

**COLLINGWOOD  
GENERAL AND MARINE HOSPITAL  
FINANCIAL STATEMENTS  
MARCH 31, 2012**

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**GAVILLER & COMPANY LLP**  
**CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT**

To the members of the Collingwood General and Marine Hospital:

Report on the Financial Statements

We have audited the accompanying financial statements of Collingwood General and Marine Hospital, which comprise the balance sheet as at March 31, 2012, and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Hospital's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Collingwood General and Marine Hospital as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Gaviller & Company LLP*


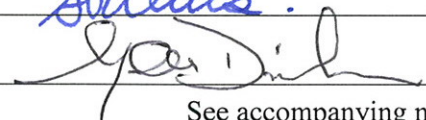
Licensed Public Accountants  
Collingwood, Ontario  
May 31, 2012

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## BALANCE SHEET AS AT MARCH 31

	2012 \$	2011 \$ Restated (Note 18)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 5)	2,460,648	771,008
Accounts Receivable (Note 7)	2,679,495	4,352,450
Current Portion of Long-Term Receivable	314,067	456,275
Inventories (Note 3)	225,045	235,581
Prepaid Expenses	326,493	345,423
Total Current Assets	6,005,748	6,160,737
ACCOUNTS RECEIVABLE – LONG-TERM (Note 19)	1,026,372	-
CAPITAL (Note 4)	24,960,980	24,286,984
	31,993,100	30,447,721
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank Loan (Note 17)	2,098,274	803,160
Accounts Payable and Accruals	5,848,143	6,681,560
Total Current Liabilities	7,946,417	7,484,720
EMPLOYEE FUTURE BENEFITS (Note 9)	932,900	794,815
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	23,510,240	22,571,784
<b>NET ASSETS</b>		
Invested in Capital Assets (Note 6)	1,450,740	1,715,200
Unrestricted	(1,847,197)	(2,118,798)
Total Net Assets	(396,457)	(403,598)
	31,993,100	30,447,721

APPROVED ON BEHALF OF THE BOARD:

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	2012	2011
	\$	\$
<b>REVENUES</b>		Restated (Note 18)
Ministry of Health - Patient Services	34,048,032	32,531,613
Additional LHIN Funding (Note 20)	487,750	-
Patient Services - Other	8,806,140	8,276,568
Inpatient Services	313,170	313,906
Differential Accommodation	272,803	421,539
Dietary Recoveries, Ambulance, Investment and Other Income	1,969,557	1,841,733
Amortization of Deferred Contributions - Equipment	1,256,578	1,086,030
	47,154,030	44,471,389
<b>EXPENSES</b>		
Salaries and Wages	22,725,110	21,844,068
Medical Staff Remuneration	7,139,192	6,752,187
Employee Benefits	5,479,732	5,272,467
Supplies and Other	6,247,237	6,038,838
Medical and Surgical Supplies	2,955,652	2,728,869
Drugs and Gases	1,073,552	1,065,645
Bad Debts	97,324	50,000
Amortization of Equipment	1,322,276	1,239,701
	47,040,075	44,991,775
<b>Surplus (deficiency) of revenue over expenses before other items, votes &amp; programs</b>	113,955	(520,386)
<b>OTHER ITEMS</b>		
Prior Year Funding Reconciliation	(80,887)	154,965
<b>OTHER VOTES AND PROGRAMS (Note 12)</b>		
Revenue	1,578,630	1,653,098
Expense	(1,578,630)	(1,653,098)
Net Other Votes and Programs	0	0
<b>Net Operating Profit (Loss)</b>	33,068	(365,421)
<b>BUILDING AND LAND IMPROVEMENTS AMORTIZATION</b>		
Amortization of Deferred Contributions	714,134	720,894
Amortization of Building and Equipment	(740,061)	(695,874)
Net Amortization	(25,927)	25,020
<b>SURPLUS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	7,141	(340,401)

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31

	Invested in Capital Assets	Unrestricted	2012 Total	2011 Total Restated (Note 18)
	\$	\$	\$	\$
<b>BALANCE, Beginning of Year as previously stated</b>	2,138,629	(2,118,798)	19,831	231,581
Prior period adjustment (Note 18)	(423,429)	-	(423,429)	(294,778)
<b>BALANCE, Beginning of Year as restated</b>	1,715,200	(2,118,798)	(403,598)	(63,197)
Excess (deficiency) of revenue over expenses	(90,557)	97,698	7,141	(340,401)
Investment in Capital Assets (Note 6)	(173,903)	173,903	-	-
<b>BALANCE, End of Year</b>	<u>1,450,740</u>	<u>(1,847,197)</u>	<u>(396,457)</u>	<u>(403,598)</u>

