

**Southlake Regional Health Centre**  
**2013-14 Annual General Meeting**  
**Treasurer's Report**  
**June 25, 2014**

I am pleased to present my third report as the Treasurer of Southlake Regional Health Centre Board of Directors. The 2013-14 fiscal year saw the second wave of implementation of the Ministry of Health and Long Term Care's Health System Funding Reform (HSFR), which provides a significant change in the method by which hospitals are funded. I wish to thank the Board and the leadership team for their work throughout the year to guide the organization through this period of fiscal change, while maintaining a focus towards strong financial performance.

Southlake has once again successfully met the balanced budget requirements of the Hospital Service Accountability Agreement (H-SAA), achieving an excess of revenues over expenses of \$7.1 million for 2013/14. After accounting for other capital items, such as building depreciation and deferred grants, interest expense, an excess of revenue over expenses of \$787 thousand for the year was reported. This is a noticeable accomplishment and is crucial to improving the working capital position of the Hospital. Thank you to the entire team of skilled healthcare professionals across the organization for this positive result.

Significant challenges still lie ahead. Although the Hospital's working capital position improved by \$1 million in 2014 to achieve a current ratio – that is current assets divided by current liabilities - of 0.54, Southlake still requires consistent and sustained improvement to reach the desired current ratio position of at least 0.8.

As an organization, the Hospital is continually striving to restore its working capital position, improve cash flow and current ratio, and to optimize its financial health overall. Considerable work has already been undertaken to assess and improve clinical and financial outcomes as per the HSFR formula. With the support of the Board of Directors, Southlake is aggressively moving toward best practices and sustainable reductions to cost structure and capital planning processes to improve the next fiscal year's results.

Your package includes copies of the audited financial statements for the year ending March 31, 2014. I would like to express thanks to our auditors, Deloitte LLP, and members of the Southlake Audit Committee for their services and feedback. I commend the Southlake Finance team who worked hard preparing for the audit and who consistently prepared monthly information required by the Board throughout the year.

The Board of Directors acknowledges the support of the Ministry of Health and Long-Term Care and the /Central Local Health Integration Network (LHIN), our Regional and Municipal Governments, the Southlake Foundation, and generous people from our community, all of whom contributed greatly to the financial success of the hospital.

Respectfully submitted,



Paul Roberts