



News Release

St. Joseph's Health Care, London reports success on overall budget for last fiscal year and signals continued financial challenges for next two years

- New board of directors appointed: Dr. Gerald Killan takes the reigns as board chair

St. Joseph's Health Care Foundation has "most successful year in its history"

June 18, 2009
For Immediate Release

London, ON - Today, at its annual community meeting, St. Joseph's Health Care, London reported the achievement of a nearly balanced budget for the 2008/2009 fiscal year, noting an overall GAAP deficit of only \$200,000.00, despite the operating, investment and capital issues of the last year. At the same time, the St. Joseph's Health Care Foundation reported its best fundraising year and expressed the organization's gratitude to the community for this remarkable accomplishment.

Hospital budget challenged but balanced

In his remarks, President and CEO, Cliff Nordal stated, "Our hospital leaders were once again challenged by the need to address rising costs and unfunded pressures in order to meet our commitment to a balanced operating budget and required patient care volumes. And once again, the challenge was met."

St. Joseph's completed all the requirements of its Hospital Services Accountability Agreement as established with the Southwest Local Health Integration Network. In order to achieve a balanced operating budget, the organization reduced its operating costs last year by nearly \$20 million. This included the reduction of 80 staff positions, using different staff models, voluntary retirements, attrition and vacant positions. In the end, only 3 lay-off notices were issued and patient care volumes remained the same as the previous year.

On the capital side, St. Joseph's invested nearly \$62 million last year in new facilities, equipment and technology, thanks to government grants, the hospital's own capital funds, and the contributions of donors through the St. Joseph's Health Care Foundation. Despite a loss on investments of \$11.4 million due to market changes, St. Joseph's working capital remains positive with restricted investments totaling more than \$150 million.

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Nordal said, “Hospitals must not only ensure balanced annual operating budgets, but maintain a healthy capital portfolio in order to invest in aspects of patient care, teaching and research not funded through government. For example, this year, our share of facility capital costs totaled nearly \$37 million. Fortunately, we are not heavily invested in the equity market and as our funds were invested for the long term, we are hopeful that we will recover this loss long before the funds will actually be required.”

Both Nordal and outgoing hospital Board Chair, Graham Porter spoke to the financial challenges the organization is preparing for over the next two years.

Nordal said, “We are expecting some difficult years ahead as a result of the recession and the ongoing challenges faced by an overburdened system. This will mean more difficult choices will have to be made and at the same time, the whole system must improve access to safe, effective care.”

Porter said, “The road ahead will be marked by more plans achieved, for example, the redevelopment of both the acute care and specialized mental health care hospital facilities, a journey, now entering its twelfth year. The road ahead will also include very difficult decisions about the levels and types of care St. Joseph’s must sustain and areas that may have to be relinquished. But we do know this, in all our history, in the example of our founders, we are at our best when we remain focused on those in need, and that with faith and hard work, we can find new ways to answer our community’s call for care, teaching and research.”

Foundation success in face of economic downturn

Donor gifts and pledged commitments generated more than \$12 million in new fundraising activity for patient care and research at St. Joseph’s. Donor gifts alone realized an increase of 32% over the previous year.

Foundation board chair, Jeff Macoun stated, “This was a year in which the foundation’s work reached a new level of maturity and momentum, leading to the most successful financial year in its history. Community support of our efforts continues to transform the care St. Joseph’s is able to provide to our community and region.”

Macoun reported the dramatic downturn of capital markets in late 2008 resulted in some unrealized investment loss, however, as a result of strong cash flow and sound management during the year, the Foundation was able to weather the storm.

Macoun added, “The true measure of our success isn’t driven solely by the bottom-line – it’s the impact of our work, like how many more people can, through donor gifts, receive treatment because of new medical technology or innovative service, or how many benefit from the advancements in treatments resulting from foundation-funded research.”

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Michelle Campbell, foundation president and ceo stated, “We are both delighted and grateful that the foundation granted more than \$7 million this year to a variety of patient care projects across St. Joseph’s. From new mammography equipment to the new urgent care centre, from the surgical robot to blanket warmers, patients experience firsthand the impact of our donors.”

New hospital board of directors appointed – Dr. Gerald Killan takes the reigns as St. Joseph’s board chair

The St. Joseph’s Health Care Society, sponsors of St. Joseph’s Health Care, London approved the appointment of a new roster of volunteer board members representing the community.

As he begins his retirement from his career as Dean of King’s University College, Dr. Gerald Killan begins his appointment as chair of the board for the next two years. The following is the St. Joseph’s full board roster:

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| Dr. Gerald Killan, chair | Robert Wood, vice chair |
| Jacquie Davison, treasurer | Cliff Nordal, secretary |
| Paul Brisson | Kimberley Chesney |
| Dr. Vikas Duggal | Dr. Adam Dukelow |
| Marcie Grail | Dr. Carol Herbert |
| Doug Hamilton | Paul Kiteley |
| Gaetan Labbe | Dr. Rob McFadden |
| Father William McGrattan | Margaret McLaughlin |
| Susan Muszak | Scott Player |
| Graham Porter | David vanTrigt |
| Peter Whatmore | |

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To request a copy of St. Joseph’s audited financial statements and annual community report and/or an interview with hospital and foundation leaders, please contact:

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St. Joseph’s Health Care, London is a major patient care, teaching and research centre with a distinguished legacy of service to London, Southwestern Ontario and the veterans of Canada. St. Joseph’s five key role areas include acute/ambulatory care, complex care and veterans care, long-term care, rehabilitation and specialized geriatrics and specialized mental health care. Facilities and services including St. Joseph’s Hospital, Parkwood Hospital, Mount Hope Centre for Long Term Care and Regional Mental Health Care London and St. Thomas are part of the St. Joseph’s family.

St. Joseph’s Health Care Foundation gathers, grows and grants philanthropic funds that enable St. Joseph’s Health Care, London to pursue excellence in care, teaching and research. Through donor support, the foundation contributes to advances in the delivery of patient care, specialized equipment, research initiatives and capital funds for hospital building projects at St. Joseph’s Hospital, Parkwood Hospital, Mount Hope Centre for Long Term Care, Regional Mental Health Care London and St. Thomas and the Lawson Health Research Institute. One of the largest charitable organizations in Southwestern Ontario, St. Joseph’s Health Care Foundation is accredited as an adherent to Imagine Canada’s Ethical Fundraising & Financial Accountability Code.