncements (continued)

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument disclosures and presentation. The Authority elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The Authority continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition and Basis of Financial Statements

Interlake Regional Health Authority Inc. was incorporated under the laws of the Province of Manitoba. The Authority commenced providing health care services on April 1, 1997 in the Interlake Region of Manitoba. The Authority 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.

Under the Regional Health Authorities and Consequential Amendments Act, the Authority entered into negotiations with all health care facilities in the region to either transfer those facilities' operations, property, liabilities and obligations to the Authority or to operate as a contract facility funded by the Authority. These negotiations have been completed.

Two facilities within the region operate under contract arrangements for funding with the Authority. They are Betel Home - Gimli and Betel Home - Selkirk. The operations of these facilities have been consolidated in these financial statements as the Authority exercises significant influence over them by virtue of acting as funding agent. Any non-MHHL funded activities of these facilities (i.e. apartments, seniors' housing) have been excluded from these financial statements.

2. Change in Accounting Policy

Capital disclosures

On April 1, 2008 the Authority adopted a requirement of the CICA to provide disclosure about how it manages its net assets (see Note 14).

3. Due from (to) Manitoba Health and Healthy Living

	2009	2008
Selkirk Surgical Program waitlist	**$ -**	$ 668,500
07/08 CUPE and IUOE wage standardization	**-**	601,616
08/09 CUPE and IUOE wage standardization	**91,479**	-
07/08 MNU wage standardization	**-**	280,500
Other wage standardization	**-**	100,000
Interfacility ambulance transfers	**285,305**	238,520
Safety & Security	**117,816**	122,834
Hep B Immunization program	**-**	84,153
Eriksdale Ultrasound funding	**-**	33,360
Percy E. Moore related costs	**-**	31,483
Laptop encryption software	**-**	10,000
Spiritual care program	**-**	5,750
Out-of-Globe 2006/07	**-**	264,330
Out-of-Globe 2007/08	**-**	(431,440)
Out-of-Globe 2008/09	**(2,193)**	-
07/08 MGEU TP market supplement	**251,942**	251,942
08/09 MGEU TP market supplement	**648,989**	-
08/09 MGEU CS market supplement	**127,171**	-
PCH Staffing Initiative	**164,844**	-
St Paul EMS station expenses	**25,715**	-
Selkirk emergency department positions	**22,191**	-
Checkpoint security funding	**10,000**	-
Community health assessment	**36,893**	-
Selkirk Colonoscopies funding	**37,500**	-
	$ 1,817,652	$ 2,261,548

4. Accrued Vacation Entitlements

The Authority records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from MHHL. At that date, MHHL advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by MHHL to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Authority's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from MHHL is as follows:

	2009	2008
Balance, beginning of year	**$ 3,688,400**	$ 3,688,400
Net changes in vacation entitlements receivable	**-**	-
Balance, end of year	**$ 3,688,400**	$ 3,688,400

An analysis of the changes accrued in the vacation entitlements is as follows:

	2009	2008
Balance, beginning of year	**$ 4,570,645**	$ 4,426,132
Net increase in accrued vacation entitlements	**297,533**	144,513
Balance, end of year	**$ 4,868,178**	$ 4,570,645

5. Capital Assets

	2009		2008 (Restated (Note 17))	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 180,667**	**$ -**	$ 180,667	$ -
Land improvements	**370,102**	**370,102**	370,102	370,102
Buildings	**62,007,458**	**29,491,368**	61,307,458	27,557,716
Ambulances	**183,621**	**183,621**	183,621	183,621
Equipment	**18,411,479**	**12,526,200**	17,440,853	11,473,490
Equipment - computers	**2,213,786**	**1,467,512**	1,884,823	1,211,997
Construction in progress	**3,597,257**	-	2,811,783	-
	$ 86,964,370	**$ 44,038,803**	$ 84,179,307	$ 40,796,926
Cost less accumulated amortization		**$ 42,925,567**		$ 43,382,381

6. Bank Indebtedness

The Authority has an approved operating line of credit with the Canadian Imperial Bank of Commerce to a maximum amount of $500,000. The line of credit bears interest at Canadian Imperial Bank of Commerce prime rate less 0.75% and is supported by an authorization letter from MHHL. As at March 31, 2009 the line of credit was unutilized.

7. Long-term Debt

	2009	2008
CMHC mortgage payable, bearing interest at 4.63% per annum, due September 1, 2017 and requiring monthly principal and interest payments of $6,338, secured by a first charge on land and building (Stonewood Place)	**$ 534,431**	$ 584,770
Current portion of long-term debt	**52,634**	50,338
	$ 481,797	$ 534,432

The fair value of the mortgage payable is estimated to be approximately equal to carrying value as the interest rate is comparable to current market rates.

Principal payments due in the next five years and thereafter are as follows:

2010	$ 52,634
2011	55,099
2012	57,641
2013	60,174
2014	62,238
Thereafter	246,645
	$ 534,431

8. Deferred Contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent the unspent amount of donations, grants received and grants for major repairs.

	2009	2008
Balance, beginning of year	**$ 1,463,312**	$ 1,575,237
Additional amounts received during year	**3,564,163**	1,461,568
Funding for reserve for major repairs	**49,187**	49,168
Less expenditures	**(2,258,622)**	(1,622,661)
Balance, end of year	**$ 2,818,040**	$ 1,463,312

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or approved borrowings.

	2009	2008 (Restated (Note 17))
Balance, beginning of year		
As previously reported	**$ 40,840,993**	$ 42,360,995
Adjustment to deferred contribution (see (Note 17))	**(1,163,844)**	(775,896)
As restated	**39,677,149**	41,585,099
Additional contributions received, net	**3,535,875**	2,624,310
Less amounts transferred to DSM	**-**	(1,344,032)
Less amounts amortized to revenue	**(3,206,499)**	(3,188,228)
Balance, end of year	**$ 40,006,525**	$ 39,677,149

9. Investment in Capital Assets

a) Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 42,925,567**	$ 43,382,381
Amounts financed by		
Deferred contributions	**40,006,525**	39,677,149
Long-term debt	**534,431**	584,770
	$ 2,384,611	$ 3,120,462

b) Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Deficiency of revenue over expenditures		
Amortization of deferred contributions related to capital assets	**$ 3,206,499**	$ 3,188,228
Amortization of capital assets	**(3,245,254)**	(3,226,903)
	$ (38,755)	$ (38,675)
Net changes in investment in capital assets		
Purchase of capital assets	**$ 2,788,440**	$ 2,548,084
Amounts funded by		
MHHL funding	**(3,466,953)**	(2,441,963)
Donations	**(68,922)**	(182,347)
Repayment of long-term debt	**50,339**	47,836
	$ (697,096)	$ (28,390)

10. Revenue from Manitoba Health and Healthy Living

		2009	2008
Revenue from MHHL			
Revenue as per MHHL's final funding document		**$ 94,077,754**	$ 86,917,186
Debt interest allocation		**(271,022)**	(257,772)
Equipment allocation		**(414,408)**	(398,332)
Funds for loans held by the Province of Manitoba		**(481,240)**	(362,834)
Reserve for major repairs funding		**(26,965)**	(26,965)
		92,884,119	85,871,283
Add:	Selkirk Surgical Expansion	**668,500**	668,500
	CUPE wage standardization	**91,479**	601,616
	MNU wage standardization	**(4,780)**	280,500
	Other wage standardization	**-**	100,000
	MGEU Community support wage standardization	**127,171**	-
	Interfacility ambulance transfers	**1,420,378**	783,555
	Safety and renovations	**488,523**	226,761
	Influenza and Immunizations	**98,803**	156,593
	Percy E. Moore related cost reimbursement	**-**	31,483
	Spiritual care	**-**	5,750
	Out-of-globe items and adjustments	**153,699**	(526,124)
	MGEU TP Market supplement	**648,991**	251,942
	Children's therapy initiative	**59,449**	60,426
	Speech wait list initiative	**-**	8,333
	Long-term care strategy	**-**	23,166
	Early start and healthy child programs	**993,530**	924,267
	PCH Staffing initiative funding	**678,362**	-
	Nurse recruitment and retention	**53,744**	49,371
	Early years research program	**98,725**	90,875
	Mobile ultrasound funding	**241,111**	33,360
	Chronic disease prevention	**78,039**	71,375
	Mental health wait list	**55,919**	167,300
	St. Paul EMS station	**25,715**	42,000
	Louis Riel Day funding	**-**	169,899
	Provincial Data Network	**11,000**	46,616
	Cardiac Care	**452**	36,523
	Risk Factor Complication Assessments	**29,707**	459
	Aboriginal health transition fund	**112,620**	-
	Primary care and healthy living funding	**100,600**	-
	Mental health positions funding	**97,082**	-
	Community health assessment	**77,828**	-
	Selkirk Emergency Department positions	**49,931**	-
	RIS/PACS Billing clerk position	**29,000**	-
	Colonoscopies funding	**37,500**	-
	Non-Medical reciprocal recoveries	**70,117**	-
	Patient safety position	**5,200**	-
	Aboriginal employment initiative	**12,865**	-
Total Revenue from MHHL		**$ 99,495,379**	$ 90,175,829

11. Commitments and Contingencies

a) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2009, management believes the Authority has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

The Authority's coverage also includes contract facilities as named insured parties.

12. Employee Future Benefits

a) Accrued retirement entitlement

Accrued retirement obligations are based on an actuarial valuation as at March 31, 2009. The RHA's contractual commitment for the pre-retirement entitlement for members of the Health Employees Pension Plan is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

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

The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawals rates, a discount rate of 6.7% (5.5% in 2008) and a rate of salary increase of 3.5% (3.5% in 2008) plus an age related merit/promotion scale.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual in-globe funding to the Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

12. Employee Future Benefits (continued)

An analysis of the changes in the employee benefits payable is as follows:

		2009		2008
Balance, beginning of year	**$**	**5,475,722**	$	5,462,445
Net increase in pre-retirement entitlements		**472,483**		13,277
Balance, end of year	**$**	**5,948,205**	$	5,475,722

b) Pension plan

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (a successor of the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last eleven years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.8% of salary under $46,300 and 8.4% of salary over $46,300 contributed by employees, 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 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 the Plan is in deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the Plan made during the year by the Authority on behalf of its employees amounted to $3,274,925 (2008 - $2,935,370) and are included in the statement of operations.

The remainder of employees are members of the Province of Manitoba's defined benefit Civil Service Superannuation Plan. Liability for variances between actuarial funding estimates and actual experience lies with the Province.

13. Related Parties

The contract facilities, Betel Home - Selkirk, and Betel Home - Gimli, are operated by the Betel Home Foundation. Any fundraising of the Betel Home Foundation is solely for the benefit of the contract facilities.

14. Net Assets - Internal Restrictions and External Restrictions

The Authority considers its capital to comprise its internally and externally restricted net assets, unrestricted net assets and investment in capital assets balances. There have been no changes to what the Authority considers to be its capital since the previous period.

The Authority's objective for managing capital is to safeguard its ability to provide health services to Interlake residents. Debt is utilized for projects where specific approvals from MHHL have been obtained in advance of borrowings.

Internal Restrictions

The Board of Directors has internally restricted $16,181 (2008 - $39,192) of interest earned on donation funds. The cumulative balance of internally restricted net assets is $202,326 (2008 - $208,145). These are Board restricted community based health promotion projects and recruitment initiatives. The Authority is in compliance with these restrictions.

External Restrictions

Net assets subject to externally imposed restrictions represent the former balances of net assets of facilities integrated into the Authority, including accumulated interest. Such net assets are restricted to community contributions and/or for the benefit of the community from which the net assets originated. The Authority is in compliance with these restrictions.

As a not-for-profit entity, the Authority's operations are reliant on revenues generated annually. The Authority has accumulated a deficit over its history, which are included in the unrestricted net assets in the statement of financial position.

The Authority is currently endeavouring to eliminate this accumulated deficit and return to a position which would enable it to more adequately fund its working capital requirements.

15. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying intergrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2009	2008
Accounts receivable	**$ 1,309,043**	$ 1,218,437
Due from Manitoba Health and Healthy Living	**1,817,652**	2,261,548
Vacation entitlements receivable	**3,688,400**	3,688,400
Retirement obligations receivable	**4,183,222**	4,183,222
	$ 10,998,317	$ 11,351,607

Accounts receivable: The Authority is not exposed to significant credit risk as the receivable is spread among a large client base and geographic region and payment in full is typically collected when it is due. The Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management’s estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from MHHL, vacation entitlements receivable and retirement obligations receivable: The Authority is not exposed to significant credit risk as these receivables are from the Province of Manitoba.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is not exposed to significant interest rate risk. Its cash and short-term deposts are held in short-term or variable rate products and its exposure arising from its fixed rate long-term debt is not significant.

15. Financial Risk Management (continued)

The Authority is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal and the Authority is not exposed to other price risk.

Fair Value

The carrying values of cash and term investments, accounts receivable, amounts due from MHHL, vacation entitlements receivable and retirement obligations receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

16. Comparative Figures

Certain of the comparative figures have been reclassified to provide better comparison with the current year's results.

17. Adjustment to Capital Assets and Deferred Contributions - Capital

During our current year audit it was noted that certain Capital Assets, classified under Buildings, has not been amortized since the 2004/05 fiscal year. As a result, prior year accumulated amortization was understated by $1,163,844 and deferred contributions was overstated by $1,163,844. Also, prior year amortization of capital assets was understated by $387,948 and amortization of deferred contributions was understated by $387,948. An adjustment has been made to the prior year Statement of Financial Position and the Statement of Operations for the above noted items, resulting in a net change of zero in deficiency of revenues over expenditures for 2007/08 fiscal year-end.

KENDALL & PANDYA

Chartered Accountants

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Partners.... David Kendall, FCA *
Manisha Pandya, CA *

* Operating as professionnal corporations

AUDITOR'S REPORT

To the Chairperson and Board of Directors

We have audited the statement of financial position of Nor-Man Regional Health Authority Inc. as at March 31, 2009 and the Statements of Operations, Net Assets, Deferred Contributions, and Cash Flow for the year then ended. These financial statements are the responsibility of the Health Authority'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 financial statements present fairly, in all material respects, the financial position of the Nor-Man Regional Health Authority Inc. as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Kendall & Pandya

Flin Flon, MB
June 15, 2009

Chartered Accountants

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2009

ASSETS

	Notes	2009	2008
CURRENT ASSETS			
Accounts receivable	2a	$ 1,504,356	$ 1,453,395
Due from Manitoba Health	2b	5,455,943	4,655,662
Inventories		420,839	394,674
Prepaid expenses		634,596	350,587
		8,015,734	6,854,318
DUE FROM MANITOBA HEALTH	2c	2,654,372	2,654,372
CAPITAL ASSETS	5	32,740,558	32,799,670
		$43,410,664	$42,308,360

LIABILITIES

	Notes	2009	2008
CURRENT LIABILITIES			
Bank indebtedness		$ 1,513,984	$ 3,898,381
Accounts payable		3,932,127	3,629,444
Due to Diagnostic Services Manitoba (DSM) - Benefit credits		257,520	0
Accrued vacation benefit entitlements		3,887,000	3,556,400
Current portion of capital lease		47,946	45,277
Current portion of long-term debt		302,576	177,429
		9,941,153	11,306,931
LONG-TERM DEBT	10	2,630,937	2,933,513
CAPITAL LEASE	12	151,661	199,607
DUE TO MANITOBA HEALTH		4,600,000	0
DUE TO DSM – PRE-RETIREMENT OBLIGATION		290,828	0
ACCRUED PRE-RETIREMENT OBLIGATIONS	6	3,567,943	3,894,222
DEFERRED CONTRIBUTIONS	3		
Expenses of future periods		1,401,478	1,044,307
Capital assets		28,730,941	28,033,426
NET ASSETS			
Invested in capital assets	4	3,335,421	1,410,417
Restricted	f	6,077	3,591
Unrestricted		(11,245,775)	(6,517,654)
		$43,410,664	$42,308,360

COMMITMENTS (Note 11)

Approved by the Board:

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See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2009

	2009	2008
REVENUE		
Manitoba Health - Note 7	$70,127,513	$66,378,456
Non-insured income	8,680,601	5,805,451
Other income	4,944,727	4,033,313
Amortization of deferred contributions	3,223,505	3,247,229
Ancillary revenue	1,390,457	1,269,019
	88,366,803	80,733,468
EXPENSES		
Acute care	36,411,362	33,308,341
Long-term care	10,161,290	9,103,655
Medical remuneration	13,288,341	12,075,304
Community services co-ordination	714,307	737,191
Community based mental health	1,352,167	1,221,892
Community based home care	4,971,564	4,493,238
Community based health	3,835,451	3,538,896
Land ambulance	2,603,913	2,517,290
Unallocated Regional health authority costs	4,662,971	3,558,597
Amortization of capital assets	3,211,311	3,232,943
Interest on capital lease	12,875	15,397
Northern Patient Transportation	6,982,568	5,137,010
Pre - retirement	664,496	587,258
Rosaire House Addictions Centre	707,452	706,656
Ancillary expenses	1,587,366	1,422,082
	91,167,434	81,655,750
DEFICIENCY OF REVENUE OVER EXPENSES	$ (2,800,631)	$ (922,282)

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF CASH FLOW

AS AT MARCH 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	$ (2,800,631)	$ (922,282)
Items not affecting cash		
Amortization of capital assets	3,211,311	3,232,943
Amortization of deferred contributions	(3,223,505)	(3,247,229)
Change in non-cash working capital	(270,613)	178,637
Change in pre-retirement liability	(326,279)	221,886
	(3,409,717)	(536,045)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets	(987,972)	(1,703,616)
Construction in progress expenditures	(2,106,072)	(2,604,557)
Increase in long-term debt	4,668,122	0
Receipt of contributions relating to capital assets	3,862,865	3,895,754
Receipt of contributions relating to expenses of future periods	357,171	80,304
	5,794,114	(332,115)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,384,397	(868,160)
CASH (BANK INDEBTEDNESS), beginning of year	(3,898,381)	(3,030,221)
CASH (BANK INDEBTEDNESS), end of year	$(1,513,984)	$(3,898,381)

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31,2009

	Investment in Capital Assets	Restricted	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	$1,410,417	$ 3,591	$ (6,517,654)	$(5,103,646)	$(4,181,364)
(Deficit) from operations	1,925,004	2,486	(4,728,121)	(2,800,631)	(922,282)
Balance, end of year	$3,335,421	$ 6,077	$(11,245,775)	$(7,904,277)	$(5,103,646)

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

STATEMENT OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31,2009

	EXPENSES OF FUTURE PERIODS				
	Funds in Reserve for Major repairs and improvements	Donations	Grants	Total	Capital Assets
Balance, beginning of year	123,803	$121,323	799,181	1,044,307	28,033,426
Contributions	7,035	-	-	7,035	3,862,865
Transfer of funds from donations for capital assets	-	(38,670)	-	(38,670)	-
Donations	-	99,883	-	99,883	-
Amortization - capital	-	-	-	-	(3,165,350)
Grants	-	-	288,923	288,923	-
Balance, End of year	$ 130,838	$182,536	$1,088,104	$1,401,478	$28,730,941

See accompanying notes.

NOR-MAN REGIONAL HEALTH AUTHORITY INC.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

YEAR ENDED MARCH 31, 2009

NATURE AND PURPOSE OF THE ORGANIZATION

NOR-MAN Regional Healthy Authority Inc. (the "Authority") is a corporation without share capital continued under The Regional Health Authorities and Consequential Amendments Act, Statues of Manitoba 1996 c.53. The Authority operates health care programs and services in a geographic region that extends from Grand Rapids/Grand Rapids First Nation in the southeast to Flin Flon in the northwest. Pukatawagan is also part of the Region. The Authority delivers its services through hospitals and other health care facilities. Hospitals are located in Flin Flon, The Pas, and Snow Lake. The Authority is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided requirements of the Income Tax Act are met.

ASSUMPTION OF RESPONSIBILITY FOR FACILITIES AND OPERATING AUTHORITY

Pursuant to certain terms and conditions under various transfer agreements, the Authority took over management of facilities consisting of land and buildings together with equipment, other assets, liabilities and general operating authority as of April 1, 1997 from the following previously independently operating boards:

- The Board of Directors of the Flin Flon General Hospital, Flin Flon Personal Care Corporation and Northern Lights Manor
- The Board of Directors of The Pas Health Complex
- The Board of Directors of the Snow Lake Medical Nursing Unit
- Manitoba Health (Community Services)

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for not for profit organizations and reflect the following policies:

(a) CONTRIBUTED SERVICES

Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(b) INVENTORY

Medical, drugs and other supplies are valued at the lower of average invoice cost and net realizable value. The Health Authority's disclosure is in compliance with new CICA section 3031.

(c) PRE-RETIREMENT ENTITLEMENT OBLIGATIONS

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

(d) REVENUE RECOGNITION

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

Under the Health Insurance Act and Regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Externally restricted donations are recognized as direct increases in deferred contributions. Restricted investment income is recognized as revenue in the year in which related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(e) CAPITAL ASSETS

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Improvements and betterments which extend the estimated useful life of an asset are capitalized. When a capital asset has diminished its usefulness in providing the service, its carrying amount is written down to its residual value.

The Authority has adopted the policy of amortizing its capital assets on a straight-line basis using the following annual rates:

Land improvements	2.5%
Buildings	2.5%
Equipment	10.0%
Computer equipment	20.0%

No amortization is provided for construction in progress until the project is complete or until the principal retirement of related debt commences.

(f) EXTERNAL RESTRICTIONS

Net assets are restricted for endowment purposes, and are subject to externally imposed restrictions that the assets be maintained permanently in the St. Paul Residents Trust Fund. Investment income from this fund is restricted for residents' expenses.

(g) CAPITAL MANAGEMENT

The Entity's objective when managing capital is to maintain sufficient capital to cover its costs of operations. The Entity's capital consists of net assets.

The Entity's capital management policy is to meet capital needs with working capital advances from Manitoba Health and Healthy Living.

The Entity met its externally imposed capital requirements.

There were no changes in the Entity's approach to capital management during the period.

(h) REVENUE FROM MANITOBA HEALTH

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.

(i) NEW ACCOUNTING POLICIES

Effective April 1, 2008 the Health Authority adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosure
Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation
Sections 3862 and 3863 are intended to enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an organization, related exposures and the management of these risks. These sections were subsequently amended to eliminate the requirement for not-for-profit entities and rate-regulated enterprises to adopt these sections. These organizations are permitted to continue to apply Section 3861 Financial Instruments – Disclosure and Presentation in place of Sections 3862 and 3863. An organization that does so must disclose this fact.

(j) FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Health Authority has designated its financial instrument's as follows:

Cash is classified as a financial asset held for trading and is measured at fair value with gains and losses recognized in the statement of operations and net assets for the current period.

Accounts receivable, and the amounts due from the Province of Manitoba are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method with gains and losses recognized in the statement of operations and net assets in the period the gain or loss occurs.

Accounts payable, and accrued vacation benefit entitlements are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method with gains and losses recognized in the statement of operations and net assets in the period the gain or loss occurs.

Unless otherwise noted, it is management's opinion that The Health Authority is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The Health Authority has continued to apply section 3861, Financial Instruments – Disclosures and Presentation in place of Sections 3862 and 3863.

Fair value of financial instruments
The fair value of bank indebtedness, accounts receivable, due from Manitoba Health (Note 2b), accounts payable, due to DSM, and accrued vacation benefit entitlements approximates their carrying values due to short-term maturity.

The carrying value of the due from Manitoba Health (Note 2c) approximates its fair value, as the annual interest accretion is funded.

(k) FUTURE ACCOUNTING POLICY CHANGES

Not-For-Profit Organizations
The CICA amended a number of standards applicable to not-for-profit organizations (NFPOs).

CICA 4400 *Financial Statement Presentation by Not-For-Profit Organizations* was amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization (NFPO) to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make Section 1540 *Cash Flow Statements* applicable to NFPOs; and
- make Section 1751 *Interim Financial Statements* applicable to NFPOs that prepare interim financial statements in accordance with GAAP.

Section 4430 *Capital Assets Held by Not-For-Profit Organizations* was amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities.

Section 4460 *Disclosure of Related Party Transactions by Not-For-Profit Organizations* was amended to make the language in Section 4460 consistent with Section 3840 *Related Party Transactions*.

These new requirements are effective April 1, 2009 and will only require additional disclosure in the financial statements.

(l) USE OF ESTIMATES/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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

1. ECONOMIC DEPENDENCE

The Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Ministry of Health.

2. ACCOUNTS RECEIVABLE/DUE FROM MANITOBA HEALTH

	2009	2008
(a) Accounts Receivable		
Ambulance	$ 523,643	$ 823,279
Residents	909,032	408,135
Employees computer loans	95,405	78,505
Government of Canada	67,869	182,519
Sundry	165,560	27,453
	1,761,509	1,519,891
Less allowance for doubtful accounts	(257,153)	(66,496)
	$1,504,356	$1,453,395
(b) Due from Manitoba Health		
Out of Globe - 2007	1,922,002	$2.371,725
Out of Globe - 2008	915,801	1,610,555
Out of Globe - 2009	1,564,061	-
Recovery from Saskatchewan		
payable to Manitoba - 2005	(891,946)	(891,946)
payable to Manitoba - 2007	(1,500,000)	(1,500,000)
Ancillary Programs	(23,021)	225,394
Facility Support Wage Standardization	38,692	-
Professional Technical Market Supplement	109,204	-
Capital Operating – TPHC Dialysis	377,040	-
PCH Staffing	77,470	-
Patient Safety Officer	5,270	-
CHA – Q4	21,436	-
Vacation benefit entitlements	2,839,934	2,839,934
	$ 5,455,943	$4,655,662
(c) Due from Manitoba Health		
Pre-retirement obligation entitlements	$2,654,372	$2,654,372

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to Norman Regional Health Authority Inc., an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when it is determined that the funding is required to discharge the related pre-retirement liabilities.

3. DEFERRED CONTRIBUTIONS

(a) Expenses of future periods

(i) Funds in reserve for major repairs and improvements

Deferred contributions related to funds in reserve for major repairs and improvements represent unspent externally restricted funds from the Province for major repairs and improvements to buildings.

(ii) Donations

Deferred contributions related to donations represent externally restricted unspent amounts of donations for various purposes.

3. DEFERRED CONTRIBUTIONS (continued)

(iii) Grants

Deferred contributions related to grants represent externally restricted unspent amounts of grants for various programs.

(b) Related to capital assets

Deferred capital contributions represent the unamortized amounts of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

4. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets are calculated as follows:

	2009	2008
Capital assets	$ 32,740,558	$ 32,799,670
Amounts financed by:		
Deferred contributions	(28,730,941)	(28,033,426)
Long-term debt	(674,196)	(3,355,827)
	$ 3,335,421	$ 1,410,417

5. CAPITAL ASSETS

	2009		
	Cost	Accumulated Amortization	Net Book Value
Land and land improvements	$ 599,060	$ 294,735	$ 304,325
Buildings	46,650,038	22,137,865	24,512,173
Computer equipment	1,614,900	1,325,872	289,028
Equipment	5,215,021	2,770,963	2,444,058
Construction in Progress	2,458,884	0	2,458,884
Energy Retro Fit Guarantee	2,732,090	0	2,732,090
	$59,269,993	$26,529,435	$32,740,558

	2008		
	Accumulated Cost	Net Amortization	Book Value
Land and land improvements	$ 599,060	$ 286,342	$ 312,718
Buildings	43,739,977	19,706,135	24,033,842
Computer equipment	1,620,226	1,268,767	351,459
Equipment	5,083,700	2,508,015	2,575,685
Construction in Progress	2,604,557	0	2,604,557
Energy Retro Fit Guarantee	2,921,409	0	2,921,409
	$56,568,929	$23,769,259	$32,799,670

6. ACCRUED PRE-RETIREMENT OBLIGATIONS

	2009	2008
Members of the Health Employees Pension Plan and Civil Service Superannuation Plan	$3,567,943	$3,894,222

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

(i) have ten years service and have reached the age of 55 or
(ii) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee
(iii) retire at or after age 65
(iv) terminate employment at any time due to permanent disability

The Authority undertook an actuarial valuation April 24, 2009 of the accrued retirement entitlements as at March 31, 2009. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.50%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

Funding for the retirement obligation is recoverable from Manitoba Health on an out of globe basis in an amount equal to the amount receivable at March 31, 2004 of $2,654,372.

7. REVENUE FROM MANITOBA HEALTH

Revenue as per Manitoba Health's March 15/09 funding document		$73,882,996
Add: Accruals approved by Manitoba Health:		
Capital Operation Cost – The Pas Dialysis	377,040	
Patient Safety Coordinator	5,270	
NLM Structural Floor Project	1,569	
Wage Standardization	147,896	
Medical Remuneration (Estimated)	1,487,670	2,019,445
Deduct:		
Payments on prior year receivables	1,080,570	
MHHL advances	2,200,000	
Deferred equipment 09/10	272,000	
Ancillary Program	610,136	
Ambulance	248,473	
Other	148,650	4,559,829
Total funding approved by Manitoba Health		71,342,612
Deduct: Amounts recorded as deferred contributions		
PCH Reserve	8,160	
Major Repairs and improvement and Equipment	416,797	
Debt Servicing	552,542	
Contribution for Basic Equipment	237,600	1,215,099
Revenue from Manitoba Health		$70,127,513

8. 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 Accountant's Handbook section 3461.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimate, in consultation with its actuaries, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, 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 employer contributions to the Plan to remain a constant percentage of employee' 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, 2004, indicates that the plan is fully funded. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to $2,166,649 (2008 - $1,903,307) and are included in the statement of operations.

Some of the employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the plan by the Authority and its employees.

9. RELATED ENTITIES

The Pas Health Complex Foundation, Inc. (the Foundation) is a non-profit voluntary association whose purpose is the betterment of health care at The Pas Health Complex facilities. While there is no formal relationship between the Authority and this registered Charitable Foundation, the aims and objectives coincide. The Authority regularly provides the Foundation with a listing of project/equipment requirements for the Foundation to consider in their annual funding process. During the year the Authority received donated equipment valued at $42,131 (2008 - $17,266).

10. ENERGY RETROFIT/MANUFACTURER'S LIFE INSURANCE COMPANY LOAN

During the year, the Health Authority entered into an agreement with the Government of Canada, Department of Natural Resource to receive Energy Retro-Fit Assistance. Under the terms of the agreement, MCW Custom Energy Solutions Ltd (MCW) manages and contracts the work to be performed with the amounts, net of the grants, funded by Manufacturers Life Insurance Company (Manufacturers). The Health Authority pays a monthly amount equivalent to the energy savings to Manufacturers with MCW providing an annual payment to the Health Authority for any deficiency of estimated energy savings to actual energy savings.

Although this project is expenditure neutral, the asset and loan have been reflected in these financial statements to ensure payments to third parties are adequately reflected. An expected payout of September, 2021 is implicit in this project with interest at the rate of 6.3%.

11. COMMITMENTS

(a) The Authority has entered into a 5 year operating lease at $60,000 per annum and two 15 year operating leases totalling $211,200 per annum for buildings housing some of its operations. Annual lease payments over the next five years are as follows:

2010	$271,200
2011	$211,200
2012	$211,200
2013	$211,200
2014	$211,200

Aggregate future minimum operating lease payments total $2,654,400.

(b) The Authority, on behalf of the Province of Manitoba, is making payments of principal and interest related to Province of Manitoba long-term debt. The $3,089,537 principal balance is reflected as deferred contributions related to capital assets. Funding is received from the Province for the principal and interest payments. Principal payments are estimated over the next five years as follows:

2010	$449,080
2011	$449,080
2012	$404,089
2013	$303,400
2014	$303,400

12. CAPITAL LEASE

The Authority has entered into a 6 year capital lease with the Royal Bank of Canada to purchase beds costing $294,532. Lease payments of $4,846 per month include interest at 5.74%. Lease principal payments over the next five years are as follows:

2010	$ 47,946
2011	$ 50,771
2012	$ 53,764
2013	$ 47,126
2014	$ 0

Aggregate future capital lease payments total $222,916 including $23,309 of imputed expenses.

BDO Dunwoody LLP/s.r.l.
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Auditors' Report

To the Board of Directors of
NORTH EASTMAN HEALTH ASSOCIATION INC.

We have audited the statement of financial position of **NORTH EASTMAN HEALTH ASSOCIATION INC.** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association'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, the financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 22, 2009

NORTH EASTMAN HEALTH ASSOCIATION INC.
Statement of Financial Position

March 31	2009	2008
Assets		
Current Assets		
Cash and bank	**$ 5,259,554**	$ 3,815,849
Accounts receivable (Note 3)	**728,877**	689,707
Due from Manitoba Health (Note 4)	**235,293**	162,627
Inventories	**656,674**	615,265
Prepaid expense	**186,970**	138,849
Employee benefits recoverable (Note 5)	**1,796,024**	1,796,024
	8,863,392	7,218,321
Retirement obligations recoverable (Note 5)	**1,729,643**	1,729,643
Capital assets (Note 6)	**30,480,484**	30,505,325
	$ 41,073,519	$ 39,453,289
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 2,855,431**	$ 2,355,037
Employee benefits payable (Note 5)	**2,973,431**	2,583,206
Current portion of long-term debt (Note 7)	**92,476**	89,019
	5,921,338	5,027,262
Accrued retirement obligations (Notes 5 and 13)	**2,514,131**	2,418,342
Long-term debt (Note 7)	**1,101,281**	1,193,758
Deferred Contributions		
Expenses of future periods (Note 8a)	**1,751,218**	1,428,011
Capital assets (Note 8b)	**28,625,025**	28,425,242
	33,991,655	33,465,353
	39,912,993	38,492,615
Commitments and contingencies (Note 11)		
Net Assets		
Investment in capital assets (Note 9)	**1,153,640**	1,183,918
Externally restricted (Note 1)	**237,748**	245,963
Unrestricted - RHA	**(230,862)**	(469,207)
	1,160,526	960,674
	$ 41,073,519	$ 39,453,289

Approved on behalf of the Board of Directors:

________________________________ Director

________________________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

NORTH EASTMAN HEALTH ASSOCIATION INC.
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Manitoba Health income (Note 10)	**$ 48,145,729**	44,064,541
Non-Insured income	**3,029,021**	2,826,837
Offset and other income	**2,903,059**	2,478,194
Amortization of deferred contributions	**1,587,653**	1,499,647
Ancillary income	**236,181**	306,429
	55,901,643	51,175,648
Expenditures		
Acute care services	**12,722,094**	11,396,064
Amortization of capital assets	**1,587,487**	1,508,416
Ancillary operations amortization	**94,290**	63,425
Ancillary operations operating expenditures	**213,595**	285,115
Community based home care	**5,840,743**	5,516,701
Dialysis	**393,614**	371,058
Health promotion/prevention and primary care	**7,330,445**	6,444,771
Interest on long-term debt	**40,286**	39,213
Lab and imaging services	**2,730,976**	2,515,190
Land ambulance program	**3,430,338**	2,677,388
Long-term care services	**15,401,100**	14,470,010
Medical remuneration	**2,734,385**	2,701,611
Northern patient transportation program	**181,974**	152,774
Regional health authority	**3,000,464**	2,665,414
	55,701,791	50,807,150
Excess of revenue over expenditures for the year	**$ 199,852**	$ 368,498

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

NORTH EASTMAN HEALTH ASSOCIATION INC.
Statement of Changes in Net Assets

March 31	Investment in Capital Assets (Note 9)	Externally Restricted (Note 1)	Unrestricted RHA	2009 Total	2008 Total
Balance, beginning of year	$ 1,183,918	$ 245,963	$ (469,207)	$ 960,674	$ 652,966
Transfers from (to) unrestricted net assets	55,631	-	(55,631)	-	-
Sale of building	-	-	-	-	(58,300)
Purchase of equipment from other funds	8,215	(8,215)	-	-	(2,490)
Excess (deficiency) of revenue over expenditures for the year	(94,124)	-	293,976	199,852	368,498
Balance, end of year	$ 1,153,640	$ 237,748	$ (230,862)	$ 1,160,526	$ 960,674

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

NORTH EASTMAN HEALTH ASSOCIATION INC.
Statement of Cash Flows

March 31		2009		2008
Cash Flows from Operating Activities				
Excess of revenue over expenditures for the year	**$**	**199,852**	$	368,498
Adjustments for				
Amortization of capital assets		**1,681,777**		1,571,841
Amortization of deferred contributions related to capital assets		**(1,587,653)**		(1,499,647)
Net change in employee benefits		**486,014**		265,512
Write off of asset		**65,503**		-
		845,493		706,204
Changes in non-cash working capital				
Accounts receivable		**(39,170)**		91,541
Due from/to Manitoba Health		**(72,666)**		491,496
Inventories		**(41,409)**		(106,167)
Prepaid expense		**(48,121)**		(20,289)
Accounts payable and accrued liabilities		**500,394**		185,914
		1,144,521		1,348,699
Cash Flows from Investing Activities				
Purchase of capital assets		**(1,656,950)**		(1,139,438)
Cash Flows from Financing Activities				
Advances on long-term debt		**-**		35,000
Repayment of long-term debt		**(89,019)**		(83,018)
Increase in deferred contributions related to expenses of future periods, net		**323,207**		163,144
Receipt of deferred contributions related to capital assets		**1,721,946**		973,443
		1,956,134		1,088,569
Net increase in cash		**1,443,705**		1,297,830
Cash, beginning of year		**3,815,849**		2,518,019
Cash, end of year	**$**	**5,259,554**	$	3,815,849

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

March 31, 2009

These financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Revenue Recognition

The Association follows the deferral method of accounting for contributions, which include donations and government grants.

Under the Health Insurance Act and Regulations thereto, the Association is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by Manitoba Health after completion of their review of the Association's accounts.

In-Globe funding is funding approved by Manitoba Health for Regional Health Association 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 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 Association, or repaid to Manitoba Health.

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

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

Revenue Recognition (continued)

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 Association, 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 Association. Any unapproved costs not paid by Manitoba Health are absorbed by the Association.

Any adjustments will be reflected in the year the final statement of recommended costs is received from Manitoba Health.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

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.

Revenue from the Provincial Insurance Plan and marketed services is recognized when the goods are sold or the service is provided.

Inventories

Inventories are valued at lower of cost net realizable value. Cost is generally determined on an average cost basis.

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Contributed Services

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 financial statements.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the facility's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements	5% - 10%
Buildings	2% - 5%
Leasehold improvements	5%
Building service equipment	4% - 10%
Equipment	5% - 20%
Vehicles	8% - 15%
Software and licenses	20%

Compensated Absences

Compensation expense is accrued for all employees as entitlement to these payments is earned in accordance with the Association's benefit plans for vacation, statutory holiday and retirement allowances.

Financial Instruments

The Association utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Association classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Association's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of cash and bank. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Financial Instruments (continued)

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of accounts receivable, amounts due from Manitoba Health, employee benefits recoverable and retirement obligations receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other Financial Liabilities - Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accrued liabilities. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Use of Estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Association, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Association is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation - On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument disclosures and presentation. The Association elected to defer application of these standards.

New Accounting Pronouncements (continued)

Financial Statements by Not-for-Profit Organizations - In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The Association continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition and Basis of Financial Statements

North Eastman Health Association Inc. ("the Association") was incorporated under the Health Authorities Act on April 1, 1997. The Association is principally involved in providing health care services to the north-eastern regions of Manitoba. The Association 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.

These financial statements include the following sites and services:

Beausejour District Ambulance
Beausejour Health Centre
Bissett Ambulance
East-Gate Lodge
Kin Place Health Complex
Lac du Bonnet Ambulance
Lac du Bonnet PCH and Health Centre
Pinawa Ambulance
Pinawa Hospital
Pine Falls Ambulance
Pine Falls Health Complex
Reynolds Ambulance
Springfield Ambulance
Springfield Handivan
Stony Plains Terrace
Sunnywood Manor PCH
Whitemouth District Ambulance
Whitemouth District Health Centre
Whitemouth Handivan
Winnipeg River Handivan

Capital Management

The Association considers its capital to be comprised of its externally restricted and unrestricted net assets as well as its Investment in Capital Assets. There have been no changes in what the Association considers to be its capital since the previous period.

Externally Restricted Net Assets

Externally restricted net assets shall only be expended on items and/or projects that are authorized jointly by the Board of Directors of North Eastman Health Association Inc. and the contributing organizations.

2. Change in Accounting Policy

Capital Disclosures - On April 1 , 2008 the Association adopted a requirement of the CICA to provide disclosure about how it manages its net assets. (See Note 1)

3. Accounts Receivable

	2009	2008
Ambulance	**$ 230,287**	$ 216,877
Canada Revenue Agency - GST Rebate	**200,411**	210,378
Clients	**59,079**	75,325
Other	**239,100**	181,538
Receivable from foundations	**-**	5,589
	$ 728,877	$ 689,707

4. Due (to) from Manitoba Health

	2009	2008
In-Globe funding	**$ 728,589**	$ 1,046,079
Approved capital funding	**164,032**	123,296
Out-of-Globe funding	**(359,705)**	(317,476)
MSSP Payroll and PCH drug program	**(297,623)**	(689,272)
	$ 235,293	$ 162,627

5. Employee Benefits Recoverable/Payable

The Association records a provision for accrued vacation entitlements and retirement obligations. Prior to March 31, 2004 changes in the liability related to vacation and retirement obligations were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs and retirement obligations would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Authority's employees, the related vacation entitlement recoverable and retirement obligation recoverable is collected and re-established up to this maximum amount.

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	**$ 2,583,206**	$ 2,527,641
Net changes in employee benefits	**390,225**	55,565
Balance, end of year	**$ 2,973,431**	$ 2,583,206

5. Employee Benefits Recoverable/Payable (continued)

An analysis of the changes accrued in the accrued retirement obligations is as follows:

	2009	2008
Balance, beginning of year	**$ 2,418,342**	$ 2,208,395
Net changes in retirement obligations	**95,789**	209,947
Balance, end of year	**$ 2,514,131**	$ 2,418,342

6. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 333,035**	**$ -**	$ 333,034	$ -
Land improvements	**463,273**	**355,514**	463,273	336,778
Buildings	**42,813,668**	**16,063,266**	42,870,682	14,913,894
Leasehold improvements	**118,851**	**13,590**	14,399	8,411
Building service equipment	**1,175,580**	**150,060**	233,794	122,320
Equipment	**8,879,029**	**6,792,567**	8,824,138	6,922,650
Vehicles	**694,296**	**622,251**	939,049	868,991
Software and licenses	**-**	**-**	51,395	51,395
	$ 54,477,732	**$ 23,997,248**	$ 53,729,764	$ 23,224,439
		$ 30,480,484		$ 30,505,325

7. Long-term Debt

	2009	2008
CMHC mortgage payable, bearing interest at a rate of 4.39% per annum, due January 1, 2020 and requiring monthly principal and interest payments of $7,587 secured by a mortgage on the land and buildings.	**$ 785,307**	$ 840,939
CMHC mortgage payable, bearing interest at a rate of 4.17% per annum, due June 1, 2020 and requiring monthly principal and interest payments of $3,573 secured by a mortgage on the land and buildings.	**385,117**	411,505
Loan payable, bearing interest at a rate of 0% per annum, due July 6, 2012 and requiring monthly principal and interest payments of $583.	**23,333**	30,333
	1,193,757	1,282,777
Current portion of long-term debt	**92,476**	89,019
	$ 1,101,281	$ 1,193,758

Principal payments due in the next five years and thereafter are as follows:

2010	$ 92,476
2011	96,209
2012	100,015
2013	99,585
2014	101,412
Thereafter	704,060
	$ 1,193,757

8. Deferred Contributions

(a) Expenses of Future Periods

Deferred contributions related to expenses of future periods represent the unspent externally restricted grants and donations for research and other purposes.

	2009	2008
Balance, beginning of year	**$ 1,428,011**	$ 1,333,252
Amounts received related to future periods	**1,257,985**	1,156,020
Amounts amortized to revenue	**(844,238)**	(992,876)
Funding amounts transferred to capital assets	**(90,540)**	(68,385)
Balance, end of year	**$ 1,751,218**	$ 1,428,011

(b) Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or approved borrowings.

	2009	2008
Balance, beginning of the year	**$ 28,425,242**	$ 29,330,414
Increase from Pinawa Construction	**893,517**	157,271
Increase for specialized equipment	**2,084**	-
Additional contributions received/receivable	**876,795**	819,318
Amounts transferred from expenses of future periods	**90,540**	68,385
Amounts amortized to revenue in the year	**(1,587,653)**	(1,499,647)
Transfer of capital assets to Diagnostic Services Manitoba	**-**	(450,499)
Transfer of handivan replacement funding to the Town of Lac du Bonnet	**(75,500)**	-
Balance, end of the year	**$ 28,625,025**	$ 28,425,242

	2009	2008
Comprised of:		
Unspent	**$ 470,909**	$ 436,133
Spent	**28,154,116**	27,989,109
Balance, end of the year	**$ 28,625,025**	$ 28,425,242

9. Investment in Capital Assets

Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	$ 30,480,484	$ 30,505,325
Amounts financed by		
Deferred contributions	(28,154,116)	(27,989,109)
Mortgages payable	(1,193,757)	(1,282,777)
Due to (from) operating account	21,029	(49,521)
	$ 1,153,640	$ 1,183,918

Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess of revenues over expenditures		
Amortization of deferred contributions related to capital assets	$ 1,587,653	$ 1,499,647
Amortization of capital assets	(1,681,777)	(1,571,841)
	$ (94,124)	$ (72,194)
Net changes in investment in capital assets		
Purchase of capital assets	$ 1,656,950	$ 1,139,438
Amounts funded by		
Deferred contributions	(709,570)	(777,664)
Specialized equipment	(2,084)	-
Due to operating account	(2,307)	(79,844)
Deferred contributions - Pinawa construction	(844,234)	(157,271)
Transfers		
Deferred contributions - expenses of future periods (net)	(90,540)	(68,385)
- unrestricted net assets	55,631	53,106
Sale of building	-	(58,300)
	$ 63,846	$ 51,080
Total change in net assets invested in capital assets	$ (30,278)	$ (21,114)

10. Manitoba Health Income

		2009	2008
Revenue as per Manitoba Health's final funding document		**$ 45,213,840**	$ 42,316,416
Add:	Public Health Programs	**562,413**	543,671
	Nurse recruitment and retention	**20,747**	40,284
	Other	**6,336**	6,151
	MSSP payroll	**3,130,007**	1,514,462
	PCH Drug program	**372,509**	210,463
Deduct:	Amounts related to prior year	**(77,136)**	(430,312)
Total Funding Approved by Manitoba Health		**49,228,716**	44,201,135
Add:	Salary funding receivable - MGEU & MNU	**332,034**	641,169
	Immunization programs	**-**	44,809
	Wait list funding	**-**	410
	Out-of-globe - capital	**189,704**	114,966
	Other	**144,787**	11,759
	Interfacility transfer	**124,797**	122,493
Deduct:	Amounts recorded as deferred contributions	**(1,488,932)**	(753,690)
	Medical remuneration	**(359,705)**	(317,476)
	Out-of-globe - Interest	**(25,672)**	(1,034)
Revenue from Manitoba Health		**$ 48,145,729**	$ 44,064,541

11. Commitments and Contingencies

a) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2009, management believes the Association has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Association's financial position.

b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

11. Commitments and Contingencies (continued)

c) The Association has entered into various operating leases for its operations. The minimum annual payments for the next five years are as follows:

2010	$	177,171
2011		179,610
2012		182,098
2013		184,636
2014		187,224

d) Credit facility - The Association has an approved operating line of credit with Sunova Credit Union to a maximum amount of $1.8 million. The line of credit bears interest at prime minus 0.625% and is secured by an authorization letter from Manitoba Health. The line of credit was unutilized at March 31, 2009.

12. Pension Plan

Substantially all of the employees of the Association 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 years of the last eleven years prior to retirement, termination or death, that provides the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants' Handbook Section 3461.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.8% (6.8% in 2008) of basic annual earnings up to the Canada Pension Plan ceiling plus 8.4% (8.4% in 2008) of basic earnings in excess of the Canada Pension Plan ceiling contributed by employees, 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 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 that the Plan is in deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe.

12. Pension Plan (continued)

Certain of the employees of the Association are eligible for membership in the Manitoba Homecare Employees Pension Plan, a multi-employer plan.

Actual contributions to the Healthcare Employees Pension Plan and the Manitoba Homecare Employees Pension Plan made during the year by the Association on behalf of its employees amounted to $1,679,370 ($1,501,034 in 2008) and are included in the statement of operations.

Many of the employees of the Association are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Association employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participation in the pension plan by the Association and its employees.

13. Accrued Retirement Obligations

Accrued retirement obligations are based on an actuarial valuation as at March 31, 2009.

The Association has a contractual commitment, based on an actuarial valuation, for pre-retirement entitlement for members of the Health Employees Pension Plan and members of the Civil Service Superannuation Fund to pay out to employees four days salary per year of service upon retirement if they comply with one of the following conditions:

- have ten years service and have reached the age 55;
- qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee;
- retire at or after age 65;
- terminate employment at any time due to permanent disability.

The significant actuarial assumptions adopted in measuring the Association's accrued retirement entitlements include mortality and withdrawals rates, a discount rate of 6.7% (5.5% in 2008) and a rate of salary increase of 3.5% (3.5% in 2008) plus an age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual in-globe funding to the Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

14. Financial Risk Management

The Association is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Association's objective in risk management is to optimize the risk return trade-off, within set limits, by applying intergrated risk management and control strategies, policies and procedures throughout the Association's activities.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Association to credit risk consist principally of accounts receivable.

The Association's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2009	2008
Accounts receivable	**$ 728,877**	$ 689,707
Due from Manitoba Health	**235,293**	162,627
Employee benefits recoverable	**1,796,024**	1,796,024
Retirement obligations recoverable	**1,729,643**	1,729,643
	$ 4,489,837	$ 4,378,001

Accounts receivable: The Association is not exposed to significant credit risk as the receivable is spread among a large client base and geographic region and payment in full is typically collected when it is due. The Association establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management’s estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from Manitoba Health and employee benefits and retirement obligation recoverable. The Association is not exposed to significant credit risk as the receivable is from the Province of Manitoba.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association is not exposed to significant interest rate risk. Its cash is held in short-term or variable rate products.

14. Financial Risk Management (continued)

The Association is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal and the Authority is not exposed to other price risk.

Fair Value

The carrying values of cash, accounts receivable, amounts due from (to) Manitoba Health, Employee benefits recoverable and retirement obligations recoverable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

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. 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

Auditors' Report

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, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Brandon, Manitoba

June 12, 2009

Chartered Accountants

Parkland Regional Health Authority Inc.
Consolidated Statement of Financial Position
As at March 31, 2009

	Affiliates	*Devolved*	***2009***	*2008*
Assets				
Current				
Cash	2,085,648	7,038,001	**9,123,649**	6,517,389
Current investments *(Note 6)*	-	101,955	**101,955**	18,920,521
Accounts receivable *(Note 4)*	184,495	1,656,676	**1,841,171**	2,373,789
Due from Manitoba Health *(Note 5)*	-	822,745	**822,745**	2,506,538
Inventory	184,804	1,184,857	**1,369,661**	1,476,646
Prepaid expenses	73,052	524,084	**597,136**	676,245
Inter-facility	(1,307,593)	1,307,593	**-**	-
	1,220,406	12,635,911	**13,856,317**	32,471,128
Long-term investments *(Note 6)*	-	-	**-**	-
Capital assets *(Note 7)*	8,990,757	73,964,523	**82,955,280**	81,898,952
Trust assets	2,389	33,378	**35,767**	33,535
Manitoba Health receivable –employee benefits obligation *(Note 8)*	1,900,382	8,267,391	**10,167,773**	10,167,773
	12,113,934	94,901,203	**107,015,137**	124,571,388

Continued on next page

Parkland Regional Health Authority Inc.
Consolidated Statement of Financial Position
As at March 31, 2009

	Affiliates	*Devolved*	***2009***	*2008*
Continued from previous page				
Liabilities				
Current				
Lines of credit	70,000	-	**70,000**	12,615
Accounts payable and accruals	1,788,452	7,722,660	**9,511,112**	9,501,288
Employee benefits payable *(Note 8)*	1,426,156	7,938,718	**9,364,874**	9,000,324
Current portion of long-term debt *(Note 9)*	-	-	**-**	80,450
	3,284,608	15,661,378	**18,945,986**	18,594,677
Other long-term liabilities	-	52,919	**52,919**	-
Deferred benefits entitlement *(Note 8)*	598,324	2,679,011	**3,277,335**	3,866,015
Deferred contributions *(Note 12)*	8,723,961	75,497,767	**84,221,728**	104,506,819
Trust liabilities	2,389	33,378	**35,767**	33,535
	9,324,674	78,263,075	**87,587,749**	108,406,369
Net Assets				
Invested in capital assets *(Note 13)*	703,414	2,140,156	**2,843,570**	2,566,506
Internally restricted net assets	233,494	371,426	**604,920**	267,064
Unrestricted net assets	(1,432,256)	(1,534,832)	**(2,967,088)**	(5,263,228)
	(495,348)	976,750	**481,402**	(2,429,658)
	12,113,934	94,901,203	**107,015,137**	124,571,388

Approved on behalf of the Board

________________________ **Director** ________________________ **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, 2009

	Invested in capital assets	*Internally restricted for capital purposes*	*Unrestricted*	***2009 Total***	*2008 Total*
Balance, beginning of year	2,566,506	267,064	(5,263,228)	**(2,429,658)**	(720,942)
Reclassification *(Note 17)*	48,306	(18,848)	2,588,747	**2,618,205**	(254,382)
Restated	2,614,812	248,216	(2,674,481)	**188,547**	(975,324)
Excess (deficiency) of revenues over expenses	(293,433)	3,939	582,349	**292,855**	(946,202)
Investment in capital assets	533,405	(379,781)	(153,624)	-	-
Internal transfers	(11,214)	732,546	(721,332)	-	-
Net assets transferred/amalgamated	-	-	-	-	(508,132)
Balance, end of year	2,843,570	604,920	(2,967,088)	**481,402**	(2,429,658)

	Affiliates	*Devolved*	***2009***	*2008*
Revenues				
Manitoba Health operating income *(Note 10)*	15,012,126	94,220,640	**109,232,766**	101,478,526
Patient income	2,699,914	5,074,588	**7,774,502**	7,613,567
Other income	391,592	3,715,293	**4,106,885**	3,536,998
Amortization of deferred contributions	497,306	3,559,227	**4,056,533**	3,965,868
	18,600,938	106,569,748	**125,170,686**	116,594,959
Expenses				
Acute care	6,760,087	42,810,854	**49,570,941**	45,726,547
Long-term care	11,052,228	25,459,805	**36,512,033**	33,975,407
Community and mental health	-	10,227,190	**10,227,190**	9,427,228
Homecare	127,873	11,781,905	**11,909,778**	11,819,246
Emergency response and transport	-	4,883,074	**4,883,074**	4,002,932
Parkland Regional Hospital Laundry Ltd.	-	-	**-**	1,053,966
Regional health costs *(Note 11)*	-	2,106,180	**2,106,180**	1,848,164
Medical remuneration – non global	233,765	4,577,420	**4,811,185**	4,399,636
Pre-retirement	124,042	345,332	**469,374**	939,539
Amortization of capital assets	589,773	3,796,119	**4,385,892**	4,338,762
Interest on long-term obligations	-	2,184	**2,184**	9,734
	18,887,768	105,990,063	**124,877,831**	117,541,161
Excess (deficiency) of revenues over expenses	(286,830)	579,685	**292,855**	(946,202)

Parkland Regional Health Authority Inc.
Consolidated Statement of Cash Flows
For the year ended March 31, 2009

	Affiliates	*Devolved*	***2009***	*2008*
Cash provided by (used in)				
Operations				
Deficiency of revenues over expenses	(286,830)	579,685	**292,855**	(946,202)
Items not involving cash:				
Gain on disposal of capital assets	(576)	-	**(576)**	-
Amortization of capital assets	589,773	3,796,118	**4,385,891**	4,338,762
Amortization of deferred contributions	(497,306)	(3,559,227)	**(4,056,533)**	(3,965,868)
	(194,939)	816,576	**621,637**	(573,308)
Changes in non-cash operating working capital				
Temporary investments	-	18,818,566	**18,818,566**	(18,749,761)
Lines of Credit	57,385	-	**57,385**	-
Due from Manitoba Health	-	1,683,793	**1,683,793**	1,033,761
Other working capital	(41,195)	598,941	**557,746**	1,636,983
	16,190	21,101,300	**21,117,490**	(16,079,017)
Financing and Investing				
Purchase of capital assets	(1,170,695)	(4,248,707)	**(5,419,402)**	(8,534,837)
Disposal of capital assets	16,619	28,840	**45,459**	1,237,272
Purchase of long-term investments	-	-	-	17,357,424
Disposal of investments	(2,510)	-	**(2,510)**	-
Increase (decrease) in line of credit	-	-	-	(189,456)
Deferred contributions	1,181,947	(14,857,911)	**(13,675,964)**	8,424,914
Interfacility	904,760	(904,760)	-	-
Repayment of long-term debt	-	(80,450)	**(80,450)**	(83,330)
	930,121	(20,062,988)	**(19,132,867)**	18,211,987
Increase in cash during the year	751,372	1,854,888	**2,606,260**	1,559,662
Cash, beginning of year	1,334,276	5,183,113	**6,517,389**	4,957,727
Cash, end of year	2,085,648	7,038,001	**9,123,649**	6,517,389

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

Capital disclosures

Effective April 1, 2008, the Organization adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures about capital. Section 1535 Capital Disclosures establishes standards for disclosing what an entity regards as capital and an entity's objectives, policies and processes for managing its capital. The Section also prescribes disclosure regarding whether an entity has complied with any externally imposed capital requirements, and if not, the consequences of such non-compliance. The adoption of this new standard did not have a material impact on the Organization's consolidated financial statements.

Inventory

Effective April 1, 2008, the Organization adopted the Canadian Institute of Chartered Accountants' new recommendation for inventory under CICA 3031 Inventories. The new Section provides guidance on the measurement and disclosure of inventories. The new recommendation establishes that inventories should be measured at the lower of cost and net realizable value and provides guidance on the determination of cost. There was no material impact on the financial statements from the retrospective application of the new accounting recommendations

3. Significant accounting policies

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

Basis of 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.

3. Significant accounting policies *(continued)*

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.
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

Affiliates:

McCreary/Alonsa Health Centre
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 will devolve 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.

3. Significant accounting policies *(continued)*

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

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.

3. Significant accounting policies *(continued)*

Financial instruments

Held for trading:
The Organization has classified the following financial assets and liabilities as held for trading: cash. 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.

Recent accounting pronouncements

Financial instrument deferral of Section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation* to replace Section 3861 *Financial Instruments – Disclosure and Presentation.* The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by a not-for-profit organization
In September 2008, amendments were made to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-profit Organizations.* Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 *Cash Flow Statements* and Section 1751 *Interim Financial Statements* are applicable to not-for-profit organizations.

3. Significant accounting policies *(continued)*

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 fundraising and general support expenses to other functions 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 fundraising and general support functions and the amounts and functions to which they have been allocated.

4. Accounts receivable

	2009	*2008*
Accrued interest	**11,484**	7,908
Ambulance	**195,396**	229,692
Ambulance - Health Canada First Nations Inuit Health	**219,008**	270,840
Apotex Inc. – Signet	**-**	75,962
Dauphin General Hospital Foundation	**22,205**	75,394
Diagnostic Services Manitoba	**-**	193,895
Employee Education Advances	**106,883**	95,232
Health Sciences Centre – Provincial Dialysis Program	**23,684**	61,976
Other	**756,563**	944,859
Province of Manitoba	**80,000**	-
QA Adjusting Company	**68,613**	154,286
Residents/ Patients	**205,867**	253,784
St. Paul's Home Auxillary	**16,610**	-
St. Paul's Home Foundation Inc.	**38,336**	-
Swan Valley Health Facilities Foundation Inc.	**46,941**	4,443
Swan Valley Shipper's Association	**26,201**	-
University of Manitoba	**23,380**	5,518
	1,841,171	2,373,789

5. Due from Manitoba Health

	2009	*2008*
Current years Operating Funding	**1,091,788**	2,187,355
Out of Globe – 2008/2009	**(455,606)**	-
Out of Globe – 2007/2008	**(368,224)**	(615,719)
Approved Capital Funding	**271,594**	588,586
Ambulance Interfacility Transfers and Lifeflights	**283,193**	346,316
	822,745	2,506,538

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.

5. Due from Manitoba Health (continued)

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.

6. Investments

	2009	*2008*
Manitoba Health sinking fund – trust account, consisting of various short-term and long-term investments matured as the sinking funding payment of $20,550,000 came due August 2, 2008. Manitoba Health funded a shortfall of $1,516,927.	-	18,820,271
Royal Bank money market funds earning an annual rate of .04%. Fair market value of fund is 101,955.	**101,955**	100,250
	101,955	18,920,521
Amount due within one year included in current investments	**(101,955)**	(18,920,521)
	-	-

7. Capital assets

	Cost	*Accumulated Amortization*	*2009 Net Book Value*	*2008 Net Book Value*
Land	**581,013**	**-**	**581,013**	606,685
Buildings	**109,848,005**	**39,784,577**	**70,063,428**	67,029,206
Equipment	**35,485,939**	**24,811,021**	**10,674,918**	6,166,172
Construction in progress	**1,635,921**	**-**	**1,635,921**	8,096,889
	147,550,878	**64,595,598**	**82,955,280**	81,898,952

8. 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.

Benefit entitlement obligation
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 6.70% (5.50% in 2008) and a rate of salary increase of 3.5% (3.5% in 2008) 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 2008) of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees and 8.4% (8.4% in 2008) 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 $3,866,382 (2008 – $3,652,753) and are included in the statement of operations.

9. Long-term debt

	2009	*2008*
Debenture Payable		
Held for the Gilbert Plains Health Centre Inc. by the Province of Manitoba, matured June 1, 2008	-	80,450
Amount due within one year included in current liabilities	-	(80,450)

10. Manitoba Health operating income

		2009	*2008*
Revenue as per Manitoba Health's final funding document		**108,729,505**	101,679,338
Add:	Wage Settlements	**687,795**	1,708,562
	Medical Remuneration Adjustments	**60,000**	84,681
	Critical Incident Project Management Funding	**41,800**	-
	Renal Unit Expansion	**40,377**	46,669
	SSGL Expansion	-	15,000
	Provincial Data Network Funding	**14,100**	3,428
	Relationships by Objective Funding	**7,619**	-
		109,581,196	103,537,678
Deduct:	Non-Global surplus repayable for 2008/09	**(415,875)**	(479,427)
Total funding approved by Manitoba Health		**109,165,321**	103,058,251
Add separately funded programs:			
	Emergency Services Billings	**1,520,466**	1,439,378
	STI/HIV Control	**106,100**	-
	Immunization Program	**31,927**	104,635
	Influenza Program	**78,005**	77,585
	Community Health Needs Assessment	**98,777**	4,033
	Information Technology Training	-	6,752
	Non Global Adjustments	**451,455**	391,771
	Chronic Disease Prevention Initiative	**76,025**	73,506
	Risk Factor and Complication Assessment Funding	**16,680**	12,144
	Med2020 Maintenance	-	59,335
	Telepsychiatry Clinics	**6,794**	16,842
	Board expenses	**10,274**	2,921
	Workplace Health and Safety – Lift and Transfer expenses	-	3,214
	Provincial Client Registry	-	2,641
	Phillipine Nurse Recruitment	**8,285**	-
		111,570,109	105,253,008
Deduct:	Amounts recorded as deferred contributions for:		
	- Long-term debt	**(634,661)**	(824,065)
	- Equipment funding	**(482,304)**	(459,870)
	- Major repairs	**(37,495)**	(37,495)
	- Capital interest on loans reclassified to deferred contributions	**(1,182,883)**	(2,453,052)
Revenue from Manitoba Health		**109,232,766**	101,478,526

11. Regional Health Authority Inc. costs

	2009	*2008*
Corporate office salaries	**1,121,717**	865,699
Corporate office benefits	**182,721**	146,361
Expenses paid on behalf of facilities	**141,890**	228,304
Board expenses	**112,009**	77,938
Recruitment	**89,105**	28,000
Medical Remuneration - Global	**233,883**	223,223
Other	**224,855**	278,639
	2,106,180	1,848,164

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	*2009*	*2008*
Balance, beginning of year	290,514	3,303,698	94,777,785	**98,371,997**	94,708,018
Reclassification	85,613	(399,384)	(2,334,362)	**(2,648,133)**	248,580
Capital asset additions	(80,499)	(1,458,225)	4,841,166	**3,302,442**	7,301,492
Capital asset disposals	-	-	(18,704)	**(18,704)**	(1,221,413)
Capital funding	-	1,186,789	(13,285,410)	**(12,098,621)**	1,191,007
Interest and donations	173,933	24,525	34,808	**233,266**	148,992
Amortization	(116)	-	(3,843,573)	**(3,843,689)**	(3,965,868)
Other operating expenses	(128,538)	(37,963)	-	**(166,501)**	(38,811)
Balance, end of year	340,907	2,619,440	80,171,710	**83,132,057**	98,371,997
Deferred revenue				**1,089,671**	6,134,822
				84,221,728	104,506,819

13. Invested in capital assets

	Affiliates	Devolved	*2009*	*2008*
Capital Assets	8,990,757	73,964,523	**82,955,280**	81,898,952
Amounts financed by:				
Deferred contributions and revenue related to capital assets	(8,707,736)	(74,424,323)	**(83,132,059)**	(104,052,479)
Long-term debt	-	-	-	(80,450)
Cash – capital	685,392	519,639	**1,205,031**	1,404,593
Temporary investments – capital	-	-	-	79,844
Accounts receivable – capital	-	341,144	**341,144**	368,869
Due from Manitoba Health – capital	-	271,594	**271,594**	588,586
Prepaid expenses – capital	-	344	**344**	14,398
Long-term investments – capital	-	-	-	18,820,271
Accounts payable – capital	-	(163,252)	**(163,252)**	(541,798)
Due from operating account	(264,999)	1,630,487	**1,365,488**	4,065,720
	703,414	2,140,156	**2,843,570**	2,566,506

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, 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.

15. Economic dependence

The Parkland Regional Health Authority Inc. received 87% of its total revenue for the year ended March 31, 2009 from Manitoba Health.

16. Comparative amounts

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

17. Reclassification

During the year it was noted that an adjustment of $2,618,205 was required to the Health Authoritiy's net assets to correct an amount originally posted to deferred contributions.

There was also an adjustment for $67,701 to invested in capital assets due to a change in an accounting estimate for the useful life of the capital assets for Parkland Laundry.

18. 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 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 Note 5, 6, 8, 9, 10, 12 and 13.

19. 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, 2009, the Authority was in compliance with this requirement. 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.

MANAGEMENT'S RESPONSIBILITY

To the Board of Directors of
Regional Health Authority – Central Manitoba Inc.

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

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

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

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

June 16, 2009

Ken Klassen
Vice President of Finance

MEYERS NORRIS PENNY LLP

AUDITORS' REPORT

To the Board of Directors of
Regional Health Authority – Central Manitoba Inc.

We have audited the consolidated statement of financial position of Regional Health Authority – Central Manitoba Inc. as at March 31, 2009 and the consolidated statements of operations, consolidated changes in net assets and the consolidated cash flows for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented in Schedules 1-3 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such supplemental information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Meyers Norris Penny LLP

Portage la Prairie, Manitoba
June 16, 2009

Chartered Accountants

CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
780 SASKATCHEWAN AVE. W., PORTAGE LA PRAIRIE, MB R1N 0M7
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REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Consolidated Statement of Financial Position
March 31, 2009

		2009		2008
ASSETS				
CURRENT				
Cash and short term investments	$	**20,441,935**	$	11,412,063
Accounts receivable, net		**3,225,041**		4,260,019
Accounts receivable - Manitoba Health (Note 5)		-		1,026,402
Inventories		**1,155,690**		1,152,782
Prepaid expenses		**998,188**		1,460,511
Due from Manitoba Health - vacation entitlements		**7,775,928**		7,775,928
		33,596,782		27,087,705
NON-CURRENT				
Due from Manitoba Health - retirement entitlements		**9,106,000**		9,106,000
Capital assets (Note 6)		**80,562,663**		79,229,923
Other assets		**472,323**		163,265
	$	**123,737,768**	$	115,586,893
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	$	**14,405,858**	$	12,977,539
Accounts payable - Manitoba Health (Note 5)		**778,278**		-
Accrued vacation benefit entitlements		**9,996,841**		9,510,989
Current portion of long term debt (Note 7)		**230,364**		212,711
		25,411,341		22,701,239
NON-CURRENT				
Accrued retirement benefit entitlements		**11,488,803**		10,382,720
Long term debt (Note 7)		**2,425,709**		2,566,375
		13,914,512		12,949,095
DEFERRED CONTRIBUTIONS (Note 8)				
Expenses of future periods		**4,050,269**		3,091,315
Capital assets		**76,186,983**		75,069,879
		80,237,252		78,161,194
NET ASSETS				
Invested in capital assets (Note 9)		**1,719,795**		1,381,146
Contract facilities (Note 10)		**1,036,741**		1,227,808
Internally restricted (Note 11)		**270,170**		276,773
Unrestricted		**1,147,957**		(1,110,362)
		4,174,663		1,775,365
COMMITMENTS AND CONTINGENCIES (Note 12)	$	**123,737,768**	$	115,586,893

APPROVED BY THE BOARD OF DIRECTORS

_________________________ **Director**

_________________________ **Director**

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Consolidated Statement of Operations
March 31, 2009

	2009	2008
REVENUE		
Manitoba Health (Note 13)	$ **164,798,291**	$ 153,106,851
Other government departments	**85,457**	59,501
Non-global patient and resident income	**12,693,044**	12,199,145
Other income	**6,188,920**	5,563,830
Amortization of deferred contributions - expenses of future periods	**2,608,993**	2,276,510
Amortization of deferred contributions - capital and foundations	**5,004,007**	4,550,034
Interest and donations	**331,468**	337,886
Ancillary operations (Schedule 1)	**2,394,893**	2,250,650
	194,105,073	180,344,407
EXPENSES		
Acute care services	**64,928,419**	60,497,932
Long term care services	**49,559,572**	46,728,236
Medical remuneration	**13,199,760**	13,272,524
Community based therapy services	**2,454,568**	2,386,535
Community based mental health services	**8,111,538**	8,100,547
Community based home care services	**17,806,330**	17,236,087
Community based health services	**6,320,340**	5,436,945
Land ambulance	**6,470,814**	5,846,964
Regional health authority undistributed	**12,056,865**	10,801,239
Interest on long term debt	**279,290**	361,771
Pre-retirement leave	**3,121,180**	1,699,833
Amortization of capital assets	**5,115,743**	4,661,137
Major repairs	**429,614**	364,100
Donations to foundations	**10,000**	33,150
Ancillary operations (Schedule 1)	**1,974,560**	1,883,824
	191,838,593	179,310,824
EXCESS OF REVENUES OVER EXPENSES	$ **2,266,480**	$ 1,033,583

ALLOCATION OF EXCESS OF REVENUES OVER EXPENSES		
Capital and donations to foundations	$ **(551,350)**	$ (508,353)
Interest and donations	**331,468**	337,886
Ancillary operations	**420,333**	366,826
Health care operations	**2,066,029**	837,224
TOTAL	$ **2,266,480**	$ 1,033,583

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Consolidated Statement of Changes in Net Assets
March 31, 2009

	Invested in Capital Assets	Contract Facilities (Note 10)	Internally Restricted	Unrestricted	2009 Total	2008 Total
Balance, beginning of year before restatement	$ 1,381,146	$ 1,227,808	$ 276,773	$ (1,110,362)	$ 1,775,365	$ 739,521
Prior period adjustment (Note 18)	-	72,198	-	67,223	139,421	-
Balance as restated	1,381,146	1,300,006	276,773	(1,043,139)	1,914,786	739,521
Excess (Deficiency) of revenue over expenses	(211,978)	(83,722)	-	2,562,180	2,266,480	1,033,583
Change in Accounting Policy	-	-	-	-	-	2,261
Repayment of non-Manitoba Health funded long term debt	213,015	(1,302)	-	(211,713)	-	-
Investment in capital assets	337,612	(178,241)	-	(159,371)	-	-
Changes to internally restricted funds	-	-	(6,603)	-	(6,603)	-
Balance, end of year	$ 1,719,795	$ 1,036,741	$ 270,170	$ 1,147,957	$ 4,174,663	$ 1,775,365

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Consolidated Statement of Cash Flows
March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ **2,266,480**	$ 1,033,583
Items not affecting cash		
Amortization of capital assets	**5,239,335**	4,801,600
Amortization of deferred contributions related to expenses of future periods	**(2,732,299)**	(2,341,745)
Amortization of deferred contributions related to capital assets	**(5,027,360)**	(4,595,953)
Changes in non-cash operating working capital items	**4,727,389**	1,106,990
	4,473,545	4,475
FINANCING ACTIVITIES		
Increase (decrease) in accrued vacation and retirement entitlements	**1,591,935**	761,319
Change in internally restricted funds	**(6,603)**	-
Prior period adjustment - net assets	**139,421**	-
Principal payments on long term debt	**(213,015)**	(199,254)
Proceeds from issuance of new debt	**90,000**	-
Increase in deferred contributions related to expenses of future periods	**4,846,146**	3,429,023
Increase in deferred contributions related to capital assets	**4,989,571**	5,402,164
	11,437,455	9,393,252
INVESTING ACTIVITIES		
Change in accounting policy	-	2261
Purchase of capital assets	**(6,572,070)**	(6,151,310)
Change in other assets	**(309,058)**	(5,478)
	(6,881,128)	(6,154,527)
INCREASE IN CASH AND SHORT TERM INVESTMENTS	**9,029,872**	3,243,200
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	**11,412,063**	8,168,863
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	$ **20,441,935**	$ 11,412,063

1. NATURE OF BUSINESS

Regional Health Authority - Central Manitoba Inc. (the Authority) was incorporated under the laws of Manitoba on January 2, 1996. The Authority commenced activity on April 1, 1997. The Authority is principally involved in providing health care services to the central region of Manitoba. The Authority 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. SIGNIFICANT ACCOUNTING POLICIES

Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The following is a summary of significant accounting policies for the Authority:

a) Basis of reporting

The Authority provides health care services through devolved and contract facilities. The contract facilities include Salem Home Inc., Tabor Home Inc., Eden Mental Health Centre, Rock Lake Health District and Prairie View Lodge, Inc..

The health care services provided by the contract facilities are delivered under the control of the Authority as the majority funder. Accordingly, the financial position and results of operations of these related organizations are consolidated in the financial statements of the Authority. A financial summary of these contract facilities is provided in Schedules 2 and 3.

All significant inter-company and inter-divisional transactions have been eliminated. Transactions with non-controlled contract entities and certain non-devolved ambulance services have not been consolidated and the transactions are recorded as a purchased service.

b) Revenue recognition

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

Under the Health Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by Manitoba Health with respect to the year ended March 31, 2009.

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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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 services

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying value is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2%
Major equipment	10% - 20%

Construction in progress is recorded at cost. When the specific project is completed, all capitalized costs are transferred to capital assets.

f) Vacation pay

The Authority records the accrued vacation pay entitlement liability. Funding for the entitlement is recoverable as a component of salary cost funding for the subsequent year.

g) Retirement entitlement obligations

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

h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

i) Long-lived Assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial Instruments

Held for trading:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments - Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Authority has classified the following financial assets and liabilities as held for trading: cash and short term investments and other assets. These instruments are initially recognized at their fair value.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value including interest income are recognized immediately in the statement of operations.

Loans and receivables:

The Authority has classified the following financial assets as loans and receivables: accounts receivable, accounts receivable due from Manitoba Health, due from Manitoba Health - vacation entitlements and due from Manitoba Health - retirement entitlements. These assets are initially recognized at their fair value which is the same as their cost due to the current nature of the asset.

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

Other financial liabilities:

The Authority has classified the following financial liabilities as other financial liabilities: accounts payable, accrued liabilities, wages payable, accrued vacation benefit entitlements and accrued retirement benefit entitlements. These liabilities are initially recognized at their fair value which approximates their cost due to the current nature of these liabilities.

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

The Authority as part of its operations carries a number of financial instruments. It is managements' opinion that the Authority is not exposed to significant interest, currency or credit risks from these instruments except as otherwise noted.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

These amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the changes to the standard to have a material impact on its financial statements.

Financial statement presentation by not-for-profit organizations

CICA Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow NFPOs to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect the change to this standard to have a material impact on its financial statements.

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 fundraising and general support expenses to other functions, 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 fundraising and general support functions and the amounts and functions to which they have been allocated.

This new Section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Authority does not expect this new standard to have a material impact on its financial statements.

Financial instruments deferral of section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector.

Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008. The Authority does not expect this new standard to have a material impact on its financial statements.

4. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008, the Authority adopted the Canadian Institute of Chartered Accountants' new recommendation for inventory under CICA 3031 Inventories. The new Section provides guidance on the measurement and disclosure of inventories. The new recommendation establishes that inventories should be measured at the lower of cost and net realizable value and provides guidance on the determination of cost. There was no material impact on the financial statements from the retrospective application of the new accounting recommendations.

Effective April 1, 2008, the Authority adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures about capital. Section 1535 Capital Disclosures prescribes disclosure regarding whether a non-publicly accountable enterprise has complied with any externally imposed capital requirements, and if not, the consequences of such non-compliance.
The adoption of this new standard did not have a material impact on the Authority's financial statements.

5. ACCOUNTS RECEIVABLE/PAYABLE - MANITOBA HEALTH

Accounts Receivable/Payable - Manitoba Health includes the following:

	2009	2008
Current year's operating funding		
Medical year end adjustments	$ (1,712,446)	$ (1,305,731)
Orthopaedic wait list funding	1,076,043	680,399
Wage standardization	1,310,769	1,996,847
Other program	614,861	459,772
	-	-
	1,289,227	1,831,287
Medical year end adjustment - 2006/2007	(816,915)	(816,915)
Medical year end adjustments - 2007/2008	(1,305,731)	-
Approved capital projects	55,141	12,030
	$ (778,278)	$ 1,026,402

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 by Manitoba Health.

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.

5. ACCOUNTS RECEIVABLE/PAYABLE - MANITOBA HEALTH (continued)

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.

6. CAPITAL ASSETS

	2009 Cost	2009 Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Land	$ 1,037,305	$ -	$ 1,037,305	$ 983,537
Buildings	101,017,873	35,106,196	65,911,677	64,355,062
Major equipment	54,821,466	41,207,785	13,613,681	13,891,324
	$ 156,876,644	$ 76,313,981	$ 80,562,663	$ 79,229,923

7. LONG TERM DEBT

	2009	2008
CMHC mortgage payable in monthly blended installment of $17,071 bearing interest at 4.170% due June 1, 2020. Secured by land and buildings with a net book value of $1,717,985.	$ 1,594,853	$ 1,704,132
CMHC mortgage payable in monthly blended installment of $486 bearing interest at 5.875% due August 1, 2017. Secured by land and buildings with a net book value of $20,628.	38,798	42,272
CMHC mortgage payable in monthly blended installment of $5,683 bearing interest at 5.42% due November 1, 2017. Secured by land and buildings with a net book value of $320,862.	471,844	513,580
CMHC mortgage payable in monthly blended installment of $7,768 bearing interest at 10.0% due June 1, 2014. Secured by land and buildings with a net book value of $484,816.	381,382	434,376
CMHC mortgage payable in monthly blended installment of $887 bearing interest at 7.875% due August 1, 2020. Secured by land and buildings with a net book value of $28,780.	80,498	84,726
Mortgage payable in monthly blended installment of $650 bearing interest at prime, due 2028. Secured by land and building with a net book value of $112,477.	88,698	-
	2,656,073	2,779,086
Less: current portion	230,364	212,711
	$ 2,425,709	$ 2,566,375

Estimated principal repayment requirements for the next five years are as follows:

2010	230,364
2011	244,246
2012	258,759
2013	271,526
2014	284,927

8. DEFERRED CONTRIBUTIONS

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted donations and grants received for future expenditures including capital assets. Amortization is recorded as revenue in the statement of operations and matched with expenditures incurred with these funds.

	2009	2008
Balance, beginning of year	$ 3,091,315	$ 2,710,162
Additional contributions received	4,846,146	3,429,023
Amount transferred to capital assets	(1,154,893)	(706,125)
Less amounts amortized to revenue	(2,732,299)	(2,341,745)
	$ 4,050,269	$ 3,091,315

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	$ 75,069,879	$ 76,526,493
Additional contributions received	4,989,571	5,402,164
Amount transferred from expenses of future periods	1,154,893	706,125
Assets transferred to Diagnostics Services of Manitoba	-	(2,968,950)
Less amounts amortized to revenue	(5,027,360)	(4,595,953)
	$ 76,186,983	$ 75,069,879

9. NET ASSETS - INVESTED IN CAPITAL ASSETS

a) Invested in capital assets is calculated as follows:

	2009	2008
Capital assets	$ 80,562,663	$ 79,229,923
Amounts financed by:		
Deferred contributions	(76,186,983)	(75,069,879)
Long term debt	(2,656,073)	(2,779,086)
Working capital	188	188
	$ 1,719,795	$ 1,381,146

b) Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess (deficiency) of revenues over expenses		
Amortization of deferred contributions related to capital assets	$ 5,027,360	$ 4,595,953
Amortization of capital assets	(5,239,335)	(4,801,600)
	(211,975)	(205,647)
Repayment of non-Manitoba Health funded long term debt	213,015	199,254
Investment in capital assets		
	6,572,070	6,151,310
Amounts funded by deferred contributions	(6,144,458)	(6,108,287)
Amounts funded with debt	(90,000)	-
	337,612	43,023
	$ 338,652	$ 36,630

10. NET ASSETS - CONTRACT FACILITIES

Contract facilities - net assets represent the net assets, other than invested in capital assets, of the contract facilities that have been consolidated in the financial statements of the Authority.

The amounts are as follows:

	2009	2008
Internally restricted	$ **144,060**	$ 116,687
Externally restricted	**14,774**	13,559
Unrestricted	**877,907**	1,097,562
	$ **1,036,741**	$ 1,227,808

11. NET ASSETS - INTERNALLY RESTRICTED

The board of directors has restricted $270,170 (2008 - $276,773) in net assets to be used for the purchase of specified capital assets.

12. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to individual legal actions arising in the normal course of business. The effect of any contingent claims relating to these legal actions is not determinable at the date of the audit report.

b) The Healthcare Insurance Reciprocal of Canada ("HIROC") is an organization that pools the public liability insurance risks of all its members. The Authority may be subject to reassessment for losses, if any, experienced by the pool for the years in which it was a member, and these losses could be material. No reassessments have been made to March 31, 2009.

13. MANITOBA HEALTH REVENUE

Manitoba Health revenue includes the following:

	2009	2008
Revenue as per final approved budget	$ **163,231,363**	$ 150,357,360
Province of Manitoba loan principal	**(302,610)**	(672,030)
Amounts recorded as deferred contributions	**(777,426)**	(750,124)
	162,151,327	148,935,206
Current year's estimated out of globe amounts	**(19,090)**	(17,290)
One time funding - contract settlements	**1,077,562**	1,824,365
One time funding - wait list	**1,308,691**	2,624,489
One time funding - EMS Inter-facility transfer	**546,730**	239,166
One time funding - medical remuneration	**(1,712,446)**	(1,305,731)
One time funding - Personal care home staffing guideline	**471,924**	-
One time funding - other	**973,593**	947,631
Prior years' funding adjustments	-	(140,985)
	$ **164,798,291**	$ 153,106,851

14. RELATED PARTY AND ECONOMIC DEPENDENCE

The Authority receives in excess of 80% of its total revenue from Manitoba Health and is economically dependent on Manitoba Health for its continued operations.

15. ACCOUNTING TREATMENT FOR FOUNDATIONS

The Authority has not disclosed the inter-relationships nor the degree of economic dependence with its Foundations because none of the large number of organizations that make up this group are controlled by the Authority and the organizations are individually immaterial to the Authority as a whole.

16. RETIREMENT ENTITLEMENT OBLIGATIONS

a) Accrued Retirement Entitlement

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

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

The Authority undertook an actuarial valuation of the accrued retirement entitlements. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 4.2% (5.0% in 2008) and a rate of salary increase of 3.0% (3.0% in 2008) plus age related merit / promotion scale with actuarial derived provisions for disability.

Funding for the retirement obligation at March 31, 2004 in the amount of $9,106,000 has been set up as a non-current receivable from the Province. The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Organization, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when the organization requires the funding to discharge the related pre-retirement liabilities.

b) 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, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, 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 employee' 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 an excess of actuarial value of net assets over actuarial present value of accrued pension benefits of $83,993,000 as well as a solvency deficiency of $61,050,000. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to $5,085,000 (2008 - $4,852,000) and are included in the statement of operations.

Some of the employees of the Authority are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the plan by the Authority and its employees.

17. CAPITAL MANAGEMENT

The Authority defines its capital as the amounts included in the Net Asset balances.

The Authority's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of care and service to the region.

The Authority sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Authority has complied with its externally imposed capital requirements.

18. PRIOR PERIOD ADJUSTMENT

Contract facility net assets have been increased by $72,198 to reflect a change in the Authority's contract facility receivables subsequent to the release of the Authority's March 31, 2008 financial statements. Unrestricted net assets have been increased by $67,223 to reflect a change in the pre-retirement liability from a past reporting period.

