
COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Collingwood General & Marine Hospital Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Collingwood General & Marine Hospital Foundation**, which comprise the balance sheet as at December 31, and the statements of operations and changes in fund balances and cash flow statement 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 generally accepted accounting principles, 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.

Auditors' 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 auditors' 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 foundation'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 foundation'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 qualified audit opinion.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

Basis for Qualified Opinion

In common with many charitable organizations, the foundation derives revenues from donations and fund raising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the foundation and we were not able to determine whether any adjustments might be necessary to donation and fund raising revenues, surplus for the year, assets and fund balances.

The foundation has chosen to present certain non-restricted donations received during the year as direct income of the Dr. A.R. Stephen Capital Fund, rather than as unrestricted donations of the General Fund. The donations were \$1,513,492. The Board has a policy to record these directly to the Dr. A.R. Stephen Capital Fund, rather than recording as an inter fund transfer. There would be no effect on the ending balance of the fund.

The foundation has not provided a reconciliation of the interfund balances and we were unable to obtain sufficient appropriate audit evidence regarding the individual fund balances. Consequently we were unable to determine whether any adjustments to the individual funds were necessary. We believe the total combined fund balances are fairly stated.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the **Collingwood General & Marine Hospital Foundation** as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

June 3, 2011

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

BALANCE SHEET AS AT DECEMBER 31

	General Fund	Dr. A. R. Stephen Capital Fund	Education Endowment Fund	Expansion Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash	939,210			407,705	1,346,915	1,219,228
Accounts receivable	16,580				16,580	8,627
Interest receivable				31,808	31,808	34,457
Prepaid expenses	61,451				61,451	5,519
	1,017,241	-	-	439,513	1,456,754	1,267,831
Long-term						
Investments (Note 3)		7,299,417	811,485		8,110,902	6,527,326
Investments (Schedule 1)				1,692,357	1,692,357	1,986,083
	-	7,299,417	811,485	1,692,357	9,803,259	8,513,409
Capital (Note 4)	24,219				24,219	27,241
	1,041,460	7,299,417	811,485	2,131,870	11,284,232	9,808,481

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

BALANCE SHEET AS AT DECEMBER 31

	General Fund	Dr. A. R. Stephen Capital Fund	Education Endowment Fund	Expansion Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$
Liabilities						
Current						
Due to (from) other funds	(144,184)	51,224	78,546	14,414	-	-
Accounts payable (Note 6)	142,908				142,908	318,899
Deferred revenue					-	121,510
	(1,276)	51,224	78,546	14,414	142,908	440,409
Fund Balances						
Externally restricted			732,939	2,117,456	2,850,395	3,416,233
Internally restricted		7,248,193			7,248,193	5,717,830
Unrestricted	1,018,517				1,018,517	206,768
Invested in capital assets	24,219				24,219	27,241
	1,042,736	7,248,193	732,939	2,117,456	11,141,324	9,368,072
	1,041,460	7,299,417	811,485	2,131,870	11,284,232	9,808,481

Approved on behalf of the Board:

_____ Director

_____ Director

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31

	General Fund	Dr. A. R. Stephen Capital Fund	Education Endowment Fund	Expansion Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$
Revenue						
Donations and fund raising	1,725,005	1,563,492		52,680	3,341,177	2,694,225
Investment income	6,245	183,244	23,016	84,004	296,509	278,087
Market value increase (decrease)		182,490	28,268		210,758	492,718
	1,731,250	1,929,226	51,284	136,684	3,848,444	3,465,030
Expenses (Schedule 2)	764,328	26,883	4,744	-	795,955	691,010
Surplus for the year	966,922	1,902,343	46,540	136,684	3,052,489	2,774,020
Fund balances, beginning of year	234,011	5,717,830	724,409	2,691,822	9,368,072	8,035,935
Donations to hospital (Schedule 3)	(158,197)	(371,980)	(38,010)	(711,050)	(1,279,237)	(1,441,883)
Interfund transfers (Note 5)						
Fund balances, end of year	1,042,736	7,248,193	732,939	2,117,456	11,141,324	9,368,072

