

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2007**

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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, 2007, 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, 2007 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

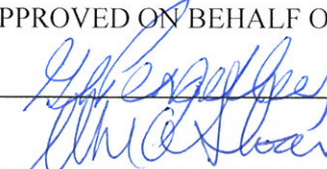
May 4, 2007

COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET AS AT MARCH 31

	2007	2006
	\$	\$
ASSETS		
CURRENT		
Cash	3,434,096	600,627
Accounts Receivable (Note 6)	958,128	2,164,127
Inventories	284,648	172,897
Prepaid Expenses	154,641	174,742
Total Current Assets	4,831,513	3,112,393
CAPITAL (Note 3)	23,230,166	24,174,573
	28,061,679	27,286,966
LIABILITIES		
CURRENT		
Accounts Payable and Accruals	5,105,163	3,652,502
EMPLOYEE FUTURE BENEFITS (Note 7)	391,152	322,044
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)	21,180,212	21,652,533
NET ASSETS		
Invested in Capital Assets (Note 5)	2,049,954	2,522,040
Unrestricted	(664,802)	(862,153)
Total Net Assets	1,385,152	1,659,887
	28,061,679	27,286,966

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

	2007	2006
	\$	\$
REVENUES		
Ministry of Health - Patient Services	27,056,101	25,656,635
Patient Services - Other	5,839,250	4,991,293
Inpatient Services	123,944	109,365
Differential Accommodation	583,162	587,247
Dietary Recoveries, Ambulance, Investment and Other Income	1,431,624	1,357,466
Amortization of Deferred Contributions - Equipment	1,265,092	1,800,739
	36,299,173	34,502,745
EXPENSES		
Salaries and Wages	18,118,259	17,255,593
Medical Staff Remuneration	4,813,430	4,081,867
Employee Benefits	4,095,416	3,938,687
Supplies and Other	5,032,004	4,465,136
Medical and Surgical Supplies	1,976,445	1,743,633
Drugs and Gases	931,494	953,149
Bad Debts	14,620	31,516
Depreciation - Equipment	1,577,788	2,067,258
	36,559,456	34,536,839
Excess of (Operating Expenses Over Operating Revenues) Before Other Votes & Programs	(260,283)	(34,094)
OTHER VOTES AND PROGRAMS (Note 10)		
Revenue	1,382,131	1,254,095
Expense	(1,382,131)	(1,254,095)
	0	0
Net Operating Loss	(260,283)	(34,094)
BUILDING AND LAND IMPROVEMENTS		
Amortization of Deferred Contributions	571,492	561,607
Depreciation	(585,944)	(584,304)
	(14,452)	(22,697)
Excess of Expenses Over Revenues From Capital Operations	(14,452)	(22,697)
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(274,735)	(56,791)

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	2007 Total	2006 Total
	\$	\$	\$	\$
BALANCE, Beginning of Year	2,522,040	(862,153)	1,659,887	1,716,678
Excess of Revenues Over Expenses (Expenses Over Revenues)	(326,593)	51,858	(274,735)	(56,791)
Investment in Capital Assets (Note 5)	(145,493)	145,493	-	-
BALANCE, End of Year	<u>2,049,954</u>	<u>(664,802)</u>	<u>1,385,152</u>	<u>1,659,887</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2007	2006
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of Expenses Over Revenues for the year	(274,735)	(56,791)
Items Not Involving Cash		
Depreciation	2,163,732	2,651,562
Loss (Gain) on Sale of Capital Assets	(556)	50,939
Amortization of Deferred Contributions	(1,836,584)	(2,362,346)
	<u>51,857</u>	<u>283,364</u>
Changes in		
Accounts Receivable	930,417	(668,870)
Inventories	(111,751)	(11,660)
Prepaid Expenses	20,101	10,652
Accounts Payable and Accruals	1,176,150	(69,865)
Employee Future Benefits	69,108	52,593
	<u>2,135,882</u>	<u>(403,786)</u>
FINANCING ACTIVITIES		
Deferred Contributions	<u>1,364,263</u>	<u>1,555,724</u>
INVESTING ACTIVITIES		
Capital Asset Acquisitions	(1,219,326)	(1,682,820)
Proceeds From Sale of Capital Assets	556	1,212
Accounts Receivable for Capital Acquisitions	275,582	170,424
Accounts Payable for Capital Acquisitions	276,512	(306,186)
	<u>(666,676)</u>	<u>(1,817,370)</u>
CHANGE IN CASH POSITION DURING THE YEAR	2,833,469	(665,432)
Cash Position, Beginning of Year	<u>600,627</u>	<u>1,266,059</u>
CASH POSITION END OF YEAR	<u>3,434,096</u>	<u>600,627</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2007

