

**COLLINGWOOD  
GENERAL AND MARINE HOSPITAL  
FINANCIAL STATEMENTS  
MARCH 31, 2004**

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

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**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, 2004, 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, 2004 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  
April 29, 2004

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## BALANCE SHEET AS AT MARCH 31

	2004	2003
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	-	1,159,487
Accounts Receivable (Note 7)	2,653,907	1,345,545
Inventories	112,015	108,151
Prepaid Expenses	152,137	108,760
Total Current Assets	<u>2,918,059</u>	<u>2,721,943</u>
CAPITAL (Note 4)	<u>25,835,166</u>	<u>26,156,235</u>
	<u>28,753,226</u>	<u>28,878,178</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank Indebtedness (Note 11)	272,944	-
Accounts Payable and Accruals	3,877,076	2,914,655
Total Current Liabilities	<u>4,150,020</u>	<u>2,914,655</u>
EMPLOYEE FUTURE BENEFITS (Note 9)	<u>261,099</u>	<u>249,671</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	<u>22,417,754</u>	<u>23,330,913</u>
<b>NET ASSETS</b>		
Invested in Capital Assets (Note 6)	3,417,412	2,825,323
Unrestricted	<u>(1,493,058)</u>	<u>(442,384)</u>
Total Net Assets	<u>1,924,354</u>	<u>2,382,939</u>
	<u>28,753,226</u>	<u>28,878,178</u>

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

	2004	2003
	\$	\$
<b>REVENUES</b>		
Patient Services - Ministry of Health	21,941,284	19,140,173
- Non-Ministry	2,348,624	2,314,738
Inpatient Services	203,817	160,863
Differential Accommodation	589,069	485,397
Dietary Recoveries, Ambulance, Investment and Other Income	921,914	1,018,002
	26,004,708	23,119,173
<b>EXPENSES</b> (Schedule 1)	26,027,774	23,094,356
Excess of Operating Revenues Over Operating Expenses (Operating Expenses Over Operating Revenues) Before Other Revenues and Expenses, And Restructuring	(23,066)	24,817
<b>OTHER REVENUES AND EXPENSES</b>		
Hospital On Call Program Revenue	398,000	398,000
Hospital On Call Program Expense	(397,958)	(397,958)
Alternate Funding Agreement Revenue	513,413	0
Alternate Funding Agreement Expense	(520,417)	0
Other Votes and Programs Revenues	980,117	891,843
Other Votes and Programs Expense	(1,029,751)	(891,843)
	(56,596)	42
<b>RESTRUCTURING (Note 8)</b>		
Funding	32,400	78,500
Recovery	0	4,252
	32,400	82,752
<b>Net Operating Revenue (Loss)</b>	(47,262)	107,611
<b>REVENUE AND EXPENSE FROM CAPITAL OPERATIONS</b>		
Gain on Disposal of Capital Assets	550	9,778
Amortization of Deferred Contributions – Shareable	1,453,154	1,395,401
Depreciation – Shareable	(1,828,690)	(1,813,836)
Amortization of Deferred Contributions - Non-Shareable	540,758	540,373
Depreciation - Non-Shareable	(577,095)	(558,795)
	(411,323)	(427,079)
<b>EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR</b>	(458,585)	(319,468)

See accompanying notes to the financial statements

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	Invested in Capital Assets	Unrestricted	2004 Total	2003 Total
	\$	\$	\$	\$
<b>BALANCE, Beginning of Year</b>	<b>2,825,323</b>	<b>(442,384)</b>	<b>2,382,939</b>	<b>2,702,407</b>
Excess of Expenses Over Revenues	(411,323)	(47,262)	(458,585)	(319,468)
Investment in Capital Assets (Note 6)	<u>1,003,413</u>	<u>(1,003,413)</u>	<u>-</u>	<u>-</u>
<b>BALANCE, End of Year</b>	<b><u>3,417,412</u></b>	<b><u>(1,493,058)</u></b>	<b><u>1,924,354</u></b>	<b><u>2,382,939</u></b>

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2004	2003
	\$	\$
<b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>		
Excess of Expenses Over Revenues for the year	(458,585)	(319,468)
Items Not Involving Cash		
Depreciation	2,405,785	2,372,631
Gain on Sale of Capital Assets	(550)	(9,778)
Amortization of Deferred Contributions	(1,993,912)	(1,935,774)
	(47,262)	107,611
Changes in		
Accounts Receivable	(1,101,362)	(193,582)
Inventories	(3,864)	5,957
Prepaid Expenses	(43,378)	(36,630)
Accounts Payable and Accruals	497,891	105,738
Employee Future Benefits	11,428	13,267
	(686,547)	2,361
<b>FINANCING ACTIVITIES</b>		
Deferred Contributions	1,080,753	616,807
<b>INVESTING ACTIVITIES</b>		
Capital Asset Acquisitions	(2,084,717)	(896,978)
Proceeds From Sale of Capital Assets	550	10,802
Accounts Receivable for Capital Acquisitions	(207,000)	0
Accounts Payable for Capital Acquisitions	464,530	(13,203)
	(1,826,637)	(899,379)
<b>CHANGE IN CASH POSITION DURING THE YEAR</b>	(1,432,431)	(280,211)
Cash Position, Beginning of Year	1,159,487	1,439,698
<b>CASH POSITION END OF YEAR</b>	(272,944)	1,159,487

