

2021-22 Annual General Meeting Treasurer's Report June 22, 2022

I am pleased to present the Treasurer's Report for Southlake Regional Health Centre's Board of Directors.

The last fiscal year was another challenging one for the hospital with the COVID-19 pandemic continuing to cause disruption to hospital volumes, revenues, expenses and cash-flows. The hospital sector is extremely grateful to the Ministry of Health for continuing to reimburse incremental COVID-19 expenses, while also allowing hospitals the financial flexibility to repurpose other unspent funds to help ensure that hospitals could maintain their financial health during these unprecedented times.

As a result of these additional supports and an ongoing diligence to managing day to day revenue and expenses, I am pleased to report that the hospital has met its financial obligations under the Hospital Service Accountability Agreement, finishing the year with a surplus of revenue over expenses of \$185 thousand.

While this result is another positive step in addressing the structural financial challenges of the hospital, it was achieved primarily due to one-time supports related to the COVID-19 pandemic and therefore does not represent a permanent solution. At this time, without similar one-time support programs repeating, the Hospital is forecasting a significant deficit position for fiscal 2023. Navigating the ongoing pressures of COVID, the expected increasing demand for services as well as replacement of critical hospital infrastructure will continue to place significant pressures on the physical and financial capacity of the organization. As we head in to fiscal 23, the hospital continues to work with the Ministry while also reviewing and implementing operational improvements with the goal of eliminating the structural deficit in the coming years.

While daily life in the Province has started to transition to normality, we recognize that the hospital and the broader health system face significant pressures to address increased wait-times caused by delays to treatments and surgeries during the pandemic, as well as expected challenges with health human resources as staff recover from an unprecedented two years. These will be coupled with increased future demands for specialty staff as the health system tries to catch up for lost time. The Board is acutely aware of the quality, financial, and people impacts that will need to be carefully managed and monitored as we transition out of the pandemic.

Your package includes copies of the audited financial statements for the year ending March 31, 2022. I would like to express thanks to our auditors, Deloitte LLP, and members of the Southlake Audit Committee and Finance and Property Committee for their services and feedback. I commend the Southlake Finance team who consistently prepared monthly financial

**2021-22 Annual General Meeting
Treasurer's Report
June 22, 2022**

information required by the Board throughout the year, and provided additional information and context for the many financial challenges and uncertainties that arose.

The Board of Directors acknowledges the support of the Ministry of Health and the Central Region of Ontario Health, and our regional and municipal government partners for their support over the last 12 months. I would also like to give a special mention to the Southlake Foundation and the many generous people from our community who continue to support the hospital in great numbers and provide the funds to purchase vital equipment and infrastructure for our patients and staff. Thank you.

Respectfully submitted,



Steve Hills