

**COLLINGWOOD  
GENERAL AND MARINE HOSPITAL  
FINANCIAL STATEMENTS  
MARCH 31, 2016**

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## Independent Auditor's Report

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### To the Members of Collingwood General and Marine Hospital

We have audited the accompanying financial statements of Collingwood General and Marine Hospital, which comprise the balance sheet as at March 31, 2016, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Collingwood General and Marine Hospital as at March 31, 2016 and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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*BDO Canada LLP*

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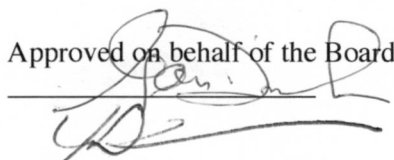
Chartered Professional Accountants, Licensed Public Accountants  
Owen Sound, Ontario  
May 25, 2016

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## BALANCE SHEET AT MARCH 31

	March 31, 2016 \$	March 31, 2015 \$
<b>ASSETS</b>		
CURRENT		
Cash	9,262	1,343,450
Accounts Receivable	2,048,742	2,595,090
Current Portion of Long-Term Receivable	231,965	222,751
Inventories (Note 4)	203,805	199,906
Prepaid Expenses	646,934	451,518
Total Current Assets	3,140,708	4,812,715
ACCOUNTS RECEIVABLE-LONG TERM (Note 3)	171,616	403,918
CAPITAL ASSETS (Note 5)	26,549,383	25,263,540
	29,861,707	30,480,173
<b>LIABILITIES</b>		
CURRENT		
Short Term Bank Loan	1,425,285	1,425,285
Operating Line of Credit	1,690,007	-
Current Portion of Capital Lease	98,456	-
Accounts Payable and Accrued Liabilities	6,173,128	7,063,467
Total Current Liabilities	9,386,876	8,488,752
EMPLOYEE FUTURE BENEFITS (Note 8)	2,631,648	2,440,612
CAPITAL EQUIPMENT LEASE -LONG TERM (Note 16)	378,154	-
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	22,642,273	23,097,540
<b>NET ASSETS</b>	(5,177,244)	(3,546,731)
	29,861,707	30,480,173

Approved on behalf of the Board:



See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	2016	2015
	\$	\$
<b>REVENUES</b>		
MOHLTC/NSM LHIN - Base	16,932,818	17,480,052
- HBAM	12,319,374	12,272,434
- QBP	6,312,389	5,836,133
- Other	4,152,900	3,533,165
Patient Services	9,369,363	9,311,540
Marketed Services	888,710	907,234
Other	894,709	1,054,299
Amortization of Deferred Contributions - Equipment	1,892,704	1,887,202
	<b>52,762,967</b>	<b>52,282,059</b>
<b>EXPENSES</b>		
Salaries and Wages	25,004,015	25,009,333
Medical Staff Remuneration	7,769,025	7,707,202
Employee Benefits	7,096,442	7,105,135
Supplies and Other	8,002,696	7,382,627
Medical and Surgical Supplies	3,266,856	3,084,424
Drugs and Gases	1,119,028	1,106,939
Amortization of Equipment	2,064,070	1,970,113
	<b>54,322,132</b>	<b>53,365,773</b>
<b>Deficiency of revenue over expenses before other votes &amp; programs</b>	<b>(1,559,165)</b>	<b>(1,083,714)</b>
<b>OTHER VOTES AND PROGRAMS (Note 11)</b>		
Revenue	1,971,742	1,799,905
Expense	(1,971,742)	(1,799,905)
Net Other Votes and Programs	-	-
<b>Net Operating Loss</b>	<b>(1,559,165)</b>	<b>(1,083,714)</b>
<b>BUILDING AND LAND IMPROVEMENTS</b>		
Amortization of Deferred Contributions	724,853	771,380
Amortization of Building and Equipment	(796,201)	(782,794)
Net Amortization	<b>(71,348)</b>	<b>(11,414)</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>(1,630,513)</b>	<b>(1,095,128)</b>

