CEO Update
April 2018
FINANCIAL UPDATE

After coming off of three consecutive years of a balanced operating budget, we will be ending the 2017/18 fiscal year with an actual operating deficit in the range of $1.6 million.

At the outset of 2017/18 we knew we would have financial challenges and our budget reflected that with a projected budgeted operating deficit of about $1.3 million. The turnaround from a balanced position to a deficit position was due largely to a reduction in funding along with new and increased costs for things like non-urgent patient transfer and higher Emergency department and 2nd Floor patient activity.

Despite introducing some non-labour cost reductions throughout the year, the reductions were not enough to reduce the deficit but were helpful in minimizing increases to the deficit significantly above the original budget. The 2017/18 operating deficit has put further strain on our deteriorating financial position leading to a higher reliance on our bank to provide short term lending at a higher values for a longer periods of time.

As we start into the 2018/19 fiscal year, we continue to face even bigger financial challenges. Our preliminary funding information for 2018/19 indicates new funding that is less than our expected inflationary increase in costs which will further increase our shortfall between revenues and expenses. Our ability to close

the funding gap is restricted by the LHIN to initiatives that reduce costs without having a negative impact on patient services. After many years of implementing staffing efficiencies, we feel we are at a point where any further staffing efficiency would be detrimental to continuing patient services in a safe manner.

We continue to discuss our ongoing financial challenges with the LHIN and the OHA so that we can start to develop a long-term plan that will lead us into a more positive financial position.

Sincerely,

Blaise MacNeil