

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2008**

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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, 2008, 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, 2008 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

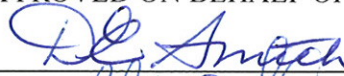
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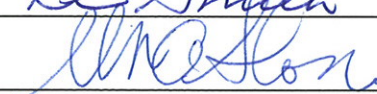
COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET AS AT MARCH 31

	2008	2007
	\$	\$
ASSETS		
CURRENT		
Cash	3,049,896	3,434,096
Accounts Receivable (Note 6)	1,301,002	958,128
Inventories	304,040	284,648
Prepaid Expenses	156,702	154,641
Total Current Assets	4,811,640	4,831,513
CAPITAL (Note 3)	22,365,954	23,230,166
	27,177,594	28,061,679
LIABILITIES		
CURRENT		
Accounts Payable and Accruals	5,078,468	5,105,163
EMPLOYEE FUTURE BENEFITS (Note 7)	455,870	391,152
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)	20,300,740	21,180,212
NET ASSETS		
Invested in Capital Assets (Note 5)	2,065,214	2,049,954
Unrestricted	(722,698)	(664,802)
Total Net Assets	1,342,516	1,385,152
	27,177,594	28,061,679

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

	2008	2007
	\$	\$
REVENUES		
Ministry of Health - Patient Services	29,781,931	27,056,101
Patient Services - Other	6,915,934	5,839,250
Inpatient Services	311,766	123,944
Differential Accommodation	429,044	583,162
Dietary Recoveries, Ambulance, Investment and Other Income	1,649,579	1,431,624
Amortization of Deferred Contributions - Equipment	1,453,455	1,265,092
	40,541,709	36,299,173
EXPENSES		
Salaries and Wages	19,607,951	18,118,259
Medical Staff Remuneration	5,619,710	4,813,430
Employee Benefits	4,968,133	4,095,416
Supplies and Other	5,511,447	5,032,004
Medical and Surgical Supplies	2,190,455	1,976,445
Drugs and Gases	1,107,556	931,494
Bad Debts	26,586	14,620
Depreciation - Equipment	1,540,543	1,577,788
	40,572,381	36,559,456
Excess of (Operating Expenses Over Operating Revenues) Before Other Votes & Programs	(30,672)	(260,283)
OTHER VOTES AND PROGRAMS (Note 10)		
Revenue	1,489,158	1,382,131
Expense	(1,489,158)	(1,382,131)
	0	0
Net Operating Loss	(30,672)	(260,283)
BUILDING AND LAND IMPROVEMENTS		
Amortization of Deferred Contributions	577,617	571,492
Depreciation	(589,581)	(585,944)
Excess of Expenses Over Revenues From Capital Operations	(11,964)	(14,452)
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(42,636)	(274,735)

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	2008 Total	2007 Total
	\$	\$	\$	\$
BALANCE, Beginning of Year	2,049,954	(664,802)	1,385,152	1,659,887
Excess of Revenues Over Expenses (Expenses Over Revenues)	(107,414)	64,778	(42,636)	(274,735)
Investment in Capital Assets (Note 5)	122,674	(122,674)	-	-
BALANCE, End of Year	<u>2,065,214</u>	<u>(722,698)</u>	<u>1,342,516</u>	<u>1,385,152</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2008	2007
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of Expenses Over Revenues for the year	(42,636)	(274,735)
Items Not Involving Cash		
Depreciation	2,130,124	2,163,732
Loss (Gain) on Sale of Capital Assets	8,359	(556)
Amortization of Deferred Contributions	(2,031,072)	(1,836,584)
	64,775	51,857
Changes in		
Accounts Receivable	(392,198)	930,417
Inventories	(19,392)	(111,751)
Prepaid Expenses	(2,061)	20,101
Accounts Payable and Accruals	68,071	1,176,150
Employee Future Benefits	64,718	69,108
	(216,087)	2,135,882
FINANCING ACTIVITIES		
Deferred Contributions	1,151,600	1,364,263
INVESTING ACTIVITIES		
Capital Asset Acquisitions	(1,276,274)	(1,219,326)
Proceeds From Sale of Capital Assets	2,000	556
Accounts Receivable for Capital Acquisitions	49,324	275,582
Accounts Payable for Capital Acquisitions	(94,763)	276,512
	(1,319,713)	(666,676)
CHANGE IN CASH POSITION DURING THE YEAR	(384,200)	2,833,469
Cash Position, Beginning of Year	3,434,096	600,627
CASH POSITION END OF YEAR	3,049,896	3,434,096

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2008

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. Depreciation is provided to amortize the cost of the assets over their estimated useful lives using the straight-line method at rates established by management information system guidelines as approved by the Ministry of Health, ranging from 2% to 20%. Depreciation expense, which is funded by the Ministry of Health, has been segregated and identified as depreciation - equipment.