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2012	2011
	\$	\$
<b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>		
Deficiency of Revenue Over Expenses for the year	7,141	(340,401)
Items Not Involving Cash		
Amortization of Capital Assets	2,062,337	1,935,575
Loss on Disposal of Capital Assets	(1,068)	0
Amortization of Deferred Contributions	(1,970,712)	(1,806,924)
	97,698	(211,750)
Changes in		
Accounts Receivable	1,088,648	(986,211)
Inventories	10,536	34,032
Prepaid Expenses	18,930	(66,786)
Accounts Payable and Accruals	(2,004,270)	750,581
Employee Future Benefits	138,085	87,898
	(650,373)	(392,236)
<b>FINANCING ACTIVITIES</b>		
Deferred Contributions	2,909,168	3,318,715
Bank Loan	1,295,114	803,160
	4,204,282	4,121,875
<b>INVESTING ACTIVITIES</b>		
Capital Asset Acquisitions	(2,735,265)	(3,686,591)
Accounts Receivable for Capital Asset Acquisitions	(299,857)	(1,535,556)
Accounts Payable for Capital Asset Acquisitions	1,170,853	(322,754)
	(1,864,269)	(5,544,901)
<b>CHANGE IN CASH POSITION DURING THE YEAR</b>	<b>1,689,640</b>	<b>(1,815,262)</b>
Cash Position, Beginning of Year	771,008	2,586,270
<b>CASH POSITION END OF YEAR</b>	<b>2,460,648</b>	<b>771,008</b>

See accompanying notes to the financial statements

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 1. PURPOSE OF THE ORGANIZATION

The corporation was incorporated under the Canada Corporation Act by Parliamentary assent on June 23, 1887 to establish a hospital for the assistance, benefit and relief of persons sick or injured by accidents. It is an exempt corporation under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Definition

The accounting policies of the Hospital are in accordance with Ontario Ministry of Health accounting guidelines and the Canadian Institute of Chartered Accountants' handbook.

(b) Revenue recognition

The Hospital follows the deferral method of accounting for contributions. Contributions relating to depreciable capital assets are deferred and amortized over the useful life of the depreciable capital asset acquired. Contributions relating to non-depreciable assets are recognized as direct increases to net assets. Restricted contributions for operations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Capital assets

Capital assets are recorded at cost. Capital assets are amortized on a straight line basis over their estimated useful life using rates established by management information system guidelines as approved by the Ministry of Health, ranging from 2% to 33%.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Employee future benefits and the useful life of capital assets are significant areas where estimates are used. An actuarial report is completed to provide measurement of that estimate.

(f) Intangible assets

Intangible assets are externally acquired and are stated at cost. Amortization at the rate of 33% is provided on a straight-line basis over their estimated useful service lives established by management information system guidelines as approved by the Ministry of Health.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Allocation of expenses

The Hospital allocates general administration costs to Mental Health and Diabetes programs. Of the total costs of \$3,636,684 (2011 - \$3,679,558) an allocation of \$36,095 (2011 - \$77,769) was made to the Mental Health program and \$14,777 (2011 - \$47,050) to the Diabetes program. The allocation is calculated from a base amount plus any additional direct expenditure.

### 3. INVENTORIES

Inventories consist of:

	2012	2011
	\$	\$
Gift Shop	56,238	42,128
Drugs	146,215	171,620
Other	22,592	21,833
	<u>225,045</u>	<u>235,581</u>



# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 4. CAPITAL

	2012	2011
<b>COST</b>	<b>\$</b>	<b>\$</b>
Land and Improvements	977,217	725,417
Buildings	26,019,222	22,477,880
Equipment and Furnishings	20,229,093	19,864,509
Computer Software	1,848,935	1,860,848
Construction in Progress	5,878	1,996,097
	49,080,345	46,924,751
 <b>ACCUMULATED DEPRECIATION</b>		
Land Improvements	526,055	493,131
Buildings	6,601,732	6,047,733
Computer Software	1,795,078	1,686,194
Equipment and Furnishings	15,196,500	14,410,709
	24,119,365	22,637,767
	24,960,980	24,286,984

Assets included in Construction in Progress are not amortized until available for use.