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC. **Schedule 1**
Statement of Operations - Ancillary Operations
March 31, 2009

	Elderly Person's Housing	Handivan	Retail Pharmacy	Contract Facilities	**2009**	2008
REVENUE						
Outside sources	$ 958,642	$ 39,797	$ 1,038,500	$ 211,295	**$ 2,248,235**	$ 2,139,496
Amortization of deferred contributions	66,699	7,617	-	72,342	**146,658**	111,154
	1,025,341	47,414	1,038,500	283,637	**2,394,893**	2,250,650
EXPENSES						
Operating	614,225	22,655	787,791	157,222	**1,581,893**	1,457,974
Amortization of capital assets	106,331	13,198	-	4,063	**123,592**	140,463
Interest on long term debt	142,693	-	-	-	**142,693**	155,177
Major repairs	125,188	1,194	-	-	**126,382**	130,210
	988,437	37,047	787,791	161,285	**1,974,560**	1,883,824
EXCESS OF REVENUE OVER EXPENSES	$ 36,904	$ 10,367	$ 250,709	$ 122,352	**$ 420,333**	$ 366,826

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC.
Statement of Financial Position - Segmented
March 31, 2009

Schedule 2

	Devolved	Contract	**2009**	2008
ASSETS				
CURRENT				
Cash and short term investments	$ 17,077,179	$ 3,364,756	**$ 20,441,935**	$ 11,412,063
Accounts receivable, net	2,961,502	263,539	**3,225,041**	4,260,019
Accounts receivable - Manitoba Health	-	-	**-**	1,026,402
Inventories	1,064,825	90,865	**1,155,690**	1,152,782
Prepaid expenses	956,221	41,967	**998,188**	1,460,511
Due from MBH - vacation entitlements	6,674,688	1,101,240	**7,775,928**	7,775,928
	28,734,415	4,862,367	**33,596,782**	27,087,705
NON-CURRENT				
Due from MBH - retirement entitlements	7,845,000	1,261,000	**9,106,000**	9,106,000
Capital assets	71,645,674	8,916,989	**80,562,663**	79,229,923
Other assets	-	472,323	**472,323**	163,265
	$ 108,225,089	$ 15,512,679	**$ 123,737,768**	$ 115,586,893
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 12,148,366	$ 2,257,492	**$ 14,405,858**	$ 12,977,539
Accounts payable - Manitoba Health	778,278	-	**778,278**	-
Accrued vacation benefit entitlements	8,609,119	1,387,722	**9,996,841**	9,510,989
Current portion of long term debt	224,364	6,000	**230,364**	212,711
	21,760,127	3,651,214	**25,411,341**	22,701,239
NON-CURRENT				
Accrued retirement benefit entitlements	10,065,554	1,423,249	**11,488,803**	10,382,720
Long term debt	2,343,011	82,698	**2,425,709**	2,566,375
	12,408,565	1,505,947	**13,914,512**	12,949,095
DEFERRED CONTRIBUTIONS				
Expenses of future periods	3,559,971	490,298	**4,050,269**	3,091,315
Capital assets	67,904,172	8,282,811	**76,186,983**	75,069,879
	71,464,143	8,773,109	**80,237,252**	78,161,194
NET ASSETS				
Invested in capital assets	1,174,127	545,668	**1,719,795**	1,381,146
Internally restricted - contract	-	1,036,741	**1,036,741**	1,227,808
Internally restricted	270,170	-	**270,170**	276,773
Unrestricted	1,147,957	-	**1,147,957**	(1,110,362)
	2,592,254	1,582,409	**4,174,663**	1,775,365
	$ 108,225,089	$ 15,512,679	**$ 123,737,768**	$ 115,586,893

REGIONAL HEALTH AUTHORITY - CENTRAL MANITOBA INC. Schedule 3

Statement of Operations - Segmented

March 31, 2009

	Devolved	Contract	**2009**	2008
REVENUE				
Manitoba Health	$143,747,972	$ 21,050,319	**$164,798,291**	$153,106,851
Other government departments	85,457	-	**85,457**	59,501
Non-global patient / resident income	9,058,903	3,634,141	**12,693,044**	12,199,145
Other income	5,373,202	815,718	**6,188,920**	5,563,830
Amortization of deferred contributions - operating	2,310,457	298,536	**2,608,993**	2,276,510
Amortization of deferred contributions - capital	4,538,806	465,201	**5,004,007**	4,550,034
Interest and donations	311,343	20,125	**331,468**	337,886
Ancillary operations	2,111,256	283,637	**2,394,893**	2,250,650
	167,537,396	26,567,677	**194,105,073**	180,344,407
EXPENSES				
Acute care services	$ 63,346,930	$ 1,581,489	**$ 64,928,419**	$ 60,497,932
Long term care services	32,563,010	16,996,562	**49,559,572**	46,728,236
Medical remuneration	11,695,834	1,503,926	**13,199,760**	13,272,524
Community based therapy services	2,454,568	-	**2,454,568**	2,386,535
Community based mental health services	3,062,363	5,049,175	**8,111,538**	8,100,547
Community based home care services	17,806,330	-	**17,806,330**	17,236,087
Community based health services	6,173,080	147,260	**6,320,340**	5,436,945
Land ambulance	6,470,814	-	**6,470,814**	5,846,964
Regional health authority undistributed	12,056,865	-	**12,056,865**	10,801,239
Interest on long term debt	279,290	-	**279,290**	361,771
Pre-retirement leave	2,553,113	568,067	**3,121,180**	1,699,833
Amortization of capital assets	4,589,965	525,778	**5,115,743**	4,661,137
Major repairs	261,178	168,436	**429,614**	364,100
Donations to foundations	-	10,000	**10,000**	33,150
Ancillary operations	1,813,275	161,285	**1,974,560**	1,883,824
	165,126,615	26,711,978	**191,838,593**	179,310,824
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 2,410,781	$ (144,301)	**$ 2,266,480**	$ 1,033,583
ALLOCATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
Capital / donations to foundations	$ (312,337)	$ (239,013)	**$ (551,350)**	$ (508,353)
Interest and donations	311,343	20,125	**331,468**	337,886
Ancillary operations	297,981	122,352	**420,333**	366,826
Health care operations	2,113,794	(47,765)	**2,066,029**	837,224
TOTAL	$ 2,410,781	$ (144,301)	**$ 2,266,480**	$ 1,033,583

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Auditors' Report

To the Board of Directors of
SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.

We have audited the consolidated statement of financial position of **SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.** as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority'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, the financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 22, 2009

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.
Consolidated Statement of Financial Position

March 31			2009	2008
	Regional Health Authority	Contract Facilities	Consolidated	Consolidated
Assets				
Current Assets				
Cash	$ 7,105,007	$ 399,188	$ 7,504,195	$ 1,871,183
Accounts receivable (Note 3)	1,810,086	133,729	1,943,815	2,491,319
Due from Manitoba Health and Healthy Living (Note 5)	-	-	-	832,732
Inventories	1,350,832	84,754	1,435,586	1,264,514
Prepaid expense	369,474	26,692	396,166	389,440
Vacation entitlements receivable (Note 4)	2,165,279	488,270	2,653,549	2,653,549
	12,800,678	1,132,633	13,933,311	9,502,737
Retirement obligations receivable (Note 13)	1,898,575	458,577	2,357,152	2,357,152
Restricted assets (Note 6)	101,767	-	101,767	97,975
Capital assets (Note 7)	40,980,160	11,303,508	52,283,668	53,028,513
	$ 55,781,180	$ 12,894,718	$ 68,675,898	$ 64,986,377

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.
Consolidated Statement of Financial Position

March 31			2009	2008
	Health Authority	**Contract Facilities**	**Consolidated**	Consolidated
Liabilities and Net Assets				
Current Liabilities				
Bank indebtedness (Note 8)	**$ -**	**$ 54,697**	**$ 54,697**	$ 26,962
Accounts payable and accrued liabilities	**5,219,345**	**645,297**	**5,864,642**	4,945,566
Accrued vacation entitlements (Note 4)	**3,095,346**	**659,798**	**3,755,144**	3,444,943
Due to contract facilities (from Health Authority)	**331,185**	**(331,185)**	**-**	-
Due to Manitoba Health and Healthy Living (Note 5)	**359,460**	**-**	**359,460**	-
Unearned revenue	**1,198,401**	**4,972**	**1,203,373**	336,705
	10,203,737	**1,033,579**	**11,237,316**	8,754,176
Accrued retirement obligations (Note 13)	**3,324,918**	**458,577**	**3,783,495**	3,699,024
Deferred Contributions (Note 9)				
Expenses of future periods	**899,549**	**320,635**	**1,220,184**	893,046
Capital assets	**40,451,910**	**11,063,670**	**51,515,580**	52,289,265
	41,351,459	**11,384,305**	**52,735,764**	53,182,311
Commitments and contingencies (Note 12)				
Net Assets				
Investment in capital assets	**528,249**	**239,839**	**768,088**	739,248
Externally restricted - Contract Facilities	**-**	**(221,582)**	**(221,582)**	(417,187)
Externally restricted (Note 6)	**101,767**	**-**	**101,767**	97,975
Unrestricted	**271,050**	**-**	**271,050**	(1,069,170)
	901,066	**18,257**	**919,323**	(649,134)
	$ 55,781,180	**$ 12,894,718**	**$ 68,675,898**	$ 64,986,377

Approved on behalf of the Board:

________________________ Director

________________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.
Consolidated Statement of Operations

For the year ended March 31			2009	2008
	Regional Health Authority	Contract Facilities	Consolidated	Consolidated
Revenue				
Province of Manitoba				
Health and Healthy Living (Note 11)	$ 63,798,202	$ 8,752,365	$ 72,550,567	$ 64,846,391
Other	1,812,381	131,429	1,943,810	1,672,481
Government of Canada	-	77,562	77,562	102,334
Non-insured income	2,826,121	2,282,857	5,108,978	4,897,274
Other income and recovered services	61,768	267,331	329,099	394,203
Amortization of deferred contributions	2,540,981	721,582	3,262,563	2,771,788
	71,039,453	12,233,126	83,272,579	74,684,471
Expenditures				
Acute care services	23,485,064	-	23,485,064	21,425,704
Long-term care services	8,818,326	11,390,939	20,209,265	18,983,865
Community based home care services	13,354,883	-	13,354,883	12,421,633
Community based health services	5,541,177	-	5,541,177	4,889,630
Medical remuneration	5,437,299	-	5,437,299	5,025,767
Diagnostic services	3,588,678	-	3,588,678	3,200,172
Amortization of capital assets	2,540,981	721,582	3,262,563	2,771,788
Community based mental health services	2,553,861	-	2,553,861	2,236,526
Emergency Medical Services	2,825,956	-	2,825,956	2,310,150
Regional Health Authority costs	1,553,008	-	1,553,008	1,387,294
Interest on long-term debt	-	-	-	4,813
	69,699,233	12,112,521	81,811,754	74,657,342
Excess of revenue over expenditures before other item	1,340,220	120,605	1,460,825	27,129
Other Item				
Forgiveness of debt	-	75,000	75,000	-
Excess of revenue over expenditures for the year	$ 1,340,220	$ 195,605	$ 1,535,825	$ 27,129
Allocated as follows				
Externally restricted	$ -	$ 195,605	$ 195,605	$ 279,942
Unrestricted	1,340,220	-	1,340,220	(252,813)
	$ 1,340,220	$ 195,605	$ 1,535,825	$ 27,129

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.
Consolidated Statement of Changes in Net Assets

For the year ended March 31	Investment in Capital Assets (Note 10)	Externally Restricted - Contract Facilities	Externally Restricted (Note 6)	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	$ 739,248	$ (417,187)	$ 97,975	$ (1,069,170)	$ (649,134)	$ (630,910)
Interest revenue	-	-	3,792	-	3,792	23,901
Expenditures during year	-	-	-	-	-	(141,530)
Adjustment to Deferred Contributions - capital assets	28,840	-	-	-	28,840	71,304
Adjustment to Deferred Contributions - expenses of future periods	-	-	-	-	-	972
Excess of revenue over expenditures for the year	-	195,605	-	1,340,220	1,535,825	27,129
Balance, end of year	$ 768,088	$ (221,582)	$ 101,767	$ 271,050	$ 919,323	$ (649,134)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SOUTH EASTMAN HEALTH/SANTÉ SUD-EST INC.
Consolidated Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Excess of revenue		
over expenditures for the year	$ 1,535,825	$ 27,129
Net income (expenditure) of restricted net assets	3,792	(117,629)
Adjustments for		
Amortization of capital assets	3,262,563	2,771,788
Amortization of deferred contributions related		
to capital assets	(3,262,563)	(2,771,788)
Deferred contributions - expenses of future periods		
Receipts	908,686	502,893
Expenditures	(581,548)	(344,863)
	1,866,755	67,530
Changes in non-cash working capital		
Accounts receivable	547,504	(1,127,786)
Due from Manitoba Health and Healthy Living	1,192,192	(30,690)
Inventories	(171,072)	98,657
Prepaid expense	(6,726)	(142,166)
Accounts payable and accrued liabilities	919,076	206,726
Accrued vacation entitlements	310,201	246,935
Unearned revenue	866,668	58,251
	3,657,843	(690,073)
Accrued retirement obligations	84,471	387,325
	5,609,069	(235,218)
Cash Flows from Investing Activities		
(Increase) decrease in restricted assets	(3,792)	117,629
Purchase of capital assets	(2,743,215)	(4,988,709)
	(2,747,007)	(4,871,080)
Cash Flows from Financing Activities		
Repayment of long-term debt	-	(100,840)
Receipt of deferred contributions related		
to capital assets	2,743,215	6,257,142
	2,743,215	6,156,302
Net increase in cash and cash equivalents	5,605,277	1,050,004
Cash and cash equivalents, beginning of year	1,844,221	794,217
Cash and cash equivalents, end of year	$ 7,449,498	$ 1,844,221
Represented by		
Cash	$ 7,504,195	$ 1,871,183
Bank indebtedness	(54,697)	(26,962)
	$ 7,449,498	$ 1,844,221
Supplementary Information		
Interest paid	$ -	$ 4,813

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

March 31, 2009

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Revenue Recognition

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

Under the Health Services Insurance Act and regulations thereto, the Authority is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Manitoba Health and Healthy Living (MHHL). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements with MHHL with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by MHHL after completion of their review of the Authority's accounts.

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

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

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

Out-of-Globe Funding is funding approved by MHHL for specific programs.

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

Revenue Recognition (continued)

Conversely, any operating deficits related to Out-of-Globe funding arrangements are recorded on the statement of financial position as a receivable from MHHL until such time as MHHL reviews the financial statements. At that time, MHHL 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 MHHL are absorbed by the Authority.

Any adjustments will be reflected in the year the final statement of recommended costs is received from MHHL.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Inventories

Inventories are valued at the lower of cost and net realizable value, cost being determined by the first-in, first-out method in all areas excluding materials management which is determined by the average cost method.

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Contributed Services

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 financial statements.

March 31, 2009

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2.5%
Building renovations and upgrades	5%
Building service equipment	5%
Major equipment	10%
Computer hardware and software	20%

Use of Estimates

In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

Financial Instruments

The Authority utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Authority classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Bank indebtedness	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Vacation entitlements receivable	Loans and receivables	Amortized cost
Retirement obligations receivable	Loans and receivables	Amortized cost
Due to/from MHHL	Loans and receivables	Amortized cost
Accounts payable and accruals	Other financial liabilities	Amortized cost

Financial Instruments (continued)

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Authority, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Authority is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument disclosures and presentation. The Authority has elected to defer application of these standards.

New Accounting Pronouncements
(continued)

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The Authority continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition and Basis of Financial Statements

South Eastman Health/Santé Sud-Est Inc. was incorporated under the laws of the Province of Manitoba on January 2, 1996. The Authority commenced providing health care services on April 1, 1997 in the southeastern region of Manitoba. The Authority 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.

Under the Regional Health Authorities and Consequential Amendments Act, the Authority entered into negotiations with all health care facilities in the region to either transfer those facilities' operations, property, liabilities and obligations to the Authority or to operate as a contract facility funded by the Authority. These negotiations have been completed. Obligations under these agreements are detailed further in Note 6.

Three facilities within the region operate under contract arrangements for funding with the Authority. They are Rest Haven Nursing Home, Menno Home for the Aged and Villa Youville Inc. - Nursing. The operations of these facilities have been consolidated in these financial statements as the Authority exercises significant influence over them by virtue of acting as funding agent. Any non-MHHL funded activities of these facilities (i.e. apartments, seniors' housing) have been excluded from these financial statements.

2. Change in Accounting Policy

Capital disclosures

On April 1, 2008 the Authority adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 14).

3. Accounts Receivable

	2009	2008
Receivables from patients	**$ 140,472**	$ 132,934
Receivables from residents	**34,277**	47,050
Goods and services tax	**148,605**	120,892
Due from related parties of Contract facilities	**56,197**	282,508
Capital funding receivable	**815,421**	559,799
Receivables from foundations	**555,981**	816,096
Other		
RHA	**144,332**	485,676
Contract facilities	**48,530**	46,364
	$ 1,943,815	$ 2,491,319

4. Accrued Vacation Entitlements

The Authority records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from MHHL. At that date, MHHL advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by MHHL to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Authority's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from MHHL is as follows:

	2009	2008
Balance, beginning of year	**$ 2,653,549**	$ 2,653,549
Net changes in vacation entitlements receivable	**-**	-
Balance, end of year	**$ 2,653,549**	$ 2,653,549

An analysis of the changes accrued in the vacation entitlements is as follows:

	2009	2008
Balance, beginning of year	**$ 3,444,943**	$ 3,198,008
Net increase in accrued vacation entitlements	**310,201**	246,935
Balance, end of year	**$ 3,755,144**	$ 3,444,943

5. Due from (to) Manitoba Health and Healthy Living

	2009	2008
In-Globe		
Immunization funding	**$ -**	$ 85,702
Interfacility transfers - EMS	**97,642**	94,368
Waiting list initiative	**110,674**	-
Long Term Care Strategy Phase 2	**-**	135,475
Community Health Assessment	**27,031**	-
07-08 Professional Technical Market Supplement	**152,632**	152,632
08-09 Professional Technical Market Supplement	**210,138**	-
PCH staffing guidelines	**87,693**	-
Colonoscope volumes	**37,500**	-
Aboriginal Health Transition Fund	**30,000**	-
Villa Youville Old PCH	**28,507**	-
Other	**1,913**	79,142
Out-of-Globe		
MGEU wage standardization	**-**	519,432
MNU Market Supplement	**-**	207,212
Capital funding 2007/08	**-**	108,112
Capital funding 2008/09	**126,663**	-
Capital interest	**(6,621)**	102,546
Medical remuneration 2007/08	**(651,889)**	(651,889)
Medical remuneration 2008/09	**(611,343)**	-
	$ (359,460)	$ 832,732

6. Restricted Assets

The Authority entered and completed negotiations with the health facilities in the region to have their obligations, property, and liabilities transferred to the Authority. The Authority agreed to use prior operating surpluses to promote health within the specific districts. These operating surpluses were as follows:

	De Salaberry District Health Centre	Ste. Anne Hospital	Total
Balance, beginning of year	**$ 79,582**	**$ 18,393**	**$ 97,975**
Interest	**3,080**	**712**	**3,792**
Balance, end of year	**$ 82,662**	**$ 19,105**	**$ 101,767**

7. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 768,088**	**$ -**	$ 768,088	$ -
Buildings	**62,158,059**	**18,152,637**	61,579,841	15,971,270
Major equipment	**10,047,889**	**3,514,618**	19,829,508	14,100,323
Construction in progress	**976,887**	**-**	922,669	-
	$ 73,950,923	**$ 21,667,255**	$ 83,100,106	$ 30,071,593
Cost less accumulated amortization		**$ 52,283,668**		$ 53,028,513

During the year, the Authority completed a project to inventory all capital assets. As a result of the project, capital assets which were fully amortized and no longer in use have been removed from the Authority's accounting records. The original cost of these items totalled $11,892,398, however the related net book value was nil and there was no gain or loss.

8. Bank Indebtedness

The Authority has an approved operating line of credit with the Royal Bank of Canada to a maximum amount of $2,700,000. The line of credit bears interest at Royal Bank prime less 0.80% and is supported by an authorization letter from MHHL and assignment of fire insurance covering property of every description.

In addition, the contract facilities have approved operating lines of credit with various financial institutions for an aggregate of $380,000. The lines of credit bear interest at prime to prime plus 1% and are supported by authorization letters from MHHL and general security agreements.

9. Deferred Contributions

a) Expenses of future periods

Deferred contributions related to expenses of future periods represent the unspent amount of donations, grants received and grants for major repairs and construction projects.

	2009	2008
Balance, beginning of year	$ 893,046	$ 1,157,939
Additional amounts received during year	908,686	502,893
Less expenditures	(581,548)	(344,863)
Reclassifications to unearned revenues	-	(55,945)
Transfers to externally restricted		
- contract facilities	-	(972)
Transfers (to) from deferred contributions - capital assets	-	(366,006)
Balance, end of year	$ 1,220,184	$ 893,046

b) Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donations, grants or approved borrowings.

Changes in the deferred contribution balance are as follows:

	2009	2008
Balance, beginning of year	$ 52,289,265	$ 49,667,195
Additional contributions received, net	2,743,215	6,257,142
Transfers to deferred contributions		
- expenses of future periods	-	366,006
- investment in capital assets	(28,840)	(71,304)
Less assets transferred to Diagnostic Services of Manitoba	(225,497)	(1,157,986)
Less amounts amortized to revenue	(3,262,563)	(2,771,788)
Balance, end of year	$ 51,515,580	$ 52,289,265

10. Investment in Capital Assets

a) Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 52,283,668**	$ 53,028,513
Amounts financed by		
Deferred contributions	**51,515,580**	52,289,265
	$ 768,088	$ 739,248

b) Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess of revenue over expenditures		
Amortization of deferred contributions related to capital assets	**$ 3,262,563**	$ 2,771,788
Amortization of capital assets	**(3,262,563)**	(2,771,788)
	$ -	$ -
Net changes in investment in capital assets		
Purchase of capital assets (net)	**$ 2,743,215**	$ 4,988,709
Amounts funded		
MHHL funding	**(2,717,589)**	(4,923,372)
Donations	**(25,626)**	(1,333,770)
Transfers to (from)		
Deferred contributions		
- expenses of future periods (net)	**-**	(366,006)
Repayment of long-term debt	**-**	100,840
	$ -	$ (1,533,599)

11. Revenue from Manitoba Health and Healthy Living

	2009	2008
Revenue from MHHL		
Revenue as per MHHL's final funding document	**$ 74,144,002**	$ 65,380,462
Add: Manitoba Department of Finance reallocations	**975,465**	998,029
Wage standardization	**194,609**	834,638
	75,314,076	67,213,129
Deduct: Medical remuneration	**611,343**	651,889
Total Funding Approved by MHHL	**74,702,733**	66,561,240
Deduct: Amounts recorded as deferred contributions		
- expenses of future periods	**908,686**	19,794
- capital assets	**934,764**	1,214,792
- capital interest funded	**262,450**	404,128
- capital interest receivable	**46,266**	76,135
Revenue from MHHL	**$ 72,550,567**	$ 64,846,391

12. Commitments and Contingencies

a) The nature of the health care industry's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2009, management believes the Authority has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Authority's financial position.

b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of the indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

The Authority's coverage also includes contract facilities as named insured parties.

c) At March 31, 2009, minimum annual lease payments under operating leases for premises expiring at various dates up to 2021 are $325,246 to be adjusted annually for inflation.

13. Employee Future Benefits

a) Accrued retirement entitlement

Accrued retirement obligations are based on an actuarial valuation as at March 31, 2009.

The RHA's contractual commitment for the pre-retirement entitlement for members of the Health Employee Pension Plan is to pay out four days of salary for each year of service upon retirement if the employee complies with one of the following conditions:

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

The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawals rates, a discount rate of 6.7% (5.5% in 2008) and a rate of salary of 3.5% (3.5% in 2008) plus an age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual in-globe funding to the Authority, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	**$ 3,699,024**	$ 3,311,699
Net increase in pre-retirement entitlements	**84,471**	387,325
Balance, end of year	**$ 3,783,495**	$ 3,699,024

b) Pension plan

Substantially all of the employees of the Authority are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last eleven years prior to retirement, termination or death, that provides the highest earnings.

13. Employee Future Benefits (continued)

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.80% of salary, 8.40% for salaries greater than $46,300, contributed by employees, 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 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 the Plan is in a deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the plan made during the year by the Authority on behalf of its employees amounted to $2,081,397 (2008 - $1,877,394) and are included in the statement of operations.

The remainder of employees are members of the Province of Manitoba's defined benefit Civil Service Superannuation Plan. Liability for variances between actuarial funding estimates and actual experience lies with the Province.

14. Capital Management

The Authority considers its capital to comprise its externally restricted and unrestricted net assets and investment in capital assets balances. There have been no changes to what the Authority considers to be its capital since the previous period.

As a not-for-profit entity, the Authority's operations are reliant on revenue generated annually. The Authority has accumulated unrestricted funds over its history, which are included in the unrestricted net asset balance in the statement of changes in net assets. A portion of the accumulated unrestricted funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding. The remaining unrestricted funds are available for the use of the Authority at the Board's discretion subject to the restrictions of MHHL. There are external restrictions on the restricted net assets and the Authority has complied with these restrictions.

15. Financial Risk Management

The Authority is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Authority's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Authority's activities.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Authority to credit risk consist principally of accounts receivable.

The Authority's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2009	2008
Accounts receivable	**$ 1,943,815**	$ 2,491,319
Due from Manitoba Health and Healthy Living	**-**	832,732
Vacation entitlements receivable	**2,653,549**	2,653,549
Retirement obligations receivable	**2,357,152**	2,357,152
	$ 6,954,516	$ 8,334,752

Accounts receivable: The Authority is not exposed to significant credit risk as the receivable is spread among a large client base and geographic region and payment in full is typically collected when it is due. The Authority establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from MHHL, vacation entitlements receivable and retirement obligations receivable: The Authority is not exposed to significant credit risk as these receivables are from the Province of Manitoba.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is not exposed to significant interest rate risk. Its cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

15. Financial Risk Management (continued)

The Authority is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal and the Authority is not exposed to other price risk.

Fair Value

The carrying values of cash (bank indebtedness), accounts receivable, amounts due from (to) MHHL, vacation entitlements receivable and retirement obligations receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

WINNIPEG REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Winnipeg Regional Health Authority. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

Deloitte & Touche LLP provides an independent audit of the consolidated financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the consolidated financial statements prepared by management.

Dr. Brian D. Postl
President & Chief Executive Officer

Paul A. Kochan, FCA
Vice-President & Chief Financial Officer

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AUDITORS' REPORT

To the Directors of
Winnipeg Regional Health Authority

We have audited the consolidated statement of financial position of Winnipeg Regional Health Authority (the "Authority") as at March 31, 2009 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Winnipeg, Manitoba
June 19, 2009

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Operations
For the year ended March 31, 2009
(in thousands of dollars)

	2009	2008
REVENUE		
Manitoba Health and Healthy Living operating income	$ 1,951,466	$ 1,819,727
Other income (Schedule 1)	108,082	99,750
Amortization of deferred contributions, capital	58,972	55,756
Recognition of deferred contributions, future expenses	2,430	7,054
	2,120,950	1,982,287
EXPENSES		
Direct operations	1,765,710	1,645,581
Interest	786	918
Amortization of capital assets	61,848	56,438
	1,828,344	1,702,937
FACILITY FUNDING		
Long term care facility funding (Schedule 2)	249,045	232,823
Community health agency funding (Schedule 3)	31,439	29,457
Adult day care facility funding (Schedule 4)	2,754	2,674
Long term care community therapy services	691	675
GRANT FUNDED		
Grants to facilities and agencies (Schedule 5)	19,091	18,825
	2,131,364	1,987,391
OPERATING DEFICIT	(10,414)	(5,104)
NON-INSURED SERVICES		
Non-insured services income	83,917	79,334
Non-insured services expenses	77,401	73,545
NON-INSURED SERVICES SURPLUS	6,516	5,789
(DEFICIT) SURPLUS FOR THE YEAR	$ (3,898)	$ 685

. . . . Director

. . . . Director

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Financial Position
As at March 31, 2009
(in thousands of dollars)

	2009	2008
ASSETS		
CURRENT		
Cash and marketable securities	$ **37,302**	$ 27,755
Accounts receivable (Note 5)	**116,127**	118,562
Inventory (Note 6)	**18,738**	18,212
Prepaid expenses	**11,338**	9,543
Investments (Note 9)	**12,787**	8,365
Employee benefits recoverable from Manitoba Health and Healthy Living (Note 7)	**78,675**	78,675
	274,967	261,112
CAPITAL ASSETS (Note 8)	**1,055,592**	983,616
OTHER ASSETS		
Employee future benefits recoverable from Manitoba Health and Healthy Living (Note 21)	**82,302**	82,302
Investments (Note 9)	**15,796**	18,260
Specific purpose funds (Note 10)	**48,547**	46,851
Nurse recruitment and retention fund (Note 11)	**4,358**	2,847
	$ **1,481,562**	$ 1,394,988
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 12)	$ **192,373**	$ 196,813
Employee benefits payable (Note 7)	**99,004**	92,802
Current portion of long term debt (Note 13)	**47,097**	2,264
	338,474	291,879
LONG TERM DEBT AND DEFERRED CONTRIBUTIONS		
Long term debt (Note 13)	**22,431**	31,195
Employee future benefits payable (Note 21)	**120,899**	116,764
Specific purpose funds (Note 10)	**48,547**	46,851
Deferred contributions (Note 15)	**891,288**	845,989
Nurse recruitment and retention fund (Note 11)	**4,358**	2,847
	1,087,523	1,043,646
COMMITMENTS AND CONTINGENCIES (Note 17)		
NET ASSETS	**55,565**	59,463
	$ **1,481,562**	$ 1,394,988

WINNIPEG REGIONAL HEALTH AUTHORITY
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2009
(in thousands of dollars)

	2009				2008
	Investment in Capital Assets (Note 16)	Unrestricted Net Assets	Internally Restricted Net Assets (Schedule 6)	Total	Total
Balance, beginning of year	$ 94,847	$ (59,398)	$ 24,014	$ 59,463	$ 59,369
Change in accounting policies (Note 2)	-	-	-	-	62
Transfer surplus to Misericordia Health Centre Foundation Inc.	-	-	-	-	(653)
Net (deficit) surplus	(6,051)	1,383	770	(3,898)	685
Purchases of capital assets	(14,876)	16,887	(2,011)	-	-
Net Asset Restrictions	-	(2,093)	2,093	-	-
Balance, end of year	$ 73,920	$ (43,221)	$ 24,866	$ 55,565	$ 59,463

WINNIPEG REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
For the year ended March 31, 2009
(in thousands of dollars)

		2009		2008
OPERATING ACTIVITIES				
(Deficit) Surplus for the year	$	**(3,898)**	$	685
Transfer of surplus to Misericordia Health Centre Foundation Inc.		**-**		(653)
Items not affecting cash				
Amortization of capital assets		**68,217**		62,475
Amortization of deferred contributions related to capital assets		**(62,166)**		(58,944)
Recognition of deferred contributions related to future expenses		**(3,297)**		(7,860)
Unrecognized (gains) losses on investments		**-**		(734)
Net change in employee future benefits		**10,338**		10,786
		9,194		5,755
Changes in non-cash operating working capital items		**(4,327)**		(3,128)
Deferred contributions received - future expenses		**10,162**		7,637
		15,029		10,264
FINANCING ACTIVITIES				
Deferred contributions received - capital assets		**100,600**		95,024
Proceeds of long term debt		**45,109**		-
Long term debt repayments		**(9,040)**		(2,116)
		136,669		92,908
INVESTING ACTIVITIES				
Purchase of capital assets		**(140,193)**		(135,464)
(Increase) Decrease in investments		**(1,958)**		1,270
		(142,151)		(134,194)
INCREASE (DECREASE)		**9,547**		(31,022)
CASH AND MARKETABLE SECURITIES, BEGINNING OF YEAR		**27,755**		58,777
CASH AND MARKETABLE SECURITIES, END OF YEAR	$	**37,302**	$	27,755
Comprised of:				
Cash	$	**33,859**	$	23,137
Marketable securities		**3,443**		4,618
Total	$	**37,302**	$	27,755
Supplementary Information:				
Interest paid	$	**5,046**	$	2,587

1. NATURE OF BUSINESS

The Winnipeg Regional Health Authority ("the Authority", "WRHA") was established on December 1, 1999. The Authority provides community health services directly through its operations of Home Care, Mental Health and Public Health and provides acute care services through its Health Sciences Centre, Deer Lodge Centre, Grace General Hospital and Pan Am Clinic sites. Acute care services are also provided by Concordia Hospital, Seven Oaks General Hospital, Victoria General Hospital ("the Community Hospitals") and the three non-devolved hospitals, Misericordia Health Centre, Riverview Health Centre, Inc., St. Boniface General Hospital ("the Other Hospitals"), and the Manitoba Adolescent Treatment Centre ("MATC"). Long term care, community health and other health services are delivered in the region through non-proprietary and proprietary personal care homes and community health agencies as well as through a number of non-profit organizations.

The Authority is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. CHANGES IN ACCOUNTING POLICIES

The Authority has adopted the following recommendations of the CICA Handbook:

a) Section 3031, Inventories

Effective April 1, 2008, the Authority adopted CICA section 3031, *Inventories*, which replaces section 3030, *Inventories*. The revised standard provides more extensive guidance on measurement, and expands disclosure requirements to increase transparency. The Authority's accounting policy for inventory is consistent with measurement requirements in the new standard and as a result, no adjustment was recorded on transition; however, additional disclosures are required. The additional disclosure requirements will be applied as described below.

The main features of the new standard, which impact the Authority, include:

- Consistent use of either a first-in first-out or weighted average formula to measure the cost of other inventories. The Authority uses the weighted average formula to measure cost.
- Disclosure of the accounting policies used, carrying amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses.

b) Section 3861, Financial Instruments – Disclosure and Presentation

The Authority has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Authority for the year ended December 31, 2008. The Authority applies the requirements of Section 3861 of the CICA Handbook.

2. CHANGES IN ACCOUNTING POLICIES (continued)

c) Section 1535, Capital Disclosures

Effective April 1, 2008, the Authority adopted CICA section 1535, *Capital Disclosures*, which establishes standards for the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

d) Section 3855, Financial Instruments – Recognition and Measurement

Effective April 1, 2007, the Authority adopted CICA section 3855, Financial Instruments – Recognition and Measurement, which describes the standards for recognizing and measuring financial instruments in the statement of financial position and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) The reporting entity

The scope of the Authority's operations is classified into these three distinct segments:

i. Direct Operations provided through:
   - Direct Ownership – Home Care services, Mental Health services, Public Health services, Primary Care services, Acute Care services (Health Sciences Centre, Deer Lodge Centre, Grace General Hospital and Pan Am sites), and Medical Remuneration.
   - Agreement – the Community Hospitals by means of agreements to further regionalization and operating agreements.
   - Non-devolved Other Hospitals and MATC – by means of operating agreements

ii. Long term care and community health services – provided through non-proprietary and proprietary personal care homes and community health agencies by means of service purchase agreements.

iii. Other health services – provided through various agencies by means of grant funding mechanisms.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Definition of controlled entity

The Authority is the majority funder of the Community Hospitals, the Other Hospitals and MATC, which act as the Authority's agents in providing health care services mandated by the Province of Manitoba. These health care services are delivered under the control of the Authority from an accounting perspective. This determination of control is based largely on the fact that the Community Hospitals', the Other Hospitals', and MATC's purposes are integrated with that of the WRHA such that they and the WRHA have common and complementary objectives. Moreover, due to the existence of operating agreements between the Authority and the Community Hospitals, Other Hospitals and MATC, the WRHA has the ability to determine their strategic operating, investing and financing policies.

Additionally, the Deer Lodge Centre Foundation is a controlled entity by virtue of the fact that its purpose is to raise funds under the direction of the Deer Lodge Centre.

As permitted by Canadian generally accepted accounting principles, the controlled Community Hospitals, Other Hospitals and MATC have been consolidated into the Authority's financial statements due to the nature of the agreements in existence, while the controlled Deer Lodge Centre Foundation has not since it is not directly involved in the delivery of health care services. Note 20 provides a financial summary of this controlled non-consolidated entity.

c) Revenue recognition

The Authority follows the deferral method of accounting for contributions:

i. Operating contributions – recorded as revenue in the period to which they relate.

ii. Unrestricted contributions – recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

iii. Externally restricted contributions – recognized as revenue in the year in which the related expenses are recognized.

iv. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

v. Contributions approved but not received at the end of an accounting period are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in that subsequent period.

The Authority is funded by the Province of Manitoba using Manitoba Health and Healthy Living funding mechanisms. These financial statements use funding mechanisms approved by Manitoba Health and Healthy Living for the year ended March 31, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Inventory

Inventory consists of medical supplies, drugs, linen and other supplies that are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula. Inventory is expensed when sold or put into use.

e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized on a straight-line basis using an annual rate of:

Buildings	2-20%
Furniture & equipment	5-33%
Computer hardware and software	10-20%
Leasehold improvements	over the life of the lease

f) Surplus retention and use policy

Non-proprietary personal care homes, and community health agencies are eligible to retain insured services surpluses based on an agreed upon formula. The non-retainable portion of the surplus is recorded on their Statement of Financial Position as a payable to WRHA.

g) Use of estimates

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The amounts estimated by management include amortization of capital assets, employee future benefits payable and allowance for doubtful accounts.

h) Internally restricted net assets

The Authority has allocated some of the net assets to future capital purchases through internal restrictions by the Boards of Directors.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority's accounts receivable are comprised mostly of amounts due from the Government of Manitoba and from the sites that it funds, minimizing credit risk. The Authority also has some credit risk associated with an interest rate swap. This risk is minimized by entering into the agreement with a major Canadian financial institution.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk, and other price risk.

The Authority is exposed to market risks through the derivative instruments entered into. The Authority uses derivative instruments only for risk management purposes and not for generating trading profit. As such, any change in cash flows associated with derivative instruments due to their exposure to market risks is designed to be offset by changes in cash flows related to the risk being hedged.

The Authority's primary market risk exposure is interest rate risk. This interest rate risk is the risk arising from fluctuations in short term interest rates and the volatility of those rates on the issuance of floating rate debt. The Authority mitigates this risk by retaining the ability to convert all floating rate borrowings to fixed rate borrowings. The Authority has entered into an interest rate swap to manage a proportion of total debt that is subject to variable rates.

The Authority has minimal exposure to exchange and other price risks.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Financial assets and liabilities

Under the standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Classification	
Cash and marketable securities	Held for trading
Specific purpose funds	Held for trading
Nurse recruitment and retention fund	Held for trading
Derivative Instruments	Held for trading
Investments (bonds, money market and mutual funds)	Held for trading
Investments (mortgage)	Loans and receivables
Accounts receivable	Loans and receivables
Employee benefits recoverable from Manitoba Health and Healthy Living	Loans and receivables
Employee future benefits recoverable from Manitoba Health and Healthy Living	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Employee benefits payable	Other liabilities
Long-term debt	Other liabilities
Specific purpose funds	Other liabilities
Nurse recruitment and retention fund	Other liabilities

The carrying value of accounts receivable, employee benefits recoverable from Manitoba Health and Healthy Living, employee future benefits recoverable from Manitoba Health and Healthy Living, accounts payable and accrued liabilities and employee benefits payable approximates their fair value due to the short-term nature of these instruments. The carrying value of specific purpose funds and nurse recruitment and retention fund approximates their fair value due to the held for trading classification of the underlying investments.

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments (continued)

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Effective interest method

The Authority uses the effective interest method to recognize interest income or expense, which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

j) Derivative Financial Instruments

The Authority is using a derivative instrument to manage exposure to changes in interest rates. The Authority's objective for holding this derivative is to minimize risk using the most efficient methods to eliminate or reduce the impacts of this exposure.

The Authority entered into the interest rate swap to manage the interest rate cash flow exposure associated with certain debt obligations. The contract has an effect of converting the floating rate of interest on certain debt to a fixed rate.

Under this swap, the Authority agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts, as well as, amounts reflecting the amortization of principal amounts.

This derivative is measured at fair value at the end of each year and the unrealized gains or losses arising from remeasurement are recorded and presented under interest expense in the consolidated statement of operations.

It is the Authority's policy not to speculate on derivative instruments; thus, these instruments are purchased for risk management purposes.

k) Investments

Effective April 1, 2007, bonds, money market and mutual fund investments are classified as held for trading and are stated at fair value. Unrealized gains and losses, representing the change in the difference between the fair value and the cost of these investments at the beginning and end of each year, are reflected in other income in the Consolidated Statement of Operations. Fair value of investments is determined based on quoted market prices.

The mortgage is classified as loans and receivables and is measured at amortized cost.

For periods prior to April 1, 2007, all investments were recorded at cost, and investment income was recorded on an accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Due to/from Manitoba Health and Healthy Living

In Globe funding

In Globe funding is funding approved by Manitoba Health and Healthy Living 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 areas 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 and Healthy Living until such time as Manitoba Health and Healthy Living reviews the financial statements. At that time, Manitoba Health and Healthy Living determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health and Healthy Living.

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

Out of Globe funding

Out of Globe funding is funding approved by Manitoba Health and Healthy Living 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 and Healthy Living until such time as Manitoba Health and Healthy Living reviews the financial statements. At that time, Manitoba Health and Healthy Living determines what portion of the approved surplus may be retained by the Authority, or repaid to Manitoba Health and Healthy Living.

Conversely, any operating deficits related to Out of Globe funding arrangements are recorded on the statement of financial position as a receivable from Manitoba Health and Healthy Living until such time as Manitoba Health and Healthy Living reviews the financial statements. At that time, Manitoba Health and Healthy Living 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 and Healthy Living are absorbed by the Authority.

4. RECENT ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET APPLIED

In November 2008, the Canadian Institute of Chartered Accountants issued amendments to Section 1540, Cash flow statements, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organizations, and issued Section 4470, Disclosure of allocated expenses by not-for-profit organizations. These new standards are effective for fiscal years beginning on or after January 1, 2009, specifically April 1, 2009 for the Authority.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Authority does not expect that the adoption of these new standards will have a material impact on its financial statements.

(amounts in thousands of dollars)

5. ACCOUNTS RECEIVABLE

	2009	2008
Manitoba Health and Healthy Living - operating, capital and fee for service	**$ 90,489**	$ 65,629
Accounts Receivable from other Province of Manitoba Departments	**1,420**	1,529
Facility advances and receivables	**5,578**	12,711
Patient related and other	**26,034**	39,405
Allowance for doubtful accounts	**(7,394)**	(712)
	$ 116,127	$ 118,562

6. INVENTORY

	2009 Held for Sale	2009 Held for Internal Use	2009 Total	2008 Total
Balance, beginning of year	**$ 1,232**	**$ 16,980**	**$ 18,212**	$ 16,324
Amount purchased in year	**139**	**151,359**	**151,498**	147,714
Amount expensed in year	**(155)**	**(151,147)**	**(151,302)**	(145,675)
Amount written down in year	**(3)**	**(57)**	**(60)**	(342)
Writedowns reversed in year	**13**	**377**	**390**	191
Balance, end of year	**$ 1,226**	**$ 17,512**	**$ 18,738**	$ 18,212

7. EMPLOYEE BENEFITS

The Authority records a provision for employee benefits including accrued vacation, overtime, and statutory holiday entitlements. Prior to March 31, 2004 changes in the liability related to employee benefits were recoverable from Manitoba Health and Healthy Living. Manitoba Health and Healthy Living advised that changes subsequent to March 31, 2004 are no longer recoverable and must be included in the current year operations.

An analysis of the changes in the employee benefits recoverable from Manitoba Health and Healthy Living is as follows:

	2009	2008
Balance, beginning of year	**$ 78,675**	$ 78,675
Balance, end of year	**$ 78,675**	$ 78,675

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	**$ 92,802**	$ 87,252
Increase in vacation / overtime / statutory holidays entitlements	**6,202**	5,550
Balance, end of year	**$ 99,004**	$ 92,802

(amounts in thousands of dollars)

8. CAPITAL ASSETS

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	**$ 16,534**	**$ -**	**$ 16,534**	$ 16,484
Buildings	**1,045,742**	**(368,771)**	**676,971**	651,810
Furniture & equipment	**727,095**	**(576,768)**	**150,327**	159,407
Computer hardware and software	**87,128**	**(29,426)**	**57,702**	12,540
Leasehold improvements	**18,860**	**(6,983)**	**11,877**	9,950
Construction in Progress	**142,181**	**-**	**142,181**	133,425
	$ 2,037,540	**$ (981,948)**	**$ 1,055,592**	$ 983,616

The Authority has capitalized interest on some projects up until they are substantially complete. The amount of interest capitalized in the year was $ 2,334 (2008 - $578).

9. INVESTMENTS

	2009	2008
Money market investments	**$ 3,443**	$ 4,618
Government bonds	**37,075**	43,740
Corporate bonds (rated A or better)	**25,000**	10,317
Guaranteed Investment Certificates (GICs)	**1,220**	1,343
Mutual funds	**47**	4,461
Mortgage	**1,597**	2,095
	68,382	66,574
Less: amounts included with cash and marketable securities	**(3,443)**	(4,618)
Less: amounts included with specific purpose funds	**(36,356)**	(35,331)
Less: amounts maturing/ redeemable within one year, included in current assets	**(12,787)**	(8,365)
	$ 15,796	$ 18,260

Investments are carried at fair value using quoted market prices, except for the mortgage, which is at amortized cost.

The mortgage of $1,597 (2008 - $2,094) to Parkade Inc., a corporation without share capital whose Member is the same as that of the St. Boniface General Hospital. Interest is charged at the rate of 4.2% per annum and mortgage payments are $48 per month including principal and interest. Under the current terms it is estimated the mortgage will retire by March 15, 2012. The mortgage covers the parkade structure and the leasehold title for the land on which the parkade is situated. The fair value of the mortgage is estimated at $1,640 (2008 - $2,123). The fair value was determined using estimated market rates available to the Authority for the same or similar instruments.

(amounts in thousands of dollars)

9. INVESTMENTS (Continued)

The Authority manages the credit risk associated with its investments by limiting the types of eligible investments. Corporate Bonds are limited to a rating of A or higher and Money market investments are limited to R1 or better.

The Authority manages the interest rate risk exposure of its Government and Corporate Bonds and GICs by staggering maturity dates. As of March 31, 2009, the maturity dates are as follows:

	Government	Corporate	GICs	Interest Rates
Within 1 year	$ 5,324	$ 6,668	$ 276	3.50 - 5.65%
2 to 5 years	18,628	12,898	944	1.84 - 10.00%
5 to 10 years	8,780	5,266	-	3.80 - 6.44%
Over 10 years	4,343	168	-	4.39 - 10.80%
	$ 37,075	$ 25,000	$ 1,220	

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

10. SPECIFIC PURPOSE FUNDS

Cash and investments held for specific purposes include the following:

	2009	2008
Cash and investments, at carrying value	**$ 48,547**	$ 46,851

The Authority maintains numerous research and trust accounts designated for specific purposes. An analysis of the changes in these funds is as follows:

	2009	2008
Balance, beginning of year	**$ 46,851**	$ 46,228
Grants, bequests and donations	**28,557**	25,860
Investment income	**1,769**	1,379
Disbursements	**(28,630)**	(26,616)
Balance, end of year	**$ 48,547**	$ 46,851

Certain of the funds designated for specific purposes are subject to externally imposed restrictions stipulating that the principal be maintained intact, or that the principal be used for specifically stated purposes.

(amounts in thousands of dollars)

11. NURSE RECRUITMENT AND RETENTION FUND

In 2000, Manitoba Health and Healthy Living had established a $7 million Nurse Recruitment and Retention Fund in order to assist with the implementation of recruitment and retention strategies for nurses throughout Manitoba. The Authority holds, invests and disburses funds on behalf of the Nurse Recruitment and Retention Committee. The Fund is administered by a tri-partite committee comprised of the Regional Health Authorities of Manitoba, Manitoba Health and Healthy Living, and the Manitoba Nurses Union. The Authority can only disburse funds authorized by the committee.

Cash and investments held for the Nurse Recruitment and Retention Fund include the following:

	2009	2008
Cash and investments, at carrying value	**$ 4,358**	$ 2,847

Investments are carried at fair value using quoted market prices.

An analysis of the changes in the Nurse Recruitment and Retention Fund is as follows:

	2009	2008
Balance, beginning of year	**$ 2,847**	$ 3,419
Additions to fund	**3,961**	1,400
Interest earned on investment	**51**	133
Fund expenditures	**(2,501)**	(2,105)
Balance, end of year	**$ 4,358**	$ 2,847

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Accounts payable and accrued liabilities	**$ 137,609**	$ 144,575
Accrued salaries	**47,543**	48,351
Accrued interest on long term debt	**455**	462
Holdbacks on construction contracts	**6,766**	3,425
	$ 192,373	$ 196,813

(amounts in thousands of dollars)

13. LONG-TERM DEBT

	2009	2008
0.915% Banker's Acceptance, maturing April 23, 2009 Health Sciences Centre Tecumseh Street Parkade Fair value $38,252 (2008 - $nil)	**$ 38,252**	$ -
7.38% Mortgage payable, maturing August 31, 2018 Nutrition & Food Services Fair value $13,998 (2008 - $13,461)	**12,782**	13,690
5.8% Bank Loan, maturing September 30, 2014 St. Boniface General Hospital Atrium Fair value $10,841 (2008 - $12,398)	**10,708**	11,122
Prime less 1.0% Mortgage, maturing 2017 Health Sciences Centre Emily Street Parkade Fair value $nil (2008 - $7,595)	**-**	7,595
0.836% Banker's Acceptance, maturing April 27, 2009 Health Sciences Centre Emily Street Parkade Fair value $6,857 (2008 - $nil)	**6,857**	-
Government of Canada, Technology 2000 Inc. loan St. Boniface Hospital Fair value undeterminable	**522**	522
Prime plus 0.25% Demand Loan, maturing 2015 Grace General Hospital Hospice Fair value $271 (2008 - $321)	**271**	321
Prime less 0.5% Term Loan, maturing 2011 Concordia Energy Saving Project Fair value $136 (2008 - $209)	**136**	209
	69,528	33,459
Less amounts due within one year, included in current liabilities	**(47,097)**	(2,264)
	$ 22,431	$ 31,195

The fair value of long term debt has been calculated using discounted cash flow analysis based on incremental borrowing rates currently available for similar terms and maturities.

(amounts in thousands of dollars)

13. LONG-TERM DEBT (Continued)

The Technology 2000 Inc. loan is from the Government of Canada, through the Western Economic Diversification Program. The loan is unsecured and no further interest is accrued. It is not practical to determine the fair value of the Technology 2000 Inc. loan due to the underlying terms.

The 5.8% Bank Loan maturing on September 30, 2014 is secured by an assignment of existing and future leases and rents related to the St. Boniface Hospital Atrium. In accordance with the terms of the loan agreement, the Hospital cannot sell, transfer, assign, mortgage, lease, encumber, or otherwise dispose of any building or land associated with the Atrium without the lender's consent.

The two HSC parkade loans have been secured with the properties of the respective parkades, in addition to the assigned rents of the HSC parking operations.

The principal repayments over the next five fiscal years are as follows:

2009/10	$	47,097
2010/11		1,624
2011/12		1,675
2012/13		1,790
2013/14		1,914

14. DERIVATIVE FINANCIAL INSTRUMENTS

During the year, the Authority entered into an interest rate swap to convert a floating interest rate debt instrument into a fixed interest rate debt instrument for the Emily Street Parkade at the Health Sciences Centre. The notional amount of this swap at March 31, 2009 is $6,857 and will it mature on July 23, 2017. The fair value of this swap has been calculated at $60, resulting in a derivative liability of $60.

This derivative is measured at fair value at the end of each year and the unrealized gains or losses arising from remeasurement are recorded and presented under interest expense in the consolidated statement of operations and in accounts payable and accrued liabilities in the consolidated statement of financial position.

The counterparty to this contract is a major Canadian financial institution. The Authority does not anticipate any material adverse effect on its financial position resulting from the involvement in this type of contract, nor does it anticipate non-performance by the counterparty given their high credit rating.

(amounts in thousands of dollars)

15. DEFERRED CONTRIBUTIONS

	2009	2008
Deferred contributions, future expenses		
- operating expenses	**$ 19,086**	$ 12,985
- contract settlement expenses	**2,715**	3,524
	21,801	16,509
Deferred contributions, capital	**869,487**	829,480
Deferred contributions, total	**$ 891,288**	$ 845,989

a) Deferred contributions, future expenses

Deferred contributions related to future expenses represent the unspent amount of funding received for the Authority's operating expenses. The recognition of deferred contributions, future expenses is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	**$ 16,509**	$ 17,715
Amount received during the year	**10,162**	7,637
Transferred to deferred contributions, capital	**(1,573)**	(983)
Less: amount recognized as revenue - Programs	**(2,430)**	(7,054)
Less: amount recognized as revenue - Non-insured services	**(867)**	(806)
Balance, end of year	**$ 21,801**	$ 16,509

b) Deferred contributions, capital

Deferred contributions related to capital assets represent the unamortized and unspent amount of funding received for the purchase of the Authority's capital assets. The amortization of deferred contributions, capital is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	**$ 829,480**	$ 792,417
Amount received during the year	**100,600**	95,024
Transferred from deferred contributions, future expenses	**1,573**	983
Less: amount amortized to revenue – Programs	**(58,972)**	(55,756)
Less: amount amortized to revenue – Non-insured services	**(3,194)**	(3,188)
Balance, end of year	**$ 869,487**	$ 829,480

(amounts in thousands of dollars)

15. DEFERRED CONTRIBUTIONS (continued)

b) Deferred contributions, capital (continued)

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

	2009	2008
Demand bank loans for capital projects in anticipation of the future issuance of long-term debt by Manitoba Health and Healthy Living, Prime less 1.0% to Prime plus .5%	**$ 45,396**	$ 50,009
Sinking fund debentures, Series 91, 10.00%, maturing June 11, 2011 Health Sciences Centre	**25,000**	25,000
Sinking fund debentures, Series D, 10.25%, maturing July 15, 2008 St. Boniface General Hospital	**-**	23,000
Sinking fund debentures, Series E, 8.69%, maturing May 30, 2016 St. Boniface General Hospital	**51,500**	51,500
	$ 121,896	$ 149,509

At March 31, 2009 the value of the sinking fund assets and accumulated interest aggregated $41,975 (2008 - $61,045). Annual payments are made by the Authority/Manitoba Health and Healthy Living from cash held in trust, which at March 31, 2008 was $2,112 (2008 - $2,112).

(amounts in thousands of dollars)

16. INVESTMENT IN CAPITAL ASSETS

Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 1,055,592**	$ 983,616
Amounts financed by:		
Deferred contributions	**$ (869,487)**	$ (829,480)
Loans and accounts payable	**(112,185)**	(59,289)
Investment in capital assets	**$ 73,920**	$ 94,847

Change in investment in capital assets is calculated as follows:

	2009	2008
a) Excess of expenses over revenues		
Amortization of capital assets included in programs	**$ (61,848)**	$ (56,438)
Amortization of capital assets included in non-insured services	**(6,369)**	(6,037)
Amortization of deferred contributions related to capital assets included in programs	**58,972**	55,756
Amortization of deferred contributions related to capital assets included in non-insured services	**3,194**	3,188
	$ (6,051)	$ (3,531)
b) Purchase of capital assets	**$ 140,193**	$ 135,464
Amounts funded by:		
Capital contributions received in the year	**(100,600)**	(95,024)
Capital contributions transferred from future expenses	**(1,573)**	(983)
Change in capital contributions receivable, loans and accounts payable	**(52,896)**	(8,443)
	$ (14,876)	$ 31,014
Change in Investment in Capital Assets	**$ (20,927)**	$ 27,483

(amounts in thousands of dollars)

17. COMMITMENTS AND CONTINGENCIES

a) The Authority is subject to legal actions arising in the normal course of business. It is not expected that these legal actions will have a material adverse effect on the financial position of the Authority.

b) At March 31, 2009, annual lease payments for the various premises occupied by the Authority over the next five fiscal years are as follows:

2009/10	$ 8,987
2010/11	7,727
2011/12	7,512
2012/13	7,238
2013/14	6,345

c) At March 31, 2009, the Authority had capital commitments of approximately $38,876 (2008 - $22,143) and equipment purchase commitments of approximately $14,629 (2008 - $12,309).

d) The Authority has entered into various operating lease commitments. The minimum amounts payable over the next five fiscal years are as follows:

2009/10	$ 5,093
2010/11	4,385
2011/12	3,641
2012/13	2,768
2013/14	519

18. HIROC

On July 1, 1987, a group of health care organizations ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

19. ECONOMIC DEPENDENCE

The Authority received approximately 92% (2008 - 91%) of its total revenue from Manitoba Health and Healthy Living and is economically dependent on Manitoba Health and Healthy Living 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.

(amounts in thousands of dollars)

20. RELATED PARTY RELATIONSHIPS

The Authority provides community health services through operations directly owned by the Authority as well as through other organizations and agencies via a variety of agreements (Notes 1 and 3a). For accounting purposes the relationships with these organizations and agencies are as follows:

a) Controlled entities

The Community Hospitals, Other Hospitals, and MATC are controlled (Note 3b) and have been consolidated into the Authority's financial statements.

The Deer Lodge Centre Foundation, which is incorporated under the Corporations Act of Manitoba, is a registered charity for the purposes of the Income Tax Act and accordingly is exempt from income taxes. The Deer Lodge Centre Foundation's aims and objectives are to raise, invest and allocate funds to or for the benefit of the Deer Lodge Centre.

A financial summary of the Deer Lodge Centre Foundation, which has not been consolidated into the Authority's financial statements, is as follows:

		2009		2008
Financial Position				
Total assets	**$**	**3,240**	$	3,910
Total liabilities & deferred contributions		**500**		620
Total net assets	**$**	**2,740**	$	3,290
Results of Operations				
Total revenues	**$**	**683**	$	663
Total expenses		**683**		663
Surplus from operations	**$**	**-**	$	-
Cash Flows				
From operating activities	**$**	**(235)**	$	(309)
Used for financing & investing		**200**		257
Decrease in cash	**$**	**(35)**	$	(52)

20. RELATED PARTY RELATIONSHIPS (continued)

b) Significant influence

The Health Sciences Centre Foundation Inc.'s ("HSCF") aims and objectives are to promote health care excellence by funding medical research and clinical projects. The Authority exercises significant influence on HSCF as the Health Sciences Centre appoints two of HSCF's board members and a portion of the funds raised by HSCF are directed to the Health Sciences Centre.

HSCF is incorporated under the Corporations Act of Manitoba and is a registered charity for the purposes of the Income Tax Act and accordingly exempt from income taxes.

c) Economic interest

Funding is provided to proprietary and non-proprietary personal care homes and community health agencies through service purchase agreements to deliver service on behalf of the Authority. As a result, the Authority has economic interest in these entities.

Schedules 2, 3, and 4 disclose the funding provided to these entities for the delivery of service.

d) Related parties

The Authority and its Controlled Entities have relationships with the following parties:

Health Sciences Centre
- Children's Hospital Foundation of Manitoba Inc.

Concordia Hospital
- The Concordia Foundation Inc.
- Concordia Wellness Projects Inc.
- Concordia Hospital Fund Inc.

Seven Oaks General Hospital
- Seven Oaks General Hospital Foundation Inc.

Grace Hospital
- Grace General Hospital (Winnipeg) Foundation Inc.
- Grace Hospital Auxiliary

Victoria General Hospital
- The Victoria General Hospital Foundation Inc.
- Guild of Victoria General Hospital Inc.

Riverview Health Centre Inc.
- River Health Centre Foundation Inc.

20. RELATED PARTY RELATIONSHIPS (continued)

d) Related parties (continued)

Misericordia Health Centre

- Misericordia Health Centre Foundation Inc.

St. Boniface General Hospital

- St. Boniface General Hospital Auxiliary Inc.
- St. Boniface Hospital & Research Foundation Inc.
- St. Boniface General Hospital Parkade Inc.
- Dorais Charities Inc.

The financial statements of these related parties have not been included in these statements but are available from the individual related entities.

21. EMPLOYEE FUTURE BENEFITS

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable group pension plan. The Authority's contractual commitment is to pay based upon one of the following (dependant on the agreement/policy applicable to the employee):

1. Four days of salary per year of service upon retirement if the employee complies with one of the following conditions:
   i. has 10 years service* and has reached the age 55
   ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee
   iii. retires at or after age 65
   iv. terminates employment at any time due to permanent disability

   *Non-union policy requires 5 years service for staff not covered by a collective agreement.

2. One week of pay for each year of service up to 15 years of service and two weeks of additional pay for each five years past the 15 years of service up to 35 years of service upon retirement if the employee complies with the following conditions:
   i. has 9 or more years of service
   ii. has reached the age of 55

3. One week of pay for each year of accumulated service or portion thereof to a maximum of fifteen weeks pay upon retirement if the employee complies with the following conditions:
   i. has 10 or more years of service
   ii. has reached the age of 55

(amounts in thousands of dollars)

21. EMPLOYEE FUTURE BENEFITS (continued)

a) Accrued retirement entitlement (continued)

4. Payment or pre-retirement leave equivalent to the number of unused sick leave days accumulated during the last 5 years service plus 25% of the unused sick days accumulated prior to the last 5 years of service multiplied by the daily rate of the employee's permanent or regular position in effect on the employee's last day of service payable upon:
   i. Retirement, death, or termination of service caused by a transfer of departmental function.

The Authority undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at December 31, 2008, projected to March 31, 2009. The significant actuarial assumptions adopted in measuring the Authority's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 – 5.5%) and a rate of salary increase of 3.5% (2008 – 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount of funding which will be provided by Manitoba Health and Healthy Living for pre-retirement entitlement obligations has been capped at the amount owing as at March 31, 2004 and has been recorded as a receivable on the statement of financial position. Manitoba Health and Healthy Living has indicated that payment of this receivable, when required, is guaranteed by the Province. Any changes from the March 31, 2004 liability amount are reflected in the statement of operations.

	2009	2008
Employee future benefits recoverable from Manitoba Health and Healthy Living	**$ 82,302**	$ 82,302

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	**$ 116,764**	$ 111,528
Net increase in pre-retirement entitlements	**4,135**	5,236
Balance, end of year	**$ 120,899**	$ 116,764

b) Pension plan

Most of the employees 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.

21. EMPLOYEE FUTURE BENEFITS (continued)

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy. Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 5% of basic annual earnings up to the Canada Pension Plan ceiling contributed by employees, 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 employer contributions to the Plan to remain a constant percentage of employee's 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 for funding purposes occurred on December 31, 2007. The valuation indicated that the plan was fully funded. The plan is required to have its next actuarial valuation for funding purposes on or before December 31, 2010. Actual contributions to the plan made during the year by the Authority on behalf of its employees amounted to $58,598 (2008 - $51,373) and are included in the statement of operations.

Some employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Authority employees is included in the Province of Manitoba's liability for Civil Service Superannuation Fund. Accordingly, no provision is required in the financial statements relating to the effects of participating in the plan by the Authority and its employees.

Some employees are eligible for membership in the multi employer City of Winnipeg Employee's Benefits Program which includes of the Civic Employee's Pension Plan. The Civic Employee's Pension Plan is a defined benefit pension plan operated by the City of Winnipeg. During the year, the Authority expensed $235 (2008 - $238) for current year's contributions.

Some employees are eligible for membership in the multi employer Home Care Worker's Benefit Trust, which includes the Manitoba Home Care Pension Plan. The Manitoba Home Care Pension Plan is a defined contribution pension plan. During the year, the Authority expensed contributions to the pension plan of $1,160 (2008 - $1,118).

The Authority is aware that market values of plan investments have declined and as a result have impacted the valuation of these abovementioned pension plans. The managers of the pension plans are evaluating further courses of action.

22. CAPITAL DISCLOSURES

The Authority's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide health care services to the community. The capital position of the Authority is managed through its net assets, deferred contributions and loans.

The Authority relies mainly on government funding to finance its operations. The funds provided by government are allocated to the various programs based on the priorities identified by the Authority's Board of Directors.

During the year, the Board of Directors internally restricted $2,093 (2008 - $8,274) of unrestricted net assets to be used for future capital purchases. Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

The Authority also receives restricted contributions from government, private companies and individuals. Contributions received but not spent by the end of an accounting period are deferred and recognized in the appropriate period. During the year ended March 31, 2009, the Authority complied with the external restrictions imposed by its funders.

The Authority has entered into borrowing facilities to finance the purchase of capital assets. These facilities contain financial covenants. For all borrowing facilities, the Authority is to ensure that the proceeds of external financing arranged to refinance project loans will be first utilized to repay relevant project loans. Additionally, for the Emily Street Parkade and Tecumseh Street Parkade Loans, the Authority is required to maintain a Debt Service Coverage ratio, of not less than 110%. During the year ended March 31, 2009, the Authority complied with the financial covenants imposed by its financial institution.

23. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 1 - Other Income
For the year ended March 31, 2009
(in thousands of dollars)

		2009		2008
Separately funded primary health programs	$	**4,142**	$	4,391
Other Government Revenue		**7,793**		8,000
Patient and resident income		**35,273**		31,431
Radiology fee for service		**9,155**		8,851
Recoveries		**43,373**		40,931
Investment income		**1,289**		2,248
Miscellaneous income		**7,057**		3,898
Total	$	**108,082**	$	99,750

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 2 - Long Term Care Facility Funding
For the year ended March 31, 2009
(in thousands of dollars)

		2009		2008
Non-Proprietary Personal Care Homes				
Bethania Mennonite Personal Care Home	$	5,953	$	5,526
Calvary Place Personal Care Home		4,659		3,941
Convalescent Home of Winnipeg		3,039		2,885
Donwood Manor Personal Care Home		4,915		4,615
Foyer Valade		6,256		5,819
Fred Douglas Lodge		5,713		5,395
Golden Links Lodge		3,513		3,242
Golden West Centennial Lodge		4,414		3,980
Holy Family Nursing Home		11,232		10,577
Lions Personal Care Centre		4,449		3,423
Luther Home		3,501		3,171
Meadowood Manor		3,565		3,268
Middlechurch Home of Winnipeg		8,506		7,705
Park Manor Personal Care Home		4,065		3,796
Pembina Place Mennonite Personal Care Home		2,572		2,334
Sharon Home		9,493		9,488
St. Joseph's Residence		4,330		3,972
Taché Centre		15,023		14,365
West Park Manor		5,782		5,271
Supportive Housing		5,697		3,853
Miscellaneous Funding Adjustments		541		1,301
Total	$	117,218	$	107,927
Proprietary Personal Care Homes				
Central Park Lodge - Beacon Hill	$	7,868	$	7,337
Central Park Lodge - Charleswood Care Centre		6,525		6,041
Central Park Lodge - Heritage Lodge		3,838		3,532
Central Park Lodge - Kildonan Personal Care Home		5,691		5,316
Central Park Lodge - Maples Personal Care Home		8,963		8,564
Central Park Lodge - Parkview Place		12,257		11,457
Central Park Lodge - Poseidon Care Centre		9,434		8,619
Extendicare - Oakview Place		9,921		9,495
Extendicare - Tuxedo Villa		8,414		7,914
Golden Door Geriatric Centre		3,233		3,001
River East Personal Care Home		5,476		5,283
St. Norbert Nursing Home		3,547		3,411
Vista Park Lodge		4,322		4,172
Miscellaneous Funding Adjustments		600		1,313
Total	$	90,089	$	85,455
Rural Proprietary Personal Care Homes				
Central Park Lodge - Valley View	$	3,866	$	3,575
Extendicare - Hillcrest Place		4,235		4,029
Extendicare - Red River Place		4,598		4,413
St. Adolphe Personal Care Home		1,838		1,551
Tudor House Personal Care Home		3,418		3,083
Miscellaneous Funding Adjustments		-		2
Total	$	17,955	$	16,653
Residential Care				
St. Amant Centre	$	23,783	$	22,788
Total	$	249,045	$	232,823

The facility funding reported on this schedule reflects approximately 74% (2008 - 73%) of the personal care homes' total annual budget. The remainder of the budget is funded directly by the facility through Residential Charges.

In 2009, Drug Capitation Fees of $2,190 were paid directly by the WRHA on behalf of the Non-Proprietary and Proprietary personal care homes (2008 - $2,140).

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 3 - Community Health Agency Funding
For the year ended March 31, 2009
(in thousands of dollars)

	2009	2008
Aboriginal Health & Wellness Centre	**$ 1,061**	$ 1,115
Centre de Sante	**2,172**	2,152
Hope Centre Health Care Incorporated	**936**	882
Klinic Incorporated	**5,108**	4,550
Main Street Project Inc.	**1,736**	1,634
MFL Occupational Health and Safety Inc.	**742**	724
Mount Carmel Clinic	**6,705**	6,279
Nine Circles Community Health Centre Inc.	**2,739**	2,452
Nor'West Co-op Community Health Centre, Inc.	**1,187**	1,177
Rehabilitation Centre for Children, Inc.	**2,672**	2,575
Sexuality Education Resource Centre Manitoba, Inc.	**895**	834
Women's Health Clinic, Inc.	**3,060**	2,769
Clinique Youville Clinic Inc.	**2,421**	2,312
Miscellaneous Funding Adjustments	**5**	2
Total	**$ 31,439**	$ 29,457

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 4 - Adult Day Care Facility Funding
For the year ended March 31, 2009
(in thousands of dollars)

		2009		2008
Convalescent Home of Winnipeg	$	38	$	37
Fred Douglas Lodge		190		185
Golden Links Lodge		55		53
Golden West Lodge		162		158
Holy Family Nursing Home		192		187
Independent Living Resource Centre		107		104
Lions Personal Care Centre		163		158
Lions Place - Charleswood		268		260
Lions Place - Concordia		189		184
Lions Place - 610 Portage		223		216
Luther Home		94		91
Middlechurch Home of Winnipeg		198		192
Extendicare - Oakview Place		145		140
Park Manor Personal Care Home		109		106
Sharon Home		68		66
South YM/YWCA		170		165
Taché Centre		382		371
Miscellaneous Funding Adjustments		1		1
Total	$	2,754	$	2,674

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Grants to Facilities and Agencies
For the year ended March 31, 2009
(in thousands of dollars)

	2009	2008
Aboriginal Seniors Resource Centre	**$ 169**	$ 165
Age & Opportunity Centre Inc.	**627**	626
ALS House	**408**	351
Betelstadur Housing Co-op	**7**	7
Bethania Personal Care Home	**18**	17
Bethel Place	**38**	37
Bluebird Service Club	**-**	-
Bonivital Council for Seniors	**39**	38
Broadway Seniors Resource Council Inc.	**39**	38
Canadian Mental Health Association	**982**	962
Canadian Polish Manor	**18**	18
Central Speech & Hearing Clinic Inc.	**101**	101
Charleswood Senior Centre	**46**	44
Chez Nous Inc.	**19**	19
City of Winnipeg - Emergency Services	**6,230**	7,600
Clubhouse of Winnipeg Inc.	**357**	357
CNIB	**12**	12
Columbus Manor	**19**	19
Community Therapy Services	**199**	195
Creative Retirement Manitoba	**46**	44
Donwood Manor	**111**	49
Doray Enterprises	**332**	325
Fort Garry Services Inc.	**38**	37
Foyer Vincent Inc.	**19**	19
Friends Housing Inc.	**94**	92
Good Neighbours Senior Centre Inc.	**128**	64
Gwen Secter Creative Living Centre	**58**	56
Hospice & Palliative Care Manitoba	**83**	81
Jewish Child and Family	**36**	35
Jocelyn House	**285**	280
Kali Shiva	**-**	100
Keewatin Inkster (formerly Brooklands/Weston Community Resource)	**95**	93
Kingsford Haus Co-op Ltd.	**12**	11
La Federation de Franco MB	**17**	5
L'Accueil Colombien Inc.	**18**	18
Lindenwoods	**100**	95
Lions Club	**37**	36
Luther Home Care	**114**	-
Manitoba Association of Multipurpose Senior Centres	**4**	4
Manitoba Cardiac Institute (Reh-fit)	**762**	736
Manitoba Eastern Star Chalet	**12**	11

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 5 - Grants to Facilities and Agencies (continued)
For the year ended March 31, 2009
(in thousands of dollars)

	2009	2008
Manitoba Housing Authority	**360**	353
MacDonald Youth Services	**315**	309
McClure	**12**	11
Meals on Wheels of Winnipeg Inc.	**159**	155
Metropolitan Kiwanis Courts	**101**	99
Middlechurch Home of Winnipeg	**47**	46
Seven Oaks Seniors Link (formerly North Winnipeg Community Council)	**39**	38
Pembina Place (formerly Deaf Centre Manitoba Inc.)	**37**	34
PIECES - Alzheimer's Grant	**65**	-
Rainbow Society	**282**	132
River East Council for Seniors	**62**	61
Rose & Max Rady Jewish Community Centre	**17**	22
Ruperts Land Caregiver Services	**52**	50
S.S.C.O.P.E. Incorporated	**162**	125
Salvation Army	**278**	270
Salvation Army - Grace Hospital	**1,000**	-
Sara Riel Inc.	**840**	840
Seniors Home Help Inc.	**75**	74
Seneca House	**374**	377
Serena Manitoba Inc.	**12**	12
Seven Oaks Wellness Centre	**597**	587
Society for Manitobans with Disabilities	**1,452**	1,423
South Winnipeg Senior Resource Council Inc.	**51**	50
St. James/Assiniboia Senior Centre Inc.	**89**	88
Stay Young Centre	**18**	18
Transcona Council for Seniors	**43**	43
University of Manitoba - Medical Info Line for the Elderly	**33**	33
University of Manitoba - Dental Services	**237**	44
University of Manitoba	**176**	350
Villa Cabrini Inc.	**38**	37
Villa Nova	**12**	11
Villa Tache	**30**	29
Willow Centre	**12**	11
Wolseley Family Centre	**97**	95
YW/YMCA of Winnipeg	**182**	199
Miscellaneous Funding Adjustments	**6**	2
Total	**$ 19,091**	$ 18,825

WINNIPEG REGIONAL HEALTH AUTHORITY
Schedule 6 - Internally Restricted Net Assets
For the year ended March 31, 2009
(in thousands of dollars)

	2009										2008
	Internally Restricted Net Assets										
	Laundry Capital Assets	Telehealth Capital Assets	Concordia Capital Assets	Grace Capital Assets	Victoria Capital Assets	Seven Oaks Ancillaries & Wellness Institute	Riverview Internally Restricted	Misericordia Ancillary Fund	St. Boniface Internally Restricted	Total Internally Restricted	Total
Balance, beginning of year	$ 966	$ 962	$ 1,030	$ 3,088	$ 1,744	$ 3,085	$ 2,964	$ 3,674	$ 6,501	$ 24,014	$ 16,899
Change in accounting policies (Note 2)	-	-	-	-	-	-	-	-	-	-	102
Net surplus	-	-	-	-	-	23	133	555	59	770	1,279
Purchases of capital assets	(484)	(452)	-	-	(391)	(680)	-	-	(4)	(2,011)	(2,540)
Net Asset Restrictions	722	-	-	-	-	1,371	-	-	-	2,093	8,274
Balance, end of year	$ 1,204	$ 510	$ 1,030	$ 3,088	$ 1,353	$ 3,799	$ 3,097	$ 4,229	$ 6,556	$ 24,866	$ 24,014

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Nature of Expense
For the year ended March 31, 2009
(unaudited)
(in thousands of dollars)

	2009	2008
REVENUE		
Manitoba Health and Healthy Living operating income	$ **1,951,466**	$ 1,819,727
Other income (schedule 1)	**108,082**	99,750
Amortization of deferred contributions, capital	**58,972**	55,756
Amortization of deferred contributions, future expenses	**2,430**	7,054
	2,120,950	1,982,287
EXPENSES		
Salaries and wages	**1,151,702**	1,039,306
Medical Remuneration	**168,742**	151,628
Printing, stationery and office supplies	**6,543**	8,395
Housekeeping, laundry and linen	**17,804**	12,120
Utilities, insurance and taxes	**38,711**	30,934
Food and dietary supplies	**21,974**	21,089
Medical and surgical supplies	**110,078**	99,201
Pharmaceutical supplies	**52,158**	56,740
Diagnostic supplies	**21,586**	18,584
Miscellaneous and other	**55,942**	64,443
Repairs and maintenance	**53,221**	33,918
Referred out services	**50,665**	92,488
Radiology fee for service costs	**12,449**	11,499
Interest	**786**	918
Amortization of capital assets	**61,848**	56,438
Employee future benefits	**4,135**	5,236
Non-acute care facility and grant funding	**303,020**	284,454
	2,131,364	1,987,391
OPERATING DEFICIT	**(10,414)**	(5,104)
NON-INSURED SERVICES		
Non-insured services income	**83,917**	79,334
Non-insured services expenses	**77,401**	73,545
NON-INSURED SERVICES SURPLUS	**6,516**	5,789
(DEFICIT) SURPLUS FOR THE YEAR	$ **(3,898)**	$ 685

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program
For the year ended March 31, 2009
(unaudited)
(in thousands of dollars)

	2009	2008
REVENUE		
Manitoba Health and Healthy Living operating income	**$ 1,951,466**	$ 1,819,727
Other income (Schedule 1)	**108,082**	99,750
Amortization of deferred contributions, capital	**58,972**	55,756
Recognition of deferred contributions, future expenses	**2,430**	7,054
	2,120,950	1,982,287
EXPENSES		
Program costs		
Anaesthesia	**14,590**	10,518
Breast health	**2,600**	2,522
Cardiac sciences	**60,649**	52,673
Child health	**84,384**	78,431
Child adolescent & mental health	**17,581**	16,161
Critical care	**49,230**	44,937
Diagnostic imaging	**60,998**	57,502
Diagnostic imaging - Radiology Fee for Service	**12,411**	11,635
Emergency	**76,638**	67,849
Family medicine	**35,112**	34,149
Genetics	**1,179**	1,165
Health Links	**5,829**	5,632
Laboratories	**69,887**	65,415
Medicine	**96,646**	88,974
Renal health	**53,227**	47,393
Mental health	**36,717**	35,122
Oncology	**7,602**	7,287
Oral Health	**494**	459
Paliative Care	**8,951**	8,568
Psychology	**3,749**	3,801
Rehab/Geriatrics	**57,454**	54,381
Surgery	**197,657**	181,573
Tele-health	**2,411**	2,304
Women's health	**52,499**	48,528
Long term care	**58,400**	57,411
Residents and interns	**26,575**	26,923
Other diagnostic & therapeutic services	**38,615**	38,135
Pharmacy	**33,323**	31,557
Community based home care services	**174,229**	167,471
Community based mental health services	**14,809**	13,718
Community based primary health services	**29,905**	26,892
Separately funded primary health programs	**8,030**	7,257
	1,392,381	1,296,343

WINNIPEG REGIONAL HEALTH AUTHORITY
Supplementary Information
WRHA Statement of Operations including all Acute Care Operations
By Program (continued)
For the year ended March 31, 2009
(unaudited)
(in thousands of dollars)

		2009		2008
Indirect service costs				
Corporate and support services		**71,236**		61,991
Clinical and non-clinical support services		**83,525**		71,794
Information services		**47,151**		38,941
Facility services		**141,647**		134,837
Marketed services		**83**		89
Research and education services		**10,111**		9,920
		353,753		317,572
Other costs				
Non-acute care facility and grant funding		**303,020**		284,454
Aboriginal services & strategies		**2,216**		2,178
Other costs		**13,225**		24,252
Employee future benefits		**4,135**		5,236
Interest		**786**		918
Amortization of capital assets		**61,848**		56,438
		385,230		373,476
		2,131,364		1,987,391
OPERATING DEFICIT		**(10,414)**		(5,104)
NON-INSURED SERVICES				
Non-insured services income		**83,917**		79,334
Non-insured services expenses		**77,401**		73,545
NON-INSURED SERVICES SURPLUS		**6,516**		5,789
OPERATING AND NON-INSURED (DEFICIT) SURPLUS	**$**	**(3,898)**	$	685

ADMINISTRATIVE COSTS

The Canadian Institute of Health Information (CIHI) defines a standard set of guidelines for the classification and coding of financial and statistical information for use by all Canadian health service organizations. The Authority adheres to these coding guidelines.

The most current definition of administrative costs determined by CIHI includes: General Administration (including Acute/Long Term Care/Community Administration, Patient Relations, Community Needs Assessment, Risk Management, Quality Assurance, and Executive costs), Finance, Human Resources, Labour Relations, Nurse/Physician Recruitment and Retention, and Communications.

The administrative cost percentage indicator (administrative costs as a percentage of total operating costs) adheres to CIHI definitions.

Administrative costs and percentages for the Authority (including hospitals, non-proprietary personal care homes and community health agencies) are:

	2009	2008 (Restated)
Administrative costs	**$ 89,806**	$ 86,019
Administrative cost %	**4.1%**	4.2%

The figures presented are based on data available at time of publication. Restatements are made in the subsequent year to reflect final data and changes in the CIHI definition, if any.

Deloitte.

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AUDITORS' REPORT

To the Board of Directors
3885136 Manitoba Association Inc.
(Operating as Calvary Place Personal Care Home)

We have audited the statement of financial position of 3885136 Manitoba Association Inc. (Operating as Calvary Place Personal Care Home) as at March 31, 2009 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 4, 2009

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of Operations
Year Ended March 31, 2009

	2009	2008
INCOME		
Residents		
Winnipeg Regional Health Authority funding	**$ 4,333,586**	$ 3,984,859
Residential charge	**1,664,349**	1,622,820
Amortization of deferred contributions	**232,406**	232,400
Investment income	**30,891**	59,605
Other income	**8,220**	2,185
	6,269,452	5,901,869
EXPENSES		
Salaries	**4,222,596**	4,016,787
Employee benefits	**666,687**	631,750
Payroll tax	**89,923**	86,226
Incontinence supplies	**46,433**	50,165
Medical and surgical supplies	**36,244**	32,461
Operating expenses - Schedule	**466,399**	456,932
Physical plant - Schedule	**324,457**	307,447
Amortization	**262,742**	284,190
Administration - Schedule	**80,138**	77,917
	6,195,619	5,943,875
EXCESS (DEFICIENCY) OF INCOME OVER EXPENSES FOR THE YEAR	**$ 73,833**	$ (42,006)

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of Financial Position
March 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	$ **1,587,212**	$ 1,720,845
Accounts receivable	**546,087**	241,112
G.S.T. recoverable	**7,133**	3,967
Supplies	**21,093**	15,329
Prepaid expenses	**6,476**	6,418
Due from Manitoba Health - vacation pay	**228,184**	228,184
	2,396,185	2,215,855
DUE FROM MANITOBA HEALTH - PRE-RETIREMENT ENTITLEMENTS	**223,164**	189,422
FIXED ASSETS (Note 4)	**7,277,045**	7,519,247
TRUST AND ACTIVITY FUND ASSETS	**117,270**	86,006
	$ **10,013,664**	$ 10,010,530
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	$ **599,240**	$ 552,621
Due to Winnipeg Regional Health Authority	**1,452,890**	1,402,808
	2,052,130	1,955,429
PRE-RETIREMENT ENTITLEMENTS	**223,164**	189,422
DEFERRED CONTRIBUTIONS (Note 6)	**7,007,124**	7,239,530
TRUST AND ACTIVITY FUND LIABILITIES	**117,270**	86,006
	9,399,688	9,470,387
CONTINGENCY (Note 8)		
NET ASSETS		
Invested in fixed assets (Note 7)	**294,921**	304,717
Unrestricted	**319,055**	235,426
	613,976	540,143
	$ **10,013,664**	$ 10,010,530

APPROVED BY THE BOARD

.... Director

.... Director

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of Changes in Net Assets
Year Ended March 31, 2009

	Invested in Fixed Assets	Unrestricted	**Total 2009**	Total 2008
Balance, beginning of year	**$ 304,717**	**$ 235,426**	**$ 540,143**	$ 582,149
Excess (deficiency) of income over expenses for the year	**(30,336)**	**104,169**	**73,833**	(42,006)
Investment in fixed assets (Note 7)	**20,540**	**(20,540)**	**-**	-
Balance, end of year	**$ 294,921**	**$ 319,055**	**$ 613,976**	$ 540,143

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Statement of Cash Flows
Year Ended March 31, 2009

		2009		2008
OPERATING ACTIVITIES				
Excess (deficiency) of income over expenses for the year	$	**73,833**	$	(42,006)
Items not affecting cash				
Amortization		**262,742**		284,190
Amortization of deferred contributions		**(232,406)**		(232,400)
		104,169		9,784
Changes in non-cash operating working capital items				
Accounts receivable		**(304,975)**		(146,147)
G.S.T. recoverable		**(3,166)**		1,961
Supplies		**(5,764)**		(1,317)
Prepaid expenses		**(58)**		(1,879)
Due from Manitoba Health - vacation pay		**-**		(21,394)
Due from Manitoba Health - pre-retirement entitlements		**(33,742)**		(21,692)
Accounts payable and accrued liabilities		**46,619**		28,817
Due to Winnipeg Regional Health Authority		**50,082**		200,082
Pre-retirement entitlements		**33,742**		21,692
		(113,093)		69,907
FINANCING ACTIVITY				
Deferred contributions received		**-**		25,000
INVESTING ACTIVITY				
Fixed asset purchases		**(20,540)**		(3,505)
NET (DECREASE) INCREASE IN CASH POSITION		**(133,633)**		91,402
CASH POSITION, BEGINNING OF YEAR		**1,720,845**		1,629,443
CASH POSITION, END OF YEAR	$	**1,587,212**	$	1,720,845

1. DESCRIPTION OF ORGANIZATION

3885136 Manitoba Association Inc. (Operating as Calvary Place Personal Care Home) was incorporated on August 20, 1998 and commenced active operations on January 24, 2000. The Personal Care Home is overseen by a Board of Directors pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes.

The Personal Care Home is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. ACCOUNTING POLICIES CHANGES

On April 1, 2008 the Personal Care Home adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, Capital Disclosures. This section requires the disclosure of information about its objectives, policies and processes for managing capital. The required disclosures are in Note 10.

Future Accounting Changes

In November 2008, the CICA issued amendments to Section 4400 Financial statement presentation by not-for-profit organizations, Section 4460 Disclosure of related party transactions by not-for-profit organizations, and issued Section 4470 Disclosure of allocated expenses by not-for-profit organizations. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly the Personal Care Home will adopt the new standards as of April 1, 2009.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840.

