

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2005**

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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, 2005, 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, 2005 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

Chartered Accountants
Collingwood, Ontario
May 6, 2005

COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET AS AT MARCH 31

	2005	2004
	\$	\$
ASSETS		
CURRENT		
Cash	1,266,059	0
Accounts Receivable (Note 6)	1,665,681	2,653,907
Inventories	161,237	112,015
Prepaid Expenses	185,394	152,137
Total Current Assets	3,278,371	2,918,059
CAPITAL (Note 3)	25,195,466	25,835,166
	28,473,837	28,753,226
LIABILITIES		
CURRENT		
Bank Indebtedness	0	272,944
Accounts Payable and Accruals	4,028,553	3,877,076
Total Current Liabilities	4,028,553	4,150,019
EMPLOYEE FUTURE BENEFITS (Note 7)	269,451	261,099
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)	22,459,155	22,417,754
NET ASSETS		
Invested in Capital Assets (Note 5)	2,736,311	3,417,412
Unrestricted	(1,019,633)	(1,493,058)
Total Net Assets	1,716,678	1,924,354
	28,473,837	28,753,226

APPROVED ON BEHALF OF THE BOARD:

_____ Trustee

_____ Trustee

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	2005	2004
	\$	\$
REVENUES		
Patient Services - Ministry of Health	24,291,618	21,941,284
- Non-Ministry	2,590,173	2,348,624
Inpatient Services	∨160,293	203,817
Differential Accommodation	589,322	589,069
Dietary Recoveries, Ambulance, Investment and Other Income	1,209,244	921,914
	28,840,650	26,004,708
EXPENSES (Schedule 1)	28,825,256	26,027,774
Excess of Operating Revenues Over Expenses (Operating Expenses Over Operating Revenues) Before Other Revenues and Expenses, and Restructuring	15,394	(23,066)
OTHER REVENUES AND EXPENSES		
Hospital On Call Program Revenue	∨ 398,000	∨ 398,000
Hospital On Call Program Expense	∨(398,000)	∨(397,958)
Alternate Funding Agreement Revenue	∨ 1,529,887	∨ 513,413
Alternate Funding Agreement Expense	(1,529,887)	∨(520,417)
Other Votes and Programs Revenues	∨1,047,490	980,117
Other Votes and Programs Expense	(1,047,490)	(1,029,751)
	0	(56,596)
RESTRUCTURING		
Funding	0	∨ 32,400
Net Operating Revenue (Loss)	15,394	(47,262)
REVENUE AND EXPENSE FROM CAPITAL OPERATIONS		
Gain on Disposal of Capital Assets	15,246	550
Amortization of Deferred Contributions - Shareable	1,810,767	1,453,154
Depreciation - Shareable	(2,021,639)	(1,828,690)
Amortization of Deferred Contributions - Non-Shareable	∨ 565,359	∨ 540,758
Depreciation - Non-Shareable	∨(592,803)	∨(577,095)
Excess of Expenses Over Revenues From Capital Operations	(223,070)	(411,323)
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(207,676)	(458,585)

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	2005 Total	2004 Total
	\$	\$	\$	\$
BALANCE, Beginning of Year	3,417,412	(1,493,058)	1,924,354	2,382,939
Excess of Revenues Over Expenses (Expenses Over Revenues)	(223,070)	15,394	(207,676)	(458,585)
Investment in Capital Assets (Note 5)	(458,031)	458,031	-	-
BALANCE, End of Year	2,736,311	(1,019,633)	1,716,678	1,924,354

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2005	2004
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of Expenses Over Revenues for the year	(207,676)	(458,585)
Items Not Involving Cash		
Depreciation	2,614,442	2,405,785
Gain on Sale of Capital Assets	(15,246)	(550)
Amortization of Deferred Contributions	(2,376,126)	(1,993,912)
	<u>15,394</u>	<u>(47,262)</u>
Changes in		
Accounts Receivable	1,379,155	(1,101,362)
Inventories	(49,221)	(3,864)
Prepaid Expenses	(33,256)	(43,378)
Accounts Payable and Accruals	304,067	497,891
Employee Future Benefits	8,352	11,428
	<u>1,624,491</u>	<u>(686,547)</u>
FINANCING ACTIVITIES		
Deferred Contributions	<u>2,417,527</u>	<u>1,080,753</u>
INVESTING ACTIVITIES		
Capital Asset Acquisitions	(1,976,996)	(2,084,717)
Proceeds From Sale of Capital Assets	17,500	550
Accounts Receivable for Capital Acquisitions	(390,929)	(207,000)
Accounts Payable for Capital Acquisitions	(152,590)	464,530
	<u>(2,503,015)</u>	<u>(1,826,637)</u>
CHANGE IN CASH POSITION DURING THE YEAR	1,539,003	(1,432,431)
Cash Position, Beginning of Year	<u>(272,944)</u>	<u>1,159,487</u>
CASH POSITION END OF YEAR	<u>1,266,059</u>	<u>(272,944)</u>

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2005

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 shareable depreciation expense.

