

Report of the Finance Committee Annual General Meeting 2021

On behalf of the Finance Committee of the Perth and Smiths Falls District Hospital (“Hospital”) board, I am pleased to provide the financial report of the Fiscal 2020-2021 operations ending March 31, 2021.

Hospital Financial Sustainability

The Board is accountable to the residents of our communities, and to the South East Local Health Integration Network (SELHIN)/ Ontario Health and the Ministry of Health. Accordingly, we are required to monitor and ensure the financial sustainability of the Hospital resources and that the Hospital meets its obligations under the accountability agreements including the requirement to achieve a balanced budget each fiscal year. It is worth noting that for the 2021/22 fiscal year the SELHIN extended the existing accountability agreements, including all volume and performance indicators for a further 12 months to March 31, 2022.

To achieve a balanced operating budget, the Finance Committee undertakes a vigorous budgeting process each year that involves input from the Hospital’s senior management, medical staff, and leadership teams. Guiding principles and timelines are reviewed at the onset of the budget including commitment to excellence in the provision of safe high-quality care aligned to Quality Improvement Plans (QIP), human resources, sustainability of services, responsible governance of financial resources and alignment with the Hospitals strategic plan. The budget includes estimated revenue and budgetary cost inflationary increases based on assumptions, as many items are unknown at the time of establishing the budget (i.e. Quality Based Procedure volume allocations and associated funding). At the end of this budgeting process, the Finance Committee presents a balanced budget to the Board for final approval.

Fiscal 2020/21 Report on Operations

As a result of the COVID-19 pandemic, the Hospital experienced a change in the demand for its services and incurred unbudgeted pandemic response expenditures. The Hospital has tracked expenditures related to its pandemic response and received funding support from the Ministry of Health. This funding is subject to adjustment as a result of reconciliation processes performed by the Ministry.

Audited Financial Statements

The audited financial statements of the Hospital include the consolidated activities of Lanark County Mental Health and Lanark County Support Services, and have been prepared by management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations.

The posted total revenues are of \$72.1 million, which includes hospital operations of \$62.2 million, funding for Lanark County Mental Health and Lanark County Support Services and other specified funding in the amount of \$7.8 million, and building grant deferred amortization contributions of \$2.1 million. The fiscal year ended with excess revenues over expenses of \$6.7 million, and in the Statement of Financial Position net assets and liabilities totaling \$75.2 million. The audited financial statements and accompanying notes are available on the Hospital website.

Capital Expenditures and Donations:

The Hospital must meet capital needs through the communities' own fundraising initiatives which are led by the Hospital Foundation and Auxiliaries, as typically capital equipment is not funded by the Ministry.

Following the identification of capital needs over a ten-year period, the hospital identified \$31M in capital funding needs which surpassed the hospital and the Foundations historical fundraising capacity. Consequently, beginning in 2018 the Hospital, sought out support from municipalities within our catchment area as part of an on-going sustainable solution to the Hospital's capital needs. These funds are restricted totalling \$1.2 million, and will be used to meet identified capital equipment needs.

As in previous years the capital equipment budget, includes qualitative needs assessments by departments/programs which are prioritized and jointly submitted by Senior Management, Managers and Medical Physician leads with final approval by the Board, subject to Foundation fundraising efforts.

Approximately \$2.4 million was generated for capital expenditures in fiscal 2020/21. These expenditures were made possible from donations from the PSFDH Foundation, Great War Memorial Hospital Foundation (legacy), the Smiths Falls Community Hospital Foundation (legacy), our two Volunteer Auxiliaries, and generous donors from the community. The Hospital also receives directed funding from the Ministry to assist with facility related projects through the Hospital Infrastructure Renewal Fund (HIRF).

Conclusion

It is my honour to present this report on behalf of the Board. On the Board's behalf, I wish to recognize the effort and commitment of the entire hospital team during this trying year. The Perth and Smiths Falls District Hospital is a leader in community health care because of you.

Respectfully submitted,
Ken Clupp
Chair, Finance Committee