



London Health Sciences Centre

2020 REPORT TO THE COMMUNITY

The past year has seen transformative change happening throughout our health-care system, with a renewed emphasis on increased collaboration and regionalization of care. London Health Sciences Centre (LHSC) has been at the centre of this transformation for some time. As Chair of LHSC's Board of Directors, I have been privileged to witness the organization's continued efforts to co-create, with our local and regional partners, an improved model that connects patients and providers, and to promote a system of care that aims to improve outcomes. I would like to acknowledge our President and CEO Dr. Paul Woods' unwavering belief that excellence in health care does not have a ceiling and his determination that with partnership, we can improve the integrated care model for southwestern Ontario.

Central to LHSC's focus has always been its patients. The Board has embraced the importance LHSC places on patient-centred decision-making by continuing to welcome new family and patient partners to our Board committees. This year, we were pleased to welcome a new Family and Patient Advisor to the Finance and Audit Committee, in addition to the Family and Patient Advisor role established on the Quality and Performance Monitoring Committee, to help ensure the patient voice is embedded in financial decision-making for LHSC.

Over the past year, the Board of Directors has continued to shepherd the implementation of LHSC's 2018-2020 [Strategic Plan](#), which will lay the groundwork for an enhanced integrated system of accountable care. Certainly, the final quarter of 2019-2020 has demonstrated the importance of this growing trend to regionalize the delivery of care, with the COVID-19 pandemic pushing our health-care system to collaborate like never before.

LHSC's steadfast commitment to quality care, its existing partnerships and appetite for collaboration, and its integration of patient partners in decision-making at a wide range of levels allowed the organization to quickly and comprehensively respond to the COVID-19 pandemic. Quality of care continues to be a primary accountability of the Board, and this has remained foremost in our approach as we continue to navigate this unprecedented public health emergency.

Throughout LHSC's COVID-19 response, the Board remains mindful of the impacts on our people as well as the families of those who work at LHSC. This is an extremely difficult time for everyone, and we are thankful to our staff, physicians, researchers, learners, and volunteers - including patient and family partners - for their perseverance and contributions. In addition, we acknowledge the tremendous efforts of all leaders at LHSC.

Lastly, I would like to extend my heartfelt appreciation to the Board of Directors, and our Committee community members, whose voluntary contribution of their skills, values, voices, and time continue to provide a critical community perspective for LHSC.

We are so proud and impressed at the levels of teamwork, dedication, compassion and innovation we are witnessing at LHSC. The Board is confident our organization will be able to emerge from this pandemic with new and innovative approaches to delivering high-quality care and a renewed focus on even stronger partnerships and collaborative care solutions.



Message from Amy Walby

Chair, Board of Directors

"LHSC's steadfast commitment to quality care, its existing partnerships and appetite for collaboration, and its integration of patient partners in decision-making at a wide range of levels allowed the organization to quickly and comprehensively respond to the COVID-19 pandemic."

“As always, we will adapt and innovate, while remaining steadfast in our commitment to providing high-quality care. Much of our efforts to transform our system have been necessarily accelerated by this pandemic, and LHSC looks forward to collaborating with system partners to continue driving this essential work forward.”

Message from Dr. Paul Woods

President and CEO



This past year has certainly been one that we will not soon forget at London Health Sciences Centre (LHSC). In 2019, LHSC embarked on a journey of continuous improvement to advance patient care through the foundational work of developing our people. Using LEAN methodology, staff and physicians from several departments were empowered to use new tools to simultaneously solve problems and improve performance. These teams had tremendous success by embedding improvement practices into problem-solving on a daily basis. At the same time, the executive leadership team worked to define an overarching set of goals for the organization to further focus improvement efforts and guide LHSC to achieve sustainable and high-quality patient care, and a more efficient integrated care delivery system.

Guided by our values of teamwork, compassion, curiosity, and accountability, we were well on our way to advancing the priorities of our 2018-2020 [Strategic Plan](#) and our vision of working together to shape the future of health.

And then, the COVID-19 pandemic catapulted the world into uncertainty, placing a spotlight on the skills, commitment, and compassion of our staff and physicians. Providing high-quality and safe patient care in the midst of an unprecedented public health emergency continues to define our organization and I am immensely proud of everyone at LHSC. The resilience and dedication of our people has truly been our biggest asset and I will remember this above all else when I reflect back on this time.