(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.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2005

3. CAPITAL

	2005	2004
	\$	\$
COST		
Land and Improvements	707,641	696,375
Buildings	21,833,293	21,194,972
Equipment and Furnishings	21,117,598	19,561,038
Construction in Progress	114,812	581,362
	43,773,344	42,033,746
 ACCUMULATED DEPRECIATION		
Land Improvements	407,930	367,569
Buildings	3,161,388	2,699,547
Equipment and Furnishings	15,008,560	13,131,464
	18,577,878	16,198,580
	25,195,466	25,835,166

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 represents contributions restricted by the donors for the purchase of capital equipment. The changes in the deferred contributions balance for the period are as follows:

	2005	2004
	\$	\$
Balance, Beginning of Year	22,417,754	23,330,913
Donations From the Collingwood General & Marine Hospital Foundation and Hospital Staff	1,803,806	873,753
Government Grants	613,721	207,000
Amortization of Deferred Contributions	(2,376,126)	(1,993,912)
	22,459,155	22,417,754
	22,459,155	22,417,754

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2005

5. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2005	2004
	\$	\$
Capital assets	25,195,466	25,835,166
Deferred contributions related to capital assets	(22,459,155)	(22,417,754)
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Total net capital assets	2,736,311	3,417,412
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Investment in capital assets is reconciled as follows:

	2005
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	1,959,496
Government grants received and receivable	(613,721)
Donations from the Collingwood General & Marine Hospital Foundation and Hospital Staff	(1,803,806)
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Total investment in capital assets during the year	(458,031)
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6. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$113,729 (2003/04 – \$17,830) 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, 2005

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 of this unconsolidated entity as at December 31, 2004 and 2003 and for the years then ended are as follows:

	2004	2003
	\$	\$
Financial position		
Total assets	7,205,414	6,900,161
Total liabilities	<u>71,334</u>	<u>38,527</u>
Total net assets	<u><u>7,134,080</u></u>	<u><u>6,861,634</u></u>
Results of operations		
Total revenues	2,293,151	3,242,446
Total expenses	<u>427,070</u>	<u>455,961</u>
Excess of revenues over expenses	<u><u>1,866,081</u></u>	<u><u>2,786,485</u></u>
Cash flows		
Cash from operations	1,711,164	2,005,055
Cash used in investing and financing activities	<u>(2,316,420)</u>	<u>(1,593,275)</u>
Change in cash	<u><u>(605,256)</u></u>	<u><u>411,780</u></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 \$1,265,000 (2003/04 - \$1,042,382) to the HOOPP plan.

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees. At March 31, 2004, the Hospital's accrued benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation dated April 1, 2002 is \$299,800 (2003/04 - \$300,200). This obligation is unfunded. The Hospital's accrued benefit liability included on the Balance Sheet at March 31, 2005 is \$269,451 (2003/04 - \$261,099). 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, 2005

7. EMPLOYEE FUTURE BENEFITS (continued)

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

	2005	2004
	\$	\$
ACCRUED BENEFIT OBLIGATION		
Balance beginning of period	300,200	300,000
Service cost for one year	8,900	8,900
Interest on the accrued benefit obligation	19,200	19,200
Expected benefit payments/contributions	(28,500)	(27,900)
	<u>299,800</u>	<u>300,200</u>

The significant actuarial assumptions included in the actuarial report dated April 1, 2002 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	6.5%
General Inflation	3.0%
Dental Benefits Cost Escalation	4.5%
Extended Health Care Cost Escalation	10.5% decreasing 1% annually to 4.5%

Employee benefits expense for 2004/2005 includes \$28,500 (2003/04 - \$27,900) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$20,148 (2003/04 - \$16,472) were made for retired employees.

8. 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

**EXPENSES
SCHEDULE 1
FOR THE YEAR ENDED MARCH 31**

	2005	2004
	\$	\$
Salaries and Wages	16,764,687	15,018,272
Medical Staff Remuneration	1,752,891	1,637,996
Employee Benefits	3,773,711	3,423,261
Supplies and Other	4,266,598	4,009,024
Medical and Surgical Supplies	1,507,144	1,172,053
Drugs and Gases	724,790	713,877
Bad Debts	35,435	53,291
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	28,825,256	26,027,774
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See accompanying notes to the financial statements