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, 2004

### 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.

### 3. RESTRICTED CASH

Included in cash and accounts payable is \$24,455 (2002/03 - \$10,365) held in trust for an employee.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2004

### 4. CAPITAL

	2004	2003
	\$	\$
<b>COST</b>		
Land and Improvements	696,375	692,990
Buildings	21,194,972	21,192,576
Equipment and Furnishings	19,561,038	18,074,762
Construction in Progress	581,362	9,173
	42,033,746	39,969,501
 <b>ACCUMULATED DEPRECIATION</b>		
Land Improvements	367,569	327,677
Buildings	2,699,547	2,252,001
Equipment and Furnishings	13,131,464	11,233,587
	16,198,580	13,813,266
	25,835,166	26,156,235

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 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:

	2004	2003
	\$	\$
Balance, Beginning of Year	23,330,913	24,649,880
Donations From the Collingwood General & Marine Hospital Foundation and Hospital Staff	873,753	524,682
Government Grants	207,000	92,125
Amortization of Deferred Contributions	(1,993,912)	(1,935,774)
	22,417,754	23,330,913
	22,417,754	23,330,913



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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2004

### 6. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2004	2003
	\$	\$
Capital assets	25,835,166	26,156,235
Deferred contributions related to capital assets	(22,417,754)	(23,330,913)
	<hr/>	<hr/>
Total net capital assets	<u>3,417,412</u>	<u>2,825,322</u>

Investment in capital assets is reconciled as follows:

	2004
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	2,084,166
Government grants received and receivable	(207,000)
Donations from the Collingwood General & Marine Hospital Foundation and Hospital Staff	<hr/> (873,753)
Total investment in capital assets during the year	<hr/> <u>1,003,413</u>

### 7. ACCOUNTS RECEIVABLE

Accounts receivable includes \$17,830 (2002/03 – \$18,256) from the Collingwood General & Marine Hospital Foundation (a related party).

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.

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2004

### 7. ACCOUNTS RECEIVABLE (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, 2003 and 2002 and for the years then ended are as follows:

	2003	2002
	\$	\$
Financial position		
Total assets	6,900,161	5,638,434
Total liabilities	38,527	661,275
Total net assets	<u>6,861,634</u>	<u>4,977,159</u>
Results of operations		
Total revenues	3,242,446	1,107,689
Total expenses	455,961	320,110
Excess of revenues over expenses	<u>2,786,485</u>	<u>787,579</u>
Cash flows		
Cash from operations	2,005,055	825,972
Cash used in investing and financing activities	(1,593,275)	(2,129,366)
Change in cash	<u>411,780</u>	<u>(1,303,394)</u>

### 8. RESTRUCTURING COSTS

Restructuring costs represent one-time costs as defined by the Ministry of Health, incurred during the year to restructure the operations of the Hospital. Up to eighty-five percent of these costs may be recoverable from the Ministry upon completion of the Ministry of Health audit and subject to available funding. Due to the contingent nature of the grant receivable the portion recoverable is not reasonably determinable and has not been recorded and revenue is recorded on a cash basis.

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2004

### 9. 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 \$1,042,382 (2002/03 - \$644,463) 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 is \$300,200 (2002/03 - \$300,000). This obligation is unfunded. The Hospital's accrued benefit liability included on the Balance Sheet at March 31, 2004 is \$261,099 (2002/03 - \$249,671).

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 2003/2004 includes \$27,900 (2002/03 - \$30,500) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$16,472 (2002/03 - \$17,233) were made for retired employees.

### 10. 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.

### 11. BANK INDEBTEDNESS

Bank indebtedness bears interest at the bank's prime lending rate and consists of the following:

Bank overdraft	\$152,944
Operating Line of Credit	<u>\$120,000</u>
	<u>\$272,944</u>

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2004	2003
	\$	\$
Salaries and Wages	15,018,272	13,037,729
Medical Staff Remuneration	1,637,996	1,568,034
Employee Benefits (Note 9)	3,423,261	2,738,534
Supplies and Other	4,009,024	3,901,946
Medical and Surgical Supplies	1,172,053	1,168,011
Drugs and Gases	713,877	652,580
Bad Debts	53,291	27,522
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	26,027,774	23,094,356
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See accompanying notes to the financial statements