While COVID-19 put a temporary pause on much of our corporate strategic priority work, it also created additional financial pressures. Due to the ongoing challenges of fiscal constraints and the resources needed to combat this global health crisis, LHSC was unable to maintain a positive financial position for 2019/20, resulting in a \$11.6 million deficit as you will see in the audited financial statements.

As we evolve to meet the needs of a “new normal,” I am confident that LHSC will continue to find effective and efficient ways to deliver care in a post-pandemic environment. This includes finding ways to safely deliver LHSC’s tri-partite mission of care, teaching, and research. We look forward to working with our education partners in welcoming back students whose education was interrupted when the pandemic began. We also continue to support our partners at Lawson Health Research Institute whose groundbreaking COVID-19 research is helping to lead the way to improved treatment, diagnosis, and prevention.

As always, we will adapt and innovate, while remaining steadfast in our commitment to providing high-quality care. Much of our efforts to transform our system have been necessarily accelerated by this pandemic, and LHSC looks forward to collaborating with system partners to continue driving this essential work forward.

Finally, I want to acknowledge the dedication of all LHSC’s staff and physicians. We have asked a lot of our people this year, and through it all I have witnessed truly inspiring demonstrations of respect, creativity, resilience, and compassion. I would also like to express my appreciation to our volunteer Board of Directors, whose commitment to LHSC and the wellbeing of its people has remained paramount while their focus on quality never wavered.

As with all of our work, LHSC’s pandemic response was guided by our primary value that places patients at the centre of everything we do. LHSC has continued to proudly deliver safe and innovative care during an extremely challenging time and we are grateful for the outpouring of support we have been shown by our community. As we collectively navigate in this new reality, I am confident that we will remain stronger together.

Message from Michael Hodgson

Treasurer, Board of Directors



I am pleased to report on the financial results of London Health Sciences Centre (LHSC) for the fiscal year ended March 31, 2020.

As I prepare this year-end summary, our community continues to be in the midst of the COVID-19 pandemic and focusing on financial figures and reporting organizational progress against a strategic plan can feel a little far off from our current reality. The staff and physicians at LHSC have worked tirelessly under often challenging and evolving conditions for some time now, and I would be remiss if I did not thank them for their efforts and ongoing commitment to our community.

The fiscal 2019/2020 was a challenging year for LHSC, even before the COVID-19 pandemic was upon us, coming off our first deficit in 13 years. As well, significant changes to the organization of our provincial health-care system created uncertainty at the local hospital level. Over the past several years there has been a constant need for additional financial investment to fund improvements in patient safety and experience, and difficult decisions around priorities are regularly faced. Nonetheless, LHSC continues to make critical investments in areas of information technology, infrastructure and medical equipment to support continued improvement to the high level of care provided today.

For fiscal 2019/20, LHSC reported expenses in excess of revenues of \$11.6 million or 1% of expenditures.

As we enter 2020/21 in what we anticipate will be a post-COVID-19 recovery phase, there will be renewed focus on reducing levels of occupancy and addressing volume pressures in many of our clinical areas, in order to provide improved access to services and to enhance patient care. This will allow LHSC to return to an operating surplus as the organization considers how, where, and when we provide care. A silver lining from the COVID-19 pandemic is that it has encouraged additional engagement with our community partners which should ultimately lead to better patient outcomes. As the world begins to return to what we anticipate will be a new normal, LHSC will constantly be seeking ways of providing better access to patient services.

I would like to sincerely thank the volunteer members of the Finance and Audit Committee for their dedication in serving our hospital and community. On behalf of the Finance and Audit Committee, I would also like to thank our physicians, staff, and management for their commitment to putting patients at the centre of everything we do.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Board of Directors of **London Health Sciences Centre**

OPINION

The summary financial statements, which comprise the summary statement of financial position as at March 31, 2020, and the summary statements of operations and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of London Health Sciences Centre for the year ended March 31, 2020.

In our opinion, the accompanying summary financial statements are consistent in all material respects, with the audited financial statements, in accordance with the basis of presentation note.