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Personal Care Home is currently evaluating the impact of the adoption of these new standards on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Personal Care Home has elected to use the exemption provided by the CICA permitting not for profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Organization for the year ended March 31, 2009. The Personal Care Home applies the requirements of Section 3861 of the CICA Handbook.

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

a) Revenue recognition

The Personal Care Home follows the deferral method of accounting for contributions which include donations and government grants.

The Personal Care Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of fixed assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related fixed assets.

b) Fixed assets

Purchased fixed assets are recorded at cost. Contributed fixed assets are recorded at fair value at the date of contribution.

Fixed assets are amortized on a straight-line basis over the following estimated useful lives:

Building	40 years
Computer equipment and software	5 years
RDF equipment	5 – 7 years
Nursing equipment	7 years
Furniture	15 years
Major equipment	5 – 25 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Retirement entitlement obligation

The Personal Care Home 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:

- Have ten years service and have reached the age of 55, or
- Qualify for the "eighty" rule which is calculated by adding the number of year's service to the age of the employee.

The Personal Care Home has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. A long term receivable has also been recorded in the same amount at year-end to represent the funding commitment for these retirement entitlements from Manitoba Health.

d) Due from Manitoba Health – vacation pay

Until the fiscal year ended March 31, 2004, funding for vacation entitlements was provided by the Winnipeg Regional Health Authority in the period in which expenditures were made. Accordingly, the cost of the estimated vacation pay at March 31, 2004 was accrued to enable an appropriate matching of expenses with income secured at that date. For the year ended March 31, 2005 and onwards Manitoba Health is no longer funding this liability and the change in the current year liability is recorded as a charge against current year operations. The receivable from Manitoba Health includes only the accrued liability to March 31, 2004.

e) Financial risk

Financial risk is the risk that arises from fluctuations in interest rates, and the degree of volatility of those rates. The Personal Care Home does not use derivative instruments to reduce its exposure to interest rate risk.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. In addition, the Personal Care Home is exposed to credit risk from its residents. However, at year-end virtually all of the accounts receivable were due from government agencies, which minimizes the credit risk.

Fair value

The fair value of accounts receivable, accounts payable and accrued liabilities, and due to Winnipeg Regional Health Authority approximate their carrying value due to their short-term maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial risk (continued)

Fair value (continued)

The fair value of the current and long term asset future employee benefits recoverable from Manitoba Health and the long term liability pre-retirement entitlements payable could not be determined because there are no specific terms of repayment.

f) Use of estimates

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts and the estimated useful life of fixed assets. Actual results could differ from these estimates.

g) Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of such instruments. Settlement date accounting is used.

Classifications

Cash	Held for trading
Accounts receivable	Loans and receivables
Due from Manitoba Health – vacation pay and pre-retirement entitlements	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Due to Winnipeg Regional Health Authority	Other liabilities
Pre-retirement entitlements	Other liabilities

Held for trading

Held for trading financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets and financial liabilities (continued)

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

4. FIXED ASSETS

	2009 Cost	2009 Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Land	**$ 424,712**	**$ -**	**$ 424,712**	$ 424,712
Building	**8,563,541**	**1,976,757**	**6,586,784**	6,800,874
Computer equipment and software	**94,608**	**94,608**	**-**	2,410
RDF equipment	**300,947**	**300,947**	**-**	-
Nursing equipment	**103,287**	**90,198**	**13,089**	-
Furniture	**608,868**	**373,073**	**235,795**	276,281
Major equipment	**127,488**	**110,823**	**16,665**	14,970
	$ 10,223,451	**$ 2,946,406**	**$ 7,277,045**	$ 7,519,247

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Trade	**$ 136,507**	$ 134,971
Wages and employee benefits payable	**129,463**	136,936
Accrued vacation pay	**333,270**	280,714
	$ 599,240	$ 552,621

6. DEFERRED CONTRIBUTIONS

The deferred contributions balance at the beginning of the year relates primarily to fixed assets and represents the unamortized amount and unspent amount of funding received for repayment of the principal portion on the long-term debt. These contributions were received from Heritage Benevolent Association Inc. and Manitoba Health. In the prior year, contributions were received from Heritage Benevolent Association Inc. to be utilized on future training.

	2009	2008
Balance, beginning of year	**$ 7,239,530**	$ 7,446,930
Contributions received	**-**	25,000
Amortization	**(232,406)**	(232,400)
Balance, end of year	**$ 7,007,124**	$ 7,239,530

7. INVESTED IN FIXED ASSETS

a) Invested in fixed assets is calculated as follows:

	2009	2008
Fixed assets	**$ 7,277,045**	$ 7,519,247
Deferred contributions – related to fixed assets	**(6,982,124)**	(7,214,530)
Balance, end of year	**$ 294,921**	$ 304,717

b) Change in net assets invested in fixed assets is calculated as follows:

	2009	2008
Deficiency of income over expenses		
Amortization of deferred contributions related to fixed assets	**$ 232,406**	$ 232,400
Amortization of fixed assets	**(262,742)**	(284,190)
	(30,336)	(51,790)
Net change in invested in fixed assets		
Purchase of fixed assets	**20,540**	3,505
Total change in net assets invested in fixed assets	**$ (9,796)**	$ (48,285)

8. CONTINGENCY

The Personal Care Home is responsible for any in-globe deficits but may unconditionally retain the greater of 50% of its operating surplus and 2% of the global budget indicated in its funding letter from Winnipeg Regional Health Authority. The actual amount of the settlement is determined after a review of the details by Winnipeg Regional Health Authority and negotiation with the Personal Care Home.

If deficits are incurred, additional funding may be provided by Winnipeg Regional Health Authority for expenses not initially included in the budget.

9. PENSION PLAN

Substantially all employees of the Personal Care Home are members of the Health Employees Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of 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.

The Personal Care Home's liability under the pension plan is limited to the contributions required during the year under the respective agreements. Contributions to the Plan made during the year by the Personal Care Home on behalf of its employees amounted to $270,202 (2008 - $243,511) and are included in the statement of operations.

10. CAPITAL MANAGEMENT

The objective of the Board of Directors of the Residence, when managing capital, is to safeguard the ability to continue as a going concern. The Board of Directors sets the amount of capital in proportion to risk. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

3885136 MANITOBA ASSOCIATION INC.
(Operating as Calvary Place Personal Care Home)
Schedule of Operating, Physical Plant and Administration Expenses
Year Ended March 31, 2009

	2009	2008
OPERATING EXPENSES		
Food	**$ 353,167**	$ 344,642
Other supplies and expenses	**55,644**	55,496
Purchased services	**57,588**	56,794
	$ 466,399	$ 456,932
PHYSICAL PLANT EXPENSES		
Heat, light and power	**$ 108,132**	$ 105,598
Insurance and property taxes	**136,178**	138,226
Repairs and maintenance	**52,055**	38,759
Water	**28,092**	24,864
	$ 324,457	$ 307,447
ADMINISTRATION EXPENSES		
Membership fees	**$ 2,823**	$ 1,621
Postage and delivery	**917**	1,289
Printing, stationery and office supplies	**14,699**	12,567
Professional fees	**37,346**	42,036
Sundry	**3,487**	2,256
Telephone and fax	**9,561**	9,653
Travel and education	**11,305**	8,495
	$ 80,138	$ 77,917

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Directors of
BETHANIA MENNONITE PERSONAL CARE HOME, INC.

We have audited the statement of financial position of **BETHANIA MENNONITE PERSONAL CARE HOME, INC.** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Home'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 financial statements present fairly, in all material respects, the financial position of the Home's operations as outlined in Note 1 - Entity Definition, as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 15, 2009

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Financial Position

March 31	2009	2008
Assets		
Current Assets		
Restricted cash and investments (Note 3)	**$ 234,542**	$ 396,246
Accounts receivable (Note 4)	**63,117**	67,032
Due from related parties (Note 5)	**29,496**	-
Inventories	**61,349**	84,984
Prepaid expenses	**20,264**	21,230
Vacation entitlement receivable (Note 6)	**497,632**	497,632
	906,400	1,067,124
Retirement obligations asset (Note 14)	**707,211**	726,543
Capital assets (Note 7)	**1,989,023**	2,159,605
	$ 3,602,634	$ 3,953,272
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness (Note 13)	**$ 602,516**	$ 387,402
Accounts payable and accrued liabilities (Note 8)	**654,674**	776,407
Accrued vacation entitlements (Note 6)	**475,403**	412,104
Due to related parties (Note 5)	**-**	52,178
Current portion of long-term debt (Note 9)	**-**	119,945
	1,732,593	1,748,036
Accrued retirement obligations (Note 14)	**534,942**	554,274
Deferred contributions (Note 10)	**1,103,149**	1,141,549
	3,370,684	3,443,859
Commitments and contingencies (Note 11)		
Net Assets		
Invested in capital assets	**1,145,684**	1,059,768
Debenture payment reserve	**-**	122,849
Unrestricted	**(913,734)**	(673,204)
	231,950	509,413
	$ 3,602,634	$ 3,953,272

Approved on behalf of the Board:

____________________ Director

____________________ Director

The accompanying summary of significant policies and notes are an integral part of these financial statements.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Changes in Net Assets

For the year ended March 31				**2009**	2008
	Invested in Capital Assets	**Debenture Repayment Reserve**	**Unrestricted**	**Total**	Total
Balance, beginning of year	**$ 1,059,768**	**$ 122,849**	**$ (673,204)**	**$ 509,413**	645,753
Deficiency of revenue over expenditures for the year	**-**	**-**	**(154,614)**	**(154,614)**	(131,728)
Changes in reserve	**-**	**(122,849)**		**(122,849)**	(4,612)
Purchase of capital assets	**85,916**	**-**	**(85,916)**	**-**	-
Balance, end of year	**$ 1,145,684**	**$ -**	**$ (913,734)**	**$ 231,950**	$ 509,413

The accompanying summary of significant policies and notes are an integral part of these financial statements.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Winnipeg Regional Health Authority	$ 5,969,467	$ 5,486,699
Residential charges	2,510,656	2,372,591
Other income (Page 20)	196,917	96,856
CMHC subsidy	23,099	178,171
	8,700,139	8,134,317
Expenditures		
Accrued vacation pay increase (reduction)	63,299	(16,736)
Drugs and medical supplies	129,846	141,163
Employee benefits	917,098	856,450
Food	321,798	282,127
Health and education tax levy	124,968	116,866
Other supplies and expenses	784,647	607,741
Salaries	6,192,800	5,970,317
Utilities and taxes	339,629	317,526
	8,874,085	8,275,454
Deficiency of revenue over expenditures before amortization	(173,946)	(141,137)
Amortization		
Deferred contributions (Note 10)	256,498	247,006
Capital assets	(256,498)	(247,006)
	-	-
Deficiency of revenue over expenditures before other item	(173,946)	(141,137)
Other Item		
Accrued pre-retirement leave entitlement decrease	19,332	9,409
Deficiency of revenue over expenditures for the year	$ (154,614)	$ (131,728)

The accompanying summary of significant policies and notes are an integral part of these financial statements.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures for the year	**$ (154,614)**	$ (131,728)
Adjustments for		
Amortization of capital assets	**256,498**	247,006
Change in pre-retirement entitlement receivable	**(19,332)**	9,409
Change in accrued pre-retirement entitlement	**19,332**	(9,409)
Net decrease in deferred contributions	**(38,400)**	(96,608)
Changes in reserve	**(122,849)**	(4,612)
	(59,365)	14,058
Changes in non-cash working capital (Note 12)	**50,112**	146,639
	(9,253)	160,697
Cash Flows from Financing Activities		
Repayment of long-term debt	**(119,945)**	(118,000)
Cash Flows from Investing Activities		
Purchase of capital assets (net of donations)	**(85,916)**	(172,974)
Net decrease in cash and cash equivalents during the year	**(215,114)**	(130,277)
Bank indebtedness, beginning of year	**(387,402)**	(257,125)
Bank indebtedness, end of year	**$ (602,516)**	$ (387,402)

The accompanying summary of significant policies and notes are an integral part of these financial statements.

Revenue Recognition

The Home follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations hereto, the Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority ("WRHA"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the WRHA with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts. Any adjustments will be reflected in the year the final statement of recommended costs is received from the WRHA.

a) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue from the residential services and marketed services is recognized when the goods are sold or the service is provided.

Inventories

Inventories are carried at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis.

Employee Future Benefits

Pre-retirement entitlement, pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions. Commencing with the 2004-2005 fiscal year, out of globe funding for these costs is not provided by Manitoba Health/WRHA.

Contributed Services

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

Investments

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written-down to market value.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Building	2-10%
Computer equipment	20%
Furniture, fixtures and equipment	5-20%
Intangible assets	10%
Land improvements	4-6.7%

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

The Home utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Home is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The Home classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Related party payable	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

Restricted Cash

Restricted cash and investment balances represent assets segregated for use for replacement reserves or debenture repayment reserves.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Summary of Significant Accounting Policies

March 31, 2009

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Home, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Home is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The Home has elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

The Home continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition

Bethania Mennonite Personal Care Home, Inc. is incorporated under the laws of the Province of Manitoba. The Home is principally involved in providing licensed personal care services. The Home 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. Bethania is a Mennonite organization that demonstrates Christian love by compassionately offering a continuum of wellness, housing and personal care services for older adults.

Effective April 1, 2005, all assets of Bethania Mennonite Personal Care Home, Inc. - Memorial Fund were transferred to Bethania Mennonite Memorial Foundation Inc.

These financial statements present the financial position and results of operations of the personal care home operated as Bethania Mennonite Personal Care Home, Inc. As such, the financial statements for the year ended March 31, 2009 do not include the assets, liabilities, equity, revenues and expenses of Bethania Mennonite Memorial Foundation Inc.

2. Change in Accounting Policy

Capital Disclosures

On April 1, 2008 the Home adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 17).

The adoption of these new standards had no material impact on the Home's statement of financial position and operations.

3. Restricted Cash and Investments

	2009	2008
Restricted cash	**$ 62,190**	$ 107,502
Guaranteed Investment Certificates	**172,352**	165,185
Debenture Retirement Fund (see below)	**-**	123,559
	$ 234,542	$ 396,246

The fair value of cash on deposit is equal to its carrying value. The GICs have an effective interest rate of 4.01 to 5.12% (2008 - 4.01 to 5.12%) with the latest maturing in June 2012. The fair value of the GICs is based on the year end quoted market bid price.

Debenture Retirement Fund

In accordance with the agreement relating to debenture issues, the WRHA retains and holds in trust sufficient funds from amounts otherwise payable by it to the Home to ensure the availability of funds to meet debenture principal and interest payments as they fall due. On June 1, 2008, WHRA transferred the funds and fully paid the debenture principal amount.

4. Accounts Receivable

		2009		2008
Receivable from residents	**$**	**14,940**	$	21,535
Accrued interest receivable		**4,179**		4,085
Canada Mortgage and Housing Corporation		**15,507**		15,507
Other		**6,076**		561
GST rebate receivable		**22,415**		25,344
	$	**63,117**	$	67,032

5. Due from (to) Related Parties

		2009		2008
285 Pembina Inc.	**$**	**1,913**	$	392
ArlingtonHaus Inc.		**1,346**		392
Bethania Housing & Projects Inc.		**(27,352)**		(82,507)
Bethania Mennonite Memorial Foundation Inc.		**25,693**		17,517
BethaniaHaus Inc.		**6,732**		1,962
Pembina Place Mennonite Personal Care Home, Inc.		**21,164**		10,066
	$	**29,496**	$	(52,178)

Amounts due from (to) related parties are non-interest bearing with no specific terms of repayment.

6. Accrued Vacation Entitlements

The Home records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

		2009		2008
Balance, beginning of year	**$**	**497,632**	$	497,632
Net changes in vacation entitlements receivable		**-**		-
Balance, end of year	**$**	**497,632**	$	497,632

6. Accrued Vacation Entitlements (continued)

An analysis of the changes in the accrued vacation entitlements is as follows:

	2009	2008
Balance, beginning of year	**$ 412,104**	$ 428,840
Net increase (decrease) in accrued vacation entitlements	**63,299**	(16,736)
Balance, end of year	**$ 475,403**	$ 412,104

7. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 1**	**$ -**	$ 1	$ -
Land improvements	**340,263**	**280,359**	340,263	265,586
Building	**4,879,360**	**3,253,887**	4,841,344	3,109,116
Computer equipment	**337,093**	**304,262**	337,093	294,034
Furniture, fixtures and equipment	**3,725,841**	**3,470,753**	3,678,469	3,384,555
Intangible assets	**10,208**	**-**	10,208	-
Deferred software licenses	**5,518**	**-**	5,518	-
	$ 9,298,284	**$ 7,309,261**	$ 9,212,896	$ 7,053,291
Cost less accumulated amortization		**$ 1,989,023**		$ 2,159,605

Amortization of capital assets for the year ended March 31, 2009 is $256,498 (2008 - $247,006).

8. Accounts Payable and accrued liabilities

	2009	2008
Trade accounts payable	**$ 170,049**	$ 152,907
Accrued liabilities	**34,600**	58,913
Salaries and employee benefits payable	**336,885**	304,576
Winnipeg Regional Health Authority	**113,140**	260,011
	$ 654,674	$ 776,407

9. Long-term Debt

	2009	2008
Debenture payable		
Debenture #2 - bearing interest at 11 1/8%, payable semi-annually with annual principal payments of $118,000, maturing June 1, 2008	**$ -**	$ 119,945
Current portion of long-term debt	**-**	119,945
	$ -	$ -

10. Deferred Contributions

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Changes in the deferred contribution balance are as follows:

	2009	2008
Balance, beginning of year	**$ 1,009,723**	$ 1,084,316
Funding for principal repayments on debenture	**126,547**	69,336
Transfer from replacement reserves	**85,388**	172,973
Long-term debt principal reductions	**(25,185)**	(23,313)
Construction loan reduction	**-**	(46,583)
Amounts amortized to revenue	**(256,498)**	(247,006)
Balance, end of year (carried forward)	**$ 939,975**	$ 1,009,723

Unspent Equipment Funding

Unspent equipment funding related to equipment replacement represents the unspent amount of funding received for the purchase of equipment. Equipment funding is not recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	**$ 95,573**	$ 100,183
Contributions - Winnipeg Regional Health Authority	**25,900**	124,292
Interest allocation	**7,837**	6,811
Transfer to deferred contributions - capital asset purchases	**(47,373)**	(135,713)
Balance, end of year (carried forward)	**$ 81,937**	$ 95,573

10. Deferred Contributions (continued)

	2009	2008
Capital assets (brought forward)	**$ 939,975**	$ 1,009,723
Unspent equipment funding (brought forward)	**81,937**	95,573

Unspent Major Repairs Funding

Unspent major repairs funding related to equipment repairs represent the unspent amount of funding received for the replacement of equipment. Major repairs funding is not recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	**$ 28,813**	$ 47,706
Contributions - Winnipeg Regional Health Authority	**80,345**	14,423
Interest allocation	**1,143**	3,944
Transfer to deferred contributions - capital asset purchases	**(38,016)**	(37,260)
Balance, end of year	**72,285**	28,813
Insurance Reserve		
Balance, beginning of year	**7,440**	5,952
Contributions - Winnipeg Regional Health Authority	**1,512**	1,488
Balance, end of year	**8,952**	7,440
Total deferred contributions balance	**$ 1,103,149**	$ 1,141,549

The long-term debt that has been incorporated in deferred contributions includes the following:

	2009	2008
CMHC Mortgage - interest at 7 7/8%, requiring monthly principal and interest payments of $5,217 funded by the Winnipeg Regional Health Authority, secured by a first charge against land and building, maturing July 1, 2020	**$ 474,259**	$ 499,445

11. Commitments and Contingencies

a) Bethania Mennonite Personal Care Home, Inc. has signed a borrowing resolution covering capital expenditures of $2,575,090 for Pembina Place Mennonite Personal Care Home Inc. The borrowing resolution is secured by a letter of comfort from Manitoba Health.

b) The nature of the Home's activities is such that there is usually litigation pending or in prospect at any time. With respect to potential claims at March 31, 2009, management believes the Home has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

c) On July 1, 1987, a group of health care organizations ("subscribers"), formed Healthcare insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal pursuant to provincial Insurance Acts, which permit reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009. The Home is a named insured under the WRHA policy with HIROC.

d) A lawsuit has been filed against the Home for an incident which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

12. Changes in Non-cash Working Capital

	2009	2008
Accounts receivable	**$ 3,915**	$ 2,699
Restricted cash and investments	**161,704**	32,096
Inventories	**23,635**	(30,641)
Prepaid expenses	**966**	10,360
Due from (to) related parties	**(81,674)**	38,959
Accounts payable and accrued liabilities	**(121,733)**	109,902
Accrued vacation payable	**63,299**	(16,736)
	$ 50,112	$ 146,639

13. Bank Indebtedness

The Home has a line of credit with The Royal Bank to a maximum of $500,000 which carries an interest rate of Royal Bank prime. The line of credit is secured by a general assignment of accounts receivable.

14. Employee Future Benefits

a) Accrued retirement obligation

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home's contractual commitment is to pay based upon the following:

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

i. has 10 years service and has reached the age 55

ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee

iii. retires at or after age 65

iv. terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2008. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, the Winnipeg Regional Health Authority assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

	2009	2008
Employee future benefits recoverable from		
Manitoba Health	**$ 652,360**	$ 652,360
Winnipeg Regional Health Authority	**54,851**	74,183
	$ 707,211	$ 726,543

14. Employee Future Benefits (continued)

a) Accrued retirement entitlement (continued)

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	**$ 554,274**	$ 563,683
Net increase (decrease) in pre-retirement entitlements	**(19,332)**	(9,409)
Balance, end of year	**$ 534,942**	$ 554,274

b) Pension plan

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan (the "Plan")) which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, combined with the contributions by employees, 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 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 the Plan is in a deficit position however, it is anticipated that recently implemented increases in contribution rates will correct the deficiency within the allowed time frame. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $310,557 (2008 - $300,044) and are included in the statement of operations.

15. Related Party Transactions

During the year, the Home had the following transactions with related organizations:

Management fee income	$	60,000
Maintenance fee recovery		28,888

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All parties are related by common control.

16. Funding of Future Employee Benefits

Effective April 1, 2004 Manitoba Health directed all health care facilities (including non-profit personal care homes) to discontinue establishing a receivable from Manitoba Health for the funding of future employee benefits given that the responsibility for payment of same would be transferred to the WRHA. Contrary to the long-standing practice prior to April 1, 2004, the WRHA has since directed all health care facilities to record the future employee benefits liability, but not the corresponding receivable. Commencing in 2007, the WRHA has agreed to fund the change in accrued pre-retirement liability for the WRHA funded portions; however, they did not agree to fund changes in accrued vacation pay.

The Home has taken the position that Unfunded Future Employee Benefits (which include Pre-retirement Leave and Vacation Accrual) should be recoverable from the WRHA.

The Home's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Based on this understanding, the corresponding responsibility for the future funding of the these benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including Bethania Mennonite Personal Care Home, Inc.).

The Home has expressed considerable concern to the WRHA regarding the impact of the policy change referred to above, and the manner in which Employee Future Benefit liabilities are to be funded and recorded in the Home's Audited Financial Statements.

17. Capital Management

The Home considers its capital to comprise its Net Assets balance. There have been no changes to what the organization considers to be its capital since the previous period.

The Home manages its capital to ensure it retains sufficient resources to enable it to meet its obligations for resident care. The determination of this amount is based on historical expense requirements relative to funding commitments.

BETHANIA MENNONITE PERSONAL CARE HOME, INC.
Schedule of Supplementary Information

For the year ended March 31		2009		2008
Other Income				
BethaniaHaus meal recoveries	**$**	**8,993**	$	9,643
Dietary recoveries		**44,680**		44,603
Shared service recoveries		**143,177**		41,779
Investment income		**67**		831
	$	**196,917**	$	96,856

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AUDITORS' REPORT

To the Member of Centre Taché Centre

We have audited the statement of financial position of Centre Taché Centre as at March 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

May 1, 2009

		2009		2008
Liabilities, Deferred Contributions and Fund Balances				
Current liabilities:				
Accounts payable	$	186,671	$	297,268
Accrued liabilities		2,190,090		1,539,936
Advances from Winnipeg Regional Health Authority (note 8)		207,236		602,121
Current portion of mortgages payable (note 7)		94,544		86,908
		2,678,541		2,526,233
Residents' funds in trust (note 5)		27,823		37,036
Future employee pre-retirement benefits payable (note 4)		1,803,676		1,826,198
Mortgages payable (note 7)		3,119,703		3,214,249
		4,951,202		5,077,483
		7,629,743		7,603,716
Deferred contributions for (note 9):				
Expenses of future periods		13,264		13,654
Capital assets		5,606,568		5,796,556
		5,619,832		5,810,210
Fund balances:				
Capital Fund (note 10)		56,549		44,503
Internally restricted fund (note 11)		1,778,564		1,496,593
		1,835,113		1,541,096
	$	15,084,688	$	14,955,022

See accompanying notes to financial statements.

On behalf of the Board of Directors:

Date le 25 juin /09

On behalf of the Member of the Corporation:

Date le 25 juin 2009

CENTRE TACHÉ CENTRE

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2009, with comparative figures for 2008

	Operating Fund: Operating	Operating Fund: Adult Day Program	Operating Fund: Supportive Housing Program	Internally Restricted and Ancillary Operations Funds	Capital Fund	2009 Total	2008 Total
Revenue:							
Winnipeg Regional Health Authority	$ 15,370,048	$ 384,258	$ 138,240	$ -	$ -	$ 15,892,546	$ 14,977,188
Resident charges	4,617,672	49,472	16,038	-	-	4,683,182	4,449,462
	19,987,720	433,730	154,278	-	-	20,575,728	19,426,650
Amortization of deferred contributions (note 9)	-	-	-	-	471,491	471,491	477,388
Offset income:							
Cafeteria	152,144	-	-	-	-	152,144	145,433
Interest	5,391	-	-	58,684	-	64,075	119,854
Donations	6,588	300	-	54,536	-	61,424	61,990
Fundraisers	-	-	-	6,497	-	6,497	5,103
Parking	67,396	-	459	-	-	67,855	64,361
Shared services (note 12)	291,029	-	-	-	-	291,029	324,182
Grants	15,103	-	-	-	-	15,103	27,127
Recoveries:							
General	321,870	-	9,169	-	-	331,039	277,410
Ancillary operations (note 9)	-	-	-	6,094	-	6,094	12,174
	859,521	300	9,628	125,811	-	995,260	1,037,634
	20,847,241	434,030	163,906	125,811	471,491	22,042,479	20,941,672
Expenses:							
Amortization	-	-	-	-	478,706	478,706	482,186
Salaries and wages	14,470,415	207,466	115,852	-	-	14,793,733	14,094,787
Employee benefits	2,752,687	40,937	17,330	-	-	2,810,954	2,649,242
Other supplies and expenses	403,034	4,205	3,417	9,722	-	420,378	426,158
Medical and surgical supplies	326,596	-	-	-	-	326,596	320,004
Drugs	5,279	-	-	-	-	5,279	3,050
Food costs	683,369	30,389	15,039	-	-	728,797	648,834
Utilities	632,332	-	-	-	-	632,332	604,625
Telephone and sundry	110,994	13,007	1,714	-	-	125,715	138,298
Travel	113,922	116,595	48	-	-	230,565	185,971
Professional and other fees	108,751	-	5,059	-	-	113,810	98,568
Advertising and public relations	10,551	2,593	882	-	-	14,026	6,084
Insurance	38,385	-	-	-	-	38,385	36,348
Equipment	306,505	3,641	4,229	-	-	314,375	316,237
Buildings and grounds	370,122	-	-	85,995	-	456,117	453,833
Interest	250,376	-	-	-	-	250,376	257,437
Ancillary operations	-	-	-	6,094	-	6,094	12,174
	20,583,318	418,833	163,570	101,811	478,706	21,746,238	20,733,836
Excess (deficiency) of revenue over expenses before the undernoted	263,923	15,197	336	24,000	(7,215)	296,241	207,836
Winnipeg Regional Health Authority prior year adjustment	-	-	-	(2,224)	-	(2,224)	-
Winnipeg Regional Health Authority future employee benefits recoverable (payable) (note 4)	(22,522)	-	-	-	-	(22,522)	115,095
Future employee pre-retirement benefits obligation (note 4)	22,522	-	-	-	-	22,522	(115,095)
Excess (deficiency) of revenue over expenses	263,923	15,197	336	21,776	(7,215)	294,017	207,836
Fund balances, beginning of year	-	-	-	1,496,593	44,503	1,541,096	1,333,260
Transfer to Capital Fund	(19,261)	-	-	-	19,261		
Transfer of operating surplus	(244,662)	-	-	244,662	-	-	-
Transfer of Adult Day Program surplus	-	(15,197)	-	15,197	-	-	-
Transfer of Supportive Housing Program surplus	-	-	(336)	336	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ 1,778,564	$ 56,549	$ 1,835,113	$ 1,541,096

See accompanying notes to financial statements.

CENTRE TACHÉ CENTRE

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 294,017	$ 207,836
Adjustments for:		
Amortization of capital assets	478,706	482,186
Amortization of deferred contributions related to capital assets	(471,491)	(477,388)
Change in non-cash operating working capital:		
Accounts receivable	18,791	(10,624)
Receivable from Winnipeg Regional Health Authority	408,688	(611,529)
Inventory	(10,855)	3,824
Prepaid expenses	(14,462)	3,405
Future employee pre-retirement benefits recoverable	22,522	(115,095)
Accounts payable	(110,597)	(37,562)
Accrued liabilities	650,154	(382,279)
Advances from Winnipeg Regional Health Authority	(394,885)	602,121
Future employee pre-retirement benefits payable	(22,522)	115,095
Deferred contributions received related to future periods	5,704	13,588
Deferred contributions recognized as revenue in the year	(6,094)	(12,174)
	847,676	(218,596)
Investing:		
Increase in deferred contributions related to capital assets	281,503	123,501
Additions to capital assets	(212,909)	(29,007)
	68,594	94,494
Financing:		
Repayments on mortgages	(86,910)	(79,899)
Increase (decrease) in cash	829,360	(204,001)
Cash, beginning of year	2,565,410	2,769,411
Cash, end of year	$ 3,394,770	$ 2,565,410

See accompanying notes to financial statements.

CENTRE TACHÉ CENTRE

Notes to Financial Statements

Year ended March 31, 2009

General:

Centre Taché Centre (the Corporation) was incorporated on July 9, 1968 under the laws of Manitoba as Taché Nursing Centre Hospitalier Taché Inc. and operates under the name Centre Taché Centre. The Corporation functions as a bilingual, long-term care facility dedicated to the elderly, chronically ill and disabled. The Centre also provides a respite program, as part of the operating fund, a day centre program and provides care services at Chez-Nous, for the Supportive Housing Program.

1. Significant accounting policies:

(a) Revenue recognition:

The Corporation is funded primarily by the Winnipeg Regional Health Authority (WRHA) in accordance with a Service Purchase Agreement. The current Service Purchase Agreement will expire March 31, 2012. As the care provider for the Supportive Housing Program at a residential complex known as Chez Nous, located at 187 Avenue de la Cathédral, the Corporation receives funding from WRHA in accordance with a Service Purchase Agreement created May 1, 2007 which will expire September 30, 2010. Operating grants are recorded as revenue in the period to which they relate.

The Corporation follows the deferral method of accounting for contributions as follows:

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue of the appropriate fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized in the Operating Fund in the year in which it is earned. Restricted investment income is recognized on an accrual basis and is allocated to the Internally Restricted Fund.

Volunteers are an integral part of carrying out the activities of the Corporation. These contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(b) Operating deficits or surpluses:

In accordance with the terms and conditions of the Service Purchase Agreement, annual operating deficits are the responsibility of the Corporation. For both Operating and Adult Day Program, annual operating surpluses less than 2 percent of the net cost of insured services are retained by the Corporation. Those surpluses that are retained by the Corporation are subject to review by the WRHA. Annual operating surpluses in excess of 2 percent of the net cost of insured services are repayable to the WRHA.

(c) Capital assets:

Capital asset purchases are recorded at cost and equipment donations are recorded at fair market value at the time of receipt. Amortization is recorded for the full year in the year of acquisition and no amortization is taken in the year of disposal. Amortization of work in progress commences when construction of the related asset is completed and the asset is used in the operations of the Corporation.

Amortization is calculated using the straight-line method at rates which amortize the assets over their estimated useful lives. The amortization rates are as follows:

Asset	Rate
Land improvements	5%
Buildings	2%
Equipment and building service equipment and software licences and fees	6 1/4% to 20%

(d) Leasehold estate:

The value assigned to the leasehold estate is being amortized against the deferred contribution to which it relates on a straight-line basis over the 60 year period of the lease.

(e) Fund accounting:

Assets, liabilities, revenues and expenses related to the Corporation's capital assets are recorded in the Capital Fund.

Assets, liabilities, revenues and expenses related to the Corporation's ancillary activities are recorded in the Ancillary Operations Fund.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

The Internally Restricted Fund represents funds received through donations, interest and retainable surpluses from operations. Certain expenditures from the fund require the approval of the Member of the Corporation, while the remaining expenditures require only the approval of the Board of Directors.

All other assets, liabilities, revenues and expenses are reported in the Operating Fund.

(f) Financial instruments:

Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess (deficiency) of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in fund balances.

The Corporation designated cash as held-for-trading; accounts receivable, receivable from Winnipeg Regional Health Authority, employee benefits and future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority as loans and receivables; other assets as available-for-sale; and advances from Winnipeg Regional Health Authority, accounts payable, accrued liabilities and mortgages payable as other liabilities. The Corporation does not have held-to-maturity financial instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest rate method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(g) Inventory:

Inventory is valued at the lower of cost and net realizable value.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(h) Employee benefits:

The Corporation records a provision for employee benefits comprised of accrued vacation. A further provision for future employee pre-retirement benefits, being an actuarial estimate of the Corporation's obligation to make a cash payment to certain qualifying employees based on years of service upon retirement has also been recorded. Funding for portions of these obligations remains outstanding as disclosed in note 4.

The cost of the Corporation's employee pre-retirement benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the Corporation's future employee benefit payable include mortality and withdrawal rates, a discount rate of 6.70 percent (2008 - 5.5 percent), a rate of salary increase of 3.50 percent (2008 - 3.50 percent) plus an age-related merit/promotion scale with no provision for disability.

(i) Income taxes:

The Corporation is a registered charity within the meaning of the *Income Tax Act* and therefore is exempt from income taxes under Section 149(1) of the Act.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Receivable from (payable to) Winnipeg Regional Health Authority:

	2009	2008
Receivable:		
Prior years	$ 212,616	$ 302,236
Salaries and benefits	553,409	604,191
Employee pre-retirement benefits	138,425	93,042
Other	8,042	23,907
	912,492	1,023,376
Payable:		
Prior years	217,208	217,537
Resident charges	173,760	100,839
Capital interest	612	563
Other	595	1,930
	392,175	320,869
	520,317	702,507
Current future employee pre-retirement benefits recoverable (note 4)	-	226,498
Net receivable	$ 520,317	$ 929,005

Over/under funding occurs when non-global items (including resident charges revenue and interest expense) are over/under the amounts budgeted by the Winnipeg Regional Health Authority. Over/under funded amounts are payable to/receivable from the Winnipeg Regional Health Authority.

3. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Land improvements	$ 459,258	$ 316,512	$ 142,746	$ 178,384
Buildings	13,939,582	6,362,239	7,577,343	7,860,732
Building service equipment	765,207	458,006	307,201	318,958
Equipment	2,820,405	2,474,207	346,198	386,876
Software licences and fees	198,222	194,205	4,017	5,356
Work in progress	110,338	-	110,338	-
	$ 18,293,012	$ 9,805,169	$ 8,487,843	$ 8,750,306

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

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4. Employee benefits:

(i) The Corporation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

At March 31, 2009, based on an actuarial estimate, the pre-retirement benefit plan's obligations are estimated to be approximately $1,803,676 (2008 - $1,826,198) for which the Corporation has provided an accrued future employee pre-retirement benefits liability on the statement of financial position.

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from WRHA, to include the incremental increases or decreases in the related liability since 2007, which include an .,interest component. The decrease recorded in fiscal 2009 was $22,522 (2008 – increase of $115,095) and is recorded in the statement of operations.

In addition, during 2007, the WRHA approved partial funding of the incremental increases in the future employee pre-retirement benefits liability for fiscal 2005 and 2006 of $226,498. This amount also included an interest component, and was received in fiscal 2009.

The future employee pre-retirement benefits recoverable from WRHA at March 31, 2009 aggregates $1,423,245 (2008 - $1,445,767) and has no specified terms of repayment.

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grant provided to the Corporation. Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Actual additional funding provided by WRHA for 2009 was 65.1 percent (2008 - 64.25 percent) of actual pre-retirement benefits paid. The shortfall for 2009 of $74,210 (2008 - $51,770) was paid from funding received for operations.

(ii) The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees and is included in accrued liabilities on the statement of financial position. The vacation benefits liability at March 31, 2009 is $1,041,686 (2008 - $1,020,565).

The funding received in each subsequent fiscal year from the Winnipeg Regional Health Authority includes the employee benefits recoverable of $921,099 as included on the statement of financial position. The employee benefits recoverable from Winnipeg Regional Health Authority are maintained at the value of the vacation benefits liability at March 31, 2004.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Residents' funds in trust:

Residents' funds in trust represents monies held in trust for the residents in the name of the Corporation and generally do not exceed $400 per resident.

6. Bank indebtedness:

At March 31, 2009, the Corporation had a $300,000 authorized line of credit available with no outstanding borrowings.

7. Mortgages payable:

	2009	2008
7 7/8% first mortgage on 1973 construction, payable in monthly blended payments of $14,783, due April 1, 2023	$ 1,517,881	$ 1,575,221
First mortgage on 1978 construction, payable in monthly blended payments of $13,375, due February 1, 2028. The effective interest rate after giving consideration to forgiveness clauses is 8%	1,696,366	1,725,936
	3,214,247	3,301,157
Current portion	94,544	86,908
	$ 3,119,703	$ 3,214,249

Both mortgages are payable to the Canada Mortgage and Housing Corporation.

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

2010	$ 94,544
2011	102,859
2012	111,917
2013	121,784
2014	132,533
Thereafter	2,650,610
	$ 3,214,247

8. Advances from Winnipeg Regional Health Authority:

During the fiscal year the Corporation received funding advances from the Winnipeg Regional Health Authority in the amounts of $97,278 and $109,958 for funding commitments relating to the 2007/08 and 2008/09 fiscal years. These advances are unsecured, non-interest bearing and have no fixed terms of repayment. In fiscal 2009, the advances owing at March 31, 2008 of $602,121 were offset against related receivables from the Winnipeg Regional Health Authority.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for resident programs.

		2009		2008
Balance, beginning of year	$	13,654	$	12,240
Add amount received related to future periods		5,704		13,588
Less amount recognized as revenue in the year		(6,094)		(12,174)
	$	13,264	$	13,654

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of these contributions is recorded as revenue in the statement of operations.

		2009		2008
Balance, beginning of year	$	5,796,556	$	6,150,443
Additional contributions received		281,503		123,501
Less amounts amortized to revenue		(471,491)		(477,388)
	$	5,606,568	$	5,796,556

The balance of unamortized capital contributions related to capital assets consists of the following:

		2009		2008
Unamortized capital contributions used to purchase assets	$	5,289,524	$	5,480,458
Unspent contributions:				
Equipment reserve		223,910		188,419
Major repairs		79,330		114,107
Donations		13,804		13,572
	$	5,606,568	$	5,796,556

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

10. Capital fund:

	2009	2008
Capital assets	$ 8,487,843	$ 8,750,306
Leasehold estate	72,477	75,812
	8,560,320	8,826,118
Amount financed by:		
Deferred contributions	(5,289,524)	(5,480,458)
Mortgages	(3,214,247)	(3,301,157)
	$ 56,549	$ 44,503

11. Internally restricted fund:

	2009	2008
To be expended only with the approval of the Member of the Corporation	$ 1,525,006	$ 1,209,988
Other internal projects	253,558	286,605
	$ 1,778,564	$ 1,496,593

12. Related party transactions:

Foundation:

An amount of $50,000 (2008 - $50,000) was funded by Les Amis de Taché Friends Incorporated, a corporation with the same Member of the Corporation.

Shared and contributed services:

The Corporation and Foyer Valade Inc., a corporation with the same Board of Directors and Member of the Corporation, have an agreement to share the cost of specific employee services based on the time spent on each entity. The Corporation provided services to Foyer Valade Inc. in the amount $238,893 (2008 - $287,382) which is included in shared services revenue. The Corporation purchased services from Foyer Valade Inc. in the amount of $210,629 (2008 - $213,540) which is included in salaries and wages.

In addition to these shared services, the Corporation contributed services to Foyer Valade Inc. in the amount of $70,846 (2008 - $22,920) free of charge.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

13. Employee pension plan:

During the year, the Corporation contributed $826,021 (2008 - $767,322) on behalf of its employees. Eligible employees of the Corporation are members of the Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Corporation is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period.

The most recent actuarial valuation of the plan as at December 31, 2007 indicated a solvency deficiency of $61,050,000 that will be funded over five years commencing calendar 2008 out of current contributions in each respective year. A change in underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions. Contribution rates were increased on July 1, 2007 to 6.8 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.4 percent on earnings in excess of the YMPE. No rate changes have been issued since.

14. Ladies Auxiliary - Taché Centre:

The Ladies Auxiliary - Taché Centre operates the gift shop at the Centre. The funds raised are used to enhance the residents' environment. The fund balance at March 31, 2009 is $52,366 (2008 - $44,120) and this amount is not included in the Corporation's financial statements.

15. Fair value:

The fair value of accounts receivable, receivable from Winnipeg Regional Health Authority, employee benefits recoverable from Winnipeg Regional Health Authority, accounts payable, accrued liabilities and advances from Winnipeg Regional Health Authority approximate their carrying value due to their immediate or short-term nature.

The fair value of the mortgages payable was not practical to determine due to the underlying terms and conditions.

The fair value of the future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority approximates its carrying value as the interest component is comparable to current market rates. The fair value of other assets, representing shares of a private entity, is not readily determinable because these shares are neither liquid nor are they traded in an active market.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

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16. Leasehold estate:

The original Centre is situated on property leased from Despins Charities Inc., a corporation with the same Member of the Corporation, at a rental of $1 per annum. The 60 year lease expires December 31, 2030. The land is held as a leasehold estate registered under the *Real Property Act* in the Winnipeg Land Titles Office. At the termination of the lease, the title to the land reverts to the lessor.

The 1971 estimated fair market value of the economic rent of the leasehold estate was $16,500 per annum, based on an appraisal made by E. Karl Farstad & Associates Ltd. as of January 17, 1972. The discounted present value of such rental over the 60 year period is estimated to be $200,000 using an interest factor of 8 ¼ percent per annum. The $200,000 discounted present value of the lease was recorded in the accounts at December 31, 1971 as an asset with an offsetting credit to deferred contributions to recognize the value of the donation of the leasehold estate made by Taché Hospital for Chronic and Geriatric Patients.

The addition to the original Centre is situated on two properties leased from Despins Charities Inc. and the Catholic Health Corporation of Manitoba (CHCM), the Member of the Corporation, at a rental of $2 per annum. The leases expire December 31, 2030. The land is held as a leasehold estate registered under the *Real Property Act* in the Winnipeg Land Titles Office. At the termination of the lease, the title to the land reverts to the lessor. No economic value of these additional leases is reflected in the financial statements.

The Centre also leases additional property from Despins Charities Inc. at a rental of $1 per annum. No economic value of this additional lease is reflected in the financial statements.

17. Future accounting changes:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Corporations's next fiscal year. The Corporation is in the process of determining the impact that these standards will have on its financial reporting.

CICA Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation were to replace the existing Section 3861, Financial Instruments - Disclosure and Presentation, effective April 1, 2009 for the corporation. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

CENTRE TACHÉ CENTRE

Notes to Financial Statements (continued)

Year ended March 31, 2009

17. Future accounting changes (continued):

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations,* was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Corporation will adopt these standards on April 1, 2009.

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

CENTRE TACHÉ CENTRE

Schedule - Expenses

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Amortization	$ 478,706	$ 482,186

	2009	2008
Salaries and wages		
Resident services:		
Nursing administration	$ 507,318	$ 467,532
Registered nurses	2,021,582	1,739,675
Licensed practical nurses	1,213,421	1,135,918
Health care and rehab aides	5,004,041	5,029,030
Purchased services	1,032,554	847,729
	9,778,916	9,219,884
Activity	282,661	300,959
Adult Day Program	207,466	204,289
Dietary	1,473,123	1,484,350
General administration	945,127	897,596
Housekeeping	621,356	601,700
Laundry/linen	180,123	187,786
Medical administration fees	27,998	26,000
Occupational health	53,538	49,914
Occupational therapy	130,807	130,211
Pastoral care	119,620	114,122
Physiotherapy	123,130	113,625
Plant maintenance	366,321	386,575
Social work	160,574	174,323
Staff development	175,197	172,147
Supportive Housing Program	115,852	-
Volunteer coordinator	31,924	31,306
	5,014,817	4,874,903
	$ 14,793,733	$ 14,094,787

	2009	2008
Employee benefits:		
Canada pension plan	$ 533,376	$ 508,503
Employment insurance	279,376	274,461
Healthcare employees pension plan	826,021	767,322
Other employee benefits	339,680	359,362
Employee pre-retirement benefits	212,999	144,813
Workers' compensation	327,187	319,563
	2,518,639	2,374,024
Health and education tax	292,315	275,218
	$ 2,810,954	$ 2,649,242

CENTRE TACHÉ CENTRE

Schedule - Expenses (continued)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Other supplies and expenses:		
Printing, stationery and office	$ 35,499	$ 37,380
Photocopying	2,156	2,969
Housekeeping and cleaning	18,874	26,852
Paper and disposable	53,256	52,571
Laundry and linen	6,889	9,657
Staff wearing apparel	12,408	11,264
Dietary and cleaning	22,395	22,395
Purchased services - laundry	218,533	211,177
Other supplies and expenses	50,368	51,893
	$ 420,378	$ 426,158
Medical and surgical supplies:		
General	$ 140,346	$ 132,757
Gastronomy	9,522	14,575
Ostomy supplies	5,564	5,840
Incontinence aids	171,164	166,832
	$ 326,596	$ 320,004
Drugs:		
Oxygen and other	$ 5,279	$ 3,050
Food costs	$ 728,797	$ 648,834
Utilities:		
Fuel and natural gas	$ 363,340	$ 349,056
Water	135,719	120,414
Electricity	133,273	135,155
	$ 632,332	$ 604,625
Telephone and sundry:		
Telephone	$ 56,211	$ 64,952
General expenses	44,630	52,428
Staff training	15,373	12,563
Postage	9,501	8,355
	$ 125,715	$ 138,298

CENTRE TACHÉ CENTRE

Schedule - Expenses (continued)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Travel:		
Resident travel	$ 116,569	$ 118,436
Resident transportation	105,883	63,047
Staff	8,038	4,164
Board of Directors	75	324
	$ 230,565	$ 185,971
Professional and other fees:		
Service bureau fees	$ 31,205	$ 28,407
Audit fees	25,210	26,692
Legal fees	6,945	8,681
Association membership fees	18,881	17,637
Other	31,569	17,151
	$ 113,810	$ 98,568
Advertising and public relations	$ 14,026	$ 6,084
Insurance	$ 38,385	$ 36,348
Equipment:		
Service contracts	$ 29,917	$ 37,879
Software contracts	68,450	58,621
Equipment maintenance	175,801	171,470
Minor purchases	40,207	48,267
	$ 314,375	$ 316,237
Buildings and grounds:		
Building repairs	$ 189,814	$ 189,902
Property taxes	258,375	257,906
Other	7,928	6,025
	$ 456,117	$ 453,833
Interest - mortgages	$ 250,376	$ 257,437
Ancillary operations	$ 6,094	$ 12,174
Total expenses	$ 21,746,238	$ 20,733,836

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AUDITORS' REPORT

To the Member of Clinique Youville Clinic Inc.

We have audited the statement of financial position of Clinique Youville Clinic Inc. as at March 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the corporation'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 financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

June 2, 2009

CLINIQUE YOUVILLE CLINIC INC.

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Assets		
Current assets:		
Cash	$ 671,143	$ 727,631
Accounts receivable	97,366	38,189
Employee benefits recoverable from Winnipeg Regional Health Authority (note 4[a])	125,848	125,848
Receivable from Winnipeg Regional Health Authority (note 5[b])	138,189	57,573
Prepaid expenses	27,594	27,795
	1,060,140	977,036
Capital assets (note 3)	453,035	45,993
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority (note 4[b])	93,087	87,014
	$ 1,606,262	$ 1,110,043
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	$ 443,132	$ 267,477
Future employee pre-retirement benefits payable (note 4[b])	131,228	125,155
Deferred contributions for (note 5):		
Future expense	235,903	278,328
Capital assets	444,565	34,661
	680,468	312,989
Fund balances:		
Capital fund	8,470	11,332
Restricted	310,420	302,866
Unrestricted	32,544	90,224
	351,434	404,422
Commitments (note 8)		
	$ 1,606,262	$ 1,110,043

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

President

Date June 25, 2009

Approved on behalf of the Member of the Corporation:

Date June 25, 2009.

CLINIQUE YOUVILLE CLINIC INC.

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2009, with comparative figures for 2008

	Diabetes Education Resource	Community Nurse Resource Centre	Other Programs
Revenue:			
Winnipeg Regional Health Authority	$ 811,548	$ 1,591,932	$ –
Other	54,288	11,261	66,632
Blue Cross fees	21,861	–	–
Amortization of deferred contributions related to capital assets (note 5[b])	–	–	–
Nobody's Perfect Program	–	–	67,622
Nobody's Perfect Evaluation	–	–	11,489
Interest and donations	–	–	–
Teen Clinic	–	–	21,047
Community Connections	–	–	–
Healthy Baby Program	–	–	36,009
Life	–	–	532
On the Move	–	–	4,692
Communication and Special Project	–	–	7,617
MACH/CACHCA	–	–	80,280
Girls on the Move	–	–	1,014
Young Adult Type I	–	–	2,275
Bishop Grandin Greenway	–	–	13,495
	887,697	1,603,193	312,704
Expense:			
Amortization of capital assets	–	–	–
Renovation expense - non capital	39,362	–	–
Salaries and benefits	673,143	1,390,908	136,616
Building, equipment and maintenance	159,003	164,734	1,000
Printing, stationery and telephone	26,911	34,945	15,932
Supplies and services	27,797	31,169	138,310
Clinical supplies	2,363	2,776	16,305
	928,579	1,624,532	308,163
Excess of revenue over expense (expense over revenue) before the undernoted	(40,882)	(21,339)	4,541
Winnipeg Regional Health Authority revenue (expense) (note 4):			
Future employee pre-retirement benefits	2,429	3,644	–
Employee benefits	–	–	–
Future employee pre-retirement benefit income (expense)	(2,429)	(3,644)	–
Excess of revenue over expense (expense over revenue)	(40,882)	(21,339)	4,541
Fund balances, beginning of year			
Fund balances, end of year			

See accompanying notes to financial statements.

Total Unrestricted Fund	Restricted	Capital Fund	2009 Total	2008 Total (Restated, note 2)
$ 2,403,480	$ –	$ –	$ 2,403,480	$ 2,321,730
132,181	–	–	132,181	66,060
21,861	–	–	21,861	17,085
–	–	55,485	55,485	12,512
67,622	–	–	67,622	57,745
11,489	–	–	11,489	2,425
–	12,511	–	12,511	27,779
21,047	–	–	21,047	12,241
–	–	–	–	3,961
36,009	–	–	36,009	41,269
532	–	–	532	4,784
4,692	–	–	4,692	357
7,617	–	–	7,617	590
80,280	–	–	80,280	3,050
1,014	–	–	1,014	2,075
2,275	–	–	2,275	291
13,495	–	–	13,495	18,794
2,803,594	12,511	55,485	2,871,590	2,592,748
–	–	58,347	58,347	15,551
39,362	–	–	39,362	–
2,200,667	–	–	2,200,667	2,074,807
324,737	–	–	324,737	286,555
77,788	–	–	77,788	71,620
197,276	4,957	–	202,233	146,150
21,444	–	–	21,444	7,245
2,861,274	4,957	58,347	2,924,578	2,601,928
(57,680)	7,554	(2,862)	(52,988)	(9,180)
6,073	–	–	6,073	(7,003)
–	–	–	–	125,848
(6,073)	–	–	(6,073)	7,003
(57,680)	7,554	(2,862)	(52,988)	116,668
90,224	302,866	11,332	404,422	287,754
$ 32,544	$ 310,420	$ 8,470	$ 351,434	$ 404,422

CLINIQUE YOUVILLE CLINIC INC.

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Operating activities:		
Excess (deficiency) of revenue over expense	$ (52,988)	$ 116,668
Add (deduct):		
Amortization of capital assets	58,347	15,551
Amortization of deferred contributions related to capital assets	(55,485)	(12,512)
Change in non-cash working capital balances:		
Accounts receivable	(59,177)	3,008
Employee benefits recoverable from Winnipeg Regional Health Authority	–	(125,848)
Receivable from Winnipeg Regional Health Authority	(80,616)	(20,238)
Prepaid expenses	201	(5,021)
Future employee pre-retirement benefits recoverable	(6,073)	7,003
Accounts payable and accrued liabilities	175,655	33,272
Future employee pre-retirement benefits payable	6,073	(7,003)
Deferred contributions received related to future expense	270,279	82,089
Deferred contributions recognized as revenue in the year	(312,704)	(68,209)
	(56,488)	18,760
Investing activities:		
Deferred contributions received or receivable related to capital assets	465,389	–
Additions to capital assets	(465,389)	(4,928)
	–	(4,928)
Increase (decrease) in cash	(56,488)	13,832
Cash, beginning of year	727,631	713,799
Cash, end of year	$ 671,143	$ 727,631

See accompanying notes to financial statements.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements

Year ended March 31, 2009

General:

The corporation was established March 3, 1983 by the Grey Nuns of Manitoba, without share capital and operates under the name Centre Youville Centre. Effective October 5, 2000, the Catholic Health Corporation of Manitoba assumed sponsorship. The corporation operates two health resource centres, a Community Health Resource Centre in St. Vital and a Diabetes Education Resource Centre in St. Boniface. The mandate of the corporation includes:

- The creation of a comprehensive community based resource for the promotion of healthy lifestyles by assisting people to assume responsibility for their own health and well-being, and to create an awareness of their own resources by offering education, direction and support.

- Nurse managed care and an expanded role outside of the traditional illness focused model of care for health professionals.

- Services for people across their life span with health care teams working together with the community to support programs that range from: maternal child health to chronic diseases; prenatal to parenting workshops; adolescent to women's health services; as well as a community health information line.

1. Significant accounting policies:

(a) Revenue recognition:

The corporation follows the deferral method of accounting for contributions, which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Volunteers are an integral part of carrying out the activities of the corporation. These contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

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1. Significant accounting policies (continued):

(b) Operating deficits or surpluses:

The corporation is funded primarily by the Winnipeg Regional Health Authority (WRHA). The corporation's Service Purchase Agreement with the WRHA continues in effect until March 31, 2012.

In accordance with the terms and conditions of the Service Purchase Agreement between the corporation and the WRHA, annual operating deficits are the responsibility of the corporation. The corporation may retain the greater of 50 percent of the annual operating surplus and 2 percent of the global budget as provided by the WRHA, in any fiscal year. Those surpluses that are retained by the corporation are subject to review by the WRHA. Annual operating surpluses in excess of 2 percent of the net cost of insured services are repayable to the WRHA.

(c) Fund accounting:

Assets, liabilities, revenues and expenses related to the corporation's capital assets are recorded in the Capital Fund.

The Restricted fund represents funds received through donations and interest income. All expenditures from this fund requires the approval of the Board of Directors.

Funds designated as restricted require the approval of the Board of Directors before disbursement. Ancillary program surplus is transferred to restricted funds once the programs are completed.

All other assets, liabilities, revenues and expenses are reported in the Unrestricted Fund.

(d) Financial instruments:

The corporation has designated cash as held-for-trading; accounts receivable, receivable from WRHA, employee benefits recoverable from WRHA and future employee pre-retirement benefits recoverable from WRHA as loans and receivables; and accounts payable and accrued liabilities as other liabilities. The corporation does not have held-to-maturity or available-for-sale financial instruments.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(e) Capital assets:

Capital assets are recorded at cost and are amortized over their estimated useful lives using the following annual rates and methods:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	5 years

(f) Future employee benefits:

The cost of the corporation's employee retirement benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the corporation's future employee benefit payable include mortality and withdrawal rates, a discount rate of 6.7 percent (2008 - 5.5 percent), a rate of salary increase of 3.5 percent (2008 - 3.5 percent) plus an age-related merit/promotion scale with no provision for disability.

(g) Employee benefits:

The cost of the corporation's vacation benefits is accrued when the benefits are earned by the employees and is reported in accounts payable and accrued liabilities on the statement of financial position. The Winnipeg Regional Health Authority (WRHA) provides funding for a portion of vacation benefits payable, and this amount is reported as employee benefits recoverable from WRHA on the statement of financial position.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

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1. Significant accounting policies (continued):

(h) Income taxes:

The corporation is a registered charity within the meaning of the *Income Tax Act* and therefore is exempt from income taxes under Section 149 (1) of the *Income Tax Act*.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(j) Future accounting policy changes:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the corporation's next fiscal year. The corporation is in the process of determining the impact that these standards will have on its financial reporting.

On April 1, 2009, the corporation was expected to adopt CICA Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* replacing the existing Section 3861, *Financial Instruments - Disclosure and Presentation*. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose this fact.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations,* was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The corporation will adopt these standards on April 1, 2009.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Correction of an error:

During the year ended March 31, 2009, it was identified that certain salaries and benefits accruals as at March 31, 2008 were understated by $64,983. As a result, comparative balances in the prior period have been restated as follows:

	Previously reported	Restated
Statement of operations for the year ended March 31, 2008:		
Salaries and benefits expense	$ 2,009,824	$ 2,074,807
Excess of revenue over expenses	181,651	116,668
Statement of financial position as at March 31, 2008:		
Accounts payable and accrued liabilities	202,494	267,477
Unrestricted fund balance	155,207	90,224

3. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Furniture and fixtures	$ 173,254	$ 93,854	$ 79,400	$ 19,897
Computer equipment	230,628	212,361	18,267	26,096
Leasehold improvements	394,853	39,485	355,368	–
	$ 798,735	$ 345,700	$ 453,035	$ 45,993

4. Employee benefit plans:

(a) Employee benefits:

The corporation records a provision for employee benefits including vacation and statutory holiday entitlements. At March 31, 2009, accounts payable and accrued liabilities includes employee benefits payable of $141,169 (2008 - $139,947).

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

4. Employee benefit plans (continued):

During fiscal 2008, WRHA confirmed that it will fund a portion of these employee benefits, which is limited to the amount estimated at March 31, 2004. Accordingly, the corporation has recorded a recoverable in the amount of $125,848, representing amounts due from WRHA, and reflects the estimated liability for accumulated employee benefits at that date. Each year thereafter, the corporation is expected to fund the change in the liability from annual funding provided by the WRHA.

(b) Future employee pre-retirement benefits:

The corporation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

At March 31, 2009, based on an actuarial estimate, the pre-retirement benefit plan's obligations are estimated to be approximately $131,228 (2008 - $125,155) for which the corporation has recorded a future employee pre-retirement benefits payable on the statement of financial position.

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004 and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from WRHA, to include the incremental increases in the related liability since 2007, which include an interest component. The net increase recorded in fiscal 2009 was $6,073 (2008 - decrease of $7,003) and is recorded in the statement of operations.

In addition, during fiscal 2007, the WRHA approved partial funding of the incremental increases in the future employee per-retirement benefits liability for fiscal 2005 and 2006 of $22,708. The future employee pre-retirement benefits recoverable from WRHA at March 31, 2009 aggregates $93,087 (2008 - 87,014) and has no specified terms of repayment.

Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Cash funding provided by the WRHA for 2009 was 65.1 percent (2008 - 64.25 percent) of actual pre-retirement benefits paid. The cash shortfall is considered to be funded as part of the annual operating grant from the WRHA.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Deferred contributions:

(a) Future expense:

Deferred contributions related to future expense represent unspent externally restricted grants and donations for research, education and programs.

		2009		2008
Balance, beginning of year	$	278,328	$	264,448
Add amount received related to future periods		270,279		82,089
Less amount recognized as revenue in the year		(312,704)		(68,209)
	$	235,903	$	278,328

The amount of future expenses recognized as revenue during the year is recorded on the statement of operations in other programs.

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

		2009		2008
Balance, beginning of year	$	34,661	$	47,173
Additional contributions received or receivable		465,389		–
Less amounts amortized to revenue		(55,485)		(12,512)
	$	444,565	$	34,661

During the year, the corporation undertook a significant renovation to its main premises, which was funded through donations from a variety of sources. At March 31, 2009, $130,000 is due from the WRHA related to the project and is recorded in accounts receivable. A further $48,500 has been accrued as contributions receivable related to capital expenditures incurred in fiscal 2009. Subsequent to year-end, the corporation incurred costs of approximately $46,061 on the project, which is expected to be entirely funded by additional contributions to be received in fiscal 2010.

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

6. Employee pension plan:

Eligible employees of the corporation are members of the Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan (the Plan). As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the corporation is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period. The corporation's liability under the Plan is limited to the contributions required during the year.

During the year, the corporation contributed $116,093 (2008 - $99,151) on behalf of its employees. The most recent actuarial valuation of the plan as at December 31, 2007, reported the plan had a solvency deficiency. This deficiency will be funded by special payments out of current contributions. Any contribution deficiencies in the plan would be addressed through pension benefit reductions or contribution rate increases from the participating members. A change in the underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions.

7. Other information:

The Regina Grey Nuns and the Grey Nuns of Manitoba Inc. have contributed $1,494,026 to the Clinique Youville Clinic Inc., from its incorporation to March 31, 2009. The Grey Nuns of Manitoba Inc. contributed $5,000 during the year ended March 31, 2009. There have been no contributions by Regina Grey Nuns since 1996.

8. Commitments:

The corporation has committed to lease premises for the St. Boniface and St. Vital centres through January 2011 and August 2014 respectively, as per the following schedule:

2010	$ 171,732
2011	165,912
2012	90,912
2013	90,912
2014	37,880

CLINIQUE YOUVILLE CLINIC INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Financial instruments:

Fair value:

The fair value of accounts receivable, receivable from WRHA and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature.

The fair value of the future employee benefits recoverable from WRHA approximates its carrying value as the interest component, as described in note 4, is comparable to current market rates.

BDO

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Auditors' Report

To the Board of Directors of
DONWOOD MANOR PERSONAL CARE HOME INC.

We have audited the statement of financial position of **DONWOOD MANOR PERSONAL CARE HOME INC.** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Home'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 financial statements present fairly, in all material respects, the financial position of the Home as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The budget figures presented have not been audited, and are presented for informational purposes only.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 8, 2009

DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Financial Position

March 31		2009		2008
Assets				
Current Assets				
Accounts receivable (Note 3)	$	**52,980**	$	15,562
Due from WRHA (Note 8)		**884,243**		333,755
Prepaid expenses		**22,098**		22,351
Inventories		**30,156**		22,435
Due from related parties (Note 4)		**32,204**		50,979
Vacation entitlements receivable (Note 5)		**273,191**		273,191
		1,294,872		718,273
Retirement obligations assets (Note 13)		**413,975**		465,893
Restricted Cash and Deposits				
Expenses of future periods		**79,795**		66,083
Capital assets (Note 6)		**6,627,030**		6,540,605
	$	**8,415,672**	$	7,790,854
Liabilities and Net Assets				
Current Liabilities				
Bank indebtedness (Note 7)	$	**458,373**	$	79,604
Accounts payable and accruals		**451,489**		187,931
Advance from WRHA		**287,909**		333,646
Mortgage amortization grant received in advance		**4,274**		4,274
Accrued vacation entitlements (Note 5)		**328,907**		313,632
		1,530,952		919,087
Accrued retirement obligations (Note 13)		**413,643**		465,561
Deferred Contributions (Note 9)				
Expenses of future periods		**51,471**		69,106
Capital assets		**6,530,125**		6,443,700
		6,581,596		6,512,806
Commitments and contingencies (Note 11)				
Net assets (Page 5)		**(110,519)**		(106,600)
	$	**8,415,672**	$	7,790,854

Approved on behalf of the Governing Board

_______________________ Director

_______________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Operations

For the year ended March 31	2009		2008
	Budget	**Actual**	Actual
Revenue			
Winnipeg Regional Health Authority (Note 12)	**$ 4,567,757**	**$ 4,978,974**	$ 4,638,678
Private charges	**1,790,001**	**1,905,711**	1,770,076
Amortization of deferred contributions related to capital assets (Note 9)	**-**	**265,422**	260,730
Recoveries	**126,886**	**135,393**	133,568
Interest income	**10,000**	**4,645**	9,911
	6,494,644	**7,290,145**	6,812,963
Expenditures			
Operating (Page 22)	**6,467,160**	**7,028,642**	6,523,230
Interest on long-term debt	**27,484**	**-**	-
Amortization of capital assets	**-**	**265,422**	260,730
	6,494,644	**7,294,064**	6,783,960
Excess (deficiency) of revenue over expenditures before other items	**-**	**(3,919)**	29,003
Other Items			
Change in accrued retirement obligations			
WRHA funding accrued	**-**	**51,918**	(48,545)
Liability for the year	**-**	**(51,918)**	48,545
WRHA settlement of prior year funding adjustment (Note 8)			
2000/2001 through 2003/2004	**-**	**-**	81,371
	-	**-**	81,371
Excess (deficiency) of revenue over expenditures for year (Page 5)	**$ -**	**$ (3,919)**	$ 110,374

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Changes in Net Assets

For the year ended March 31 | **2009** | 2008

	Investment in Capital Assets (Note 10)	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	$ 96,905	$ (203,505)	$ (106,600)	$ (216,974)
Excess (deficiency) of revenue over expenditures for year (Page 4)	-	(3,919)	(3,919)	110,374
Balance, end of year (Page 3)	$ 96,905	$ (207,424)	$ (110,519)	$ (106,600)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

DONWOOD MANOR PERSONAL CARE HOME INC.
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures for year	$ (3,919)	$ 110,374
Amortization of capital assets	265,422	260,730
Amortization of deferred contributions related to capital assets	(265,422)	(260,730)
	(3,919)	110,374
Changes in non-cash working capital		
Accounts receivable	(37,418)	(3,061)
Prepaid expenses	253	1,999
Inventories	(7,721)	1,140
Due from related entities	18,775	(18,178)
Accounts payable and accrued liabilities	263,558	(246,266)
Advance from WRHA	(45,737)	333,646
Due to WRHA	(550,488)	(517,141)
Accrued vacation entitlements	15,275	8,152
	(343,503)	(439,709)
Retirement obligations receivable	51,918	(48,545)
Accrued retirement obligations	(51,918)	48,545
	-	-
	(347,422)	(329,335)
Cash Flows from Financing Activities		
WRHA funding - capital	351,847	62,459
Decrease in deferred contributions related to expenses of future periods	(17,635)	(5,738)
	334,212	56,721
Cash Flows from Investing Activities		
Purchase of capital assets	(351,847)	(62,459)
Increase in restricted cash and deposits	(13,712)	11,891
	(365,559)	(50,568)
Net decrease in cash and cash equivalents	(378,769)	(323,182)
Cash and cash equivalents, beginning of year	(79,604)	243,578
Cash and cash equivalents, end of year	$ (458,373)	$ (79,604)
Supplementary Information		
Interest received	$ 4,645	$ 9,911

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for the not-for-profit organizations.

Revenue Recognition

The Home follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations thereto, the Home is funded primarily through the Winnipeg Regional Health Authority (WRHA) by the Province of Manitoba in accordance with budget arrangements established by WRHA. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect discussions with WRHA with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by WRHA after completion of their review of the Home's accounts as follows:

a) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement dated March 6, 2002.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue Recognition (continued) Restricted investment income is recognized as revenue in the year in which the related expenditures are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from residential and other services is recognized when the goods are sold or the service is provided.

Inventories

Inventories are carried at the lower of cost and net realizable value, cost being determined on a first-in, first-out basis.

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

For the 2004-05 and 2005-06 fiscal years, out-of-globe funding for these costs is not provided by Manitoba Health/WRHA.

Contributed Services

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 financial statements.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following rates:

Buildings	- 40 years
Furniture and equipment	- 10 years

Financial Instruments

The Home utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Home classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Due from WRHA	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Due from Related Parties	Loans and receivables	Amortized cost
Vacation entitlements receivable	Loans and receivables	Amortized cost
Retirement obligations assets	Loans and receivables	Amortized cost
Bank indebtedness	Held for trading	Fair value
Accounts payable and accruals	Other financial liabilities	Amortized cost
Advances from WRHA	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Home, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Home is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The Nursing Home has elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

New Accounting Pronouncements (continued)

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The Home continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition

Donwood Manor Personal Care Home Inc. changed its name effective June 3, 1997. Previously it was known as the Mennonite Brethren Geriatric Association of Metro Winnipeg Inc., which was incorporated on February 13, 1969. The entity continues to provide residential care and has retained its registration as a charitable organization.

Effective April 1, 1999, government funding is primarily provided by the Winnipeg Regional Health Authority through a service purchase agreement. The Winnipeg Regional Health Authority is responsible for the overall planning and integration of services to the region and the appropriate allocation of funding to Winnipeg's hospitals, community based health services, long-term care services, health promotion and disease prevention services.

Donwood Manor Personal Care Home Inc. is a member of the Donwood Group of companies which operate under the control of a common Board of Directors and provide long-term care and assisted living services to senior citizens in Winnipeg. Other entities in the Group include Donwood Manor EPH Inc., Donwood South Inc., Winnipeg Condominium Corporation No. 297 and Donwood West Inc.

Also related to the Group is The Donwood Foundation Inc. by virtue of overlapping board membership and management.

Consolidated financial statements for the Group have been compiled, however separate financial statements are presented for each entity to facilitate reporting to the funders and other users of each entity.

2. Changes in Accounting Policies

Capital disclosures

On April 1, 2008 the Home adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 15).

The adoption of these new standards had no material impact on the organization's consolidated statement of operations.

3. Accounts Receivable

	2009	2008
Receivable from residents	$ **314**	$ 7,360
Goods and Services Tax	**20,166**	8,202
Insurance claim	**32,500**	-
	$ **52,980**	$ 15,562

4. Related Party Transactions

	2009	2008
Donwood Manor EPH Inc.	**$ 7,428**	$ 7,137
Donwood South Inc.	**2,118**	830
Donwood Manor Foundation Inc.	**22,693**	41,871
Winnipeg Condominium Corporation No. 297	**(35)**	1,141
	$ 32,204	$ 50,979

Amounts due from (to) related parties are non-interest bearing with no specific terms of repayment. Administrative salaries are charged to Winnipeg Condominium Corporation No. 297 in the amount of $5,547 (2008 - $5,547). These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for sales of product or services.

5. Accrued Vacation Entitlements

The Home records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

	2009	2008
Balance, beginning of year	**$ 273,191**	$ 273,191
Net changes in vacation entitlements receivable	**-**	-
Balance, end of year	**$ 273,191**	$ 273,191

An analysis of the changes accrued in the vacation entitlements is as follows:

Balance, beginning of year	**$ 313,632**	$ 305,480
Net increase in accrued vacation entitlements	**15,275**	8,152
Balance, end of year	**$ 328,907**	$ 313,632

6. Capital Assets

	2009 Cost	2009 Accumulated Amortization	2008 Cost	2008 Accumulated Amortization
Land	$ 15,000	$ -	$ 15,000	$ -
Buildings	9,476,211	3,391,244	9,476,211	3,155,828
Furniture and equipment	1,460,805	933,742	1,108,958	903,736
	$ 10,952,016	$ 4,324,986	$ 10,600,169	$ 4,059,564
Cost less accumulated amortization		$ 6,627,030		$ 6,540,605

7. Bank Indebtedness

The Home has an approved line of credit of $500,000 with the Royal Bank of Canada. This line of credit is secured by a general assignment of book debts and bears interest at prime.

8. Due to (from) WRHA

	2009	2008
2004/2005 funding adjustment	$ 84,460	$ 84,460
2005/2006 funding adjustment	(3,646)	(3,646)
2006/2007 funding adjustment	32,258	(77,152)
2007/2008 funding adjustment	(192,542)	(337,417)
2008/2009 funding adjustment	(804,773)	-
	$ (884,243)	$ (333,755)

The reviews of the 2004/2005, 2005/2006, 2006/2007 and 2007/2008 fiscal years, as well as the current year, are not completed at this time; however the Home has adjusted the amounts reflected as due to (from) the WRHA for these years to reflect its current estimate of possible settlement based on the outcome of the completed reviews for earlier years.

9. Deferred Contributions

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for major repairs, equipment replacement and insurance deductibles.

	2009	2008
Balance, beginning of year	$ 69,106	$ 74,844
Add amount received during the year	24,799	26,311
Less 2007/2008 expenditures	(42,434)	(32,049)
Balance, end of year	$ 51,471	$ 69,106

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

Changes in the deferred contribution balance are as follows:

	2009	2008
Balance, beginning of year	$ 6,443,700	$ 6,641,971
Additional contributions received		
WRHA	351,847	62,459
Less amounts amortized to revenue	(265,422)	(260,730)
Balance, end of year	$ 6,530,125	$ 6,443,700

10. Investment in Capital Assets

A. Investment in capital assets is calculated as follows:

		2009		2008
Capital assets	$	**6,627,030**	$	6,540,605
Amounts financed by				
Deferred contributions		**(6,530,125)**		(6,443,700)
	$	**96,905**	$	96,905

B. Change in net assets invested in capital assets is calculated as follows:

		2009		2008
Excess of revenues over expenditures				
Amortization of deferred contributions related to capital assets	$	**265,422**	$	260,730
Amortization of capital assets		**(265,422)**		(260,730)
	$	**-**	$	-
Net changes in investment in capital assets				
Purchase of capital assets	$	**351,847**	$	62,459
Amounts funded by				
WRHA capital asset funding		**(351,847)**		(62,459)
	$	**-**	$	-

11. Commitments and Contingencies

a) The nature of the Home's activities is such that there may be litigation pending or in prospect at any time. With respect to claims at March 31, 2009 management believes the Home has valid defences and appropriate insurance coverage in place or has made sufficient provision for any uninsured payments to be made. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons to exchange with other persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

The Home is a named insured under the WRHA policy with HIROC.

12. Revenue from the WRHA

Revenue as per WRHA final funding document (adjusted)	**$ 4,354,350**
Add:	
Estimated median rate adjustment 2008/09	81,373
Influenza and pneumococcal immunization	459
MNU and related contract	40,883
2007/08 Preliminary median rate adjustment	103,641
Related contract 2008/09 baseline	136,824
Staffing increase hours of care	236,136
PIECES Training	2,530
Pre-retirement funding 2008/09	49,229
One on one care	8,657
Union related 2008/09 wage increases	86,385
	746,117
Deduct	
Residential charges adjustment	(115,710)
Insurance deductible	(1,500)
Reserve major repairs	(3,621)
Adjustment to deferred grants	(662)
	(121,493)
Revenue from WRHA	**$ 4,978,974**

13. Employee Future Benefits

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home's contractual commitment is to pay based upon the following:

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

i. has 10 years service and has reached the age 55

ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee

iii. retires at or after age 65

iv. terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2009. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, the Winnipeg Regional Health Authority assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

	2009	2008
Employee future benefits recoverable from		
Manitoba Health	**$ 372,737**	$ 372,737
Winnipeg Regional Health Authority	**41,238**	93,156
	$ 413,975	$ 465,893

13. Employee Future Benefits (continued)

a) Accrued retirement entitlement (continued)

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	$ **465,561**	$ 417,016
Net increase (decrease) in pre-retirement entitlements	**(51,918)**	48,545
Balance, end of year	$ **413,643**	$ 465,561

b) Pension plan

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan (the "Plan")) which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, combined with the contribution by employees, 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 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 the plan is in a deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the plan made during the year by the Home on behalf of its employees amounted to $312,855 (2008 - $288,877) and are included in the statement of operations.

14. Funding of Future Employee Benefits

Effective April 1, 2004 Manitoba Health directed all health care facilities (including non-profit personal care homes) to discontinue establishing a receivable from Manitoba Health for the funding of future employee benefits given that the responsibility for payment of same would be transferred to the WRHA. Contrary to the long-standing practice prior to April 1, 2004, the WRHA has since directed all health care facilities to record the future employee benefits liability, but not the corresponding receivable for the fiscal years ending March 31, 2005 and 2006.

For the fiscal years ending March 31, 2007, 2008 and 2009, the WRHA has agreed to fund the change in pre-retirement leave and as such, the receivable has been adjusted to reflect this.

The Home has taken the position that Unfunded Future Employee Benefits (which include Pre-retirement Leave and Vacation Accrual) should be recoverable from the WRHA. For the fiscal year ending March 31, 2009, the unfunded portion of future employee benefits amounts to $23,979.

The Home's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Based on this understanding, the corresponding responsibility for the future funding of the these benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including Donwood Manor PCH).

15. Capital Management

The Home considers its capital to comprise its Unrestricted Net Assets and net invested in capital assets balances. There have been no changes to what the Home considers to be its capital since the previous period.

As a not-for-profit entity, the Home's operations are reliant on revenues generated annually. The Home has accumulated a deficit over its history, which are included in the unrestricted net assets in the statement of financial position.

The Home is currently endeavouring to eliminate this accumulated deficit and return to a position which would enable it to more adequately fund its working capital requirements.

16. Financial Risk Management

The Home is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Home's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Home's activities.

16. Financial Risk Management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Home to credit risk consist principally of accounts receivable.

The Home's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2009	2008
Accounts receivable	$ 52,980	$ 15,562
Due from WRHA	884,243	333,755
Vacation entitlements receivable	273,191	273,191
Retirement obligations receivable	413,975	465,893
	$ 1,624,389	$ 1,088,401

Accounts receivable: The Home is not exposed to significant credit risk as the receivable is spread among a broad client base and payment in full is typically collected when it is due. The Home establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from WRHA, vacation entitlements receivable and retirement obligations receivable: The Home is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the regional Health Authority.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Home is not exposed to significant interest rate risk. Its restricted cash is held in short-term or variable rate products and its bank indebtedness is also at variable rates.

The Home is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal and the Home is not exposed to other price risk.

Fair Value

The carrying values of cash (bank indebtedness), accounts receivable, amounts due from WRHA, vacation entitlements receivable and retirement obligations receivable and accounts payable and accruals approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

DONWOOD MANOR PERSONAL CARE HOME INC.
Schedule of Supplementary Information

For the year ended March 31	2009		2008
	Budget	**Actual**	Actual
Operating Costs			
Salaries			
Nursing services	$ 3,057,242	$ 3,327,066	$ 3,038,536
Special services	240,735	245,399	232,747
General services	1,216,873	1,309,190	1,197,117
Medical and surgical supplies and drugs	100,000	100,428	93,401
Special service - recreation therapy	8,200	8,860	7,637
Employee benefits			
Canada pension plan	191,964	206,714	187,026
Employee insurance	95,991	101,936	96,228
Pension	294,497	312,855	288,877
Payroll tax	97,025	112,233	99,204
Workers compensation	55,569	73,217	57,259
Dental	25,259	25,822	22,555
Group life	9,092	9,234	8,340
Pre-retirement leave	10,000	73,208	75,432
Disability and Rehabilitation	81,219	86,907	79,513
Bonding and liability insurance	2,000	3,074	3,167
Membership fees			
Association and group purchasing fees	5,600	3,150	3,371
Advertising	5,000	11,468	7,469
Office			
Photocopy costs	9,000	11,276	9,504
Postage and courier	5,300	6,563	6,061
Printing and stationery	13,700	17,153	13,502
Telephone and fax	9,000	12,270	9,712
Other	2,000	12,406	7,226
Professional fees	25,000	9,605	20,201
Staff training and travel	15,500	19,808	17,046
Computer expense	47,500	41,612	58,642
Resident's travel	5,000	8,122	7,194
Bank charges and interest	3,000	4,087	3,177
Dietetics	312,500	321,267	312,041
Laundry and linen	90,000	93,371	91,610
Housekeeping	22,000	20,531	21,580
Physical plant			
Fuel	88,000	93,404	87,066
Water	43,000	51,020	45,043
Electricity	85,000	77,635	84,896
Property insurance	9,000	8,545	8,641
Property taxes	85,000	81,427	81,427
Maintenance - building, grounds and equipment	101,394	127,779	140,782
Total operating costs	$ 6,467,160	$ 7,028,642	$ 6,523,230

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AUDITORS' REPORT

To the Member of Foyer Valade Inc.

We have audited the statement of financial position of Foyer Valade Inc. as at March 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

May 1, 2009

	2009	2008
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Bank indebtedness (note 6)	$ 173,594	$ 183,608
Accounts payable	124,446	143,432
Accrued liabilities	770,863	724,715
Advances from Winnipeg Reginal Health Authority (note 8)	95,393	217,667
Bank loan (note 7)	165,173	186,053
	1,329,469	1,455,475
Residents' funds in trust (note 5)	15,703	17,272
Future employee pre-retirement benefits payable (note 4)	456,528	434,088
	472,231	451,360
	1,801,700	1,906,835
Deferred contributions for (note 9):		
Expenses of future periods	3,418	3,069
Capital assets	9,966,256	10,203,634
	9,969,674	10,206,703
Fund balances:		
Capital Fund (note 10)	155,705	143,604
Internally restricted fund (note 11)	520,344	406,139
	676,049	549,743
	$ 12,447,423	$ 12,663,281

See accompanying notes to financial statements.

On behalf of the Board of Directors:

Date le 25 juin/09

On behalf of the Member ~~of the Corporation~~

Date: le 25 juin 2009

FOYER VALADE INC.

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2009, with comparative figures for 2008

	Operating Fund	Ancillary Operations	Internally Restricted Fund	Capital Fund	2009 Total	2008 Total
Revenue:						
Winnipeg Regional Health Authority	$ 6,269,561	$ -	$ -	$ -	$ 6,269,561	$ 5,856,957
Resident charges	2,477,746	-	-	-	2,477,746	2,341,303
	8,747,307	-	-	-	8,747,307	8,198,260
Amortization of deferred contributions (note 9)	-	-	-	364,169	364,169	360,087
Offset income:						
Cafeteria	38,868	-	-	-	38,868	35,837
Contributed services (note 12)	70,846	-	-	-	70,846	22,920
Interest	2,019	-	21,236	-	23,255	45,563
Donations	10,507	-	-	-	10,507	1,601
Fundraisers	-	-	3,541	-	3,541	3,984
Parking	34,357	-	-	-	34,357	31,731
Shared services (note 12)	210,629	-	-	-	210,629	213,540
Grants	10,000	-	-	-	10,000	9,048
Recoveries:						
General	119,757	-	-	-	119,757	141,229
Ancillary operations (note 9)	-	2,073	-	-	2,073	2,290
	496,983	2,073	24,777	-	523,833	507,743
	9,244,290	2,073	24,777	364,169	9,635,309	9,066,090
Expenses:						
Amortization	-	-	-	370,256	370,256	364,269
Salaries and wages	6,582,637	-	-	-	6,582,637	6,149,063
Employee benefits	1,047,431	-	-	-	1,047,431	968,159
Other supplies and expenses	236,537	-	3,522	-	240,059	201,765
Medical and surgical supplies	86,423	-	-	-	86,423	82,725
Drugs	10,272	-	-	-	10,272	6,260
Food costs	303,195	-	-	-	303,195	271,972
Utilities	256,605	-	-	-	256,605	217,215
Telephone and sundry	41,383	-	-	-	41,383	71,301
Travel	32,349	-	-	-	32,349	27,861
Professional and other fees	68,756	-	-	-	68,756	56,863
Advertising and public relations	11,640	-	-	-	11,640	4,580
Insurance	23,180	-	-	-	23,180	22,083
Equipment	162,424	-	-	-	162,424	103,359
Buildings and grounds	251,364	-	-	-	251,364	389,688
Interest	6,893	-	-	-	6,893	9,840
Ancillary operations	-	2,073	-	-	2,073	2,290
	9,121,089	2,073	3,522	370,256	9,496,940	8,949,293
Excess (deficiency) of revenue over expenses before the undernoted	123,201	-	21,255	(6,087)	138,369	116,797
Winnipeg Regional Health Authority prior year adjustment	-	-	(12,063)	-	(12,063)	-
Winnipeg Regional Health Authority future employee benefits recoverable (note 4)	22,440	-	-	-	22,440	6,998
Future employee pre-retirement benefits obligation (note 4)	(22,440)	-	-	-	(22,440)	(6,998)
Excess (deficiency) of revenue over expenses	123,201	-	9,192	(6,087)	126,306	116,797
Fund balances, beginning of year	-	-	406,139	143,604	549,743	432,946
Transfer to Capital Fund	(16,357)	-	(1,831)	18,188	-	-
Transfer of operating surplus	(106,844)	-	106,844	-	-	-
Fund balances, end of year	$ -	$ -	$ 520,344	$ 155,705	$ 676,049	$ 549,743

See accompanying notes to financial statements.

FOYER VALADE INC.