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	<b>2016</b>	2015
	<b>Total</b>	Total
	\$	\$
BALANCE, Beginning of Year	<b>(3,546,731)</b>	(2,451,603)
Excess (deficiency) of revenue over expenses	<b>(1,630,513)</b>	(1,095,128)
<b>BALANCE, End of Year</b>	<b><u>(5,177,244)</u></b>	<u>(3,546,731)</u>

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

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

	2016	2015
	\$	\$
<b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES</b>		
Deficiency of Revenue Over Expenses for the year	(1,630,513)	(1,095,128)
Items Not Involving Cash		
Amortization of Capital Assets	2,860,271	2,752,907
Amortization of Deferred Contributions	(2,617,557)	(2,658,582)
	(1,387,799)	(1,000,803)
Changes in		
Accounts Receivable	1,719,090	1,378,195
Inventories	(3,899)	49,620
Prepaid Expenses	(195,416)	10,504
Accounts Payable and Accruals	(518,786)	263,255
Employee Future Benefits	191,036	165,828
	(195,774)	866,599
<b>FINANCING ACTIVITIES</b>		
Deferred Contributions	2,162,290	2,686,153
Short Term Bank Loan	-	(672,989)
Operating Line of Credit	1,690,007	-
	3,852,297	2,013,164
<b>CAPITAL ACTIVITIES</b>		
Tangible Capital Asset Acquisitions	(3,678,667)	(2,239,720)
Non-Tangible Capital Asset Acquisitions	(469,485)	(360,646)
Proceeds From Sale of Capital Assets	2,038	(4,250)
Accounts Receivable for Capital Asset Acquisitions	(949,654)	(480,790)
Accounts Payable for Capital Asset Acquisitions	(273,097)	406,629
Capital Lease – Long Term Portion	378,154	-
	(4,990,711)	(2,678,777)
<b>CHANGE IN CASH POSITION DURING THE YEAR</b>	(1,334,188)	200,986
Cash Position, Beginning of Year	1,343,450	1,142,464
<b>CASH POSITION END OF YEAR</b>	9,262	1,343,450

See accompanying notes to the financial statements

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 1. PURPOSE OF THE ORGANIZATION

Collingwood General and Marine Hospital (the “Hospital”) 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. The Hospital receives the majority of its operating revenue from the Ontario Ministry of Health and Long-Term Care (the “Ministry”) in amounts determined by the Ministry’s annual review and approval process. The hospital is exempt from income taxes under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hospital are the representations of management prepared in accordance with Government-Not-for-Profit (GNFPO) accounting standards established by the PSAB. The Hospital has chosen the option to adopt PSAB accounting standards with the PS4200 series of standards specific for GNFPOs.

The focus of PSAB financial statements is on the financial position of the Hospital and the changes thereto. The statement of financial position (or balance sheet) includes all of the assets and liabilities of the Hospital. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net Assets represent the financial position and is the difference between assets and liabilities. This provides information about the Hospital’s overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Hospital are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of an obligation to pay. The Hospital follows the accounting guidelines as set by the Ontario Ministry of Health and Long-term Care and the PSAB accounting standards.

(b) Financial instruments

*Financial instruments*

The Hospital initially measures its financial assets and liabilities at fair value. The Hospital subsequently measures all its financial assets and financial liabilities at amortized costs, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized. A loss or gain is recognized in the statement of operations when an instrument is derecognized. Financial assets measured at amortized cost include cash, accounts receivable and long-term accounts receivable. Financial liabilities measured at amortized cost include the bank loan and accounts payable.



# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Transaction costs*

The Hospital recognizes its transaction costs in net income in the period incurred except for financial instruments that will not be subsequently measured at fair value. The carrying amounts of these instruments are adjusted by the transaction costs that are directly attributable to their issuance.

For secured lines of credit annual transaction costs are treated as prepaid expenses and amortized over a one year period. Non-recurring costs to initiate a line of credit are expensed as incurred.

#### (c) Cash and investments

Cash and investments include cash on hand, deposits with banks and other highly liquid investments recorded at fair market value.

#### (d) Capital assets

Tangible capital assets are recorded at cost. Tangible capital assets are amortized on a straight line basis over their estimated useful life using rates established by management information system guidelines as approved by the Ministry of Health, ranging from 2% to 33% per annum.