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, 2007

3. CAPITAL

	2007	2006
	\$	\$
COST		
Land and Improvements	635,370	707,641
Buildings	22,184,347	22,008,884
Equipment and Furnishings	20,201,797	21,866,547
Construction in Progress	114,811	114,811
	43,136,325	44,697,883
 ACCUMULATED DEPRECIATION		
Land Improvements	381,713	432,182
Buildings	4,095,698	3,625,050
Equipment and Furnishings	15,428,748	16,466,078
	19,906,159	20,523,310
	23,230,166	24,174,573

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:

	2007	2006
	\$	\$
Balance, Beginning of Year	21,652,533	22,459,155
Donations From the Collingwood General & Marine Hospital Foundation and Hospital Staff	1,213,764	1,246,826
Government Grants	150,499	308,898
Amortization of Deferred Contributions	(1,836,584)	(2,362,346)
	21,180,212	21,652,533

Deferred Contributions of \$485,623 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, 2007

5. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2007	2006
	\$	\$
Capital assets	23,230,166	24,174,573
Deferred contributions related to capital assets	(21,180,212)	(21,652,533)
Total net capital assets	<u>2,049,954</u>	<u>2,522,040</u>

Investment in capital assets is reconciled as follows:

	2007
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	1,218,770
Government grants received and receivable	(150,499)
Donations from the Collingwood General & Marine Hospital Foundation	<u>(1,213,764)</u>
Total investment in capital assets during the year	<u>(145,493)</u>

6. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$53,134 (2006 – \$276,956) 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, 2007

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, 2006 and 2005 are as follows:

	2006	2005
	\$	\$
Financial position		
Total assets	8,585,049	7,758,476
Total liabilities	606,476	303,573
Total net assets	<u>7,978,573</u>	<u>7,454,903</u>
Results of operations		
Total revenues	2,391,398	2,186,970
Total expenses	427,540	458,556
Excess of revenues over expenses	<u>1,963,858</u>	<u>1,728,414</u>
Cash flows		
Cash from operations	1,988,306	1,746,328
Cash used in investing and financing activities	(1,897,178)	(2,069,886)
Change in cash	<u>91,128</u>	<u>(323,558)</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 \$1,443,620 (2006 - \$1,397,986) to the HOOPP plan.

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees. At March 31, 2007, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated April 5, 2006 is \$713,800 (2006 - \$682,300). The portion of this benefit obligation which is included on the Balance Sheet at March 31, 2007 is \$391,152 (2006 - \$322,044). 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, 2007

7. EMPLOYEE FUTURE BENEFITS (continued)

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

	2007	2006
	\$	\$
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	682,300	299,800
Loss due to change in assumptions	0	168,800
Loss due to new members and demographic changes	0	98,700
Past service liability due to addition of OPSEU benefits	0	26,400
	682,300	593,700
Revised Actuarial Balance 2006	682,300	593,700
Service cost for one year	27,200	22,400
Interest on the accrued benefit obligation	34,700	34,700
Expected benefit payments/contributions	(30,400)	(24,500)
Experience loss due to interest rate change at March 31/06	0	56,000
	713,800	682,300
Unamortized prior service costs	(21,200)	(23,800)
Unamortized net actuarial loss	(301,448)	(336,456)
	391,152	322,044

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 2007 includes \$93,700 (2006 - \$76,700) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$24,592 (2006 - \$24,108) were made for retired employees.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2007

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:

	2007	2006
	\$	\$
Revenue - MOHLTC	1,971,093	1,717,577
Expenses - Physician Remuneration	1,968,891	1,716,777
- Other	2,202	800
	<hr/>	<hr/>
Hospital's Contribution to Agreement	0	0
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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	2006
	\$	\$
Revenue - MOHLTC	1,027,688	518,000
Expenses - Physician Remuneration	1,027,688	548,000
	<hr/>	<hr/>
Hospital's Contribution to Agreement	0	(30,000)
	<hr/> <hr/>	<hr/> <hr/>

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2007

10. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2007	2006
	\$	\$
REVENUE		
Community Mental Health	619,935	593,881
Crisis Intervention	203,905	169,095
Case Management	251,286	227,859
Psychogeriatric Program	188,146	186,674
Diabetes Program	112,709	70,436
Municipal Taxes	6,150	6,150
	<u>1,382,131</u>	<u>1,254,095</u>
EXPENSE		
Community Mental Health	619,935	593,881
Crisis Intervention	203,905	169,095
Case Management	251,286	227,859
Psychogeriatric Program	188,146	186,674
Diabetes Program	112,709	70,436
Municipal Taxes	6,150	6,150
	<u>1,382,131</u>	<u>1,254,095</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>-</u>	<u>-</u>

11. COMPARATIVE FIGURES

Certain figures of the prior year have been reclassified to conform to the current year's presentation.