Statement of Cash Flows

Year ended March 31, 2009 with comparative figure for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 126,306	$ 116,797
Adjustments for:		
Amortization of capital assets	370,256	364,269
Amortization of deferred contributions related to capital assets	(364,169)	(360,087)
Change in non-cash operating working capital:		
Construction holdback held in trust	-	8,415
Accounts receivable	7,609	41,474
Receivable from Winnipeg Regional Health Authority	(34,692)	(183,665)
Inventory	(9,093)	(7,185)
Prepaid expenses	(674)	327
Future employee pre-retirement benefits recoverable	(22,440)	(6,998)
Accounts payable	(18,986)	(30,246)
Accrued liabilities	46,148	(36,835)
Advances from Winnipeg Regional Health Authority	(122,274)	217,667
Future employee pre-retirement benefits payable	22,440	6,998
Deferred contributions received related to future periods	2,422	2,647
Deferred contributions recognized as revenue in the year	(2,073)	(2,290)
	780	131,288
Investing:		
Increase in deferred contributions related to capital assets	126,791	90,546
Additions to capital assets	(83,135)	(194,921)
	43,656	(104,375)
Financing:		
Bank indebtedness	(10,014)	(10,050)
Repayments on bank loan	(20,880)	(10,711)
	(30,894)	(20,761)
Increase in cash	13,542	6,152
Cash, beginning of year	1,014,315	1,008,163
Cash, end of year	$ 1,027,857	$ 1,014,315

See accompanying notes to financial statements.

FOYER VALADE INC.

Notes to Financial Statements

Year ended March 31, 2009

General:

Foyer Valade Inc. (the Corporation) was established January 22, 1976 under the laws of Manitoba as Foyer St. Boniface Inc. - St. Boniface Home Inc. and subsequently changed its name to Foyer Valade Inc. in 1988 to coincide with the relocation of the facility to River Road. The Corporation functions as a long-term care facility mandated by the Provincial government to provide services to the French speaking elderly, chronically ill and disabled.

1. Significant accounting policies:

(a) Revenue recognition:

The Corporation is funded primarily by the Winnipeg Regional Health Authority (WRHA) in accordance with a Service Purchase Agreement. The current Service Purchase Agreement will expire March 31, 2012. Operating grants are recorded as revenue in the period to which they relate.

The Corporation follows the deferral method of accounting for contributions as follows:

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue of the appropriate fund when the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized in the Operating Fund in the year in which it is earned. Restricted investment income is recognized on an accrual basis and is allocated to the appropriate category in the Internally Restricted Fund.

Volunteers are an integral part of carrying out the activities of the Corporation. These contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

FOYER VALADE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(b) Operating deficits or surpluses:

In accordance with the terms and conditions of the Service Purchase Agreement, annual operating deficits are the responsibility of the Corporation. Annual operating surpluses less than 2 percent of the net cost of insured services are retained by the Corporation. Those surpluses that are retained by the Corporation are subject to review by the WRHA. Annual operating surpluses in excess of 2 percent of the net cost of insured services are repayable to the WRHA.

(c) Capital assets:

Capital asset purchases are recorded at cost and equipment donations are recorded at fair market value at the time of receipt. Amortization is recorded for the full year in the year of acquisition and no amortization is taken in the year of disposal.

Amortization is calculated using the straight-line method at rates which amortize the assets over their estimated useful lives. The amortization rates are as follows:

Asset	Rate
Building	2% to 2.5%
Equipment and building service equipment	6 ¼% to 20%

(d) Fund accounting:

Assets, liabilities, revenues and expenses related to the Corporation's capital assets are recorded in the Capital Fund.

Assets, liabilities, revenues and expenses related to the Corporation's ancillary activities are recorded in Ancillary Operations Fund.

The Internally Restricted Fund represents funds received through donations, interest and retainable surpluses from operations. Certain expenditures from the fund require the approval of the Member of the Corporation, while the remaining expenditures require only the approval of the Board of Directors.

All other assets, liabilities, revenues and expenses are recorded in the Operating Fund.

1. Significant accounting policies (continued):

(e) Financial instruments:

Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess (deficiency) of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in fund balances.

The Corporation designated cash and bank indebtedness as held-for-trading, accounts receivable, receivable from Winnipeg Regional Health Authority, employee benefits and future employee pre-retirement benefits recoverable from the Winnipeg Regional Health Authority as loans and receivables; other assets as available-for-sale; and advances from Winnipeg Regional Health Authority, accounts payable, accrued liabilities and bank loan as other liabilities. The Corporation does not have held-to-maturity or available-for-sale financial instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(f) Inventory:

Inventory is valued at the lower of cost and net realizable value.

(g) Employee benefits:

The Corporation records a provision for employee benefits comprised of accrued vacation. A further provision for future employee pre-retirement benefits, being an actuarial estimate of the Corporation's obligation to make a cash payment to certain qualifying employees based on years of service upon retirement, has also been recorded. Funding for portions of these obligations remains outstanding as disclosed in note 4.

The cost of the Corporation's employee pre-retirement benefits is accrued as earned based on an actuarial estimation.

1. **Significant accounting policies (continued):**

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the Corporation's future employee benefit payable include mortality and withdrawal rates, a discount rate of 6.70 percent (2008 - 5.50 percent), a rate of salary increase of 3.50 percent (2008 - 3.50 percent) plus an age-related merit/promotion scale with no provision for disability.

(h) Income taxes:

The Corporation is a registered charity within the meaning of the *Income Tax Act* and therefore is exempt from income taxes under Section 149(1) of the Act.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. **Receivable from (payable to) Winnipeg Regional Health Authority:**

	2009	2008
Receivable:		
Prior years	$ 42,159	$ 114,990
Salaries and benefits	291,122	245,023
Employee pre-retirement benefits	29,656	34,582
Other	81,226	6,989
	444,163	401,584
Payable:		
Prior years	116,710	105,108
Resident charges	87,746	92,903
Interest	1,449	476
	205,905	198,487
	238,258	203,097
Current future employee pre-retirement benefits recoverable (note 4)	-	469
Net receivable	$ 238,258	$ 203,566

2. Receivable from (payable to) Winnipeg Regional Health Authority (continued):

Over/under funding occurs when non-global items (including resident charges revenue and interest expense) are over/under the amounts budgeted by the Winnipeg Regional Health Authority. Over/under funded amounts are payable to/receivable from the Winnipeg Regional Health Authority.

3. Capital assets:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Building	$ 13,317,539	$ 3,502,420	$ 9,815,119	$ 10,110,438
Building service equipment	117,635	31,869	85,766	83,871
Equipment	1,676,565	1,259,236	417,329	411,026
Software licenses and fees	86,209	86,209	-	-
	$ 15,197,948	$ 4,879,734	$ 10,318,214	$ 10,605,335

4. Employee benefits:

(i) The Corporation maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

At March 31, 2009, based on an actuarial estimate, the pre-retirement benefit plan's obligations are estimated to be approximately $456,528 (2008 - $434,088) for which the Corporation has provided an accrued future employee pre-retirement benefits liability on the statement of financial position.

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from WRHA, to include the incremental increases in the related liability since 2007, which includes an interest component. The increase recorded in fiscal 2009 was $22,440 (2008 - $6,998) and is recorded in the statement of operations.

FOYER VALADE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

4. Employee benefits (continued):

In addition, during 2007, the WRHA approved partial funding of the incremental increases in the future employee pre-retirement benefits liability for fiscal 2005 and 2006 of $469. This amount also included an interest component, and was received in fiscal 2009.

The future employee pre-retirement benefits recoverable from WRHA at March 31, 2009 aggregates $455,741 (2008 - $433,301) and has no specified terms of repayment.

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grant provided to the Corporation. Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Actual additional funding provided by the WRHA for 2009 was 65.1 percent (2008 - 64.25 percent) of actual pre-retirement benefits paid. The shortfall for 2009 of $15,898 (2008 - $19,242) was paid from funding received for operations.

(ii) The cost of the Corporation's vacation benefits is accrued when the benefits are earned by the employees and is included in accrued liabilities on the statement of financial position. The vacation benefits liability at March 31, 2009 is $364,173 (2008 - $349,958).

The funding received in each subsequent fiscal year from the Winnipeg Regional Health Authority includes the employee benefits recoverable of $288,336 as included on the statement of financial position. The employee benefits recoverable from Winnipeg Regional Health Authority are maintained at the value of the vacation benefits liability at March 31, 2004.

5. Residents' funds in trust:

Residents' funds in trust represents monies held in trust for the residents in the name of the Corporation and generally do not exceed $400 per resident.

6. Bank indebtedness:

At March 31, 2009, the Corporation had an authorized line of credit of $200,000 which was used to finance a portion of the Corporation's contribution towards the 38 bed addition. The line of credit bears interest at the bank's prime rate less 0.25 percent per annum. Interest is payable monthly in arrears and the principal is payable on demand. Les Amis de Valade Inc., a corporation with the same Member of the Corporation, has also provided a guarantee as security for this loan.

The Corporation has an additional $100,000 authorized line of credit available with no outstanding borrowings.

7. Bank loan:

The bank loan is held by La Caisse Populaire de Saint-Boniface Limitée, is repayable on demand, is supported by a borrowing resolution of the Board of Directors together with borrowing approval from the WRHA, and bears interest at the Caisse Populaire's prime lending rate minus 0.50 percent. The loan is being repaid at $1,740 monthly, plus interest.

8. Advances from Winnipeg Regional Health Authority:

During the fiscal year the Corporation received funding advances from the Winnipeg Regional Health Authority in the amounts of $44,831 and $50,562 for funding commitments relating to the 2007/08 and 2008/09 fiscal years. These advances are unsecured, non-interest bearing and have no fixed terms of repayment. In fiscal 2009, the advances owing at March 31, 2008 of $217,667 were offset against related receivables from the Winnipeg Regional Health Authority.

9. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for separate programs.

	2009	2008
Balance, beginning of year	$ 3,069	$ 2,712
Add amount received related to future periods	2,422	2,647
Less amount recognized as revenue in the year	(2,073)	(2,290)
	$ 3,418	$ 3,069

(b) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations, grants and pledges received or receivable for the purchase of capital assets. The amortization of these contributions is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	$ 10,203,634	$ 10,473,175
Add contributions received	126,791	90,546
Less amounts amortized to revenue	(364,169)	(360,087)
	$ 9,966,256	$ 10,203,634

FOYER VALADE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. Deferred contributions (continued):

On February 28, 2007, the Province of Manitoba approved the consolidation of $5,200,000 of the Corporation's borrowings with its Department of Finance. The advance has been recorded as a deferred contribution.

The advance received is governed by a promissory note payable to the Province of Manitoba which bears interest at 5.1 percent and required monthly principal payments of $21,667 plus interest. At March 31, 2009, the outstanding principal balance on the note was $4,658,334 (2008' - $4,918,330). No further funding is expected to be received with respect to this obligation and no revenue or expense is recorded in connection with its extinguishment, except for the amortization of the deferred contribution.

The balance of unamortized capital contributions related to capital assets consists of the following:

	2009	2008
Unamortized capital contributions used to purchase assets	$ 9,823,742	$ 10,092,070
Unspent contributions:		
Equipment reserve	110,958	84,008
Major repairs	31,556	27,556
	$ 9,966,256	$ 10,203,634

10. Capital fund:

	2009	2008
Capital assets	$ 10,318,214	$ 10,605,335
Amount financed by:		
Deferred contributions	(9,823,742)	(10,092,070)
Bank loan	(165,173)	(186,053)
Line of credit	(173,594)	(183,608)
	$ 155,705	$ 143,604

11. Internally restricted fund:

	2009	2008
To be expended only with the approval of the Member of the Corporation	$ 481,741	$ 368,057
Other internal projects	38,603	38,082
	$ 520,344	$ 406,139

FOYER VALADE INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

12. Related party transactions:

Foundation:

An amount of $10,000 (2008 - $10,000) was funded by Les Amis de Valade Inc., a corporation with the same Member of the Corporation. In fiscal 2009 and 2008, these amounts were used to repay bank indebtedness.

Shared and contributed services:

The Corporation and Centre Taché Centre, a corporation with the same Board of Directors and Member of the Corporation, have an agreement to share the cost of specific employee services based on the time spent on each entity. The Corporation provided services to Centre Taché Centre in the amount of $210,629 (2008 - $213,540). The Corporation purchased services from Centre Taché Centre in the amount of $238,893 (2008 - $287,382) which is included in salaries and wages.

In addition to these shared services, Centre Taché Centre contributed services to the Corporation in the amount of $70,846 (2008 - $22,920) free of charge.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

13. Employee pension plan:

During the year, the Corporation contributed $317,041 (2008 - $295,922) on behalf of its employees. Eligible employees of the Corporation are members of the Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Corporation is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period.

The most recent actuarial valuation of the plan as at December 31, 2007 indicated a solvency deficiency of $61,050,000 that will be funded over five years commencing calendar 2008 out of current contributions in each respective year. A change in underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions. Contribution rates were increased on July 1, 2007 to 6.8 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.4 percent on earnings in excess of the YMPE. No rate changes have been issued since.

FOYER VALADE INC.

DRAFT Notes to Financial Statements (continued)

Year ended March 31, 2009

14. Fair value:

The fair values of accounts receivable, receivable from Winnipeg Regional Health Authority, employee benefits recoverable from Winnipeg Regional Health Authority, accounts payable, accrued liabilities, advances from Winnipeg Regional Health Authority and bank loan approximate their carrying value due to their immediate or short-term nature.

The fair value of the future employee pre-retirement benefits recoverable from the Winnipeg Regional Health Authority approximates its carrying value as the interest component is comparable to current market rates.

15. Leasehold estate:

The facility is situated on property leased from Despins Charities Inc., a corporation with the same Member of the Corporation, at a rental of $1 per annum. The sixty year lease expires June 30, 2046. The land is held as a leasehold estate registered under *The Real Property Act* in the Winnipeg Land Titles Office. At the termination of the lease, the title to the land reverts to the lessor. No economic value of this lease is reflected in the financial statements.

16. Future accounting changes:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Corporation's next fiscal year. The Corporation is in the process of determining the impact that these standards will have on its financial reporting.

CICA Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation were to replace the existing Section 3861, Financial Instruments - Disclosure and Presentation, effective April 1, 2009 for the corporation. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

16. Future accounting changes (continued):

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations,* was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Corporation will adopt these standards on April 1, 2009.

17. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

FOYER VALADE INC.

Schedule - Expenses

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Amortization	$ 370,256	$ 364,269

	2009	2008
Salaries and wages:		
Resident services:		
Nursing administration	$ 262,791	$ 226,926
Registered nurses	911,833	784,228
Licenced practical nurses	634,802	612,864
Health care and rehab aides	2,276,790	2,082,031
Purchased services	589,043	551,896
	4,675,259	4,257,945
Activity	103,370	98,689
Dietary	551,697	569,734
General administration	411,922	390,412
Housekeeping	280,718	290,024
Laundry/linen	76,783	72,382
Medical administration fees	3,000	5,083
Occupational health	23,859	20,646
Occupational therapy	30,665	7,704
Pastoral care	62,606	59,950
Physiotherapy	40,181	15,216
Plant maintenance	146,089	137,540
Social work	38,505	62,491
Staff development	84,589	107,345
Volunteer coordinator	53,394	53,902
	1,907,378	1,891,118
	$ 6,582,637	$ 6,149,063

	2009	2008
Employee benefits:		
Canada pension plan	$ 220,065	$ 203,116
Employment insurance	116,617	110,681
Healthcare employees pension plan	317,043	295,922
Other employee benefits	134,181	131,262
Employee pre-retirement benefits	45,554	53,824
Workers' compensation	88,446	63,486
	921,906	858,291
Health and education tax	125,525	109,868
	$ 1,047,431	$ 968,159

FOYER VALADE INC.

Schedule - Expenses (continued)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Other supplies and expenses:		
Printing, stationery and office	$ 16,499	$ 20,007
Photocopying	2,071	1,988
Housekeeping and cleaning	10,100	9,453
Paper and disposable	18,962	20,255
Laundry and linen	6,092	5,206
Staff wearing apparel	13,935	14,494
Dietary and cleaning	22,710	18,478
Purchased service - laundry	97,968	97,322
Other supplies and expenses	51,722	14,562
	$ 240,059	$ 201,765
Medical and surgical supplies:		
General	$ 30,998	$ 29,997
Gastronomy	555	1,127
Incontinence aids	54,870	51,601
	$ 86,423	$ 82,725
Drugs:		
Oxygen and other	$ 10,272	$ 6,260
Food costs	$ 303,195	$ 271,972
Utilities:		
Natural gas	$ 100,366	$ 83,143
Water	67,199	47,512
Electricity	89,040	86,560
	$ 256,605	$ 217,215
Telephone and sundry:		
Telephone	$ 16,786	$ 16,983
General expenses	16,805	44,758
Staff training	3,670	5,794
Postage	4,122	3,766
	$ 41,383	$ 71,301

FOYER VALADE INC.

Schedule - Expenses (continued)

Year ended March 31, 2009, with comparative figures for 2008

		2009		2008
Travel:				
Resident travel	$	4,338	$	3,947
Resident transportation		24,506		19,135
Staff		3,505		4,779
	$	32,349	$	27,861
Professional and other fees:				
Service bureau fees	$	14,202	$	13,860
Audit fees		17,913		16,201
Legal fees		3,695		2,316
Association membership fees		10,473		9,096
Other		22,473		15,390
	$	68,756	$	56,863
Advertising and public relations	$	11,640	$	4,580
Insurance	$	23,180	$	22,083
Equipment:				
Service contracts	$	18,374	$	17,834
Software contracts		33,758		24,788
Equipment maintenancce		31,460		13,012
Minor purchases		78,832		47,725
	$	162,424	$	103,359
Buildings and grounds:				
Building repairs	$	66,797	$	247,660
Property taxes		184,567		142,028
	$	251,364	$	389,688
Interest	$	6,893	$	9,840
Ancillary operations	$	2,073	$	2,290
Total expenses	$	9,496,940	$	8,949,293

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AUDITORS' REPORT

To the Board of Directors of Fred Douglas Society Inc.

We have audited the statement of financial position of Fred Douglas Personal Care Home, a Division of Fred Douglas Society Inc., as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Division'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 financial statements present fairly, in all material respects, the financial position of the Division as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Signed **"KPMG LLP"**

Chartered Accountants

Winnipeg, Canada

May 14, 2009

FRED DOUGLAS PERSONAL CARE HOME
A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

		2009		2008
Assets				
Current assets:				
Cash (note 3)	$	43,449	$	197,395
Accounts receivable (note 4)		468,851		404,509
Inventories and prepaid expenses		35,965		30,418
Employee benefits recoverable from Winnipeg Regional Health Authority [note 12(iii)]		355,603		355,603
Short-term investments (note 5)		110,086		214,460
Receivable from related entities (note 6)		85,000		85,000
		1,098,954		1,287,385
Investments (note 5)		191,591		–
Receivable from related entities (note 6)		495,519		648,777
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority [note 12(i)]		565,977		577,189
Capital assets (note 7)		4,341,339		4,446,950
	$	6,693,380	$	6,960,301

	2009	2008

Liabilities, Deferred Contributions and Net Assets

	2009	2008
Current liabilities:		
Bank indebtedness (note 3)	$ 297,623	$ –
Accounts payable and accrued liabilities	775,888	812,694
Payable to Winnipeg Regional Health Authority	86,844	276,290
Payable to residents	20,809	18,232
Current portion of long-term debt (note 8)	277,112	371,196
	1,458,276	1,478,412
Future employee pre-retirement benefits payable [note 12(i)]	538,995	550,207
Long-term debt (note 8)	299,850	313,544
Deferred contributions (note 9):		
Donations	11,544	7,516
Expenses of future periods	10,564	9,320
Capital assets	3,283,666	3,360,843
Equipment reserve	22,543	52,031
Reserve for major repairs	150,933	184,159
	3,479,250	3,613,869
Net assets:		
Unrestricted	172,879	244,396
Invested in capital assets (note 10)	744,130	759,873
	917,009	1,004,269
Commitment (note 13)		
	$ 6,693,380	$ 6,960,301

See accompanying notes to financial statements.

On behalf of the Board:

_______________________________ Director

_______________________________ Director

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC

Statement of Operations

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Winnipeg Regional Health Authority - Operating	$ 5,759,626	$ 5,354,287
Winnipeg Regional Health Authority - Adult Day Program	191,112	193,179
Resident charges	1,900,653	1,895,117
Participant charges - Adult Day Program	32,212	32,210
Donations and grants	16,743	10,995
Amortization of deferred contributions (note 9)	261,615	338,724
	8,161,961	7,824,512
Other income:		
Ancillary	11,998	34,097
Investment	17,910	36,076
Cafeteria	42,572	46,677
Other	21,262	25,154
	93,742	142,004
Total revenue	8,255,703	7,966,516
Expenses:		
Operating	7,924,594	7,490,125
Adult Day Program	225,270	230,400
Amortization of capital assets	193,099	248,599
	8,342,963	7,969,124
Deficiency of revenue over expenses before the undernoted	(87,260)	(2,608)
Future employee pre-retirement benefits [note 12(i)]	11,212	(75,941)
Funding for employee pre-retirement benefits payable [note 12(i)]	(11,212)	75,941
Deficiency of revenue over expenses	$ (87,260)	$ (2,608)

See accompanying notes to financial statements.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Changes in Net Assets

Year ended March 31, 2009, with comparative figures for 2008

	Unrestricted	Invested in capital assets	2009 Total	2008 Total
Net assets, beginning of year	$ 244,396	$ 759,873	$ 1,004,269	$ 1,006,877
Deficiency of revenue over expenses	(71,517)	(15,743)	(87,260)	(2,608)
Net assets, end of year	$ 172,879	$ 744,130	$ 917,009	$ 1,004,269

See accompanying notes to financial statements.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Operating activities:		
Deficiency of revenue over expenses	$ (87,260)	$ (2,608)
Adjustments for:		
Amortization of capital assets	193,099	248,599
Amortization of deferred contributions related to capital assets	(177,361)	(231,468)
Change in the following:		
Restricted cash	68,167	(7,902)
Accounts receivable	(64,342)	(306,405)
Inventories and prepaid expenses	(5,547)	(1,030)
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority	11,212	(75,941)
Accounts payable and accrued liabilities	(36,806)	7,189
Payable to Winnipeg Regional Health Authority	(189,446)	276,290
Payable to residents	2,577	3,159
Future employee pre-retirement benefits payable	(11,212)	75,941
Net increase in deferred contributions related to donations, expenses of future periods, and reserve for major repairs	(27,954)	(51,965)
	(324,873)	(66,141)
Financing and investing activities:		
Deferred contributions received for capital assets and equipment reserves	70,696	62,916
Repayment of long-term debt	(107,778)	(100,293)
Decrease in receivable from related entities:		
Fred Douglas Heritage House Inc.	143,382	118,510
Other	9,876	(80,802)
Purchase of capital assets	(87,488)	(51,873)
Decrease (increase) in investments	(87,217)	76,033
	(58,529)	24,491
Decrease in cash	(383,402)	(41,650)
Cash, beginning of year (note 3)	85,779	127,429
Cash (bank indebtedness), end of year (note 3)	$ (297,623)	$ 85,779

See accompanying notes to financial statements.

General:

Fred Douglas Personal Care Home, a Division of Fred Douglas Society Inc. (the Division) operates a 136-bed personal care home and 90-space adult day program in Winnipeg, Manitoba. Fred Douglas Society Inc. is an outreach ministry of the United Church of Canada.

The information contained in these financial statements is the property of Fred Douglas Society Inc. and may not be combined, consolidated or in any way modified without the explicit written authorization of the Chief Executive Officer of Fred Douglas Society Inc.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements include only the assets, liabilities, operations and net assets of the Division. These financial statements have been prepared solely for the purposes of management. As these financial statements have not been prepared for general purposes, readers may require further information. Non-consolidated financial statements of Fred Douglas Society Inc. have been prepared for distribution to the Board of Directors.

(b) Revenue recognition:

The Division follows the deferral method of accounting for contributions, which includes government funding.

The Division is funded primarily by the Winnipeg Regional Health Authority (WRHA) in accordance with a Service Purchase Agreement. Operating grants are recorded as revenue in the period to which they relate. The Division's Service Purchase Agreement with the WRHA will expire March 31, 2012.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Investment income includes interest income and realized and unrealized investment gains and losses.

1. Significant accounting policies (continued):

(c) Operating deficits or surpluses:

In accordance with the terms and conditions of the Service Purchase Agreement, annual operating deficits of the Division are the responsibility of Fred Douglas Society Inc. (the "Society"). Any operating surpluses of the Division are subject to review by the WRHA. The surplus the Society may retain is the greater of 50 percent of the Division's operating surplus and 2 percent of the Division's global budget as provided by the WRHA, in any fiscal year. The remaining operating surplus in any fiscal year is repayable to the WRHA.

(d) Financial instruments:

Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess (deficiency) of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in net asset balances.

The Division designates cash, bank indebtedness, short-term investments and investments as held-for-trading; accounts receivable, employee benefits recoverable from Winnipeg Regional Health Authority, receivable from related entities and future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority as loans and receivables; and accounts payable and accrued liabilities, payable to Winnipeg Regional Health Authority, payable to residents and long-term debt as other liabilities. The Division has neither available-for-sale nor held-to-maturity instruments.

Fair value of investments is based on period end quoted market prices. The change in the difference between the fair value and the cost of investments at the beginning and end of each year is reflected in investment income in the statement of operations.

Investments of the Division are pooled with the investments from Fred Douglas Apartments, a Division of Fred Douglas Society Inc. The income on the investments is allocated to each division in proportion to the respective amounts invested by each division throughout the year.

1. Significant accounting policies (continued):

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Division's ability to provide services, its carrying amount is written down to its residual value. Amortization is provided on a straight-line basis at the following rates:

Asset	Rate
Buildings	40 years
Furniture and equipment	5 to 10 years

(f) Future employee pre-retirement benefits payable:

The cost of the Division's employee pre-retirement benefits payable is accrued as earned based on an actuarial estimation. The estimation of future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method.

The significant actuarial assumptions adopted in measuring the Division's future employee pre-retirement benefits payable include mortality and withdrawal rates, a discount rate of 6.7 percent (2008 – 5.5 percent), a rate of salary increase of 3.5 percent (2008 - 3.5 percent) plus an age-related merit/promotion scale with no provision for disability.

(g) Contributed services:

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 financial statements.

1. Significant accounting policies (continued):

(h) Income taxes:

Fred Douglas Society Inc. is exempt from tax under Section 149 of the *Income Tax Act.*

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Future accounting changes:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Division's next fiscal year. The Division is in the process of determining the impact that these standards will have on its financial reporting.

CICA Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* were to replace the existing Section 3861, *Financial Instruments - Disclosure and Presentation*, effective April 1, 2009 for the Division. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations,* was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Division will adopt these standards on April 1, 2009.

3. Cash (bank indebtedness):

	2009	2008
Unrestricted:		
Bank indebtedness	$ (297,623)	$ –
Cash	–	85,779
	(297,623)	85,779
Restricted cash	43,449	111,616
	$ (254,174)	$ 197,395

Restricted cash, along with restricted investments disclosed in note 5, represents cash held for deferred contributions related to donations, expenses of future periods, equipment reserve and reserve for major repairs as well as cash held in trust for residents.

The Division has a demand revolving credit facility with a maximum limit of $500,000. The operating credit line bears interest at prime rate. The facility is secured the same as disclosed in note 8 on the demand term loans. At March 31, 2009, the Division has utilized $118,200 (2008 - nil) of their facility.

4. Accounts receivable:

	2009	2008
Accounts receivable	$ 8,458	$ 10,531
Receivable from Winnipeg Regional Health Authority:		
Pre-retirement leave	121,794	106,157
MNU contract increases	214,959	40,682
MGEU contract increases	–	276,289
Hours of care increase	182,967	–
Other	18,091	47,615
Resident charges	(77,418)	(76,765)
	$ 468,851	$ 404,509

5. Investments:

	2009		2008	
	Average effective yield	Carrying value	Average effective yield	Carrying value
Government investment certificates	4.43%	$ 239,488	–	$ –
Money market fund		62,189		145,281
Canadian bonds	–	–	3.70%	69,179
		301,677		214,460
Current portion, shown as short-term investments		110,086		214,460
		$ 191,591		$ –

The government investment certificates mature in five equal installments during fiscal years 2010 to 2014.

The allocation of investments between unrestricted and restricted is as follows:

	2009	2008
Unrestricted investments	$ 128,733	$ 54,829
Restricted investments	172,944	159,631
	$ 301,677	$ 214,460

6. Receivable from related entities:

The receivable from related entities is as follows:

	2009	2008
Fred Douglas Heritage House Inc.:		
Advances receivable, net of allowance of $78,743 (2008 - $78,743)	$ 86,461	$ 134,756
Demand debenture receivable	263,419	358,506
Fred Douglas Foundation, Inc.	14,459	21,767
Fred Douglas Apartments	9,983	14,385
Fred Douglas Residence	206,197	204,363
	580,519	733,777
Current portion of demand debenture receivable	85,000	85,000
	$ 495,519	$ 648,777

6. Receivable from related entities (continued):

Fred Douglas Heritage House Inc. is an organization controlled by Fred Douglas Society Inc.. The advances receivable from Fred Douglas Heritage House Inc. bear interest at prime rate and are repayable out of available working capital. The advances are secured by the same security as disclosed for the demand debenture receivable. Interest charged on the advances during the year was $8,141 (2008 - $12,311).

The demand debenture receivable from Fred Douglas Heritage House Inc. is due on demand, bears interest at prime rate, requires monthly principal and interest payments of $7,600 and is secured by a second mortgage on the leasehold interests of Fred Douglas Heritage House Inc.. During the year, the Division charged interest of $13,881 (2008 - $24,868) on the demand debenture receivable. The Division has waived its right to demand repayment of the advances receivable and $178,419 of the demand debenture receivable prior to April 1, 2010.

Fred Douglas Foundation, Inc. is an organization over which Fred Douglas Society Inc. exercises significant influence. Fred Douglas Apartments and Fred Douglas Residence are divisions of Fred Douglas Society Inc.. The receivable from these entities are non-interest bearing, with no fixed terms of repayment and are unsecured.

7. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 17,137	$ –	$ 17,137	$ 17,137
Buildings	9,535,675	5,484,226	4,051,449	4,192,952
Furniture and equipment	1,595,530	1,322,777	272,753	236,861
	$ 11,148,342	$ 6,807,003	$ 4,341,339	$ 4,446,950

8. Long-term debt:

	2009	2008
7.75% mortgage, Canada Mortgage and Housing Corporation, payable $3,095 monthly including principal and interest, secured by a mortgage against the property located at 1275 Burrows Avenue, maturing October 1, 2022	$ 313,543	$ 326,234
Royal Bank of Canada demand term loan, interest at bank prime, payable $7,600 monthly including principal and interest, maturing September 30, 2009	263,419	358,506
	576,962	684,740
Current portion of long-term debt	277,112	371,196
	$ 299,850	$ 313,544

The demand term loans are secured by a general security agreement and a second charge collateral mortgage against the property located at 1275 Burrows Avenue.

Principal due over the next five years and thereafter is as follows:

2010	$ 277,112
2011	14,775
2012	15,942
2013	17,201
2014	18,550
Thereafter	233,382

9. Deferred contributions:

(a) Donations:

Deferred contributions related to donations represent restricted funding received for specific improvement projects and enhancements to resident living.

	2009	2008
Balance, beginning of year	$ 7,516	$ 4,497
Contributions received	7,755	4,207
Amounts recognized as revenue in the year	(3,727)	(1,188)
Balance, end of year	$ 11,544	$ 7,516

(b) Expenses of future periods:

Deferred contributions related to expenses of future periods represent restricted funding received for future expenses related to insurance deductibles and claims.

	2009	2008
Balance, beginning of year	$ 9,320	$ 7,832
Contributions received	1,488	1,488
Amounts recognized as revenue in the year	(244)	–
Balance, end of year	$ 10,564	$ 9,320

(c) Capital assets:

Deferred contributions related to capital assets represent the unamortized amount of grants and other contributions received for the purchase of capital assets.

	2009	2008
Balance, beginning of year	$ 3,360,843	$ 3,528,679
Transfer from deferred contributions - equipment reserve	53,288	24,516
Contributions received	46,896	39,116
Amounts amortized to revenue in the year	(177,361)	(231,468)
Balance, end of year	$ 3,283,666	$ 3,360,843

9. Deferred contributions (continued):

(d) Equipment reserve:

Deferred contributions related to equipment reserve represent unspent contributions for the future purchase of capital assets. When the capital assets are purchased, an equivalent amount is transferred from this reserve to the deferred contributions related to capital assets.

		2009		2008
Balance, beginning of year	$	52,031	$	52,747
Contributions received		23,800		23,800
Transfer to deferred contributions - capital assets		(53,288)		(24,516)
Balance, end of year	$	22,543	$	52,031

(e) Reserve for major repairs:

Deferred contributions related to reserve for major repairs represent restricted funding received for the future purchase of equipment replacement and major repairs.

		2009		2008
Balance, beginning of year	$	184,159	$	240,631
Contributions received		50,784		50,784
Amounts amortized to revenue in the year		(84,010)		(107,256)
Balance, end of year	$	150,933	$	184,159

10. Invested in capital assets:

Invested in capital assets is calculated as follows:

		2009		2008
Capital assets	$	4,341,339	$	4,446,950
Deferred contributions		(3,283,666)		(3,360,843)
Long-term debt		(313,543)		(326,234)
	$	744,130	$	759,873

11. Related party transactions:

During the year, the Division charged nil (2008 - $10,000) as a management fee to Fred Douglas Apartments, a Division of Fred Douglas Society Inc.. During the year, the Division also charged a service fee of nil (2008 - $3,000) to Fred Douglas Heritage House Inc..

During the year, the Division charged nil (2008 - $1,694) in food service costs to Fred Douglas Residence, a Division of Fred Douglas Society Inc..

During the year, the Division received $8,377 (2008 - $1,909) in funding for improvements and resident services, and $5,995 (2008 - $8,444) in funding for capital assets from Fred Douglas Foundation, Inc..

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

12. Future employee benefits and employee benefits:

(i) The Division maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

At March 31, 2009 based on an actuarial estimate, the pre-retirement benefit plan's obligations are estimated to be approximately $538,995 (2008 - $550,207) for which the Division has provided an accrued future employee pre-retirement benefits liability on the statement of financial position.

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position. The recoverable has been adjusted, based on direction from WRHA, to include the incremental increases or decreases in the related liability for fiscal years 2007-2009, which includes an interest component. The decrease recorded in fiscal 2009 was $11,212 (2008 - increase of $75,941) and is recorded in the statement of operations.

The future employee pre-retirement benefits recoverable from WRHA at March 31, 2009 aggregates $565,977 (2008 - $577,189) and has no specified terms of repayment.

12. Future employee benefits and employee benefits (continued):

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grant provided to the Division. Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Actual additional funding provided by WRHA for 2009 was 65.1 percent (2008 - 64.25 percent) of actual pre-retirement benefits paid. The shortfall for 2009 of $8,383 (2008 - $15,611) was paid from funding received for operations.

In summary, information about the Division's employee pre-retirement benefit plan is as follows:

	2009	2008
Net benefit cost expensed in statement of operations:		
Benefits paid	$ 24,020	$ 43,666
Future employee pre-retirement benefits	(11,212)	75,941
WRHA additional funding for pre-retirement benefits paid	15,637	28,055
WRHA funding for change in pre-retirement benefits payable	(11,212)	75,941
Future employee pre-retirement benefits payable	538,995	550,207

(ii) All eligible employees of the Division are members of the Healthcare Employees Pension Plan - Manitoba, a multi-employer defined benefit pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Division is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period.

During the year, the Division contributed $339,894 (2008 - $312,229) on behalf of its employees. The most recent actuarial valuation of the plan as at December 31, 2007 indicated a solvency deficiency of $61,050,000 that will be funded over five years commencing calendar 2008 out of current contributions in each respective year. A change in underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions. Contribution rates were increased on July 1, 2007 to 6.8 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.4 percent on earnings in excess of the YMPE. No rates changes have been issued since.

12. Future employee benefits and employee benefits (continued):

(iii) The cost of the Division's vacation benefits is accrued when the benefits are earned by the employees and is included in accounts payable and accrued liabilities on the statement of financial position. The vacation benefits liability at March 31, 2009 is $426,345 (2008 - $396,098).

The funding received in each subsequent fiscal year from the Winnipeg Regional Health Authority includes the employee benefits recoverable of $355,603 as included on the statement of financial position. The employee benefits recoverable from Winnipeg Regional Health Authority is maintained at the value of the vacation benefits liability at March 31, 2004.

13. Commitment:

On April 1, 2009, the Division entered into a service purchase agreement for transportation service for the adult day program for a three year period, with an option to extend for one additional year. The annual service costs under this agreement are approximately $100,000.

14. Fair value:

The fair value of accounts receivable, employee benefits recoverable from Winnipeg Regional Health Authority, accounts payable and accrued liabilities, payable to Winnipeg Regional Health Authority and payable to residents approximate their carrying value due to the short term nature of these instruments.

The fair value of long-term debt is approximately $562,000 (2008 – $730,000) compared to its carrying value of $576,962 (2008 - $684,740). Fair value of long-term debt has been determined using future payments of principal and interest of the actual outstanding long-term debt discounted at current interest rates available to the Division.

The fair value of the future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority approximates its carrying value as the interest component is comparable to current market rates.

The fair value of the receivable from related entities is not practical to determine due to its underlying terms and conditions.

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Schedule - Operating Expenses

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Nursing services:		
Medical supplies and services	$ 41,079	$ 28,224
Resident transportation	24,657	24,158
Incontinence supplies	55,357	56,828
Nursing administration	2,952	2,952
	124,045	112,162
Resident services:		
Activities	6,917	6,134
Other	14,084	11,726
	21,001	17,860
General administration:		
Advertising	7,011	4,200
Audit and professional fees	22,618	27,784
Bad debt	1,073	–
Bank charges and interest	2,675	2,226
Bonding and insurance	7,128	4,022
Data processing and communications	41,395	37,244
Delivery and courier	1,891	1,906
Equipment lease and maintenance	25,112	24,484
Meetings and miscellaneous	12,417	9,745
Labor relations	2,324	1,031
Licenses and membership fees	5,596	4,312
Postage	4,431	3,651
Printing, stationery and office supplies	11,760	9,341
Staff and resident events and appreciation	14,092	14,535
Travel	1,569	1,772
	161,092	146,253
Dietary:		
Food	278,945	283,012
Glassware and cutlery	4,038	3,480
Supplies	20,441	23,275
	303,424	309,767
Laundry:		
Supplies	5,841	18,218
Linen:		
Supplies and service	92,013	4,335
Housekeeping:		
Supplies	22,839	24,082
Carried forward	730,255	632,677

FRED DOUGLAS PERSONAL CARE HOME

A DIVISION OF FRED DOUGLAS SOCIETY INC.

Schedule - Operating Expenses (continued)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Brought forward	$ 730,255	$ 632,677
Physical plant:		
Operations:		
Electricity	93,177	77,067
Natural gas	109,779	98,110
Insurance	10,406	10,442
Taxes	55,924	51,437
Water	62,698	57,309
Maintenance and repairs:		
Buildings and grounds	140,167	173,480
Equipment	37,979	31,210
Other	5,371	4,508
Bank loans interest	13,881	24,868
Long-term debt interest	24,366	25,301
	553,748	553,732
Salaries:		
Nursing	3,921,887	3,628,128
Administration	438,837	374,399
Resident services	231,374	249,999
Dietary	503,136	479,848
Support services	440,683	499,615
Employee benefits	1,083,756	1,049,780
Accrued vacation	20,918	21,947
	6,640,591	6,303,716
Total operating expenses	$ 7,924,594	$ 7,490,125

PKBW GROUP 219 Fort Street Winnipeg, Manitoba Canada R3C 1E2

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AUDITORS' REPORT

To the Advisory Board
Holy Family Home Inc. Revenue Fund and
Sisters Servants of Mary Immaculate Plant Fund

We have audited the statement of financial position of Holy Family Home Inc. Revenue Fund and Sisters Servants of Mary Immaculate Plant Fund as at March 31, 2009 and the statements of operations, changes in net assets and cash flow 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 financial statements present fairly, in all material respects, the financial position of Holy Family Home Inc. Revenue Fund and Sisters Servants of Mary Immaculate Plant Fund as at March 31, 2009 and the results of their operations, changes in net assets and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

PKBW Group

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

Winnipeg, Manitoba
May 22, 2009

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PKBW GROUP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS INC.

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009

ASSETS

	REVENUE FUND	PLANT FUND	2009 TOTAL	2008 TOTAL
CURRENT ASSETS				
Cash (Note 3)	$ 674,674	372,040	1,046,714	1,420,291
Accounts receivable	148,866	8,154	157,020	135,842
Due from WRHA (Note 2(a))	1,393,557	8,334	1,401,891	897,846
Due from WRHA - Accrued vacation pay and pre-retirement leave (Note 4)	1,863,853	-	1,863,853	1,817,376
Inventory	61,858	-	61,858	54,872
Prepaid expenses	9,317	-	9,317	12,834
	4,152,125	388,528	4,540,653	4,339,061
INVESTMENTS (Note 3)	-	183,587	183,587	200,000
CAPITAL ASSETS (Notes 2(c) and 5)	-	5,122,456	5,122,456	5,144,387
	$ 4,152,125	5,694,571	9,846,696	9,683,448

LIABILITIES AND NET ASSETS

	REVENUE FUND	PLANT FUND	2009 TOTAL	2008 TOTAL
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 1,912,623	39,063	1,951,686	1,954,205
Accrued vacation pay and pre-retirement leave (Note 4)	2,299,699	-	2,299,699	2,206,065
Current portion of long-term debt (Note 6)	-	41,906	41,906	75,039
Due to (from) revenue/ plant fund	(29,682)	29,682	-	-
	4,182,640	110,651	4,293,291	4,235,309
LONG-TERM DEBT (Note 6)	-	2,850,114	2,850,114	2,893,025
DEFERRED CONTRIBUTIONS				
Expenses of future periods (Note 7)	-	28,079	28,079	6,504
Capital assets (Notes 2(d) and 7)	-	1,295,185	1,295,185	1,284,350
	-	1,323,264	1,323,264	1,290,854
NET ASSETS				
Externally restricted net assets	-	183,587	183,587	233,027
Internally restricted net assets	105,402	-	105,402	176,091
Net assets invested in capital assets	-	896,188	896,188	852,389
Unrestricted net assets	(135,917)	330,767	194,850	2,753
	(30,515)	1,410,542	1,380,027	1,264,260
	$ 4,152,125	5,694,571	9,846,696	9,683,448

APPROVED BY THE BOARD:

____________________ Director   ____________________ Director

PKBW GROUP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS INC.

HOLY FAMILY HOME INC. REVENUE FUND AND SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2009

	REVENUE AND PLANT FUND	ADULT DAY CARE PROGRAM	2009 TOTAL	2008 TOTAL
REVENUE				
Resident services				
Winnipeg Regional Health Authority (Note 10)	$ 11,457,882	192,264	11,650,146	10,907,421
Resident/ participant charges	4,340,932	26,959	4,367,891	4,107,981
	15,798,814	219,223	16,018,037	15,015,402
Offset income				
Dietary	159,213	-	159,213	161,017
Investment income (Note 8)	13,456	-	13,456	8,584
Amortization of deferred capital contributions	378,908	-	378,908	374,303
Miscellaneous	110,204	-	110,204	93,299
	661,781	-	661,781	637,203
	16,460,595	219,223	16,679,818	15,652,605
EXPENSES				
Salaries and benefits				
Nursing	8,929,838	-	8,929,838	8,426,218
Special	884,542	-	884,542	905,689
General	3,216,725	128,621	3,345,346	3,183,597
	13,031,105	128,621	13,159,726	12,515,504
Nursing services	276,963	-	276,963	242,298
Special services	121,965	-	121,965	95,682
General administration	514,990	82,855	597,845	441,795
Dietary	839,114	3,964	843,078	762,824
Laundry	225,254	-	225,254	200,221
Linen	27,564	-	27,564	27,347
Housekeeping	41,997	-	41,997	41,020
Physical plant	739,394	-	739,394	703,500
Debt structure and amortization (Note 2)	596,144	-	596,144	598,460
	16,414,490	215,440	16,629,930	15,628,651
EXCESS OF REVENUE OVER EXPENSES BEFORE UNFUNDED EMPLOYEE FUTURE BENEFITS	46,105	3,783	49,888	23,954
Unfunded employee future benefits (Note 4)	(47,156)	-	(47,156)	(45,589)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - REVENUE FUND	(1,051)	3,783	2,732	(21,635)
ADD: PRE-RETIREMENT LEAVE RECOVERY (Note 4)	160,938	-	160,938	-
PLANT FUND INCOME (Note 8)	32,182	-	32,182	51,432
EXCESS OF REVENUE OVER EXPENSES	$ 192,069	3,783	195,852	29,797

PKBW GROUP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS INC.

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2009

PLANT FUND EXTERNALLY RESTRICTED NET ASSETS	MAJOR BUILDING REPAIRS - PHASE 1	MAJOR BUILDING REPAIRS - PHASE 2	2009 TOTAL	2008 TOTAL
BALANCE, BEGINNING OF YEAR	$ 91,072	141,955	233,027	211,951
Add: Appropriation for year	8,136	15,000	23,136	23,136
	99,208	156,955	256,163	235,087
Deduct: Approved expenditures	-	72,576	72,576	2,060
BALANCE, END OF YEAR	$ 99,208	84,379	183,587	233,027

REVENUE FUND INTERNALLY RESTRICTED NET ASSETS	UNIFORMS	BEDDING AND LINEN	PAINTING AND DECORATING	2009 TOTAL	2008 TOTAL
BALANCE, BEGINNING OF YEAR	$ 2,502	26,095	147,494	176,091	232,043
Deduct: Approved expenditures	-	-	70,689	70,689	55,952
BALANCE, END OF YEAR	$ 2,502	26,095	76,805	105,402	176,091

NET ASSETS INVESTED IN CAPITAL ASSETS	2009	2008
BALANCE, BEGINNING OF YEAR	$ 852,389	853,885
Add (deduct): Net assets invested in capital assets	(10,418)	(10,418)
Change in accrued interest payable	509	733
Transfer from SSMI Funds	30,146	6,000
Transfer from HFH-Ladies Auxiliary	23,562	2,189
BALANCE, END OF YEAR	$ 896,188	852,389

UNRESTRICTED NET ASSETS	UNFUNDED EMPLOYEE FUTURE BENEFITS (Note 4)	REVENUE FUND	TOTAL REVENUE FUND	PLANT FUND	2009 TOTAL	2008 TOTAL
BALANCE, BEGINNING OF YEAR	$ (388,689)	92,348	(296,341)	299,094	2,753	(26,311)
Add (deduct): Excess (deficiency) of revenue over expenses from operations	(47,156)	49,888	2,732	32,182	195,852	29,797
Pre-retirement leave recovery (Note 4)	-	160,938	160,938	-	-	-
Change in accrued interest payable	-	-	-	(509)	(509)	(733)
Transfer to HFH-Ancillary Operations	-	(3,246)	(3,246)	-	(3,246)	-
BALANCE, END OF YEAR	$ (435,845)	299,928	(135,917)	330,767	194,850	2,753

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CHARTERED ACCOUNTANTS & BUSINESS ADVISORS INC.

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2009

	2009	2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	$ 195,852	29,797
Add non-cash item(s):		
Amortization of capital assets	378,908	374,303
Amortization of deferred capital contributions	(395,215)	(407,870)
Net assets invested in capital assets	(10,418)	(10,418)
	169,127	(14,188)
Change in non-cash working capital:		
Accounts receivable	(21,178)	(3,295)
Due from WRHA	(504,045)	(244,737)
Due from WRHA - Accrued vacation pay and pre-retirement leave	(46,477)	(84,980)
Inventory	(6,986)	(3,278)
Prepaid expenses	3,517	(126)
Accounts payable and accrued liabilities	(2,519)	733,137
Accrued vacation pay and pre-retirement leave	93,634	130,569
	(314,927)	513,102
INVESTING ACTIVITIES		
Purchase of capital assets - equipment and building improvements	(356,977)	(52,207)
FINANCING ACTIVITIES		
Long-term debt principal repayments	(76,044)	(126,441)
Additions (utilization) of externally restricted fund balances - reserves	(49,440)	21,076
Additions (utilization) of internally restricted fund balances - reserves	(70,689)	(55,952)
Transfers from related parties	53,708	8,189
Deferred capital contributions	427,625	220,938
Transfer to Ancillary Operations	(3,246)	-
	281,914	67,810
INCREASE (DECREASE) IN CASH	(389,990)	528,705
CASH AND INVESTMENTS, BEGINNING OF YEAR	1,620,291	1,091,586
CASH AND INVESTMENTS, END OF YEAR (Note 3)	$ 1,230,301	1,620,291
ADDITIONAL INFORMATION:		
Interest received	$ 76,209	85,916
Interest paid	217,758	224,881

GROUP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

1. ACCOUNTING ENTITY

Holy Family Nursing Home was incorporated by a Special Act of the Province of Manitoba on May 6, 1963 and during the current fiscal year, the Home incorporated Holy Family Home, Inc. (HFH) as an operating name. HFH is sponsored, owned and operated by the Ukrainian Catholic Congregation of Sisters Servants of Mary Immaculate (SSMI). HFH is a not-for-profit organization and is exempt from income tax under the Income Tax Act. The purpose of HFH is to operate as a personal care home for the elderly and infirm which provides a high level of physical, spiritual and cultural care for the 276 residents of HFH within the motto of the Sisters "To Serve is to Love".

2. SIGNIFICANT ACCOUNTING POLICIES

a) Winnipeg Regional Health Authority Funding

HFH is funded by the Winnipeg Regional Health Authority (WRHA) under the provisions of the Health Services Insurance Act, the Regional Health Authority Act and a purchased services agreement for the total of its approved budgeted expenses.

HFH is funded by the WRHA under the global budget concept and any in-globe deficit is not recoverable from Manitoba Health and any in-globe surplus in excess of 2% of the net in-globe approved costs is refundable to Manitoba Health. All deficits and surpluses on out-of-globe expenses are subject to year end review and payment or reimbursement to the WRHA at year end. HFH records all amounts recoverable or repayable at year end, subject to the WRHA audit, as due from or due to WRHA and as Revenue Fund Unrestricted Fund surplus or deficit.

The WRHA performs a final review of HFH's audited financial statements to finalize the amounts of any retainable surplus or recoverable deficit, at which time any adjustments determined are booked by HFH. All adjusted retainable surplus, net of deficits are then transferred from the Revenue Fund Unrestricted Fund to the Plant Fund Unrestricted Fund owned by the SSMI. The WRHA has completed their reviews of HFH's audited financial statements up to and including March 31, 2004.

b) Purpose of Funds

The Revenue Fund accounts for the funded operations of HFH. The Plant Fund, which is owned and operated by SSMI, records the capital assets less the related debt and the equity belonging to SSMI.

The Externally Restricted Fund Balances represent unspent balances of amounts funded for future expenditures. Reserves for Major Building Repairs and the Amortization Fund are maintained as separately funded accounts and are utilized upon prior approval by the WRHA.

The Unrestricted Fund Balances represent the accumulated equity of HFH and SSMI.

c) Capital Assets

Capital assets, owned and accounted for by SSMI in the Plant Fund, are recorded at cost. All minor equipment costing less than $2,000 is charged to expense under directive by the WRHA.

Equipment is amortized over its estimated useful life on a straight-line basis over 5, 10 and 15 years.

Buildings are amortized over their estimated useful life on a straight-line basis over 50 years.

d) Deferred Capital Contributions

Contributions received for the purchase and funding of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital asset.

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Contributed Services and Donated Materials

Contributed services and donated materials are not recognized in the financial statements.

f) Revenue Recognition

HFH follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectibility is reasonably assured.

Revenue is recognized when products and services are delivered to the customer and ultimate collection is reasonably assured at the time of performance.

3. CASH AND INVESTMENTS

	Cash	Investments	Total 2009	Total 2008
HFH Revenue fund	$ 674,674	-	674,674	922,627
SSMI Plant fund unrestricted	343,961	-	343,961	457,959
Major building repairs reserve fund	-	183,587	183,587	233,201
Equipment amortization fund	28,079	-	28,079	6,504
	$ 1,046,714	183,587	1,230,301	1,620,291

The investments are part of a jointly held investment pool (Note 8) with yields of 4.10% maturing on April 4, 2011.

4. VACATION PAY AND PRE-RETIREMENT LEAVE

		Due from WHRA - Accrued Vacation Pay and Pre-Retirement Leave	Accrued Vacation Pay and Pre-Retirement Leave Payable	Unfunded Employee Future Benefits
March 31, 2005	Vacation pay	$ 719,492	715,493	3,999
	Pre-retirement leave	947,030	1,104,789	(157,759)
		$ 1,666,522	1,820,282	(153,760)
March 31, 2006	Vacation pay	$ 719,492	735,346	(15,854)
	Pre-retirement leave	947,030	1,217,344	(270,314)
		$ 1,666,522	1,952,690	(286,168)

PK BW GROUP
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4. VACATION PAY AND PRE-RETIREMENT LEAVE (Continued)

		Due from WHRA - Accrued Vacation Pay and Pre-Retirement Leave	Accrued Vacation Pay and Pre-Retirement Leave Payable	Unfunded Employee Future Benefits
March 31, 2007	Vacation pay	$ 719,492	792,278	(72,786)
	Pre-retirement leave	1,012,904	1,283,218	(270,314)
		$ 1,732,396	2,075,496	(343,100)
March 31, 2008	Vacation pay	$ 719,492	837,867	(118,375)
	Pre-retirement leave	1,097,884	1,368,198	(270,314)
		$ 1,817,376	2,206,065	(388,689)
March 31, 2009	Vacation pay	$ 719,492	885,024	(165,532)
	Pre-retirement leave	1,144,361	1,414,675	(270,314)
		$ 1,863,853	2,299,699	(435,846)

a) Vacation Pay Receivable/ Payable

HFH has a receivable from the WRHA for vacation pay of $719,492 which was capped in 2003/04. Effective for the fiscal year 2004/2005, Manitoba Health has directed that healthcare facilities may no longer accrue as a receivable, the revenue equivalent to the change on the vacation pay liability. As a result of the above, the unfunded portion of the liability was $47,156 (2008 - $45,589) for the fiscal year ending March 31, 2009.

b) Pre-retirement Leave Receivable

HFH has a receivable from the WRHA for pre-retirement leave of $1,144,361 (2008 -$1,097,884) which represents the balance receivable at March 31, 2004 plus the change in the liability for the following fiscal years: 2006/07, 2007/08 and 2008/09. For the 2004/2005 and 2005/2006 fiscal years, Manitoba Health directed that healthcare facilities were not allowed to accrue as a receivable, the revenue equivalent to the change in the retirement entitlement obligation liability.

However, in 2008/2009 the WRHA provided partial pre-retirement leave funding of $160,938 in respect of fiscal years 2004/05 and 2005/06. As a receivable was not allowed to be accrued for these fiscal years, this funding has been recorded as income in the statement of operations during the current fiscal year.

c) Pre-retirement Leave Payable

HFH has a contractual commitment to pay a retirement allowance to employees if they are over age fifty-five and have ten years of service or if their period of service when added to their age exceeds eighty. HFH has recorded an accrual based upon an actuarial valuation at March 31, 2009 of $1,414,675 (2008 - $1,368,198) for those employees who qualified for the retirement allowance. For the fiscal year ending March 31, 2009, HFH paid out retirement allowances to their employees in the amount of $46,549 in which the WRHA only funded 64.25% of the payable. The unfunded portion for the fiscal year 2009/2009 was $16,641 (2008 - $19,953).

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

4. VACATION PAY AND PRE-RETIREMENT LEAVE (Continued)

d) Unfunded Employee Future Benefits

HFH has recorded the unfunded future employee benefits (which include Vacation Pay and Pre-retirement Leave) as a separate balance within its unrestricted net assets. HFH has taken the position that the unfunded future employee benefits are recoverable from the WRHA, and that the change in policy is contrary to the terms of the Service Purchase Agreement.

First, HFH's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Secondly, in keeping with the terms of the Service Purchase Agreement, future employee benefits should be recognized, both as a liability and as a receivable. The corresponding responsibility for the future funding of the same benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including HFH). Failure to acknowledge future funding responsibility of negotiated future employee benefits results in incorrect disclosure of HFH's financial position within the Audited Financial Statements (understated assets). HFH has taken the position that the Audited Financial Statements should properly reflect a future employee benefits receivable from Manitoba Health/WRHA equal to the future employee benefits payable.

HFH has expressed considerable concern to the WRHA regarding the impact of the policy change referred to above, and the manner in which Employee Future Benefit liabilities are to be funded and recorded in HFH's Audited Financial Statements.

5. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 191,548	-	191,548	-
Park Improvements	196,806	-	196,806	-
Redwood Park	69,158	-	69,158	-
Building - Phase I	1,616,588	1,217,805	1,616,588	1,184,669
Building - Phase II	3,957,077	2,451,582	3,957,077	2,373,753
Building - Phase V	1,621,247	740,135	1,621,247	669,646
Building - Link	1,500,962	707,582	1,500,962	664,688
Building - Canopy	70,161	39,461	70,161	36,538
Building Improvements	452,619	37,214	170,392	13,905
Equipment	2,457,718	1,860,223	2,382,970	1,731,897
Equipment - Phase I	374,334	374,334	374,334	374,334
Equipment - Link	95,483	95,483	95,483	95,483
Other	42,574	-	42,574	-
	$ 12,646,275	7,523,819	12,289,300	7,144,913
Net book value	$ 5,122,456		5,144,387	

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GROUP
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HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

6. LONG-TERM DEBT

	2009	2008
CMHC Mortgage due in 2021, 6.875%, repayable in monthly installments of $7,707 including principal and interest, secured by mortgage on Phase I land and building. Accrued interest $4,263 (2008 - $4,488).	754,644	831,735
CMHC Mortgage due in 2028, 10.00%, repayable in monthly installments of $20,630 including principal, interest and subsidy of $3,853 monthly, secured by mortgage on Phase II land and building. Accrued interest $17,451 (2008 - $17,747).	2,137,376	2,136,329
	2,892,020	2,968,064
Less: current portion	41,906	75,039
	$ 2,850,114	2,893,025

The principal portion of long-term debt is repayable for the years ended as follows:

Year ending March 31,	2010	$ 41,906
	2011	44,880
	2012	48,065
	2013	51,475
	2014	55,128
	Thereafter	2,650,566
		$ 2,892,020

7. DEFERRED CONTRIBUTIONS

	Expenses of Future Periods	Capital Assets	2009 Total	2008 Total
BALANCE, BEGINNING OF YEAR	$ 6,504	1,284,350	1,290,854	1,477,786
Add: Deferred capital contributions - WRHA	48,300	379,325	427,625	220,938
	54,804	1,663,675	1,718,479	1,698,724
Deduct: Amortization of deferred contributions	26,725	368,490	395,215	407,870
BALANCE, END OF YEAR	$ 28,079	1,295,185	1,323,264	1,290,854

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

8. REVENUE AND PLANT FUND INVESTMENT INCOME

	Revenue Fund	Plant Fund	2009	2008
HFH Revenue fund investment income	$ 13,456	-	13,456	8,584
SSMI Plant fund investment income	-	32,182	32,182	51,432
	$ 13,456	32,182	45,638	60,016

9. RELATED PARTY TRANSACTIONS

Holy Family Home Inc. Revenue Fund (HFH) and Sisters Servants of Mary Immaculate Plant Fund (SSMI) are related to Sisters Servants of Mary Immaculate Special Purpose Trust Fund; Sisters Servants of Mary Immaculate (operating as Holy Family Home Building Expansion Fund); Sisters Servants of Mary Immaculate Seniors Tower Fund, Sisters Servants of Mary Immaculate (operating as Holy Family Home Ancillary Operations) and Holy Family Home Ladies Auxiliary. All transactions, except as otherwise noted, between the related parties are at cost and consist of donations, expenses paid and transfers of cash to fulfill investment of surplus funds in investment certificates and Treasury Bills held jointly for the purpose of obtaining higher yields by the related parties.

Holy Family Home Inc. Revenue Fund charged Sisters Servants of Mary Immaculate Seniors Tower Fund an administration fee of $33,600 in 2009 (2008 - $33,600). This transaction was recorded at the exchange amount, which is the amount agreed upon by both parties.

Holy Family Home Inc. Ancillary Operations owns and operates a bus for the transportation of Holy Family Home Inc. residents. It charged rent of $4,797 (2008 - $5,109) to Holy Family Home Inc. Revenue Fund to recover the operating expenses of that bus. These transactions are recorded at the exchange amount, which is the amount agreed upon by both parties.

Sisters Servants of Mary Immaculate Special Purpose Trust Fund pays the Holy Family Home Inc. Revenue Fund fees in the amount of $13,560 in 2009 (2008 - $13,560) for accounting support services. The transactions are at the exchange amount, which is the amount agreed upon by both parties.

10. WINNIPEG REGIONAL HEALTH AUTHORITY FUNDING

	2009	2008
Total funds received during year	$11,090,064	10,578,517
Add: Year end adjustments receivable	1,041,144	554,492
	12,131,208	11,133,009
Deduct: Loan funding deferred	76,056	126,432
Pre-retirement leave recovery reported in other income	160,938	-
Major reserves funding deferred	23,136	23,136
Residential charges claw back	220,932	76,020
	481,062	225,588
	$11,650,146	10,907,421

HOLY FAMILY HOME INC. REVENUE FUND
AND
SISTERS SERVANTS OF MARY IMMACULATE PLANT FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2009

11. COMMITMENTS

HFH leases office equipment under operating leases. The future annual lease commitments under these leases are as follows:

March 31,	2010	$	5,976
	2011		5,400
	2012		7,860
	2013		786

12. USE OF ESTIMATES

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

13. FINANCIAL INSTRUMENTS

The organization has designated all of its financial instruments as held-for-trading which means that they are measured at fair value with gains or losses recognized in operations. Due to the short-term nature of the following financial instruments held by the organization, including cash, accounts receivable, accrued interest receivable, inventory, and accounts payable and accrued liabilities, the carrying value as presented in the financial statements are reasonable estimates of fair value. Investments are recorded at fair market value (including accrued interest). The carrying value of the loan receivable approximates fair market value. It is management's opinion that the organization is not exposed to significant interest, credit or currency risk arising from any of its financial instruments.

14. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

AUDITOR'S REPORT

To The President, Board and Members
Hope Centre Health Care Incorporated
Winnipeg, Manitoba

I have audited the balance sheet of the Hope Centre Health Care Incorporated as at March 31, 2009 and the statement of income for the year then ended. These financial statements are the responsibility of the Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended, in accordance with Canadian generally accepted accounting principles.

CGA

2 – 715 Lanark Street
Winnipeg, R3N 1M4

David Hildebrand CGA CAFM
Certified General Accountant

June 10, 2009

Hope Centre Health Care Incorporated
Balance Sheet
As at March 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash	$ -	$ -
Accounts Receivable	79,797	34,716
Prepaid Expenses	3,468	-
Total Current Assets	83,265	34,716
Property Plant & Equipment (Note 2 & 3)	43,613	44,625
Total Assets	**$ 126,878**	**$ 79,341**
LIABILITIES		
CURRENT LIABILITIES		
Bank Overdraft	$ 16,181	$ 17,572
Bank Loan	2,000	-
Accounts Payable	31,039	15,961
Total Current Liabilities	49,220	33,533
OWNERS' EQUITY		
Investment in Capital Assets	43,613	44,625
Unrestricted	34,046	1,183
Total Owners' Equity	77,659	45,808
Total Liabilities and Surplus	**$ 126,879**	**$ 79,341**

Approved By:

____________________ Director

____________________ Director

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

Hope Centre Health Care Incorporated
Statement of Income and Accumulated Surplus
For the year ended March 31, 2009

	2009	2008
REVENUE		
Manitoba Health - Hospital and Community Service payments	$ 892,103	$ 860,158
Medical Receipts	19,182	7,691
Other	47,831	3,097
	959,116	870,946
EXPENSES		
Administration	94,005	94,801
Primary Health Care	736,577	716,030
Occupancy	96,684	83,358
	927,266	894,189
Excess of revenue over expenses for the year	31,850	(23,243)
Accumulated surplus (deficiency), beginning of year	45,808	69,051
Accumulated surplus (deficiency), end of year	**$ 77,658**	**$ 45,808**

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

Hope Centre Health Care Incorporated
Schedule of Expenses
For the year ended March 31, 2009

	Budget 2,009	2009	2008
Administration			
Salaries and benefits	$ 72,280	$ 72,280	$ 72,280
Board Expenses	-	-	20
Professional fees	6,800	17,026	7,825
Bank charges and interest	1,600	1,658	1,873
Insurance - Liabilities	-	3,041	2,803
	$ 80,680	$ 94,005	$ 84,801
Primary Health Care			
Salaries - Physicians	$ 135,982	$ 171,432	$ 169,447
Salaries - Health Care	421,179	429,750	413,287
Professional Development	4,000	2,232	3,944
Benefits - Salaries	74,500	82,592	80,336
Auto Allowance	-	1,893	2,197
Program Supplies	26,837	26,876	28,615
Program Equipment	5,000	4,957	6,967
Public Relations	2,000	3,390	8,962
Medical Courier	600	89	74
Communications	12,000	10,695	9,589
Postage	2,000	2,671	2,611
	$ 684,098	$ 736,577	$ 726,030
Occupancy			
Cleaning - Janitorial	$ 9,000	$ 10,053	$ 9,500
Cleaning Supplies	2,600	3,854	2,776
Properties - Heat	4,300	6,213	7,586
Properties - Light	3,000	2,674	3,444
Properties - Water	1,500	1,921	3,003
Properties - Maintenace	18,400	22,330	10,096
Properties - Taxes	1,400	1,734	1,337
Hardware Supplies	500	-	32
Rental - 240 Powers St.	41,616	41,548	40,800
Alarm Monitoring	2,000	1,559	1,123
Amortization	-	4,796	3,661
	$ 84,316	$ 96,684	$ 83,358

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

Hope Centre Health Care Incorporated
Notes to the Financial Statements
For the year ended March 31, 2009

1. Purpose of the Organization

Hope Centre Health Care Inc. is committed to the provision of a high standard of holistic health care that is motivated by a practical Christian concern for all people. They recognize each person/client as a unique individual created in the image of God

and worthy of a competent standard of care, rendered with respect, dignity and compassion.

Hope Centre Health Care Inc. is committed to working with individuals, families and groups within their surrounding community in order to promote physical, emotional and spiritual health.

2. Significant Accounting Policies

a) Basis of Accounting

The accrual basis of accounting is being used.

b) Inventories

Inventories are insignificant, thus all inventory is charged to operations in the current year of operations.

c) Property, Pland and Equipment

Capital assets are recorded at cost and are amortized over their estimated useful lives based on the following rates and methods:

Building	5%	Straight- line basis
Furniture and fixtures	20%	Straight- line basis
Equipment	30%	Straight- line basis

d) Manitoba Health funding

Manitoba Health provides funding to the organization based on their assessment of the organization's annual operating budgets and on approved capital expenditures. Periodically, Manitoba Health reviews actual operating results and processes adjustments to amounts previously provided. The organization accounts for these adjustments as a credit or charge to accumulated surplus.

e) Income Tax

The corporation is a not-for-profit organization and thus is exempt under the provisions of the Canada Revenue Agency.

Hope Centre Health Care Incorporated
Notes to the Financial Statements (Con't)
For the year ended March 31, 2009

3. Property Plant & Equipment

Capital assets are comprised of the following:

	Cost	Accumulated Amortization	Net Book Value 2009	2008
Land	$ 32,000	$ -	$ 32,000	$ 32,000
Building	73,213	64,249	8,964	12,625
Furniture and fixtures	50,898	50,898	-	-
Equipment	32,283	29,635	2,648	-
	$ 188,394	$ 144,781	$ 43,613	$ 44,625

4. Non-Pension Pre-retirement Leave Benefit

An actuarial report called the 'Mercer Valuation Report' has been issued. The report indicated that Hope Centre Health Care Inc. has an unrecorded actuarial valuation liability in the amount of $72,843 (2008 - $62,244).

5. Economic Dependence

The organization is dependent on support from Manitoba Health to maintain operational funding. These financial statements are prepared on the basis that this support will continue.

6. Statement of Cash Flows

The Statement of Cash Flows has not been prepared, as the required information is readily apparent ffrom the other financial statements presented and the Notes to the Financial Statements.

7. Prior Year's Financial Statements

The Budget has been included in this year's financial statements. The prior years financial statements have been rearranged to correspond with the current year's presentation.

booke
& partners
CHARTERED ACCOUNTANTS

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Auditors' Report

To the Members of
Klinic Incorporated

We have audited the statement of financial position of Klinic Incorporated as at March 31, 2009 and the statements of operations and changes in fund balances 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 financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Booke & Partners

Winnipeg, Canada
May 20, 2009

Chartered Accountants

Klinic Incorporated
Statement of Operations
Year Ended March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2009 Total	2008 Total
Revenues						
Grants and other revenue (Page 14)	$ 7,454,622	$ -	$ -	$ -	**$ 7,454,622**	$ 7,057,904
Donations	-	-	-	24,100	**24,100**	300,517
Interest	-	-	-	3,212	**3,212**	380
Amortization of deferred revenues	-	126,258	72,140	-	**198,398**	195,742
	7,454,622	126,258	72,140	27,312	**7,680,332**	7,554,543
Expenses						
Expenditures (Page 14)	7,507,499	-	-	-	**7,507,499**	6,948,008
Amortization	-	126,570	67,523	-	**194,093**	195,904
Special projects	-	-	-	1,898	**1,898**	10,147
	7,507,499	126,570	67,523	1,898	**7,703,490**	7,154,059
(Deficiency) excess of revenues over expenses from operations	(52,877)	(312)	4,617	25,414	**(23,158)**	400,484
Pre-retirement leave (Note 9)	10,611	-	-	-	**10,611**	(16,796)
(Deficiency) excess of revenues over expenses	$ (42,266)	$ (312)	$ 4,617	$ 25,414	**$ (12,547)**	$ 383,688

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

Klinic Incorporated
Statement of Changes in Fund Balances
Year Ended March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2009 Total	2008 Total
Fund balances, beginning of year	$ 95,183	$ 3,120	$ 157,941	$ 309,041	**$ 565,285**	$ 163,730
Prior period adjustments for						
Purchase of land (Note 10a)	-	-	-	-	-	160,500
Revenue overstated (Note 10c)	-	-	-	-	-	(142,633)
Fund balances, restated	95,183	3,120	157,941	309,041	**565,285**	181,597
(Deficiency) excess of revenues over expenses	(42,266)	(312)	4,617	25,414	**(12,547)**	383,688
Fund balances, end of year	$ 52,917	$ 2,808	$ 162,558	$ 334,455	**$ 552,738**	$ 565,285

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Klinic Incorporated
Statement of Financial Position
March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2009 Total	2008 Total (Restated)
Assets						
Current						
Cash (Note 3)	$ 1,059,652	$ -	$ -	$ 244,515	**$ 1,304,167**	$ 860,022
Cash in trust - external projects (Note 4)	106,075	-	-	-	**106,075**	102,378
Receivables (Note 5)	878,594	-	-	-	**878,594**	980,003
Prepaid expenses	15,558	-	-	-	**15,558**	16,701
	2,059,879	-	-	-	**2,304,394**	1,959,104
Interfund balances (Note 6)	(158,954)	-	69,014	89,940	**-**	-
Capital assets (Note 7)	-	42,156	1,175,645	-	**1,217,801**	1,411,894
	$ 1,900,925	$ 42,156	$ 1,244,659	$ 334,455	**$ 3,522,195**	$ 3,370,998
Liabilities						
Current						
Payables and accruals	$ 1,139,485	$ -	$ -	$ -	**$ 1,139,485**	$ 817,398
Deferred revenue (Note 8)	182,022	-	-	-	**182,022**	150,964
Funds in trust - external projects (Note 4)	106,075	-	-	-	**106,075**	102,378
	1,427,582	-	-	-	**1,427,582**	1,070,740
Deferred revenue (Note 8)	-	39,348	1,082,101	-	**1,121,449**	1,319,847
Pre-retirement leave (Note 9)	420,426	-	-	-	**420,426**	415,126
	1,848,008	39,348	1,082,101	-	**2,969,457**	2,805,713
Fund balances						
Invested in capital assets	-	2,808	93,544	-	**96,352**	92,048
Unrestricted - retainable	52,917	-	69,014	334,455	**456,386**	473,237
	52,917	2,808	162,558	334,455	**552,738**	565,285
	$ 1,900,925	$ 42,156	$ 1,244,659	$ 334,455	**$ 3,522,195**	$ 3,370,998

On behalf of the Board

______ Director ____________________ Director

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Klinic Incorporated
Statement of Cash Flows
March 31

	Operating Fund	Capital Asset Fund	Wilson House Fund	Donation Fund	2009 Total	2008 Total
Cash flows from operating activities						
Cash received from:						
Winnipeg Regional Health Authority	$ 5,200,737	$ -	$ -	$ -	**$ 5,200,737**	$ 4,794,744
Province of Manitoba	1,732,836	-	-	-	**1,732,836**	1,522,860
Government of Canada	212,610	-	-	-	**212,610**	100,818
University of Winnipeg	117,958	-	-	-	**117,958**	93,877
Workshops and honorariums	23,379	-	-	-	**23,379**	25,549
Fundraising	12,479	-	-	-	**12,479**	-
Donations	3,697	-	-	24,100	**27,797**	318,636
External projects	443,802	-	-	-	**443,802**	511,208
Other sources	311,023	-	-	3,212	**314,235**	468,853
Cash paid for:						
Human resources and benefits	(6,492,461)	-	-	-	**(6,492,461)**	(6,226,859)
Materials and services	(703,527)	-	-	(1,898)	**(705,425)**	(751,449)
External projects	(440,105)	-	-	-	**(440,105)**	(480,513)
Net cash generated through operating activities	422,428	-	-	25,414	**447,842**	377,724
Cash flows from financing and investing activities						
Building campaign	-	-	-	-	**-**	13,245
Net cash used in financing and investing activities	-	-	-	-	**-**	13,245
Net increase in cash	422,428	-	-	25,414	**447,842**	390,969
Cash beginning of year	930,528	-	-	31,872	**962,400**	571,431
Interfund adjustments	(187,229)	-	-	187,229	**-**	-
Cash end of year (Note 13)	$ 1,165,727	$ -	$ -	$ 244,515	**$ 1,410,242**	$ 962,400

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

1. Purpose of the organization

Klinic Incorporated (Klinic) is a Community Health Centre offering health and social services in part of the core area of Winnipeg as well as providing specialized crisis, sexual assault counselling, family abuse counselling services, public education and training for the Province of Manitoba.

Klinic Incorporated is an incorporated not-for-profit organization under the Income Tax Act and is a registered charity.

2. Summary of significant accounting policies

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

a) Fund accounting

The Operating Fund reports all revenues and expenses related to program delivery and administrative activities. The Operating Fund reports the assets, liabilities, revenues and expenses related to the organization's activities including computer equipment.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets, excluding computer equipment, and the building at 870 Portage Avenue.

The Wilson House Fund reports the assets, liabilities, revenues and expenses related to the organization's building at 545 Broadway, known as The Wilson House.

The Donation Fund reports assets, liabilities, receipts and disbursements related to all donations. The Donation Fund is used to support existing programs.

b) Revenue recognition

Klinic Incorporated follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the appropriate Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to the programs are recognized as revenue in the year in which the related expenses are incurred.

Training fees and fundraising revenue is recognized as revenue in the appropriate fund when the event is held.

2. Summary of significant accounting policies - continued

c) Capital assets

Purchased property and equipment are recorded in the appropriate fund at cost. Contributed capital assets are recorded at fair value at the date of contribution.

d) Amortization

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Operating Fund		
Computer equipment	3 years	straight-line
Wilson House Fund		
Building	20 years	straight-line
Capital Fund		
Building	20 years	straight-line
Furniture and equipment	5 years	straight line

e) External projects

External projects are sponsored by the organization and directed by third party organizations. Klinic provides administrative services to these projects including receipt of funding, disbursement of expenditures and financial reporting. Funding committed for the current fiscal year but received subsequent to the year-end is recorded as funding receivable for external projects. Funding received but not fully disbursed is included in funding held in trust - external.

f) Accounting estimates

The preparation of the financial statements in accordance 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

g) Financial instruments

The organization's financial instruments consist of cash, receivables, payables and accruals and deferred revenue.

The fair value of the organization's financial assets and liabilities approximate their carrying value. It is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

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CHARTERED ACCOUNTANTS

3. Cash

Klinic has available an operating line of credit with an authorized limit of $25,000 (2008 - $25,000) bearing interest at prime. The line of credit was not in use at March 31, 2009 (2008 - $NIL).

4. Cash held in trust - external projects

Funding held in trust for external projects is as follows:

	2009	2008
Manitoba Association of Family Violence Workers	$ **3,895**	$ 9,021
Manitoba Public Health Association	**15,998**	15,966
Mothers Support Circle	**434**	434
Downtown Parent Coalition	**57,131**	59,038
Manitoba Network for Suicide Prevention	**7,147**	9,154
Klinic Institute	**-**	2,269
Trauma Forum	**3,890**	5,852
Pregnancy Prevention Media Campaign	**1,857**	1,857
Male Childhood Abuse Workshop	**852**	852
Wellness Committee	**3,037**	(6,375)
GLBTT	**296**	3,021
Manitoba Harm Reduction	**(137)**	(137)
Healthy Living	**-**	17,880
West Central Community Guide	**4,466**	4,186
West Central Women's Resource Centre	**7,209**	(20,640)
	$ **106,075**	$ 102,378

5. Receivables

	2009	2008
Winnipeg Regional Health Authority	$ **438,935**	$ 431,164
Other	**439,659**	548,839
	$ **878,594**	$ 980,003

6. Interfund balances

The interfund balances are non interest bearing and have no terms of repayment.

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CHARTERED ACCOUNTANTS

7. Capital assets

2009

	Cost	Accumulated Amortization	Net Book Value
Operating Fund			
Computer equipment	$ 116,175	$ 116,175	$ -
Capital Asset Fund			
Building	2,401,770	2,368,602	**33,168**
Furniture and equipment	278,616	269,628	**8,988**
	2,680,386	2,638,230	**42,156**
Wilson House Fund			
Land	160,500	-	**160,500**
Building	1,353,581	338,436	**1,015,145**
	1,514,081	338,436	**1,175,645**
	$ 4,310,642	$ 3,092,841	**$ 1,217,801**

2008

	Cost	Accumulated Amortization	Net Book Value
Operating Fund			
Computer equipment	$ 116,175	$ 116,175	$ -
Capital Asset Fund			
Building	2,401,770	2,248,525	153,245
Furniture and equipment	278,616	263,291	15,325
	2,680,386	2,511,816	168,570
Wilson House Fund			
Land	160,500	-	160,500
Building	1,353,581	270,757	1,082,824
	1,514,081	270,757	1,243,324
	$ 4,310,642	$ 2,898,748	$ 1,411,894

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CHARTERED ACCOUNTANTS

8. Deferred revenue

The deferred revenue reported in the Operating Fund represents restricted funding and unspent resources received in the current year and externally restricted that are related to the subsequent year.

Changes in the deferred revenue balances for the Operating Fund are as follows:

	2009	2008 (Note 14)
Beginning balance	**$ 150,964**	$ 177,810
Less: amounts recognized as revenue during the year	**(36,188)**	(65,022)
Add: amounts received related to next year	**67,246**	38,176
	$ 182,022	$ 150,964

Changes in the deferred revenue balances for the Capital Asset Fund are as follows:

	2009	2008
Beginning balance	**$ 165,606**	$ 291,875
Less: amounts recognized as revenue during the year	**(126,258)**	(126,269)
Add: amounts received related to next year	**-**	-
	$ 39,348	$ 165,606

Changes in the deferred revenue balances for the Wilson House Fund are as follows:

	2009	2008
Beginning balance	**$ 1,154,241**	$ 1,048,182
Less: amounts recognized as revenue during the year	**(72,140)**	(67,687)
Add: contributions	**-**	173,746
	$ 1,082,101	$ 1,154,241

Deferred revenue reported in the Capital Asset Fund and Wilson House Fund includes the unamortized portion of funds to acquire and renovate the organization's premises. Deferred revenue is amortized on the statement of operations.

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CHARTERED ACCOUNTANTS

9. Pre-retirement leave benefits

The organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006 the organization was instructed by the Winnipeg Regional Health Authority to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of globe funding item, of which the Winnipeg Regional Health Authority has instructed the organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. Actual expenditures for pre-retirement payouts are recorded in operations.

Change in obligation	**2009**	2008
Opening balance	**$ 415,126**	$ 369,286
Increase in obligation	**5,300**	45,840
Ending balance	**$ 420,426**	$ 415,126
Pre-retirement leave		
Current year recovery	**$ 15,911**	$ 29,044
Increase in obligation	**(5,300)**	(45,840)
	$ 10,611	$ (16,796)

10. Prior period adjustments

a) Purchase of land

The opening surplus has been adjusted to reflect donation revenue received to purchase the land of Wilson House. Donations received to purchase non depreciable capital assets are to applied to increase net assets. The net assets and deferred contributions have been adjusted to reflect the proper accounting for this transaction.

b) Interfund loan

In 2002, the Operating Fund transferred funds to the Wilson House Fund to purchase property. The transaction was incorrectly recorded as a transfer of surplus funds and, as a result, the loan to Wilson House Fund was recorded as an increase in net assets of the Wilson House Fund. The intent had been to transfer the funds as a loan and should not have been recorded as an increase to net assets. During the year, Wilson House repaid the interfund loan to the Operating Fund.

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CHARTERED ACCOUNTANTS

10. Prior period adjustments - continued

c) Revenue overstated

In 2004, contributions received to purchase depreciable capital assets were recorded as revenue of the Wilson House Fund. The contribution should have been recorded as deferred contributions and amortized into income at the same rate as the capital assets are currently being depreciated. As a result, net assets have been overstated by the amount received in 2004 less the amortization that should have been recorded since 2004. The correction of $142,633 reflects the adjustment made to decrease net assets and increase deferred contributions.

11. Pension

Effective June 1, 2003, Klinic adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the "Plan"). As part of the agreement, Klinic's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made to the Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, $375,375 (2008 - $ 332,683) was expensed for the purpose of the Plan.

Prior to June 1, 2003 Klinic had a defined contribution pension plan.

Pension contributions are included in employee benefits expense of the applicable programs.

12. Economic dependence

The volume of financial activity undertaken by Klinic Incorporated with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the organization to continue as a going concern.

13. Cash balances

	2009	2008
Operating Fund		
Cash and short-term investments	**$ 1,059,652**	$ 828,150
Cash in trust - external projects	**106,075**	102,378
	1,165,727	930,528
Donation Fund	**244,515**	31,872
	$ 1,410,242	$ 962,400

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CHARTERED ACCOUNTANTS

14. Comparative figures

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

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CHARTERED ACCOUNTANTS

Klinic Incorporated
Schedule of Operations
Year Ended March 31

	General Operations	Teen Talk	Evolve	Klinic on Campus	Rural Farm	Klinic on Broadway	Dream Catcher	2009 Total	2008 (Note 14) Total
Revenues									
Winnipeg Regional Health Authority									
Fixed payments	$ 4,979,085	$ 135,343	$ -	$ -	$ -	$ -	$ -	$ 5,114,428	$ 4,605,008
Other funding	82,669	-	-	-	-	-	-	82,669	64,098
Province of Manitoba									
Manitoba Health	185,345	123,166	-	-	326,176	-	45,700	680,387	739,234
Healthy Child	-	289,249	-	-	-	-	-	269,249	253,900
Education	-	15,000	-	-	-	-	-	15,000	15,000
Addictions Foundation of Manitoba	80,000	-	-	-	-	-	-	80,000	50,000
Manitoba Department of Family Services	-	-	489,244	-	-	-	-	489,244	472,820
Other departments	3,560	-	-	-	-	-	-	3,560	80,129
Government of Canada									
Canada Drug Strategy	-	-	-	-	-	-	-	-	4,246
Canadian Heritage	-	-	-	-	-	-	1,256	1,256	-
Human Resources Development Canada	-	70,760	-	-	-	-	-	70,760	67,037
National Crime Prevention Centre	-	-	-	-	-	-	-	-	77,338
Workers Compensation Board	55,000	-	-	-	-	-	-	55,000	54,999
Winnipeg Foundation	25,989	-	-	-	-	-	-	26,989	80,008
University of Winnipeg	-	-	-	121,372	-	-	-	121,372	105,957
Other	316,687	19,554	1,960	-	631	11,850	270	350,932	308,906
Workshops	23,379	-	-	-	-	-	-	23,379	24,178
Donations	2,889	-	410	-	398	-	-	3,697	18,119
Foundations	-	14,000	-	-	-	-	-	14,000	-
Interest	25,448	-	-	-	-	-	-	25,448	31,928
Deferred revenue from prior year	14,773	-	-	-	-	-	-	14,773	4,999
Fundraising	113	-	-	-	12,366	-	-	12,479	-
Total revenues	5,795,917	647,072	491,614	121,372	339,571	11,850	47,226	7,454,622	7,057,904
Expenditures									
Salaries	4,072,594	489,879	420,867	101,333	252,592	-	41,751	5,379,016	4,775,359
Medical remuneration	472,418	-	-	-	-	-	-	472,418	593,818
Benefits and payroll tax	685,225	79,542	70,736	17,059	40,230	-	8,874	901,666	820,430
Food and dietary supplies	25,706	263	153	-	1,276	22	-	27,420	28,673
Fundraising	-	-	-	-	-	-	-	-	703
Housekeeping	9,386	-	-	-	-	-	-	9,386	10,706
Medical supplies	32,343	-	-	990	-	-	-	33,333	27,255
Office supplies	121,682	29,254	8,863	1,381	15,820	-	2,014	179,014	165,091
Other	106,333	47,212	3,689	137	26,207	-	4,461	188,039	230,124
Professional fees	35,705	-	3,000	-	-	-	-	38,705	49,590
Rent	1,016	-	8,601	-	14,749	-	-	24,366	26,251
Repairs and maintenance	139,068	206	579	472	2,538	14,197	-	157,060	128,483
Pharmacy and drugs	994	-	-	-	-	-	-	994	2,009
Reproductive health supplies	13,692	716	-	-	-	-	-	14,408	16,043
Utilities and property taxes	65,323	-	-	-	-	9,212	-	74,535	66,913
Volunteer services	7,139	-	-	-	-	-	-	7,139	6,560
Total expenditures	5,788,624	647,072	516,488	121,372	353,412	23,431	57,100	7,507,499	6,948,008
Excess (deficiency) of revenues over expenditures	$ 7,293	$ -	$ (24,874)	$ -	$ (13,841)	$ (11,581)	$ (9,874)	$ (52,877)	$ 109,896

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of
LHC PERSONAL CARE HOME INC.:

We have audited the statement of financial position of **LHC PERSONAL CARE HOME INC.** as at March 31, 2009 and the statements of operations, net assets 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 financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Runchey Miyazawa Abbott
Chartered Accountants

Winnipeg, Manitoba
May 6, 2009

310-70 Albert Street, Winnipeg, Manitoba R3B 1E7
T 204 929 2210 F 204 929 2212

LHC PERSONAL CARE HOME INC.