Intangible assets include externally acquired computer software and are stated at cost. Amortization at the rate of 33% per annum is provided on a straight-line basis over their estimated useful service lives established by management information system guidelines as approved by the Ministry of Health.

#### (e) Leased tangible capital assets

A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executor costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the organization's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized on a straight-line basis over the term of the lease.

#### (f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in, first out method.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Revenue recognition

The Hospital follows the deferral method of accounting for contributions, which includes donations and government grants.

Under the health Insurance Act and Regulations thereto, the Hospital is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ministry of Health and Long-Term Care (MOHLTC), and the North Simcoe Muskoka Local Health Integration Network (LHIN). The Hospital has entered into a Hospital Service Accountability Agreement (the H-SAA) for fiscal 2016 with the Ministry and LHIN that sets out the rights and obligations of the parties to the H-SAA in respect of funding provided to the Hospital by the Ministry/LHIN. The H-SAA also sets out the performance standards and obligations of the Hospital that establish acceptable results for the Hospital's performance in a number of areas.

If the Hospital does not meet its performance standards or obligations, the Ministry/LHIN has the right to adjust funding received by the Hospital. The Ministry/LHIN is not required to communicate certain funding adjustments until after the submission of year end data. Since this data is not submitted until after the completion of the financial statements, the amount of Ministry/LHIN funding received by the Hospital during the year may be increased or decreased subsequent to year end.

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Restricted contributions for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Amortization of buildings is not funded by the LHIN and accordingly the amortization of the buildings has been reflected as an undernoted item in the statement of operations with the corresponding realization of revenues for deferred contributions.

#### (h) Contributed services

The Hospital receives volunteer services from many individuals. Since these services are not normally purchased by the Hospital and because of the difficulty in estimating their fair market value, these services are not recorded in these financial statements.

#### (i) Allocation of expenses

The Hospital allocates general administration costs to the Mental Health program. Of the total costs of \$5,443,012 (2015 - \$4,995,956) an allocation of \$54,750 (2015 - \$35,150) was made. The allocation is calculated from a base amount plus any additional direct expenditure.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions. These may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Employee future benefits and the useful life of tangible capital assets are significant areas where estimates are used. An actuarial report is completed to provide measurement of the estimate of employee future benefits.

(k) Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. No contaminated sites have been identified at the hospital.

### 3. ACCOUNTS RECEIVABLE LONG-TERM

The Hospital has a long-term receivable from the County of Simcoe for the county portion of redevelopment funds for the Clinical Redevelopment Project. There are no fixed terms of repayment. Payments vary from year to year depending upon projects funded within the County. The final payment will be made in 2016.

### 4. INVENTORIES

Inventories consist of:

	2016	2015
	\$	\$
Gift Shop	58,122	49,149
Drugs	127,263	135,838
Other	18,420	14,919
	<u>203,805</u>	<u>199,906</u>

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 5. CAPITAL ASSETS

	2016	2015
<b>COST</b>	<b>\$</b>	<b>\$</b>
Land and Improvements	1,352,379	1,040,441
Buildings	26,237,038	26,235,994
Equipment and Furnishings	23,653,743	22,564,637
Software	2,862,117	2,392,632
Capital Equipment Lease	509,429	-
Construction in Progress	937,692	321,269
	<b>55,552,398</b>	<b>52,554,973</b>
 <b>ACCUMULATED DEPRECIATION</b>		
Land Improvements	394,456	339,080
Buildings	9,149,952	8,507,272
Equipment and Furnishings	17,204,822	16,446,992
Software	2,219,823	1,998,089
Capital Equipment Lease	33,962	-
	<b>29,003,015</b>	<b>27,291,433</b>
	<b>26,549,383</b>	<b>25,263,540</b>

Assets included in Construction in Progress are not amortized until available for use.

### 6. BANK LOAN

As of March 31, 2016, the Hospital has accessed \$1,425,285 of the maximum \$3.0 million line of credit available relative to the New Age of Care Campaign (\$2,000,000), the Clinical Redevelopment Project Phase 1 (\$400,000) and the Redevelopment Project Planning Phase (\$600,000). Interest is paid monthly at the rate of Prime minus .65%, balance due by December 31, 2016.

