

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2010**

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the members of the
Collingwood General and Marine Hospital:

We have audited the balance sheet of **Collingwood General and Marine Hospital** as at March 31, 2010, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Collingwood General and Marine Hospital as at March 31, 2010 and the results of its operations and the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

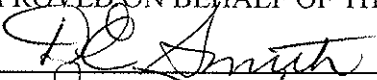

Licensed Public Accountants
Collingwood, Ontario
May 6, 2010

COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET AS AT MARCH 31

	2010	2009
	\$	\$
ASSETS		
CURRENT		
Cash	2,586,270	3,199,338
Accounts Receivable (Note 7)	2,286,958	1,204,240
Inventories (Note 13)	269,613	302,487
Prepaid Expenses	278,637	107,841
Total Current Assets	5,421,478	4,813,906
CAPITAL (Note 4)	22,535,968	21,458,620
	27,957,446	26,272,526
LIABILITIES		
CURRENT		
Accounts Payable and Accruals	6,253,733	4,917,944
EMPLOYEE FUTURE BENEFITS (Note 8)	706,917	588,334
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	20,765,215	19,844,185
NET ASSETS		
Invested in Capital Assets (Note 6)	1,770,753	1,614,435
Unrestricted	(1,539,172)	(692,372)
Total Net Assets	231,581	922,063
	27,957,446	26,272,526

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

	2010	2009
	\$	\$
REVENUE		
Ministry of Health - Patient Services	31,493,267	30,445,533
Patient Services - Other	7,776,821	7,547,722
Inpatient Services	253,112	311,659
Differential Accommodation	528,475	581,163
Dietary Recoveries, Ambulance, Investment and Other Income	1,659,849	1,712,335
Amortization of Deferred Contributions - Equipment	1,262,170	1,219,624
	42,973,694	41,818,036
EXPENSES		
Salaries and Wages	21,373,281	20,588,781
Medical Staff Remuneration	6,333,820	6,094,203
Employee Benefits	4,974,646	4,808,051
Supplies and Other	6,126,872	5,887,471
Medical and Surgical Supplies	2,681,997	2,545,134
Drugs and Gases	1,000,937	1,061,530
Bad Debts	34,573	30,000
Amortization of Equipment	1,262,170	1,321,603
	43,788,296	42,336,773
Deficiency of revenue over expenses before other items, votes and programs	(814,602)	(518,737)
OTHER ITEMS		
Prior Year Waitlist and Other Funding Reconciliation	124,120	104,141
OTHER VOTES AND PROGRAMS (Note 11)		
Revenue	1,621,725	1,476,356
Expense	(1,621,725)	(1,476,356)
Net Other Votes and Programs	-	-
Deficiency of revenue over expenses before amortization	(690,482)	(414,596)
AMORTIZATION		
Amortization of Deferred Contributions	601,774	587,295
Amortization of Building and Equipment	(601,774)	(593,152)
Net Amortization	-	(5,857)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(690,482)	(420,453)

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	2010 Total	2009 Total
	\$	\$	\$	\$
BALANCE, Beginning of Year	1,614,435	(692,372)	922,063	1,342,516
Deficiency of revenue over expenses	(17)	(690,465)	(690,482)	(420,453)
Investment in Capital Assets (Note 6)	<u>156,335</u>	<u>(156,335)</u>	<u>-</u>	<u>-</u>
BALANCE, End of Year	<u>1,770,753</u>	<u>(1,539,172)</u>	<u>231,581</u>	<u>922,063</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2010	2009
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Deficiency of Revenue Over Expenses for the year	(690,482)	(420,453)
Items Not Involving Cash		
Amortization of Capital Assets	1,863,944	1,914,755
Loss (Gain) on Sale of Capital Assets	17	(17,207)
Amortization of Deferred Contributions	(1,863,944)	(1,806,919)
	(690,465)	(329,824)
Changes in		
Accounts Receivable	(28,634)	118,007
Inventories	32,874	1,553
Prepaid Expenses	(170,796)	48,861
Accounts Payable and Accruals	599,614	(204,471)
Employee Future Benefits	118,582	132,464
	(138,825)	(233,410)
FINANCING ACTIVITIES		
Deferred Contributions	2,784,974	1,350,365
INVESTING ACTIVITIES		
Capital Asset Acquisitions	(2,946,587)	(1,010,363)
Proceeds From Sale of Capital Assets	5,278	20,148
Accounts Receivable for Capital Acquisitions	(1,054,084)	(21,245)
Accounts Payable for Capital Acquisitions	736,176	43,947
	(3,259,217)	(967,513)
CHANGE IN CASH POSITION DURING THE YEAR	(613,068)	149,442
Cash Position, Beginning of Year	3,199,338	3,049,896
CASH POSITION END OF YEAR	2,586,270	3,199,338

