



London Health Sciences Centre

FINANCIAL STATEMENT HIGHLIGHTS

HIGHLIGHTS SUMMARY

FINANCIAL POSITION

March 31, 2005, with comparative figures for March 31, 2004.

	<i>[in thousands]</i>	
	2005	2004
	\$	\$
Assets		
Current assets	51,437	54,022
Investments	3,180	9,410
Capital assets	560,760	477,543
	615,377	540,975
Liabilities, Deferred Contributions and Net Assets		
Current liabilities	212,634	167,206
Long-term liabilities and deferred contributions	365,468	317,354
Capital lease obligations	3,034	4,745
Net assets		
Invested in capital assets	127,368	113,836
Unrestricted	(93,127)	(62,166)
	615,377	540,975

Reflecting a current ratio of only 0.24:1, LHSC's Balance Sheet portrays an organization with liquidity issues. The working capital position has been in decline over the past few years as a result of operating deficits incurred to sustain service levels, and to support the achievement of the 1997 Health Services Restructuring Commission (HSRC) directives, leading to the major redevelopment of our facilities, currently well in progress.

Despite the liquidity challenge, our ongoing cash needs continue to be met through provincial support and financing. The need for a more permanent working capital solution for Ontario's hospitals was recognized in the 2004 Ontario Budget.

CASH FLOWS

March 31, 2005, with comparative figures for March 31, 2004.

	<i>[in thousands]</i>	
	2005	2004
	\$	\$
Cash provided by (used for)		
Operating activities	3,739	(5,553)
Financing activities	114,693	82,658
Investing activities	(115,823)	(67,159)
Net increase in cash	2,609	9,946
Bank indebtedness, beginning of year	(5,221)	(15,167)
Bank indebtedness, end of year	(2,612)	(5,221)

Total net cash increased by \$2.6 million in 2004/05. LHSC invested \$122.1 million in capital assets during the 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), and debt. The debt component and related servicing cost are closely linked to the working capital problem described above. LHSC's cash position has been sustained by provincial support, and this continuing support is critically important until a permanent solution is in place for its working capital problem.

HIGHLIGHTS SUMMARY

OPERATIONS

March 31, 2005, with comparative figures for March 31, 2004.

	<i>[in thousands]</i>	
	2005	2004
	\$	\$
Revenues		
Ministry of Health and Long-Term Care	566,674	528,137
Other	112,080	104,337
	678,754	632,474
Expenses		
Salaries and benefits	426,787	388,816
Other	269,586	245,492
	696,373	634,308
Excess of expenses over revenues from operations	(17,619)	(1,834)
Net restructuring funding (expenses)	14	(4,843)
Investment Income	176	90
Excess (shortfall) of revenues over expenses	(17,429)	(6,587)

Operating cost pressures continue, from wage increases driven by collective agreements; price increases in utilities and drugs; legislated mandates; and continuing demand from our growing and aging population. Our year-end deficit of \$17.4 million represents a relatively modest 2.6% of total revenues, but represents a difficult starting position for LHSC in the new era of Accountability Agreements beginning in 2005/06, which will mandate balanced operating budgets. The year-over-year growth in expenses in 2004/05 represents the operating cost pressures mentioned above, plus the full annual effect of the merger with the London Regional Cancer Centre completed in January 2004.

For a complete set of LHSC Audited Financial Statements, please contact: Cathy Brooks, 519-685-8500 ext. 65721

