Sault Ste. Marie & District Group Health Association

Analysis of Financial Performance

Comparison of Fiscal 2021 to Fiscal 2020

The following analysis of financial performance for the Sault Ste. Marie & District Group Health Association (GHC) is based on the audited financial statements issued by KPMG for the period ending March 31, 2021.

The analysis compares financial results for the fiscal period ending March 31, 2021 compared to prior year. Fiscal 2021 financial performance has been impacted significantly due to Covid-19. The impact to the GHC's financial performance affected Revenues, Salaries and Benefits as well as Non-Salary expenses. Additionally, Fiscal 2021 results include a one-time revenue event resulting from an application to the Federal Canadian Emergency Wage Subsidy (CEWS) program.

<u>Statement of Operation (Pg. 2)</u>

Excess of Revenues or Expenses for fiscal period ending March 31, 2021 - $4.6 million. Included in the $4.6 million excess of revenues is CEWS
revenue of $4.4 million.

Revenues analysis compared to prior year are as follows:

1) Fee for Services Revenues (Diagnostic Imaging, Physiotherapy and Paid Parking) were lower in Fiscal 2021 - $806,000 – impact due to Covid-19.
2) In addition, Fee for Service Revenues in Physician Support Services was impacted negatively in Fiscal 2021 - $127,000 – impact due to Covid-19.
3) GHC Trust Fund Donations and Fundraising Revenues were impacted negatively in Fiscal 2021 - $106,000 – impact due to Covid-19.

Salary and Benefits analysis compared to prior year are as follows:

1) Overall Salaries and Benefits are 0.40% higher than fiscal 2020. Note, GHC is subject to Ontario wage restraint legislation limiting increases to 1% over a 3-year period.
2) Increase in Total Benefits expenses - $498,000 (Group Benefits, Gov't Benefits)
3) Includes increases to wages – employment agreements with staff.
4) Covid-19 Screening Station Expenses - $176,000
5) Includes Staff Administrative Leaves/Layoffs due to Covid-19.

Non Salary Expenses analysis compared to prior year are as follows:

1) Personal Protective Equipment, Screening Stations, IT Equipment - $120,000**
2) Increased Security presence at all GHC locations - $152,000**
3) Increase in Municipal Taxes and Insurance - $91,000

** Impact due to Covid-19.

Statement of Cash Flow (Pg. 4)

Overall decrease in Cash in 2021 - $137,000. Increase in Accounts Receivable relating to CEWS Subsidy due from the Federal Government.

In addition, the GHC's Operating Line of Credit was reduced by $1,500,000 to the balance of $400,000 at March 31, 2021.

Statement of Financial Position (Pg. 1)

Increase in Investments to include proceeds from the CEWS Subsidy earmarked for Capital Expenditures.

Accounts Receivable increase relates to CEWS Subsidy due from the Federal Government.

Long Term Debt has been consolidated and renewed at lower interest rates.