### 5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent contributions restricted by the donors for the purchase of capital assets. The changes in the deferred contributions balance for the period are as follows:

	2012	2011
	<b>\$</b>	<b>\$</b>
Balance, Beginning of Year	22,571,784	21,059,993
Donations From the Collingwood General & Marine Hospital Foundation	1,521,168	2,894,199
Government Grants	1,388,000	424,516
Amortization of Deferred Contributions	(1,970,712)	(1,806,924)
	23,510,240	22,571,784
	23,510,240	22,571,784

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 6. NET ASSETS INVESTED IN CAPITAL ASSETS

Net assets invested in capital assets is comprised of the following:

	2012	2011
	\$	\$
		Restated (Note 18)
Capital assets	24,960,980	24,286,984
Deferred contributions related to capital assets	(23,510,240)	(22,571,784)
Total net capital assets	1,450,740	1,715,200

Investment in capital assets is reconciled as follows:

	2012
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	2,735,265
Government grants received and receivable	(1,388,000)
Donations from the Collingwood General & Marine Hospital Foundation	(1,521,168)
Total investment in capital assets during the year	(173,903)

### 7. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$1,082,491 (2011 – \$2,309,510) from the Collingwood General & Marine Hospital Foundation. The Foundation is currently engaged in a major capital campaign and intends to forward funds to the Hospital as they become available.

The Collingwood General & Marine Hospital Foundation was founded to receive, accumulate and distribute funds and/or the income therefrom for the benefit of the Hospital. The Foundation is incorporated under the Ontario Corporations Act and is a registered charity under the Income Tax Act. The Hospital has representation on the Foundation's Board of Directors. Net resources of the Foundation must be provided to the Hospital or used for the Hospital's benefit according to the Foundation's bylaws. Thus, as defined in the accounting recommendations of the Canadian Institute of Chartered Accountants, the Hospital has an economic interest in the Foundation.

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 7. RELATED PARTY TRANSACTIONS (continued)

The Foundation has not been consolidated in the Hospital's financial statements. Financial statements of the Foundation are available on request. Audited financial summaries for the Foundation as at December 31, 2011 and 2010 are as follows:

	2011	2010
	\$	\$
Financial position		
Total assets	11,661,345	11,284,232
Total liabilities	<u>223,309</u>	142,908
Total net assets	<u><u>11,438,036</u></u>	<u><u>11,141,324</u></u>
Results of operations		
Total revenue	2,988,727	3,848,444
Total expenses	<u>1,018,030</u>	795,955
Excess of revenue over expenses	<u><u>1,970,697</u></u>	<u><u>3,052,489</u></u>
Cash flows		
Cash from operations	2,245,183	2,494,655
Cash used in investing and financing activities	<u>(1,412,340)</u>	<u>(2,366,968)</u>
Change in cash	<u><u>832,843</u></u>	<u><u>127,687</u></u>

### 8. EMPLOYEE PENSION PLAN

The employees of the Collingwood General and Marine Hospital participate in the Hospitals of Ontario Pension Plan ("HOOPP"). Although the plan has a defined retirement benefit for employees, the related obligation of individual hospitals cannot be identified. The HOOPP plan has several unrelated participating hospitals. During the year the Collingwood General and Marine Hospital made contributions of \$1,767,127 (2011 - \$1,823,826) to the HOOPP plan.

### 9. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees. At March 31, 2012, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated March 31, 2012 is \$2,558,300 (2011 - \$1,661,000). The portion of this benefit obligation included on the Balance Sheet at March 31, 2012 is \$932,900 (2011 - \$794,815). Significant fluctuations in anticipated healthcare costs are not expected to materially affect the accrued liability benefit. Actuarial valuations will be prepared every third year or when there are significant changes in the workforce.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 9. EMPLOYEE FUTURE BENEFITS (continued)

Information about the hospital's benefit obligation is as follows:

	2012	2011
	\$	\$
<b>ACCRUED BENEFIT OBLIGATION</b>		
Balance beginning of period	1,661,000	1,073,800
Service cost for one year	107,400	52,000
Interest on the accrued benefit obligation	114,200	81,800
Prior service costs – ONA & OPSEU	594,200	-
Expected benefit payments/contributions	(157,000)	(71,600)
Experience loss	238,500	525,000
	2,558,300	1,661,000
Unamortized prior service costs	(663,700)	(151,600)
Unamortized net actuarial loss	(912,300)	(714,585)
Transfer of Foundation Liability to Foundation	(49,400)	-
	932,900	794,815

The significant actuarial assumptions included in the actuarial report dated March 31, 2012 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	5.0%
Dental Benefits Cost Escalation	4.0%
Extended Health Care Cost Escalation	9.0% decreasing .5% annually to 5.0%

Employee benefits expense for 2012 includes \$275,686 (2011 - \$159,500) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$88,201 (2011 - \$71,602) were made for retired employees. The liability totaling \$49,400 for employees of the General and Marine Hospital Foundation have been transferred to the Foundation balance sheet for 2012.