STATEMENT OF FINANCIAL POSITION

March 31, 2009

		2009	2008
ASSETS			
CURRENT			
Restricted cash - resident trust	$	**32,514**	21,722
Restricted cash - reserve fund		**139,584**	65,346
Restricted investment - reserve fund			51,728
Accounts receivable (note 3)		**8,926**	14,547
Due from Winnipeg Regional Health Authority (note 4)		**97,066**	76,027
Due from a related party (note 8)		**12,383**	6,212
Vacation entitlement receivable (note 5)		**138,650**	138,650
Prepaid expenses		**11,489**	9,774
		440,612	384,006
PRE-RETIREMENT ENTITLEMENT RECEIVABLE (note 5)		**72,301**	43,774
CAPITAL ASSETS (note 6)		**9,875,957**	10,286,386
		10,388,870	10,714,166
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Bank indebtedness (note 7)		**150,849**	167,756
Accounts payable and accrued liabilities		**67,903**	90,702
Resident trust payable		**32,514**	21,722
Accrued vacation payable		**262,072**	222,119
Demand loan payable (note 9)		**105,637**	160,597
		618,975	662,896
COMMITMENTS AND CONTINGENCIES (note 10)			
ACCRUED PRE-RETIREMENT ENTITLEMENT (note 5)		**92,848**	64,321
DEFERRED CONTRIBUTIONS (note 11)		**8,843,692**	9,176,651
DEFERRED FUNDS		**3,399**	4,172
		9,558,914	9,908,040
NET ASSETS			
NET ASSETS (page 4)		**829,956**	806,126
	$	**10,388,870**	10,714,166

Approved on behalf of the ~~Board~~

Director

Director

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

STATEMENT OF NET ASSETS

March 31, 2009

		INVESTED IN CAPITAL ASSETS	UNRESTRICTED	TOTAL 2009	TOTAL 2008
NET ASSETS, beginning of year	$	1,066,211	(260,085)	806,126	672,769
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR (page 3)			23,830	23,830	133,357
PURCHASE OF CAPITAL ASSETS		5,470	(5,470)		
TRANSFER		(5,470)	5,470		
NET ASSETS, end of year	$	1,066,211	(236,255)	829,956	806,126

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

LHC PERSONAL CARE HOME INC.

STATEMENT OF CASH FLOWS
For the year ended March 31, 2009

		2009	2008
OPERATING ACTIVITIES			
Excess of revenue over expenditures for the year	$	**23,830**	133,357
Adjustments for			
Amortization of capital assets		**415,899**	415,514
Net (increase) decrease in resident trust		**(10,792)**	528
Net increase in reserve funds		**(74,238)**	(12,679)
Change in deferred contributions		**(332,959)**	(332,574)
Change in deferred funds		**(773)**	(720)
		20,967	203,426
Changes in non-cash working capital balances			
Accounts receivable		**5,621**	(11,434)
Prepaid expenses		**(1,715)**	421
Pre-retirement entitlement receivable		**(28,527)**	79,307
Accounts payable and accrued liabilities		**(22,799)**	46,009
Resident trust payable		**10,792**	(528)
Accrued vacation payable		**39,953**	12,032
Accrued pre-retirement entitlement		**28,527**	(79,307)
		52,819	249,926
INVESTING ACTIVITIES			
Purchase of capital assets		**(5,470)**	(14,412)
Net (increase) decrease of investments		**51,728**	(889)
		46,258	(15,301)
FINANCING ACTIVITIES			
Due to Winnipeg Regional Health Authority		**(21,039)**	(580,655)
Due to a related party		**(6,171)**	(68,572)
Repayment of demand loan		**(54,960)**	(54,960)
		(82,170)	(704,187)
NET INCREASE (DECREASE) IN CASH		**16,907**	(469,562)
CASH POSITION, BEGINNING OF YEAR		**(167,756)**	301,806
CASH POSITION, END OF YEAR	$	**(150,849)**	(167,756)

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

1. ENTITY DEFINITION

LHC Personal Care Home Inc. is a not-for-profit organization, incorporated under the laws of the Province of Manitoba. The organization is principally involved in providing licensed personal care services to 116 residents. As the entity is a not-for-profit organization it is exempt from income taxes under the Income Tax Act.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require 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 income and expenses during the reporting period. Actual results may differ from those estimates. The significant accounting policies used in these financial statements are as follows:

Financial Instruments

All financial assets and liabilities are required to initially be recognized at fair value. In addition, it is required that financial assets be classified as either "Held for trading", "Available for sale", "Held to maturity" or "Loans and receivables". Financial liabilities are to be classified as either "Held for trading" or "Other". After initial recognition, measurement of financial assets or liabilities is dependant on their classification. Financial assets or liabilities classified as "Held to maturity", "Loans and receivables" or "Other" are measured at amortized cost. Financial assets or liabilities classified as "Held for trading" are measured at fair value with gains or losses recognized in excess of revenue over expenditures. Financial assets classified as "Available for sale" are measured at fair value with gains or losses recognized in net assets.

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, advances from (to) a related party and demand loan payable. The organization has classified cash as "Held for trading", accounts receivable and advances from a related party as "Loans and receivables", accounts payable and accrued liabilities, advances to a related party and demand loan payable as "Other". The fair value of cash, accounts receivable, accounts payable and accrued liabilities, advances from (to) a related party and demand loan payable approximate their carrying value. The classification of the financial assets and liabilities did not affect the organization's financial statements at the time of adoption. As such, the opening net assets of the organization have not been adjusted for the changes in the accounting policy and, as provided for under the transitional provisions, the financial statements for prior periods have not been restated.

Transaction costs for financial instruments are expensed in the period incurred and recognized in excess of revenue over expenditures.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenditures. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	- 2.5%
Furniture, fixtures and equipment	- 10%
Land improvements	- 10%

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

Revenue Recognition
The organization follows the deferral method of accounting for contributions which include donations and government grants.

The the Health Insurance Act and regulations hereto, the organization is funded primarily by the Winnipeg Regional Health Authority ("WRHA") in accordance with budget arrangements established by the Province of Manitoba. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect arrangements approved by the WRHA with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the organization's accounts. Any adjustments will be reflected in the year the final statement of recommended costs is received from the WRHA.

a) Deficits - The WRHA shall not be responsible for past or future deficits of the organization in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by the organization other than those set forth in the service purchase agreement.

b) Surpluses - The organization may unconditionally retain the greater of 50% of its insured services surplus in any fiscal year and 2% of the global budget allocation indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Contributed Services
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 financial statements.

Employee Future Benefits
Pre-retirement entitlement, pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

3. ACCOUNTS RECEIVABLE

		2009	2008
Receivable from residents	$	**1,742**	6,082
Accrued interest		**55**	2,046
Other		**7,129**	6,419
	$	**8,926**	14,547

4. DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY

		2009	2008
Bridge funding	$	**(444,740)**	(304,655)
Capital interest		**(2,041)**	(322)
Dialysis transportation		**804**	699
Flu immunization costs		**876**	1,077
Leap year residential charges		**5,261**	5,261
Louis Riel day accrual			9,980
MNU LTD funding			6,102
MNU contract		**171,561**	32,489
Median adjustment		**389,141**	299,563
Non-union wage increase		**14,316**	
Pre-retirement payout		**7,695**	7,695
Residential charges		**(145,046)**	(46,285)
Staffing increase hours of care		**99,239**	34,297
WRHA pre-retirement liability funding			30,126
	$	**97,066**	76,027

5. CURRENT AND FUTURE EMPLOYEE BENEFITS RECOVERABLE FROM WHRA

Employee retirement obligations are accrued as incurred based on an actuarial estimation while vacation benefits are accrued as earned by the employees.

Due to the nature of the benefits, the retirement benefits recoverable and payable are classified as long-term whereas the vacation benefits recoverable and payable are classified as current.

The amount of funding which will be provided by Manitoba Health, through the WRHA, for pre-retirement entitlement obligations are capped at the amount owing as at March 31, 2004, adjusted for allocations from the WRHA in 2005. Commencing in 2007, the WRHA has agreed to fund the change in accrued pre-retirement liability for the WRHA funded positions. The Province of Manitoba has guaranteed to the WRHA, and through it to the organization, the outstanding receivable as at March 31, 2004, which will be paid when required. Any change in the liability amount will be reflected as a current year expenditure on the statement of operations. The amount of the receivable is being recorded on a non-discounted basis. This accounting policy is consistent with that advocated and followed by Manitoba Health, a related party to WRHA (and the organization). The fair value of the receivable on a discounted basis would be significantly less than the carrying value and the difference could be materially influenced by the effective discount rate utilized.

6. CAPITAL ASSETS

		2009		2008
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ **189,282**		189,282	
Buildings	**12,324,767**	**2,770,799**	12,324,767	2,462,607
Furniture, fixtures and equipment	**1,065,238**	**942,769**	1,059,768	836,791
Land improvements	**17,289**	**7,051**	17,289	5,322
	13,596,576	**3,720,619**	13,591,106	3,304,720
Cost less accumulated amortization		$ **9,875,957**		10,286,386

Amortization of capital assets for the year ended March 31, 2009 is $415,899 (2008 - $415,514).

7. BANK INDEBTEDNESS

The organization has a revolving line of credit with a maximum limit of $200,000. The loan is secured by a general security agreement on all of the organization's assets. Interest on advances is paid monthly at bank prime plus 1%, with repayment due on demand. At March 31, 2009 the organization had $62,446 available for its use.

8. RELATED PARTY TRANSACTIONS

Lions Club of Winnipeg Senior Citizens Home ("Lions Manor") is the sponsor of the project. The capital assets, long-term debt and deferred contributions related to capital assets were transferred from the sponsor at cost. The sponsor has an integral role in LHC Personal Care Home Inc. operations by providing support for administration, maintenance, dietary and other services.

The following table summarizes the organization's related party transactions:

	2009	2008
Administration	$ **134,885**	149,010
Finance	**145,079**	168,728
Maintenance	**78,055**	67,383
	358,019	385,121
Dietary	**756,594**	517,011
	$ **1,114,613**	902,132

The transactions are in the normal course of operations and are recorded at the exchange amount.

At the end of the year, the amount due from a related party is as follows:

	2009	2008
Lions Manor	$ **12,383**	6,212

The balances are non-interest bearing, due on demand and are unsecured.

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

9. DEMAND LOAN PAYABLE

		2009	2008
Line of Credit - Royal Bank of Canada, repayable in monthly principal payment of $4,580 and monthly interest payments prime minus 0.8%. The line of credit is repayable on demand and is secured by a borrowing resolution and a letter of comfort from Manitoba Health	$	**105,637**	160,597

10. COMMITMENTS AND CONTINGENCIES

The nature of the health care industry is such that there may be litigation pending or in prospect at any time. As at March 31, 2009, no litigation is in process. With respect to potential claims at March 31, 2009, management believes the organization has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the organization's financial position.

11. DEFERRED CONTRIBUTIONS

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statements of operations at rates which match the amortization of the related capital asset purchased with the donation, grant or approved borrowing.

		2009	2008
Balance, beginning of year	$	**9,059,577**	9,405,719
Contributions - Winnipeg Regional Health Authority		**54,960**	54,960
Transfers from equipment funding		**5,470**	14,412
Less amounts amortized to revenue		**(415,899)**	(415,514)
Balance, end of year	$	**8,704,108**	9,059,577

Unspent major repairs funding

Unspent major repairs funding represents the unspent amount of funding received for building and building service repairs. Major repairs funding is not recorded as revenue in the statement of operations.

		2009	2008
Balance, beginning of year	$	**36,048**	28,368
Contributions - Winnipeg Regional Health Authority		**7,680**	7,680
Balance, end of year	$	**43,728**	36,048

Unspent equipment funding

Unspent equipment funding represents the unspent amount of funding received for the replacement of equipment. Equipment funding is not recorded as revenue in the statement of operations.

		2009	2008
Balance, beginning of year	$	**81,026**	75,138
Contributions - Winnipeg Regional Health Authority		**20,300**	20,300
Purchases		**(5,470)**	(14,412)
Balance, end of year	$	**95,856**	81,026
Total deferred contributions balance	$	**8,843,692**	9,176,651

12. PENSION PLAN

Substantially all of the employees of the organization are members of the Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan) (the"Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten year prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, combined with the contribution by employees, 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 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, 2005 indicates the Plan is in a deficit, however it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the Plan made during the year by the organization on behalf of its employees amounted to $217,540 (2008 - $194,879) and are included in the statement of operations.

13. CAPITAL DISCLOSURE

The organization manages its capital to ensure that it will be able to continue as a going concern while still maintaining the necessary services to fulfill its mission. The organization monitors its net assets to ensure it maintains appropriate financial resources to allow for sustainability in its operations.

The organization is not subject to externally imposed capital requirements and the organization's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2008.

To the Directors of Luther Home Corporation:

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

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

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. 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 Board is also responsible for recommending the appointment of the Organization's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Directors to audit the 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 Board and management to discuss their audit findings.

May 13, 2009

Chief Executive Officer

Finance Manager

Auditors' Report

To the Directors of Luther Home Corporation:

We have audited the statement of financial position of Luther Home Corporation as at March 31, 2009 and the statements of operations, changes in net assets, cash flows and the related schedules 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles, except for the specifically identified items disclosed in Note 2 that are required as a result of the operating agreements with Canada Mortgage and Housing Corporation and Manitoba Housing and Renewal Corporation.

Meyers Norris Penny LLP

Winnipeg, Manitoba

May 13, 2009

Chartered Accountants

Luther Home Corporation
Statement of Financial Position
As at March 31, 2009

	2009	2008
Assets		
Current		
Cash and marketable securities *(Note 4)*	**1,016,112**	1,302,974
Accounts receivable	**268,249**	241,292
Prepaid expenses	**43,832**	45,706
Inventory	**14,508**	-
Construction in progress	**5,309**	7,000
	1,348,010	1,596,972
Due from Winnipeg Regional Health Authority *(Note 5)*	**323,088**	277,697
Capital assets *(Note 6)*	**6,181,351**	6,297,539
	7,852,449	8,172,208
Liabilities		
Current		
Accounts payable and accrued liabilities	**1,062,974**	999,620
Current portion of long term debt *(Note 7)*	**64,990**	133,189
Accrued benefit entitlements	**251,405**	195,518
	1,379,369	1,328,327
Term loans due on demand *(Note 7)*	**532,982**	682,774
	1,912,351	2,011,101
Long-term debt *(Note 7)*	**2,426,819**	2,592,469
Deferred contributions		
Capital assets	**838,373**	881,823
Memorial Fund	**37,449**	37,449
Subsidy surplus reserve *(Note 8)*	**69,313**	66,334
Replacement reserve *(Note 9)*	**324,399**	336,572
	5,608,704	5,925,748
Contingencies *(Note 13)*		
Net Assets		
Invested in capital assets	**1,342,647**	1,017,234
Restricted	**(16,691)**	(39,898)
Unrestricted	**917,789**	1,269,124
	2,243,745	2,246,460
	7,852,449	8,172,208

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

MNP

Luther Home Corporation
Statement of Operations
For the year ended March 31, 2009

	2009	2008
Revenues		
Long Term Care *(Schedule 1)*	**5,237,845**	4,865,468
1080 Powers *(Schedule 2)*	**509,707**	498,201
1084 Powers *(Schedule 3)*	**340,033**	356,729
364 Leila *(Schedule 4)*	**328,601**	319,483
Adult Day Program *(Schedule 5)*	**111,406**	107,822
Home Care Program *(Schedule 6)*	**312,382**	291,340
Management Services *(Schedule 7)*	**-**	-
Memorial Fund *(Schedule 8)*	**27,729**	17,779
	6,867,703	6,456,822
Expenses		
Long Term Care *(Schedule 1)*	**5,185,774**	4,778,750
1080 Powers *(Schedule 2)*	**509,707**	498,201
1084 Powers *(Schedule 3)*	**335,513**	356,729
364 Leila *(Schedule 4)*	**332,153**	290,885
Adult Day Program *(Schedule 5)*	**110,665**	109,937
Home Care Program *(Schedule 6)*	**301,737**	291,340
Management Services *(Schedule 7)*	**34,459**	31,401
Memorial Fund *(Schedule 8)*	**4,522**	2,901
	6,814,530	6,360,144
Excess of revenues over expenses before benefit bank value change	**53,173**	96,678
Benefit bank value change		
Vacation	**(55,888)**	(28,691)
Excess (deficiency) of revenues over expenses	**(2,715)**	67,987

The accompanying notes are an integral part of these financial statements

Luther Home Corporation
Statement of Changes in Net Assets
For the year ended March 31, 2009

	Invested in capital assets	Restricted	Unrestricted	2009 Total	2008 Total
Net assets, beginning of year	**1,017,234**	**(39,898)**	**1,269,124**	**2,246,460**	2,178,473
Excess (deficiency) of revenues over expenses	**(239,652)**	**23,207**	**213,730**	**(2,715)**	67,987
Capital asset additions	**181,424**	**-**	**(181,424)**	**-**	-
Debt repayment	**383,641**	**-**	**(383,641)**	**-**	-
Net assets, end of year	**1,342,647**	**(16,691)**	**917,789**	**2,243,745**	2,246,460

The accompanying notes are an integral part of these financial statements

Luther Home Corporation
Statement of Cash Flows
For the year ended March 31, 2009

	2009	2008
Cash provided by (used for) the following activities:		
Operating activities		
Cash receipts from residents and other	**1,946,370**	1,798,579
Cash received from funding sources	**4,675,954**	4,473,608
Cash paid to employees and vendors	**(6,116,905)**	(5,516,895)
Allocation to replacement reserve	**(60,184)**	(57,271)
Expenditures from replacement reserve	**87,335**	54,904
Interest received	**52,325**	52,673
Interest paid	**(291,713)**	(325,783)
	293,182	479,815
Financing activities		
Interest allocated to funded reserves	**(14,979)**	(16,820)
Repayment of term loans	**(149,792)**	(149,559)
Repayment of long-term debt	**(233,849)**	(170,971)
	(398,620)	(337,350)
Investing activities		
Purchase of capital assets	**(181,424)**	(108,887)
Increase (decrease) in cash resources	**(286,862)**	33,578
Cash resources, beginning of year	**1,302,974**	1,269,396
Cash resources, end of year	**1,016,112**	1,302,974

1. Incorporation and operations

Luther Home Corporation (the "Organization") was incorporated on May 25, 1968 as a non- profit organization without share capital. The mission of the Organization is to minister with love and compassion to the physical, mental, spiritual and social needs of persons requiring care within their facility and surrounding community.

The Organization consists of four properties: 1081 Andrews Street, 1080 Powers Street, 1084 Powers Street and 364 Leila Avenue.

The property at 1081 Andrews Street is a long term care facility.
The property at 1080 Powers Street is a subsidized senior housing project.
The property at 1084 Powers Street is a subsidized senior housing project.
The property at 364 Leila Avenue is a group home for mentally challenged individuals.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, except as explained below in order to comply with the operating agreement with the Manitoba Housing and Renewal Corporation (MHRC) and Canada Mortgage and Housing Corporation (CMHC).

The specific policies that differ from Canadian generally accepted accounting principles include the following:

i) amortization for the building, furniture and equipment at 1080 Powers Street is calculated at a rate equal to the annual principal reduction of the mortgage from MHRC. No amortization is charged on other capital assets. Donated capital assets are not amortized.

ii) amortization for the building, furniture and equipment at 1084 Powers Street is calculated at a rate equal to the annual principal reduction of the mortgage from CMHC. No amortization is charged on other capital assets. Donated capital assets are not amortized.

Revenue recognition

The Organization uses 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.

Measurement uncertainty (use of estimates)

The preparation of the 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 management's evaluation of collectibility and an appropriate allowance provided for uncollectible accounts. Amortization is based on the estimated useful lives of capital assets.

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.

2. Significant accounting policies (*continued from previous page*)

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 changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. 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.

Capital assets

Capital assets are recorded at cost less capital grants and accumulated amortization. Amortization is recorded at rates intended to amortize the value of the capital assets over their estimated useful lives. The annual rates are as follows:

1081 Andrews Street	
Building	straight-line over 20 and 50 years
Automotive	straight-line over 8 years
Computer and system software	straight-line over 4 years
Furniture, equipment, improvements	straight-line over 10 and 20 years

In the year of acquisition, amortization is taken at one-half of the above rates.

364 Leila Avenue	
Building	straight-line over 40 years
Furniture and fixtures	straight-line over 10 years

In the year of acquisition, amortization is taken at one-half of the above rates.

1080 Powers Street
Amortization is provided on the building, furniture and equipment purchased from loans by MHRC at a rate equal to the annual principal reduction of the mortgage. No amortization is charged on other capital assets; however, a replacement reserve is maintained to provide for future asset replacement. Donated capital assets are not amortized.

1084 Powers Street
Amortization is provided on the building, furniture and equipment purchased from loans by Canada Mortgage and Housing Corporation (CMHC) at a rate equal to the annual principal reduction of the mortgage. No amortization is charged on other capital assets; however a replacement reserve is maintained to provide for future asset replacement. Donated capital assets are not amortized.

Equipment	
Real time locating system - computer	straight-line at a rate of 25% per year
Real time locating system	straight-line at a rate of 10% per year

In the year of acquisition, amortization is taken at one-half of the above rates.

2. Significant accounting policies (*continued from previous page*)

Income taxes

The Organization is a registered non-profit organization, and as such, it is exempt from income taxes under Section 149 of the Income Tax Act.

Replacement reserve

In accordance with the guidelines established by MHRC, Winnipeg Regional Health Authority (WRHA) and CMHC, the Organization has established reserves for future expenditures.

Deferred contributions

Capital asset deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets. Revenue is recognized on the same basis as the respective assets are amortized.

Inventory

Inventory held for consumption in the production process of goods to be distributed are recognized at the lower of cost and current replacement cost. Cost is determined by the first-in, first-out method.

Pre-retirement entitlement obligation

1081 Andrews Street has a contractual commitment to pay out to employees four days 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) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee; or
iii) retire at or after the age of 65; or
iv) terminate employment at any time due to permanent disability.

The Organization has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end date and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the pre-retirement entitlement is recoverable from the WRHA up to a pre-determined percentage.

Internally restricted net assets

The Organization has restricted donations in the Memorial Fund. These funds may be designated for specific projects to enhance the care of residents of the Organization.

Financial instruments

Held for trading:

The Organization has classified cash and marketable securities as held for trading. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in operations.

2. Significant accounting policies (*continued from previous page*)

Loans and receivables:

The Organization has classified accounts receivable and Due from WRHA as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Other financial liabilities:

The Organization has classified accounts payable and accrued liabilities, accrued benefit entitlement, term loans due on demand, long term debt and due to related parties as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less repayments. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Comprehensive income

All gains and losses, including those arising from all financial instruments, have been recognized in excess of revenues over expenses for the year. There are no items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income.

Recent accounting pronouncements

Financial instrument deferral of Section 3862 and 3863

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation to replace Section 3861 Financial Instruments - Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Section 3862 and 3863 for this sector. Not-for-profit organizations should continue to apply Section 3861 until interim and annual financial statements with fiscal years beginning on or after October 1, 2008.

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included the removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

2. Significant accounting policies (*continued from previous page*)

Recent accounting pronouncements (continued from previous page)

Capital assets held by not-for-profit organizations

CICA Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow not-for-profit organizations to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the change to this standard to have a material impact on its financial statements.

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 fundraising and general support expenses to other functions 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 fundraising and general support functions and the amounts and functions to which they have been allocated.

This new Section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect this new standard to have a material impact on its financial statements.

3. Change in accounting policies

Capital disclosures

Effective April 1, 2008, the Organization adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures about capital. Section 1535 Capital Disclosures establishes standards for disclosing what an entity regards as capital and an entity's objectives, policies and processes for managing its capital. The Section also prescribes disclosure regarding whether an entity has complied with any externally imposed capital requirements, and if not, the consequences of such non-compliance.

The adoption of this new standard did not have a material impact on the Organization's financial statements.

Inventory

Effective April 1, 2008, the Organization adopted the Canadian Institute of Chartered Accountants' new recommendation for inventory under CICA 3031 Inventories. The new Section provides guidance on the measurement and disclosure of inventories. The new recommendation establishes that inventories should be measured at the lower of cost and net realizable value and provides guidance on the determination of cost. There was no material impact on the financial statements from the retrospective application of this new accounting recommendation.

4. Cash and marketable securities

Marketable securities include GICs, stated at market value, which earned interest at an average rate of 4.17% at year end. Included in restricted cash and marketable securities are amounts due to reserve and trust accounts that are subject to restrictions.

	2009	2008
Cash and marketable securities, restricted	**393,712**	408,502
Cash and marketable securities, unrestricted	**622,400**	894,472
	1,016,112	1,302,974

5. Due from Winnipeg Regional Health Authority (WRHA)

	2009	2008
Vacation entitlement	**133,100**	133,100
Pre-retirement asset entitlement	**189,988**	144,597
	323,088	277,697

The amount of funding which will be provided by the WRHA for pre-retirement and vacation entitlement obligations was originally capped at the amount owing as at March 31, 2004 and has been recorded as a receivable on the balance sheet.

For the period April 1, 2004 to March 31, 2006, the WRHA partially funded the change in the pre-retirement obligation. For the period April 1, 2006 to March 31, 2009, the WRHA fully funded the change in the pre-retirement obligation.

Confirmation has been received from the WRHA guaranteeing the payment of this receivable by the Province. Therefore, a write down of the receivable is not required.

6. Capital assets

	Cost	Accumulated amortization	2009 Net book Value	2008 Net book Value
Land - 1081 Andrews Street	**51,952**	**-**	**51,952**	51,952
Buildings - 1081 Andrews Street	**2,489,185**	**890,605**	**1,598,580**	1,624,059
Automotive - 1081 Andrews Street	**74,399**	**51,700**	**22,699**	26,163
Computer and system software - 1081 Andrews Street	**180,925**	**138,018**	**42,907**	5,074
Furniture, equipment and improvements - 1081 Andrews St.	**2,495,601**	**1,489,038**	**1,006,563**	1,036,754
Buildings - 364 Leila Avenue	**205,922**	**71,022**	**134,900**	120,274
Furniture and fixtures - 364 Leila Avenue	**24,404**	**20,576**	**3,828**	4,624
Land, building and equipment - 1080 Powers Street	**2,864,923**	**303,193**	**2,561,730**	2,584,484
Land, building and equipment - 1084 Powers Street	**1,925,129**	**1,296,335**	**628,794**	695,628
Real time locating system - computer	**9,335**	**5,835**	**3,500**	5,834
Real time locating system	**167,863**	**41,965**	**125,898**	142,684
Office equipment	**671**	**671**	**-**	9
	10,490,309	**4,308,958**	**6,181,351**	6,297,539

7. Long-term debt

	2009	*2008*
Mortgage loan, with MHRC, bearing interest at 10.125% per annum, repayable in monthly instalments of $21,387 including interest and secured by the land and building at 1080 Powers Street and due July 1, 2027	**2,167,161**	2,206,648
Mortgage loan, with CMHC, bearing interest at 6.875% per annum, repayable in monthly instalments of $3,532 including interest and secured by the land and building at 1081 Andrews Street and due January 1, 2020	**324,648**	344,298
Mortgage loan repaid during the year	-	107,876
Mortgage loan repaid during the year	-	66,835
Term demand loan, with Bank of Montreal, bearing interest at prime plus .75%, repayable in monthly principal payments of $5,580, secured by assignment of proceeds of the contract with the WRHA for the building improvements and due September 1, 2013	**285,449**	352,409
Term demand loan, with Bank of Montreal, bearing interest at prime plus .75%, repayable in monthly principal payments of $2,633, secured by assignment of proceeds of the contract with the WRHA for the laundry project and due February 1, 2016	**247,533**	279,133
Term demand loan repaid during the year	-	51,233
	3,024,791	3,408,432
Less: current portion	**64,990**	133,189
Less: term loans due on demand	**532,982**	682,774
	2,426,819	2,592,469

Principal payments on long-term debt in each of the next five years are estimated as follows:

2010	64,990
2011	70,990
2012	77,560
2013	84,760
2014	92,640

8. Subsidy surplus reserve

Under the terms of the agreement with CMHC, excess federal assistance payments may be retained in a subsidy surplus reserve up to a maximum of $500 per unit plus interest. The monies that comprise the reserve are to be deposited 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 CMHC from time to time. The funds in this account may only be used to meet the future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first then principal. When the fund has attained the maximum of $500 per unit, up to 10% of the unused subsidy during a year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same municipality or area and are assisted under the same program.

9. Replacement reserve

1081 Andrews Street
Under the terms of the agreement with WRHA, the replacement reserve account is to be credited at a minimum the amount of $18,776 (2008 - $18,776) annually. The current year allocation to the reserve is $31,484 (2008 - $28,571). These funds 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 WRHA from time to time. The funds in the account may require approval by the WRHA.

1080 Powers Street
Under the terms of the agreement with MHRC, the replacement reserve account is to be credited in the amount of $15,000 (2008 - $15,000) annually until it accumulates $525,000 plus interest. 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 MHRC from time to time. The funds in the account may only be used as approved by MHRC. Withdrawals are credited to interest first and then principal.

1084 Powers Street
Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of $13,700 (2008 - $13,700). 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 CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. This agreement expired with the repayment of the CMHC loan.

10. Federal assistance

1084 Powers Street received federal assistance through CMHC pursuant to section 56.1 of the National Housing Act to reduce mortgage interest to 2% to enable the project to provide housing to low income individuals. The amount of assistance received in the year was $36,761 (2008 - $63,019).

11. Provincial home care

1084 Powers Street received $312,382 (2008 - $291,340) from the WRHA - Home Care Division during the year as a reimbursement of staff salaries and benefits paid. Effective December 1, 2008, a service purchase agreement changed the funding model to a fixed amount, and Luther Home Corporation is able to retain surpluses, if applicable.

12. Residential support program

364 Leila Avenue received $313,868 (2008 - $275,435) from Family Services and Housing during the year for residential services.

13. Contingencies

1084 Powers Street
MHRC provided a $12,251 forgivable "RRAP" loan to finance the upgrading of room 205 for handicap needs. On November 1, 2008 the forgivable loan was fully earned and the promissory note satisfied.

1080 Powers Street
MHRC is currently reviewing $29,252 of 2004 repairs and maintenance costs that are above the $38,500 approved budget amount, Approval is pending. In 2005, 2006, 2007, 2008 and 2009 repairs and maintenance costs exceed the approved budget amounts by $11,322, $18,744, $20,804, $19,646 and $31,173 respectively. If MHRC does not approve the excess expenditures they will have to be repaid to MHRC.

14. Economic dependence

A significant portion of Luther Home's revenues are received from the WRHA, MHRC and CMHC. Of total revenue, 72% (2008 - 67%) is from these organizations.

15. Capital management

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide services and benefits for its residents.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Organization may sell investments or decrease expenses.

The Organization manages the following as capital:

	2009	*2008*
Invested in capital assets	**1,342,647**	1,017,234
Restricted net assets	**(16,691)**	(39,898)
Unrestricted net assets	**917,789**	1,269,124
	2,260,436	2,286,358

The Organization monitors capital on a quarterly basis, as well as annually, including the Board's input as to the capital management approach to take, and through advice from the Organization's investment advisors. During the year, the Organization's strategy is to protect the capital through maintaining low risk investments, as well as to minimize the deficiency of revenues over expenses.

16. Comparative figures

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

Luther Home Corporation
Statement of Operations
Schedule 1 - Long Term Care
For the year ended March 31, 2009

	2009	2008
Revenues from resident services		
Winnipeg Regional Health Authority	**3,757,488**	3,442,821
Amortization of deferred contributions	**57,960**	60,325
Residential charges	**1,125,482**	1,110,289
	4,940,930	4,613,435
Offset revenues		
Dietetics	**114,411**	109,318
Interest	**34,368**	52,673
Parking	**7,128**	6,392
Project maintenance	**82,825**	71,050
Other	**38,887**	41,170
Unrealized gain on investments	**19,296**	-
	296,915	280,604
	5,237,845	4,894,039
Expenses		
Administration	**90,838**	71,292
Allocation to replacement reserve	**31,484**	28,571
Amortization of capital assets	**167,623**	168,019
Food	**233,756**	229,532
Interest on long term debt	**52,471**	75,085
Maintenance and repairs	**95,465**	133,258
Medical supplies	**76,073**	86,805
Other supplies and expenses	**109,840**	191,316
Purchased services	**23,759**	527,183
Salaries and benefits	**4,134,858**	3,142,472
Utilities	**169,607**	153,789
	5,185,774	4,807,321
Excess of revenues over expenses	**52,071**	86,718

Luther Home Corporation
Statement of Operations
Schedule 2 - 1080 Powers
For the year ended March 31, 2009

	2009	2008
Revenues		
Manitoba Housing and Renewal Corporation - subsidy	**279,631**	279,631
Rental revenue	**223,985**	209,221
Other	**6,091**	9,349
	509,707	498,201
Expenses		
Administration	**13,200**	12,796
Allocation to replacement reserve	**15,000**	15,000
Amortization of capital assets	**39,487**	35,227
Electricity	**37,967**	34,679
Insurance	**3,263**	3,373
Interest on long term debt	**217,160**	221,419
Maintenance and repairs	**84,422**	68,168
Natural gas	**27,443**	25,630
Professional fees	**3,000**	3,385
Property taxes	**22,984**	22,984
Water	**13,686**	11,849
	477,612	454,510
Excess of revenues over expenses	**32,095**	43,691
Excess subsidy due to Manitoba Housing and Renewal Corporation	**(32,095)**	(43,691)
	-	-

MNP

Luther Home Corporation
Statement of Operations
Schedule 4 - 364 Leila
For the year ended March 31, 2009

	2009	2008
Revenues		
Province of Manitoba - residential support program	322,993	312,762
Other	5,608	6,721
	328,601	319,483
Expenses		
Administration	4,500	1,200
Amortization of capital assets	4,538	4,079
Electricity	3,518	2,846
Food supplies	15,975	13,105
Insurance	423	450
Interest on long term debt	10,203	10,902
Janitorial services	4,169	4,169
Maintenance and repairs	39,093	33,197
Natural gas	1,279	1,795
Other supplies and expenses	5,559	5,231
Professional fees	3,000	3,477
Property taxes	6,004	5,996
Salaries and benefits	227,716	200,854
Telephone	3,822	2,051
Water	2,354	1,533
	332,153	290,885
Excess (deficiency) of revenues over expenses	(3,552)	28,598

Luther Home Corporation

Statement of Operations

Schedule 5 - Adult Day Program

For the year ended March 31, 2009

	2009	2008
Revenues		
Winnipeg Regional Health Authority	**93,912**	90,914
Participant charges	**17,494**	16,908
	111,406	107,822
Expenses		
Employee benefits	**8,875**	8,687
Other supplies and expenses	**14,203**	15,122
Salaries	**42,438**	43,836
Travel	**45,149**	42,292
	110,665	109,937
Excess (deficiency) of revenues over expenses	**741**	(2,115)

MNP

Luther Home Corporation
Statement of Operations
Schedule 6 - Home Care Program
For the year ended March 31, 2009

	2009	2008
Revenue		
Winnipeg Regional Health Authority	**312,382**	291,340
Expenses		
Employee benefits	**48,482**	47,266
Other supplies and expenses	**6,460**	2,160
Salaries	**246,795**	241,914
	301,737	291,340
Excess of revenue over expenses	**10,645**	-

MNP

	2009	2008
Expenses		
Amortization of capital assets	**19,130**	19,123
Board meeting	**830**	1,111
Miscellaneous	**2,644**	1,881
Scholarship	**499**	988
Staff appreciation	**6,750**	4,423
Tenant and staff gifts	**4,606**	3,875
	34,459	31,401
Deficiency of revenues over expenses	**(34,459)**	(31,401)

Luther Home Corporation
Statement of Operations
Schedule 8 - Memorial Fund
For the year ended March 31, 2009

	2009	2008
Revenues		
Amortization of deferred contributions	-	2,369
General contributions	27,729	15,410
	27,729	17,779
Expenses		
Fundraising	-	206
Miscellaneous	4,255	-
Music therapy	267	2,695
	4,522	2,901
Excess of revenues over expenses	23,207	14,878

Luther Home Corporation
Schedule 9 - Supplementary Information
For the year ended March 31, 2009

	1081 Andrews Street	1080 Powers Street	1084 Powers Street	364 Leila Avenue	Total
Replacement Reserve					
Reserve for Capital Assets					
Opening balance	38,056	232,987	418	-	271,461
Current allocation	25,700	15,000	13,700	-	54,400
Interest earned	1,939	10,441	246	-	12,626
Current expenditures	(17,249)	(31,529)	(14,364)	-	(63,142)
Ending balance	**48,446**	**226,899**	**-**	**-**	**275,345**
Reserve for Major Repairs					
Opening balance	62,087	-	-	-	62,087
Current allocation	4,776	-	-	-	4,776
Interest earned	2,352	-	-	-	2,352
Current expenditures	(24,193)	-	-	-	(24,193)
Ending balance	**45,022**	**-**	**-**	**-**	**45,022**
Reserve for Insurance deductible					
Opening balance	3,024	-	-	-	3,024
Current allocation	1,008	-	-	-	1,008
Ending balance	**4,032**	**-**	**-**	**-**	**4,032**
Total					**324,399**
Capital Assets and Accumulated Amortization					
Capital Assets					
Opening balance	5,294,265	2,848,190	1,925,129	211,959	10,279,543
Additions	146,321	16,735	-	18,368	181,424
Ending balance	5,440,586	2,864,925	1,925,129	230,327	10,460,967
Accumulated Amortization					
Opening balance	2,401,735	263,708	1,229,500	87,061	3,982,004
Current year amortization	186,752	39,487	66,835	4,538	297,612
Ending balance	2,588,487	303,195	1,296,335	91,599	4,279,616
Net book value					**6,181,351**
Subsidy Surplus					
Opening balance	-	-	66,334	-	66,334
Interest earned	-	-	2,979	-	2,979
Ending balance	-	-	69,313	-	69,313
Long term debt					
Opening balance	1,027,073	2,206,648	66,835	107,876	3,408,432
Principal payment	169,443	39,487	66,835	107,876	383,641
Ending balance	857,630	2,167,161	-	-	3,024,791
Less: current portion and term loans due on demand	554,312	43,660	-	-	597,972
	303,318	2,123,501	-	-	2,426,819

MNP

Luther Home Corporation
Schedule 10 - Combined Statement of Revenues and Expenses
For the year ended March 31, 2009

	1081 Andrews	1080 Powers	1084 Powers	364 Leila	Adult Day Program	Home Care Program	Management Services	Memorial Fund (Restricted)	2009 Total	2008 Total
Revenues										
Winnipeg Regional Health Authority	3,757,488	-	-	-	93,912	312,382	-	-	4,163,782	3,796,504
Manitoba Housing and Renewal Corporation	-	279,631	-	-	-	-	-	-	279,631	279,631
Canada Mortgage and Housing Corporation	-	-	36,761	-	-	-	-	-	36,761	63,019
Residential support program	-	-	-	322,993	-	-	-	-	322,993	312,762
Rental	1,125,482	223,985	292,367	-	17,494	-	-	-	1,659,328	1,619,955
Amortization of deferred contributions	57,960	-	-	-	-	-	-	-	57,960	62,694
Interest income	53,664	-	-	-	-	-	-	-	53,664	52,673
Other	243,251	6,091	10,905	5,608	-	-	-	27,729	293,584	269,584
	5,237,845	509,707	340,033	328,601	111,406	312,382	-	27,729	6,867,703	6,456,822
Expenses										
Allocation to replacement reserve	31,484	15,000	13,700	-	-	-	-	-	60,184	28,700
Amortization	167,623	39,487	66,835	4,538	-	-	19,130	-	297,613	318,757
Interest on long term debt	52,471	217,160	11,879	10,203	-	-	-	-	291,713	325,783
Other	552,013	132,717	114,664	72,296	59,352	6,460	15,329	4,522	957,353	707,839
Purchased services and supplies	77,718	-	-	-	-	-	-	-	77,718	921,326
Utilities	169,607	105,343	118,237	17,400	-	-	-	-	410,587	372,710
Salaries and benefits	4,134,858	-	10,198	227,716	51,313	295,277	-	-	4,719,362	3,685,029
	5,185,774	509,707	335,513	332,153	110,665	301,737	34,459	4,522	6,814,530	6,360,144
Excess (deficiency) of revenues over expenses before benefit bank value change	52,071	-	4,520	(3,552)	741	10,645	(34,459)	23,207	53,173	96,678
Employee benefit bank value change	(55,888)	-	-	-	-	-	-	-	(55,888)	(28,691)
Excess (deficiency) of revenues over expenses	(3,817)	-	4,520	(3,552)	741	10,645	(34,459)	23,207	(2,715)	67,987

SIMON HALL CHARTERED ACCOUNTANT INC.

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AUDITOR'S REPORT

TO THE DIRECTORS,
M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.,
Winnipeg, Manitoba.

We have audited the statement of financial position of the M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC. as at MARCH 31, 2009 and the statements of operations, of changes in fund balances and of cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph, 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 common with many organizations, the Centre derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to other revenues, excess of revenues over expenditures, assets and net assets.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC. as at MARCH 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

SIMON HALL
CHARTERED ACCOUNTANTS INC.

May 6, 2008
Winnipeg, Manitoba

SIMON HALL CHARTERED ACCOUNTANT INC.

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SUPPLEMENTARY AUDIT REPORT

This supplementary audit report is given to satisfy the obligations of M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC. to the Winnipeg Regional Health Authority. We report as follows:

a) In our opinion the accounting procedures and systems of control used during 2008/2009 by the M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC. were adequate, having regard to the size of the Centre, to preserve and protect its assets;

b) The funds of the Centre, primarily derived from the Winnipeg Regional Health Authority, have, to the best of our knowledge and belief, been applied for the purposes of the Centre following processes and procedures authorized by its Board.

c) Our audit revealed no material irregularity or discrepancy in the administration of the Centre nor any matters that do not now have the attention of the Board.

SIMON HALL
CHARTERED ACCOUNTANTS INC.

May 6, 2008
Winnipeg, Manitoba

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2009

	Operating Fund	Special Projects Fund	Capital Asset Fund	Investment In Union Centre Fund	**Total 2009**	Total 2008
	$	$	$	$	**$**	$ (note 14)
CURRENT ASSETS:						
Cash (note 3)	158,981	-	-	-	**158,981**	177,306
Short term investments (note 4)	153,701	175,000	-	-	**328,701**	321,021
Accounts receivable (note 5)	154,535	-	-	-	**154,535**	96,003
Prepaid expenses	-	-	-	-	**-**	-
Total Current Assets	467,217	175,000	-	-	**642,217**	594,330
CAPITAL ASSETS: (note 6)	-	-	1,653	-	**1,653**	2,641
INVESTMENTS: (note 7)	-	-	-	204,669	**204,669**	204,669
TOTAL ASSETS	467,217	175,000	1,653	204,669	**848,539**	801,640
CURRENT LIABILITIES:						
Accounts payable & accrued liabilities (note 8)	160,879	-	-	-	**160,879**	160,961
Repayable to WRHA (note 9)	103,082	-	-	-	**103,082**	90,077
Deferred revenue (note 10)	46,330	-	-	-	**46,330**	20,890
Total Current Liabilities	310,291	-	-	-	**310,291**	271,928
DEFERRED CONTRIBUTIONS:						
Capital assets (note 11)	-	-	1,656	-	**1,656**	2,640
Total Deferred Contrib.	-	-	1,656	-	**1,656**	2,640
CONTINGENT LIABILITIES: (note 12)						
FUND BALANCES:						
Invested in Union Ctr.	-	-	-	204,669	**204,669**	204,669
Internally restricted	-	175,000	-	-	**175,000**	175,000
Unrestricted	156,923	-	-	-	**156,923**	147,403
Total Fund Balances	156,923	175,000	-	204,669	**536,592**	527,072
TOTAL LIABILITIES & FUND BALANCES	467,214	175,000	1,656	204,669	**848,539**	801,640

APPROVED BY BOARD:

____________________ : Director ____________________ : Director

____________________ : Director

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF OPERATIONS

AS AT MARCH 31, 2009

	Operating Fund $	Special Projects Fund $	Capital Asset Fund $	Investment In Union Centre Fund $	**Total 2009 $**	Total 2008 $
REVENUES:						
WRHA: Medical Clinic	769,349	-	-	-	**769,349**	758,619
WRHA: recoveries	(21,530)	-	-	-	**(21,530)**	(28,302)
Interest & other	11,800	-	-	-	**11,800**	15,055
MB Labour & Immigration	78,417	-	-	-	**78,417**	33,717
Fundraising	8,857	-	-	-	**8,857**	10,211
WCB Health Projects	146,526	-	-	-	**146,526**	101,839
Deferred contribution for capital assets	-	-	935	-	**935**	2,204
Repayment of funding	-	-	-	-	**-**	-
United Way Projects	-	-	-	-	-	-
Deferred revenue in	-	-	-	-	-	-
Deferred revenue out	(30,759)	-	-	-	**(30,759)**	-
Total Revenues	962,660	-	935	-	**963,595**	893,343
EXPENDITURES:	953,140	-	935	-	**954,075**	881,598
EXCESS OF REVENUE OVER EXPENDITURES	9,520	-	-	-	**9,520**	11,745

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF OPERATIONS CONT'D.

AS AT MARCH 31, 2009

	Operating Fund	Special Projects Fund	Capital Asset Fund	Investment In Union Centre Fund	**Total 2009**	Total 2008
	$	$	$	$	**$**	$
EXPENDITURES BREAKDOWN - OPERATING:						
Amortization on equip	-	-	935	-	**935**	2,204
Audit & accounting	8,835	-	-	-	**8,835**	8,407
Computer software &	3,514	-	-	-	**3,514**	4,994
Bank charges	5	-	-	-	**5**	13
Delivery	180	-	-	-	**180**	184
Employee benefits	72,061	-	-	-	**72,061**	69,759
Equipment rental & minor purchases	24,095	-	-	-	**24,095**	17,312
Fundraising	-	-	-	-	-	712
Insurance	4,256	-	-	-	**4,256**	5,971
Memberships	250	-	-	-	**250**	375
Legal	20	-	-	-	**20**	120
License fees	600	-	-	-	**600**	900
Meeting Expense	818	-	-	-	**818**	2,487
Miscellaneous	1,158	-	-	-	**1,158**	924
Newsletter	13,334	-	-	-	**13,334**	11,172
Printing/Stationery & Office Supplies	13,404	-	-	-	**13,404**	11,748
Postage	669	-	-	-	**669**	1,233
Pre-retirement	5,026	-	-	-	**5,026**	8,091
Publications	12,765	-	-	-	**12,765**	7,208
Public relations	8,590	-	-	-	**8,590**	9,722
Purchased services	89,314	-	-	-	**89,314**	53,192
Repairs & main	15,552	-	-	-	**15,552**	626
Rent	70,509	-	-	-	**70,509**	70,564
Staff education & recruitment	2,622	-	-	-	**2,622**	2,280
Staff parking	3,421	-	-	-	**3,421**	3,475
Staff travel & exp.	6,699	-	-	-	**6,699**	7,303
Stress Initiative	473	-	-	-	**473**	232
Stretch/Massage/Breathe	4,764	-	-	-	**4,764**	9,484
Telephone	6,146	-	-	-	**6,146**	8,571
Wages & salaries	584,060	-	-	-	**584,060**	562,335
Total Operating Expenditures	953,140	-	935	-	**954,075**	881,598

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF CHANGES IN FUND BALANCES

AS AT MARCH 31, 2009

	Operating Fund $	Special Projects Fund $	Capital Asset Fund $	Investment In Union Centre Fund $	**Total 2009 $**	Total 2008 $ (note 14)
Fund balance, beginning of year	147,403	175,000	-	204,669	**527,072**	515,327
Surplus (deficiency) for the year	9,520	-	-	-	**9,520**	11,745
Purchase of capital assets	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-
Closing fund balance	156,923	175,000	-	204,669	**536,592**	527,072

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING MARCH 31, 2009

	2009 $	2008 $ (note 14)
CASH PROVIDED BY OPERATIONS:		
Surplus for the year	9,520	11,745
Add: amortization	935	2,204
	10,455	13,949
Change in working capital:		
Accounts receivable	(58,481)	6,520
Short term investments	(7,680)	(14,675)
Prepaid expenses	-	1,943
Accounts payable & accrued liabilities	(80)	20,511
Repayable to WRHA	13,005	28,302
Deferred revenue	25,440	800
	(27,796)	43,401
Cash from (used for) operations	(17,341)	57,350
CASH PROVIDED BY INVESTMENT & FINANCING ACTIVITIES:		
Deferred contributions	(984)	(2,204)
Cash from (used for) investing & financing	(984)	(2,204)
Increase (decrease) in cash for the year	(18,325)	55,146
Cash, beginning of year	177,306	122,160
Cash, end of year (note 3)	158,981	177,306

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

1. FORM OF ORGANIZATION

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC. was incorporated as a non-share, non-profit organization under the Cooperatives Act of Manitoba and is non-taxable pursuant to paragraph 149(1)1 of the Income Tax Act. The purpose of the organization is to assist individuals and groups in Manitoba to improve workplace health and safety.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations, which encompass the following principles:

i) Capital Assets

Capital asset acquisitions are accounted for on the following basis:

Purchases of computers, equipment and furniture are capitalized in the year of their purchase and are amortized over their useful life on a straight line basis over the following estimated number of years:

Computers	3 years
Office furniture	10 years
Equipment	10 years

Revenues received which are designated for capital purchases are deferred in the year of receipt and recognized annually at the same rate as the amortization on the related assets.

ii) Investments

Investments are recorded at lower of cost and market value.

iii) Recognition of Revenues

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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.

Revenue from Winnipeg Regional Health Authority is recognized when received or receivable; any subsequent settlement is shown as an adjustment to income in the year of adjustment.

iv) Fund Accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Asset Fund reports the assets, liabiities, revenues, and expense related to the Centre's capital assets.

The Special Projects fund reports on revenues and expenses related to the allocation to and from the Operating Fund by the vote of the Board of Directors of internally restricted funds to be used on extraordinary projects of the Centre.

The Union Centre Building Investment fund reports on the assets, liabilities, revenues and expenses related to the Centre's investment in the Manitoba Federation of Labour Building at 275 Broadway in Winnipeg, Manitoba.

v) Financial Instruments

It is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

vi) Use of Estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

3. CASH

	2009	2008
	$	$
Operating	158,894	177,217
Shares	87	89
	158,981	177,306

4. SHORT TERM INVESTMENTS

	2009	2008
Daily interest account	328,701	269,964
Term deposits	-	49,873
Surplus shares	-	1,184
	328,701	321,021

"See Auditor's Report"

5. ACCOUNTS RECEIVABLE

	2009	2008
	$	$
Trade receivables	151,358	93,442
Receiver General (GST)	3,177	2,561
	154,535	96,003

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2009	Net Book Value 2008
	$	$	$	$
Audio visual equipment	11,738	(11,738)	-	-
Computers	46,750	(46,750)	-	-
Leasehold improvements	89,226	(89,226)	-	-
Medical equipment	29,053	(28,554)	499	782
Office equipment	28,694	(28,694)	-	-
Office furniture	34,112	(34,112)	-	319
Security system	574	(574)	-	-
Phone system	7,700	(6,545)	1,155	1,540
Total	247,847	(246,193)	1,654	2,641

7. INVESTMENT IN UNION CENTRE INC.

	2009	2008
Union Centre Inc.	204,669	204,669

Principal of $150,000 plus interest accrued at 11% per annum to December 31, 1993. Interest-free thereafter. There are no fixed repayment terms.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Trade payables	35,522	42,906
Accrued liabilities	112,638	106,179
Trust liabilities	12,719	11,874
	160,879	160,959

"See Auditor's Report"

9. REPAYABLE TO WRHA

	2009	2008
	$	$
		(note 14)
Revenue in excess of agreement:		
2004/2005 and earlier years	-	961
2005/2006	17,768	17,768
2006/2007	35,482	43,046
2007/2008	28,302	28,302
2008/2009	21,530	-
	103,082	90,077

10. DEFERRED REVENUE

	2009	2008
Province of Manitoba: Labour & Immigration	9,971	9,971
WCB: Small Business Ergonomist	-	3,290
WCB: Educator	-	2,829
WCB: Wings of Change	20,150	-
WCB: Rural work Places	10,609	-
WRHA: Insurance reserve	5,600	4,800
	46,330	20,890

11. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

	WRHA	Bldg. Other	WCB Programs	2009	2008
	$	$	$	$	$
Capital assets	29,663	194,235	23,949	247,847	247,847
Accumulated amortization	(28,007)	(194,235)	(23,949)	(246,191)	(245,207)
Deferred contributions for capital assets	1,656	-	-	1,656	2,640

12. CONTINGENT LIABILITY

Subsequent to the annual audit, Winnipeg Regional Health Authority, the Centre's primary funder, performs its own financial reviews to determine additional amounts owed to the Centre or recoveries due back. As these amounts are not known at the time of the audit, Winnipeg Regional Health Authority revenues to the Centre are listed on these statements on a confirmed payment basis from Winnipeg Regional Health Authority with prior year adjustments listed in the year of notification.

"See Auditor's Report"

13. PUBLIC SECTOR DISCLOSURE ACT

In accordance with the Public Sector Disclosure Act the following compensation in excess of $50,000 during the year was paid to M.F.L. employees:

	Wages	Benefits	Travel/ Other	Total
	$	$	$	$
Executive Director	63,289	2,621	86	65,996
Occupational Health Specialist	58,068	2,621	873	61,562
Occupational Health Nurses (Two positions)	131,638	5,423	880	137,941
Rural Health & Safety	60,715	-	3,384	64,099
Finance/Office Admin	60,806	2,640	-	63,446

14. COMPARATIVE FIGURES

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

15. ECONOMIC DEPENDENCE

The Centre derives the majority of its revenues pursuant to an agreement with the Winnipeg Regional Health Authority.

16. CORRECTION OF AN ERROR IN PRIOR PERIOD FINANCIAL STATEMENTS

The prior year financial statements understated the amount repayable to the W.R.H.A. This error has been corrected in the current year's financial statements. As a result the following changes have been made to the comparative figures in these financial statements.

The Repayable to W.R.H.A. liability was understated at March 31, 2008 by $8,616. As a result the repayable to W.R.H.A. has been increased by $8,616 and the unrestricted fund balance has been reduced by $8,616 in the 2008 comparative figures.

The prior year financial statements overstated the amount repayable to the Workers Compensation Board Aboriginal Workers Outreach program. This error has been corrected in the current year's financial statements. As a result the following changes have been made to the comparative figures in these financial statements.

The deferred revenue has been reduced by $28,205 and the unrestricted fund balances has been increased by the same amount.

"See Auditor's Report"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS

FOR THE YEAR MARCH 31, 2009

OPERATING FUND

	W.R.H.A. PAGE 15	Donations & Other Programs	W.C.B. PAGE 16	MANITOBA LABOUR	Total Operating Fund 2009	Total Operating Fund 2008
	$	$	$	$	$	$
REVENUES:						
WRHA: Medical Clinic	769,349	-	-	-	769,349	758,619
: recoveries	(21,530)	-	-	-	(21,530)	(28,302)
Interest & other	2,834	8,966	-	-	11,800	15,055
MB Labour & Immigration	-	-	-	78,417	78,417	33,717
Fundraising	-	8,857	-	-	8,857	10,211
WCB Projects	-	-	146,526	-	146,526	101,839
Deferred contributions for capital assets	935	-	-	-	935	2,204
Deferred revenue out	-	-	(30,759)	-	(30,759)	-
Total Revenues	751,588	17,823	115,767	78,417	963,595	893,343
EXPENDITURES - OPERATING:						
Total Operating Expenditures	741,191	13,334	115,767	83,783	954,075	881,598
Excess (Deficiency) of Revenues over Expenditures	10,397	4,489	-	(5,366)	9,520	11,745

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS CONT'D.

FOR THE YEAR MARCH 31, 2009

OPERATING FUND EXPENDITURE BREAKDOWN

	WRHA	Donations & Other Programs	WCB	MANITOBA LABOUR	Total Operating Fund 2009	Total Operating Fund 2008
	$	$	$	$	$	$
EXPENDITURES BREAKDOWN - OPERATING:						
Amortization	935	-	-	-	**935**	2,204
Accreditation fees	-	-	-	-	**-**	-
Auditing/accounting	8,835	-	-	-	**8,835**	8,407
Bank charges	5	-	-	-	**5**	13
Computer software & service	3,514	-	-	-	**3,514**	4,994
Delivery	180	-	-	-	**180**	184
Employee benefits	72,061	-	-	-	**72,061**	69,759
Equipment rental & minor purchases	24,095	-	-	-	**24,095**	17,312
Fundraising	-	-	-	-	**-**	712
Memberships	250	-	-	-	**250**	375
Intervention grant	-	-	-	-	**-**	-
Insurance	4,256	-	-	-	**4,256**	5,971
Legal	20	-	-	-	**20**	120
License fees	600	-	-	-	**600**	900
Meeting Expense	818	-	-	-	**818**	2,487
Miscellaneous	1,158	-	-	-	**1,158**	924
Newsletter	-	13,334	-	-	**13,334**	11,172
Office supplies/Printing/ Stationery	9,547	-	3,857	-	**13,404**	11,748
Postage	669	-	-	-	**669**	1,233
Pre-retirement	5,026	-	-	-	**5,026**	8,091
Publications	12,765	-	-	-	**12,765**	7,208
Public relations	5,201	-	3,389	-	**8,590**	9,722
MB Labour & Immig Purchased services	4,091	-	1,440	83,783	**89,314**	53,192
Rent	70,509	-	-	-	**70,509**	70,564
Repairs/maintenance	15,552	-	-	-	**15,552**	626
Staff education & recruitment	2,578	-	44	-	**2,622**	2,280
Staff parking	3,421	-	-	-	**3,421**	3,475
Staff travel & expenses	845	-	5,854	-	**6,699**	7,303
Stress initiative	473	-	-	-	**473**	232
Stretch, Massage, Breathe	4,764	-	-	-	**4,764**	9,484
Telephone	6,146	-	-	-	**6,146**	8,571
Wages & salaries	482,877	-	101,183	-	**584,060**	562,335
Total Operating Expenditures	741,191	13,334	115,767	83,783	**954,075**	881,598

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2009

WRHA FUNDED OPERATING PROGRAMS

	BUDGET 2009 $	**ACTUAL 2009 $**	ACTUAL 2008 $
REVENUES:			
WRHA: Medical Clinic	760,723	**769,349**	758,619
: recoveries	-	**(21,530)**	(28,302)
Interest & other	-	**2,834**	2,871
Deferred contributions for capital assets	-	**935**	986
Deferred revenue in	-	-	-
Deferred revenue out	-	-	-
Total Revenues	760,723	**751,588**	734,174
EXPENDITURES - OPERATING:			
Accreditation Fees	2,500	-	-
Amortization on equipment	-	**935**	986
Audit & accounting	7,000	**8,835**	8,407
Bank charges & interest	20	**5**	13
Computer software & services	3,500	**3,514**	4,994
Delivery	200	**180**	184
Employee benefits	71,800	**72,061**	69,759
Equipment rental & minor purchases	16,860	**24,095**	16,983
Memberships	-	**250**	375
Insurance	4,000	**4,256**	5,971
Legal	100	**20**	120
Licence fees	1,250	**600**	900
Meeting expenses	800	**818**	2,487
Miscellaneous	1,000	**1,158**	924
Pre-retirement expenses	-	**5,026**	8,091
Printing/stationery/office	9,500	**9,547**	9,827
Postage	1,000	**669**	1,233
Public relations	5,000	**5,201**	2,156
Publications	10,000	**12,765**	7,208
Purchased services	5,000	**4,091**	4,747
Rent	70,500	**70,509**	70,564
Repairs & maintenance	3,000	**15,552**	626
Staff education & recruitment	6,000	**2,578**	2,148
Staff parking	3,500	**3,421**	3,475
Staff travel & expenses	3,000	**845**	1,733
Stress initiative	4,000	**473**	232
Stretch, Massage, Breathe	5,000	**4,764**	9,484
Telephone	6,000	**6,146**	7,686
Wages & salaries	520,193	**482,877**	497,963
Total Operating Expenditures	760,723	**741,191**	739,276
EXCESS OF REVENUE OVER EXPENDITURES	-	**10,397**	(5,102)

"See Auditor's Report and Accompanying Notes"

M.F.L. OCCUPATIONAL HEALTH AND SAFETY CENTRE INC.

SUPPLEMENTARY STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2009

WORKERS COMPENSATION BOARD FUNDED OPERATING PROGRAMS

	Rural Workplaces in MB	Wings of Change Aboriginal	**Total 2009**	Total 2008
	$	$	**$**	$
REVENUES:				
WCB revenue	78,290	68,236	**146,526**	101,839
Deferred contribution for capital assets	-	-	-	1,218
Repayment of funding	-	-	-	-
Deferred revenue in	-	-	-	-
Deferred revenue out	(10,609)	(20,150)	**(30,759)**	-
Total Revenues	67,681	48,086	**115,767**	103,057
EXPENDITURES:				
Amortization of Equipment	-	-	-	1,218
Education	-	44	**44**	132
Equipment	-	-	-	329
Office supplies	467	3,390	**3,857**	1,921
Printing	-	-	-	-
Public relations	1,097	2,292	**3,389**	7,566
Purchased services	-	1,440	**1,440**	1,585
Telephone	-	-	-	885
Travel	4,973	881	**5,854**	5,570
Wages	61,144	40,039	**101,183**	64,372
Total Operating Expenditures	67,681	48,086	**115,767**	83,578
Excess of Revenue Over Expenditures	-	-	-	19,479

"See Auditor's Report and Accompanying Notes"

booke
& partners
CHARTERED ACCOUNTANTS

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Auditors' Report

To the Directors of
Main Street Project, Inc.

We have audited the statement of financial position of Main Street Project, Inc. as at March 31, 2009 and the statements of operations and changes in fund balances 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.

Except as explained in the following paragraphs, 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 common with many not-for-profit organizations, the organization derives part of its revenue from the general public in the form of donations which are not susceptible of satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, fundraising events and contributed material and services revenue, excess of revenues over expenses, current assets and net assets.

Note 2(d) describes the amortization policy for property and equipment and states that the building at 71 Martha Street is being amortized at a rate equal to the reduction of the mortgage principal for the year. In this respect, the financial statements are not in accordance with Canadian generally accepted accounting principles.

In our opinion, except as explained in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Booke & Partners

Winnipeg, Canada
May 11, 2009

Chartered Accountants

Main Street Project, Inc.
Statements of Operations and Changes in Fund Balances

Year Ended March 31 **2009** 2008

	Operating Fund	Restricted Fund (Note 7)	Capital Fund	**Total**	Total
Revenues					
Grants	$2,082,119	$ 1,008	$ -	**$2,083,127**	$1,947,782
Per diem payments	998,404	-	-	**998,404**	870,094
Donations	-	22,297	-	**22,297**	63,735
Interest	2,738	8,314	-	**11,052**	14,936
Other	43	421	68,150	**68,614**	68,297
	3,083,304	32,040	68,150	**3,183,494**	2,964,844
Expenses					
Crisis and Detoxification Centre (Page 9)	1,442,219	-	14,224	**1,456,443**	1,370,977
I.P.D.A. (Page 10)	327,569	-	3,650	**331,219**	285,060
Mainstay - Residential Component (Page 11)	131,646	-	70,301	**201,947**	178,819
Mainstay - Client Services (Page 12)	384,728	-	4,874	**389,602**	390,839
Transition Teams (Page 13)	299,244	-	2,344	**301,588**	197,446
Opportunities Ahead (Page 14)	121,853	-	1,190	**123,043**	108,651
Shelter (Page 15)	259,956	-	2,718	**262,674**	263,391
	2,967,215	-	99,301	**3,066,516**	2,795,183
Excess (deficiency) of revenues over expenses	$ 116,089	$ 32,040	$ (31,151)	**$ 116,978**	$ 169,661

Fund balances, beginning of year	$ 141,820	$ 284,104	$ 59,730	**$ 485,654**	$ 315,993
Excess (deficiency) of revenues over expenses	116,089	32,040	(31,151)	**116,978**	169,661
Property and equipment additions	(8,211)	(13,489)	21,700	**-**	-
Interfund transfers (Note 7)	8,364	(8,364)	-	**-**	-
Fund balances, end of year	$ 258,062	$ 294,291	$ 50,279	**$ 602,632**	$ 485,654

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

Main Street Project, Inc.
Statement of Financial Position
March 31

	2009	2008 (Note 12)
Assets		
Current		
Cash and term deposits	**$ 323,818**	$ 51,376
Receivables (Note 3)	**251,003**	523,539
Prepaids	**27,026**	26,123
Funds held in trust (Note 4)	**9,498**	8,924
	611,345	609,962
Property and equipment (Note 5)	**748,808**	765,209
Restricted funds (Note 7)	**294,291**	284,104
	$ 1,654,444	$ 1,659,275

Liabilities		
Current		
Payables and accruals	**$ 291,774**	$ 315,575
Current portion of long-term debt (Note 6)	**28,813**	92,156
Funds held in trust (Note 4)	**9,498**	8,924
	330,085	416,655
Long-term debt (Note 6)	**721,727**	756,966
	1,051,812	1,173,621
Fund Balances		
Unrestricted	**258,062**	141,820
Restricted (Note 7)	**294,291**	284,104
Invested in property and equipment	**50,279**	59,730
	602,632	485,654
	$ 1,654,444	$ 1,659,275

On behalf of the Board

____________________ Director ____________________ Director

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

1. Nature of operations

Main Street Project, Inc. exists to assist individuals in the City of Winnipeg through periods of crisis and help them make the best possible use of rehabilitation and support services. The organization is incorporated under the Manitoba Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

a) Fund accounting

The organization follows the deferral method of accounting for grants, allocations and contributions.

The Operating Fund accounts for revenues and expenses related to program delivery and administrative activities.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the organization's property and equipment.

The Restricted Fund accounts for assets, liabilities, revenues and expenses segregated for specialized purposes.

b) Revenue recognition

Restricted amounts are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted amounts are recognized as revenue when received or receivable and collection is reasonably assured.

c) Contributed goods and services

In the normal course of business, the organization receives food supplies in carrying out its support services. Neither the value nor cost of these contributed goods and services are recognized in these financial statements.

2. Significant accounting policies (continued)

d) Property and equipment

Purchased property and equipment are recorded in the capital fund at cost less capital grants. Contributed property and equipment are recorded in the capital fund at fair value at the date of contribution. Amortization is provided on a basis designed to write off the assets over their estimated useful lives, except for the 71 Martha building, as follows:

Building - 71 Martha		annual mortgage principal reduction
Buildings - 75 and 77 Martha	40 years	straight-line
Furniture and equipment	5 years	straight-line
Vehicles	10 years	straight-line

e) Financial instruments

The organization's financial instruments consist of cash and term deposits, receivables, funds held in trust, restricted funds, payables and accruals and long - term debt. Unless otherwise stated in these financial statements, the fair value of the these financial assets and liabilities approximates their carrying value. It is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

f) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Receivables

	2009	2008
Province of Manitoba	$ **88,859**	$ 50,876
City of Winnipeg Police Department	**90,960**	80,675
Manitoba Family Services & Housing	**-**	67,500
National Homelessness Initiative	**16,854**	10,437
Winnipeg Regional Health Authority (wage stabilization)	**34,771**	197,016
Winnipeg Regional Health Authority (additional funding)	**12,869**	103,680
Goods and Services Tax recoverable	**5,774**	6,788
Other	**916**	6,567
	$ **251,003**	$ 523,539

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4. Funds held in trust

In September 2000, the Board of Directors agreed that in appropriate cases, the organization may agree to administer funds on behalf of clients. The service is only provided to clients whose life, health or well-being may be compromised if the service is refused.

5. Property and equipment

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Land	$ 47,410	$ -	**$ 47,410**	$ 47,410
Building - 71 Martha	554,295	144,883	**409,412**	424,274
Buildings - 75 and 77 Martha	421,563	186,134	**235,429**	242,155
Furniture and equipment	202,824	146,871	**55,953**	50,656
Vehicles	1,099	495	**604**	714
	$ 1,227,191	$ 478,383	**$ 748,808**	$ 765,209

6. Long-term debt

	2009	2008 (Note 12)
M.H.R.C. first mortgage, repayable in monthly blended payments of $5,679, with interest at a rate of 7 1/4% per annum, due April 1, 2028.	**$ 737,701**	$ 752,563
Bank loan, repayable in monthly payments of $6,440 plus interest at a rate of prime less 1%, due December 1, 2009.	**12,839**	96,559
	750,540	849,122
Less: current portion	**(28,813)**	(92,156)
	$ 721,727	$ 756,966

The mortgage is secured by a general security agreement over the building.

Principal repayments of the long-term debt obligation estimated to be required in each of the next five years are as follows:

2010	$ 28,813
2011	17,153
2012	18,419
2013	19,779
2014	21,239

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7. Restricted funds

	Staff Development Fund	Insurance Reserve	Replacement Reserve	Donations Reserve	**2009 Total**	2008 Total
Balance, beginning of year	$ 18,812	$ 6,040	$ 55,834	$ 203,418	**$ 284,104**	$ 221,871
Excess of revenues over expenses	773	1,008	1,802	28,457	**32,040**	49,656
Property and equipment additions	-	-	(13,489)	-	**(13,489)**	(3,887)
Transfer from (to) Operating Fund	-	-	4,050	(12,414)	**(8,364)**	16,464
Balance, end of year	$ 19,585	$ 7,048	$ 48,197	$ 219,461	**$ 294,291**	$ 284,104

Staff Development Fund

The Staff Development Fund comprises funds that have been internally restricted by the Board of Directors to subsidize staff training and retreat costs.

Insurance Reserve

The Insurance Reserve comprises externally restricted funds designated to cover costs relating to insurance deductibles.

Replacement Reserve

The Replacement Reserve has been externally restricted for the purposes of funding future major repairs to the building.

Donations Reserve

The Donations Reserve comprises donations and related interest internally restricted by the Board of Directors. The funds in the reserve are designated for the needs of clients which are not budgeted.

8. Contingency - Winnipeg Regional Health Authority

The organization receives funding from the Winnipeg Regional Health Authority (WRHA). Pursuant to the terms of the funding agreement, WRHA is entitled to recover surpluses realized by programs it funds.

Neither the likelihood nor the amount of recovery can be foreseen. Therefore, no provision has been made in the financial statements. Any surplus recovery will be accounted for as a charge to the surplus account in the year of recovery.

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9. Contingency - Statement of Claim

The organization has an ongoing legal claim with a client regarding a wrongful detainment. The amount of the contingent loss, if any, cannot be reasonably estimated at this time.

10. Economic dependence

The volume of financial activity undertaken by Main Street Project, Inc. with its main funding bodies is of sufficient magnitude that discontinuance of their funding would endanger the ability of the organization to continue as a going concern.

11. Statement of cash flows

A statement of cash flows has not been presented as management is of the opinion that it would not provide additional meaningful information.

12. Comparative figures

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.

CRAIG & ROSS
CHARTERED ACCOUNTANTS

May 25, 2009

AUDITORS' REPORT

To the Board of Directors of
Manitoba Baptist Home Society Inc.

We have audited the statement of financial position of Meadowood Manor Personal Care Home as at March 31, 2009 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Personal Care Home'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 financial statements present fairly, in all material respects, the financial position of the Personal Care Home operations as outlined in Note 1 – Entity Definition as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Craig & Ross

Chartered Accountants

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www.craigross.com

MEADOWOOD MANOR PERSONAL CARE HOME

STATEMENT 1

Statement of Financial Position

March 31, 2009

		2009		2008
ASSETS				
CURRENT				
Cash	$	**146,313**	$	227,145
Accounts receivable *(Note 4)*		**21,848**		21,285
Due from Winnipeg Regional Health Authority *(Note 6)*		**-**		7,367
Inventories		**19,507**		17,393
Prepaid expenses		**11,373**		10,530
Accrued interest receivable		**1,326**		5,748
		200,367		289,468
INVESTMENTS *(Note 5)*		**666,564**		649,208
DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY *(Note 6)*		**611,097**		742,116
CAPITAL ASSETS *(Note 7)*		**2,884,166**		3,046,936
	$	**4,362,194**	$	4,727,728
LIABILITIES AND NET ASSETS				
CURRENT				
Residential charges received in advance	**$**	**-**	$	17,475
Accounts payable and accrued expenses		**358,991**		247,980
Accrued salaries payable		**114,598**		54,995
Accrued vacation pay		**287,110**		306,920
Current portion due to related party *(Note 8)*		**-**		50,000
Current portion of long-term debt *(Note 9)*		**159,202**		157,042
		919,901		834,412
DUE TO WINNIPEG REGIONAL HEALTH AUTHORITY		**-**		266,113
ACCRUED PRE-RETIREMENT ENTITLEMENT		**281,102**		329,800
LONG-TERM DEBT *(Note 9)*		**1,456,765**		1,615,967
DEFERRED CONTRIBUTIONS *(Note 10)*				
Related to expenses of future periods		**135,711**		173,624
Related to capital assets		**1,693,579**		1,643,722
NET ASSETS *(Statement 2)*		**(124,864)**		(135,910)
	$	**4,362,194**	$	4,727,728

APPROVED ON BEHALF OF THE BOARD:

____________________ *Director*

____________________ *Director*

MEADOWOOD MANOR PERSONAL CARE HOME

STATEMENT 2

Statement of Operations and Net Assets

Year Ended March 31, 2009

	2009	2008
REVENUE		
Winnipeg Regional Health Authority	**$ 3,724,792**	$ 3,377,424
Residential charges	**1,424,261**	1,392,492
Amortization of deferred contributions	**238,685**	233,220
Recoveries - dietary	**88,263**	86,061
Interest income	**19,877**	27,636
Donations	**2,969**	835
Other income	**61,110**	79,398
Mortgage contribution earned *(Note 9)*	**3,672**	3,672
Total revenue	**5,563,629**	5,200,738
EXPENDITURES		
Amortization of capital assets	**265,970**	255,967
Bad debt expense	**-**	16,907
Employee benefits	**542,261**	549,584
Food	**165,108**	153,857
Health and education levy	**69,655**	72,336
Insurance	**11,060**	10,268
Interest on long-term debt *(Note 9)*	**109,852**	128,363
Maintenance	**81,385**	63,075
Medical remuneration	**2,960**	2,952
Municipal taxes	**50,149**	49,555
Nursing	**80,660**	79,874
Operational expenses	**179,898**	195,465
Pre-retirement benefits	**68,326**	4,976
Professional fees	**76,943**	46,312
Purchased services	**484,612**	452,815
Resident travel	**12,721**	7,294
Salaries	**3,191,997**	2,950,282
Utilities	**159,026**	162,505
Total expenditures	**5,552,583**	5,202,387
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	**11,046**	(1,649)
NET ASSETS, BEGINNING OF YEAR	**(135,910)**	(134,261)
NET ASSETS, END OF YEAR	**$ (124,864)**	$ (135,910)

MEADOWOOD MANOR PERSONAL CARE HOME

STATEMENT 3

Statement of Cash Flow

Year Ended March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	$ 11,046	$ (1,649)
Adjustments for:		
Amortization of deferred contributions	(238,685)	(233,220)
Amortization of capital assets	265,970	255,967
	38,331	21,098
Adjustments for changes in non-cash working capital balances:		
Accounts receivable	(563)	3,074
Due (from) to Winnipeg Regional Health Authority	7,367	(7,367)
Inventories	(2,114)	669
Prepaid expenses	(843)	(3,564)
Accrued interest receivable	4,422	7,241
Residential charges received in advance	(17,475)	(24,844)
Accounts payable and accrued expenses	111,011	(35,050)
Accrued salaries payable	59,603	40,310
Accrued vacation pay	(19,810)	16,167
Cash flow from operating activities	179,929	17,734
FINANCING ACTIVITIES		
Change in deferred contributions related to expenses of future periods	(37,913)	(17,014)
Increase in deferred contributions related to capital assets	288,542	226,439
Due to Winnipeg Regional Health Authority	(266,113)	266,113
Increase in accrued pre-retirement entitlement	(48,698)	15,312
Repayment of loan due to related party	(50,000)	(40,000)
Long-term debt repayments	(157,042)	(155,083)
Cash flow from financing activities	(271,224)	295,767
INVESTING ACTIVITIES		
Purchase of capital assets	(103,200)	(60,247)
Due from Winnipeg Regional Health Authority	131,019	(240,902)
Purchase of investments	(17,356)	(33,465)
Cash flow from investing activities	10,463	(334,614)
INCREASE (DECREASE) IN CASH FLOW	(80,832)	(21,113)
CASH - BEGINNING OF YEAR	227,145	248,258
CASH - END OF YEAR	$ 146,313	$ 227,145

1. ENTITY DEFINITION

Meadowood Manor (the "Home") is a personal care home operated by the Manitoba Baptist Home Society Inc. (the "Corporation"). The Corporation provides care and shelter to the elderly and infirm. The Corporation is a Registered Charity under the Income Tax Act and is exempt from income taxes provided certain requirements of the Act are met.

These financial statements present the financial position and results of operations of the Personal Care Home Fund of the Manitoba Baptist Home Society Inc. As such, these financial statements do not include all of the assets, liabilities, equity, revenues, and expenses of the Manitoba Baptist Home Society Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Home follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations hereto, the Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority ("WRHA"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period. The financial statements reflect agreed arrangements approved by the WRHA with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of its review of the Home's accounts. Any adjustments will be reflected in the year the final statement of approved costs is received from the WRHA.

a) Deficits

The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement.

b) Surpluses

The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

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.

Revenue from the residential services and marketed services is recognized when the goods are sold or the service is provided.

Inventories

Inventories are carried at the lower of cost and net realizable value cost being determined on a first-in, first-out basis.

Employee future benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Contributed services

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

Investments

Investments are recorded at cost. If the market value becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Capital assets

Purchased assets with a useful life beyond one year and a cost greater than $2,000 are recorded as capital assets at cost. Contributed capital assets are recorded at fair value at the date of contribution when the fair market value exceeds $2,000. Repairs and maintenance costs are recorded as an expense when incurred. Betterments, which extend the estimated useful life of an asset, are capitalized. When a capital asset no longer contributes to ongoing operations, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Land improvements and site services	10 years
Building	40 years
Building improvements and renovations	10 years
Building service equipment	20 years
Computer hardware and software	3 years
Furniture and equipment	10 years

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Home's financial instruments consist of cash, investments, accounts receivable, due from WRHA, accounts payable and accrued expenses, residential charges received in advance, amounts due to a related party, due to WRHA, accrued pre-retirement entitlement, and long-term debt. Unless otherwise noted, it is management's opinion that the Home is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. CHANGE IN ACCOUNTING POLICY

a) Change in accounting policy – Financial Instruments

The Home adopted the new Canadian Institute of Chartered Accountants ("CICA") accounting standard, Handbook Section 3855 – *Financial Instruments – Recognition and Measurement,* on April 1, 2007. This standard provides guidance on recognizing financial instruments and non-financial derivatives on the statement of financial position. The standard also specifies how financial instrument gains and losses are presented. Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of:

i) held for trading,
ii) loans and receivables,
iii) held-to-maturity,
iv) available-for-sale, or
v) other liabilities.

Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in excess of revenues over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in unrestricted net assets.

Upon adoption of this new standard, the Home designated cash as held-for-trading; investments as held-to-maturity, accounts receivable, due from WRHA as loans and receivables, residential charges received in advance, accounts payable and accrued liabilities, due to WRHA, accrued salaries payable, accrued vacation pay, due to related party and long-term debt as other liabilities. The Home has no available-for-sale instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

3. CHANGE IN ACCOUNTING POLICY (continued)

The implementation of the standard on April 1, 2007 had no material impact on net assets.

b) Future accounting policy changes:

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 – *Capital Disclosures,* Handbook Section 3862 – *Financial Instruments – Disclosures,* and Handbook Section 3863 – *Financial Instruments – Presentation.* These new standards became effective for the Home on April 1, 2008.

Section 1535 specifies the disclosure of:

i) an entity's objectives, policies and procedures and process for managing capital,
ii) quantitative data about what the entity regards as capital,
iii) whether the entity has complied with any capital requirements, and
iv) if it has not complied, the consequences of such non-compliance.

Section 3862 and 3863 replace Handbook Section 3861 – *Financial Instruments – Disclosure and Presentation,* revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Home is currently assessing the impact that these new standards will have on its financial statements for the year ended March 31, 2010.

In September 2008, the AcSB approved amendments to several of the standards in the Section 4400 series of the Handbook.

The AcSB decided not to proceed with proposed amendments to Section 4450, *Reporting Controlled and Related Entities by Not-for-Profit Organizations,* pending the outcomes of its deliberations on the future basis for setting standards for the not-for-profit sector.

4. ACCOUNTS RECEIVABLE

	2009	2008
Receivable from residents	$ 27,356	$ 26,992
Allowance for doubtful accounts	(15,637)	(15,637)
	11,719	11,355
Goods and Services Tax rebate	10,129	9,013
Other accounts receivable	-	917
	$ 21,848	$ 21,285

5. INVESTMENTS

	2009	2008
Government bonds and term deposits	$ 666,564	$ 649,208

Market value $666,564 (2008 - $647,707).

6. DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY

	2009	2008
Current-		
Due from River Park Garden Personal Care Home	$ -	$ 7,367
Long-term-		
Net year-end funding receivable (2004/2005; 2005/2006; 2006/2007; 2007/2008; 2008/2009)	103,408	185,729
Current and future employee benefits recoverable-		
Vacation entitlement receivable at March 31, 2004	228,609	228,609
Pre-retirement entitlement receivable	279,080	327,778
	$ 611,097	$ 742,116

a) Pre-retirement benefits

The Manor has undertaken an actuarial valuation as of December 31, 2008 of the accrued pre-retirement benefits. The significant actuarial assumptions adopted in measuring the accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 6.70% (2008 - 5.5%) and a rate of salary increase of 2.5% (2008 - 3.5%) plus age related merit / promotion scale and a factor ranging from 0 - 1.31% (2008 - 0 - 1.31%) for disability. Actual payments made during the year for the Manor's pre-retirement entitlements were $68,326 (2008 - $4,976).

6. DUE FROM WINNIPEG REGIONAL HEALTH AUTHORITY (continued)

a) Pre-retirement benefits (continued)

The amount of funding which will be provided by the WRHA for future entitlement benefits was initially determined based on the future pre-retirement benefits payable at March 31, 2004, and was recorded as amounts recoverable from the WRHA. The recoverable has been adjusted, based on direction from the WRHA, to include the incremental increases in the related liability for fiscal 2007, 2008 and 2009, which include an interest component. The future employee benefits recoverable from the WRHA of $279,080 at March 31, 2009 has no specified terms of repayment.

The fair value of the future employee benefits recoverable from the WRHA approximates its carrying value as the interest component described above is comparable to current market rates.

b) Vacation pay

Each year, the WRHA funds a portion of the vacation pay liability of the Manor, which is limited to the amount established at March 31, 2004, of $228,609. This amount is included in employee benefits recoverable from WRHA on the statement of financial position.

7. CAPITAL ASSETS

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 150,000**	**$ -**	$ 150,000	$ -
Land improvements & site services	**15,155**	**15,155**	15,155	15,155
Building	**5,080,825**	**2,622,296**	5,080,825	2,396,925
Building service equipment	**21,450**	**3,219**	21,450	2,146
Computer hardware & software	**10,714**	**7,459**	7,459	7,459
Furniture & equipment	**885,180**	**631,029**	785,235	591,503
	$ 6,163,324	**$ 3,279,158**	$ 6,060,124	$ 3,013,188
Net book value	**$ 2,884,166**		$ 3,046,936	

8. DUE TO RELATED PARTY

	2009	2008
Meadowood Manor Foundation Inc., fully repaid	**$ -**	$ 25,000
Meadowood Manor Foundation Inc., fully repaid	-	25,000
	-	50,000
Current portion due	-	50,000
	$ -	$ -

9. LONG-TERM DEBT

	2009	2008
Canada Mortgage and Housing Corporation ("CMHC"), bearing interest at 10%, repayable in monthly instalments of $11,719 (P&I), secured by a first mortgage on the building, maturing in February 2028.	**$ 1,278,144**	$ 1,302,886
Toronto-Dominion Bank - $981,313 term loan, bearing interest at prime, with monthly principal payments of $8,180 amortized over ten years, secured by a Letter of Comfort from Manitoba Health for the full amount, maturing in March, 2012.	**228,753**	326,913
Toronto-Dominion Bank - $331,000 term loan, bearing interest at prime minus 0.50%, with monthly principal payments of $2,845 amortized over ten years, secured by a Letter of Comfort from Manitoba Health, maturing in March, 2012.	**109,070**	143,210
	1,615,967	1,773,009
Current portion of long-term debt	**159,202**	157,042
	$ 1,456,765	$ 1,615,967

Principal repayments required over the next four years are as follows:

2009 - 2010	**$ 159,202**
2010 - 2011	**161,583**
2011 - 2012	**98,481**
2012 - 2013	**41,452**
Thereafter	**1,155,249**
	$ 1,615,967

Under the terms of the operating agreement with CMHC, a reduction in mortgage principal is received by a contribution from CMHC. The original contribution of $183,600 is being amortized at the rate of $3,672 annually. At March 31, 2009, the unamortized contribution is $69,462 which reduces the repayable mortgage principal to $1,208,681.

