

**COLLINGWOOD
GENERAL AND MARINE HOSPITAL
FINANCIAL STATEMENTS
MARCH 31, 2003**

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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, 2003, 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, 2003 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 8, 2003

COLLINGWOOD GENERAL AND MARINE HOSPITAL

BALANCE SHEET AS AT MARCH 31

	2003	2002
	\$	\$
ASSETS		
CURRENT		
Cash	1,159,487	1,439,698
Accounts Receivable (Note 7)	1,345,545	1,151,963
Inventories	108,151	114,108
Prepaid Expenses	108,760	72,130
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Total Current Assets	2,721,943	2,777,899
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CAPITAL (Note 4)	26,156,235	27,632,912
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	28,878,178	30,410,811
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LIABILITIES		
CURRENT		
Accounts Payable and Accruals	2,914,655	2,822,120
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EMPLOYEE FUTURE BENEFITS (Note 9)	249,671	236,404
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DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	23,330,913	24,649,880
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NET ASSETS		
Invested in Capital Assets (Note 6)	2,825,323	2,983,032
Unrestricted	(442,384)	(280,625)
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Total Net Assets	2,382,939	2,702,407
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	28,878,178	30,410,811
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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

	2003	2002
	\$	\$
REVENUES		
Patient Services – Ministry of Health	19,140,173	17,347,433
- Non-Ministry	2,314,738	2,176,504
Inpatient Services	160,863	134,853
Differential Accommodation	485,397	491,371
Dietary Recoveries, Ambulance, Investment and Other Income	1,018,002	872,345
	23,119,173	21,022,506
EXPENSES (Schedule 1)	23,094,356	21,290,716
Excess of Operating Revenues Over Expenses (Operating Expenses Over Revenues) Before Other Revenues and Expenses, and Restructuring	24,817	(268,210)
OTHER REVENUES AND EXPENSES		
Hospital On Call Program Revenue	398,000	401,461
Hospital On Call Program Expense	(397,958)	(401,461)
Other Votes and Programs Revenues	891,843	837,213
Other Votes and Programs Expense	(891,843)	(786,737)
	42	50,476
RESTRUCTURING (Note 8)		
Funding	78,500	59,246
Recovery (Expense)	4,252	(92,100)
	82,752	(32,854)
Net Operating Revenue (Loss)	107,611	(250,588)
REVENUE AND EXPENSE FROM CAPITAL OPERATIONS		
Gain on Disposal of Capital Assets	9,778	4,753
Amortization of Deferred Contributions – Shareable	1,395,401	1,438,085
Depreciation – Shareable	(1,813,836)	(1,668,844)
Amortization of Deferred Contributions - Non-Shareable	540,373	532,772
Depreciation - Non-Shareable	(558,795)	(558,680)
Excess of Expenses Over Revenues From Capital Operations	(427,079)	(251,914)
EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR	(319,468)	(502,502)

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	2003 Total	2002 Total
	\$	\$	\$	\$
BALANCE, Beginning of Year	2,983,032	(280,625)	2,702,407	3,204,909
Excess of Revenues Over Expenses (Expenses Over Revenues)	(427,079)	107,611	(319,468)	(502,502)
Investment in Capital Assets (Note 6)	269,369	(269,369)	-	-
BALANCE, End of Year	2,825,322	(442,383)	2,382,939	2,702,407

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31

	2003	2002
	\$	\$
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of Expenses Over Revenues for the year	(319,468)	(502,502)
Items Not Involving Cash		
Depreciation	2,372,631	2,227,524
Gain on Sale of Capital Assets	(9,778)	(4,753)
Amortization of Deferred Contributions	(1,935,774)	(1,970,857)
	107,611	(250,588)
Changes in		
Accounts Receivable	(193,582)	830,103
Inventories	5,957	41,985
Prepaid Expenses	(36,630)	(6,647)
Accounts Payable and Accruals	105,738	446,474
Employee Future Benefits	13,267	15,000
	2,361	1,076,327
FINANCING ACTIVITIES		
Note Payable From the Collingwood General & Marine Hospital Foundation	-	(853,972)
Deferred Contributions	616,807	3,701,781
Accounts payable for Capital Acquisitions	(13,203)	(17,827)
	603,604	2,829,982
INVESTING ACTIVITIES		
Capital Asset Acquisitions	(896,978)	(3,113,135)
Proceeds From Sale of Capital Assets	10,802	38,111
	(886,176)	(3,075,024)
CHANGE IN CASH POSITION DURING THE YEAR	(280,211)	831,285
Cash Position, Beginning of Year	1,439,698	608,413
CASH POSITION END OF YEAR	1,159,487	1,439,698

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2003

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 \$10,365 held in trust for an employee.

