

2022-23 Annual General Meeting

Treasurer's Report

June 22, 2023

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 as the Hospital entered the new norms post COVID-19 pandemic, as there was and continues to be, disruption to hospital volumes, staffing resources, revenues, expenses and cash-flows.

I would like to share with you some of the Hospital's financial highlights.

- The Hospital ended the year in a \$9.5 million deficit position which is better than what was originally budgeted for. The Ministry of Health discontinued its one-time funding support for COVID-19 incremental expenses which was one component to the deficiency, coupled together with the structural operating deficiency to manage the Hospital's day to day operations. We do thank the Ministry of Health for continuing to allow hospitals the financial flexibility to repurpose other unspent funds as well as one time funding support for surgical restoration and ramp up to help in the Hospitals operations. At the very end of the year, the impacts of the changes as a result of Bill 124, and specifically the union contract re-opener awards for our staff, brought additional obligations and expenses for the Hospital to account for.
- The Hospital ended the year in a strong year end cash position and a current ratio of 0.9.
- The year was extraordinary as we all know, despite the industry wide human resource challenge for healthcare workers, the Hospital made fast changes to our operations to ensure our patients, staff, Hospital and community were kept safe throughout the year.

As we move into fiscal 2024, the Hospital continues to have significant funding gaps. Without confirmation of any funding relief in addressing the structural financial challenges of the Hospital, this, coupled with not having continuing one-time support for volume interruption, surgical recovery plan, Bill 124 cost pressures, etc. the Hospital is forecasting a significant deficit position for fiscal 2024. Navigating the ongoing cost pressures, 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 Hospital.

As we head into fiscal 2024, 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. The Board is acutely aware of the quality, financial, and people impacts that will need to be carefully managed and monitored as we head to another year with financial and operational uncertainty and complexity.

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Your package includes copies of the audited financial statements for the year ending March 31, 2023. I would like to express thanks to our auditors, Deloitte LLP, and members of the Southlake Finance, Property & Audit Committee for their services and feedback. I commend the Southlake Finance team who consistently prepared monthly financial 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 continued support over the last year. 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,



Diana Brouwer
Treasurer