

# Health Sciences North 2025 Annual Meeting

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Financial Report from the Treasurer  
**Michel Paulin**



## **Financial Report from the Treasurer**

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### **Annual Meeting – June 18, 2025**

My name is Michel Paulin, and as Treasurer of the Board and Chair of the Board's Finance Committee, it is my duty to present the report from our independent auditors, KPMG, as presented to the Finance and Audit Committees and to the Board.

You will find a copy of the Audited 2024-25 Financial Statements on our website.

KPMG expressed an unqualified or “clean” audit opinion, representing the highest level of assurance under Canadian Auditing Standards.

The Audit Committee had the opportunity to meet with the auditors, with and without management.

The financial statements are final, having been approved by the Board on May 27<sup>th</sup>.

I will limit my comments to the Statement of Operations and to the Statement of Financial Position. Comparisons are with last fiscal year results.

With regard to the Statement of Operations:

- Total revenues for regular hospital operations amounted to \$736.0 million, an increase of \$70.8 million, including an additional \$1.3 million in revenue for pandemic impacts.
- Recurring Ministry revenues increased by \$47.1 million or 11.4%, reflecting higher base funding, including \$26.3 million for Bill 124, \$15.0 million for post construction operating plan (PCOP) funding and \$12.3 million in bedded capacity.
- Cancer Care Ontario funding increased by \$12.9 million or 14.1% primarily due to increased New Drug Funding Program (NDFP) revenue of \$6.2 million.
- Total expenses for regular hospital operations amounted to \$747.2 million, an increase of \$68.9 million or 10.2%.
- Personnel costs increased from \$366.2 million to \$405.9 million, an increase of \$39.7 million or 10.8%, reflecting a 3.2% increase in hours worked of \$7.1 million, with the remainder attributed to rate increases.
- General and medical surgical supplies and drug expenditures increased from \$201.6 million to \$223.9 million, an increase of \$13.8 million in drug costs, funded in part through increased funding under NDFP and increases activity and inflation.
- Ministry pandemic funding decreased by \$1.7 million, reflecting the discontinuation of pandemic funding and decreased pandemic lab activities in the current year.
- Bill 124 funding for retroactive liabilities related to prior years of \$17.4 million have been presented separately in the Statement of Operations.

- Ontario Health requires hospitals not to have a deficiency of revenue over expenses from Hospital operations, before net building depreciation. This is the line that hospitals are required to balance.
- HSN completes the 2024-2025 fiscal year with a deficit from regular Hospital operations of \$9.9 million, excluding Bill 124 retroactive impacts and net building depreciation.
- The overall current year deficit from Hospital operations, inclusive of net building depreciation and Bill 124 retroactive liabilities, is \$11.3 million.

With regard to the Statement of Financial Position:

- The cash balance decreased by \$32.5 million to \$61.2 M, reflecting a cash-adjusted operating surplus (excluding amortization and deferred capital contribution revenue) of \$2.4 million, negative working capital changes of \$12.9 million, capital additions of \$30.7 million, funded in part by capital donations and grants of \$11.3 million, and a net decrease in long-term debt of \$2.7 million.
- Accounts receivable increased by \$5.5 million, reflecting increased patient receivables of \$3.9 million and higher balances owing from HSNRI, Foundation and other hospitals of \$3.4 million.
- Capital assets increased by \$2.9 million, reflecting \$30.7 million of capital additions offset by \$28.0 million of amortization expense.
- Accounts payable and accrued liabilities increased by \$2.1 million, reflecting an increased balance payable to the Ministry of \$17.8 million, decrease balance payable to Cancer Care Ontario of \$5.9 million, lower trade payables at year-end of \$7.7 million, higher salary accruals of \$17.9 million and lower deferred revenues of \$19.5 million.
- Deferred capital contributions decreased by \$3.4 million, reflecting \$10.4 million of contributions received offset by \$13.8 million recognized as revenue.
- Long-term obligations (including current portion) decreased by \$2.7 million, reflecting principal repayments during the current year.
- Interest rate exchange agreements represent fair market value of swap agreements on long-term debt.

That concludes my overview of the audited financial statements.

The Finance Committee and the Board review annually HSN's financial position and performance with historical benchmarking going back to the creation of the corporation in 1997, as well as benchmarking on 22 financial and operational indicators with 35 similar-sized Ontario hospitals. I would highlight the following:

- Our cash position is at \$61.2 million. Twelve years ago, we had no cash in the bank and our bank indebtedness was \$42 million.

- Our net debt is \$18.1 million. HSN has been in a positive net assets position in only five of the last 26 fiscal years, with net debt as high as \$59.2 million 13 years ago and a 26-year median net debt of \$23.9 million.
- The median of comparator hospitals was net assets of \$109 million in 2023-2024.
- Our long-term obligations, which represent \$57.9 million or 7.7% of our revenues, are higher today than the average of the last 8 years, but below the maximum of \$76.7 million at the end of fiscal 2016-2017.
- Our working capital shortfall of \$62.4 million is an improvement compared to 12 years ago when it was \$102.3 million. We have received \$75.6 million in working capital relief since then.
- The median of comparator hospitals was a working capital surplus (deficit) of (\$2.3 million) in 2023-2024.

This concludes the financial report for the 2024-2025 fiscal year.