

2006 FINANCIAL STATEMENT HIGHLIGHTS

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STATEMENT OF FINANCIAL POSITION

[in thousands]

March 31, 2006, with comparative figures for March 31, 2005.

	2006 \$	2005 \$
Assets		
Current assets	84,906	52,627
Investments	2,903	3,180
Capital assets	609,603	560,760
	697,412	616,567
Liabilities, Deferred Contributions and Net Assets		
Current liabilities	252,169	213,824
Long-term liabilities and deferred contributions	412,450	365,468
Capital lease obligations	2,197	3,034
Net assets		
Invested in capital assets	154,801	127,368
Unrestricted	(124,205)	(93,127)
	697,412	616,567

LHSC's working capital ratio of 0.34:1 is a signal of liquidity challenges in the organization. Over the past year, the hospital's financial position stabilized somewhat with a combination of one-time and base funding adjustments at year end. These adjustments, however, do not address the hospital's future cash needs as it continues to rely on provincial support in the form of cash advances and bank financing.

STATEMENT OF CASH FLOWS

[in thousands]

March 31, 2006, with comparative figures for March 31, 2005.

	2006 \$	2005 \$
Cash provided by (used for)		
Operating activities	19,176	4,297
Financing activities	105,215	114,135
Investing activities	(99,065)	(115,823)
Net increase in cash	25,326	2,609
Bank indebtedness, beginning of year	(2,612)	(5,221)
Cash (bank indebtedness), end of year	22,714	(2,612)

Total net cash increased by \$25.3 million in 2005/06. The hospital invested \$99.1 million this year, financed by a combination of capital grants from the Ministry of Health and Long-Term Care, the two hospital foundations (London Health Sciences Foundation and Children's Health Foundation), agencies and debt. Cash provided by operating activities is partially related to the year-end funding adjustments mentioned above, resulting in a balance of \$22.7 million in cash on March 31, 2006.

STATEMENT OF OPERATIONS

[in thousands]

March 31, 2006, with comparative figures for March 31, 2005.

	2006 \$	2005 \$
Revenues		
Ministry of Health and Long-Term Care	635,326	566,674
Other	133,853	115,958
	769,179	682,632
Expenses		
Salaries and benefits	495,466	455,268
Other	277,356	244,807
	772,822	700,075
Excess of expenses over revenues before under-noted items	(3,643)	(17,443)
Net restructuring funding (costs)	(11,627)	14
Ministry of Health and Long-Term Care One-Time Funding	11,625	—
Net loss for the year	(3,645)	(17,429)

Operating cost pressures attributable to wage increases through collective agreements; general inflationary cost increases in medical/surgical supplies, drugs and utilities; and the growth in demand for our services continued to drive overall hospital expenditures. The hospital's year end deficit of \$3.6 million represents less than 1% of total revenues, but would not have been possible without last-minute funding of approximately \$25 million at year end. The year-over-year expense growth in 2005/06 represents the operating cost pressures mentioned above, plus the effect of the transfer of clinical programs from St. Joseph's Health Care, London, to LHSC during the year.

The audited financial statements of LHSC are available by calling Ann Rowe at 519 685-8500, ext. 58465 or Cathy Brooks, ext. 65721.



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