The interest on long-term debt expense of $108,427 is the net expense after receiving an annual interest subsidy of $26,267 from CMHC as provided in the mortgage agreement. The subsidy reduces the effective interest rate from 10% to 8% over the term of the agreement.

10. DEFERRED CONTRIBUTIONS

Deferred contributions related to expenses of future periods

	2009	2008
Balance, beginning of year	**$ 173,624**	$ 195,565
Add contributions received during the year – WRHA	**26,704**	26,704
Less amounts amortized to revenue for major repairs	**-**	(4,927)
Less expenditures for equipment replacement	**(64,617)**	(43,718)
Balance, end of year	**$ 135,711**	$ 173,624

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized amount of funding received that is designated for the purchase of capital assets. The funding is amortized at the same rate as the related capital assets and amortization deferred contributions related to capital assets is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	**$ 1,643,722**	$ 1,645,576
Add additional contributions received:		
Assets purchased from deferred contributions related to expenses of future periods	**135,182**	43,718
Donation	**-**	1,380
Transfer from Donation Fund	**-**	20,000
WRHA equipment grants	**-**	9,930
WRHA long-term debt principal funding	**153,360**	151,411
Less amounts amortized to revenue	**(238,685)**	(228,293)
Balance, end of year	**$ 1,693,579**	$ 1,643,722

11. PENSION PLAN

Substantially all of the employees of the Home are members of The Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years that provide the highest earnings, prior to retirement, termination or death.

Pension assets consist of investment-grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates in consultation with its actuaries. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to \$178,809 (2008 - \$167,397). This amount was determined by contributing 6.8% of eligible salaries up to \$43,700 and 8.4% of the portion of salaries in excess of \$43,700 and matches contributions by employees. The funding objective is for employer contributions to the Plan to remain equal to employee 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, 2008, indicates the Plan is fully funded.

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

STEFANSON LEE ROMANIUK
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of
Middlechurch Home of Winnipeg Inc.

We have audited the non-consolidated statement of financial position of Middlechurch Home of Winnipeg Inc. as at March 31, 2009 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Middlechurch Home'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 non-consolidated financial statements present fairly, in all material respects, the financial position of Middlechurch Home of Winnipeg Inc. as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 8, 2009

Stefanson Lee Romaniuk
Chartered Accountants

*Services provided by:
Kenneth John Lee Chartered Accountant Inc.
Brent R. Stefanson Chartered Accountant Inc.
Phillip A. Romaniuk Chartered Accountant Inc.

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MIDDLECHURCH HOME OF WINNIPEG INC.

Non-Consolidated Statement of Financial Position
March 31, 2009

		2009	2008
Assets			
Cash	$	475,806	599,908
Accounts receivable		26,888	18,150
Receivable from Winnipeg Regional Health Authority (note 3)		528,381	319,662
Employee benefits recoverable (Note 16iii)		487,714	487,714
Prepaid expenses		52,033	35,474
Inventory		41,738	40,629
Current portion of long-term receivables (note 5)		59,220	72,851
Due from Residents' Trust Fund (note 10)		-	931
		1,671,780	1,575,319
Restricted cash and deposits (note 4)		252,791	321,061
Long-term receivables (note 5)		137,761	200,663
Future employee pre-retirement benefits recoverable (note 16i)		712,797	707,611
Property and equipment (note 6)		6,932,257	7,336,984
	$	9,707,386	10,141,638
Liabilities, Deferred Contributions and Net Assets			
Current liabilities			
Accounts payable and accrued liabilities (note 8)	$	678,531	601,247
Advances payable (note 9)		211,220	423,250
Vacation payable (note 16iii)		743,388	657,871
Deferred residential charges		615	238
Due to Residents' Trust Fund (note 10)		2,262	-
Current portion of long-term debt (note 11)		82,948	95,244
		1,718,964	1,777,850
Long-term debt (note 11)		413,401	500,247
Future employees pre-retirement benefits payable (note 16i)		735,948	730,762
Deferred contributions (note 12)			
Expenses for future periods		19,473	23,450
Property and equipment		5,437,782	5,837,138
		5,457,255	5,860,588
Net assets			
Invested in property and equipment (note 13)		1,226,967	1,226,614
Internally restricted			
Donation		208,113	247,432
Auxiliary		9,731	17,179
Unrestricted		(62,993)	(219,034)
		1,381,818	1,272,191
	$	9,707,386	10,141,638

APPROVED BY THE BOARD:

____________________ **DIRECTOR**

____________________ **DIRECTOR**

MIDDLECHURCH HOME OF WINNIPEG INC.

Non-Consolidated Statement of Operations
for the year ended March 31, 2009

	Invested in Property and Equipment	Internally Restricted - Donation and Auxiliary	Unrestricted	2009 Total	2008 Total
Revenue					
Residential charges	$ -	-	3,200,000	3,200,000	3,064,791
Adult Day Program recoveries	-	-	32,566	32,566	30,681
	-	-	3,232,566	3,232,566	3,095,472
Winnipeg Regional Health Authority					
Provincial plan	22,609	-	8,463,963	8,486,572	7,790,301
Year end commitments	-	-	5,633	5,633	14,709
Community service program	-	-	46,585	46,585	45,682
Adult Day Program	-	-	198,000	198,000	192,138
	22,609	-	8,714,181	8,736,790	8,042,830
Recoveries and other revenue (note 14)	-	-	294,288	294,288	306,797
Amortization of deferred contributions related to property and equipment (note 12)	500,914	-	-	500,914	488,971
Investment income	-	4,767	22,061	26,828	39,561
Donation revenue	-	103,248	-	103,248	164,776
Auxiliary					
Donations and other revenue	-	6,003	-	6,003	5,115
Investments income	-	410	-	410	649
	-	6,413	-	6,413	5,764
Total revenue	523,523	114,428	12,263,096	12,901,047	12,144,171
Total expenses (Schedule 1)	624,560	65,465	12,101,395	12,791,420	12,042,090
Excess (Deficiency) of revenue over expenses, before the undernoted	(101,037)	48,963	161,701	109,627	102,081
Winnipeg Regional Health Authority future employee benefits recoverable (note 16i)	-	-	5,186	5,186	8,072
Future employee pre-retirement benefits (note 16i)	-	-	(5,186)	(5,186)	(8,072)
Excess (deficiency) of revenue over expenses	$ (101,037)	48,963	161,701	109,627	102,081

MIDDLECHURCH HOME OF WINNIPEG INC.

Non-Consolidated Statement of Changes in Net Assets
for the year ended March 31, 2009

		Invested in Property and Equipment	Internally Restricted		Unrestricted	2009 Total	2008 Total
			Donation	Auxiliary			
Balance, beginning of year	$	1,226,614	247,432	17,179	(219,034)	1,272,191	1,170,110
Excess (deficiency) of revenue over expenses		(101,037)	51,411	(2,448)	161,701	109,627	102,081
Transfer of funds for reserve		-	4,800	-	(4,800)	-	-
Repayments and purchase of capital assets		101,390	(95,530)	(5,000)	(860)	-	-
Balance, end of year	$	1,226,967	208,113	9,731	(62,993)	1,381,818	1,272,191

MIDDLECHURCH HOME OF WINNIPEG INC.

Non-Consolidated Statement of Cash Flows
for the year ended March 31, 2009

		2009	2008
Cash from operating activities			
Excess of revenue over expenses	$	109,627	102,081
Adjustments for non-cash items			
Amortization of capital assets		624,560	624,729
Amortization of deferred contributions		(500,914)	(488,971)
		233,273	237,839
Increase in deferred contributions relating to expenses for future periods, net		(3,977)	(4,376)
Change in the following			
Accounts receivable		(8,738)	3,704
Receivable from Winnipeg Regional Health Authority		(208,719)	(318,033)
Prepaid expenses		(16,559)	295
Inventory		(1,109)	(4,282)
Restricted cash and deposits		68,270	27,119
Future employee pre-retirement benefits recoverable		(5,196)	(8,072)
Accounts payable and accrued liabilities		77,284	118,160
Advances payable		(212,030)	341,443
Vacation payable		85,517	30,028
Deferred residential charges		377	(5,261)
Due to residents' trust fund		2,262	(852)
Due from residents' trust fund		931	-
Future employee pre-retirement benefits payable		5,196	8,072
		16,782	425,784
Financing and investing activities			
Repayments on long-term debt		(99,142)	(146,963)
Change in long-term receivables		76,533	111,262
Contributions received related to property and equipment		101,558	158,513
Purchase of property and equipment		(219,833)	(246,583)
		(140,884)	(123,771)
Increase in cash		(124,102)	302,013
Cash position, beginning of year		599,908	297,895
Cash position, end of year	$	475,806	599,908

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

1. Nature of Operations:

Middlechurch Home of Winnipeg Inc. (Middlechurch Home) was incorporated, without share capital, under the laws of Manitoba on April 29, 1884. Middlechurch Home provides residential care services and as a registered charity, under the Income Tax Act, is exempt from income taxes.

2. Significant accounting policies:

a) Basis of presentation:

Middlechurch on the Red Inc.

Middlechurch Home has controlling interest in Middlechurch on the Red Inc., (MORI) by virtue of its ability to appoint three of the five members of it's Board of Directors and Middlechurch Home is the sponsor of MORI in operating a life-lease apartment complex.

MORI has not been consolidated in Middlechurch Home's financial statements. Financial statements of MORI are available upon request. A financial summary at March 31, 2009 and 2008 and for the years then ended are as follows:

		2009	2008
Financial position			
Total assets	$	4,371,867	4,469,695
Total liabilities	$	4,132,926	4,254,225
Total net assets		238,941	215,470
	$	4,371,867	4,469,695
Results of operations:			
Total revenue	$	330,510	334,220
Total expenses		297,928	291,856
Excess of revenue over expense	$	32,582	42,364

b) Revenue recognition:

Middlechurch Home follows the deferral method of accounting for contributions, which include donations and government grants.

Middlechurch Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority (WRHA). Operating grants are recorded as revenue in the period to which they relate. These financial statements reflect agreed arrangements approved with respect to the year ended March 31, 2009. Middlechurch Home's Service Purchase Agreement with the WRHA continues in effect until March 31, 2012.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital asset.

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.

Revenue from residential and other services is recognized when the services are provided or the goods are sold.

c) Inventory

Inventory, which consists mainly of medical supplies, is valued at the lower of cost, on a first-in first-out basis, and replacement cost.

d) Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When property and equipment no longer contributes to Middlechurch Home's ability to provide services, its carrying amount is written-down to its residual value.

Property and equipment are amortized on a straight-line basis using the following annual rates:

Land improvements	20 years
Buildings	30, 40 and 50 years
Computer equipment and furniture and equipment	5 - 10 years

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

e) Operating surplus or deficit

In accordance with the terms and conditions of the Service Purchase Agreement, annual operating deficits are the responsibility of Middlechurch Home. Middlechurch Home may retain the greater of 50 percent of the operating surplus and 1 percent of the global budget as provided by the WRHA, in any fiscal year. Those surpluses that are retained by Middlechurch Home are subject to review by the WRHA. The remaining operating surplus of Middlechurch Home in any fiscal year is repayable to the WRHA. For fiscal 2009 and 2008 Middlechurch Home has received permission from the WRHA to retain all of its operating surplus.

f) Contributed services

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 financial statements.

g) Future employee pre-retirement benefits

The cost of Middlechurch Home's future employee pre-retirement benefits are accrued as earned based on an actuarial estimation. The estimation of the future employee pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method.

The significant actuarial assumptions adopted in measuring Middlechurch Home's future employee pre-retirement benefits payable include mortality and withdrawal rates, a discount rate of 6.7% (2008 5.5%), a rate of salary increase of 3.5% (2008 - 3.5%), plus an age-related merit/promotion scale with no provision for disability.

h) Internally restricted net assets:

Internally restricted net assets represents transactions and contributions related to donations and auxiliary activities. All expenditures require approval of the Board of Directors.

i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

3. Receivable from Winnipeg Regional Health Authority:

	2009	2008
Receivable relating to		
Employee retirement benefits	$ 172,317	104,609
Wages standardization	-	341,443
Salaries and other	609,171	106,427
	781,488	552,479
Payable relating to		
Resident charges	253,107	246,601
	528,381	305,878
Current future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority (note 16i)	-	13,784
	$ 528,381	319,662

4. Restricted cash and deposits:

	2009	2008
Restricted for capital asset replacement	$ 31,857	51,330
Restricted for expenses for future periods	3,090	9,059
Internally restricted		
Donation	208,113	243,443
Auxiliary	9,731	17,229
	$ 252,791	321,061

5. Long-term receivables:

	2009	2008
Long-term receivables from WRHA		
Fire sprinkler system	$ 117,004	137,144
Sewage plant	-	16,560
Roof resurfacing	79,977	119,810
	196,981	273,514
Portion included in current assets		
Fire sprinkler system	19,500	16,571
Sewage plant	-	16,560
Roof resurfacing	39,720	39,720
	59,220	72,851
	$ 137,761	200,663

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

6. Property and equipment:

	2009			2008
	Cost	Accumulated Amortization	Net	Net
Land	$ 1	-	1	1
Land improvements				
Courtyard Project	593,617	464,867	128,750	128,546
Hostel Project	819,984	696,986	122,998	163,997
Buildings				
West	1,010,875	796,434	214,441	218,538
Activity Centre	495,102	338,780	156,322	156,502
Hostel	11,873,596	6,411,847	5,461,749	5,748,181
Sewage Project	663,575	264,868	398,707	420,857
Garage	50,612	20,244	30,368	32,898
Computer equipment and furniture				
Manitoba Health Fund	881,810	479,700	402,110	439,621
Assets fully amortized	2,463,749	2,463,749	-	-
Other	75,520	58,709	16,811	27,843
	$ 18,928,441	11,996,184	6,932,257	7,336,984

7. Operating line of credit:

Middlechurch Home has a demand operating line of credit with a maximum limit of $350,000 and bears interest at bank prime rate. The security on the operating line of credit is the same as the security disclosed in note 11 on the term loans with the Royal Bank of Canada. The operating line of credit was not utilized at March 31, 2009 and 2008.

8. Accounts payable and accrued liabilities:

	2009	2008
Accounts payable and accrued liabilities	$ 260,342	333,138
Wages payable	418,189	268,109
	$ 678,531	601,247

9. Advances payable:

Middlechurch Home has received funding advances from the Winnipeg Regional Health Authority in the amount of $81,808 relating to the 2003/04 fiscal year and $129,412 relating to the 2008/09 fiscal year. These advances are unsecured, non-interest bearing and have no fixed terms of repayment.

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

10. Due (to) from Residents' Trust Fund:

Funds are held in trust for Home residents and the Residents' Comfort Fund. These funds are not included in these financial statements.

	2009	2008
Cash	$ 47,000	40,324
Deposits	(4,079)	(1,797)
Residents' Trust funds	(45,183)	(37,596)
Due (to) from Resident's Trust Fund	$ (2,262)	931

11. Long-term debt:

	2009	2008
Canada Mortgage and Housing Corporation, mortgage payable with monthly payments of $3,360 including interest at 5.75%, maturing in 2018	$ 299,368	321,977
Royal Bank of Canada term loan, with monthly principal payments of $4,215 plus interest at prime, maturing July 2008, supported by a letter of comfort from WRHA	-	16,560
Royal Bank of Canada term loan, with monthly payments of $1,625 including interest at prime less 0.50%, maturing December 2013, supported by a letter of comfort from WRHA	117,004	137,144
Royal Bank of Canada term loan, with monthly payments of $3,310 plus interest at prime less 0.50%, maturing March 2011, supported by a letter of comfort from WHRA	79,977	119,810
	496,349	595,491
Current portion	82,948	99,859
	$ 413,401	495,632

Principal payments due in each of the next five years and thereafter are approximately as follows:

2010	$ 82,948
2011	45,165
2012	46,112
2013	47,683
2014	49,351
2015 and thereafter	225,090

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

12. Deferred contributions:

a) Expenses for future periods:

Deferred contributions related to expenses for future periods represent unspent externally restricted grants for authorized repairs and maintenance.

		2009	2008
Balance, beginning of year	$	23,450	27,826
Additional contributions received		11,695	11,695
Less amount transferred to deferred contributions - property and equipment		(15,672)	(16,071)
	$	19,473	23,450

b) Property and equipment

Deferred capital contributions related to property and equipment represent the unspent and unamortized amount of donations and grants received for the purchase of property and equipment. The amortization of capital contributions is recorded as revenue in the statement of operations.

		2009	2008
Balance, beginning of year	$	5,837,138	6,167,596
Additional contributions received		85,886	142,442
Add: amount transferred from deferred contributions - expenses for future periods		15,672	16,071
Less amounts amortized to revenue		(500,914)	(488,971)
	$	5,437,782	5,837,138

The balance of unamortized capital contributions related to property and equipment consists of the following:

Unamortized capital contributions used to purchase property and equipment	$	5,405,922	5,788,393
Unspent contributions		31,860	48,745
	$	5,437,782	5,837,138

13. Investment in property and equipment:

Investment in property and equipment is calculated as follows:

		2009	2008
Property and equipment	$	6,932,257	7,336,984
Amounts financed by			
Deferred contributions		(5,405,922)	(5,788,393)
Mortgage payable		(299,368)	(321,977)
	$	1,226,967	1,226,614

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

14. Recoveries and other revenue:

		2009	2008
Cafeteria	$	61,218	64,737
Hair Salon		70,806	69,046
Parking		48,096	47,992
Administrative		27,383	30,988
Community services		34,835	45,838
Shop and tavern		22,121	20,882
Miscellaneous		27,093	24,735
Vending		2,736	2,579
	$	294,288	306,797

15. Related party transactions:

During the year, Middlechurch Home had the following transactions with Middlechurch on the Red, Inc., an organization controlled by Middlechurch Home:

		2009	2008
Revenues			
Administration fees	$	6,000	6,000
Water charges		4,800	4,800
Insurance fees		4,245	5,999
Maintenance		8,288	7,023

Middlechurch Home exercises significant influence over The Middlechurch Home of Winnipeg Foundation Inc. (the Foundation) by virtue of its ability to appoint some of the Foundation's Board of Directors. The Foundation was established to raise funds for the use of Middlechurch Home. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. Net resources of the Foundation amount to $21,304 (2008 - $20,949) and are available, at the discretion of the Foundation's Board of Directors, to Middlechurch Home.

MIDDLECHURCH HOME OF WINNIPEG INC.

Notes to Non-Consolidated Financial Statements
March 31, 2009

16. Future employee benefits and employee benefits:

i) Middlechurch Home maintains an employee pre-retirement benefit plan for substantially all of its employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

At March 31, 2009, based on an actuarial estimate, the pre-retirement benefit plan's obligations are estimated to be approximately $735,948 (2008 - $730,762) for which Middlechurch Home has provided an accrued future employee pre-retirement benefits liability on the statement of financial position.

The amount of funding which will be provided by the WRHA for pre-retirement benefits was initially based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from WRHA to include the incremental increases in the related liability which include an interest component. The increase recorded in fiscal 2009 was $5,186 (2008 - $8,072) and is recorded in the statement of operations.

In 2007, the WRHA approved partial funding of the incremental increases in the future employee pre-retirement benefits liability for 2005 and 2006 of $13,784. This amount was received in June 2008. The future employee pre-retirement benefits recoverable from WRHA at March 31, 2009 aggregates $712,797 (2008 - $707,611) and has no specified payment terms.

Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70% of actual pre-retirement benefits paid. Actual funding provided by the WRHA for 2009 was 65.1% (2008 - 64.25%) of actual pre-retirement benefits paid. The funding shortfall for 2009 of $36,298 (2008 - $17,546) was paid from operating funds.

Additional information about Middlechurch Home's employee pre-retirement benefit plan is as follows:

		2009	2008
Net benefit cost expensed in statement of operations:			
Pre-retirement benefits paid included in salaries	$	41,481	17,546
Change in pre-retirement benefits payable included in future employee pre-retirement benefits		5,186	8,072
WRHA additional funding for pre-retirement benefits paid		67,708	31,534
WRHA funding for change in pre-retirement benefits payable		5,186	8,072
Future employee pre-retirement benefits payable		735,948	730,762

ii) All eligible employees of Middlechurch Home are members of the Healthcare employees Pension Plan - Manitoba, a multi-employer defined pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, Middlechurch Home is accounting for the plan as a defined contribution plan. During the year, Middlechurch Home contributed $499,767 (2008 - $444,197) on behalf of its employees. The most recent actuarial valuation of the plan as at December 31, 2007 indicated that the plan was fully funded. A change in the underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions.

16. Future employee benefits and employee benefits, continued:

iii) The cost of Middlechurch Home's vacation benefits is accrued when the benefits are earned by employees and is reported as vacation payable on the statement of financial position. The vacation liability at March 31, 2009 is $743,388 (2008 - $657,871). The WRHA has agreed to fund the vacation payable that existed at March 31, 2004 of $487,714. This amount is reported as employee benefits recoverable on the statement of financial position.

17. Fair value of financial assets and financial liabilities:

The carrying value of the long-term receivable from Winnipeg Regional Health authority approximates its fair value as the terms and conditions of the receivable are comparable to current market terms and conditions for similar items.

The fair value of long-term debt approximates its carrying value. Fair value of the long-term debt has been determined using future payments of principal and interest of the actual outstanding long-term debt discounted at current interest rates available to Middlechurch Home.

The fair value of the future employee pre-retirement benefits recoverable from Winnipeg Regional Health authority and future employee pre-retirement benefits payable approximate their carrying value as the interest component is comparable to current market rates.

The fair value of the Middlechurch Home's other financial assets and financial liabilities approximates carrying value due to their short term to maturity.

18. Comparative figures:

The financial statements as at March 31, 2008 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated May 9, 2008. Certain comparative figures have been reclassified to conform with presentation adopted in the current year.

MIDDLECHURCH HOME OF WINNIPEG INC.

Schedule 1 - Schedule of Expenses
for the year ended March 31, 2009

		Invested in Property and Equipment	Internally Restricted - Donation and Auxiliary	Unrestricted	2009 Total	2008 Total
Expenses						
Operating						
Salaries	$	-	39,533	8,553,524	8,593,057	7,959,085
Employee benefits		-	-	1,488,173	1,488,173	1,411,418
Manitoba Payroll tax		-	-	178,251	178,251	161,611
Medical supplies		-	-	26,395	26,395	24,911
Incontinent supplies		-	-	102,972	102,972	99,349
Purchased services		-	-	119,491	119,491	107,229
Other supplies and expenses		-	-	1,040,300	1,040,300	977,104
Shop and tavern		-	-	16,803	16,803	13,442
Professional fees		-	-	25,267	25,267	25,665
Plant maintenance		-	-	233,683	233,683	251,148
Cafeteria		-	-	48,972	48,972	51,789
Miscellaneous						
Donation		-	17,064	-	17,064	69,535
Auxiliary		-	8,868	-	8,868	2,433
Amortization of property and equipment		624,560	-	-	624,560	624,729
Interest on long-term debt		-	-	29,480	29,480	39,822
		624,560	65,465	11,863,311	12,553,336	11,819,270
Adult Day Program						
Salaries		-	-	102,100	102,100	98,973
Employee benefits		-	-	18,455	18,455	18,634
Manitoba Payroll Tax		-	-	2,198	2,198	2,225
Food		-	-	26,482	26,482	28,964
Transportation		-	-	70,082	70,082	70,058
Other supplies		-	-	18,767	18,767	3,966
		-	-	238,084	238,084	222,820
Total expenses	$	624,560	65,465	12,101,395	12,791,420	12,042,090

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Members of
MOUNT CARMEL CLINIC:

We have audited the statement of financial position of **MOUNT CARMEL CLINIC** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Clinic'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 financial statements present fairly, in all material respects, the financial position of the Clinic as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 7, 2009

MOUNT CARMEL CLINIC
Statement of Financial Position

March 31	2009	2008
Assets		
Current Assets		
Cash	$ **1,096,784**	$ 1,114,090
Short-term investments	**1,117,353**	115,266
Accounts receivable (Note 3)	**125,255**	307,421
Due from WRHA (Note 4)	**476,474**	314,989
Inventories	**94,271**	127,891
Prepaid expenses	**19,997**	15,480
Vacation entitlements receivable (Note 5)	**381,653**	381,653
	3,311,787	2,376,790
Retirement obligation receivable (Note 14)	**473,813**	426,813
Capital assets (Note 6)	**3,026,181**	3,173,863
Due from Mount Carmel Clinic Foundation	**130,030**	277,782
	$ **6,941,811**	$ 6,255,248
Liabilities and Net Assets		
Current		
Accounts payable and accruals	$ **853,804**	$ 681,968
Due to WRHA (Note 7)	**55,647**	32,395
Accrued vacation entitlements (Note 5)	**474,733**	417,132
Deferred revenue (Note 8)	**834,646**	688,997
	2,218,830	1,820,492
Accrued retirement obligations (Note 14)	**591,794**	547,847
Deferred Contributions (Note 9)		
Expenses of future periods	**106,770**	40,770
Capital assets	**2,433,854**	2,441,969
	5,351,248	4,851,078
Commitments and contingencies (Note 13)		
Net assets (Page 5)	**1,590,563**	1,404,170
	$ **6,941,811**	$ 6,255,248

Approved on behalf of the Board of Directors

_______________________ Director

_______________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MOUNT CARMEL CLINIC
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Winnipeg Regional Health Authority (Note 12)	$ **6,571,065**	$ 6,450,373
Pharmacy sales	**1,445,142**	1,522,358
Province of Manitoba	**668,550**	599,926
Other	**626,621**	562,768
Health Canada	**300,345**	306,410
United Way of Winnipeg	**126,102**	123,600
Amortization of deferred contributions	**124,894**	125,788
Medical program	**80,721**	74,540
Dental revenue	**71,330**	73,427
Parent fees	**28,311**	27,669
Investment income	**23,787**	29,547
Donations	**10,441**	26,257
	10,077,309	9,922,663
Expenditures		
Salaries	**6,211,195**	5,936,834
Program supplies and other expenses	**889,417**	834,673
Drugs	**847,275**	884,755
Employee benefits	**792,459**	770,840
Office supplies and expenses	**237,693**	202,041
Maintenance and repairs	**219,505**	252,993
Charitable drug program	**205,437**	224,396
Amortization of capital assets	**180,609**	170,635
Utilities	**148,078**	154,857
Other occupancy costs	**75,889**	96,881
Travel, meetings and conferences	**72,256**	90,988
Bank charges and interest	**14,156**	15,171
	9,893,969	9,635,064
Excess of revenue over expenditures before other items	**183,340**	287,599
Other items		
Change in accrued retirement obligations		
WRHA funding accrued	**47,000**	28,698
Liability for the year	**(43,947)**	(28,698)
	3,053	-
Excess of revenue over expenditures for the year (Page 5)	$ **186,393**	$ 287,599

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MOUNT CARMEL CLINIC
Statement of Changes in Net Assets

For the year ended March 31

	Operating Fund	Day Care Fund	Donation Fund	Capital Fund	Investment In Capital Assets (Note 11)	2009 Total	2008 Total
Net assets, beginning of year	$ 570,889	$ (3,861)	$ 106,178	$ 139,508	$ 591,456	$ 1,404,170	$ 1,116,571
Excess (deficiency) of revenue over expenditures for the year (Page 4)	224,601	-	14,215	3,413	(55,836)	186,393	287,599
Interfund transfers	(236,914)	-	(7,983)	207,686	37,211	-	-
Net assets, end of year (Page 3)	$ 558,576	$ (3,861)	$ 112,410	$ 350,607	$ 572,831	$ 1,590,563	$ 1,404,170

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MOUNT CARMEL CLINIC
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Excess of revenue over expenditures for the year	$ **186,393**	$ 287,599
Amortization of capital assets	**180,609**	170,635
Amortization of deferred contributions	**(124,894)**	(125,788)
	242,108	332,446
Changes in non-cash working capital		
Accounts receivable	**182,166**	(91,234)
Due from WRHA	**(161,485)**	102,056
Inventories	**33,620**	(20,460)
Prepaid expenses	**(4,517)**	848
Accounts payable and accruals	**171,836**	(113,552)
Due to WRHA	**23,252**	15,923
Accrued vacation entitlements	**57,601**	20,190
Deferred revenue	**145,649**	121,516
	448,122	35,287
Retirement obligation assets	**(47,000)**	(28,698)
Accrued retirement obligations	**43,947**	27,208
	687,177	366,243
Cash Flows from Financing Activities		
Bank loan payments	**-**	(145,075)
Receipt of Deferred contributions related to capital assets	**116,779**	846,261
Receipt of Deferred contributions related to expenses of future periods	**66,000**	16,779
	182,779	717,965
Cash Flows from Investing Activities		
Purchase of capital assets (net)	**(32,927)**	(1,064,694)
Increase in investments	**(1,002,087)**	(4,281)
Due from Mount Carmel Clinic Foundation Inc.	**147,752**	(208,692)
	(887,262)	(1,277,667)
Net decrease in cash and cash equivalents	**(17,306)**	(193,459)
Cash and cash equivalents, beginning of year	**1,114,090**	1,307,549
Cash and cash equivalents, end of year	$ **1,096,784**	$ 1,114,090

Supplementary Information

	2009	2008
Interest paid	$ **14,156**	$ 15,171

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Fund Accounting

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations established by the Canadian Institute of Chartered Accountants (CICA) using the deferral method of accounting for contributions which include donations and government grants.

Revenue Recognition

The Clinic is funded primarily through the Winnipeg Regional Health Authority (WRHA) by the Province of Manitoba in accordance with budget arrangements established by WRHA. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed funding arrangements approved by WRHA with respect to the year ended March 31, 2009.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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.

Inventories

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

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

For the 2005 and 2006 fiscal years, out-of-globe funding for these costs was not provided by Manitoba Health/WRHA.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets funded completely by grants are recorded in the statement of financial position. Amortization is provided on a straight-line basis over the assets' estimated useful lives as indicated below:

Buildings	40 years
Furniture, fixtures and equipment	10 years
Computer equipment	5 years
Automobiles	7 years

Contributed Services

Volunteers contributed a significant number of hours to assist Mount Carmel Clinic carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments

The Clinic utilizes various financial instruments.

All transactions related to financial instruments are recorded on a settlement date basis.

The Clinic classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash	Held for trading	Fair value
Short-term investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Vacation entitlements receivable	Loans and receivables	Amortized cost
Retirement obligations receivable	Loans and receivables	Amortized cost
Accounts payable and accruals	Other financial liabilities	Amortized cost
Related Parties	Loans and receivables	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Clinic, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Clinic is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument disclosures and presentation. The Clinic elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

In December 2008, the Accounting Standards Board (AcSB) and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include Internal Financial Reporting Standards, private enterprise standards and public sector standards. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards.

The Clinic continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition

Mount Carmel Clinic is a multi-disciplinary community health centre committed to providing comprehensive health care to the community. Mount Carmel Clinic is incorporated under the Mount Carmel Clinic Act, enacted by the Manitoba Legislature, as a not-for-profit organization and is a registered charity under the Income Tax Act.

The Clinic considers its capital to be comprised of its Operating, Day Care, Donation and Capital Funds as well as its Net Assets Invested in Capital Assets. There have been no changes in what the Clinic considers to be its capital since the previous period.

As a not-for-profit entity, the Clinic's operations are reliant on revenues generated annually. The Clinic has accumulated unrestricted funds over its history, which are included in the Capital Fund balance in the Statement of Changes in Net Assets. A portion of the accumulated unrestricted funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding. The remaining unrestricted funds are available for the use of the Clinic at the Board's discretion.

Operating Fund

The Operating Fund records the day-to-day operations of the Clinic.

Day Care Fund

The Day Care Fund records the day-to-day operations of the Anne Ross Day Nursery.

Donation Fund

The Donation Fund records donor receipts and interest on investments and disburses the funds based on specific instructions or board approval.

Capital Fund

The Capital Fund is used to fund the Clinic's renovation projects and the purchase of equipment and furnishings.

Invested in Capital Assets

Invested in Capital Assets represents the Clinic's net assets that are not available for other purposes because they have been invested in capital assets. (See Note 11)

2. Change in Accounting Policy

Capital disclosures

On April 1, 2008 the Clinic adopted a requirement of the CICA to provide disclosure about how it manages its net assets (See Note 1).

3. Accounts Receivable

		2009		2008
Receivable from clinic services	$	95,460	$	239,395
Other receivables		29,795		68,026
	$	125,255	$	307,421

4. Due from WRHA

		2009		2008
2004/05 funding adjustment	$	-	$	38,083
2005/06 funding adjustment		58,037		58,037
2006/07 funding adjustment		-		22,214
2007/08 funding adjustment		17,043		106,273
2008/09 funding adjustment		242,165		-
2007/08 Day Care funding		90,382		90,382
2008/09 Day Care funding		68,847		-
	$	476,474	$	314,989

5. Accrued Vacation Entitlements

The Clinic records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Clinic's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

		2009		2008
Balance, beginning of year	$	381,653	$	381,653
Net changes in vacation entitlements receivable		-		-
Balance, end of year	$	381,653	$	381,653

An analysis of the changes accrued in the vacation entitlements is as follows:

Balance, beginning of year	$	417,132	$	396,942
Net increase in accrued vacation entitlements		57,601		20,190
Balance, end of year	$	474,733	$	417,132

6. Capital Assets

	2009 Cost	2009 Accumulated Amortization	2008 Cost	2008 Accumulated Amortization
Landscaping	$ 222,702	$ -	$ 222,702	$ -
Buildings	4,702,494	2,202,176	4,702,494	2,081,664
Furniture, fixtures and equipment	413,846	158,364	413,846	116,980
Computer equipment	45,622	17,070	12,695	7,922
Automobiles	66,952	47,825	66,952	38,260
	$ 5,451,616	$ 2,425,435	$ 5,418,689	$ 2,244,826
Cost less accumulated amortization		$ 3,026,181		$ 3,173,863

7. Due to WRHA

	2009	2008
Other	$ 55,647	$ 32,395

8. Deferred Revenue

	2009	2008
Operating Fund		
Day Care Subsidy Advance	$ 15,510	$ 15,510
Day Care Grant	16,188	7,549
Dental	24,721	46,000
Fetal Alcohol Program	101,377	73,998
Other	114,100	76,474
Parenting Student Program	34,371	28,583
Primary Health	73,102	45,521
FACT Coalition	43,595	84,053
Come in You're Welcome	241,927	181,672
	664,891	559,360
Donation Fund		
Sage House	26,217	20,765
Mount Carmel Foundation	123,101	84,789
Child Day Care Centre	20,437	18,226
Other	-	5,857
	169,755	129,637
	$ 834,646	$ 688,997

9. Deferred Contributions

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted funding.

	2009	2008
Balance, beginning of year	**$ 40,770**	$ 23,990
Add amounts received during year	**61,200**	11,980
Transfer from Day Care	**4,800**	4,800
Balance, end of year	**$ 106,770**	$ 40,770

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of donations, grants received and funding of approved borrowings for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital asset purchased with the donation, grant or approved borrowing.

	2009	2008
Balance, beginning of year	**$ 2,441,969**	$ 1,721,496
Additional contributions received	**116,779**	846,261
Less amounts amortized to revenue	**(124,894)**	(125,788)
Balance, end of year	**$ 2,433,854**	$ 2,441,969

10. Operating Line of Credit

The Clinic has an operating line of credit for $275,000 which bears interest at the bank's prime rate. The balance in the line of credit at year end was $NIL (2008 - $NIL). The Clinic's approved line of credit is secured by a general assignment of the Clinic's assets.

11. Investment in Capital Assets

A. Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 3,026,181**	$ 3,173,863
Less amounts financed by		
Deferred contributions	**2,433,854**	2,441,969
Advances from other funds (net of cash on deposit)	**19,496**	140,438
	$ 572,831	$ 591,456

B. Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess (deficiency) of revenues over expenditures		
Amortization of deferred contributions related to capital assets	**$ 124,894**	$ 125,788
Amortization of capital assets	**(180,609)**	(170,635)
Other items (net)	**(121)**	401
	$ (55,836)	$ (44,446)
Net changes in investment in capital assets		
Purchase of capital assets	**$ 32,927**	$ 1,064,694
Amounts funded by		
Deferred contributions	**(116,779)**	(846,261)
Advances to (from) other funds	**121,063**	(259,507)
Repayment of loan	**-**	145,075
	$ 37,211	$ 104,001

12. Revenue from the WRHA

	2009	2008
Revenue as per WRHA final funding document (March 16, 2009 EFT)	**$ 6,268,841**	$ 6,177,036
Add:		
Midwifery	**31,197**	29,350
Wound clinic security	**23,455**	20,734
Stat pay adjustment	**-**	1,800
Out of Globe		
Pre-retirement leave	**13,569**	17,237
Fax line change	**-**	6,927
MNU agreement	**84,148**	36,589
MMA Agreement	**11,082**	-
CUPE Agreement	**87,812**	-
Non Union Agreement	**10,100**	-
Diabetes program funding	**-**	14,511
Wage standardization	**25,544**	33,457
Skim program	**1,921**	2,923
	288,828	163,528
Deduct:		
Medical remuneration	**(23,252)**	(15,923)
Total funding approved by WRHA	**6,534,417**	6,324,641
Add:		
Day Care operations	**68,848**	133,732
Deduct:		
Day Hospital Restructuring	**(24,200)**	-
Reserve for major repairs	**(7,000)**	(7,000)
Deferred revenue - insurance deductible	**(1,000)**	(1,000)
	(32,200)	(8,000)
Revenue from WRHA	**$ 6,571,065**	$ 6,450,373

13. Commitments and Contingencies

A) The nature of the Clinic's activities is such that there is usually litigation pending or in prospect at any time. With respect to claims at March 31, 2009, management believes the Clinic has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Clinic's financial position.

B) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

The Clinic is a named insured under the WRHA policy with HIROC.

C) The Clinic leases equipment under the provisions of operating leases for a 60 month period which expire up to January 2013. Commitments to expire are as follows:

2010	$ 13,507
2011	8,992
2012	4,477
2013	2,805

14. Employee Future Benefits

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees of the Clinic are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Clinic Group Pension Plan. The Clinic's contractual commitment is to pay based upon the following:

Four days of salary per year of service upon retirement if the employee complies with one of the following conditions:

i. has 10 years service and has reached the age 55

ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee

iii. retires at or after age 65

iv. terminates employment at any time due to permanent disability

The Clinic undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2009. The significant actuarial assumptions adopted in measuring the Clinic's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Clinic, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, the Winnipeg Regional Health Authority assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

	2009	2008
Employee future benefits recoverable from		
Manitoba Health	**$ 387,859**	$ 387,859
Winnipeg Regional Health Authority	**85,954**	38,954
	$ 473,813	$ 426,813

14. Employee Future Benefits (continued)

a) Accrued retirement entitlement (continued)

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	$ **547,847**	$ 520,639
Net increase in pre-retirement entitlements	**43,947**	27,208
Balance, end of year	$ **591,794**	$ 547,847

b) Pension plan

Substantially all of the employees of the Clinic are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last eleven years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 6.80% of salary, 8.40% for salaries greater than $44,900, contributed by employees, 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 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 that the Plan is in deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the Plan made during the year by the Clinic on behalf of its employees amounted to $277,318 (2008 - $263,010) and are included in the statement of operations.

15. Economic Dependence

The volume of financial activity undertaken by the Clinic with its main funding bodies is of sufficient magnitude that the discontinuance of that funding would endanger the ability of the Clinic to continue as a going concern.

16. Financial Risk Management

The Clinic is exposed to different types of risk in the normal course of operations, including credit risk and market risk. The Clinic's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Clinic's activities.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Clinic to credit risk consist principally of accounts receivable.

The Clinic's maximum exposure to credit risk without taking account of any collateral or other credit enhancements is as follows:

	2009	2008
Accounts receivable	$ **125,255**	$ 307,421
Due from WRHA	**476,474**	314,989
Vacation entitlements receivable	**381,653**	381,653
Retirement obligations receivable	**473,813**	426,813
	$ **1,457,195**	$ 1,430,876

Accounts receivable: The Clinic is not exposed to significant credit risk as the receivable is spread among a broad client base and payment in full is typically collected when it is due. The Clinic establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from WRHA, vacation entitlements receivable and retirement obligations receivable: The Clinic is not exposed to significant credit risk as these receivables are from the Province of Manitoba and the Regional Health Authority.

Market Risk

Market risk is the risk the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Clinic is not exposed to significant interest rate risk. Its cash is held in short-term or variable rate products.

16. Financial Risk Management (continued)

The Clinic is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency and the number of transactions in foreign currency are minimal and the Clinic is not exposed to other price risk.

Fair Value

The carrying values of cash, short-term investments, accounts receivable, amounts due from (to) WRHA, vacation entitlements receivable and retirement obligations receivable, amounts due from the Mount Carmel Clinic Foundation and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

booke
& partners
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Auditors' Report

To the Directors of
Nine Circles Community Health Centre Inc.

We have audited the statement of financial position of Nine Circles Community Health Centre Inc. as at March 31, 2009 and the statements of financial activities and changes in fund balances 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.

Except as explained in the following paragraph, 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 common with many charitable organizations, Nine Circles Community Health Centre Inc. derives part of its revenues from the general public in the form of contributions and fundraising the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions and fundraising, excess of revenues over expenses, current assets and changes in fund balances.

In our opinion, except as explained above and the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of those revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations, the changes in its fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Booke & Partners
Chartered Accountants

Winnipeg, Canada
May 15, 2009

Nine Circles Community Health Centre Inc.
Statement of Financial Activities

Year Ended March 31 — **2009** 2008

	Operating Fund	Capital Fund	Ed Mousseau Fund	**Total** (2009)	Total (2008)
Revenues					
Winnipeg Regional Health Authority	$2,540,166	$ -	$ -	**$2,540,166**	$2,303,563
AIDS Community Action Program	303,000	-	-	**303,000**	292,000
Grants	255,681	-	-	**255,681**	218,626
Interest income	31,915	-	3,494	**35,409**	33,790
Donations	13,230	-	-	**13,230**	9,577
Other	1,233	-	-	**1,233**	4,638
Amortization of deferred contributions	-	29,689	-	**29,689**	22,550
	3,145,225	29,689	3,494	**3,178,408**	2,884,744
Expenses					
Operating Fund (Page 11)	2,981,041	-	-	**2,981,041**	2,769,633
Amortization	-	32,467	-	**32,467**	30,214
Interest on capital lease	-	888	-	**888**	-
	2,981,041	33,355	-	**3,014,396**	2,799,847
Excess (deficiency) of revenues over expenses before under noted items	164,184	(3,666)	3,494	**164,012**	84,897
Pre-retirement leave (Note 10)					
(Expense) recovery	(5,034)	-	-	**(5,034)**	11,933
Current year reduction (increase) of obligation	6,820	-	-	**6,820**	(14,785)
Excess (deficiency) of revenues over expenses	$ 165,970	$ (3,666)	$ 3,494	**$ 165,798**	$ 82,045

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Statement of Changes in Fund Balances

March 31 | **2009** | 2008

	Unrestricted Funds	Invested in Capital Assets	Ed Mousseau Fund	**Total**	Total
Fund balance, beginning of year	$ 326,503	$ (971)	$ 4,598	**$ 330,130**	$ 248,085
Excess (deficiency) of revenues over expenses	165,970	(3,666)	3,494	**165,798**	82,045
Transfer to Capital Fund	(9,983)	9,983	-	**-**	-
Fund balance, end of year	$ 482,490	$ 5,346	$ 8,092	**$ 495,928**	$ 330,130

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Statement of Financial Position

March 31	2009	2008
Assets		
Current		
Cash and short-term investments (Note 3)	**$1,398,881**	$1,086,691
Receivables	**237,175**	234,100
Due from Winnipeg Regional Health Authority	**-**	10,000
Prepaids	**5,415**	4,273
	1,641,471	1,335,064
Long-term investments	**138,354**	134,860
Capital assets (Note 4)	**89,637**	47,106
	$1,869,462	$1,517,030

	2009	2008
Liabilities		
Current		
Payables and accruals	**$ 250,757**	$ 432,259
Funds held in trust (Note 5)	**15,470**	11,366
Deferred contributions		
General operations (Note 6)	**802,219**	467,581
Current portion of obligation under capital lease (Note 7)	**15,696**	-
	1,084,142	911,206
Deferred contributions		
Related to capital assets (Note 8)	**18,434**	48,077
Restricted contribution (Note 9)	**130,262**	130,262
Pre-retirement leave (Note 10)	**90,535**	97,355
Obligation under capital lease (Note 7)	**50,161**	-
	1,373,534	1,186,900
Fund Balances		
Operating Fund	**482,490**	326,503
Capital Fund	**5,346**	(971)
Ed Mousseau Fund	**8,092**	4,598
	495,928	330,130
	$1,869,462	$1,517,030

Commitments (Notes 11 & 12)

On behalf of the Board

_______________ Director _______________ Director

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

1. Nature of operations

Nine Circles Community Health Centre Inc. is a local community health centre operating programs and performing services designed to meet specific community needs.

The Organization was formed in 1991, is an incorporated not-for-profit entity and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The Organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

a) Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the revenues and expenses related to the Organization's capital assets.

The Ed Mousseau Fund reports the revenues and expenses related to funding contributed by Ed Mousseau to be used for special purposes.

b) Revenue recognition

The Organization 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 of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Capital assets

Purchased capital assets are recorded at cost. Amortization is provided at rates designed to write off the assets over their estimated useful lives as follows:

Equipment	5 years	straight-line
Computer equipment	4 years	straight-line
Computer software	4 years	straight-line
Leaseholds	2.5 - 8 years	straight-line
Equipment under capital lease	10 years	straight-line

Amortization expense is reported in the Capital Fund.

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CHARTERED ACCOUNTANTS

2. Significant accounting policies (cont.)

d) Investments

Short-term investments are classified as held-to-maturity financial assets. The short-term investments are comprised of a non-redeemable Guaranteed Investment Certificate and are recorded at amortized cost.

Long-term investments are classified as held-for-trading financial assets. The long-term investments are comprised of money market funds and are recorded at market value based on bid prices at year end. Changes in fair value are the result of interest income and are recognized in the statement of financial activities when earned.

e) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

f) Financial instruments

The Organization's financial instruments consist of cash and short-term investments, receivables, long-term investments, payables and accruals, funds held in trust and pre-retirement leave. The fair values of cash, receivables, payables and accruals, funds held in trust and pre-retirement leave approximate their carrying values. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

3. Cash and short-term investments

Cash and short-term investments consist of:

	2009	2008
Cash	**$ 918,631**	$ 688,294
Cash held in trust	**14,653**	11,366
Assiniboine Credit Union GIC, bearing interest at 2.75%, maturing and renewed annually on March 18th	**465,597**	387,031
	$1,398,881	$1,086,691

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CHARTERED ACCOUNTANTS

4. Capital assets

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Equipment	$ 52,077	$ 48,864	$ 3,213	$ 6,352
Computer equipment	72,594	61,130	11,464	16,337
Computer software	34,311	34,311	-	-
Leaseholds	86,970	78,367	8,603	24,417
Equipment under capital lease	67,482	1,125	66,357	-
	$ 313,434	$ 223,797	$ 89,637	$ 47,106

5. Funds held in trust

The Organization administers funds on behalf of the PHA Caucus of Manitoba.

6. Deferred contributions

Deferred contributions represent restricted funding and unspent resources externally restricted for the Operating Fund which relate to the subsequent year.

The changes for the year in the deferred contributions balance are as follows:

	2009	2008
Beginning balance	$ 467,581	$ 313,259
Grant revenue recognized during the year	(427,496)	(271,658)
Contributions received during the year	762,134	425,980
Ending balance	$ 802,219	$ 467,581

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CHARTERED ACCOUNTANTS

7. Obligation under capital lease

	2009	2008
Obligation under capital lease	$ 81,756	$ -
Less: amount representing interest at 8.63%	15,899	-
	65,857	-
Less: current portion of obligation	15,696	-
	$ 50,161	$ -

Approximate future minimum lease payments in the next five years are as follows:

2010	$ 15,696
2011	15,696
2012	15,696
2013	15,696
2014	15,696
	$ 78,480

8. Deferred contributions related to capital assets

Deferred contributions related to capital assets of $18,434 (2008 - $48,077) represent grants and donations for equipment, computer equipment, computer software and leasehold improvements. Deferred contributions are amortized in the capital fund on the statement of financial activities.

9. Restricted contributions

Restricted contributions relate to funding received from Ed Mousseau to be used towards the capital costs of building housing for those living with HIV/AIDS.

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CHARTERED ACCOUNTANTS

10. Pre-retirement leave benefits

The Organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006 the organization was instructed by WRHA to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the organization of the amount of the obligation. Pre retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. During the year the obligation (decreased) increased by ($6,820) (2008 - $14,785).

A portion of the pre-retirement benefits for the current year of ($5,034) (2008 - $11,933) were (repayable to) funded by Winnipeg Regional Health Authority during the year.

11. Commitment

The Organization has entered into a lease agreement for its premises expiring on June 30, 2014 with an aggregate minimum annual rental of $238,255.

The Organization also leases various office equipment.

The minimum lease payments for the next five years is as follows:

2010	$	229,971
2011		239,866
2012		239,152
2013		238,255
2014		238,255

12. Future liability

As of March 31, 2009, the Organization's staff had not ratified their collective union agreement which is retroactive to April 1, 2008. Management estimates that the liability approximates $27,000. A portion of the liability will be funded by the Winnipeg Regional Health Authority.

13. Economic dependence

The volume of financial activity undertaken by Nine Circles Community Health Centre Inc. with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

14. Statement of cash flows

This statement has not been presented as management does not believe it provides additional meaningful information

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CHARTERED ACCOUNTANTS

Nine Circles Community Health Centre Inc.
Schedule of Operating Fund Expenses and Projects

Year Ended March 31	2009	2008
Salaries	**$1,604,931**	$1,479,056
Physician salaries and benefits	**437,930**	441,886
Employee benefits	**238,236**	214,494
Health and education tax	**27,298**	32,499
Medical	**27,081**	19,472
Purchased and professional services	**187,376**	105,561
Rent and insurance	**187,534**	182,779
Maintenance	**127,235**	94,301
Travel and course fees	**56,578**	63,786
General expenses	**229,592**	259,199
	3,123,791	2,893,033
Less: recoveries	**(142,750)**	(123,400)
	$2,981,041	$2,769,633

See accompanying notes to the financial statements.

booke & partners
CHARTERED ACCOUNTANTS

Lazer Grant LLP
CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS

AUDITORS' REPORT

To the Members of Nor' West Co-op Community Health Centre, Inc.

We have audited the statement of financial position of Nor' West Co-op Community Health Centre, Inc. as at March 31, 2009 and the statements of revenues and expenditures and changes in net assets for the year then ended. These financial statements are the responsibility of the co-operative'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 financial statements present fairly, in all material respects, the financial position of the co-operative as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Lazer Grant LLP

Winnipeg, MB
June 4, 2009

CHARTERED ACCOUNTANTS

300-309 McDermot Avenue, Winnipeg, Manitoba R3A 1T3
Telephone: (204) 942-0300 Fax: (204) 957-5611 Website: **www.lazergrant.ca**

NOR' WEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Statement of Financial Position

March 31, 2009

	2009	2008 (Restated)
ASSETS		
CURRENT		
Cash and short term deposits	**$ 1,122,098**	$ 1,023,316
Accounts receivable *(Note 4)*	**130,368**	180,461
Prepaid expenses	**-**	1,949
Vacation entitlement receivable	**46,693**	46,693
	1,299,159	1,252,419
CAPITAL ASSETS *(Note 5)*	**36,415**	55,047
	$ 1,335,574	$ 1,307,466
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 6)*	**$ 193,958**	$ 166,925
Vacation entitlement payable	**164,956**	144,254
Deferred revenue *(Note 7)*	**49,743**	50,247
	408,657	361,426
DEFERRED CONTRIBUTIONS *(Note 8)*	**36,413**	54,365
PRE-RETIREMENT LEAVE BENEFIT OBLIGATION *(Note 9)*	**106,856**	101,052
	551,926	516,843
NET ASSETS *(Note 10)*	**783,648**	790,623
	$ 1,335,574	$ 1,307,466

LEASE COMMITMENTS *(Note 13)*

ECONOMIC DEPENDENCE *(Note 14)*

ON BEHALF OF THE BOARD

_______________ *Director*

_______________ *Director*

NOR' WEST CO-OP COMMUNITY HEALTH CENTRE, INC.

Statement of Revenues and Expenditures

Year Ended March 31, 2009

	Health Centre (Schedule 1)	Early Learning & Child Care Centre (Schedule 2)	**2009**	2008 (Restated)
REVENUES	$ 2,818,654	$ 527,689	**$ 3,346,343**	$ 3,084,653
EXPENSES				
Accounting and computer fees	25,268	-	**25,268**	17,143
Administrative	106,568	28,007	**134,575**	103,018
Amortization	18,633	-	**18,633**	16,827
Evaluation fees	11,000	-	**11,000**	-
Information technologist	11,293	-	**11,293**	8,814
Medical supplies	17,747	-	**17,747**	16,982
Pre-retirement	16,298	9,407	**25,705**	15,798
Professional fees	8,892	-	**8,892**	5,740
Program	115,780	37,880	**153,660**	187,016
Rent	90,870	18,200	**109,070**	101,282
Repairs and maintenance	28,539	1,794	**30,332**	48,743
Salaries and benefits	2,285,661	441,656	**2,727,318**	2,372,469
Service contracts	8,109	-	**8,109**	11,676
Staff training	39,965	-	**39,965**	39,390
Travel	27,296	-	**27,296**	27,350
	2,811,919	536,944	**3,348,863**	2,972,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 6,735	$ (9,255)	**$ (2,520)**	$ 112,405

	Membership	Invested in Capital Assets	Internally Restricted	Restricted FAS	Restricted Community Development	Restricted Family Violence	Restricted IWCS	Restricted Women's Place	Surplus subject to WRHA audit	Unrestricted	2009	2008 (Restated)
HEALTH CENTRE												
NET ASSETS - BEGINNING OF YEAR												
As previously stated	$ 1,966	$ 683	$ 103,500	$ 77,341	$ 8,513	$ 83,023	$ 109,767	$ 63,290	$ 98,361	$ 266,640	$ 813,084	$ 673,404
Prior period adjustment for vacation entitlement receivable (Note 11)				(8,811)	(13,822)	(3,027)	(17,216)	(6,809)		(21,927)	(71,612)	(52,343)
As restated	1,966	683	103,500	68,530	(5,309)	79,996	92,551	56,481	98,361	244,713	741,472	621,061
Membership	10										10	12
Year End Assessments- 2007-08 Surplus adjustment									(4,465)		(4,465)	
Excess (deficiency) of revenue over expenses		(681)		5,334		26,773	29,915	(77,294)	(16,488)	39,176	6,735	120,399
BALANCE END OF THE YEAR	1,976	2	103,500	73,864	(5,309)	106,769	122,466	(20,813)	77,408	283,889	743,752	741,472
EARLY LEARNING & CHILD CARE CENTRE												
BALANCE BEGINNING OF YEAR	$ 170	-	-	-	-	-	-	-	-	63,844	64,014	67,326
As previously stated												
Prior period adjustment for vacation entitlement receivable (Note 11)										(14,863)	(14,863)	(10,181)
As restated	170	-	-	-	-	-	-	-	-	48,981	49,151	57,145
Excess (deficiency) of revenue over expenses										(9,255)	(9,255)	(7,994)
BALANCE END OF THE YEAR	170	-	-	-	-	-	-	-	-	39,726	39,896	49,151
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 2,146	$ 2	$ 103,500	$ 73,864	$ (5,309)	$ 106,769	$ 122,466	$ (20,813)	$ 77,408	$ 323,615	$ 783,648	$ 790,623

1. PURPOSE OF ORGANIZATION

Nor' West Co-op Community Health Centre Inc. (the "co-operative") works in partnership with the community to promote health and well being in its geographic neighbourhoods and identified populations. The co-operative was incorporated November 23, 1972 without share capital, presently operated under the provisions of the Co-operatives Act, Manitoba, and is a registered charity under the Income Tax Act. The co-operative is to be carried on without monetary gain to its members and any profits are to be used in promoting its objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Fund accounting

The Health Centre fund reports the assets, liabilities, revenues and expenses related to the Co-operative's primary care, health promotion, counselling and foot care outreach programs.

The Early Learning & Child Care Centre fund reports the assets, liabilities, revenues and expenses related to the Co-operative's daycare centre.

Donated services

A large number of members donate significant amounts of their time to the organization. No amount has been reflected in the financial statement for donated services since an objective basis is not available to measure the value of such services.

Donations in kind

Donated materials and services are recognized in the financial statements only when a fair value can be reasonably estimated and when the materials and services would be purchased in the normal course of operations if not donated.

Vacation entitlement

These employee benefits are recorded in accordance with the policy determined by the Winnipeg Regional Health Authority. This policy is to record the amount of the accrued liability for these costs on the Statement of Financial Position, and any change in the accrual on the Statement of Operations. The receivable on the Statement of Financial Position is to be capped at the balance as at March 31, 2004.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Internally restricted surplus

In fiscal 1998, the co-operative's board of directors internally restricted resources amounting to $63,500. In fiscal 2001, the co-operative's board of directors internally restricted an additional $40,000. These amounts are to be used for purchasing a building for an additional Health Centre. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Surplus subject to audit

On an annual basis, the co-operative estimates and records adjustments to its surplus accounts for potential funding adjustments as a result of the Winnipeg Regional Health Authority's periodic audits of the co-operative's expenditures.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer hardware	3 years	straight-line method
Computer software	3 years	straight-line method
Furniture, fixtures, and equipment	5 years	straight-line method
Leasehold improvements	5 years	straight-line method

Sales revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions and grants 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.

3. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash and short term deposits, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Credit risk

The organization provides credit to its clients in the normal course of its operations. It maintains provisions for doubtful accounts on a continuing basis and adjusts bad debts to income. The organization does not normally require a guarantor for its trade accounts receivable.

To minimize credit risk, the organization maintains accounts receivable with several clients, none of whom pose a significant risk individually.

4. ACCOUNTS RECEIVABLE

	2009	2008
Health Centre		
Goods and services tax	$ **8,731**	$ 10,660
Winnipeg Regional Housing Authority	**70,798**	56,344
Grants	**6,002**	69,052
Other	**3,530**	5,971
	89,061	142,027
Early Learning Child Care Centre		
Goods and services tax	**1,487**	1,926
Day care fees	**31,965**	25,022
Family Services & Housing - Daycare 1 time funding	**-**	5,639
Disability funding grant	**7,855**	5,847
	41,307	38,434
Grand total	$ **130,368**	$ 180,461

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2009 Net book value**	2008 Net book value
Computer hardware	$ 46,065	$ 41,076	$ **4,989**	$ 8,315
Computer software	16,646	16,646	**-**	-
Furniture, fixtures, and equipment	72,019	55,082	**16,937**	28,104
Leasehold improvements	20,698	6,209	**14,489**	18,628
	$ 155,428	$ 119,013	$ **36,415**	$ 55,047

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Health Centre		
Winnipeg Regional Housing Authority	$ **41,383**	$ 12,822
Trade payables	**50,148**	51,020
Accrued audit fees	**6,865**	6,631
Salaries	**76,657**	61,610
Other	**3,933**	20,101
	178,986	152,184

(continues)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(continued)*

		2009		2008
Early Learning Child Care Centre				
Accrued audit fees		**1,898**		1,920
Subsidy advances		**8,680**		8,680
Salaries		**(199)**		841
Other		**4,593**		3,300
		14,972		14,741
Grand total	**$**	**193,958**	$	166,925

The repayable subsidy advance is provided by the Province of Manitoba and is available for use as an operating line of credit.

7. DEFERRED REVENUE

Deferred revenue relates to restricted operating funding for various programs received in the current period that is related to the subsequent period. The changes in the deferred contributions balance are as follows:

		2009		2008
Beginning balance	**$**	**50,248**	$	84,294
Less: amounts recognized as revenue in the year		**(29,514)**		(174,342)
Add: amounts received related to the following year		**29,009**		140,295
	$	**49,743**	$	50,247

8. DEFERRED CONTRIBUTIONS

Contributions and grants directly related to the purchase of capital assets are deferred upon receipt. They are being recognized as revenue on the same basis as the amortization on the related capital assets. The changes for the year in the deferred contributions balance reported in the Health Centre are as follows:

		2009		2008
Beginning balance	**$**	**54,365**	$	39,154
Contributions		**-**		30,677
Amounts recognized as revenue		**(17,952)**		(15,466)
	$	**36,413**	$	54,365

9. PRE-RETIREMENT LEAVE BENEFIT OBLIGATION

Based on the continuance of funding bodies' policies to reimburse facilities for pre-retirement leave, the co-operative has agreed to provide pre-retirement leave for all unionized employees as provided within the Collective Agreement. These benefits are based on years of employment for full-time employees and on a pro-rata basis for part-time employees. In order to receive pre-retirement benefits, a qualifying employee must apply for early retirement.

For 2008-2009, the Winnipeg Regional Housing Authority agreed to provide pre-retirement funding of 65.1% of benefits paid by the co-operative. Employee applications for early retirement during the year amounted to $23,556 (2008 - $19,627)

During 2009, the benefit obligation earned by employees as at March 31, 2009 was actuarially determined to be $106,856. This has been reported as a liability on the Statement of Financial Position.

10. NET ASSETS

	2009	2008
Membership - Health	$ 1,976	$ 1,966
Membership - Daycare	170	170
Invested in capital assets	2	683
Internally restricted	103,500	103,500
Restricted - FAS	73,864	68,530
Restricted - Family Violence	106,769	79,996
Restricted - Community Development	(5,309)	(5,309)
Restricted - Immigrant Women's Council	122,466	92,551
Restricted - Women's Place	(20,813)	56,481
Restricted - surplus subject to WRHA audit	77,408	98,361
Unrestricted - Health	283,889	244,713
Unrestricted - Daycare	39,726	48,981
	$ 783,648	$ 790,623

11. PRIOR PERIOD ADJUSTMENT

As a result of additional information acquired during the 2009 year end, it has become apparent that vacation entitlement receivable and wages and benefits expense were misstated at March 31, 2008. Accordingly, the comparative figures have been adjusted and the net assets at the beginning of 2009 reflects a retroactive decrease of $86,475 (2008 - $62,524).

12. PENSION PLAN

The co-operative has a defined contribution pension plan. During the year, the co-operative made actual cash contributions of $140,477 (2008 - $118,388). The pension contributions are included in employee benefits of the applicable programs in the Statement of Revenues and Expenditures.

13. LEASE COMMITMENTS

The co-operative leases premises and a photocopy machine under operating lease agreements that expire in 2010. Future minimum lease payments as at year end are as follows:

2010	$ 106,740

14. ECONOMIC DEPENDENCE

The co-operative is economically dependent on funding from the Winnipeg Regional Health Authority and Province of Manitoba. If funding from either of these entities were discontinued, it would affect the co-operative's ability to continue operations.

15. STATEMENT OF CASH FLOW

A statement of cash flow has been omitted as it would not provide additional meaningful information not readily determinable from other financial information provided.

16. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Board of Directors of
ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC. GOLDEN LINKS LODGE

We have audited the statement of financial position of **ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC. GOLDEN LINKS LODGE** as at March 31, 2009 and the statements of operations, changes in net assets 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 financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 22, 2009

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Financial Position

March 31		2009		2008
Assets				
Current Assets				
Cash	$	**144,956**	$	182,961
Short-term investments (Note 2)		**424,715**		408,579
Accounts receivable		**45,110**		127,487
Employee benefits recoverable (Note 4)		**230,242**		230,242
Inventory - supplies on hand		**23,967**		24,397
Prepaid expenses		**20,480**		19,052
Due from Winnipeg Regional Health Authority (Note 6)		**251,308**		41,723
		1,140,778		1,034,441
Deferred benefit entitlements (Note 4)		**379,492**		377,907
Capital assets (Note 5)		**2,096,450**		2,200,659
	$	**3,616,720**	$	3,613,007
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	$	**351,704**	$	280,177
Accrued vacation entitlements (Note 4)		**249,855**		241,088
Trust liabilities		**12,887**		14,497
Advances from Winnipeg Regional Health Authority		**67,338**		142,078
		681,784		677,840
Pre-retirement entitlement (Note 4)		**346,755**		345,170
Deferred Contributions				
Externally restricted (Schedule 1)		**107,041**		73,297
Capital assets (Schedule 2)		**2,030,430**		2,134,640
Donations (Schedule 3)		**81,558**		19,159
Reserve for insurance deductible (Schedule 4)		**7,153**		6,153
		2,226,182		2,233,249
Total liabilities and deferred contributions		**3,254,721**		3,256,259
Contingencies (Note 9)		**-**		-
Net assets, unrestricted		**361,999**		356,748
	$	**3,616,720**	$	3,613,007

Approved on behalf of the Board:

______________________ Chairperson ______________________ Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Changes in Net Assets

For the year ended March 31		2009		2008
Balance, beginning of year	$	**356,748**	$	344,461
Prior year adjustment		**(33,077)**		-
Excess of revenue for the year		**38,328**		12,287
Balance, end of year	$	**361,999**	$	356,748

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Operations

For the year ended March 31		2009		2008
Revenue				
Winnipeg Regional Health Authority (Note 8)	$	**3,525,962**	$	3,268,384
Residential charges		**1,568,466**		1,496,621
Amortization of deferred contributions related to capital assets		**107,960**		112,169
Recoveries and offset income		**105,041**		76,437
Adult day care program (Schedule 5)		**63,381**		61,525
Mortgage interest subsidy		**45,359**		45,359
Interest earned		**12,354**		17,246
Donations and other		**13,045**		7,453
		5,441,568		5,085,194
Expenditures				
Nursing personal care		**3,098,854**		2,798,400
Food services		**605,975**		636,836
General and administrative		**380,725**		332,698
Housekeeping		**209,914**		216,303
Plant maintenance		**219,753**		210,481
Plant operation		**210,651**		203,125
Recreation		**164,677**		161,483
Laundry and linen		**128,737**		126,931
Amortization		**107,960**		112,169
In-service education		**96,535**		86,329
Adult day care program (Schedule 5)		**64,732**		56,823
Interest on long-term debt		**43,132**		48,401
Social work		**22,472**		41,512
Donations and other		**13,748**		6,303
		5,367,865		5,037,794
Excess of revenue over expenditures for the year before the undernoted		**73,703**		47,400
Pre-retirement payouts		**(33,790)**		(14,622)
Pre-retirement future benefits expenses (Note 4)		**(1,585)**		(20,491)
Excess of revenue for the year	$	**38,328**	$	12,287

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Excess of revenue for the year	$ **38,328**	$ 12,287
Adjustments for		
Amortization of capital assets	**107,960**	112,169
Amortization of deferred contributions related to capital assets	**(107,960)**	(112,169)
Prior year items	**(33,077)**	-
	5,251	12,287
Changes in non-cash working capital balances		
Accounts receivable	**82,377**	(20,104)
Due from Winnipeg Regional Health Authority	**(209,585)**	(41,723)
Inventory - supplies on hand	**430**	(17,326)
Prepaid expenses	**(1,428)**	(2,505)
Deferred benefit entitlements	**(1,585)**	(20,491)
Accrued vacation entitlement	**8,767**	(14,487)
Pre-retirement entitlement	**1,585**	20,491
Advances from Winnipeg Regional Health Authority	**(74,740)**	142,078
Accounts payable and accrued expenses	**71,527**	82,424
Due to Winnipeg Regional Health Authority	**-**	(118,318)
Trust liabilities	**(1,610)**	891
	(124,262)	10,930
	(119,011)	23,217
Cash Flows from Financing Activities		
Deferred contributions - externally restricted	**33,744**	6,529
Deferred contributions - capital assets	**3,750**	27,215
Deferred contributions - donations	**62,399**	14,793
Reserve for insurance deductible	**1,000**	1,000
	100,893	49,537
Cash Flows from Investing Activities		
Purchase of capital assets and construction, net	**(3,751)**	(27,215)
Decrease in short-term investments	**(16,136)**	(8,579)
	(19,887)	(35,794)
Increase (decrease) in cash and cash equivalents	**(38,005)**	36,960
Cash and cash equivalents, beginning of year	**182,961**	146,001
Cash and cash equivalents, end of year	$ **144,956**	$ 182,961

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Financial Reporting

The financial statements only include the assets, liabilities, equity and operations of the Golden Links Lodge. The financial data of the Odd Fellows And Rebekahs Personal Care Home Inc. are excluded since they are not required in assessing the financial operations of the Lodge.

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; expenditures 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.

Revenue Recognition

The organization follows the deferral method of accounting for contributions that includes donations and government grants. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, which include residential changes, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The organization records on an annual basis, an estimate of the amount that may be recoverable from, or payable to Winnipeg Regional Health Authority ("WRHA") relating to its excess of revenues or expenses in accordance with WHRA funding guidelines. WHRA funding adjustments are subject to WHRA audits. The differences, if any, from the initial estimates are reflected as an adjustment in the current year's operating income.

Contributed Services

In the normal course of business, the organization receives volunteer assistance in carrying out its service delivery activities. Volunteer services are not recognized in the financial statements.

Capital Assets

Purchased capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Land improvements	10 years, straight-line basis
Buildings	50 years, straight-line basis
Equipment	10 years, straight-line basis

Inventory

Supplies on hand are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable and accrued liabilities, and amounts due to (from) Winnipeg Regional Health Authority. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. The organization has classified accounts receivable, employee benefits recoverable, due from WRHA and deferred benefit entitlements in this category.

Held-for-trading - This category is comprised of certain investments in equity and debt instruments. The organization has classified all cash, bank indebtedness and investments in this category. They are carried on the statement of financial position at the fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Other Financial Liabilities - Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred. The organization has classified accounts payable, accrued liabilities, due to WRHA, accrued vacation entitlements, advances from WRHA and pre-retirement entitlement in this category.

Employee Benefits

The organization records a provision for employee benefits comprised of accrued vacation. A further provision for future employee pre-retirement benefits, being an actuarial estimate of the organization's obligation to make a cash payment to certain qualifying employees based on years of service upon retirement has also been recorded. Funding for portions of these obligations remains outstanding as disclosed in Note 4.

The cost of the organization's employee pre-retirement benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the organization's future employee benefits payable include mortality and withdrawal rates, a discount rate of 6.7% (5.5% in 2008), a rate of salary increase of 3.5% (3.5% in 2008) plus an age-related merit/promotion scale with no provision for disability.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the organization, are as follows:

Financial Statement Concepts - CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

Financial Instruments - Disclosure and Presentation - On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The organization has elected to defer application of these standards.

New Accounting Pronouncements (continued)

Financial Statements by Not-for-Profit Organizations - Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standard.

Disclosure of Allocated Expenses by Not for Profit Organizations - Section 4470 establishes disclosure standards for not for profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The organization is currently assessing the impact of the new standard.

1. Nature and Purpose of Organization

The Odd Fellows and Rebekahs Care Homes Inc. Golden Links Lodge is a non-profit organization operating as a long-term care facility. The organization is a registered charity under the Income Tax Act and is therefore exempted from income taxes.

2. Short-term Investments

	2009	2008
Manitoba Builder Bonds, 4.25%, matures June 15, 2008	$ -	$ 200,000
Steinbach Credit Union, 3.8%, matures Nov 18, 2009	105,229	105,229
Steinbach Credit Union, 3.6%, matures Sept 17, 2009	133,937	-
Steinbach Credit Union, regular savings, 2.5%	78,621	-
CIBC GIC Investment, 2.25%, matures October 5, 2009	106,928	103,350
	$ 424,715	$ 408,579

3. Change in Accounting Policy

Capital Disclosures

On April 1, 2008 the organization adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (see Note 14).

The adoption of these new standards had no material impact on the organization's consolidated statement of operations.

4. Future Employee Benefits Recoverable

Employee pre-retirement benefits are accrued as incurred as determined by actuarial valuation. The latest actuarial valuation of the pre-retirement value as of March 31, 2009 reports an obligation of $346,755 ($345,170 in 2008). Vacation benefits are accrued as employees earn the benefits.

Due to the nature of the benefits, the pre-retirement benefits recoverable and payable are classified as long-term, whereas the vacation benefits recoverable and payable are classified as current.

The organization has been notified by the WRHA that the incremental pre-retirement liability for fiscal 2009 of $1,585 ($20,491 in 2008) will be funded together with a portion of the incremental pre-retirement benefits liability for fiscal 2005 and 2006, which netted to zero for the organization.

The amount of funding which will be provided by Manitoba Health, through the WRHA, for pre-retirement entitlement obligations has been capped at the amount owing at March 31, 2004, adjusted for allocations from the WHRA in 2005, and has been recorded as a receivable on the statement of financial position. The Province of Manitoba has guaranteed to the WRHA, and through it to Golden Links Lodge, this outstanding receivable which will be paid when required. Any liability in excess of the adjusted March 31, 2004 amount is reflected as a current year expense on the statement of operations following the "excess of revenue over expenditures before other items" balance.

5. Capital Assets

			2009	2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land improvements	$ 217,027	$ 217,027	$ -	$ 1,194
Buildings	3,397,938	1,614,616	1,783,322	1,862,097
Building addition Special Needs Unit	388,858	140,421	248,437	348,750
Equipment	887,930	823,239	64,691	(11,382)
Equipment Special Needs Unit	31,771	31,771	-	-
	$ 4,923,524	$ 2,827,074	$ 2,096,450	$ 2,200,659

6. Due (from) to Winnipeg Regional Health Authority Inc.

Any operating surplus related to Out of Globe funding arrangements or operating surpluses greater than 2% of budget related to In Globe funding arrangements for the year is repayable to the WRHA. Those surpluses that are retained by the organization are subject to review by the WRHA.

Conversely, any operating deficit related to Out of Globe funding arrangements is receivable from the WRHA and is subject to review by the WRHA. At that time, WRHA submits their final cost approvals that indicate the portion of the deficit that will be paid to the organization. In 1992, the Province of Manitoba implemented a no deficit recovery policy that stipulates that WRHA will not fund deficits related to In Globe funding arrangements. Any unapproved costs not paid by WRHA are absorbed by the organization.

Differences that may occur on final settlement of approved costs are charged directly to net assets or operations. Prior years surplus and deficit, settlement for which has not yet been adjusted is as follows:

	2009	2008
2005 fiscal year end	$ -	$ 153,650
2006 fiscal year end	-	9,415
2007 fiscal year end	(44,747)	(44,747)
2008 fiscal year end	(50,715)	(160,041)
2009 fiscal year end	(155,846)	-
Balance, end of year	$ (251,308)	(41,723)

7. Bank Indebtedness

The organization does not currently operate on a revolving line of credit.

8. Winnipeg Regional Health Authority Operating Income

	2009	2008
Budgeted Items	$ 3,272,878	$ 3,058,416
Current adjustments - Out of Globe	253,084	209,968
Balance, end of year	$ 3,525,962	$ 3,268,384

9. Contingencies

On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit persons reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

10. Land Lease

The land used by the organization is owned by the Grand Lodge of Manitoba, I.O.O.F. The organization has leased the land for a term of 50 years from March 1, 1980 without any leasing cost other than maintaining the property.

11. Pension Plans

During the year, the organization contributed $218,193 ($186,648 in 2008) on behalf of its employees.

Eligible employees of the organization are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan) (the "Plan") that is a multi-employer defined benefit pension plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

The most recent actuarial valuation of the plan as at December 31, 2007 indicated a solvency deficiency of $61,050,000. The plan deficiency will be funded over five years commencing in 2008 out of the current contributions in each respective year. A change in the underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions. Contribution rates were increased on July 1, 2007 to 6.8% of pensionable earnings up to the yearly maximum pensionable earnings limit ("YMPE") and 8.4% on earnings in excess of the YMPE.

12. Comparative Figures

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

13. Disclaimer

The information contained in this report is the property of Odd Fellows and Rebekahs Personal Care Homes Inc. Golden Links Lodge, and may not be combined, consolidated or in any way modified without the written authorization of the Odd Fellows and Rebekahs Personal Care Homes Inc. Golden Links Lodge.

14. Capital Management

The organization considers its capital to comprise its unrestricted net assets and net invested in capital assets balances. There have been no changes to what the organization considers to be its capital since the previous period.

The organization manages its capital to ensure it retains sufficient resources to enable it to meet its obligations for resident care. The determination of this amount is based on historical expense requirements relative to funding commitments.

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 1 - Deferred Contributions - Externally Restricted

For the year ended March 31		2009		2008
Reserve for Major Repairs				
Balance, beginning of year	$	48,176	$	48,282
Current year funding		18,344		18,344
Current year expenditures		-		(18,450)
Balance, end of year	$	66,520	$	48,176
Equipment Replacements				
Balance, beginning of year	$	25,121	$	18,486
Current year funding		15,400		15,400
Current year expenditures		-		(8,765)
Balance, end of year	$	40,521	$	25,121
Total Deferred Contributions - Externally Restricted	$	107,041	$	73,297

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 2 - Deferred Contributions - Capital Assets

For the year ended March 31	2009	2008
Balance, beginning of year	**$ 2,134,640**	$ 2,219,594
Current year funding	**-**	-
Transfer from deferred contributions - equipment	**3,750**	27,215
Amortize to revenue	**(107,960)**	(112,169)
Balance, end of year	**$ 2,030,430**	$ 2,134,640

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 3 - Deferred Donations

For the year ended March 31		2009		2008
Balance, beginning of year	$	**19,159**	$	4,366
Current year donations		**41,287**		19,194
Current year expenditures		**(13,393)**		(4,401)
Reclass donation		**800**		-
Prior year Adjustment		**33,705**		-
Balance, end of year	$	**81,558**	$	19,159

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 4 - Reserve for Insurance Deductible

For the year ended March 31		2009		2008
Balance, beginning of year	$	**6,153**	$	5,153
Current year funding		**1,000**		1,000
Balance, end of year	$	**7,153**	$	6,153

ODD FELLOWS AND REBEKAHS PERSONAL CARE HOMES INC.
GOLDEN LINKS LODGE
Schedule 5 - Adult Day Care Program

For the year ended March 31		2009		2008
Revenues				
Winnipeg Regional Health Authority	$	**54,864**	$	53,210
Participants		**8,517**		8,315
		63,381		61,525
Expenditures				
Salaries and benefits		**37,510**		31,146
Transportation		**17,815**		15,402
Meals		**6,655**		7,032
Supplies		**2,083**		2,654
Health and education levy		**669**		589
		64,732		56,823
Excess of revenue (expenditures) for the year	$	**(1,351)**	$	4,702

To the Members of Park Manor Personal Care Home Inc.:

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

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

The Board of Directors are composed primarily of Directors who are neither management nor employees of the Organization. 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 Board is also responsible for recommending the appointment of the Organization's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the 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 Board and management to discuss their audit findings.

May 8, 2009

Chief Executive Officer/Chief Financial Officer

Auditors' Report

To the Board of Directors of Park Manor Personal Care Home Inc.:

We have audited the statement of financial position of Park Manor Personal Care Home Inc. as at March 31, 2009 and the statements of operations and changes in net assets including the supporting schedule 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
May 8, 2009

Meyers Norris Penny LLP
Chartered Accountants

Park Manor Personal Care Home Inc.
Statement of Financial Position
As at March 31, 2009

	2009	2008
Assets		
Current		
Cash *(Note 3)*	**621,599**	834,169
Short term investments *(Note 4)*	**1,789,091**	1,575,664
Accounts receivable *(Note 5)*	**114,475**	94,190
Prepaid expenses	**28,004**	26,457
	2,553,169	2,530,480
Capital assets *(Note 6)*	**1,706,642**	1,774,146
Receivable from Winnipeg Regional Health Authority	**1,207,113**	997,309
	5,466,924	5,301,935
Liabilities		
Current		
Accounts payable and accruals	**1,683,133**	1,591,441
Residents' trust payable	**9,651**	7,623
Current portion of long-term debt *(Note 7)*	**118,000**	175,000
	1,810,784	1,774,064
Long-term debt *(Note 7)*	**301,120**	420,744
Deferred contributions *(Note 8)*	**1,324,126**	1,206,750
	3,436,030	3,401,558
Net Assets		
Unrestricted *(Note 10)*	**332,347**	368,549
Invested in capital assets	**22,212**	41,740
	354,559	410,289
Restricted *(Note 9)*	**1,676,335**	1,490,088
	2,030,894	1,900,377
	5,466,924	5,301,935

Approved on behalf of the Board of Directors

Director **Director**

The accompanying notes are an integral part of these financial statements

MNP

Park Manor Personal Care Home Inc.
Statement of Operations
For the year ended March 31, 2009

	Operating Fund	*Adult Day Program*	*Capital Fund*	**2009**	2008
Revenues					
Residential charges	1,662,775	-	-	**1,662,775**	1,633,640
Winnipeg Regional Health Authority				**-**	
Operating	3,530,273	-	-	**3,530,273**	3,471,021
Bed grant	7,680	-	-	**7,680**	7,680
Interest on approved borrowing	19,392	-	-	**19,392**	29,933
Year end adjustment *(Note 13)*	(15,983)	-	-	**(15,983)**	(10,051)
Medical salaries	2,952	-	-	**2,952**	2,952
Supplemental funding	112,608	-	-	**112,608**	111,144
Accrued wage adjustment	213,355	-	-	**213,355**	189,461
Median rate adjustment	167,310	-	-	**167,310**	-
Pre-retirement leave - current benefits	13,123	-	-	**13,123**	60,620
Investment income	515	-	-	**515**	952
Meal recoveries	68,676	-		**68,676**	62,341
Grant from Adventist Care Foundation	30,000	-	-	**30,000**	-
Amortization of deferred operating contributions *(Note 8)*	1,355	-	-	**1,355**	733
Amortization of deferred capital contributions *(Note 8)*	-	-	126,262	**126,262**	122,066
Adult Day Program revenue *(Schedule 1)*	-	123,522	-	**123,522**	119,162
	5,814,031	123,522	126,262	**6,063,815**	5,801,654
Expenses					
Amortization	-	-	145,790	**145,790**	140,035
Dietary	205,110	-	-	**205,110**	181,460
Employee benefits	824,581	-	-	**824,581**	765,117
Employee future benefits - vacation	8,261	-	-	**8,261**	16,281
General expenses	80,950	-	-	**80,950**	87,288
Housekeeping	19,230	-	-	**19,230**	18,586
Interest on long-term debt	23,873	-	-	**23,873**	36,907
Laundry	10,647	-	-	**10,647**	10,146
Linen	6,974	-	-	**6,974**	27,650
Medical administration	2,956	-	-	**2,956**	2,956
Medical supplies	117,394	-	-	**117,394**	94,908
Physical plant	285,877	-	-	**285,877**	293,738
Pre-retirement leave	20,158	-	-	**20,158**	94,350
Salaries and wages	4,241,783	-	-	**4,241,783**	3,893,045
Therapeutic recreation	5,551	-	-	**5,551**	8,354
Adult Day Program expenses *(Schedule 1)*	-	120,410		**120,410**	115,765
	5,853,345	120,410	145,790	**6,119,545**	5,786,586
Excess (deficiency) of revenues over expenses before adjustments	(39,314)	3,112	(19,528)	**(55,730)**	15,068
Pre-retirement leave - future liability income *(Note 14)*	46,283	-	-	**46,283**	23,858
Pre-retirement leave - future liabilty expense *(Note 14)*	(46,283)	-	-	**(46,283)**	(23,858)
Excess (deficiency) of revenues over expenses	(39,314)	3,112	(19,528)	**(55,730)**	15,068

The accompanying notes are an integral part of these financial statements

Park Manor Personal Care Home Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2009

	Operating Fund *(Note 9)*	Adult Day Program *(Note 9)*	Invested in capital assets	2009 Total	2008 Total
Net assets, beginning of year	351,851	16,698	41,740	**410,289**	395,221
Excess (deficiency) of revenues over expenses	(39,314)	3,112	(19,528)	**(55,730)**	15,068
Net assets, end of year	312,537	19,810	22,212	**354,559**	410,289

The accompanying notes are an integral part of these financial statements

1. Purpose of the organization

Park Manor Personal Care Home, Inc. is a privately operated non-profit corporation which provides personal care for senior citizens. It is incorporated without share capital under the Corporations Act of Manitoba.

The Organization is a not for profit organization under the Income Tax Act (the "Act") and as such, is exempt from income taxes. In order to maintain its status as such, the Organization must meet certain requirements within the Act. In the opinion of the management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the presentation required by Manitoba Health/Winnipeg Regional Health Authority, and include the following significant accounting policies:

Capital Assets

Capital assets are recorded at cost. Amortization is recorded in the capital funds using the straight-line basis, at rates intended to amortize the value of capital assets over their estimated useful lives. The annual rates are as follows:

	Rate
Buildings	20 years
Computer equipment	5 years
Equipment	10 years

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are deferred and matched with the related expense as incurred. Unrestricted contributions are recorded in the operating fund as received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty (use of estimates)

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 management's evaluation of collectibility and an appropriate allowance provided for uncollectible accounts.

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

Transfer to capital fund

Equipment of a capital nature with an individual value over $2,000 is transferred to the Capital Fund in order to comply with Manitoba Health/Winnipeg Regional Health Authority policy.

Long-lived assets

Long-lived assets consist of buildings, computer equipment and equipment 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 assets' value. Any impairment is included in earnings for the year.

2. Significant accounting policies *(Continued from previous page)*

Financial Instruments

Available-for-sale:

The Organization has classified short-term investments as available for sale. These instruments are initially recognized at their fair value which is approximated by the instrument's cost in a transaction between unrelated parties. Available for sale instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value which include interest, realized and unrealized gains and losses are recognized immediately in the fund balances.

Loans and receivables:

The Organization has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value which is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less repayments and any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in the fund balances upon impairment.

