

**COLLINGWOOD  
GENERAL AND MARINE HOSPITAL  
FINANCIAL STATEMENTS  
MARCH 31, 2001**

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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, 2001, 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 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, 2001 and the results of its operations and the changes in its net assets and cash flows for the year then ended in accordance with generally accepted accounting principles.

  
**Gaviller & Company LLP**

Chartered Accountants  
Collingwood, Ontario  
May 16, 2001

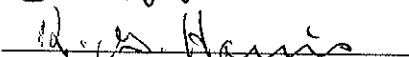
# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## BALANCE SHEET AS AT MARCH 31

	2001 \$	2000 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	608,413	979,233
Accounts receivable (Note 6)	1,082,066	1,733,884
Inventories	156,093	149,864
Prepaid expenses	65,483	75,302
Current portion of pledges receivable	<u>900,000</u>	<u>1,000,000</u>
	2,812,055	3,938,283
<b>CAPITAL (Note 3)</b>	<b>26,780,659</b>	<b>25,480,481</b>
<b>PLEDGE RECEIVABLE - County of Simcoe</b>	<u>-</u>	<u>900,000</u>
	<u><b>29,592,714</b></u>	<u><b>30,318,764</b></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accruals	2,464,877	3,236,924
Note payable to the Collingwood General & Marine Hospital Foundation (Note 6)	<u>853,972</u>	<u>1,276,099</u>
Total liabilities	<u><b>3,318,849</b></u>	<u><b>4,513,023</b></u>
<b>EMPLOYEE FUTURE BENEFITS (Note 9)</b>	<u><b>150,000</b></u>	<u>-</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 4)</b>	<u><b>22,918,956</b></u>	<u><b>22,597,016</b></u>
<b>NET ASSETS</b>		
Invested in capital assets (Note 5)	3,007,731	1,607,366
Unrestricted	<u>197,178</u>	<u>1,601,359</u>
Total net assets	<u><b>3,204,909</b></u>	<u><b>3,208,725</b></u>
	<u><b>29,592,714</b></u>	<u><b>30,318,764</b></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

	2001	2000
	\$	\$
<b>REVENUES</b>		
Patient services - Ministry of Health	16,311,994	13,996,310
- Non-Ministry	1,883,516	1,655,077
Inpatient services	149,646	125,991
Differential accommodation	405,654	286,000
Dietary recoveries, ambulance, investment and other income	707,912	715,748
	19,458,722	16,779,126
<b>EXPENSES (Schedule 1)</b>	19,263,204	16,597,157
<b>Excess of operating revenues over expenses before other revenues and expenses, and restructuring</b>	195,518	181,969
<b>OTHER REVENUES AND EXPENSES</b>		
Other votes and programs revenues	685,346	608,921
Other votes and programs expense	(696,061)	(640,745)
	(10,715)	(31,824)
<b>RESTRUCTURING (Note 7)</b>		
Funding	89,394	66,405
Expense	(67,620)	(184,662)
	21,774	(118,257)
<b>Net operating revenue</b>	206,577	31,888
<b>REVENUE AND EXPENSE FROM CAPITAL OPERATIONS</b>		
Gain (loss) on disposal of capital assets	7,104	(49,552)
Amortization of deferred contributions - shareable	885,302	823,652
Depreciation - shareable	(1,081,518)	(932,727)
Amortization of deferred contributions - non-shareable	501,077	473,218
Depreciation - non-shareable	(522,358)	(416,156)
<b>Excess of expenses over revenues from capital operations</b>	(210,393)	(101,565)
<b>EXCESS OF (EXPENSES OVER REVENUES) FOR THE YEAR</b>	(3,816)	(69,677)

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	2001 Total	2000 Total
	\$	\$	\$	\$
<b>BALANCE, beginning of year</b>	1,607,366	1,601,359	3,208,725	3,278,402
Excess of revenues over expenses (expenses over revenues)	(210,393)	206,577	(3,816)	(69,677)
Investment in capital assets (Note 5)	1,610,758	(1,610,758)	-	-
<b>BALANCE, end of year</b>	<u>3,007,731</u>	<u>197,178</u>	<u>3,204,909</u>	<u>3,208,725</u>

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2001	2000
	\$	\$
<b>CASH FLOWS FROM (FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenues for the year	(3,816)	(69,677)
Items not involving cash		
Depreciation	1,603,876	1,348,883
Loss (gain) on sale of capital assets	(7,104)	53,154
Amortization of deferred contributions	(1,386,379)	(1,296,870)
	206,577	35,490
Changes in		
Accounts receivable	(109,312)	1,061,708
Inventories	(6,229)	(37,405)
Prepaid expenses	9,819	(36,584)
Accounts payable and accruals	(257,816)	491,832
	(156,961)	1,515,041
<b>FINANCING ACTIVITIES</b>		
Note payable from the Collingwood General & Marine Hospital Foundation	(422,127)	-
Deferred contributions	3,469,449	2,205,253
Accounts payable for capital acquisitions	(364,227)	(1,923,995)
	2,683,095	281,258
<b>INVESTING ACTIVITIES</b>		
Capital asset acquisitions	(2,904,697)	(2,557,727)
Proceeds from sale of capital assets	7,743	506
	(2,896,954)	(2,557,221)
<b>CHANGE IN CASH POSITION DURING THE YEAR</b>	(370,820)	(760,922)
Cash position, beginning of year	979,233	1,740,155
<b>CASH POSITION, END OF YEAR</b>	608,413	979,233