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2010

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 20%.

(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 are a significant area 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, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

The Hospital has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks. The adoption of this standard did not have any impact on the organization's results of operations or financial position.

(h) Allocation of expenses

The Hospital allocates general administration costs to Mental Health and Diabetes programs. Of the total costs of \$3,614,437 (2009 - \$3,236,960) an allocation of \$72,750 (2009 - \$53,418) was made to the Mental Health program and \$40,679 (2009 - \$27,773) to the Diabetes program. The allocation is calculated from a base amount plus any additional direct expenditures.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Intangible assets

Effective April 1, 2009, the Hospital adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets". This section replaces Handbook Section 3062 - "Goodwill and Other Intangible Assets". Existing assets were examined to determine if they met the new criteria for an intangible asset. It was determined that the organization's computer software met the new criteria and was re-classified to intangible assets from capital assets. The historical cost of the computer software is \$1,842,525 (2009 - \$1,731,416) and the accumulated amortization is \$1,548,008 (2009 - \$1,443,823).

(b) Allocation of expenses

Effective April 1, 2009, the Hospital adopted CICA Handbook Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations". The section establishes disclosure standards for a not-for-profit organization that classifies expenses by function and allocates its expenses to a number of functions to which the expenses relate. The implementation of this section had no effect on the financial statements for the year ending March 31, 2010, except for the additional note disclosure in Note 2.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2010

4. CAPITAL

	2010	2009
	\$	\$
COST		
Land and Improvements	681,180	645,060
Buildings	22,480,676	22,292,381
Equipment and Furnishings	21,530,643	20,480,074
Construction in Progress	1,128,891	68,479
	45,821,390	43,485,994
 ACCUMULATED AMORTIZATION		
Land and Improvements	454,645	424,469
Buildings	5,523,161	5,043,936
Equipment and Furnishings	17,307,616	16,558,969
	23,285,422	22,027,374
	22,535,968	21,458,620

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:

	2010	2009
	\$	\$
Balance, Beginning of Year	19,844,185	20,300,740
Donations From the Collingwood General & Marine Hospital Foundation	1,925,786	1,189,872
Government Grants	859,188	160,493
Amortization of Deferred Contributions	(1,863,944)	(1,806,920)
	20,765,215	19,844,185

Deferred Contributions of \$1,667,123 (2009 - \$795,915) are not being amortized as the assets for which these funds have been received have yet to be acquired. \$1,115,138 (2009-\$NIL) of this is due to construction in progress amounts for the clinical redevelopment project.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2010

6. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2010	2009
	\$	\$
Capital assets	22,535,968	21,458,620
Deferred contributions related to capital assets	(20,765,215)	(19,844,185)
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Total net capital assets	1,770,753	1,614,435
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Investment in capital assets is reconciled as follows:

	2010
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	2,941,309
Government grants received and receivable	(859,188)
Donations from the Collingwood General & Marine Hospital Foundation	<hr/> (1,925,786)
Total investment in capital assets during the year	<hr/> <hr/> 156,335

7. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$714,997 (2009 – \$163,421) from the Collingwood General & Marine Hospital Foundation.

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.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2010

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, 2009 and 2008 are as follows:

	2009	2008
	\$	\$
Financial position		
Total assets	9,808,479	8,591,451
Total liabilities	440,409	555,516
Total net assets	9,368,070	8,035,935
Results of operations		
Total revenue	3,465,028	1,685,017
Total expenses	691,010	569,485
Excess of revenue over expenses	2,774,018	1,115,532
Cash flows		
Cash from operations	2,182,552	1,990,284
Cash used in investing and financing activities	(1,933,580)	(1,701,672)
Change in cash	248,972	288,612

8. EMPLOYEE FUTURE BENEFITS

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 \$1,738,631 (2009 - \$1,634,765) to the HOOPP plan.