(d) Inventories

Inventories include only those items in the general storeroom, gift shop and pharmacy. Inventories are valued at the lower of cost and replacement cost.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Employee future benefits are a significant area where estimates are identified. Every three years an actuarial report is completed for this area.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2008

3. CAPITAL

	2008	2007
	\$	\$
COST		
Land and Improvements	635,370	635,370
Buildings	22,290,799	22,184,347
Equipment and Furnishings	20,862,985	20,201,797
Construction in Progress	0	114,811
	43,789,154	43,136,325
 ACCUMULATED DEPRECIATION		
Land and Improvements	403,515	381,713
Buildings	4,568,659	4,095,698
Equipment and Furnishings	16,451,026	15,428,748
	21,423,200	19,906,159
	22,365,954	23,230,166

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

4. 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:

	2008	2007
	\$	\$
Balance, Beginning of Year	21,180,212	21,652,533
Donations From the Collingwood General & Marine Hospital Foundation	1,014,113	1,213,764
Government Grants	137,487	150,499
Amortization of Deferred Contributions	(2,031,072)	(1,836,584)
	20,300,740	21,180,212

Deferred Contributions of \$434,047 are not being amortized as the assets for which these funds have been received have yet to be acquired.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2008

5. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2008	2007
	\$	\$
Capital assets	22,365,954	23,230,166
Deferred contributions related to capital assets	<u>(20,300,740)</u>	<u>(21,180,212)</u>
Total net capital assets	<u>2,065,214</u>	<u>2,049,954</u>

Investment in capital assets is reconciled as follows:

	2008
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	1,274,274
Government grants received and receivable	(137,487)
Donations from the Collingwood General & Marine Hospital Foundation	<u>(1,014,113)</u>
Total investment in capital assets during the year	<u>122,674</u>

6. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$171,274 (2007 – \$53,134) 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 and, according to the Foundation's bylaws, all resources of the Foundation must be provided to the Hospital or used for the Hospital's benefit. 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, 2008

6. 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, 2007 and 2006 are as follows:

	2007	2006
	\$	\$
Financial position		
Total assets	8,647,910	8,585,049
Total liabilities	<u>538,696</u>	<u>606,476</u>
Total net assets	<u>8,109,214</u>	<u>7,978,573</u>
Results of operations		
Total revenues	1,888,561	2,391,398
Total expenses	<u>543,153</u>	<u>427,540</u>
Excess of revenues over expenses	<u>1,345,408</u>	<u>1,963,858</u>
Cash flows		
Cash from operations	1,692,343	1,988,306
Cash used in investing and financing activities	<u>(1,755,766)</u>	<u>(1,897,178)</u>
Change in cash	<u>(63,423)</u>	<u>91,128</u>

7. 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 \$1,549,339 (2007 - \$1,443,620) to the HOOPP plan.

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees. At March 31, 2008, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated April 5, 2006 is \$746,245 (2007 - \$713,800). The portion of this benefit obligation which is included on the Balance Sheet at March 31, 2008 is \$455,870 (2007 - \$391,152). 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, 2008

7. EMPLOYEE FUTURE BENEFITS (continued)

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

	2008	2007
	\$	\$
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	713,800	682,300
Service cost for one year	28,016	27,200
Interest on the accrued benefit obligation	35,741	34,700
Expected benefit payments/contributions	(31,312)	(30,400)
	746,245	713,800
Unamortized prior service costs	(18,900)	(21,200)
Unamortized net actuarial loss	(271,475)	(301,448)
	455,870	391,152

The significant actuarial assumptions included in the actuarial report dated April 5, 2006 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	5.75%
General Inflation	3.0%
Dental Benefits Cost Escalation	4.0%
Extended Health Care Cost Escalation	10.5% decreasing 1% annually to 4.5%

Employee benefits expense for 2008 includes \$93,700 (2007 - \$93,700) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$28,982 (2007 - \$24,592) were made for retired employees.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2008

8. FINANCIAL INSTRUMENTS

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

9. 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 revenues and expenditures included in the statement of operations are as follows:

	2008	2007
	\$	\$
Revenue - MOHLTC	2,476,846	1,971,093
Expenses - Physician Remuneration	2,409,747	1,968,891
- Other	67,099	2,202
	<hr/>	<hr/>
Hospital's Contribution to Agreement	0	0

PHYSICIAN ON CALL COVERAGE

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

	2007	2007
	\$	\$
Revenue - MOHLTC	1,232,878	1,027,688
Expenses - Physician Remuneration	1,262,374	1,027,688
	<hr/>	<hr/>
Hospital's Contribution to Agreement	(29,496)	0

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2008

10. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2008	2007
	\$	\$
REVENUE		
Community Mental Health	634,342	619,935
Crisis Intervention	216,853	203,905
Case Management	266,393	251,286
Psychogeriatric Program	192,400	188,146
Diabetes Program	173,020	112,709
Municipal Taxes	6,150	6,150
	<u>1,489,158</u>	<u>1,382,131</u>
EXPENSE		
Community Mental Health	634,342	619,935
Crisis Intervention	216,853	203,905
Case Management	266,393	251,286
Psychogeriatric Program	192,400	188,146
Diabetes Program	173,020	112,709
Municipal Taxes	6,150	6,150
	<u>1,489,158</u>	<u>1,382,131</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>