The Hospital also has a maximum \$3.0 million line of credit relative to general operating requirements. As of March 31, 2016, \$1,680,744 of this operating line has been accessed.

### 7. EMPLOYEE PENSION PLAN

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 \$2,033,327 (2015 - \$1,945,027) to the HOOPP plan.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 7. EMPLOYEE PENSION PLAN (CONTINUED)

HOOPP is a multiemployer plan, therefore any pension plan surpluses or deficits are a joint responsibility of participating hospitals in Ontario and their employees. As a result, the Hospital does not recognize any share of the HOOPP pension surplus or deficit. The plan has reported a \$14.7 billion actuarial surplus at the end of December 2015 (2014 - \$13.9 billion surplus), based on actuarial liabilities of \$49.2 billion (2014 - \$46.9 billion) and actuarial net assets of \$63.9 billion (2014 - \$60.8 billion).

### 8. EMPLOYEE FUTURE BENEFITS

The Hospital provides extended health care, dental benefits and life insurance to substantially all full-time employees from retirement to age 65. At March 31, 2016, the Hospital's future benefit obligation relating to post-retirement benefits using assumptions detailed in the actuarial valuation update dated March 31, 2014 is \$2,333,530 (2015 - \$2,289,400). The portion of this benefit obligation included on the Balance Sheet at March 31, 2016 is \$2,631,648 (2015 - \$2,440,612). 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. This liability is not funded and there are no plan assets.

The significant actuarial assumptions included in the actuarial report dated March 31, 2014 and adopted in estimating the Hospital's accrued benefit obligation are as follows:

Discount Rate	4.0%
Dental Benefits Cost Escalation	4.0%
Extended Health Care Cost Escalation	7.0% in 2015; decreasing by 0.25% per annum to an ultimate rate of 5.0%

Employee benefits expense for 2016 includes \$259,300 (2015 - \$230,200) for employee future benefits. During the year, actual payments for extended health care, dental and life insurance premiums of \$68,264 (2015 - \$64,372) were made for retired employees.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 8. EMPLOYEE FUTURE BENEFITS (CONTINUED)

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

	2016	2015
<b>ACCRUED BENEFIT OBLIGATION</b>	<b>\$</b>	<b>\$</b>
Balance beginning of period	2,240,612	2,179,600
Service cost for one year	123,200	132,100
Interest on the accrued benefit obligation	94,018	90,200
Expected benefit payments/contributions	(124,300)	(112,500)
	2,333,530	2,289,400
Unamortized net actuarial gain (loss)	298,118	151,212
	2,631,648	2,440,612
Accrued Benefit Liability, End of Period	2,631,648	2,440,612

### 9. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represent contributions restricted by the donors for the purchase of tangible capital assets. The changes in the deferred contributions balance for the period are as follows:

	2016	2015
	<b>\$</b>	<b>\$</b>
Balance, Beginning of Year	23,097,540	22,961,135
Donations From the Collingwood General & Marine Hospital Foundation	2,064,187	2,386,153
Donations – Other	-	108,834
Government Grants	98,103	300,000
Amortization of Deferred Contributions	(2,617,557)	(2,658,582)
	22,642,273	23,097,540
Balance, End of Year	22,642,273	23,097,540

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 10. MINISTRY OF HEALTH/PHYSICIAN AGREEMENTS

#### ALTERNATIVE FUNDING AGREEMENT

The Hospital has an agreement with the Emergency Physicians and the Ministry of Health for alternative funding for emergency services. The revenue and expenses included in the statement of operations are as follows:

	<b>2016</b>	2015
	\$	\$
Revenue – MOHLTC	<b>3,028,620</b>	3,025,658
Expenses - Physician Remuneration	<b>3,002,220</b>	2,999,258
- Other	-	-
AFA Contribution to Hospital	<b>26,400</b>	26,400