Other financial liabilities:

The Organization has classified accounts payable and term loans due on demand as other financial liabilities. These liabilities are initially recognized at their fair value which is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less repayments. Net gains and losses arising from changes in fair value are recognized in the fund balances upon derecognition.

2. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 Financial Statement Presentation by not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

These amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the changes to the standard to have an impact on its financial statements.

Capital assets held by not-for-profit organizations

CICA Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow NFPOs to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the change to this standard to have an impact on its financial statements.

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 fundraising and general support expenses to other functions 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 fundraising and general support functions and the amounts and functions to which they have been allocated.

This new section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect this new standard to have a material impact on its financial statements.

3. Cash

Cash earned interest at 0.25% (2008 - 3.31%) at year-end. The Organization has an available line of operating credit to a maximum of $75,000. The operating line has interest charged monthly at the bank's prime rate and is secured by an overdraft lending agreement in the amount of $75,000 and the specific assignment of accounts receivable from Manitoba Health.

	2009	*2008*
Unrestricted cash on deposit	**554,808**	754,251
Restricted cash on deposit	**66,791**	79,918
	621,599	834,169

4. Short term investments

	2009	*2008*
Bonds matured during the year	-	200,061
Bonds matured during the year.	-	250,000
Bonds were called during the year	-	181,000
Bonds were called during the year	-	191,900
CIBC Trust Corporation GIC, earning interest at 3.85%, maturing December 2010	**303,686**	-
CIBC non-redeemable GIC, earning interest at 3.00%, due November 2013	**406,784**	-
CIBC non-redeemable GIC, earning interest at 3.25%, due May 2011	**207,393**	-
CIBC non-redeemable GIC, earning interest at 3.50%, maturing May 2013	**155,954**	-
City of Winnipeg serial debentures, earning interest at 3.90%, maturing March 2010	**102,375**	101,046
Manitoba Builder bonds, earning interest at 4.45%, maturing June 2009	**195,540**	200,000
Money market mutual fund	**212,297**	246,750
Province of New Brunswick bonds, earning interest at 4.50%, maturing December 2009	**205,062**	204,907
	1,789,091	1,575,664

Short term investments include cumulative unrealized gains of $27,402 (2008 - unrealized loss of $20,479).

The cost of the portfolio at year-end was $1,761,689 (2008 - $1,596,143).

5. Accounts receivable

	2009	*2008*
Trade receivables	**40,084**	13,797
Goods and Service Tax receivable	**6,630**	16,268
Accrued interest receivable	**67,761**	64,125
	114,475	94,190

6. Capital assets

	Opening Cost	Additions	Disposals	Closing Cost	Accumulated Amortization	*2009* Net book value	*2008* Net book value
Land	28,266	-	-	**28,266**	-	**28,266**	28,266
Buildings	3,364,212	19,115	-	**3,383,327**	**1,851,009**	**1,532,318**	1,625,065
Computer equipment	35,714	3,627	7,292	**32,049**	**29,147**	**2,902**	-
Equipment	563,658	55,544	14,129	**605,073**	**461,917**	**143,156**	120,815
	3,991,850	78,286	21,421	**4,048,715**	**2,342,073**	**1,706,642**	1,774,146

7. Long-term debt

	2009	***2008***
First mortgage payable in monthly instalments of $3,341 including interest at 5.88%, secured by land and building, due July 2017.	**264,381**	288,365
Term loan payable in monthly instalments of $8,800 plus interest at prime less 0.5%, secured by borrowing resolution, pledge of government funding and letter of comfort from Manitoba Health, due September 2009.	**45,129**	150,729
Term loan payable in monthly instalments of $3,920 plus interest at prime less 1.0%, secured by borrowing resolution, pledge of government funding and letter of comfort from Manitoba Health, due July 2012.	**109,610**	156,650
	419,120	595,744
Less: current portion	**118,000**	175,000
	301,120	420,744

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2010	118,000
2011	74,000
2012	44,000
2013	30,000
2014	32,000

8. Deferred contributions

Deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets or self-funding of insurance deductibles. Capital asset deferred contributions are recognized as revenue on the same basis as respective assets are amortized. Insurance deductible deferred contributions are recognized as revenue on the same basis as respective expenditures are made.

Changes for the year in the deferred contribution balance are as follows:

	Capital Fund	*Operating Fund*	*2009*	*2008*
Balance, beginning of year	1,203,572	3,178	**1,206,750**	1,030,329
Contributions received during the year				
Donations	32,203	-	**32,203**	101,141
Winnipeg Regional Health Authority				
- Principal repayment	176,616	-	**176,616**	175,275
- Equipment replacement	17,500	-	**17,500**	17,500
- Major repairs	4,296	-	**4,296**	4,296
- Safety and security - lump sum funding	13,370	-	**13,370**	-
- Insurance deductible	-	1,008	**1,008**	1,008
Recognized as revenue during the year	(126,262)	(1,355)	**(127,617)**	(122,799)
Balance, end of year	1,321,295	2,831	**1,324,126**	1,206,750

9. Restricted net assets

Internally restricted net assets are comprised of:

	2009	*2008*
Special purpose reserve:		
Balance, beginning of year	**1,490,088**	1,542,903
Trust contributions	**40,803**	1,796
Private grants and donations	**30,646**	63,908
Current year change in unrealized loss, adoption of new accounting policy	**-**	(59,492)
Current year change in unrealized gains on available-for-sale assets (Note 4)	**47,881**	39,011
Net change in other income (expenses)	**66,917**	(98,038)
Balance, end of year	**1,676,335**	1,490,088

These net assets are restricted in the fact that they are not part of the general operations of the personal care home. The use of such assets is at the discretion of the board of directors.

10. Unrestricted net assets

Unrestricted net assets are comprised of:

	2009	*2008*
Personal care operations	**312,537**	351,851
Adult Day Program	**19,810**	16,698
	332,347	368,549

11. Financial instruments

Fair value of financial instruments

The carrying amount of cash, accounts receivable and accounts payable and accruals approximate their fair value due to the short-term maturities of these items. The fair value of the Organization's investments are based on quoted market prices.

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of primarily of accounts receivable. Of the $1,321,588 (2008 - $1,091,499) of receivables, $1,207,113 (2008 - $997,309) is due from the Manitoba Health/Winnipeg Regional Health Authority.

12. Major Customer

A significant portion of the personal care home's operating fund are received from the Winnipeg Regional Health Authority. The percentage of total revenues from the Winnipeg Regional Health Authority for the current year is 68.6% (2008 - 70.0%).

13. Year end adjustment - revenues

The year end adjustment in the revenues section of the Statement of Operations and Changes in Net assets represents the difference between the funding budget and actual for residential charges received from residents. This amount is guaranteed by Winnipeg Regional Health Authority.

14. Pre-retirement leave/vacation pay

Under guidelines produced by the Winnipeg Regional Health Authority (WRHA), funding owed to the Organization related to vacation pay liability is recognized as accounts receivable in the amount of $232,434 as at March 31, 2004.

Under guidelines produced by WRHA, funding owed to the Organization related to pre-retirement future benefits is as follows:

	Future Liability	Accounts Receivable
2004-05	$319,838	$303,367
2005-06	$373,074	$328,650
2006-07	$413,647	$369,223
2007-08	$389,789	$345,365
2008-09	$436,072	$366,365

15. Capital management

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide services and benefits for its residents.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Organization may sell investments or decrease expenses.

The Organization manages the following as capital:

	2009	*2008*
Short-term investments	**1,789,091**	1,575,664
Net assets	**354,559**	410,289
	2,143,650	1,985,953

The Organization monitors capital on a quarterly basis, as well as annually, including the Board's input as to the capital management approach to take, and through advice from the Organization's investment advisors. During the year, the Organization's strategy is to protect the capital through maintaining low risk investments, as well as to minimize the excess of expenses over revenues.

16. Statement of cash flows

A statement of change in cash flows has not been prepared because information about financing and investing activities and their effects on cash resources are readily apparent from the other financial information.

17. Comparative figures

Certain of the prior year's comparative figures have been reclassified to conform with the current year's financial statement presentation.

Park Manor Personal Care Home Inc.
Schedule 1 - Adult Day Program
For the year ended March 31, 2009

	2009	2008
Revenue		
Winnipeg Regional Health Authority - Operating	**109,272**	106,048
Participant fees	**14,250**	13,114
	123,522	119,162
Expenses		
Benefits	**11,372**	10,235
Health and education tax	**1,432**	1,272
Management fees	**1,071**	1,040
Meals	**10,038**	9,490
Salaries and wages	**65,127**	61,294
Supplies	**4,118**	3,641
Travel	**27,252**	28,793
	120,410	115,765
Excess of revenue over expenses	**3,112**	3,397

MNP

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Directors of
PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.

We have audited the statement of financial position of the **PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Home'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 financial statements present fairly, in all material respects, the financial position of the Home as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 15, 2009

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Financial Position

March 31	**2009**	2008
Assets		
Current Assets		
Cash	$ **-**	$ 18,998
Restricted cash	**121,175**	111,599
Accounts receivable (Note 3)	**23,928**	35,474
Inventories	**7,546**	4,896
Prepaid expenses	**6,823**	5,023
Vacation entitlement receivable (Note 4)	**121,948**	121,948
	281,420	297,938
Retirement obligations asset (Note 9)	**160,365**	145,826
Capital assets (Note 5)	**555,961**	810,603
	$ **997,746**	$ 1,254,367

Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness (Note 6)	$ **41,476**	$ -
Accounts payable (Note 7)	**293,719**	350,714
Accrued vacation entitlements (Note 4)	**161,705**	141,925
	496,900	492,639
Accrued retirement obligation (Note 9)	**160,365**	145,826
Deferred contributions (Note 8)	**595,931**	842,109
	1,253,196	1,480,574
Net Assets		
Invested in capital assets	**79,134**	79,134
Unrestricted	**(334,584)**	(305,341)
	(255,450)	(226,207)
	$ **997,746**	$ 1,254,367

Approved on behalf of the Board:

_________________________ Director

_________________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Changes in Net Assets

For the year ended March 31			2009	2008
	Invested in Capital Assets	Unrestricted	Total	Total
Net assets, beginning of year	$ 79,134	$ (305,341)	$ (226,207)	$ (123,716)
Deficiency of revenue over expenditures for the year	-	(29,243)	(29,243)	(102,491)
Net assets, end of year	$ 79,134	$ (334,584)	$ (255,450)	$ (226,207)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Winnipeg Regional Health Authority	**$ 2,591,809**	$ 2,365,945
Residential charges	**918,098**	845,304
Other income	**5,803**	5,749
	3,515,710	3,216,998
Expenditures		
Drugs and medical supplies	**63,568**	48,511
Interest	**9,115**	26,799
Office and miscellaneous	**61,287**	57,690
Other supplies and expenses	**43,505**	40,113
Professional fees	**12,530**	60,812
Purchased services	**487,997**	374,709
Repairs and maintenance	**1,458**	4,502
Resident trust fees	**8,012**	4,671
Salaries and benefits	**2,494,803**	2,377,320
Service charges and fees	**9,269**	7,939
Shared building operation expenses (Note 10)	**362,933**	338,320
Telephone	**4,830**	3,972
Travel	**185**	91
	3,559,492	3,345,449
Deficiency of revenue over expenditures before amortization	**(43,782)**	(128,451)
Amortization		
Deferred contributions (Note 8)	**257,520**	257,520
Capital assets	**(257,520)**	(257,520)
	-	-
Deficiency of revenue over expenditures before other item	**(43,782)**	(128,451)
Other Item		
Accrued pre-retirement leave entitlement	**14,539**	25,960
Deficiency of revenue over expenditures for the year	**$ (29,243)**	$ (102,491)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

PEMBINA PLACE MENNONITE PERSONAL CARE HOME INC.
Statement of Cash Flows

For the year ended March 31		2009		2008
Cash Flows from Operating Activities				
Deficiency of revenue over expenditures for the year	**$**	**(29,243)**	$	(102,491)
Adjustment for				
Amortization of capital assets		**257,520**		257,520
		228,277		155,029
Changes in non-cash working capital				
Accounts receivable		**11,546**		(12,417)
Vacation entitlement receivable		**(14,539)**		(26,960)
Inventory		**(2,650)**		(1,836)
Prepaid expenses		**(1,800)**		(37)
Accounts payable		**(56,995)**		129,237
Vacation entitlement payable		**34,319**		41,318
		198,158		284,334
Cash Flows from Financing Activities				
Deferred contributions		**(246,178)**		(244,695)
Cash Flows from Investing Activities				
Purchase of capital assets		**(2,878)**		-
Net increase (decrease) in cash and cash equivalents		**(50,898)**		39,639
Cash and cash equivalents, beginning of year		**130,597**		90,958
Cash and cash equivalents, end of year	**$**	**79,699**	$	130,597
Comprised of				
Cash	**$**	**-**	$	18,998
Restricted cash		**121,175**		111,599
Bank indebtedness		**(41,476)**		-
	$	**79,699**	$	130,597

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Revenue Recognition

The Home follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations hereto, the Home is funded primarily by the Province of Manitoba in accordance with budget arrangements established by Winnipeg Regional Health Authority ("WRHA"). Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts as follows:

a) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

Any adjustments will be reflected in the year the final statement of recommended costs is received from WRHA.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Revenue from the residential services and marketed services is recognized when the goods are sold or the service is provided.

Contributed Services

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 financial statements.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized based on long-term debt repayment funding.

Inventories

Inventories of supplies are carried at the lower of cost and net realizable value determined on a first-in, first-out basis.

Employee Future Benefits

Pre-retirement entitlement, pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimated assumptions. Commencing with the 2004-2005 fiscal year, out of globe funding for these costs is not provided by Manitoba Health/ WRHA.

Financial Instruments

The Home utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Home is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The Home classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Financial Instruments (continued)

Assets/Liability	Category	Measurement
Cash/bank indebtedness	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Related party payable	Other financial liabilities	Amortized cost

- Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.
- Other financial liabilities are carried at amortized cost, using the effective interest method.
- Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Transaction costs are expensed as incurred.

Restricted Cash

Restricted cash balances represent cash segregated for use for replacement reserves in accordance with the CMHC operating agreement.

Use of Estimates

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 period. Actual amounts could differ from those estimates.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Home, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Home is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The Home has elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

The Home continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Purpose of the Organization

Pembina Place Mennonite Personal Care Home Inc. provides a 57 bed personal care service at 285 Pembina Highway, Winnipeg, Manitoba. The Home is a Mennonite organization that demonstrates Christian love by compassionately offering a continuum of wellness, housing and personal care services for older adults.

2. Change in Accounting Policy

Capital Disclosures

On April 1, 2008 the Home adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (See Note 12).

The adoption of these new standards had no material impact on the Home's statement of financial position and operations.

3. Accounts Receivable

	2009	2008
Receivable from residents	**$ 7,677**	$ 7,299
GST rebate receivable	**5,014**	15,684
Other	**11,237**	12,491
	$ 23,928	$ 35,474

4. Accrued Vacation Entitlements

The Home records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

	2009	2008
Balance, beginning of year	**$ 121,948**	$ 121,948
Net changes in vacation entitlements receivable	**-**	-
Balance, end of year	**$ 121,948**	$ 121,948

An analysis of the changes in the accrued vacation entitlements is as follows:

	2009	2008
Balance, beginning of year	**$ 141,925**	$ 127,567
Net increase (decrease) in accrued vacation entitlements	**19,780**	14,358
Balance, end of year	**$ 161,705**	$ 141,925

5. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Leasehold improvements	**$ 2,479,172**	**$ 2,012,148**	$ 2,477,195	$ 1,787,991
Furniture, fixtures and equipment	**394,469**	**305,532**	393,568	272,169
	$ 2,873,641	**$ 2,317,680**	$ 2,870,763	$ 2,060,160
Cost less accumulated amortization		**$ 555,961**		$ 810,603

Amortization of capital assets for the year ended March 31, 2009 is $257,520 (2008 - $257,520).

6. Bank Overdraft

The organization has a demand credit facility with the Royal Bank, amounting to $50,000 ($50,000 in 2008), available for operating needs. The overdraft facility bears interest at the bank's prime rate, calculated and payable monthly.

7. Accounts Payable

	2009	2008
Trade accounts payable	$ 40,932	$ 39,855
Due to Manitoba Housing Authority	-	4,416
Salaries and employee benefits payable	94,416	98,341
Winnipeg Regional Health Authority	45,473	91,966
Due to related parties	112,898	116,136
	$ 293,719	$ 350,714

8. Deferred Contributions

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations at rates which match the amortization of the related capital assets purchased with grants.

Changes in the deferred contribution balance are as follows:

	2009	2008
Balance, beginning of year	$ 730,510	$ 988,510
Additional contributions received		
Winnipeg Regional Health Authority	257,520	257,520
Less amounts amortized to revenue	(257,520)	(257,520)
Contributions applied to debt assumed by Province	(257,099)	(258,000)
Balance, end of year	$ 473,411	$ 730,510

8. Deferred Contributions (continued)

Unspent Equipment Funding

Unspent equipment funding related to equipment replacement represent the unspent amount of funding received for the purchase of equipment. Equipment funding is not recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	$ 111,599	$ 98,294
Additional contributions received		
Winnipeg Regional Health Authority	9,975	9,975
Interest received	1,847	3,330
Equipment purchases	(901)	-
Balance, end of year	122,520	111,599
Total deferred contributions	$ 595,931	$ 842,109

The long-term debt that has been incorporated in deferred contributions includes the following:

Royal Bank Revolving Loan, bearing interest at 1.03%, due April 1, 2009 $473,411

9. Employee Future Benefits

a) Accrued retirement obligation

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home's contractual commitment is to pay based upon the following:

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

i. has 10 years service and has reached the age 55

ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee

iii. retires at or after age 65

iv. terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2009. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

Commencing in 2006/07, the Winnipeg Regional Health Authority assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

	2009	2008
Employee future benefits recoverable from		
Manitoba Health	**$ 83,241**	$ 83,241
Winnipeg Regional Health Authority	**77,124**	62,585
	$ 160,365	$ 145,826

9. Employee Future Benefits (continued)

a) Accrued retirement obligation (continued)

An analysis of the changes in the employee benefits payable is as follows:

		2009		2008
Balance, beginning of year	$	**144,876**	$	118,866
Net increase (decrease) in pre-retirement entitlements		**14,539**		26,010
Balance, end of year	$	**159,415**	$	144,876

b) Pension plan

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing Plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the contribution by employees, 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 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 the Plan is in a deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $117,371 (2008 - $113,551) and are included in the statement of operations.

10. Related Party Transactions

During the year the Home had the following transactions with related organizations:

Management fee charges	$ 71,458
Shared building operations expenses	362,933

Accounts payable includes $112,898 (2008 - $116,136) payable to related parties.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Manitoba Housing Authority owns the Manitoba Deaf Centre building located at 285 Pembina Highway, Winnipeg, Manitoba. Pembina Place Mennonite Personal Care Home Inc. has been allotted 31% of building operation expenses for the year ended March 31, 2009.

11. Funding of Future Employee Benefits

Effective April 1, 2004 Manitoba Health directed all health care facilities (including non-profit personal care homes) to discontinue establishing a receivable from Manitoba Health for the funding of future employee benefits given that the responsibility for payment of same would be transferred to the WRHA. Contrary to the long-standing practice prior to April 1, 2004, the WRHA has since directed all health care facilities to record the future employee benefits liability, but not the corresponding receivable. As explained in Note , commencing in 2007, the WRHA has agreed to fund the change in accrued pre-retirement liability for the WRHA funded portions; however, they did not agree to fund changes in accrued vacation pay.

The Home has taken the position that Unfunded Future Employee Benefits (which include Pre-retirement Leave and Vacation Accrual) should be recoverable from the WRHA.

The Home's position is based on the fact that employee benefits are negotiated centrally by the Labour Relations Secretariat, and the Service Purchase Agreement explicitly states that the level of funding will be commensurate with any settlement agreed to by the Labour Relations Secretariat.

Based on this understanding, the corresponding responsibility for the future funding of the these benefits should be recognized by Manitoba Health to the WRHA and the WRHA to Winnipeg non-profit personal care homes (including Pembina Place Mennonite Personal Care Home Inc.).

The Home has expressed considerable concern to the WRHA regarding the impact of the policy change referred to above, and the manner in which Employee Future Benefit liabilities are to be funded and recorded in the Home's Audited Financial Statements.

12. Capital Management

The Home considers its capital to comprise its Net Assets balance. There have been no changes to what the organization considers to be its capital since the previous period.

The Home manages its capital to ensure it retains sufficient resources to enable it to meet its obligations for resident care. The determination of this amount is based on historical expense requirements relative to funding commitments.

KPMG

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AUDITORS' REPORT

To the Member of St. Amant Inc.

We have audited the statement of financial position of St. Amant Inc. as at March 31, 2009 and the statements of operations and changes in fund balances 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

June 3, 2009

ST. AMANT INC.

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	Operating Fund 2009	Operating Fund 2008	Capital Fund 2009	Capital Fund 2008	Total 2009	Total 2008

Assets

	Operating Fund 2009	Operating Fund 2008	Capital Fund 2009	Capital Fund 2008	Total 2009	Total 2008
Current assets:						
Cash	$ 1,827,974	$ 398,689	$ 318,877	$ 419,439	$ 2,146,851	$ 818,128
Funds held in trust for residents	342,037	352,049	–	–	342,037	352,049
Accounts receivable	2,900,938	2,957,489	–	275,474	2,900,938	3,232,963
Inventories	216,616	215,507	–	–	216,616	215,507
Prepaid expenses	218,997	132,157	–	–	218,997	132,157
Vacation pay recoverable from Winnipeg Regional Health Authority (note 8)	1,461,198	1,461,198	–	–	1,461,198	1,461,198
Due from (to) St. Amant Foundation Inc. (note 6)	904,750	698,815	(295,952)	102,974	608,798	801,789
Inter-fund balances receivable	1,992,066	1,750,201	(1,992,066)	(1,750,201)	–	–
	9,864,576	7,966,105	(1,969,141)	(952,134)	7,895,435	7,013,791
Capital assets (note 2)	–	–	18,483,828	18,631,874	18,483,828	18,631,874
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority (note 8)	1,543,522	1,653,621	–	–	1,543,522	1,653,621
	$ 11,408,098	$ 9,619,726	$ 16,514,687	$ 17,679,560	$ 27,922,785	$ 27,299,286

	Operating Fund 2009	Operating Fund 2008	Capital Fund 2009	Capital Fund 2008	Total 2009	Total 2008

Liabilities, Deferred Contributions and Fund Balances

	Operating Fund 2009	Operating Fund 2008	Capital Fund 2009	Capital Fund 2008	Total 2009	Total 2008
Current liabilities:						
Accounts payable and accrued liabilities	$ 3,488,706	$ 2,353,002	$ –	$ 35,224	$ 3,488,706	$ 2,388,226
Employee vacation payable (note 8)	2,436,083	2,136,892	–	–	2,436,083	2,136,892
Funds held in trust for residents	342,037	352,049	–	–	342,037	352,049
Advances (note 3)	377,480	377,480	–	–	377,480	377,480
Current portion of long-term debt (note 4)	–	–	5,358,665	5,575,602	5,358,665	5,575,602
	6,644,306	5,219,423	5,358,665	5,610,826	12,002,971	10,830,249
Future employee pre-retirement benefits payable (note 8)	1,822,010	1,932,109	–	–	1,822,010	1,932,109
Long-term debt (note 4)	–	–	1,661,929	1,815,686	1,661,929	1,815,686
Deferred contributions (note 5):						
Expenses of future periods	1,377,816	1,268,325	–	–	1,377,816	1,268,325
Capital assets	–	–	5,994,819	6,046,686	5,994,819	6,046,686
	1,377,816	1,268,325	5,994,819	6,046,686	7,372,635	7,315,011
Fund balances:						
Invested in capital assets	–	–	3,285,034	3,992,122	3,285,034	3,992,122
Internally restricted	1,180,223	816,126	–	–	1,180,223	816,126
Unrestricted	383,743	383,743	–	–	383,743	383,743
	1,563,966	1,199,869	3,285,034	3,992,122	4,849,000	5,191,991
Excess of appraised value over cost	–	–	214,240	214,240	214,240	214,240
	$ 11,408,098	$ 9,619,726	$ 16,514,687	$ 17,679,560	$ 27,922,785	$ 27,299,286

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:

Date: June 29/09

Approved on behalf of the Member of the Corporation:

Date: June 25, 2009

ST. AMANT INC.

Statement of Operations and Changes in Fund Balances

Exhibit 2

Year ended March 31, 2009, with comparative figures for 2008

	Winnipeg Regional Health Authority	Family Services	Other Funded	Total Operating Fund unrestricted	Operating Fund internally restricted	Total Operating Fund	Capital Fund	2009 Combined	2008 Combined
Revenues:									
Manitoba Family Services	$ –	$ 25,165,947	$ 8,361	$ 25,174,308	$ –	$ 25,174,308	$ –	$ 25,174,308	$ 20,652,651
Winnipeg Regional Health Authority	23,680,898	25,000	–	23,705,898	–	23,705,898	–	23,705,898	22,975,965
Manitoba Health	76,256	–	–	76,256	–	76,256	–	76,256	858,147
Government of Canada	3,938	618,032	–	621,970	–	621,970	–	621,970	631,088
School divisions	–	290,029	–	290,029	–	290,029	–	290,029	278,835
Fees	–	173,949	37,148	211,097	–	211,096	–	211,097	193,894
Grants	182,503	–	5,675	188,178	–	188,178	–	188,178	76,973
Other governments	106,512	–	–	106,512	–	106,512	–	106,512	119,757
Recoveries	382,770	–	–	382,770	–	382,770	–	382,770	388,742
Investment income	78,684	–	–	78,684	–	78,684	–	78,684	143,280
St. Amant Foundation Inc. donations (note 6)	80,498	35,630	7,497	123,625	–	123,625	20,067	143,692	167,988
Amortization of deferred contributions (note 5)	–	–	–	–	–	–	567,767	567,767	496,270
Gain on sale of capital assets	–	–	–	–	–	–	–	–	3,870
Other programs	159,915	49,868	75	209,858	–	209,858	–	209,858	165,000
	24,751,975	26,358,455	58,756	51,169,185	–	51,169,185	587,834	51,757,019	47,151,460
Expenses:									
Salaries and wages	18,845,407	17,707,008	2,948	36,555,363	–	36,555,363	–	36,555,363	32,880,575
Employee benefits	3,097,877	3,023,281	503	6,121,661	–	6,121,661	–	6,121,661	6,006,973
Purchased services	725,785	30,857	17,166	773,808	–	773,808	–	773,808	616,349
Supplies	1,099,231	210,721	9,265	1,319,217	–	1,319,217	–	1,319,217	1,241,561
Food	594,539	430,724		1,025,263	–	1,025,263	–	1,025,263	943,473
Utilities	661,051	205,126	–	866,177	–	866,177	–	866,177	910,052
Equipment	101,604	156,145	2,857	260,606	–	260,606	–	260,606	209,991
Property taxes	222,665	100,293	–	322,958	–	322,958	–	322,958	319,112
Repairs and maintenance	67,923	294,380	–	362,303	–	362,303	–	362,303	317,574
Interest on long-term debt	–	–	–	–	–	–	274,394	274,394	269,040
Amortization	–	–	–	–	–	–	1,968,806	1,968,806	1,777,450
Other (note 7)	(1,435,353)	3,652,256	32,521	2,249,424	–	2,249,424	30	2,249,454	2,044,731
	23,980,729	25,810,791	65,260	49,856,780	–	49,856,780	2,243,230	52,100,010	47,536,881
Excess (deficiency) of revenues over expenses for the year before the undernoted	771,245	547,664	(6,504)	1,312,405	–	1,312,405	(1,655,396)	(342,991)	(385,421)
Future employee pre-retirement revenue reduction (note 8)	(110,099)	–	–	(110,099)	–	(110,099)	–	(110,099)	(172,033)
Future employee pre-retirement benefits obligation (note 8)	110,099	–	–	110,099	–	110,099	–	110,099	172,033
Excess (deficiency) of revenues over expenses	771,245	547,664	(6,504)	1,312,405	–	1,312,405	(1,655,396)	(342,991)	(385,421)
Transfer to Capital Fund for purchased capital assets	(70,847)	(100,777)	–	(171,624)	–	(171,624)	171,624	–	–
Transfer to Capital Fund for principal repayment	(357,030)	(165,327)	–	(522,357)	–	(522,357)	522,357	–	–
Transfer to Capital Fund for interest	(63,313)	(191,014)	–	(254,327)	–	(254,327)	254,327	–	–
Transfer to internally restricted	(286,419)	(84,182)	6,504	(364,097)	364,097	–	–	–	–
Net change in fund balances	$ (6,364)	$ 6,364	$ –	–	364,097	364,097	(707,088)	(342,991)	(385,421)
Fund balances, beginning of year				383,743	816,126	1,199,869	3,992,122	5,191,991	5,577,412
Fund balances, end of year				$ 383,743	$ 1,180,223	$ 1,563,966	$ 3,285,034	$ 4,849,000	$ 5,191,991

See accompanying notes to financial statements.

ST. AMANT INC.

Statement of Cash Flows

Year ended March 31, 2009 with comparative figures for 2008

	2009	2008
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ (342,991)	$ (385,421)
Items not involving cash:		
Amortization of capital assets	1,968,806	1,777,450
Amortization of deferred contributions	(567,767)	(496,270)
Gain on sale of capital assets	–	(3,870)
Change in non-cash operating working capital:		
Accounts receivable	332,025	(269,877)
Inventories	(1,109)	4,460
Prepaid expenses	(86,840)	(5,812)
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority	110,099	172,033
Due from St. Amant Foundation Inc.	192,991	(354,987)
Accounts payable and accrued liabilities	1,100,480	(788,843)
Employee vacation payable	299,191	25,453
Future employee pre-retirement benefits payable	(110,099)	(172,033)
Net increase (decrease) in deferred contributions related to expenses of future periods	109,491	(333,303)
	3,004,277	(831,020)
Financing and investing activities:		
Increase in deferred contributions related to capital assets	515,900	1,553,915
Purchase of capital assets	(1,820,760)	(1,777,835)
Proceeds on disposal of capital assets	–	3,870
Proceeds from long-term debt	771,659	1,142,721
Repayment of long-term debt	(1,142,353)	(792,071)
	(1,675,554)	130,600
Increase (decrease) in cash	1,328,723	(700,420)
Cash, beginning of year	818,128	1,518,548
Cash, end of year	$ 2,146,851	$ 818,128

See accompanying notes to financial statements.

ST. AMANT INC.

Notes to Financial Statements

Year ended March 31, 2009

General:

St. Amant Inc. (the Organization) was incorporated in 1960 as a corporation without share capital. The Organization is a residential and resource facility dedicated to providing comprehensive care, leadership and promoting excellence in services for Manitobans with developmental disabilities.

1. Significant accounting policies:

(a) Revenue recognition:

The Organization is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority (WRHA) and Manitoba Family Services and Housing (Family Services). Operating grants are recorded as revenue in the period to which they relate. These financial statements reflect agreed arrangements approved with respect to the year ended March 31, 2009. The Organization's Service Purchase Agreement (SPA) with the WRHA continues in effect until March 31, 2012 and the SPA with Family Services continued in effect until March 31, 2009.

The Organization follows the deferral method for contributions on a fund accounting basis as follows:

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue of the appropriate fund when received. Investment income is recognized in the Operating Fund in the year in which it is earned.

The funds used by the Organization are:

(i) Operating Fund:

Unrestricted:

The Operating Fund - unrestricted includes transactions related to the government funded operations of the main residential program, developmental day program and community residences.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

Internally restricted:

The Operating Fund - internally restricted consists of funds restricted as approved by the Board of Directors.

(ii) Capital Fund:

The Capital Fund includes transactions related to the capital assets used for operations of the Organization.

(b) Financial instruments:

Initially, all financial assets and liabilities must be recorded on the statement of financial position at fair value. Subsequent measurement is determined by the classification of each financial asset and liability. Under this standard, all financial instruments are classified as one of the following five categories: (a) held-for-trading; (b) loans and receivables; (c) held-to-maturity; (d) available-for-sale; or (e) other liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess (deficiency) of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in fund balances.

The Organization designated cash and funds held in trust for residents as held-for-trading; accounts receivable, vacation pay recoverable from Winnipeg Regional Health Authority, due from St. Amant Foundation Inc. and future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority as loans and receivables; and accounts payable and accrued liabilities, employee vacation payable, funds held in trust for residents, advances and long-term debt as other liabilities. The Organization does not have held-to-maturity or available-for-sale financial instruments.

Except for held-for-trading designated financial instruments, transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the financial instrument using the effective interest rate method. For held-for-trading financial assets and liabilities, transaction costs are recorded in the statement of operations as incurred.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(d) Capital assets:

Capital expenditures are recorded at cost as capital assets in the Capital Fund. Contributed capital assets are recorded at fair value at the date of contribution.

Land is stated at its appraised value as at January 13, 1972. Acquisitions subsequent to 1972 are stated at cost.

Amortization on capital assets is charged to the Capital Fund and recorded on a straight-line basis to amortize the cost of capital assets over their estimated useful lives.

Capital assets are amortized over the following periods:

Asset	Period
Land improvements	20 years
Buildings	10 - 40 years
Furniture and equipment, building service equipment	5 - 20 years
Automotive	5 years
Software	5 years

(e) Mortgage payable:

Mortgage payable to Canada Mortgage and Housing Corporation (note 4), for which a portion is forgivable over the period of repayment, is recorded at the repayable amounts.

(f) Deferred contributions:

(i) Related to expenses of future years:

Grants received toward specified expenditures are taken into revenue as the related expenditures are incurred.

(ii) Related to capital assets:

Grants received towards the cost of capital expenditures are deferred and amortized on a straight-line basis over the estimated useful life of the assets purchased.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(g) Debt retirement:

The principal portion of annual debt retirement costs is recorded in the Capital Fund as a reduction of long-term debt. The interest portion of annual debt retirement is recorded in the Capital Fund as an expense.

(h) Income taxes:

The Organization is exempt from income taxes under Section 149(1) of the *Income Tax Act*.

(i) Volunteers:

A large number of volunteers donate significant amounts of time in 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.

(j) Future employee pre-retirement benefits:

Future pre-retirement benefits are accrued as earned based on an actuarial estimation. The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions adopted in measuring the Organization's accrued future pre-retirement benefit includes mortality and withdrawal rates, a discount rate of 6.70 percent (2008 - 5.50 percent) and a rate of salary increase of 3.50 percent (2008 - 3.50 percent) plus an age related merit/promotion scale with no provision for disability.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

2. Capital assets:

	Cost or appraised value	Accumulated amortization	2009 Net book value	2008 Net book value
440 River Road:				
Land	$ 212,888	$ –	$ 212,888	$ 212,888
Land improvements	887,341	261,664	625,677	266,798
Buildings	16,294,162	9,287,640	7,006,522	7,651,967
Building service equipment	4,931,543	1,891,202	3,040,341	2,957,532
Furniture and equipment	5,854,663	4,902,490	952,173	1,237,405
Automotive	184,803	158,781	26,022	34,863
Software	1,014,059	531,513	482,546	647,724
	29,379,459	17,033,290	12,346,169	13,009,177
Community residences:				
Land	1,217,034	–	1,217,034	1,217,034
Land improvements	4,678	2,474	2,204	2,324
Buildings	5,392,916	985,455	4,407,461	3,750,481
Building service equipment	10,722	8,099	2,623	2,531
Furniture and equipment	1,315,014	841,870	473,144	582,497
Automotive	206,000	170,807	35,193	67,830
	8,146,364	2,008,705	6,137,659	5,622,697
	$ 37,525,823	$ 19,041,995	$ 18,483,828	$ 18,631,874

3. Advances:

The Organization has received working capital advances from Manitoba Family Services. These advances are non-interest bearing, have no fixed repayment terms and are unsecured.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

4. Long-term debt:

	2009	2008
Canada Mortgage and Housing Corporation (CMHC):		
Mortgage payable, secured by specific properties, interest at 7 5/8%, payable \$6,578 monthly including principal and interest, maturing November 15, 2015	\$ 413,020	\$ 459,061
National Bank of Canada - Manitoba Health approved borrowings, due on demand, interest at bank prime rate less .5%, payable \$4,891 monthly, principal payments, maturing October 2016	440,174	498,864
National Bank of Canada, loans payable, at interest rates ranging from bank prime to 6.2%, payable \$20,500 monthly including principal and interest, maturing at various dates from September 2009 through July 2012 (if repayment not demanded by lender on certain demand loans)	3,388,239	2,765,871
National Bank of Canada, promissory note, due on demand, interest at bank prime, payable \$4,445 monthly, principal payments, maturing in December 2022	679,985	733,325
Province of Manitoba promissory note, due on demand, unsecured, interest at 4.6%, payable \$41,666 monthly, principal payments plus interest, maturing in March 2012	1,500,008	2,000,000
National Bank of Canada, promissory note, due on demand, interest at bank prime, payable \$7,500 monthly, principal payments, maturing in March 2013	352,500	442,500
National Bank of Canada, promissory note, due on demand, interest at bank prime, payable \$8,333 monthly, principal payments, maturing in March 2013	246,667	491,667
	7,020,594	7,391,288
Current portion (including demand loans)	5,358,665	5,575,602
	\$ 1,661,929	\$ 1,815,686

The long-term debt with National Bank of Canada is secured by certain land and buildings owned by the Organization and for certain loans, letters of comfort from Manitoba Health.

The repayment of the Province of Manitoba promissory note, both principal and interest, has been guaranteed for the term of the note by the Province of Manitoba. Principal and interest payments for fiscal 2008 and 2009 have been funded directly by the Province of Manitoba. These financial statements do not reflect the related funding for and interest paid on the promissory note for fiscal 2008 and 2009.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

4. Long-term debt (continued):

For Manitoba Health approved borrowings, the Government of Manitoba may elect to retire this debt at anytime as it so chooses.

Principal repayments over the next five years and thereafter, based on current repayment terms, are approximately as follows:

2010	$ 5,358,665
2011	126,503
2012	131,845
2013	139,209
2014 and thereafter	1,264,372
	$ 7,020,594

5. Deferred contributions:

(i) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations.

	2009	2008
Balance, beginning of year	$ 1,268,325	$ 1,601,628
Additional contributions received	4,686,625	4,428,950
Less amounts transferred to deferred contributions - capital assets	–	(573,465)
Less amounts recognized as revenue	(4,577,134)	(4,188,788)
	$ 1,377,816	$ 1,268,325

5. Deferred contributions (continued):

(ii) Capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2009	2008
Balance, beginning of year	$ 6,046,686	$ 4,989,041
Additional contributions received	515,900	980,450
Add amount transferred from deferred contributions - expenses of future periods	–	573,465
Less amounts amortized to revenue	(567,767)	(496,270)
	$ 5,994,819	$ 6,046,686

	Grants	Accumulated amortization	2009 Net book value	2008 Net book value
Land improvements	$ 368,095	$ 63,486	$ 304,609	$ 251,980
Buildings	5,018,437	1,588,852	3,429,585	3,727,782
Buildings service equipment	1,886,195	673,251	1,212,944	1,030,743
Furniture and equipment	3,274,909	2,227,228	1,047,681	1,036,181
	$ 10,547,636	$ 4,552,817	$ 5,994,819	$ 6,046,686

6. Related party transactions and balance:

The Organization made payments on loans held by the St. Amant Foundation Inc., a corporation with the same Member as the Organization, of nil (2008 - $17,284), of which nil (2008 - $7,500) was principal. The Organization pays rent on eight community residences to St. Amant Foundation Inc. for $80,903 (2008 - $80,903). The Organization charged St. Amant Foundation Inc. $130,067 (2008 - $20,000) for costs related to the parking lot including $90,000 (2008 - nil) which has been recorded in deferred contribution related to capital assets.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

6. Related party transactions and balance (continued):

During fiscal 2009, St. Amant Foundation Inc. transferred a capital asset, parking lot improvements, at its net book value of $398,927 to the Organization.

St. Amant Foundation Inc. has provided funds towards the Organization's operations in the following amounts:

	2009	2008
Community residences program:		
Vehicles	$ –	$ 15,000
Other	–	2,513
	–	17,513
Client services programs:		
Aboriginal Culture and Initiative Outreach	10,221	42,323
Community support	227	834
ABA Program	4,626	–
River Road Place	48,158	–
St. Amant School	6,303	–
Community Residence Program	21,226	–
Daycare	9,190	6,444
Resident care program	–	2,500
	99,951	52,101
Education and training:		
St. Amant Inc. conference	7,498	18,590
Research program	–	70,000
Other equipment and supplies	16,176	–
Capital projects:		
River Road Place	69,600	61,115
River Road Child Care	6,554	–
School and developmental services	26,124	15,049
Grounds enhancement	–	20,235
Development services renovations	–	107,151
Deck 1 (west)	–	3,000
Software	–	11,000
Common area renovations	–	172,893
Community residential program	–	28,860
	102,278	419,303
	$ 225,903	$ 577,507

Of these contributions, $102,278 (2008 - $419,303) have been recorded in deferred contributions related to capital assets.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

6. Related party transactions (continued):

The receivable from St. Amant Foundation Inc. of $608,798 (2008 - $801,789) is non-interest bearing, has no specified terms of repayment and is unsecured.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. Inter-program recoveries:

The Organization records inter-program recoveries of $ 2,128,516 (2008 - $1,545,612) to offset the costs associated with the corporately managed shared expenses of the various programs. These amounts are recorded as other expenses in the related programs.

8. Employee benefits recoverable and payable:

(i) The Organization maintains an employee pre-retirement benefit plan primarily for the WRHA funded employees. The plan provides benefit payments to eligible retirees based on length of service and on career earnings from initial eligibility.

At March 31, 2009, based on an actuarial estimate, the pre-retirement benefit plan's obligations are estimated to be approximately $1,822,010 (2008 - $1,932,109) for which the Organization has provided an accrued future employee pre-retirement benefits liability on the statement of financial position.

The amount of funding which will be provided by the Winnipeg Regional Health Authority (WRHA) for pre-retirement benefits was initially determined based on the pre-retirement liability at March 31, 2004, and was recorded as a long-term receivable on the statement of financial position.

The recoverable has been adjusted, based on direction from WRHA, to include the incremental change in the related liability since fiscal 2007, which includes an interest component. The decrease recorded in fiscal 2009 was $110,099 (2008 - $172,033) and is recorded in the statement of operations.

In addition, during 2007, the WRHA approved partial funding of the incremental increases in the future employee pre-retirement benefits liability for fiscal 2005 and 2006 of $162,531. This amount also included an interest component and was received in fiscal 2009.

8. Employee benefits recoverable and payable (continued):

The future employee pre-retirement benefits recoverable from WRHA at March 31, 2009 aggregates $1,543,522 (2008 - $1,653,621) and has no specified terms of repayment.

Additional, information about the Organization's employee pre-retirement benefit plan is as follows:

		2009		2008
Net benefit cost expensed in statement of operations:				
Pre-retirement benefits paid included in salaries	$	218,106	$	237,849
Change in pre-retirement benefits payable included in future employee pre-retirement benefits		(110,099)		(172,033)

Prior to 2004, Manitoba Health funded 100 percent of actual pre-retirement benefits paid over and above the operating grant provided to the Organization. Beginning April 1, 2005, the WRHA established a policy of providing additional funding for approximately 70 percent of actual pre-retirement benefits paid. Actual funding provided by WRHA for 2009 was 65.1 percent (2008 – 64.25 percent) of actual pre-retirement benefits paid. The shortfall for 2009 of $76,119 (2008 - $85,031) was paid from funding received for operations.

(ii) Certain eligible employees of the Organization are members of Healthcare Employees Pension Plan - Manitoba, a multi-employer defined pension plan. As individual entities within the plan are not able to identify their share of the underlying assets and liabilities, the Organization is accounting for the plan as a defined contribution plan. The cost of the plan is recognized based on the contributions required to be made during each period. During the year, the Organization contributed $1,920,781 (2008 - $1,745,544) on behalf of its employees.

The most recent actuarial valuation of the plan as at December 31, 2007 indicated a solvency deficiency of $61,050,000 that will be funded over five years commencing calendar 2008 out of current contributions in each respective year. A change in underlying actuarial assumptions could cause a change in the actuarial value of accrued pension benefits and required service contributions. Contribution rates were increased on July 1, 2007 to 6.8 percent of pensionable earnings up to the yearly maximum pensionable earnings limit (YMPE) and 8.4 percent on earnings in excess of the YMPE. No rates changes have been issued since.

8. Employee benefits recoverable and payable (continued):

(iii) The cost of the Organization's vacation benefits is accrued when the benefits are earned by the employees and is reported as employee vacation payable on the statement of financial position. The vacation liability at March 31, 2009 is $2,436,083 (2008 - $2,136,892). The funding received in each subsequent fiscal year from the WRHA includes the vacation payable recoverable from the WRHA of $1,461,198 as included on the statement of financial position. The vacation pay recoverable from the WRHA is maintained at the employee vacation payable at March 31, 2004.

9. Future accounting changes:

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Organization's next fiscal year. The Organization is in the process of determining the impact that these standards will have on its financial reporting.

On April 1, 2009, the Organization will adopt CICA Section 3862, *Financial Instruments - Disclosures* and Section 3863, *Financial Instruments - Presentation* were to replace the existing Section 3861, *Financial Instruments - Disclosure and Presentation*, effective April 1, 2009 for the Organization. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so much disclose this fact.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, *Disclosures of Allocated Expenses by Not-for-Profit Organizations,* was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Organization will adopt these standards on April 1, 2009.

ST. AMANT INC.

Notes to Financial Statements (continued)

Year ended March 31, 2009

10. Fair value:

The fair value of the following items is not determinable due to the underlying terms and conditions: due from St. Amant Foundation Inc., advances, loans payable to CMHC and Province of Manitoba promissory note.

The fair value of the future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority approximates its carrying value as the interest component is comparable to current market rates.

The fair value of loans payable to National Bank of Canada is approximately $5,136,000 (2008 - $4,963,000) as compared to their carrying value of $5,107,565 (2008 - $4,932,227). Fair value has been determined using future payments of principal and interest discounted at current rates.

The fair value of the remaining financial assets and liabilities approximates their carrying values due to their short term nature.

11. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Deloitte.

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AUDITORS' REPORT

To the Board of Directors of
St. Joseph's Residence Inc.

We have audited the statement of financial position of St. Joseph's Residence Inc. as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Residence'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 financial statements present fairly, in all material respects, the financial position of the Residence as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 22, 2009

ST. JOSEPH'S RESIDENCE INC.
Statement of Operations
Year ended March 31, 2009

	2009	2008
REVENUE		
WRHA	**$ 4,344,986**	$ 4,144,032
Residential charges	**1,538,214**	1,495,844
Canada Mortgage and Housing Corporation (Note 7)	**35,946**	35,946
	5,919,146	5,675,822
Amortization of deferred contributions - capital assets	**162,963**	90,750
Recoveries - general	**67,723**	57,311
Cafeteria	**15,893**	14,037
Interest	**31,228**	50,052
Donations	**86,126**	8,628
	363,933	220,778
	6,283,079	5,896,600
EXPENSES		
Salaries and wages	**4,267,508**	3,962,199
Plant operations and maintenance	**363,823**	384,747
Employee benefits	**697,566**	654,535
Dietary	**200,557**	199,079
General services	**187,009**	177,267
Special services	**38,890**	48,504
Depreciation	**183,751**	103,035
Interest on long term debt	**49,431**	58,417
Housekeeping, laundry and linen	**98,247**	100,103
Medical supplies	**95,236**	92,398
Health and education tax	**91,282**	83,389
	6,273,300	5,863,672
SURPLUS BEFORE OTHER ITEMS	**9,779**	32,928
Unfunded portion of pre-retirement leave	**(20,924)**	(68,762)
DEFICIT FROM WRHA FUNDED PROGRAMS	**(11,145)**	(35,834)
(Loss) income from ancillary operations	**(8,238)**	2,033
DEFICIT FOR THE YEAR	**$ (19,383)**	$ (33,801)

ST. JOSEPH'S RESIDENCE INC.
Statement of Financial Position
March 31, 2009

		2009		2008
ASSETS				
CURRENT				
Cash and certificates of deposit	$	1,007,580	$	1,142,552
Cash held in trust		23,997		14,552
Accounts receivable		520,310		672,012
Inventory		31,844		25,266
Prepaid expenses		17,268		12,296
Due from WRHA - vacation pay		248,912		248,912
		1,849,911		2,115,590
CAPITAL ASSETS (Note 4)		2,374,683		2,351,684
DUE FROM WRHA - PRE-RETIREMENT LEAVE		383,455		383,010
	$	4,608,049	$	4,850,284
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	726,941	$	1,081,651
Accrued vacation pay		317,981		295,109
Funds held in trust		24,661		20,755
Current portion of long-term debt (Note 6)		172,378		168,168
		1,241,961		1,565,683
LONG-TERM DEBT (Note 6)		1,020,318		1,192,625
ACCRUED PRE-RETIREMENT LEAVE (Note 5)		459,831		451,772
DEFERRED CONTRIBUTIONS				
EXPENSES OF FUTURE PERIODS (Note 10)		27,722		86,240
CAPITAL ASSETS (Note 11)		1,040,613		728,977
MAJOR REPAIRS (Note 12)		58,188		46,188
		3,848,633		4,071,485
NET ASSETS				
INVESTED IN CAPITAL ASSETS (Note 13)		316,210		419,250
UNRESTRICTED		443,206		359,549
		759,416		778,799
	$	4,608,049	$	4,850,284

APPROVED BY THE BOARD

.... Director

.... Director

ST. JOSEPH'S RESIDENCE INC.
Statement of Changes in Net Assets
Year ended March 31, 2009

	2009			2008
	Invested in Capital Assets	**Unrestricted**	**Total**	Total
Balance, beginning of year	**$ 419,250**	**$ 359,549**	**$ 778,799**	$ 812,600
Deficit for the year (Note 13)	**(25,927)**	**6,544**	**(19,383)**	(33,801)
Investment in capital assets (Note 13)	**(77,113)**	**77,113**	**-**	-
Balance, end of year	**$ 316,210**	**$ 443,206**	**$ 759,416**	$ 778,799

ST. JOSEPH'S RESIDENCE INC.
Statement of Cash Flows
Year ended March 31, 2009

		2009		2008
OPERATING ACTIVITIES				
Deficit for the year	$	**(19,383)**	$	(33,801)
Items not affecting cash				
Depreciation		**188,890**		106,314
Amortization of deferred contributions - expenses of future periods		**(79,194)**		(61,003)
Amortization of deferred contributions - capital assets		**(162,963)**		(90,750)
Unrealized loss on investments		**-**		3,647
		(72,650)		(75,593)
Changes in non-cash working capital balances				
Accounts receivable		**151,702**		(390,370)
Inventory		**(6,578)**		(1,300)
Prepaid expenses		**(4,972)**		(670)
Due from WRHA - pre-retirement leave		**(445)**		52,479
Accounts payable and accrued liabilities		**(354,710)**		265,159
Accrued vacation pay		**22,872**		6,915
Accrued pre-retirement leave		**8,059**		16,283
		(256,722)		(127,097)
FINANCING ACTIVITIES				
Funds held in trust		**3,906**		10,097
Mortgage repayments		**(100,297)**		(96,093)
Proceeds of term loan		**-**		168,513
Term loan repayments		**(67,800)**		(53,075)
Additional deferred contributions received				
- expenses of future periods		**20,676**		80,195
- capital assets		**474,599**		205,945
- major repairs		**12,000**		12,000
		343,084		327,582
INVESTING ACTIVITIES				
Cash held in trust		**(9,445)**		(3,894)
Capital asset purchases		**(211,889)**		(345,448)
		(221,334)		(349,342)
NET DECREASE IN CASH AND CERTIFICATES OF DEPOSIT		**(134,972)**		(148,857)
CASH AND CERTIFICATES OF DEPOSIT, BEGINNING OF YEAR		**1,142,552**		1,291,409
CASH AND CERTIFICATES OF DEPOSIT, END OF YEAR	$	**1,007,580**	$	1,142,552

Supplementary information				
Interest paid	$	**49,808**	$	58,757

1. NATURE OF ORGANIZATION

St. Joseph's Residence Inc. is a not-for-profit corporation, which operates a personal care home. Effective February 13, 2003, the sponsorship of the Residence was transferred from the Sisters of the Order of St. Benedict to the Catholic Health Corporation of Manitoba (CHCM). The Residence is a registered charity under the Income Tax Act and accordingly is exempt from taxes.

2. CHANGES IN ACCOUNTING POLICIES

On April 1, 2008, the Residence adopted CICA 1535, Capital disclosures. This standard requires the disclosure of information related to the objectives, policies and processes for managing capital.

3. SIGNIFICANT ACCOUNTING POLICIES

The Residence has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Residence for the year ended March 31, 2009. The Residence applies the requirements of Section 3861 of the CICA Handbook.

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

a) *Revenue recognition*

The Residence follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations thereto, the Residence is funded primarily by the Province of Manitoba in accordance with budget arrangements established by WRHA. Operating grants are recorded as revenue in the period to which they relate.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Capital assets

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

Capital assets are depreciated on a straight-line basis over the following estimated useful lives:

Building	50 years
Parking lot	20 years
Furniture and equipment	5, 10 years
Building service equipment	20 Years

c) Vacation pay

The Residence records the accrued vacation pay entitlement liability. The related revenue and expense is recorded in the statement of operations for the current year.

d) Retirement entitlement obligation

The Residence 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) qualify for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee.

The Residence has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. The related revenue and expense is recorded in the statement of operations for the current year.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Residence's designation of such instruments.

Classification

Cash	Held for trading
Certificates of deposit	Held for trading
Accounts receivable	Loans and receivables
Amounts due from WRHA/Manitoba Health	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Accrued vacation pay	Other liabilities
Long term debt	Other liabilities

Held for trading
Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Loans and receivables
Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities
Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Effective interest method
The Residence uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

f) Provision for operating surplus settlement with WRHA

The Residence records the full amount of its operating surplus as calculated in accordance with the WRHA guidelines as a provision for settlement with WRHA. The actual amount of the settlement is determined after a review of the details by Manitoba Health and negotiation with the Residence. Any difference is recorded subsequently in the statement of operations in the year of settlement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Contributed services*

Contributed services are recorded at their estimated fair value if the amount can be reasonably estimated.

h) *Inventory*

Inventories of supplies are valued at the lower of cost and net realizable value with the cost being determined on an average basis.

i) *Fair value*

The carrying value of the Residence's financial assets and liabilities reflect their fair values, unless otherwise disclosed.

j) *Future accounting changes*

In November 2008, the Canadian Institute of Chartered Accountants issued amendments to Section 1540, Cash flow statements, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organizations, Section 4430, Capital assets held by not-for-profit organizations, Section 4460, Disclosure of related party transactions by not-for-profit organizations and issued Section 4470, Disclosure of allocated expenses by not-for-profit organizations. These new standards are effective for fiscal years beginning on or after January 1, 2009, specifically April 1, 2009 for the Residence.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Residence does not expect that the adoption of these new standards will have a material impact on its financial statements.

4. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	**$ 193,965**	**$ -**	$ 193,965	$ -
Building	**2,994,317**	**1,480,859**	2,978,068	1,365,221
Parking lot	**86,781**	**25,564**	86,781	19,831
Furniture and equipment	**1,507,433**	**1,153,208**	1,311,793	1,101,427
Building service equipment	**314,772**	**62,954**	314,772	47,216
	5,097,248	**2,722,858**	4,885,559	2,533,695
Net Book Value	**$ 2,374,683**		$ 2,351,684	

Depreciation expense during the year totalled $188,890 (2008 - $106,314) including $5,139 (2008 - $3,280) recorded in the ancillary operations.

5. ACCRUED PRE-RETIREMENT LEAVE

The Residence undertook an actuarial valuation of the accrued pre-retirement leave in accordance with accounting policy (Note 3(d)). The significant actuarial assumptions adopted in measuring the Residence's accrued pre-retirement leave include mortality and withdrawal rates, a discount rate of 6.70% (2008 – 5.50%) and a rate of salary increase of 3.5% plus age related merit/promotion scale with no adjustment for disability. Actual payments made during the year for the Residence's pre-retirement leave were $38,133 (2008 - $38,710).

6. LONG-TERM DEBT

	2009	2008
Mortgage, payable to Canada Mortgage and Housing Corporation, repayable in blended monthly instalments of $11,017, interest rate of 4.17% per annum, due May 1, 2015	**$ 718,438**	$ 818,735
Term loan, payable to Toronto Dominion Bank, repayable in monthly principal payments of $2,705, plus interest at prime minus 0.75% per annum, due October 31, 2014	**176,817**	209,277
Term loan, payable to Toronto Dominion Bank, repayable in monthly principal payments of $2,945, plus interest at prime minus 0.75% per annum, due August 31, 2018	**297,441**	332,781
Total long-term debt	**1,192,696**	1,360,793
Current portion	**172,378**	168,168
	$ 1,020,318	$ 1,192,625

6. LONG-TERM DEBT (continued)

The mortgage with the Canada Mortgage and Housing Corporation is secured by a security agreement covering all land, buildings, furniture and equipment and assignment of all residential charges. The term loans are secured by a Letter of Comfort from Manitoba Health.

The principal repayments in each of the next five years are as follows:

Mortgage:	2010	$	104,578
	2011		108,969
	2012		113,536
	2013		118,297
	2014		123,260
Term loans:	2010	$	67,800
	2011		67,800
	2012		67,800
	2013		67,800
	2014		67,800

7. CANADA MORTGAGE AND HOUSING PAYMENTS

The Residence has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to 1.5% to enable the project to provide housing to low income individuals. The amount of assistance received in 2009 was $35,946 (2008 - $35,946).

8. RELATED ENTITIES

a) The Residence is dependent on the Winnipeg Regional Health Authority for the majority of the funding of its operations.

b) During the current year, St. Joseph's Residence Inc. charged $4,680 (2008 - $4,680) to the Friends of St. Joseph's Residence Inc., a related party, for accounting and administration services.

Friends of St. Joseph's Residence Inc. made donations to St. Joseph's Residence Inc. totalling $58,469 (2008 - $60,084).

At March 31, 2009 St. Joseph's Residence Inc. had a receivable from Friends of St. Joseph's Residence Inc. in the amount of $60,417 (2008 - $59,972).

9. INTEREST RATE AND CREDIT RISK

a) *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes in the Residence's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Residence's assets. The value of the Residence's assets is affected by short-term changes in nominal interest rate and equity markets.

The term to maturity of the fixed income investments of the Residence are all before the end of the 2012 calendar year with coupon rates ranging between 0.80% and 4.71% (2008 – 3.20% and 5.10%). The fair market value of these fixed income securities as at March 31, 2009 is $705,205 (2008 – $756,780).

b) *Credit Risk*

Credit risk arises when a counterparty does not fully honour its financial or contractual obligations. The Residence has established credit and investment policies to mitigate this risk.

Credit risk is increased where a significant portion of the investment portfolio is invested in securities which have similar characteristics or which are expected to follow similar variations relating to economic or political conditions. The risk of excess concentration is mitigated by an investment policy established by the Board of Directors, which sets out various investment policies.

The majority of the current year's accounts receivable balance consists of related party amounts and the remainder are resident receivables, which is consistent with the prior year, and are regarded as low credit risk balances.

10. DEFERRED CONTRIBUTIONS – EXPENSES OF FUTURE PERIODS

Deferred contributions related to expense of future periods represent the unspent amount of donations and grants received for expenditures other than the purchase of capital assets. Amortization is recorded as revenue in the statement of operations and matched with the related expenses.

	2009	2008
Balance, beginning of year	**$ 86,240**	$ 67,048
Additional contributions	**20,676**	80,195
Distribution for expenses	**(79,194)**	(61,003)
Balance, end of year	**$ 27,772**	$ 86,240

11. DEFERRED CONTRIBUTIONS – CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and funding received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. Changes in the deferred contributions balance are as follows:

	2009				2008
	Purchased Capital Assets	**Future Capital Assets**	**Contributed Surplus**	**Total**	Total
Balance beginning of year	$ 301,382	$ 157,336	$ 270,259	**$ 728,977**	$ 611,034
Additional contributions received	289,002	17,500	-	**306,502**	56,776
Debt repayment	168,097	-	-	**168,097**	149,169
Amortization	(153,644)	-	(9,319)	**(162,963)**	(88,002)
Balance, end of year	$ 604,837	$ 174,836	$ 260,940	**$ 1,040,613**	$ 728,977

12. DEFERRED CONTRIBUTIONS – MAJOR REPAIRS

Deferred contributions related to major repairs represent the unamortized amount and unspent funding received for major repairs. Amounts are recorded as revenue when applicable expenses are incurred. Changes in the deferred contributions balance are as follows:

	2009	2008
Balance, beginning of year	**$ 46,188**	$ 34,188
Additional contributions	**12,000**	12,000
Balance, end of year	**$ 58,188**	$ 46,188

13. INVESTED IN CAPITAL ASSETS

Invested in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 2,374,683**	$ 2,351,684
Cash – Future Capital Assets	**174,836**	157,336
Amounts financed by		
Deferred contributions	**(1,040,613)**	(728,977)
Mortgage payables	**(718,438)**	(818,735)
Term loans	**(474,258)**	(542,058)
	$ 316,210	$ 419,250

13. INVESTED IN CAPITAL ASSETS (continued)

Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Depreciation of capital assets included in operations	**$ (188,890)**	$ (106,314)
Amortization of deferred contributions related to capital assets included in operations	**162,963**	88,002
	$ (25,927)	$ (18,312)

Net change in invested in capital assets is as follows:

	2009	2008
Purchase of capital assets	**$ 211,889**	$ 345,448
Increase in deferred contributions	**(457,009)**	(189,917)
Increase in term loans	**-**	(168,513)
Repayment of term loan	**67,800**	53,075
Mortgage repayments	**100,297**	96,093
	$ (77,113)	$ 136,186

14. PENSION PLAN

Substantially all of the employees of the Residence are members of the Healthcare Employees Pension Plan – Manitoba. The Residence's liability under the pension plan is limited to the contributions required during the year under the respective agreements.

Employer contributions made to the plan during the year by the Residence amounted to $259,650 (2008 - $229,302).

15. CAPITAL MANAGEMENT

The objective of the Board of Directors of the Residence, when managing capital, is to safeguard the ability to continue as a going concern. The Board of Directors sets the amount of capital in proportion to risk. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

16. COMPARATIVE FIGURES

Certain figures, previously reported for 2008, have been reclassified to conform with the basis of presentation adopted in the current year.

booke
& partners
CHARTERED ACCOUNTANTS

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Auditors' Report

To the Members of
Sexuality Education Resource Centre Manitoba, Inc.

We have audited the statement of financial position of Sexuality Education Resource Centre Manitoba, Inc. as at March 31, 2009, and the statement of operations and statement of changes in fund balances 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.

Except as explained in the following paragraph, 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 from 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 accounting estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from the general public in the form of donations, memberships, sales of promotional materials, honoraria and fundraising projects, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenditures, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2009, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Booke & Partners

Winnipeg, Canada
May 8, 2009

Chartered Accountants

Sexuality Education Resource Centre Manitoba, Inc.
Operating Fund
Statement of Operations

Year Ended March 31	2009	2008
Revenues (Page 10)	$ 1,596,178	$ 1,588,681
Less: revenues deferred to subsequent fiscal period (Note 5)	(147,748)	(180,380)
Net revenues	1,448,430	1,408,301
Expenditures (Page 11)	1,430,026	1,361,843
Excess of revenues over expenditures from operations	18,404	46,458
Pre-retirement leave recovery (Note 8)	3,918	3,512
Pre-retirement leave expense (Note 8)	(3,918)	(3,512)
Excess of revenues over expenditures	$ 18,404	$ 46,458

See accompanying notes to the financial statements.

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Sexuality Education Resource Centre Manitoba, Inc.
Statement of Changes in Fund Balances
Year Ended March 31

	Relocation Reserve	Operating Fund	**2009**	2008
Balance, beginning of year	$ 30,093	$ 64,873	**$ 94,966**	$ 48,508
Excess of revenues over expenditures	-	18,404	**18,404**	46,458
Interfund transfer	18,404	(18,404)	**-**	-
Balance, end of year	$ 48,497	$ 64,873	**$ 113,370**	$ 94,966

See accompanying notes to the financial statements.

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CHARTERED ACCOUNTANTS

Sexuality Education Resource Centre Manitoba, Inc.
Statement of Financial Position

March 31	2009	2008
Assets		
Operating Fund		
Cash and short term deposits	$ 299,354	$ 227,656
Receivables	152,064	194,932
Prepaids	47,206	17,890
	498,624	440,478
Property and equipment (Note 3)	41,723	28,027
	540,347	468,505
Relocation Reserve		
Cash	48,497	30,093
	$ 588,844	$ 498,598

	2009	2008
Liabilities		
Operating Fund		
Payables and accruals (Note 4)	$ 223,804	$ 137,499
Deferred revenue (Note 5)	147,748	180,380
	371,552	317,879
Pre-retirement leave (Note 9)	69,635	65,717
Deferred contributions related to property and equipment (Note 6)	34,287	20,036
Fund balance	64,873	64,873
	540,347	468,505
Relocation Reserve		
Fund balance	48,497	30,093
	$ 588,844	$ 498,598

Commitments (Note 7)

On behalf of the Board

____________________ Director ____________________ Director

See accompanying notes to the financial statements.

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1. Purpose of the organization

Sexuality Education Resource Centre Manitoba, Inc. is committed to promoting universal access to comprehensive, reliable information and services by fostering awareness, understanding and support through education on sexuality and related health issues.

The organization is an incorporated not-for-profit entity and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

The organization follows accounting principles generally accepted in Canada in preparing it's financial statements. The significant accounting policies used are as follows:

Revenue recognition

Sexuality Education Resource Centre Manitoba, Inc. follows the deferral method of accounting for revenue.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund accounting

Revenue and expenses related to program delivery and administration activities are reported in the Operating Fund.

The Relocation Reserve is available to fund future purchases for the anticipated relocation.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided on the declining balance basis at annual rates estimated to write off the assets over their estimated useful lives as follows:

Furniture and equipment	20%
Computers	20%

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Summary of significant accounting policies - continued

Financial instruments

The organization's financial instruments consist of cash and short term deposits, receivables, payables and accruals and deferred revenue.

The fair value of the agency's financial assets and liabilities approximate their carrying value. It is management's opinion that the agency is not exposed to significant interest, currency or credit risk arising from these financial instruments.

3. Equipment

	Cost	Accumulated Amortization	**2009 Net Book Value**	2008 Net Book Value
Winnipeg				
Computers	$ 82,921	$ 48,343	**$ 34,578**	$ 19,096
Furniture and equipment	22,607	16,983	**5,624**	7,030
Brandon				
Computers	10,880	9,379	**1,501**	1,876
Furniture and equipment	663	643	**20**	25
	$ 117,071	$ 75,348	**$ 41,723**	$ 28,027

4. Payables and accruals

	2009	2008
Vacation pay and salary accrual	**$ 105,517**	$ 48,930
Trade	**118,287**	88,569
	$ 223,804	$ 137,499

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5. Deferred revenue

Deferred revenue reported in the Operating Fund relates to restricted operating funding received in the current year that is related to the subsequent year.

	2009	2008
Winnipeg Regional Health Authority	$ **40,000**	$ 40,000
Province of Manitoba		
Manitoba Health - HIV Training	**41,412**	82,127
Manitoba Health - Addressing the Future	**1,374**	3,099
Manitoba Health - STI	**10,000**	10,000
Manitoba Harm Reduction Network	**19,044**	3,340
Government of Canada		
Justice - Strengthening Families	**2,187**	2,187
Birth Control Kits	**3,545**	3,545
Health Canada	**9,925**	6,288
Cancercare	**6,358**	6,358
Klinic	**1,610**	1,610
Nine Circles	**467**	10,000
Winnipeg Foundation	**7,726**	7,726
Foundation for Sexual Health	**1,100**	1,100
Planned Parenthood Federation of Canada	**3,000**	3,000
	$ **147,748**	$ 180,380

6. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent grants and contributions for computers. Deferred contributions are amortized on the statement of operations. Amortization was provided in the current year for $6,152 (2008 - $5,009).

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7. Lease commitments

The organization leases office space located at 555 Broadway Avenue. The organization has a five year lease which expires August 31, 2009 and which obligates the organization to make monthly rental payments of $3,690 plus GST until the lease expires.

The organization has a five year lease for the Brandon office which expires December 1, 2009 and which obligates the organization to make annual rental payments totaling $14,400.

The organization has signed a new lease to occupy office space at 226 Osborne Street North. The lease is for fifteen years and expires August 31, 2024. For the period commencing September 1, 2009 until August 31, 2010, the annual rental lease payments will be $36,800 with annual increases of $1.00 per square foot.

The Winnipeg Regional Health Authority has committed to subsidize a portion of the lease starting in year 2 of the lease term in the amount of approximately $4,000 per year, to be increased by 2% annually.

8. Pre-retirement leave benefits

The organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006 the organization was instructed by the Winnipeg Regional Health Authority to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of globe funding item, of which the Winnipeg Regional Health Authority has instructed the organization to set up a receivable for the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year.

Change in obligation	**2009**	2008
Opening balance	$ **65,717**	$ 60,802
Increase in obligation	**3,918**	4,915
	$ **69,635**	$ 65,717
Pre-retirement leave		
Current year recovery	$ **3,918**	$ 3,512
Current year expense	**(3,918)**	(3,512)
	$ **-**	$ -

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CHARTERED ACCOUNTANTS

9. Statement of cash flows

The statement of cash flows has not been presented as management does not believe that it provides additional meaningful information.

10. Economic dependence

The organization is economically dependent upon receiving grants from various funding bodies.

11. Comparative figures

Certain balances of the preceding period have been reclassified to conform with the current year's financial statement presentation.

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CHARTERED ACCOUNTANTS

BDO

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Auditors' Report

To the Board of Directors of
THE CONVALESCENT HOME OF WINNIPEG:

We have audited the statement of financial position of **THE CONVALESCENT HOME OF WINNIPEG** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Personal Care Home'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 financial statements present fairly, in all material respects, the financial position of the Personal Care Home's operations as outlined in Note 1 of these financial statements, as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our examination did not include a review of the the 2009 budget figures and consequently, we do not express an opinion on these figures.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
April 24, 2009

THE CONVALESCENT HOME OF WINNIPEG
Statement of Financial Position

March 31	2009	2008
Assets		
Current Assets		
Accounts receivable (Note 3)	$ 129,349	$ 50,641
Prepaid expenses	8,548	7,229
Vacation entitlement receivable (Note 4)	171,526	171,526
	309,423	229,396
Investments	330,441	449,007
Retirement obligations receivable (Note 11)	276,262	276,262
Restricted cash and deposits (Note 5)	143,674	241,152
Capital assets (Note 6)	1,283,244	962,668
	$ 2,343,044	$ 2,158,485
Liabilities and Net Assets		
Current Liabilities		
Bank indebtedness	$ 333,364	$ 103,128
Accounts payable and accrued charges (Note 7)	337,432	326,886
Current portion of long-term debt (Note 8)	27,120	27,120
Accrued vacation entitlements (Note 4)	216,818	204,678
	914,734	661,812
Accrued retirement obligations (Note 11)	205,058	205,579
Residents' Trust Fund (Note 5)	15,734	13,515
Long-term debt (Note 8)	140,917	168,037
	361,709	387,131
Deferred contributions (Note 9)		
Capital assets	709,523	365,130
Expenses of future periods	128,280	232,536
	837,803	597,666
Net assets	228,798	511,876
	$ 2,343,044	$ 2,158,485

Approved on behalf of the Board:

________________________ Director

________________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE CONVALESCENT HOME OF WINNIPEG
Statement of Changes in Net Assets

For the year ended March 31				2009	2008
	Invested in Capital Assets	**Adult Day Program**	**Unrestricted**	**Total**	Total
Balance, beginning of year	**$ 615,265**	**$ 10,096**	**$ (113,485)**	**$ 511,876**	$ 568,918
Change in accounting policy (Note 2)	**-**	**-**	**-**	**-**	50,640
Adjustment to reallocate net assets (Note 10)	**(212,884)**	**-**	**212,884**	**-**	**-**
Balance, beginning of year restated	**402,381**	**10,096**	**99,399**	**511,876**	619,558
Excess (deficiency) of revenue over expenditures for the year	**-**	**10,823**	**(293,901)**	**(283,078)**	(107,682)
Transfer to (from) unrestricted	**3,303**	**-**	**(3,303)**	**-**	-
Balance, end of year	**$ 405,684**	**$ 20,919**	**$ (197,805)**	**$ 228,798**	$ 511,876

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

THE CONVALESCENT HOME OF WINNIPEG
Statement of Operations - Operating

For the year ended March 31	2009				2008
	Budget	Operations	Capital	Actual	Actual
Revenue					
Winnipeg Regional Health Authority	$ 2,927,702	$ 3,050,392	$ -	$ 3,050,392	$ 2,970,339
Residential charges	1,500,000	1,497,616	-	1,497,616	1,493,945
Offset income	20,963	27,589	-	27,589	29,281
Investment income (loss)	-	(86,799)	-	(86,799)	2,187
Amortization of deferred contributions related to capital assets (Note 9)	69,700	-	64,233	64,233	69,519
	4,518,365	4,488,798	64,233	4,553,031	4,565,271
Expenditures					
Operating (Page 24)	4,606,544	4,765,981	-	4,765,981	4,586,472
Interest on long-term debt	18,000	16,718	-	16,718	17,659
Amortization of capital assets	69,700	-	64,233	64,233	69,519
	4,694,244	4,782,699	64,233	4,846,932	4,673,650
Deficiency of revenue over expenditures for the year before other items	(175,879)	(293,901)	-	(293,901)	(108,379)
Other Items					
Retirement obligation					
WRHA funding accrued	-	(521)	-	(521)	9,507
Increase in liability for the year	-	521	-	521	(9,507)
Deficiency of revenue over expenditures for the year	$ (175,879)	$ (293,901)	$ -	$ (293,901)	$ (108,379)

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

THE CONVALESCENT HOME OF WINNIPEG
Statement of Operations - Adult Day Program

For the year ended March 31		2009	2008
	Budget	Actual	Actual
Revenue			
Winnipeg Regional Health Authority	$ 37,187	$ 40,953	$ 37,176
Participants' fees	6,687	5,839	4,353
	43,874	46,792	41,529
Expenditures			
Accrued vacation	-	1,430	-
Administration fee	468	480	480
Employee benefits	1,523	1,953	2,269
Food	4,680	3,832	2,964
Manitoba Health and Education Tax	410	350	393
Other supplies	4,434	1,064	2,652
Salaries	19,050	13,572	19,636
Transportation	11,840	13,288	12,438
	42,405	35,969	40,832
Excess of revenue over expenditures for the year	$ 1,469	$ 10,823	$ 697

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE CONVALESCENT HOME OF WINNIPEG
Statement of Cash Flows

For the year ended March 31		2009		2008
Cash Flows from Operating Activities				
Excess (deficiency) of revenue over expenditures for the year				
Operating and capital	$	**(293,901)**	$	(108,379)
Adult Day Program		**10,823**		697
Adjustments for				
Amortization of capital assets		**64,233**		69,519
Amortization of deferred contributions		**(64,233)**		(22,583)
Change in resident trust funds		**2,219**		(6,099)
Changes in fair value of investments		**112,799**		9,192
		(168,060)		(57,653)
Changes in non-cash working capital		**(58,238)**		38,116
		(226,298)		(19,537)
Cash Flows from Financing Activities				
Long-term debt		**(27,120)**		(27,120)
Deferred contributions received		**285,034**		-
Pre-retirement leave		**(521)**		9,507
		257,393		(17,613)
Cash Flows from Investing Activities				
Purchase of capital assets		**(384,809)**		(78,431)
Disposal of investments		**26,000**		39,000
		(358,809)		(39,431)
Net decrease in cash and cash equivalents		**(327,714)**		(76,581)
Cash and cash equivalents, beginning of year		**138,024**		214,605
Cash and cash equivalents, end of year	$	**(189,690)**	$	138,024
Represented by				
Operations	$	**(333,364)**	$	(103,128)
Restricted		**143,674**		241,152
	$	**(189,690)**	$	138,024

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Revenue Recognition

The Home follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Insurance Act and regulations thereto, the Home is funded primarily through the Winnipeg Regional Health Authority ("WRHA") by the Province of Manitoba in accordance with budget arrangements established by WRHA. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the WRHA with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts as follows:

a) Deficits - The WRHA shall not be responsible for past or future deficits of the Home in providing the services and debt service charges for any debt incurred resulting from operating deficits unless the parties otherwise mutually agree.

   The WRHA shall not be responsible for the costs incurred by the Home other than those set forth in the service purchase agreement dated April 30, 2002.

b) Surpluses - The Home may unconditionally retain the greater of 50% of its operating surplus in any fiscal year and 2% of the global budget indicated in its funding letter from the WRHA for such fiscal year. Any surplus beyond the foregoing levels shall be remitted to the WRHA on demand.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

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

Revenue from residential and other services is recognized when the goods are sold or the service is provided.

Major Repairs Fund and Equipment Replacement Fund

The Home has established Funds to provide for major repairs and replacements of equipment. The amounts to be appropriated for these purposes each year are approved by the WRHA.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Building	2%
Computer equipment	33%
Computer software	33%
Furniture and equipment	20%

Employee Future Benefits

Pension and other employee future benefit costs are determined using the projected benefit method prorated on years of service and based on best estimate assumptions.

Contributed Services

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 financial statements.

Financial Instruments

The Home utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Home is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a trade date basis.

Financial Instruments
(continued)

The Home classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Home's accounting policy for each category is as follows:

Held-for-trading

This category is comprised of investments, restricted cash and deposits and bank indebtedness. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of accounts receivable and loans receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision or impairment. Transaction costs related to loans and receivables are are expensed as incurred.

Other Financial Liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts receivable, accounts payable and long-term debt. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Home, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Home is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The Home has elected to defer application of these standards.

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

March 31, 2009

New Accounting Pronouncements (continued)

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment, "Financial Reporting by Not-for-Profit Organizations," to invite feedback on the future of financial reporting by not-for-profit organizations. The financial reporting options under consideration by the AcSB include IFRSs, private enterprise organizations will continue to apply current accounting standards.

The Home continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

1. Entity Definition

The Home is incorporated under the laws of Manitoba and its principal activities include personal care of individuals who require long-term care.

These financial statements present the financial position and results of operations of the Personal Care Home. As such, these financial statements do not include the assets, liabilities, equity, revenues and expenses of The Convalescent Home of Winnipeg - Benefit Fund.

2. Change in Accounting Policy

Capital disclosures

On April 1, 2008 the Home adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (see Note 14).

The adoption of these new standards had no material impact on the organization's consolidated statement of operations.

3. Accounts Receivable

	2009	2008
Winnipeg Regional Health Authority		
Pre-retirement leave	$ 39,744	$ 39,744
Companion services	3,650	3,650
Gastric feed	17,581	17,581
Loan funding variance	4,335	4,335
Other	-	15,042
MNU and MNU related salary increases	-	21,756
2007/2008 wage accruals	74,249	72,272
2008/2009 wage accruals	88,588	-
	228,147	174,380
Residential charges payable	(169,443)	(171,826)
Net receivable from WRHA	58,704	2,554
Receivable from residents	40,799	17,801
Accrued interest	1,500	1,500
G.S.T. receivable	23,621	16,056
Benefit Fund receivable	3,150	10,955
Parking Fund receivable	1,575	1,775
	$ 129,349	$ 50,641

4. Accrued Vacation Entitlements

The Home records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

	2009	2008
Balance, beginning of year	$ 171,526	$ 171,526
Net changes in vacation entitlements receivable	-	-
Balance, end of year	$ 171,526	$ 171,526

An analysis of the changes accrued in the vacation entitlements is as follows:

Balance, beginning of year	$ 204,678	$ 191,079
Net increase in accrued vacation entitlements	12,140	13,599
Balance, end of year	$ 216,818	$ 204,678

5. Restricted Cash and Deposits

	2009	2008
Reserve for insurance deductible	$ 8,034	$ 6,254
Reserve for equipment replacement	38,568	137,572
Reserve for major repair	81,338	76,457
Residents' Trust Fund	15,734	20,869
	$ 143,674	$ 241,152

6. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 16,269**	**$ -**	$ 16,269	$ -
Building	**1,871,834**	**830,927**	1,584,527	796,842
Computer equipment	**142,084**	**136,621**	136,621	133,034
Computer software	**55,313**	**55,313**	55,313	55,313
Furniture - sun room	**81,056**	**30,015**	24,344	24,344
Furniture and equipment	**829,660**	**660,096**	794,332	639,205
	$ 2,996,216	**$ 1,712,972**	$ 2,611,406	$ 1,648,738
Cost less accumulated amortization		**$ 1,283,244**		$ 962,668

7. Accounts Payable and Accrued Charges

	2009	2008
Accounts payable - trade	**$ 84,439**	$ 115,623
Accrued property taxes	**7,695**	7,328
Accrued audit fees	**12,000**	9,240
Accrued salaries	**233,298**	194,695
	$ 337,432	$ 326,886

8. Long-term Debt

		2009		2008
Loan payable				
CIBC - construction, payable in monthly instalments of $2,260 plus interest at bank prime, secured by investments held by the Home	$	**168,037**	$	195,157
Current portion of long-term debt		**27,120**		27,120
	$	**140,917**	$	168,037

Principal repayments required over the next five years are as follows:

2010	$	27,120
2011		27,120
2012		27,120
2013		27,120
2014		27,120

9. Deferred Contributions

Capital Assets

Deferred capital contributions related to capital assets represent the unamortized amount of funds received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

		2009		2008
Balance, beginning of year	$	**365,130**	$	407,257
Contributions received				
WRHA		**15,720**		41,648
The Convalescent Home of Winnipeg - Benefit Fund		**269,102**		-
Transfer from unspent equipment reserve		**123,804**		-
Contributions spent on capital debt		**-**		(14,256)
Less amounts amortized to revenue		**(64,233)**		(69,519)
Balance, end of year	$	**709,523**	$	365,130

9. Deferred Contributions (continued)

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants for equipment replacement, major repairs and insurance deductibles.

	2009	2008
Reserve for basic equipment		
Balance, beginning of year	$ **147,672**	$ 132,972
Additions	**14,700**	14,700
Purchase of capital assets	**(123,804)**	-
Balance, end of year	**38,568**	147,672
Reserve for major repairs		
Balance, beginning of year	**77,812**	73,972
Additions	**3,840**	3,840
Balance, end of year	**81,652**	77,812
Reserve for insurance deductible		
Balance, beginning of year	**7,052**	6,048
Additions	**1,008**	1,004
Balance, end of year	**8,060**	7,052
Total expenses of future periods	$ **128,280**	$ 232,536

10. Investment in Capital Assets

A. Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 1,283,244**	$ 962,668
Amounts financed by		
Deferred contributions	**(709,523)**	(365,130)
Construction loan payable	**(168,037)**	(195,157)
	$ 405,684	$ 402,381

B. Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess of revenues over expenditures		
Amortization of deferred contributions related to capital assets	**$ 64,233**	$ 69,519
Amortization of capital assets	**(64,233)**	(69,519)
	$ -	$ -
Net changes in investment in capital assets		
Purchase of capital assets	**$ 384,809**	$ 78,431
Repayment of construction loan	**27,120**	27,129
Amounts funded by		
WRHA capital asset funding	**(15,720)**	-
Transfer from Equipment Reserve	**(123,804)**	-
Benefit Fund	**(269,102)**	-
	$ 3,303	$ 105,560

11. Employee Future Benefits

a) Accrued retirement entitlement

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home's contractual commitment is to pay based upon the following:

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

i. has 10 years service and has reached the age 55

ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee

iii. retires at or after age 65

iv. terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2009. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to the Home, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

11. Employee Future Benefits (continued)

a) Accrued retirement entitlement (continued)

Commencing in 2006/07, the WRHA assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

	2009	2008
Employee future benefits recoverable from		
Manitoba Health	$ **235,519**	$ 235,519
Winnipeg Regional Health Authority	**40,743**	40,743
	$ **276,262**	$ 276,262

An analysis of the changes in the employee benefits payable is as follows:

	2009	2008
Balance, beginning of year	$ **205,579**	$ 196,072
Net increase (decrease) in pre-retirement entitlements	**(521)**	9,507
Balance, end of year	$ **205,058**	$ 205,579

b) Pension plan

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan (successor to the Manitoba Health Organization, Inc. Plan (the "Plan")) which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

11. Employee Future Benefits (continued)

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, combined with the contribution by employees, 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 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 the plan is in a deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the plan made during the year by the Home on behalf of its employees amounted to $154,031 (2008 - $141,780) and are included in the statement of operations.

12. Restricted Net Assets

All of the net assets for the Reserve for Equipment Replacement, Reserve for Major Repairs and Reserve for Insurance Deductible reserve are subject to externally imposed restrictions.

13. Insurance

a) The nature of the Home's activities is such that there is usually litigation pending or in prospect at any time. With respect to potential claims at March 31, 2009, management believes the Home has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Home's financial position.

b) On July 1, 1987, a group of health care organizations, ("subscribers"), formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a Reciprocal pursuant to provincial Insurance Acts, which permit reciprocal contracts of indemnity insurance. HIROC facilitates the provision of liability insurance coverage to health care organizations in the provinces of Ontario, Manitoba, Saskatchewan and Newfoundland. Subscribers pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, of any experienced by the group of subscribers for the years in which they were a subscriber. No such assessments have been made to March 31, 2009.

The Home is a named insured under the WRHA policy with HIROC.

14. Capital Management

The Home considers its capital to comprise its Unrestricted Net Assets and net invested in capital assets balances. There have been no changes to what the Home considers to be its capital since the previous period.

The Home manages its capital to ensure it retains sufficient resources to enable it to meet its obligations for Resident care. The determination of this amount is based on historical expense requirements relative to funding commitments.