### 10. FINANCIAL INSTRUMENTS

The Hospital's financial instruments consist of cash, accounts receivable, bank loan and accounts payable. It is management's opinion that the Hospital is not exposed to significant interest, currency or credit risks arising from these instruments.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 11. MINISTRY OF HEALTH/PHYSICIAN AGREEMENTS

#### ALTERNATIVE FUNDING AGREEMENT

The hospital has an agreement with the Emergency Physicians and the Ministry of Health for alternative funding for emergency services. The revenue and expenses included in the statement of operations are as follows:

	2012	2011
	\$	\$
Revenue – MOHLTC	3,016,809	2,818,022
Expenses - Physician Remuneration	2,989,722	2,791,123
- Other	687	499
	<hr/>	<hr/>
AFA Contribution to Hospital	26,400	26,400
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#### PHYSICIAN ON CALL COVERAGE

The Hospital has an agreement with the Ministry of Health for Physician on Call Coverage. The revenue and expenses included in the statement of operations are as follows:

	2012	2011
	\$	\$
Revenue – MOHLTC	1,280,920	1,276,007
Expenses - Physician Remuneration	1,280,920	1,278,004
	<hr/>	<hr/>
HOCC Agreement Contribution (Deficit) to Hospital	0	(1,997)
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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 12. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2012	2011
	\$	\$
<b>REVENUE</b>		
Community Mental Health Programs	1,238,862	1,197,755
Psychogeriatric Program	219,603	205,178
Diabetes Program	114,015	244,015
Municipal Taxes	6,150	6,150
	1,578,630	1,653,098
<b>EXPENSE</b>		
Community Mental Health	776,261	703,550
Crisis Intervention	249,842	195,870
Case Management	212,759	298,335
Psychogeriatric Program	219,603	205,178
Diabetes Program	114,015	244,015
Municipal Taxes	6,150	6,150
	1,578,630	1,653,098
	0	0
<b>DOLLARS RECOVERABLE BY MOH</b>		
Diabetes Program	0	0
Community Mental Health Programs	0	0
	0	0
<b>NET OTHER VOTES AND PROGRAMS</b>		
	0	0

### 13. CAPITAL DISCLOSURES

The Hospital defines capital as its net assets. The Hospital's overall objective with respect to its capital is to fund capital assets, future projects and ongoing operations. The Hospital is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2011.

### 14. COMMITMENTS

During the 2012 fiscal year the Hospital signed an agreement with the North Simcoe Muskoka LHIN to receive a cash advance in April 2012. This Hospital has a commitment under the agreement to repay the cash advance of \$2,600,000 in three equal installments on February 15, February 28, and March 15, 2013. The above cash advance is not included in the 2012 financial statements of the Hospital.

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

### 15. CONTINGENCIES

In the ordinary course of business, various claims and lawsuits are brought against the Hospital. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

### 16. FUTURE ACCOUNTING PRONOUNCEMENTS

The Public Sector Accounting Board announced the replacement of the existing set of accounting standards in use by Ontario Hospitals. The Board has concluded that hospitals will be given a choice of adopting public sector accounting standards using the standards as applicable to governments and other government organizations, or using public sector accounting standards supplemented by the not-for-profit sections previously used. Adoption of a new standard is required for the Hospital's 2013 fiscal year, the impact of the changes on the financial statements are not yet determinable.

### 17. BANK LOAN

As of March 31, 2012, the Hospital has accessed \$2,098,274 of the maximum \$4.2 million line of credit available relative to the New Age of Care Campaign and the Clinical Redevelopment Project Phase 1. Interest is paid monthly at the rate of Prime -.65%, balance due by December 31, 2016.

### 18. PRIOR PERIOD CORRECTION

Previous year figures have been restated as a result of a correction of the recognition of deferred contributions. The effects of the prior period correction are as follows:

- an increase in opening deferred contributions at April 1, 2010 of \$294,778
- a decrease in amortization of deferred contributions – equipment in fiscal 2011 of \$153,671
- an increase in amortization of deferred contributions in fiscal 2011 of \$25,020
- an increase in deferred contributions related to capital assets at March 31, 2011 of \$423,429
- a decrease in invested in capital assets at March 31, 2011 of \$423,429

The comparative figures for the 2011 fiscal year have been restated accordingly.

### 19. ACCOUNTS RECEIVABLE LONG-TERM

The Hospital has a long-term receivable from the County of Simcoe for the county portion of redevelopment funds for the Clinical Redevelopment Project. Payments are made annually and may vary from year to year depending upon projects funded within the County. The final payment will be made in 2016.

### 20. ADDITIONAL LHIN FUNDING

Additional funding was provided by the LHIN to offset the cost of unit dose implementation, patient order sets, and the hospital improvement and sustainability review.