#### PHYSICIAN ON CALL COVERAGE

The Hospital has an agreement with the Ministry of Health for Physician on Call Coverage. The revenue and expenses included in the statement of operations are as follows:

	<b>2016</b>	2015
	\$	\$
Revenue – MOHLTC	<b>1,277,938</b>	1,277,937
Expenses - Physician Remuneration	<b>1,277,938</b>	1,277,937
HOCC Agreement Contribution (Deficit) to Hospital	-	-

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 11. OTHER VOTES & PROGRAMS – REVENUE AND EXPENSE

	2016	2015
	\$	\$
<b>REVENUE</b>		
Community Mental Health Programs	1,663,443	1,475,282
Psychogeriatric Program	302,149	318,473
Municipal Taxes	6,150	6,150
	1,971,742	1,799,905
<b>EXPENSE</b>		
Community Mental Health	1,137,245	1,043,455
Crisis Intervention	236,222	270,580
Case Management	289,976	161,247
Psychogeriatric Program	302,149	318,473
Municipal Taxes	6,150	6,150
	1,971,742	1,799,905
<b>NET OTHER VOTES AND PROGRAMS</b>	-	-

### 12. RELATED PARTY TRANSACTIONS

Accounts receivable includes \$472,531 (2015 – \$1,193,893) 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. Net resources of the Foundation must be provided to the Hospital or used for the Hospital's benefit according to the Foundation's bylaws. 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, 2016

### 12. 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 for the Foundation as at December 31, 2015 and 2014 are as follows:

	2015	2014
	\$	\$
Financial position		
Total assets	15,730,130	16,449,365
Total liabilities	<u>108,139</u>	<u>174,360</u>
Total net assets	<u><u>15,621,991</u></u>	<u><u>16,275,005</u></u>
Results of operations		
Total revenue	4,049,839	4,040,419
Total expenses	<u>1,018,687</u>	<u>893,932</u>
Excess of revenue over expenses	<u><u>3,031,152</u></u>	<u><u>3,146,487</u></u>
Cash flows		
Cash from operations	2,652,975	2,676,984
Cash used in investing and financing activities	<u>(3,296,752)</u>	<u>(2,198,669)</u>
Change in cash	<u><u>(643,777)</u></u>	<u><u>478,315</u></u>

### 13. COMMITMENTS

The Hospital, in its normal course of operations, has signed support and maintenance contracts with third parties to provide services to the Hospital.

The minimum payment for these contracts over the next five years is:

2017	\$354,761
2018	\$257,133
2019	\$145,450
2020	\$89,790
2021	\$75,130

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 14. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Hospital is exposed to various risks through its financial instruments. The following analysis provides a measure of the Hospital's risk exposure and concentrations as at March 31, 2016.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Hospital's main credit risk is related to accounts receivable. The Hospital provides services to patients which are not covered by Provincial health care plans. These amounts are collected from the individual patient or their insurance company. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$211,886 (2015 - \$262,084).

#### *Liquidity risk*

Liquidity risk is the risk that the Hospital will encounter difficulty in meeting obligations associated with financial liabilities. The Hospital is exposed to this risk mainly in respect of its bank loan and accounts payable. The Hospital expects to meet these obligations as they come due by generating sufficient cash flow from operations.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Hospital is mainly exposed to interest rate risk.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Hospital is exposed to interest rate risk on its variable long-term debt as described in Note 6.

### 15. CONTINGENCIES

In the ordinary course of business, various claims and lawsuits are brought against the Hospital. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

# COLLINGWOOD GENERAL AND MARINE HOSPITAL

## NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

### 16. OBLIGATIONS UNDER CAPITAL LEASES

	2016	2015
	\$	\$
Obligation under a capital lease for endoscopic equipment, monthly payments of \$8,205 with interest at the rate of 0%, maturing on January 31, 2021, secured by specific equipment.	<u>476,610</u>	-
	<u>476,610</u>	-

Future minimum lease payments under the capital lease for subsequent years are as follows:

2017	\$98,456
2018	\$98,456
2019	\$98,456
2020	\$98,456
2021	\$82,786

### 17. RECLASSIFICATION

Prior year numbers reclassified to conform to current year presentation.