

**COLLINGWOOD  
GENERAL AND MARINE HOSPITAL  
FINANCIAL STATEMENTS  
MARCH 31, 2002**

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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, 2002, 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, 2002 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, 2002

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## BALANCE SHEET AS AT MARCH 31

	2002 \$	2001 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	1,439,698	608,413
Accounts Receivable (Note 6)	1,151,963	1,082,066
Inventories	114,108	156,093
Prepaid Expenses	72,130	65,483
Pledges Receivable	-	900,000
Total Current Assets	2,777,899	2,812,055
CAPITAL (Note 3)	27,632,912	26,780,659
	30,410,811	29,592,714
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts Payable and Accruals	2,893,524	2,464,877
Note Payable to the Collingwood General & Marine Hospital Foundation (Note 6)	-	853,972
Total Current Liabilities	2,893,524	3,318,849
EMPLOYEE FUTURE BENEFITS (Note 8)	165,000	150,000
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)	24,649,880	22,918,956
<b>NET ASSETS</b>		
Invested in Capital Assets (Note 5)	2,983,032	3,007,731
Unrestricted	(280,625)	197,178
Total Net Assets	2,702,407	3,204,909
	30,410,811	29,592,714
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

	2002 \$	2001 \$
<b>REVENUES</b>		
Patient Services - Ministry of Health	17,347,433	16,311,994
- Non-Ministry	2,176,504	1,883,516
Inpatient Services	134,853	149,646
Differential Accommodation	491,371	405,654
Dietary Recoveries, Ambulance, Investment and Other Income	872,345	707,912
	21,022,506	19,458,722
<b>EXPENSES</b> (Schedule 1)	21,290,716	19,263,204
<b>Excess of (Expenses Over Operating Revenues) Operating Revenues Over Expenses Before Other Revenues and Expenses, and Restructuring</b>	(268,210)	195,518
<b>OTHER REVENUES AND EXPENSES</b>		
Hospital On Call Program Revenue	401,461	-
Hospital On Call Program Expense	(401,461)	-
Other Votes and Programs Revenues	837,213	685,346
Other Votes and Programs Expense	(786,737)	(696,061)
	50,476	(10,715)
<b>RESTRUCTURING</b> (Note 7)		
Funding	59,246	89,394
Expense	(92,100)	(67,620)
	(32,854)	21,774
<b>Net Operating Revenue</b>	(250,588)	206,577
<b>REVENUE AND EXPENSE FROM CAPITAL OPERATIONS</b>		
Gain on Disposal of Capital Assets	4,753	7,104
Amortization of Deferred Contributions – Shareable	1,438,085	885,302
Depreciation – Shareable	(1,668,844)	(1,081,518)
Amortization of Deferred Contributions - Non-Shareable	532,772	501,077
Depreciation - Non-Shareable	(558,680)	(522,358)
	(251,914)	(210,393)
<b>EXCESS OF EXPENSES OVER REVENUES FOR THE YEAR</b>	(502,502)	(3,816)

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	2002 Total	2001 Total
	\$	\$	\$	\$
<b>BALANCE, Beginning of Year</b>	3,007,731	197,178	3,204,909	3,208,725
Excess of Expenses Over Revenues	(251,914)	(250,588)	(502,502)	(3,816)
Investment in Capital Assets (Note 5)	227,215	(227,215)	-	-
<b>BALANCE, End of Year</b>	<u>2,983,032</u>	<u>(280,625)</u>	<u>2,702,407</u>	<u>3,204,909</u>

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2002 \$	2001 \$
<b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>		
Excess of Expenses Over Revenues for the year	(502,502)	(3,816)
Items Not Involving Cash		
Depreciation	2,227,524	1,603,876
Gain on Disposal of Capital Assets	(4,753)	(7,104)
Amortization of Deferred Contributions	(1,970,857)	(1,386,379)
	(250,588)	206,577
Changes in		
Accounts Receivable	830,103	(109,312)
Inventories	41,985	(6,229)
Prepaid Expenses	(6,647)	9,819
Accounts Payable and Accruals	-461,474	(257,816)
	1,076,327	(156,961)
<b>FINANCING ACTIVITIES</b>		
Note Payable From the Collingwood General & Marine Hospital Foundation	(853,972)	(422,127)
Deferred Contributions	3,701,781	3,469,449
Accounts Payable for Capital Acquisitions	(17,827)	(364,227)
	2,829,982	2,683,095
<b>INVESTING ACTIVITIES</b>		
Capital Asset Acquisitions	(3,113,135)	(2,904,697)
Proceeds From Sale of Capital Assets	38,111	7,743
	(3,075,024)	(2,896,954)
<b>CHANGE IN CASH POSITION DURING THE YEAR</b>	831,285	(370,820)
Cash Position, Beginning of Year	608,413	979,233
<b>CASH POSITION, END OF YEAR</b>	1,439,698	608,413