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2003

4. CAPITAL

	2003	2002
	\$	\$
COST		
Land and Improvements	692,990	692,990
Buildings	21,192,576	21,122,452
Equipment and Furnishings	18,074,762	17,642,786
Construction in Progress	9,173	63,112
	39,969,501	39,521,340
 ACCUMULATED DEPRECIATION		
Land Improvements	327,677	288,914
Buildings	2,252,001	1,821,142
Equipment and Furnishings	11,233,587	9,778,372
	13,813,266	11,888,428
	26,156,235	27,632,912

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:

	2003	2002
	\$	\$
Balance, Beginning of Year	24,649,880	22,918,956
Donations From the Collingwood General & Marine Hospital Foundation and Hospital Staff	524,682	3,439,133
Government Grants	92,125	262,648
Amortization of Deferred Contributions	(1,935,774)	(1,970,857)
	23,330,913	24,649,880
	23,330,913	24,649,880

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2003

6. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2003	2002
	\$	\$
Capital assets	26,156,235	27,632,912
Deferred contributions related to capital assets	(23,330,913)	(24,649,880)
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Total net capital assets	2,825,322	2,983,032
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Investment in capital assets is reconciled as follows:

	2003
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	886,176
Government grants received and receivable	(92,125)
Donations from the Collingwood General & Marine Hospital Foundation	(524,682)
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Total investment in capital assets during the year	269,369
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7. RELATED PARTY

The Collingwood General & Marine Hospital Foundation (the 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, 2003

7. RELATED PARTY (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, 2002 and 2001 and for the years then ended are as follows:

	2002 \$	2001 \$
		(Restated)
Financial position		
Total assets	5,638,434	5,279,492
Total liabilities	<u>661,275</u>	<u>535,670</u>
Total net assets	<u>4,977,159</u>	<u>4,743,822</u>
Results of operations		
Total revenues	1,107,689	1,674,878
Total expenses	<u>320,110</u>	<u>406,983</u>
Excess of revenues over expenses	<u>787,579</u>	<u>1,267,899</u>
Cash flows		
Cash from operations	825,972	1,282,545
Cash used in investing and financing activities	<u>(2,129,366)</u>	<u>(2,023,285)</u>
Change in cash	<u>(1,303,394)</u>	<u>(740,740)</u>

Accounts receivable includes \$18,256 (2002 – \$533,018) from the Collingwood General & Marine Hospital Foundation.

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.

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2003

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 \$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, 2003, the Hospital's accrued benefit obligation relating to post-retirement benefits is \$300,000 (previous year \$300,700). This obligation is unfunded. The Hospital's accrued benefit liability included on the Balance Sheet at March 31, 2003 is \$249,671 (previous year \$236,404).

The significant actuarial assumptions 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 2002/2003 includes \$30,500 for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$17,233 were made for retired employees.

10. LABOUR NEGOTIATIONS

The Ontario Hospital Association is currently negotiating with certain unions on behalf of a number of hospitals within the Province of Ontario. The contracts expired March 31, 2002. Management's best estimate of the settlement has been accrued in these financial statements. Any variance between the accrual and the actual settlement will be accounted for in the year the negotiations are completed.

11. 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.

12. COMPARATIVE INFORMATION

Comparative figures on the balance sheet have been reclassified to conform to the current year's presentation.

See accompanying notes to the financial statements

COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2003	2002
	\$	\$
Salaries and Wages	13,037,729	12,449,966
Medical Staff Remuneration	1,568,034	1,266,543
Employee Benefits	2,738,534	2,319,794
Supplies and Other	3,901,946	3,562,997
Medical and Surgical Supplies	1,168,011	1,116,190
Drugs and Gases	652,580	562,832
Bad Debts	27,522	12,394
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	23,094,356	21,290,716
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See accompanying notes to the financial statements