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, 2001

### 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 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, 2001

### 3. CAPITAL

	2001	2000
	\$	\$
<b>COST</b>		
Land and improvements	562,162	523,035
Buildings	20,162,584	20,149,703
Equipment and furnishings	15,443,845	13,350,078
Construction in progress	380,843	-
	<b>36,549,434</b>	<b>34,022,816</b>
 <b>ACCUMULATED DEPRECIATION</b>		
Land improvements	249,160	223,491
Buildings	1,392,530	988,005
Equipment and furnishings	8,127,085	7,330,839
	<b>9,768,775</b>	<b>8,542,335</b>
	<b>26,780,659</b>	<b>25,480,481</b>

Included in equipment and furnishings is \$1,139,778 of equipment not operational at March 31, 2001 that was not depreciated in the year.

### 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:

	2001	2000
	\$	\$
Balance, beginning of year	22,597,016	22,385,900
Donations from the Collingwood General & Marine Hospital Foundation and hospital staff	1,013,487	1,071,185
Government grants	724,869	436,595
Interest earned (repaid)	(30,037)	206
Amortization of deferred contributions	(1,386,379)	(1,296,870)
Balance, end of year	<b>22,918,956</b>	<b>22,597,016</b>



# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2001

### 5. NET ASSETS INVESTED IN CAPITAL ASSETS

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

	2001	2000
	\$	\$
Capital assets	26,780,659	25,480,481
Deferred contributions related to capital assets	(22,918,956)	(22,597,016)
Note payable to the Collingwood General & Marine Hospital Foundation	(853,972)	(1,276,099)
Total net assets	<u>3,007,731</u>	<u>1,607,366</u>

Investment in capital assets is reconciled as follows:

	2001
	\$
Purchases of capital assets, net of proceeds on sale of capital assets	2,896,950
Government grants received and receivable	(724,869)
Donations from the Collingwood General & Marine Hospital Foundation	(1,013,487)
Interest earned on grants	30,037
Loan repaid to the Collingwood General & Marine Hospital Foundation	<u>422,127</u>
Total investment in capital assets during the year	<u>1,610,758</u>

### 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.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2001

### 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, 2000 and 1999 and for the years then ended are as follows:

	2000	1999
	\$	\$
Financial position		
Total assets	8,751,961	8,031,578
Total liabilities	197,669	1,126,001
Total net assets	<u>8,554,292</u>	<u>6,905,577</u>
Results of operations		
Total revenues	3,513,325	1,564,339
Total expenses	791,153	473,372
Excess of revenues over expenses	<u>2,722,172</u>	<u>1,090,967</u>
Cash flows		
Cash from operations	906,167	1,404,607
Cash used in investing and financing activities	(1,210,220)	(595,867)
Change in cash	<u>(304,053)</u>	<u>808,740</u>

Accounts receivable includes \$21,110 (2000 – \$1,082,062) from the Collingwood General & Marine Hospital Foundation.

The note payable to the Foundation is non-interest bearing and is expected to be repaid during the year.

### 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.

### 8. SALARY DISCLOSURE

The Public Sector Salary Disclosure Act, 1996, requires disclosure of any employees who were paid a salary of \$100,000 or more. The Hospital had one such employee for the calendar year ended December 31, 2000.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2001

### 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 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. Effective April 1, 2000, the Hospital has adopted The Canadian Institute of Chartered Accountants new accounting standards for employee future benefits. The Hospital recognizes these post-retirement costs in the period in which the employees rendered the services.

The change in accounting policy was applied prospectively. The accrued benefit liability and related expense, which is included in salaries and wages, at March 31, 2001 of \$150,000 was determined by actuarial estimate using a discount rate of 6.5% per annum. An undetermined amount of this expense related to prior years.

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

Accrued benefit liability recognized in the balance sheet	\$
and expense for the period April 1, 2000 to March 31, 2001	150,000

The main actuarial assumptions employed for the valuations are as follows:

- (a) General inflation  
Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 3.0% in 2000 and thereafter.
- (b) Interest (discount) rate  
The obligation as at March 31, 2001, of the present value of future liabilities was determined using a discount rate of 6.5%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.5%.

### 10. COMMITMENTS

The Hospital has committed to the purchase of equipment with a total cost of \$1,948,988. At the year end the installation of the equipment was not completed. Capital assets include \$974,494 of costs related to this equipment. The remaining costs of \$974,494 will be paid when the equipment is tested and operational. The purchase will be funded by the Foundation.

### 11. 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**

	2001	2000
	\$	\$
Salaries and wages (Note 9)	11,903,656	10,435,810
Medical staff remuneration	841,623	735,201
Employee benefits	1,815,583	1,374,880
Supplies and other	3,171,898	2,630,776
Medical and surgical supplies	1,006,309	877,713
Drugs and gases	516,110	501,236
Bad debt	8,025	41,541
	<u>19,263,204</u>	<u>16,597,157</u>

See accompanying notes to the financial statements