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees. At March 31, 2010, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated April 1, 2008 is \$1,073,800 (2009 - \$989,100). The portion of this benefit obligation included on the Balance Sheet at March 31, 2010 is \$706,917 (2009 - \$588,334). 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, 2010

8. EMPLOYEE FUTURE BENEFITS (continued)

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

	2010	2009
	\$	\$
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	989,100	746,245
Service cost for one year	48,400	56,300
Interest on the accrued benefit obligation	76,300	64,500
Prior service costs	-	200,800
Expected benefit payments/contributions	(40,000)	(29,200)
Reconciliation of beginning of period balance	-	(49,545)
	1,073,800	989,100
Unamortized prior service costs	(174,300)	(197,000)
Unamortized net actuarial loss	(192,583)	(203,766)
	706,917	588,334

The significant actuarial assumptions included in the actuarial report dated April 1, 2008 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	7.5%
Dental Benefits Cost Escalation	4.0%
Extended Health Care Cost Escalation	9.0% decreasing .5% annually to 5.0%

Employee benefits expense for 2010 includes \$154,900 (2009 - \$161,700) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$36,318 (2009 - \$29,236) were made for retired employees.

9. FINANCIAL INSTRUMENTS

The Hospital's financial instruments consist of cash, accounts receivable 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, 2010

10. 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:

	2010	2009
	\$	\$
Revenue - MOHLTC	2,607,449	2,590,382
Expenses - Physician Remuneration	2,596,379	2,572,007
- Other	2,270	18,375
	<hr/>	<hr/>
AFA Contribution to Hospital	8,800	-
	<hr/>	<hr/>

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:

	2010	2009
	\$	\$
Revenue - MOHLTC	1,282,152	1,187,476
Expenses - Physician Remuneration	1,271,744	1,263,299
	<hr/>	<hr/>
HOCC Agreement Contribution (Deficit) to Hospital	10,408	(75,823)
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COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2010

11. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2010	2009
	\$	\$
REVENUE		
Community Mental Health Programs	1,181,397	1,073,893
Psychogeriatric Program	201,155	196,754
Diabetes Program	236,015	199,559
Municipal Taxes	6,150	6,150
	1,624,717	1,476,356
EXPENSE		
Community Mental Health	735,793	640,237
Crisis Intervention	234,456	164,705
Case Management	211,148	268,951
Psychogeriatric Program	201,155	196,754
Diabetes Program	233,023	199,559
Municipal Taxes	6,150	6,150
	1,621,725	1,476,356
NET OTHER VOTES AND PROGRAMS	2,992	-
DOLLARS RECOVERABLE BY MOH		
Diabetes Program	2,992	27,156
Community Mental Health Programs	0	112
	2,992	27,268
	2,992	27,268

12. 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, 2009.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2010

13. INVENTORIES

Inventories consist of:

	2010	2009
	\$	\$
Gift Shop	35,473	49,984
Drugs	183,911	202,626
Other	50,229	49,878
	<hr/>	<hr/>
	269,613	302,487
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14. 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.

15. FUTURE ACCOUNTING PRONOUNCEMENTS

(a) Amendments to Section 4400 of the CICA handbook

The Accounting Standards Board ("AcSB") is currently undertaking a review and updating of accounting standards applicable to not-for-profit organizations. Many of the new or amended standards clarify existing material only and are not expected to have a significant impact on the hospital's financial statements.

(a) Future of financial reporting

The AcSB is exploring alternatives to replace the existing set of accounting standards known as Generally Accepted Accounting Principles (GAAP). The AcSB has tentatively concluded that Not-for-Profit organizations will be given a choice of adopting International Financial Reporting Standards (IFRS) or Private Enterprise Standards (a new set of standards for private enterprises currently under development) supplemented by the 4400 series. Adoption of a new standard is not expected until 2011 and the impact of the changes on the financial statement and the audit process are not yet determinable.