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by Canadian public sector accounting standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

THE AUDITED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited financial statements in our report dated May 27, 2020.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in the basis of presentation note.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, "Engagements to Report on Summary Financial Statements."

London, Canada

June 5, 2020

(signed) Ernst & Young LLP

Chartered Professional Accountants

Licensed Public Accountants

MANAGEMENT'S SUMMARY FINANCIAL RESULTS - MARCH 31, 2020

SUMMARY STATEMENT OF FINANCIAL POSITION

London Health Sciences Centre (LHSC) struggled to maintain its strong financial position during the past fiscal year. Liquidity remained above minimum thresholds despite a challenging funding environment and the impact of the COVID-19 pandemic response. LHSC's current ratio of 1.59 continues to reflect a deliberate financial strategy of financial sustainability, flexibility and cost containment. Current and long-term obligations under various debt agreements are adequately covered, based on the current cash position.

SUMMARY STATEMENT OF OPERATIONS

LHSC ended the year with a deficit of \$11.6 million. This position is mainly the result of overages in compensation, medical/surgical supplies, drug costs and costs incurred related to the COVID-19 pandemic. These overages were partly offset by some one-time revenues received. Health-care inflation continues to outweigh the ability of LHSC to balance operations. In addition, patient demands continue to increase in most of our clinical programs and create unbudgeted cost pressures.

SUMMARY STATEMENT OF CASH FLOWS

LHSC invested \$42.7 million in clinical capital, building service equipment, information systems and buildings during the year. In addition, LHSC spent \$9.8 million in externally funded or recoverable capital projects.

Capital spending is financed through a combination of operations and deferred contributions from both levels of government, the London Health Sciences Foundation and Children's Health Foundation.

Current assets include restricted cash and portfolio investments of \$9.3 million in order to discharge certain future obligations and \$175 million in unrestricted cash and cash equivalents.

BASIS OF PRESENTATION

The information contained in the summary financial statements is in agreement with the related information in the complete audited financial statements. The summary financial statements contain major subtotals and totals from the complete audited financial statements. [The complete audited financial statements can be obtained here.](#)

SUMMARY STATEMENT OF OPERATIONS

Year ended		March 31, 2020		March 31, 2019
		(000's)		(000's)
REVENUE				
Ministry of Health, South West Local Health Integration Network, Cancer Care Ontario and Ontario Health	\$	1,051,279	\$	1,035,112
Other	\$	234,192	\$	208,462
	\$	1,285,471	\$	1,243,574
EXPENSES				
Salaries and benefits	\$	812,213	\$	798,970
Other	\$	484,855	\$	468,485
	\$	1,297,068	\$	1,267,455
DEFICIENCY OF REVENUE OVER EXPENSES	\$	(11,597)	\$	(23,881)

SUMMARY STATEMENT OF CASH FLOWS

Year ended		March 31, 2020		March 31, 2019
		(000's)		(000's)
CASH PROVIDED BY (USED IN):				
Operating Activities	\$	19,067		17,322
Financing Activities	\$	7,981		13,499
Investing Activities	\$	6,498		(5,503)
Capital Activities	\$	(51,545)		(55,301)
Net decrease in cash and cash equivalents	\$	(17,999)		(29,983)
Cash and cash equivalents, beginning of year	\$	193,065		223,048
Cash and cash equivalents, end of year	\$	175,066		193,065

SUMMARY STATEMENT OF FINANCIAL POSITION

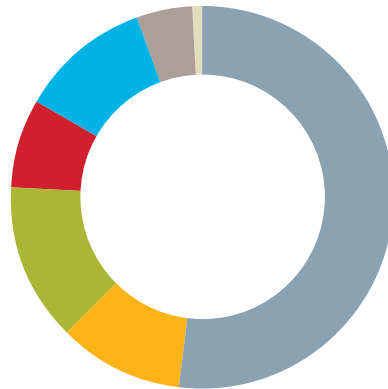
AS AT		March 31, 2020		March 31, 2019
		(000's)		(000's)
ASSETS				
Current assets	\$	284,180	\$	288,169
Restricted cash and investments	\$	15,951	\$	19,045
Capital assets, net	\$	924,041	\$	925,499
	\$	1,224,172	\$	1,232,713
LIABILITIES, DEFERRED CONTRIBUTIONS, UNRESTRICTED NET ASSETS AND REMEASUREMENT LOSSES				
Current liabilities	\$	178,809	\$	160,996
Long-term liabilities and deferred contributions	\$	765,981	\$	772,816
Unrestricted net assets	\$	299,884	\$	311,481
Accumulated remeasurement losses	\$	(20,502)	\$	(12,580)
	\$	1,224,172	\$	1,232,713