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, 2002

### 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, 2002

### 3. CAPITAL

	2002	2001
	\$	\$
<b>COST</b>		
Land and Improvements	692,990	562,162
Buildings	21,122,452	20,162,584
Equipment and Furnishings	17,642,786	15,443,845
Construction in Progress	63,112	380,843
	<b>39,521,340</b>	<b>36,549,434</b>
<b>ACCUMULATED DEPRECIATION</b>		
Land Improvements	288,914	249,160
Buildings	1,821,142	1,392,530
Equipment and Furnishings	9,778,372	8,127,085
	<b>11,888,428</b>	<b>9,768,775</b>
	<b>27,632,912</b>	<b>26,780,659</b>

### 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:

	2002	2001
	\$	\$
Balance, Beginning of Year	22,918,956	22,597,016
Donations From the Collingwood General & Marine		
Hospital Foundation and Hospital Staff	3,439,133	1,013,487
Government Grants	262,648	724,869
Interest Repaid	-	(30,037)
Amortization of Deferred Contributions	(1,970,857)	(1,386,379)
	<b>24,649,880</b>	<b>22,918,956</b>
	<b>24,649,880</b>	<b>22,918,956</b>



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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2002

### 5. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2002	2001
	\$	\$
Capital assets	27,632,912	26,780,659
Deferred contributions related to capital assets	(24,649,880)	(22,918,956)
Note payable to the Collingwood General & Marine Hospital Foundation	-	(853,972)
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Total net assets	2,983,032	3,007,731
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Investment in capital assets is reconciled as follows:

	2002
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	3,075,024
Government grants received and receivable	(262,648)
Donations from the Collingwood General & Marine Hospital Foundation	(3,439,133)
Loan repaid to the Collingwood General & Marine Hospital Foundation	853,972
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Total investment in capital assets during the year	227,215
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### 6. 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.

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2002

### 6. 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, 2001 and 2000 and for the years then ended are as follows:

	2001	2000
	\$	\$
Financial position		
Total assets	7,091,847	8,751,961
Total liabilities	<u>535,669</u>	<u>197,669</u>
Total net assets	<u>6,556,178</u>	<u>8,554,292</u>
Results of operations		
Total revenues	1,851,134	3,513,325
Total expenses	<u>446,728</u>	<u>791,153</u>
Excess of revenues over expenses	<u>1,404,406</u>	<u>2,722,172</u>
Cash flows		
Cash from operations	1,282,545	906,167
Cash used in investing and financing activities	<u>(2,023,285)</u>	<u>(1,210,220)</u>
Change in cash	<u>(740,740)</u>	<u>(304,053)</u>

Accounts receivable includes \$533,018 (2001 – \$21,110) from the Collingwood General & Marine Hospital Foundation.

### 7. 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, 2002

### 8. 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 the Hospital cannot be identified. The HOOPP plan has several unrelated participating hospitals and costs are not specifically attributed to each participant.

In addition, the Collingwood General and Marine Hospital pays certain benefits on behalf of its retired employees. The Hospital recognizes these post-retirement costs in the period in which the employees rendered the services.

Information about the Collingwood General and Marine Hospital's benefit plan is as follows:

	\$
Accrued benefit liability at March 31, 2001	150,000
Expense for the year April 1, 2001 to March 31, 2002	<u>15,000</u>
Accrued benefit liability at March 31, 2002	<u>165,000</u>

### 9. FINANCIAL INSTRUMENTS

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

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# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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## EXPENSES SCHEDULE 1 FOR THE YEAR ENDED MARCH 31

	2002	2001
	\$	\$
Salaries and Wages	12,449,966	11,903,656
Medical Staff Remuneration	1,266,543	841,623
Employee Benefits	2,319,794	1,815,583
Supplies and Other	3,562,997	3,171,898
Medical and Surgical Supplies	1,116,190	1,006,309
Drugs and Gases	562,832	516,110
Bad Debts	12,394	8,025
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	21,290,716	19,263,204

See accompanying notes to the financial statements