KPMG

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AUDITORS' REPORT

To the Governing Council of The Salvation Army in Canada

We have audited the statement of financial position of The Salvation Army Golden West Centennial Lodge as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Lodge'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 financial statements present fairly, in all material respects, the financial position of the Lodge as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

May 27, 2009

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE
Statement of Financial Position
March 31, 2009

		2009		2008
ASSETS				
CURRENT				
Cash (Note 4)	$	**165,642**	$	218,841
Accounts receivable		**25,513**		14,119
Prepaid expenses		**960**		1,444
Inventory		**14,979**		15,804
Employee benefits recoverable from Winnipeg Regional Health Authority (Note 9(b))		**271,682**		302,550
		478,776		552,758
Cash held for restricted purposes (Note 5)		**191,607**		123,029
Future employee pre-retirement benefits recoverable from Winnipeg Regional Health Authority (Note 9(a))		**319,761**		304,804
Capital assets (Note 6)		**3,353,489**		3,535,881
Deferred grant receivable (Note 7)		**47,607**		50,338
Trust assets - Residents		**17,820**		17,097
	$	**4,409,060**	$	4,583,907
LIABILITIES, DEFFERED CONTRIBUTIONS AND NET DEFICIENCY				
CURRENT				
Accounts payable and accrued liabilities (Note 8)	$	**445,895**	$	401,898
Accrued vacation payable		**323,418**		303,232
Advances from and amounts due to Winnipeg Regional Health Authority (Note 8)		**274,781**		268,180
Demand loans payable and current portion of long-term debt (Note 11)		**702,835**		1,022,215
		1,746,929		1,995,525
Accrued pre-retirement benefits (Note 9 (a))		**359,230**		344,273
Long-term debt (note 11)		**350,979**		373,932
Trust liability - Residents		**17,820**		17,097
Deferred contributions (Note 10)		**2,427,459**		2,191,305
NET DEFICIENCY				
Invested in capital assets (Note 12)		**68,751**		77,251
Internally restricted		**99,968**		92,120
Unrestricted		**(662,076)**		(507,596)
		(493,357)		(338,225)
Continuity of operations (Note 1)				
	$	**4,409,060**	$	4,583,907

See accompanying notes to financial statements.

APPROVED BY THE BOARD

.... Director

.... Director

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE
Statement of Operations
Year Ended March 31, 2009

	2009	2008
REVENUE		
Winnipeg Regional Health Authority	$ 4,472,355	$ 4,094,392
Residential charges	2,176,060	2,035,919
Amortization of deferred contributions (Note 10)	279,617	273,643
Dietary services	37,702	38,047
Other income	37,530	31,276
	7,003,264	6,473,277
EXPENSES		
Administration	95,072	91,013
Amortization (Note 12)	288,117	282,143
Employee benefits	780,009	716,423
Interest on long-term debt (Note 11)	57,826	91,980
Medical supplies	140,619	111,909
Operating expenses	429,165	380,280
Payroll tax	100,280	89,703
Physical plant	387,128	374,940
Pre-retirement leave costs (Note 9 (a))	12,406	22,908
Salaries	4,879,927	4,345,069
	7,170,549	6,506,368
Deficiency of revenue over expenses on long term operations	(167,285)	(33,091)
Excess (deficiency) of revenue over expenses on Adult Day Care program	5,045	(8,611)
Deficiency of revenue over expenses on operations	(162,240)	(41,702)
Other revenue and expenses	7,108	17,016
Deficiency of revenue over expenses for the year	$ (155,132)	$ (24,686)

See accompanying notes to financial statements.

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE
Statement of Changes in Net Assets
Year Ended March 31, 2009

	2009				2008
	Invested in Capital Assets	Internally Restricted	Unrestricted	Total	Total
Balance, beginning of year	**$ 77,251**	**$ 92,120**	**$ (507,596)**	**$ (338,225)**	$ (313,539)
Excess (deficiency) of revenue over expenses for the year (Note 12 (b))	**(8,500)**	**-**	**(146,632)**	**(155,132)**	(24,686)
Fund transfers (Note 13)	**-**	**7,848**	**(7,848)**	**-**	-
Balance, end of year	**$ 68,751**	**$ 99,968**	**$ (662,076)**	**$ (493,357)**	$ (338,225)

See accompanying notes to financial statements.

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE
Statement of Cash Flows
Year Ended March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Deficiency of revenue over expenses		
for the year	$ **(155,132)**	$ (24,686)
Items not affecting cash		
Amortization of capital assets	**288,117**	282,143
Amortization of deferred contributions	**(279,617)**	(273,643)
	(146,632)	(16,186)
Changes in non-cash working capital balances		
Accounts receivable	**(11,394)**	(4,157)
Prepaid expenses	**484**	3,525
Inventory	**825**	(3,041)
Employee benefits recoverable	**30,868**	(30,868)
Future employee pre-retirement benefits recoverable	**(14,957)**	(30,077)
Accrued pre-retirement benefits	**14,957**	30,077
Accrued vacation payable	**20,186**	7,368
Advances from and due to Winnipeg Regional Health Authority	**6,601**	4,090
Accounts payable and accrued liabilities	**43,997**	59,930
	(55,065)	20,661
FINANCING ACTIVITIES		
Grants received	**2,731**	2,553
Additional deferred contributions received	**515,771**	540,761
Repayments of long-term debt	**(342,333)**	(340,931)
	176,169	202,383
INVESTING ACTIVITIES		
Capital assets purchases	**(105,725)**	(203,253)
Increase in cash held for restricted purposes	**(68,578)**	89,022
	(174,303)	(114,231)
NET INCREASE (DECREASE) IN CASH	**(53,199)**	108,813
CASH (BANK OVERDRAFT), BEGINNING OF YEAR	**218,841**	110,028
CASH, END OF YEAR	$ **165,642**	$ 218,841

See accompanying notes to financial statements.

The Salvation Army Golden West Centennial Lodge is owned and operated by The Governing Council of The Salvation Army in Canada pursuant to the Province of Manitoba Acts and Regulations governing supervisory and personal care homes. It is governed by the Board of Management of Golden West Centennial Lodge.

The Lodge is a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes under Section 149.

1. CONTINUITY OF OPERATIONS

These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Lodge will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

There is doubt about the appropriateness of the use of the going concern assumption as at March 31, 2009. At March 31, 2009, the Lodge's current liabilities exceed its current assets by $1,268,153 (2008 - $1,442,767). The Lodge also has a net asset deficiency of $493,357 (2008 - $338,225) at March 31, 2009, mainly as a result of losses from operations in the current year and fiscal years prior to fiscal 2007.

The ability of the Lodge to continue as a going concern, to realize the carrying value of its assets and to discharge its liabilities when due is dependent on the continued support of the Winnipeg Regional Health Authority and the Lodge achieving a break-even or surplus position in future years.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used.

2. ACCOUNTING POLICIES

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

a) *Revenue recognition*

The Lodge follows the deferral method of accounting for contributions which include donations and government grants.

The Lodge is funded primarily by the Province of Manitoba in accordance with budget arrangements established by the Winnipeg Regional Health Authority. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

b) *Capital assets*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Lodge's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Buildings	50 years
Building expansion	30 years
Major equipment	10 years
Nursing station	10 years
Roof expansion	10 years
Office furniture and equipment	5 - 10 years
Computer hardware and software	3 years

c) *Vacation pay*

The Lodge records the accrued vacation pay entitlement liability in the statement of financial position. Any change in the liability is recorded in the statement of operations.

d) *Contributed services*

Contributed services are recorded at their estimated fair value, except for volunteers. A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, volunteer services are not recognized in the financial statements.

e) Pre-retirement benefit obligation

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

i) have ten years service and have reached the age of 55; or
ii) qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee; or
iii) retire at or after the age 65; or
iv) terminate employment at any time due to permanent disability.

The Lodge has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. Funding for the pre-retirement entitlement is partially recoverable from the Winnipeg Regional Health Authority (Note 9).

f) Due from Winnipeg Regional Health Authority – employee future benefits

The Lodge records a provision for future employee benefits including accrued vacation payable and accrued pre-retirement benefits. For certain employees, funding for future employee benefits is recoverable from the Winnipeg Regional Health Authority (WRHA) as a component of salary costs in the period in which the expenditures are made.

Vacation entitlements and pre-retirement entitlements that will be funded by the WRHA have been recorded on the statement of financial position as recoverable from the WRHA.

g) Internally restricted net assets

Internally restricted net assets represent funds which have been received through donations and have been internally restricted by the Lodge's Board of Management. These funds can only be utilized with the prior approval of the Board of Management.

h) Use of estimates

The preparation of the 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. Actual results could differ from those estimates.

2. ACCOUNTING POLICIES (continued)

i) *Financial instruments*

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in excess of revenue over expenses. Financial instruments classified as held-to-maturity, loans and receivables and other liabilities are measured at amortized cost. Available-for-sale financial instruments are measured at fair value, with unrealized gains and losses recognized directly in net assets.

The Lodge designated cash and cash held for restricted purposes as held-for-trading, accounts receivable, employee benefits and future employee benefits recoverable from Winnipeg Regional Health Authority, deferred grant receivable and Trust assets – Residents as loans and receivables; and accounts payable and accrued liabilities, advances from and amounts due to Winnipeg Regional Health Authority, accrued vacation payable, demand loans payable and long-term debt as other liabilities and trust liability - residents. The Lodge has neither available-for-sale or held-to-maturity instruments.

For held-for-trading financial assets, transaction costs are recorded in the statement of operations as incurred.

j) *Future accounting changes*

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the Lodge's next fiscal year. The Lodge is in the process of determining the impact that these standards will have on its financial reporting.

On April 1, 2009, the Lodge will adopt CICA Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation replacing the existing Section 3861, Financial Instruments - Disclosure and Presentation. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA subsequently amended these sections to eliminate the requirement for not-for-profit entities to adopt these sections. Not-for-profit entities are permitted to continue to apply Section 3861 in place of Section 3862 and 3863. An entity that does so must disclose the fact.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470, Disclosures of Allocated Expenses by Not-for-Profit Organizations, was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The Lodge will adopt these standards on April 1, 2009.

3. FINANCIAL INSTRUMENTS

a) *Interest rate risk*

Interest rate risk is the risk to the Lodge's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Lodge does not use derivative instruments to reduce the risk.

b) *Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, most of the Lodge's accounts receivables are amounts due from government funding authorities, which minimizes credit risk.

c) *Fair value*

The fair value of accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturity.

The fair values of deferred grant receivable and long-term debt approximates their carrying values as their interest rates are comparable to market values.

4. CASH

	2009	2008
Cash	$ **93,930**	$ 150,658
Funds on deposit with Salvation Army Headquarters	**71,712**	68,183
	$ **165,642**	$ 218,841

5. CASH HELD FOR RESTRICTED PURPOSES

	2009	2008
CAPITAL		
Funds on deposit with Salvation Army Headquarters	$ **122,240**	$ 30,909
OTHER		
Internally restricted net assets (Note 2(g))	**69,367**	92,120
	$ **191,607**	$ 123,029

Funds on deposit with Salvation Army Headquarters represent funds which have been bequeathed to the Lodge. Such funds can only be utilized for capital purposes with the prior approval of the Territorial Finance Council and Property Board.

6. CAPITAL ASSETS

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ **55,159**	$ **-**	$ **55,159**	$ 55,159
Buildings	**998,208**	**777,859**	**220,349**	240,313
Building expansion	**5,744,613**	**3,159,601**	**2,585,012**	2,776,499
Major equipment	**242,556**	**78,317**	**164,239**	89,920
Nurse call system	**165,264**	**5,510**	**159,754**	163,889
Roof expansion	**220,032**	**101,670**	**118,362**	140,365
Office furniture and equipment	**244,210**	**203,288**	**40,922**	65,696
Computer hardware and software	**21,425**	**11,733**	**9,692**	4,040
	$ 7,691,467	**$ 4,337,978**	**$ 3,353,489**	$ 3,535,881

Title to the Lodge's land and buildings is held by the Governing Council of the Salvation Army, which owns and operates the Lodge.

7. DEFERRED GRANT RECEIVABLE

The Province of Manitoba has arranged for the Lodge to receive a grant of $86,350 to be amortized at 6 7/8% interest annually for 50 years (maturing 2020). The annual payment is $6,060 including principal and interest.

8. CURRENT LIABILITIES

a) Accounts payable and accrued liabilities consist of:

	2009	2008
Accounts payable	$ **77,668**	$ 86,100
Accrued salaries and benefits	**366,078**	313,434
Accrued interest	**2,149**	2,364
	$ **445,895**	$ 401,898

b) Advances from and amounts due to Winnipeg Regional Health Authority:

During the fiscal year, the Lodge received advances from the Winnipeg Regional Health Authority in the amount of $167,390 ($221,700) for funding commitments relating to wage settlements for the 2008/09 fiscal year. These advances are included in amounts due to the WRHA and are unsecured and non-interest bearing. In subsequent years, the advances owing to the WRHA, are offset by the WRHA against funds paid for current funding commitments.

9. EMPLOYEE BENEFITS

a) Pre-retirement benefits

The Lodge has undertaken an actuarial valuation as of March 31, 2009 of the accrued pre-retirement entitlements. The significant actuarial assumptions adopted in measuring the Authority's accrued pre-retirement entitlements include mortality and withdrawal rates, a discount rate of 6.70% (2008 –5.50%) and a rate of salary increase of 3.5% (2008 – 3.5%) plus age related merit/promotion scale and a factor ranging from 0 – 1.31% (2008 – 0 – 1.31%) for disability. Actual payments made during the year for the Lodge's pre-retirement entitlements were $12,406 (2008 - $22,908).

The amount of funding which will be provided by the WRHA for future retirement benefits was initially determined based on the future pre-retirement benefits payable at March 31, 2004, and was recorded as amounts recoverable from the WRHA. The recoverable has been adjusted, based on direction from the WRHA, to include the incremental increases in the related liability for fiscal 2007, 2008 and 2009, which include an interest component. The future employee pre-retirement benefits recoverable from WRHA of $319,761 at March 31, 2009 has no specified terms of repayment.

The fair value of the future employee benefits recoverable from WRHA approximates its carrying value as the interest component described above is comparable to current market rates.

d) Vacation pay

Each year, the WRHA funds a portion of the vacation pay liability of the Lodge, which is limited to the amount established at March 31, 2004 of $271,682. This amount is included in employee benefits recoverable from WRHA on the statement of financial position.

10. DEFERRED CONTRIBUTIONS

Deferred contributions related to capital assets and major repairs represent the unamortized amount of donations and funding received for the purchase of capital assets and repairs. These contributions were received primarily from Manitoba Health, the Winnipeg Regional Health Authority and the Salvation Army.

The amortization of capital contributions is recorded as revenue in the statement of operations. Changes in the deferred contributions balance are as follows:

	2009			2008
	Purchased Capital Assets	Future Capital Purchases and Major Repairs	Total	Total
Balance, beginning of year	$ 2,062,483	$ 128,822	$ 2,191,305	$ 1,924,187
Additional contributions received				
Mortgage / loan payments (Note 11)	342,333		342,333	340,935
Capital assets and major repairs	-	177,992	177,992	199,425
Interest earned restricted funds	-	1,290	1,290	2,709
	$ 2,404,816	$ 308,104	$ 2,712,920	$ 2,467,256
Transfers as a result of capital asset purchases	105,725	(105,725)	-	-
Major repairs	-	(444)	(444)	(2,308)
Amortization	(279,617)	-	(279,617)	(273,643)
Additional loan payments	-	(5,400)	(5,400)	-
Balance, end of year	$ 2,230,924	$ 196,535	$ 2,427,459	$ 2,191,305

11. LONG-TERM DEBT

	2009	2008
Bank demand instalment loan, interest at prime less 1/2%, repayable $24,700 monthly, plus interest, secured by letter of comfort from Manitoba Health, maturing April, 2011	$ **618,500**	$ 914,900
Canada Mortgage and Housing Corporation, Mortgage payable, interest at 6 7/8%, repayable $3,966 monthly, including principal and interest, maturing 2020	**373,931**	395,384
Bank demand instalment loan, interest at prime less 1/2%, repayable $2,040 monthly, plus interest, secured by letter of comfort from Manitoba Health, maturing 2011	**61,383**	85,863
	1,053,814	1,396,147
Current portion	**702,835**	1,022,215
	$ **350,979**	$ 373,932

Principal and interest payments are funded by the Province of Manitoba via the WRHA.

Principal payments expected in the next five years are as follows:

2010	343,831
2011	345,438
2012	64,399
2013	28,113
2014	30,079

During the year, interest expense relating to the debt funded amounted to $57,826 (2008 - $91,980).

12. INVESTED IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2009	2008
Capital assets	**$ 3,353,489**	$ 3,535,881
Amounts financed by:		
Deferred contributions - purchased capital assets	**(2,231,368)**	(2,062,483)
Long-term debt	**(1,053,814)**	(1,396,147)
Balance, end of year	**$ 68,307**	$ 77,251

b) Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Deficiency of revenue over expenses		
Amortization of deferred contributions related to capital assets	**$ 279,617**	$ 273,643
Amortization of capital assets	**(288,117)**	(282,143)
Deficiency of revenue over expenses	**$ (8,500**	$ (8,500)
Purchase of capital assets (net)	**$ 105,725**	$ 203,252
Amounts funded by increase in deferred contributions	**(105,725)**	(203,252)
Net change in invested in capital assets	**$ (8,500)**	$ (8,500)

13. FUND TRANSFERS

The Board of Management approved the transfer of funds to internally restricted net assets from the unrestricted net deficiency to cover the cost of accumulated expenditures that related to the projects for which internal restrictions were established.

14. PENSION PLAN

Substantially all of the employees of the Lodge are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on the length of services and on the average of 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 facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and accordingly, the plan is accounted for as a defined contribution plan.

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 reported the Plan had a solvency deficiency. The deficiency will be funded by special payments out of current contributions. Contributions to the Plan made during the year by the Lodge on behalf of its employees amounted to $276,670 (2008 - $253,011) and are included in employee benefits expense in the statement of operations.

15. RELATED PARTY TRANSACTIONS

During the year, the Lodge had the following transactions and balances with The Salvation Army:

	2009	2008
Red Shield Appeal funding designated for supervision	$ 60,000	$ 25,000
Territorial Headquarters supervision expense	50,000	24,996

16. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the new presentation adopted in the current year

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE
Other Revenue and Expenses
Year Ended March 31, 2009

Schedule 1

		2009		2008
REVENUE				
Red Shield Appeal designated for supervision	$	60,000	$	25,000
Internally restricted donations / fundraising (net)		7,488		17,176
		67,488		42,176
EXPENSES				
Contributed services (net)	$	10,380	$	164
Territorial Headquarters supervision		50,000		24,996
		60,380		25,160
Excess of revenue over expenses for the year	$	7,108	$	17,016

THE SALVATION ARMY
GOLDEN WEST CENTENNIAL LODGE
Schedule of Operating, Physical Plant, and Administration Expenses
Year Ended March 31, 2009

Schedule 2

	2009	2008
ADMINISTRATION EXPENSES		
Membership fees	**$ 2,393**	$ 1,161
Office supplies	**12,494**	13,117
Postage	**2,721**	2,653
Professional fees	**19,928**	16,618
Service bureau fees	**13,193**	14,180
Sundry	**24,776**	28,863
Telephone	**16,314**	12,205
Travel and education	**3,253**	2,216
	$ 95,072	$ 91,013
OPERATING EXPENSES		
Food	**$ 229,030**	$ 201,477
Other supplies and expenses	**93,420**	77,419
Purchased services	**106,715**	101,384
	$ 429,165	$ 380,280
PHYSICAL PLANT EXPENSES		
Electricity	**$ 67,301**	$ 67,080
Insurance	**16,315**	16,315
Natural Gas	**109,113**	106,532
Property taxes	**77,422**	76,858
Repairs and maintenance	**68,294**	54,571
Water	**48,683**	53,584
	$ 387,128	$ 374,940

THE SALVATION ARMY

Schedule 3

GOLDEN WEST CENTENNIAL LODGE

Adult Day Care

Statement of Revenue and Expenses

Year Ended March 31, 2009

	2009	2008
REVENUE		
Winnipeg Regional Health Authority	$ **162,504**	$ 157,611
Participant fees	**21,901**	20,748
	184,405	178,359
EXPENSES		
Salaries	**71,966**	84,256
Employee benefits	**13,618**	14,954
Payroll tax	**1,554**	1,789
Food	**13,398**	11,809
Client travel	**56,603**	55,172
Other	**22,221**	18,990
	179,360	186,970
Excess (Deficiency) of revenue over expenses	$ **5,045**	$ (8,611)

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Auditors' Report

To the Board of Directors of
THE SHARON HOME, INC.

We have audited the statement of financial position of **THE SHARON HOME, INC.** as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Home'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 financial statements present fairly, in all material respects, the financial position of the Home as at March 31, 2009, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 14, 2009

THE SHARON HOME, INC.
Statement of Financial Position

March 31		2009		2008
Assets				
Current Assets				
Cash and investments	$	**1,443,813**	$	1,301,735
Accounts receivable (Note 4)		**396,165**		2,895,001
Due from Winnipeg Regional Health Authority (Note 5)		**-**		74,081
Prepaid expenses		**104,720**		107,555
Vacation entitlements receivable (Note 8)		**603,753**		603,753
		2,548,451		4,982,125
Loan receivable (Note 6)		**70,989**		70,989
Capital assets (Note 7)		**45,879,950**		16,301,290
Property under development		**-**		22,628,452
Pre-retirement entitlements receivable (Note 16)		**1,158,110**		1,160,567
	$	**49,657,500**	$	45,143,423

Liabilities and Net Assets				
Current Liabilities				
Bank indebtedness (Note 9)	$	**2,162,126**	$	20,927,531
Demand bank loans (Note 10)		**4,289,463**		186,853
Accounts payable (Note 11)		**942,815**		3,917,358
Due to Winnipeg Regional Health Authority (Note 5)		**245,347**		-
Accrued vacation entitlements (Note 8)		**660,700**		663,116
Current portion of mortgages payable (Note 12)		**1,151,422**		45,300
Current portion of note payable (Note 13)		**718,750**		718,750
		10,170,623		26,458,908
Mortgages payable (Note 12)		**21,599,106**		885,987
Note payable (Note 13)		**5,031,250**		5,750,000
Deferred contributions (Note 14)		**11,766,625**		10,216,832
Accrued pre-retirement obligations (Note 16)		**1,046,511**		1,048,968
Contingencies (Note 15)				
Net Assets				
Invested in capital assets		**(619,564)**		278,411
Unrestricted		**662,949**		504,317
	$	**49,657,500**	$	45,143,423

Approved on behalf of the Board:

__________________________ Director

__________________________ Director

The accompanying summary of significant policies and notes are an integral part of these financial statements.

THE SHARON HOME, INC.
Statement of Changes in Net Assets

March 31, 2009			2009	2008
	Investment in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	**$ 278,411**	**$ 504,317**	**$ 782,728**	$ 1,069,603
Excess (deficiency) of revenue over expenditures for the year	**(897,975)**	**158,632**	**(739,343)**	(286,875)
Balance, end of year	**$ (619,564)**	**$ 662,949**	**$ 43,385**	$ 782,728

The accompanying summary of significant policies and notes are an integral part of these financial statements.

THE SHARON HOME, INC.
Statement of Operations

For the year ended March 31	2009	2008
Revenue		
Winnipeg Regional Health Authority	$ 9,602,578	$ 9,438,923
Capital funding Winnipeg Regional Health Authority	356,345	82,461
Capital funding Manitoba Health	564,165	421,218
Future pre-retirement benefit revenue	(2,457)	28,794
Residential charges	3,725,610	3,947,493
Contributions from the Sharon Home Fund Inc.	60,083	77,584
Other income	53,288	65,711
Adult Day Program (Page 23)	-	-
	14,359,612	14,062,184
Expenditures		
Administration	556,051	558,805
Information technology	41,194	37,653
Communications	84,843	140,639
Employee benefits	1,644,443	1,799,848
Housekeeping	552,144	635,146
Interest and carrying charges on land for future improvement	60,083	77,584
Interest		
Short-term debt	5,288	12,812
Long-term debt	915,222	490,867
Laundry and linen	343,599	354,145
Nutrition and food services	1,464,484	1,444,184
Occupational therapy	2,365	5,820
Plant maintenance	359,054	414,949
Plant operation	896,697	833,626
Resident care	6,567,410	6,630,336
Security	20,419	63,431
Social work	62,969	78,745
Spiritual care	48,585	67,393
Staff development	22,951	57,607
Therapeutic recreation	263,583	297,283
Volunteer services	22,062	29,967
Relocation	267,534	-
	14,200,980	14,030,840
Excess of revenue over expenditures before amortization	158,632	31,344
Amortization		
Deferred contributions	634,915	631,027
Capital assets	(1,532,890)	(949,246)
Deficiency of revenue over expenditures for the year	$ (739,343)	$ (286,875)

The accompanying summary of significant policies and notes are an integral part of these financial statements.

THE SHARON HOME, INC.
Statement of Cash Flows

For the year ended March 31	2009	2008
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures for the year	**$ (739,343)**	$ (286,875)
Amortization of capital assets	**1,532,890**	949,246
Amortization of deferred contributions related to capital assets	**(634,915)**	(631,027)
	158,632	31,344
Changes in non-cash working capital		
Accounts receivable	**2,498,836**	(1,061,703)
Due from Winnipeg Regional Health Authority	**319,428**	29,445
Prepaid expenses	**2,835**	(35,311)
Accounts payable and accrued liabilities	**(2,974,543)**	2,933,931
Accrued vacation pay	**(2,416)**	18,258
Pre-retirement benefits recoverable	**2,457**	(28,764)
Accrued pre-retirement benefits	**(2,457)**	28,764
	2,772	1,915,964
Cash Flows from Financing Activities		
Change in bank indebtedness	**(18,765,405)**	16,757,428
Change in mortgages payables	**21,819,241**	(43,784)
Change in demand bank loans	**4,102,610**	(99,540)
Change in note payable	**(718,750)**	(718,750)
	6,437,696	15,895,354
Cash Flows from Investing Activities		
Purchase of capital assets	**(8,483,098)**	(503,412)
Additions to property under development	**-**	(18,690,600)
Deferred contributions received related to capital assets	**2,184,708**	2,521,083
	(6,298,390)	(16,672,929)
Net increase in cash and cash equivalents during the year	**142,078**	1,138,389
Cash and cash equivalents, beginning of year	**1,301,735**	163,346
Cash and cash equivalents, end of year	**$ 1,443,813**	$ 1,301,735

Supplementary Information		
Interest paid	**$ 920,510**	$ 503,679

The accompanying summary of significant policies and notes are an integral part of these financial statements.

THE SHARON HOME, INC.
Summary of Significant Accounting Policies

March 31, 2009

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; expenditures 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.

Revenue Recognition

The Sharon Home, Inc. (the "Home") follows the deferral method of accounting for contributions which include donations and government grants.

Under the Health Services Insurance Act and regulation thereto, the Home is funded primarily by the Winnipeg Regional Health Authority ("WRHA") in accordance with service purchase agreements. These financial statements reflect agreed arrangements approved by the WRHA with respect to the year ended March 31, 2009.

With respect to actual operating results, certain adjustments to funding will be made by the WRHA after completion of their review of the Home's accounts. Any adjustments will be reflected in the year the final statement of recommended costs is received from the WRHA.

Funding from the WRHA is recognized as revenue based on the funding approved for the fiscal year and in the year in which the related expenses are recognized. Funding approved but not received at the end of an accounting period is accrued. The Home records on an annual basis, an estimate of the amount that may be recoverable from, or payable to, the WRHA relating to its annual excess (deficiency) of revenue over expenses in accordance with the WRHA funding guidelines. The Home is entitled to retain any excess arising from the excess of revenue over expenses for activities funded by WRHA for each fiscal year up to a maximum of 2% of net in-globe costs. Any amount in excess of the maximum is returned to the WRHA. Any deficiency will normally be the responsibility of the Home. After the WRHA reviews the financial statements and makes final approvals, the differences, if any, from the initial estimate are reflected as an adjustment of the prior year's fund balances in the current year's net income.

Received contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital lease are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Home's ability to provide services, its carrying amount is written down to its residual value. Interest on the bank indebtedness (interim construction loan) to finance the construction project is capitalized to property under development.

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	10 to 50 years
Equipment	3 to 10 years

Financial Instruments

The Home utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Home is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The Home classifies its financial instruments as follows based on the purpose for which the asset was acquired and follows the disclosed accounting policy for each category.

Assets/Liability	Category	Measurement
Cash and Investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Vacation entitlements receivable	Loans and receivables	Amortized cost
Loan receivable	Loans and receivables	Amortized cost
Pre-retirement obligations receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other financial liabilities	Amortized cost
Demand bank loans	Other financial liabilities	Amortized cost
Accounts payable and related party payable	Other financial liabilities	Amortized cost
Accrued vacation entitlements	Other financial liabilities	Amortized cost
Mortgages payable	Other financial liabilities	Amortized cost

Financial Instruments
(continued)

Note payable	Other financial liabilities	Amortized cost
Accrued pre-retirement obligations	Other financial liabilities	Amortized cost
Due from WRHA	Loans and receivables	Amortized cost
Due to WRHA	Other financial liabilities	Amortized cost

Held-for-trading

Held for trading items are carried at fair value, with changes in their fair value recognized in the statement of operations.

Loans and receivables

Loans and receivables are carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Other financial liabilities

Other financial liabilities are carried at amortized cost, using the effective interest method.

Transaction costs are expensed as incurred.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Home, are as follows:

Financial Statement Concepts

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Home is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Instruments - Disclosure and Presentation

On October 15, 2008 the CICA deferred indefinitely the requirement of not-for-profit organizations to implement new standards dealing with certain financial instrument, disclosures and presentation. The Home has elected to defer application of these standards.

March 31, 2009

New Accounting Pronouncements (continued)

Financial Statements by Not-for-Profit Organizations

In September 2008, a number of standards applicable to not-for-profit organizations were amended and issued. The changes are intended to improve financial reporting by not-for-profit organizations and make not-for-profit standards consistent with those of profit-oriented enterprises when they address the same issues. These amendments which are effective for fiscal years beginning on or after January 1, 2009 will not have a significant impact on the results of operations or financial position.

The Home continues to monitor the developments in this area and evaluate the implications of the potential changes in financial reporting standards.

Use of Estimates

The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

1. Entity Definition

The Sharon Home, Inc. was incorporated under the laws of Canada on March 23, 1914. The mission of the Home is to enhance the quality of life of the elderly in the community. All programs and services offered to individuals in the Home and community are developed to meet the unique requirements of the individual and the family, and are directed by the values, principles and traditions of Judaism. The Home is a registered charity under the Canada Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Canada Income Tax Act are met.

2. Changes in Accounting Policies

Capital Disclosures

On April 1, 2008 the Home adopted a requirement of the CICA to provide disclosure about how it manages its unrestricted net assets (see Note 20).

The adoption of these new standards had no material impact on the Home's statement of operations.

3. Economic Dependence

The Home is economically dependent on funding from WRHA. If this funding were discontinued, it would affect the Home's ability to continue operations.

4. Accounts Receivable

	2009	2008
Receivable from residents	**$ 37,209**	$ 26,886
GST rebate receivable	**16,785**	133,604
The Sharon Home Fund Inc. (related party)	**283,131**	2,715,881
Other	**59,040**	18,630
	$ 396,165	$ 2,895,001

5. Due from (to) WRHA

	2009	2008
2003/2004 funding adjustment	**$ 6,479**	$ 6,479
2004/2005 funding adjustment	**(164,054)**	(164,054)
2005/2006 funding adjustment	**151,593**	151,593
2006/2007 funding adjustment	**(48,838)**	(48,838)
2007/2008 funding adjustment	**28,127**	128,901
2008/2009 funding adjustment	**(218,654)**	-
	$ (245,347)	$ 74,081

The Home is subject to periodic review by WRHA. Operating surpluses or deficiencies may be repayable or recoverable as determined by WRHA. The Home records a liability or receivable based on an estimate with respect to the outcome of future year-end reviews. The reviews of the 2003/2004, 2004/2005, 2005/2006, 2006/2007 and 2007/2008 fiscal years, as well as the current year, are not completed at this time; however the Home has adjusted the amounts reflected as due to (from) the WRHA for these years to reflect its current estimate of possible settlement based on the outcome of the completed reviews for earlier years.

6. Loan Receivable

The loan is non-interest bearing with no fixed terms of repayment and is collateralized by life insurance policies on a former employee.

7. Capital Assets

	2009		2008	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Kanee Centre				
Land	**$ 558,008**	**$ -**	$ 558,008	$ -
Buildings	**12,301,262**	**8,593,775**	12,301,262	8,016,922
Equipment	**-**	**-**	2,610,007	2,449,996
Simkin Centre				
Land	**786,418**	**-**	786,418	-
Building	**39,843,598**	**2,458,924**	10,335,648	1,835,952
Equipment	**5,723,915**	**3,595,710**	1,510,307	812,648
Land held for future development	**1,315,158**	**-**	1,315,158	-
	$ 60,528,359	**$ 14,648,409**	$ 29,416,808	$ 13,115,518
Cost less accumulated amortization		**$ 45,879,950**		$ 16,301,290

During the fiscal year ending March 31, 2009, the operations of the Kanee Centre have been transferred to the Simkin Centre. The property of the Kanee Centre and related mortgages will be transferred to WHRA. The net effect of this transition cannot be determined at this time.

8. Vacation Entitlements Receivable

The Home records a provision for accrued vacation entitlements. Prior to March 31, 2004 changes in the liability related to vacation were recoverable from Manitoba Health. At that date, Manitoba Health advised that subsequent to March 31, 2004 all funding related to past and future vacation entitlement costs would be included in in-globe funding and that the maximum liability to be recognized by Manitoba Health to facilities would be capped at March 31, 2004 levels. Accordingly, each year as vacation entitlements are paid and earned by the Home's employees, the related vacation entitlement receivable is collected and re-established up to this maximum amount.

An analysis of the changes in the vacation entitlements receivable from Manitoba Health is as follows:

	2009	2008
Balance, beginning of year	**$ 603,753**	$ 603,753
Net changes in vacation entitlements receivable	**-**	-
Balance, end of year	**$ 603,753**	$ 603,753

An analysis of the changes in accrued vacation entitlements is as follows:

	2009	2008
Balance, beginning of year	**$ 663,116**	$ 644,858
Net (decrease) increase in accrued vacation entitlements	**(2,416)**	18,258
Balance, end of year	**$ 660,700**	$ 663,116

9. Bank Indebtedness

	2009	2008
Credit facility agreement	**$ 1,000,000**	$ 1,000,000
Interim construction costs agreement	**-**	19,927,531
Sponsor contribution loan	**1,162,126**	-
	$ 2,162,126	$ 20,927,531

The credit facility agreement is with the Royal Bank up to a maximum of $1,000,000, bears interest at the bank prime rate or the Flex Financing (Bankers Acceptance) rate. The credit facility is collateralized by a hypothecation of title covering the 11.27 acres of land held for future development. The interest on this loan is being funded by The Sharon Home Fund Inc.

The sponsor contribution loan bears interest at prime plus 1% payable upon receipt of contributions from the capital campaign.

10. Demand Bank Loans

	2009	2008
Demand loan #1 - Manitoba Health	**$ -**	$ 58,830
Phase II renovations	**88,663**	128,023
Construction demand loan	**4,200,800**	-
	$ 4,289,463	$ 186,853

The Phase II renovations loan bears interest at prime rate minus 0.75% repayable in equal monthly payments of $3,280 plus interest.

The construction demand loan bears interest at prime repayable in equal monthly payments of $17,800 plus interest.

11. Accounts Payable

	2009	2008
Trade accounts payable	**$ 382,261**	$ 2,292,823
Accrued liabilities	**193,630**	178,480
Salaries and employee benefits payable	**366,924**	313,903
Holdback payable	**-**	1,132,152
	$ 942,815	$ 3,917,358

12. Mortgages Payable

	2009	2008
Mortgage payable Province of Manitoba - with interest at 5.20%, requiring monthly principal payments of $91,875, secured by the related property at the Simkin Centre, maturing in 2029.	**$ 21,866,250**	$ -
Mortgage payable Canada Mortgage and Housing Corporation - with interest at 6.875%, requiring monthly principal and interest payments of $3,333, secured by the related property at the Kanee Centre, maturing in 2019.	**304,870**	323,731
Mortgage payable Canada Mortgage and Housing Corporation - with interest at 7.875%, requiring monthly principal and interest payments of $3,806, secured by the related property at the Kanee Centre, maturing in 2020.	**347,681**	365,847
Mortgage payable Canada Mortgage and Housing Corporation - with interest at 7.75%, requiring monthly principal and interest payments of $1,218, secured by the related property at the Kanee Centre, maturing in 2021.	**119,663**	125,017
Mortgage payable Canada Mortgage and Housing Corporation - with interest at 7.625%, requiring monthly principal and interest payments of $1,096, secured by the related property at the Kanee Centre, maturing in 2022.	**112,064**	116,692
	22,750,528	931,287
Current portion of mortgages payable	**1,151,422**	45,300
	$ 21,599,106	$ 885,987

12. Mortgages Payable (continued)

The mortgages are secured by the related property at the Kanee Centre and Simkin Centre.

Principal repayments required over the next five years are as follows:

2010	$ 1,151,422
2011	1,155,237
2012	1,159,292
2013	1,163,661
2014	1,168,367
Subsequent years	16,952,549
	$ 22,750,528

13. Note Payable

	2009	2008
Province of Manitoba - with interest at 6.125%, requiring monthly principal payments of $59,896 plus interest, maturing March 31, 2017.	**$ 5,750,000**	$ 6,468,750
Current portion of note payable	**718,750**	718,750
	$ 5,031,250	$ 5,750,000

The note payable is secured by the related property at the Kanee Centre and Simkin Centre.

Minimum principal repayments required under the terms of the note payable are as follows:

2010	$ 718,750
2011	718,750
2012	718,750
2013	718,750
2014	718,750
Subsequent years	2,156,250
	$ 5,750,000

March 31, 2009

14. Deferred Contributions

Deferred contributions represent the unamortized and unspent amount of grants and funding received for the purchase of capital assets, equipment and major repairs. Changes in the deferred contribution balance reported are as follows:

	2009	2008
Balance, beginning of year	**$ 10,216,832**	$ 8,326,776
Contributions	**2,184,708**	2,521,083
Less amounts amortized to revenue	**(634,915)**	(631,027)
Balance, end of year	**$ 11,766,625**	$ 10,216,832

The balances as at March 31, 2009 and 2008 consist of the following:

	2009	2008
Deferred contributions relating to capital assets	**$ 11,592,699**	$ 10,076,633
Unspent funding for equipment	**165,274**	130,274
Unspent funding for major repairs	**8,652**	9,925
Balance, end of year	**$ 11,766,625**	$ 10,216,832

15. Contingencies

On July 1, 1987, a group of health care organizations ("subscribers"), including the Home, formed Healthcare Insurance Reciprocal of Canada ("HIROC"). HIROC is registered as a reciprocal insurer pursuant to provincial Insurance Acts, which permit reciprocal contracts of indemnity insurance. HIROC is a pooling of the public liability insurance risks of its members. All members of the pool pay annual premiums which are actuarially determined. All members are subject to re-assessment for losses, if any, in excess of such premiums, experienced by the pool of subscribers for the years in which they were a subscriber and these losses could be material. HIROC purchases reinsurance to reduce the likelihood of re-assessment. No such re-assessments have been made to March 31, 2009.

The Home is a named insured under the WRHA policy with HIROC.

16. Employee Future Benefits

Accrued pre-retirement obligations

Based upon collective agreements and/or non-union policy, employees of the Home are entitled to a pre-retirement leave benefit if they are retiring in accordance with the provisions of the applicable Home Group Pension Plan. The Home's contractual commitment is to pay based upon the following:

Four days (pro-rated) of salary per year of service upon retirement if the employee complies with one of the following conditions:

i. has 10 years service and has reached the age 55

ii. qualifies for the "eighty" rule which is calculated by adding the number of years of service to the age of the employee

iii. retires at or after age 65

iv. terminates employment at any time due to permanent disability

The Home undertook an actuarial valuation of the pre-retirement leave benefit for accounting purposes as at March 31, 2009. The significant actuarial assumptions adopted in measuring the Home's accrued retirement entitlements include mortality and withdrawal rates, a discount rate of 6.7% (2008 - 5.5%) and a rate of salary increase of 3.5% (2008 - 3.5%) plus age related merit/promotion scale with no provision for disability.

The amount recorded as a receivable from the Province for pre-retirement costs was initially determined based on the value of the corresponding actuarial liability for pre-retirement costs as at March 31, 2004. Subsequent to March 31, 2004, the Province has included in its ongoing annual funding to WRHA, an amount equivalent to the change in the pre-retirement liability, which includes annual interest accretion related to the receivable. The receivable will be paid by the Province when required.

16. Employee Future Benefits (continued)

Commencing in 2006/07, the Winnipeg Regional Health Authority assumed responsibility for funding the annual increase in the obligation each year. This amount will also be paid when required and the WRHA holds funding to meet this obligation.

	2009	2008
Employee future benefits recoverable from		
Manitoba Health	**$ 967,427**	$ 967,427
Winnipeg Regional Health Authority	**190,683**	193,140
	$ 1,158,110	$ 1,160,567

An analysis of the changes in the accrued pre-retirement obligation payable is as follows:

	2009	2008
Balance, beginning of the year	**$ 1,048,968**	$ 1,020,204
Net (decrease) increase in pre-retirement entitlements	**(2,457)**	28,764
Balance, end of year	**$ 1,046,511**	$ 1,048,968

Pension Plan

Substantially all of the employees of the Home are members of the Healthcare Employees Pension Plan (a successor to the Manitoba Health Organization Inc. Plan) (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the best five years of the last ten years prior to retirement, termination or death, that provides the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the contributions by employees, 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 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 the plan is in a deficit; however, it is anticipated that recently implemented increases in contribution rates will correct this deficiency within the allowed timeframe. Contributions to the Plan made during the year by the Home on behalf of its employees amounted to $509,533 (2008 - $514,850) and are included in the statement of operations.

17. Related Entity

The Sharon Home, Inc. controls The Sharon Home Fund Inc. (the "Fund") by virtue of the fact that the majority of the board members are common to each board. The Fund is incorporated under the Corporations Act and is a registered charity under the Canada Income Tax Act.

The Fund was established to support and foster the operations of the The Sharon Home, Inc. The Fund supports projects, not supported by other funding sources, for the care, maintenance and protection of aged men and women.

The net assets and results of the operations are not included in the financial statements of the Home. Separate financial statements of the Fund are available upon request. Financial summaries of the Fund as at March 31, 2009 and 2008 and for the years then ended are as follows:

	2009	2008
Financial position		
Total assets	**$ 2,005,176**	$ 4,318,283
Total liabilities	**$ 312,931**	$ 2,715,907
Total fund balances	**1,692,245**	1,602,376
Balance, end of year	**$ 2,005,176**	$ 4,318,283

	2009	2008
Results of operations		
Total revenue	**$ 1,099,385**	$ 1,330,851
Total expenses	**(123,775)**	(23,307)
Excess of revenue over expenses before the following	**975,610**	1,307,544
Contributions to The Sharon Home, Inc.	**(885,741)**	(1,210,067)
Excess of revenue over expenses	**$ 89,869**	$ 97,477
Cash flows		
Cash provided by operating activities	**$ (2,310,267)**	$ 1,104,676
Cash used in investing activities	**(28,218)**	(41,816)
Increase (decrease) in cash	**$ (2,338,485)**	$ 1,062,860

17. Related Entity (continued)

During the fiscal year 2009 the Home charged the Fund on a cost recovery basis $123,775 (2008 - $21,181) for administrative and special program expenditures. During the fiscal year 2009, the Fund contributed $60,083 (2008 - $77,584) to the Home to fund the interest and carrying charges on the land held for future developments These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at March 31, 2009, included in accounts receivable is an amount of $283,131 (2008 - $2,715,881) receivable from the Fund, of which $91,883 (2008 - $2,640,645) is funding receivable from the Fund representing contributions received by the Fund under the Simkin Centre Phase II capital campaign. The contributions are recorded as deferred contributions (Note 14).

18. Resident Trust Funds

Included in the cash and accounts payable are funds held in trust for the Home's residents totalling $19,651 (2008 - $30,324).

19. Restricted Cash

Cash in the amount of $173,926 (2008 - $140,199) is restricted for capital asset purchases.

20. Capital Management

The Home considers its capital to comprise its Net Assets balance. There have been no changes to what the Home considers to be its capital since the previous period.

The Home manages its capital to ensure it retains sufficient resources to enable it to meet its obligations for resident care. The determination of this amount is based on historical expense requirements relative to funding commitments.

THE SHARON HOME, INC.
Schedule of Adult Day Program

For the year ended March 31	2009	2008
Revenue		
Province of Manitoba	$ **67,968**	$ 65,890
Participants' fees	**13,217**	13,252
	81,185	79,142
Expenses		
Salaries - general	**39,836**	36,658
Other	**62,850**	61,380
	102,686	98,038
Deficiency of revenue over expenses	**(21,501)**	(18,896)
Deficiency receivable from WRHA	**21,501**	18,896
Ending balance	$ **-**	$ -

To the Members of West Park Manor Personal Care Home Inc.:

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

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

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. 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 Board is also responsible for recommending the appointment of the Organization's external auditors.

Meyers N Chartered Accountants, is ncial statements
and report ne external auditors have f and separately
with, both their audit findings.

May 22, 2009

Executive Director

Assistant Executive Director

Auditors' Report

To the Board of Directors of West Park Manor Personal Care Home Inc.:

We have audited the statement of financial position of West Park Manor Personal Care Home Inc. as at March 31, 2009 and the statements of operations and changes in unrestricted net assets 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Chartered Accountants

Winnipeg, Manitoba

May 22, 2009

2500 - 201 Portage Ave., Winnipeg, Manitoba, R3B 3K6, Phone: (204) 775-4531, 1 (877) 500-0795

West Park Manor Personal Care Home Inc.
Statement of Financial Position
As at March 31, 2009

	2009	2008
Assets		
Current		
Cash *(Note 3)*	290,150	600,095
Short term investments *(Note 4)*	2,022,296	1,663,525
Accounts receivable *(Note 5)*	68,873	166,575
Prepaid expenses and deposits	224,270	96,821
Current portion of investments	-	300,000
	2,605,589	2,827,016
Capital assets *(Note 6)*	1,409,920	1,468,890
Deferred charges - future employee benefits *(Note 7)*	604,869	549,197
Receivable from Winnipeg Regional Health Authority	999,252	680,786
	5,619,630	5,525,889
Liabilities		
Current		
Accounts payable and accruals	1,771,738	1,808,808
Trust funds payable	205,740	209,039
Current portion of term loans due on demand *(Note 8)*	585,986	131,000
	2,563,464	2,148,847
Term loans due on demand *(Note 8)*	832,619	1,247,686
	3,396,083	3,396,533
Deferred contributions *(Note 9)*	509,979	438,087
Accrued future employee benefits *(Note 7)*	662,205	606,533
	4,568,267	4,441,153
Net Assets		
Invested in capital assets	152,811	89,523
Unrestricted	248,849	365,272
	401,660	454,795
Restricted *(Note 10)*	649,703	629,941
	1,051,363	1,084,736
	5,619,630	5,525,889

Approved on behalf of the Board

_______________ Director _______________ Director

The accompanying notes are an integral part of these financial statements

MNP

West Park Manor Personal Care Home Inc.
Statement of Operations
For the year ended March 31, 2009

	Operating Fund	*Capital Fund*	2009	2008
Revenues				
Residential charges	2,849,559	-	**2,849,559**	2,660,597
Winnipeg Regional Health Authority				
Operating	4,672,763	-	**4,672,763**	4,562,276
Bed grant	11,701	-	**11,701**	11,703
Interest on approved borrowing	75,840	-	**75,840**	85,453
Year end adjustment *(Note 14)*	(150,145)	-	**(150,145)**	(6,928)
Medical salaries	3,816	-	**3,816**	3,816
Pre-retirement leave amortization	16,085	-	**16,085**	63,202
Wages accrual - MNU related	200,877	-	**200,877**	69,550
Over-cost funding	3,807	-	**3,807**	55,045
Median rate adjustment per diem	411,640	-	**411,640**	304,548
Non median rate funding	171,864	-	**171,864**	169,760
Wages accrual CUPE related	109,612	-	**109,612**	94,435
Other revenue	364,503	-	**364,503**	173,309
Amortization of deferred operating contributions *(Note 9)*	-	93,723	**93,723**	90,359
	8,741,922	93,723	**8,835,645**	8,337,125
Expenses				
Amortization	-	178,694	**178,694**	176,619
Dietary services and supplies	310,341	-	**310,341**	294,999
Employee benefits	1,259,655	-	**1,259,655**	1,169,224
Employee benefits - pre-retirement leave	24,708	-	**24,708**	98,368
General administration	104,836	-	**104,836**	196,488
Health and safety	62,469	-	**62,469**	67,293
Housekeeping	38,846	-	**38,846**	40,914
Interest on long-term debt	84,585	-	**84,585**	99,477
Laundry	21,552	-	**21,552**	24,947
Linen	487	-	**487**	1,728
Medical salaries	3,154	-	**3,154**	3,604
Nursing services and supplies	205,984	-	**205,984**	185,546
Recreation and handicraft supplies	16,090	-	**16,090**	15,046
Repairs and maintenance	103,283	-	**103,283**	123,264
Salaries and wages	6,194,036	-	**6,194,036**	5,716,389
Utilities	343,348	-	**343,348**	327,314
	8,773,374	178,694	**8,952,068**	8,541,220
Deficiency before adjustments	(31,452)	(84,971)	**(116,423)**	(204,095)
Pre-retirement future liability income *(Note 7)*	55,672	-	**55,672**	26,017
Pre-retirement future liability (expense) *(Note 7)*	(55,672)	-	**(55,672)**	(26,017)
Excess (deficiency) of revenues over expenses	(31,452)	(84,971)	**(116,423)**	(204,095)

The accompanying notes are an integral part of these financial statements

West Park Manor Personal Care Home Inc.
Statement of Changes in Unrestricted Net Assets
For the year ended March 31, 2009

	Operating Fund	Invested in capital	2009 Total	2008 Total
Net assets, beginning of year	365,272	89,523	**454,795**	607,059
Excess (deficiency) of revenues over expenses	(31,452)	(84,971)	**(116,423)**	(204,095)
Inter-fund transfer	(84,971)	84,971	**-**	-
Transfer from non-operating income reserve	-	63,288	**63,288**	51,831
Net assets, end of year	248,849	152,811	**401,660**	454,795

The accompanying notes are an integral part of these financial statements

MNP

1. Purpose of the Organization

West Park Manor Personal Care Home, Inc. is a privately operated non-profit corporation which provides personal care for senior citizens. It is incorporated without share capital under the Corporations Act of Manitoba.

The Organization is a not for profit organization under the Income Tax Act (the "Act") and as such, is exempt from income taxes. In order to maintain its status as such, the Organization must meet certain requirements within the Act. In the opinion of the management, these requirements have been met.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the guidelines produced by Manitoba Health and/or Winnipeg Regional Health Authority, and include the following significant accounting policies:

Capital assets

Capital assets are recorded at cost. Other than buildings, amortization is recorded in the capital fund using the straight-line basis, at rates intended to amortize the value of capital assets over their estimated useful life. The annual rates are as follows:

	Rate
Buildings	30 %
Equipment	20 %
Call system and fire alarm	6.25 %

Amortization on buildings is based on the annual principal reduction of associated debt, which is intended to amortize the value of the capital asset over their estimated useful life.

Reserve funds

In accordance with guidelines established by Manitoba Health and/or Winnipeg Regional Health Authority, the Organization has established reserves for future expenditures as approved by Manitoba Health and/or Winnipeg Regional Health Authority (see Note 10).

Deferred contributions

Deferred contributions represent the unamortized portion of restricted contributions relating to the purchase of capital assets or self-funding of insurance deductibles. Capital asset deferred contributions are recognized as revenue on the same basis as respective assets are amortized. Insurance deductible deferred contributions are recognized as revenue on the same basis as respective expenditures are made.

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are deferred and matched with the related expenses as incurred. Unrestricted contributions are recorded in the operating fund as received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Measurement uncertainty (use of estimates)

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.

The Organization estimates the net book value of capital assets based upon the amortization period and the estimated useful lives of the capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance provided for uncollectible accounts.

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

2. Accounting policies *(Continued from previous page)*

Transfer to capital fund

Equipment of a capital nature with an individual value over $2,000 is transferred to the Capital Fund in order to comply with Manitoba Health and/or Winnipeg Regional Health Authority policy.

Long-lived assets

Long-lived assets consists of buildings, computer equipment and equipment 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 assets' value. Any impairment is included in earnings for the year.

Financial Instruments

Fair Value of financial instruments

The carrying amount of cash, accounts receivable and accounts payable and accruals approximate their fair value due to the short-term maturities of these items. The fair value of the Organization's investments are based on quoted market prices.

Classification of financial instruments

The Organization has classified short-term investments as available for sale. These instruments are initially recognized at their fair value which is approximated by the instrument's cost in a transaction between unrelated parties. Available for sale instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value which include interest, realized and unrealized gains and losses are recognized immediately in the fund balances.

The Organization has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value which is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less repayments and any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in the fund balances upon impairment.

The Organization has classified accounts payable and long term debt as other financial liabilities. These liabilities are initially recognized at their fair value which is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less repayments. Net gains and losses arising from changes in fair value are recognized in the fund balances upon derecognition.

2. **Accounting policies** *(Continued from previous page)*

Recent accounting pronouncements

Financial statement presentation by not-for-profit organzations

In September 2008, amendments were made to CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

These amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the changes to the standard to have a material impact on its financial statements.

Capital asset held by not-for-profit organizations

CICA Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow NFPOs to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect the change to this standard to have a material impact on its financial statements.

Disclosure of allocated expenses by not-fot-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 fundraising and general support expenses to other functions 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 fundraising and general support functions and the amounts and functions to which they have been allocated.

This new Section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Organization does not expect this new standard to have a material impact on its financial statements.

3. **Cash**

Included in cash are amounts due to reserve and trust accounts that are subject to certain restrictions. Bank accounts earn interest at 0.50% (2008 - 4.25%) as at year-end.

	2009	*2008*
Bank	**272,671**	582,616
Restricted cash	**17,479**	17,479
	290,150	600,095

4. **Short term investments**

	2009	*2008*
Money market mutual funds, earning interest at 0.53% (2008 - 4.50%) at year end.	**2,022,296**	1,663,525

The market value of the portfolio is $2,022,296 (2008 - $1,663,525).

5. **Accounts receivable**

	2009	*2008*
Trade receivables	**35,975**	103,507
Goods and Services Tax receivable	**32,898**	39,980
Interest receivable	-	23,088
	68,873	166,575

6. Capital assets

	Opening Cost	Additions	Disposals/ Write-offs	Closing Cost	Accumulated Amortization	2009 Net book value	2008 Net book value
Land	128,980	3,940	-	132,920	-	132,920	128,980
Buildings	2,193,659	28,211	2,154	2,219,716	1,424,872	794,844	822,847
Computer equipment	40,776	-	-	40,776	43,600	(2,824)	5,331
Equipment	1,828,681	89,727	-	1,918,408	1,433,428	484,980	511,732
	4,192,096	121,878	2,154	4,311,820	2,901,900	1,409,920	1,468,890

7. Deferred charges - future employee benefits

Under guidelines produced by Manitoba Health and/or Winnipeg Regional Health Authority, funding owed to the Organization related to pre-retirement leave benefit and vacation pay liability is recognized as an out of global budget accounts receivable for March 31, 2004 and prior years. Funding for employee future benefits incurred subsequent to March 31, 2004 fiscal years are included in the Organization's global funding and is not recorded as a receivable, as Manitoba Health and/or Winnipeg Regional Health Authority had directed all health care facilities to record the future employee benefits but not the corresponding receivable. For the March 31, 2009 fiscal year the Organization incurred an employee future benefit long term liability increase of $55,672 (2008 - decrease of $26,017) and a future employee benefit long term receivable increase (2008 - decrease) was recorded for the same amount as directed by Manitoba Health and the WRHA as an offset to revenue and expense respectively.

8. **Term loans due on demand**

	2009	2008
First mortgage payable in monthly instalments of $8,289 including interest at 7.75%, secured by land and buildings having a net book value of $587,000 (2008 - $643,000), due August 1, 2023.	868,282	900,188
Bank loan bearing interest at prime minus 0.50%, payable in monthly instalments of $3,550 plus interest, secured with a general security agreement, due August 31, 2009.	113,600	156,200
Bank loan bearing interest at prime minus 0.50%, payable in monthly instalments of $2,535 plus interest, secured with a general security agreement, due August 31, 2009.	139,390	169,810
Bank loan bearing interest at prime minus 0.50%, payable in montly instalments of $2,119 plus interest, secured with a general security agreement, due August 31, 2009.	127,060	152,488
Bank loan bearing interest at prime minus 0.50%, payable in montly instalments of $1,485 plus interest, secured with a general security agreement, due December 20, 2009.	170,273	-
	1,418,605	1,378,686
Less: current portion	585,986	131,000
	832,619	1,247,686

Principal repayments on terms in each of the next five years are estimated as follows:

2009	585,986
2010	38,427
2011	41,405
2012	44,614
2013	48,072

9. Deferred contributions

Changes for the year in the deferred contributions balance are as follows:

	Capital	*Insurance*	*2009*	*2008*
Balance, beginning of year	427,546	10,541	**438,087**	365,166
Contributions received during the year				
Winnipeg Regional Health Authority				
- Principal repayment	129,405	-	**129,405**	127,070
- Equipment replacement	26,250	-	**26,250**	26,250
- Major repairs	7,944	-	**7,944**	7,944
- Insurance deductible	-	2,016	**2,016**	2,016
Recognized as revenue during the year	(93,723)	-	**(93,723)**	(90,359)
Balance, end of year	497,422	12,557	**509,979**	438,087

10. Restricted net assets

Internally restricted net assets are comprised of:

Non-operating income reserve	*2009*	*2008*
Balance, beginning of year	**601,708**	526,131
Interest	**63,323**	109,834
Payments/expenditures	**(126)**	(100)
Contribution to Capital Fund	**(43,435)**	(34,157)
Balance, end of year	**621,470**	601,708
Reserve for major repairs		
Balance, beginning of year	**28,233**	28,233
Expenditures	**-**	-
Balance, end of year	**28,233**	28,233
	649,703	629,941

These net assets are restriced in the fact that they are not part of the general operations of the personal care home. The use of such assets is at the discrection of the board of directors.

11. Financial instruments

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Personal Care Home to concentrations of credit risk consist primarily of trade accounts receivable as described in Note 5. Of the $1,068,125 (2008 - $847,361) of receivables, $999,252 (2008 - $680,786) is due from the Manitoba Health/Winnipeg Regional Health Authority.

12. Economic dependence

A significant portion of the Organization's operating funds are provided by Manitoba Health and/or Winnipeg Regional Health Authority and its ability to continue viable operations is dependent upon maintaining this funding.

13. Statement of cash flows

A statement of change in cash flows has not been prepared because the information about operating, financing and investing activities and their effects on cash resources are readily apparent from the other financial information.

14. Year end adjustment

The year end adjustment in the revenues section of the Statement of Operations represents the difference in the funding budget and the actual for residential charges received from residents. The amount is set up as a payable to Winnipeg Regional Health Authority (WRHA) and represents a decrease to WRHA revenue.

15. Capital management

The Organization's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide services and benefits to its residents.

The Organization sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Organization may sell investments or decrease expenses.

The Organization manages the following as capital:

	2009	*2008*
Short-term investments	**2,022,296**	1,663,525
Net assets	**401,660**	454,795
	2,423,956	2,118,320

The Organization monitors capital on a quarterly basis, as well as annually, including the Board's input as to the capital management approach to take, and through advice from the Organizations's investment advisors. During the year, the Organization's strategy is to protect the capital through maintaining low risk investments, as well as to minimize the excess of revenues over expenses.

16. **Comparative figures**

Certain of the prior year's comparative figures have been reclassified to conform with the current year's financial statement presentation.

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Auditors' Report

To the Directors of
Women's Health Clinic Inc.

We have audited the statement of financial position of Women's Health Clinic Inc. as at March 31, 2009 and the statements of financial activities, changes in fund balances 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.

Except as explained in the following paragraphs, 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 common with many charitable organizations, Women's Health Clinic Inc. derives part of its revenues from the general public in the form of contributions and fundraising the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions and fundraising, excess of revenues over expenses, current assets and changes in fund balances.

In our opinion, except as explained above and the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of those revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2009 and the results of its operations, the changes in its fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Booke & Partners
Chartered Accountants

Winnipeg, Canada
May 27, 2009

Women's Health Clinic Inc.
Statement of Financial Activities
Year Ended March 31 **2009** 2008

	Operating Fund	Donation Fund	Capital Fund	**Total** (2009)	Total (2008)
Revenues					
Winnipeg Regional Health Authority					
Fixed payments	$2,897,977	$ -	$ -	**$2,897,977**	$2,623,321
Capital payments	-	-	17,375	**17,375**	23,798
United Way of Winnipeg	210,504	3,044	-	**213,548**	210,970
Province of Manitoba	200,306	1,933	-	**202,239**	141,296
Medical supplies	85,384	4,776	-	**90,160**	89,769
Membership	970	-	-	**970**	1,170
Miscellaneous	39,172	-	-	**39,172**	32,008
Investment income	-	14,223	-	**14,223**	22,741
Health Canada	126,586	-	-	**126,586**	122,164
The Winnipeg Foundation	40,646	-	-	**40,646**	-
Annual general meeting	830	-	-	**830**	880
Fee for service	332,536	-	-	**332,536**	297,184
Contributions and fundraising	-	32,294	10,993	**43,287**	42,395
Rent	-	-	18,900	**18,900**	19,035
	3,934,911	56,270	47,268	**4,038,449**	3,626,731
Expenses					
Operating Fund (Page 11)	3,852,561	-	-	**3,852,561**	3,302,267
Donation Fund (Page 12)	-	65,146	-	**65,146**	47,448
Amortization	-	-	65,096	**65,096**	70,834
Interest on mortgage	-	-	25,857	**25,857**	38,066
	3,852,561	65,146	90,953	**4,008,660**	3,458,615
Excess (deficiency) of revenues over expenses before under noted items	82,350	(8,876)	(43,685)	**29,789**	168,116
Pre-retirement leave (Note 11)					
Current year recovery	14,216	-	-	**14,216**	22,453
Expense	(14,216)	-	-	**(14,216)**	(22,453)
Excess (deficiency) of revenues over expenses	$ 82,350	$ (8,876)	$ (43,685)	**$ 29,789**	$ 168,116

See accompanying notes to the financial statements.

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Women's Health Clinic Inc.
Statement of Changes in Fund Balances

March 31 **2009** 2008

	Operating Fund	Donation Fund	Capital Fund	**Total**	Total
Fund balance, beginning of year	$ 159,819	$ 149,897	$ (20,440)	**$ 289,276**	$ 121,160
Excess (deficiency) of revenues over expenses	82,350	(8,876)	(43,685)	**29,789**	168,116
Fund balance, end of year	$ 242,169	$ 141,021	$ (64,125)	**$ 319,065**	$ 289,276

See accompanying notes to the financial statements.

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Women's Health Clinic Inc.
Statement of Financial Position

March 31	2009	2008
Assets		
Current		
Cash (Note 3)	$ 977,860	$ 824,950
Receivables	312,324	192,040
Due from Winnipeg Regional Health Authority	98,377	108,716
Inventories	32,603	30,216
Prepaids	12,415	8,813
	1,433,579	1,164,735
Capital assets (Note 4)	924,126	954,416
	$2,357,705	$2,119,151
Liabilities		
Current		
Payables and accruals	$ 603,988	$ 436,852
In Trust for Disabled Women's Network	256	90
Deferred revenue	9,995	9,026
Deferred contributions		
Operating Fund (Note 5)	411,207	331,714
Related to capital assets (Note 6)	273,318	290,470
Demand loans (Note 7)	553,067	589,130
	1,851,831	1,657,282
Pre-retirement leave (Note 11)	186,809	172,593
	2,038,640	1,829,875
Fund Balances		
Operating Fund	242,169	159,819
Donation Fund	141,021	149,897
Capital Fund	(64,125)	(20,440)
	319,065	289,276
	$2,357,705	$2,119,151

On behalf of the Board

_________________ Director _________________ Director

See accompanying notes to the financial statements.

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Women's Health Clinic Inc.
Statement of Cash Flows

Year Ended March 31	2009	2008
Cash derived from (applied to)		
Operating		
Excess of revenues over expenses	$ 29,789	$ 168,116
Amortization	65,096	70,834
Amortization of deferred contributions	(28,368)	(34,791)
	66,517	204,159
Change in non-cash operating assets and liabilities (Note 8)	146,046	127,353
	212,563	331,512
Investing		
Purchase of capital assets	(34,806)	(62,783)
Funding received to purchase capital assets	11,216	19,244
	(23,590)	(43,539)
Financing		
Repayment of demand loan	(36,063)	(23,854)
Net increase in cash	152,910	264,119
Cash, beginning of year	824,950	560,831
Cash, end of year	$ 977,860	$ 824,950

See accompanying notes to the financial statements.

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1. Nature of operations

Women's Health Clinic Inc. is a Community Health Centre based on principles of feminism, equity and diversity. The Organization works towards promoting the health and well-being of women. The approach to health is to facilitate empowerment, choice and action.

The Organization was formed in 1981, is an incorporated not-for-profit entity and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The Organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

a) Fund accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Donation Fund reports all donations and fundraising activities. The resources of this fund are disbursed subject to the Board of Directors' approval or relevant restrictions.

The Capital Fund reports the assets and liabilities, revenues and expenses related to the Organization's capital assets.

b) Revenue recognition

Women's Health Clinic Inc. follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Inventories

Inventories are valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis.

d) Capital assets

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at the fair value at the date of contribution.

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2. Significant accounting policies (cont.)

e) Amortization

Amortization is provided at rates designed to write off the assets over their estimated useful lives as follows:

Building and improvements	25 years	straight-line
Computers	5 years	straight-line
Furniture and fixtures	10 years	straight-line
Security system	10 years	straight-line
Medical equipment	5 years	straight-line

Amortization expense is reported in the Capital Fund.

f) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

g) Financial instruments

The Organization's financial instruments consist of cash, receivables, payables and accruals, funds held in trust, demand loans, and pre-retirement leave. The fair values of cash, receivables, payables and accruals, funds held in trust, demand loans, and pre-retirement leave approximate their carrying values. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risk arising from these financial instruments.

3. Cash

The Organization has a line of credit in the amount of $25,000 which is not being used at March 31, 2009 nor at March 31, 2008.

4. Capital assets

	Cost	Accumulated Amortization	**2009 Net Book Value**	2008 Net Book Value
Land	$ 130,000	$ -	**$ 130,000**	$ 130,000
Building and improvements	901,483	193,326	**708,157**	735,113
Computers	61,077	28,391	**32,686**	36,862
Furniture and fixtures	50,358	33,860	**16,498**	15,802
Security system	45,591	20,728	**24,863**	29,422
Medical equipment	18,781	6,859	**11,922**	7,217
	$ 1,207,290	$ 283,164	**$ 924,126**	$ 954,416

5. Deferred contributions

Deferred contributions represent restricted funding and unspent resources externally restricted for the Operating Fund which relate to the subsequent year.

	2009	2008
Health Canada	**$ 4,846**	$ 16,406
United Way of Winnipeg	**6,674**	6,678
Province of Manitoba	**8,546**	-
University of Alberta	**-**	4,255
Winnipeg Regional Health Authority	**361,487**	289,525
Healthy Child Manitoba	**10,126**	10,126
The Winnipeg Foundation	**12,140**	3,184
CWHN	**1,500**	1,500
Healthy Baby	**5,888**	40
	$ 411,207	$ 331,714

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets of $273,318 (2008 - $290,470) represent grants and donations for building, computers, furniture and fixtures and medical equipment. Deferred contributions are amortized on the statement of financial activities.

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7. Demand loans

	2009	2008
Mortgage, payable to Assiniboine Credit Union, interest at prime rate plus 1/4%, repayable in blended monthly installments of $4,960, due on demand	**$ 550,722**	$ 584,551
Loan, payable to Assiniboine Credit Union, interest at prime rate plus 1/4%, repayable in blended monthly installments of $200, due on demand	**2,345**	4,579
	$ 553,067	$ 589,130

The Organization's land and building are pledged as security for the debt.

Principal repayments of the demand loan obligation estimated to be required in each of the next five years are as follows:

2010	$ 30,896
2011	30,355
2012	32,041
2013	33,933
2014	35,937
	$ 163,162

8. Change in non-cash operating assets and liabilities

	2009	2008
Receivables and due from Winnipeg Regional Health Authority	**$ (109,945)**	$ (70,820)
Inventories	**(2,387)**	(9,632)
Prepaids	**(3,602)**	(2,333)
Payables and accruals	**181,352**	64,906
Funds held in trust	**166**	(5,216)
Deferred revenue and deferred contributions	**80,462**	150,448
	$ 146,046	$ 127,353

9. Economic dependence

The volume of financial activity undertaken by Women's Health Clinic Inc. with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

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10. Endowment fund

In 2002 the Organization established an Endowment Fund to be held in perpetuity at The Winnipeg Foundation. Interest revenue earned by this fund is available to the Women's Health Clinic annually to support general operations. As of March 31, 2009, the Organization's contributions to the Endowment Fund totalled $74,112 (2008 - $60,153). The market value of the Endowment Fund at March 31, 2009 is $99,286 (2008 - $100,894).

11. Pre-retirement leave benefits

The Organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006 the Organization was instructed by WRHA to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the Organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the Organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. During the year the obligation increased by $14,216 (2008 - $22,453).

A portion of the pre-retirement benefits for the current year of $14,216 (2008 - $22,453) were funded by Winnipeg Regional Health Authority during the year.

Women's Health Clinic Inc.
Schedule of Operating Fund Expenses

Year Ended March 31	2009	2008
Salaries	$2,409,490	$2,025,734
Employee benefits	323,998	271,734
Purchased services	437,210	423,421
Community relations	18,598	15,665
Association membership fees	1,103	551
Labour relations membership fees	-	90
Bad debt (recovery)	(177)	-
Bonding and insurance	3,044	3,216
Postage	16,728	17,778
Printing, stationery and office supplies	89,010	68,873
Professional fees	20,177	21,889
Accounting and computer fees	16,288	15,769
Staff recruitment	699	3,530
Staff training	14,218	11,547
Telephone	32,076	30,577
Other supplies	39,467	35,482
Medical and surgical supplies	101,484	98,992
Purchases of medical supplies inventories	94,646	63,125
Repairs and maintenance	34,024	18,666
Health education materials	6,914	1,382
Occupancy costs	106,473	94,591
Utilities	70,629	61,307
Volunteer services	702	818
Lectures and honorariums	468	282
Travel	15,292	17,248
	$3,852,561	$3,302,267

See accompanying notes to the financial statements.

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Women's Health Clinic Inc.
Schedule of Donation Fund Expenses

Year Ended March 31	2009	2008
Volunteer appreciation	$ 3,987	$ 1,098
Fundraising	10,295	9,727
Programs	36,905	23,765
The Winnipeg Foundation "Women's Health Clinic Fund" (Note 10)	13,959	12,858
	$ 65,146	$ 47,448

See accompanying notes to the financial statements.

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AUDITORS' REPORT

To the Board of Directors of
Rehabilitation Centre For Children, Inc.

We have audited the statement of financial position of the Rehabilitation Centre For Children, Inc. as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre'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 financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 22, 2009

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Operations
Year Ended March 31, 2009

	2009	2008
REVENUE		
Patient services - Winnipeg Regional Health Authority	$ 2,450,450	$ 2,390,143
Block Funding Prosthetics - Winnipeg Regional Health Authority	212,000	162,000
Sales of prosthetics	34,743	43,513
Sales of orthotics	451,511	423,901
Restricted donations Children's Rehabilitation Foundation Inc. (Note 9b)	537,186	356,412
Sales of assistive devices	100,792	129,449
School therapy program	1,682,846	1,660,673
Provincial Outreach Therapy for Children program	552,600	544,500
Childrens' Therapy Initiative	456,800	315,000
Research revenue	18,173	14,382
Miscellaneous	90,751	78,080
	6,587,852	6,118,053
EXPENSES		
Salaries	2,161,538	2,095,649
Employee benefits and costs	428,103	407,472
Prosthetics supplies	70,377	57,533
Orthotics supplies	61,233	70,892
Special devices supplies	161,662	200,805
Other supplies and expenses	166,183	153,918
Restricted expenditures Children's Rehabilitation Foundation Inc.	536,316	357,238
School therapy salaries and other costs	1,682,835	1,600,484
Provincial Outreach Therapy for Children salaries and other costs	566,677	486,535
Childrens' Therapy Initiative and other costs	429,587	302,223
Repairs and maintenance	33,037	28,413
Utilities, insurance and taxes	78,354	78,493
Purchased services	62,308	79,309
Research expense	4,961	1,882
	6,443,171	5,920,846
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	144,681	197,207
OTHER INCOME (EXPENSES)		
Amortization of deferred contributions	59,409	52,238
Amortization of capital assets	(56,509)	(61,753)
Interest income	15,249	27,585
Funding adjustments relating to prior years	25,115	-
	43,264	18,070
EXCESS OF REVENUE OVER EXPENSES	$ 187,945	$ 215,277

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Financial Position
March 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	**$ 869,984**	$ 660,692
Accounts receivable (Note 4)	**550,623**	445,332
Inventory	**238,163**	197,278
Prepaid expenses	**19,692**	11,352
Accounts receivable - vacation pay - WRHA (Note 3d)	**155,997**	155,997
	1,834,459	1,470,651
Restricted cash (Note 10a)	**25,588**	10,361
Accounts receivable - employee future benefits (Note 3d)	**189,236**	189,236
Capital assets (Note 5)	**258,584**	304,807
	$ 2,307,867	$ 1,975,055
LIABILITIES		
CURRENT		
Accounts payable	**$ 340,886**	$ 176,780
Accrued vacation pay - WRHA (Note 3d)	**177,812**	167,904
Accrued vacation pay - other funders	**55,901**	54,268
	574,599	398,952
Accrued employee future benefits (Note 6)	**468,632**	453,319
Deferred contributions related to capital assets (Note 7)	**188,704**	225,513
	1,231,935	1,077,784
NET ASSETS		
Invested in capital assets (Note 10a)	**95,468**	89,655
Restricted POTC (Note 11)	**113,811**	127,888
Restricted Childrens' Therapy (Note 11)	**69,702**	42,489
Restricted School Therapy (Note 11)	**91,607**	91,596
Restricted Prosthetics and Orthotics (Note 11)	**69,488**	-
Unrestricted	**635,856**	545,643
	1,075,932	897,271
	$ 2,307,867	$ 1,975,055

APPROVED BY THE BOARD

. . . . Director

. . . . Director

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Changes in Net Assets
Year Ended March 31, 2009

	2009							2008
	Invested in Capital Assets (Note 10b)	POTC Restricted (Note 11)	Childrens' Therapy Restricted (Note 11)	School Therapy Restricted (Note 11)	Prosthetics & Orthotics (Note 11)	Unrestricted	**Total**	Total
Balance, beginning of year	$ 89,655	$ 127,888	$ 42,489	$ 91,596	$ -	$ 545,643	**$ 897,271**	$ 681,994
Repayment of prior year surplus	-	-	-			(9,284)	**(9,284)**	-
Fund transfers	2,389	-	-	-	-	(2,389)	**-**	-
SSCY Capital investment	524	-	-	-	-	(524)	**-**	-
Excess of revenue over expenses (expenses over revenue) (Note 10b)	2,900	(14,077)	27,213	11	69,488	102,410	**187,945**	215,277
Balance, end of year	$ 95,468	$ 113,811	$ 69,702	$ 91,607	$ 69,488	$ 635,856	**$ 1,075,932**	$ 897,271

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Cash Flows
Year Ended March 31, 2009

	2009	2008
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ **187,945**	$ 215,277
Add charges (deduct credits) to operations not requiring a current cash payment		
Amortization of capital assets	**56,509**	61,753
Amortization of deferred contributions	**(59,409)**	(52,238)
Employee future benefits	**26,854**	45,205
	211,899	269,997
Net change in non-cash working capital balances related to operations	**9,590**	(71,442)
	221,489	198,555
FINANCING AND INVESTING ACTIVITIES		
Increase in deferred contributions related to capital assets	**22,600**	69,068
Changes in cash restricted for purchases of capital assets	**(15,227)**	3,485
Purchase of capital assets	**(10,286)**	(106,990)
Repayment of prior year surplus	**(9,284)**	-
	(12,197)	(34,437)
NET INCREASE IN CASH POSITION	**209,292**	164,118
CASH POSITION, BEGINNING OF YEAR	**660,692**	496,574
CASH POSITION, END OF YEAR	$ **869,984**	$ 660,692

1. NATURE AND OBJECTIVES OF THE CENTRE

The Rehabilitation Centre for Children, Inc. (the "Centre") was incorporated by Articles of Incorporation under the Corporations Act of Manitoba on March 2, 1981 without authorized share capital, and is a registered charity under the Income Tax Act.

The mission of the Rehabilitation Centre for Children, Inc. is to support children with special needs in Manitoba and surrounding areas in reaching their goals and participating in their communities. Together, with families and our partners, we provide a centre of excellence for children's rehabilitation, which includes direct service, education, research, and innovative technologies that are developed and delivered in an integrated, service system.

2. CHANGES IN ACCOUNTING POLICIES

Capital disclosures

On April 1, 2008, the Centre adopted CICA 1535, Capital disclosures. This standard requires the disclosure of information related to the objectives, policies and processes for managing capital. The required disclosures are in Note 12.

Inventories

The Centre adopted the recommendations of CICA Handbook Section 3031 on inventories which provides guidance on the determination of cost of inventories and its subsequent recognition as an expense, and includes additional disclosure requirements. The new Section also requires to account for the reversal of write-downs previously recognized when there is a subsequent increase in the value of inventories. This accounting policy, which was adopted as of April 1, 2008, was applied retroactively. However, the comparative financial statements have not been restated as there was no impact.

3. SIGNIFICANT ACCOUNTING POLICIES

The Centre has elected to use the exemption provided by the Canadian Institute of Chartered Accountants (CICA) permitting not for profit organizations not to apply Sections 3862 and 3863 of the CICA Handbook which would otherwise have applied to the financial statements of the Centre for the year ended March 31, 2009. The Centre applies the requirements of Section 3861 of the CICA Handbook.

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

a) *Revenue*

i) Funding from Winnipeg Regional Health Authority (WRHA)

The Centre is funded during the year by the Winnipeg Regional Health Authority (WRHA) for programs outlined in the WRHA/RCC Service Purchase Agreement. The Centre is entitled to retain surpluses up to a maximum of 2% of the WRHA global funding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Revenue (continued)

ii) Other Funding Sources

The Centre receives funding from other sources including Children's Rehabilitation Foundation Inc., Province of Manitoba Family Services, Manitoba Health and school divisions for specified programs.

b) Inventory

Inventory is valued at the lower of cost or replacement cost. Cost is determined on the first in, first out basis.

c) Capital assets

Equipment acquired before April 1, 1981 is recorded at a nominal value. Additions to equipment subsequent to April 1, 1981 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution and recorded as restricted donations. Repairs and maintenance costs are charged to expense.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Building and building service equipment	20 years
Equipment and furniture	5 - 25 years
Information systems	5 – 10 years

d) Accounts Receivable – employee future benefits

The Centre records a provision for future employee benefits including accrued vacation entitlements, accrued overtime and accrued retirement entitlement obligations. For certain employees, funding for the future employee benefits is recoverable from the Winnipeg Regional Health Authority (WRHA) as a component of salary costs in the period in which the expenditures are made. Accordingly, for those employees funded by the WRHA, the cost of the estimated accrued vacation pay, overtime and retirement entitlement obligations at year-end is deferred to enable an appropriate matching of expenses with income secured in subsequent years.

e) Revenue recognition

The Centre follows the deferral method of accounting for contributions which includes donations and government grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in that subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue recognition (continued)

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at the same rate as the corresponding capital asset.

f) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Health Centre's designation of such instruments.

Classification	
Cash	Held for trading
Accounts receivable	Loans and receivables
Amounts due from WRHA/Manitoba Health	Loans and receivables
Accounts payable and accrued charges	Other liabilities
Accrued vacation entitlements	Other liabilities

The fair value of cash, accounts receivable, amounts due from WRHA, accounts payable, and accrued vacation pay is approximately equal to their carrying values.

<u>Held for trading</u>
Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned and interest accrued are included in interest income.

<u>Loans and receivables</u>
Loans and receivables are accounted for at amortized cost using the effective interest method.

<u>Other liabilities</u>
Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Effective interest method
The Centre uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

Credit risk
Credit risk arises from the potential that a counterparty will fail to perform its obligations. In addition, the Centre is exposed to credit risk from its customers. However, the Centre has a large number of customers which minimizes the concentration of credit risk.

g) Use of estimates

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include allowance for doubtful accounts, accrued employee future benefit obligation and the useful life of capital assets. Actual results could differ from these estimates.

h) Future accounting changes

In November 2008, the CICA issued amendments to Section 1540, Cash flow statements, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organizations, and issued Section 4470, Disclosure of allocated expenses by not-for-profit organizations. These new standards are effective for fiscal years beginning on or after January 1, 2009, specifically April 1, 2009 for the Organization.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

The Centre does not expect that the adoption of these new standards will have a material impact on its financial statements

4. ACCOUNTS RECEIVABLE

	2009	2008
Patient services	**$ 88,380**	$ 133,550
School divisions	**193,971**	139,688
Manitoba Health		
Patient services	**93,925**	29,994
Winnipeg Regional Health Authority		
Operations	**80,784**	75,250
Due from Children's Rehabilitation		
Foundation Inc. (Note 9 b))	**79,419**	51,880
GST Rebate	**9,792**	14,528
Other	**4,352**	442
	$ 550,623	$ 445,332

5. CAPITAL ASSETS

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Building and building service equipment	**$ 198,026**	**$ 198,026**	**$ -**	$ -
Equipment and furniture	**543,564**	**363,953**	**179,611**	193,541
Information systems	**248,390**	**169,417**	**78,973**	111,266
	$ 989,980	**$ 731,396**	**$ 258,584**	$ 304,807

6. ACCRUED EMPLOYEE FUTURE BENEFITS

The Centre undertook an actuarial valuation of the accrued pre-retirement leave in accordance with accounting policy (Note 3(d)). The significant actuarial assumptions adopted in measuring the Centre's accrued pre-retirement leave include mortality and withdrawal rates, a discount rate of 6.70% (2008 – 5.50%) and a rate of salary increase of 3.5% plus age related merit/promotion scale with no adjustment for disability. Actual payments made during the year for the Centre's pre-retirement leave were $22,794 (2008 - $13,077).

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and funding received for the purchase of capital assets. The amortization of capital contributions is recorded in the statement of operations. Changes in the deferred contributions are as follows:

		2009		2008
Balance, beginning of year	$	**225,513**	$	208,683
Add: contributions		**22,600**		69,068
Less: amounts amortized to revenue		**(59,409)**		(52,238)
	$	**188,704**	$	225,513

8. PENSION PLAN

Substantially all of the employees of the Centre are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on the length of services and on the average of 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 facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and accordingly, the plan is accounted for as a defined contribution plan.

The Centre's liability under the pension plan is limited to the contributions required during the year under the respective agreements. Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $262,545 (2008 - $240,615) and are included in the statement of operations.

9. ECONOMIC DEPENDENCE AND RELATED ENTITIES

a) The Province of Manitoba and the WRHA provide a significant amount of the operating funding of the Centre. The statement of operations and Note 4 provide details of the transactions between the Centre and these entities.

b) The Children's Rehabilitation Foundation Inc. (the "Foundation"), in part supports the activities of the Rehabilitation Centre for Children, Inc. A member of the Centre's Board of Directors sits as a Director on the Foundation's 15 member Board. The Foundation is incorporated under the Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The Foundation may, at its discretion, fund specific projects of the Centre but such funding is for restricted purposes and is not available for general operating activities. The Foundation is not controlled by the Centre and therefore the financial statements of the Foundation have not been consolidated in these statements. During the year, the Foundation donated a total of $537,186 to the Centre in the form of cash and capital donations (2008 - $356,412).

10. INVESTMENT IN CAPITAL ASSETS

a) Investment in capital assets is calculated as follows:

	2009	2008
Restricted cash	$ 25,588	$ 10,361
Capital assets	258,584	304,807
Amounts financed by deferred contributions	(188,704)	(225,513)
	$ 95,468	$ 89,655

b) Change in net assets invested in capital assets is calculated as follows:

	2009	2008
Excess of revenue over expenses (expenses over revenue)		
Amortization of deferred contributions related to capital assets	$ 59,409	$ 52,238
Amortization of capital assets	(56,509)	(61,753)
	2,900	(9,515)
Net change in investment in capital assets		
Restricted cash	15,227	(3,485)
Purchase of capital assets	10,286	106,990
Deferred contributions	(22,600)	(69,068)
	2,913	34,437
	$ 5,813	$ 24,922

11. RESTRICTED NET ASSETS

Per the Centre's agreement with the Province of Manitoba Department of Family Services and Housing, surpluses generated through the Provincial Outreach Therapy for Children program are restricted to the future provision of outreach therapy services. In addition, funds received for the Children's Therapy, School Therapy and the Prosthetics and Orthotics Initiatives are restricted for use for these programs.

Of the $635,856 of Unrestricted net assets, $72,861 was generated in fiscal years 2008 and 2009 and is still subject to audit by the WRHA. The remaining $562,995 is available for use in supporting the Centre's current and future programs.

12. CAPITAL MANAGEMENT

The objective of the Board of Directors of the Rehabilitation Centre for Children, Inc., when managing capital, is to safeguard the ability to continue as a going concern. The Board of Directors sets the amount of capital in proportion to risk. The Board of Directors manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.