**TOTAL EXPENSES (%)
BY TYPE (\$1,297M)**



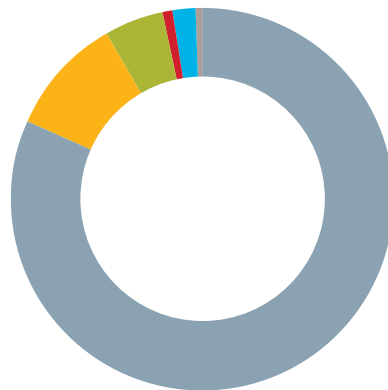
- ADMINISTRATION & SUPPORT 17.7%
- INPATIENT SERVICES 28.2%
- OUTPATIENT SERVICES 13.6%
- DIAGNOSTIC & THERAPEUTIC 20.3%
- OTHER VOTES 6.2%
- UNDISTRIBUTED 9.4%
- AMORTIZATION 4.6%

**TOTAL EXPENSES (%)
BY COST COMPONENT
(\$1,297M)**



- SALARIES & WAGES 52.0%
- EMPLOYEE BENEFITS 10.6%
- SUPPLIES & OTHER 13.4%
- MEDICAL & SURGICAL SUPPLIES 7.6%
- DRUGS 11.0%
- AMORTIZATION OF CAPITAL ASSETS 4.6%
- INTEREST & OTHER 0.8%

**TOTAL REVENUE (%)
BY TYPE (\$1,285M)**



- MOH, SW-LHIN, CCO & OH 81.8%
- NON-PATIENT 10.0%
- PATIENT 5.1%
- PREFERRED ACCOMMODATION 0.7%
- AMORTIZATION OF DEFERRED CAPITAL CONTRIBUTIONS 2.1%
- INTEREST 0.3%

Year in Review Highlights

While LHSC turned its attention toward responding to the global COVID-19 pandemic in the fourth quarter of 2019/2020, many milestones and achievements were also celebrated last year. Below are a few highlights that demonstrate how LHSC continued to improve patient care and the patient and family experience, advance innovation, and support our community. For more on how LHSC continues to build on its legacy of care, teaching, and research please visit our website at www.lhsc.on.ca



LHSC's Bariatric Surgery Program changing patients' lives

LHSC is now a Bariatric Centre of Excellence, and part of the Ontario Bariatric Network, offering a rigorous, full-service bariatric surgery program that starts with assessment, and provides comprehensive care before, during and after surgery. [Read more.](#)



Children's Hospital performs first paediatric robot-assisted neurosurgery in Ontario

A London youth was the first paediatric patient in Ontario to receive a robot-assisted stereoelectroencephalography procedure that was performed by the Paediatric Epilepsy Program at Children's Hospital at LHSC. [Read more.](#)



LHSC recognized as a Choosing Wisely Canada Hospital

LHSC received the highest designation awarded to hospitals by Choosing Wisely Canada (CWC) in recognition of its implementation of 10 CWC recommendations, and an organization-wide commitment to reducing overuse of unnecessary tests, treatments and procedures.

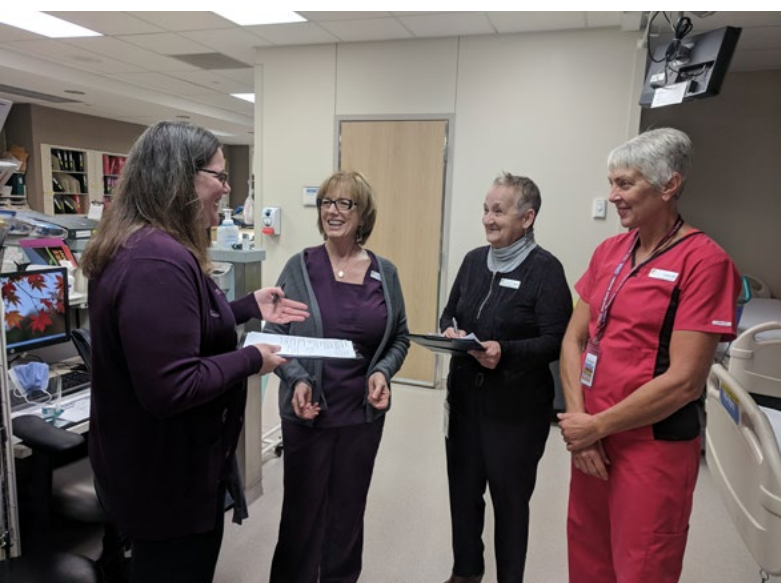
[Read more.](#)



New process in the operating room supports improved patient safety

Clinical Product Information Optimization is a new process in the operating rooms at LHSC's Victoria Hospital that provides an interface between electronic patient records and supply chain systems, improving patient safety by promoting informed decision making and work flow.

[Read more.](#)



LHSC's first patient and family tracers make a difference for patient experience

LHSC expanded its existing "tracer" program that traces the experience of a patient throughout their entire hospital stay, by including patient and family tracers. These patient and family partners help provide an important perspective in LHSC's efforts to continuously improve care.

[Read more.](#)



LHSC patients receive excellent obstetric anesthesia care

LHSC's Women's Care Program was the first in Canada to be designated as a Centre of Excellence by the Society for Obstetric Anesthesia and Perinatology for providing safe, effective, and evidence-based obstetric anesthesia care.

[Read more.](#)



LHSC receives Energy Behaviour Award

LHSC was selected from more than 100 hospitals by the Canadian Coalition for Green Health Care for its dedication to the highest level of staff engagement towards minimizing the use of energy and supporting the transition to more sustainable energy development. [Read more.](#)



LHSC exceeds 2019 blood donation goal for Partners for Life program

In 2019, Partners for Life members from LHSC donated a remarkable 653 units of blood through Canadian Blood Services (CBS), which exceeded the organization's target goal of 550 units and further demonstrated LHSC's commitment to caring for its community. [Read more.](#)

Our Partners

London Health Sciences Centre (LHSC) depends on the support of its foundation and research partners, whose dedication now more than ever allows our staff and physicians to continue providing our patients and their families with high-quality, compassionate, and innovative care.



London Health Sciences Foundation

London Health Sciences Foundation (LHSF) is a [Canada Revenue Agency](#) registered charity accredited by [Imagine Canada](#) that links our community and health-care experts—including physicians, allied professionals, researchers, staff and educators—together in pursuit of medical excellence at London Health Sciences Centre and Lawson Health Research Institute. Established to strengthen LHSC's ability to provide the highest quality health care for patients in southwestern Ontario and beyond, LHSF offers opportunities to support discovery and innovation in research, education and patient care at our hospital. To see how donations enable extraordinary care, visit www.lhsf.ca



Children's Health Foundation

Children's Health Foundation raises funds to ensure that children and their families across western Ontario receive the best possible care and the most possible hope when faced with a life-threatening or life-limiting diagnosis. By funding equipment, programs and research at Children's Hospital and Children's Health Research Institute, Children's Health Foundation ensures better childhoods for kids facing serious health issues, as well as hope, relief and support for those who love them. It has become even more important for our community to stand by our kids as COVID-19 continues. To learn more, visit www.childhealth.ca



Lawson Health Research Institute

Lawson Health Research Institute (Lawson) is the research arm of London Health Sciences Centre and St. Joseph's Health Care London. As one of Canada's top 10 health research institutes, Lawson attracts over \$123 million in annual research income and oversees more than 2,300 clinical studies each year. Lawson is committed to expanding scientific knowledge and advancing health care around the world. With its research community fully integrated within hospital sites, Lawson is uniquely positioned to address the medical questions that have been posed by COVID-19, and quickly translate results into faster diagnoses, illness prevention, and improved treatments. To learn more, visit www.lawsonresearch.ca



London Health
Sciences Centre

*Caring for You.
Innovating for the World.®*

**2020
REPORT TO
THE COMMUNITY**

www.lhsc.on.ca