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31

	General Fund	Dr. A. R. Stephen Capital Fund	Education Endowment Fund	Expansion Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$
Cash flows from (for):						
Operating activities						
Surplus for the year	966,922	1,902,343	46,540	136,684	3,052,489	2,774,018
Market value (increase)		(182,490)	(28,268)		(210,758)	(492,718)
Amortization	11,661				11,661	13,471
	978,583	1,719,853	18,272	136,684	2,853,392	2,294,771
Change in						
- Accounts receivable	(7,953)				(7,953)	(677)
- Interest receivable				2,649	2,649	4,694
- Prepaid expenses	(55,932)				(55,932)	(1,129)
- Accounts payable	(175,991)				(175,991)	(232,847)
- Deferred revenue	(121,510)				(121,510)	117,740
	617,197	1,719,853	18,272	139,333	2,494,655	2,182,552
Investing and Financing activities						
Sale (purchase) of investments (net)		(1,372,818)		293,726	(1,079,092)	(474,172)
Donations to hospital	(158,197)	(371,980)	(38,010)	(711,050)	(1,279,237)	(1,441,883)
Purchase of capital assets	(8,639)				(8,639)	(17,525)
Due to (from) other funds	(49,556)	24,945	19,738	4,873	-	-
	(216,392)	(1,719,853)	(18,272)	(412,451)	(2,366,968)	(1,933,580)
Change in cash	400,805			(273,118)	127,687	248,972
Cash, beginning of year	538,405			680,823	1,219,228	970,254
Cash, end of year	939,210	-	-	407,705	1,346,915	1,219,226

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Purpose and status

The purpose of the Foundation is to receive, accumulate and distribute funds and/or the income therefrom for the benefit of the Collingwood General and Marine Hospital.

It is incorporated without share capital, under the laws of Ontario and has been classified as a public foundation under the Income Tax Act of Canada, and as such, is not subject to income taxes.

2. Summary of significant accounting policies

(a) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources.

The Dr. A. R. Stephen Capital Fund reports resources allocated for capital purchases of the hospital. Investment income earned is reported as income in the fund.

The Education Endowment Fund reports resources allocated for the purposes of patient and public education. Investment income earned is reported as income in the fund.

The Expansion Fund reports resources contributed for the purposes of facility expansion. Investment income earned is reported as income in the fund.

(b) Capital assets

Capital assets are recorded at cost. Amortization is provided to amortize the cost of assets over their estimated useful lives. Provision is made for amortization using the straight line method as follows:

Equipment	- 5% to 33.3% per annum
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COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

2. Summary of significant accounting policies (continued)

(c) Investments

Investments in the pooled trust investment (Note 3) are carried as Held for Trading. Measurement is initially at fair value, unrealized gains and losses are recognized immediately in the financial statements. All other investments are carried as Held to Maturity. Measurement is initially at fair value and then subsequently measured at amortized cost using the effective interest rate. Gains and losses are recognized when the investment is sold.

(d) Revenue recognition

Restricted contributions related to general operations are recorded as deferred contributions until the related expenses are incurred at which time they are recorded as revenue in the general fund.

Other restricted and all unrestricted contributions are recognized as revenue in the appropriate fund when received.

(e) Contributed materials

Contributed materials are recognized at fair value at the time the contribution is received.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

3. Dr. A. R. Stephen Capital Fund and Education Endowment Fund Investments

Investments consist of the following:

	2010	2009
	\$	\$
Dr. A. R. Stephen Capital Fund	7,299,417	5,767,126
Education Endowment Fund	811,485	760,200
Pooled trust investment fund at Royal Trust, at market value	8,110,902	6,527,326

Analysis of market value changes during the year:

Market value at beginning of year	6,527,326	5,153,682
Additional investment	1,166,558	931,460
Redemption of units	-	(224,563)
Income during the year	206,260	174,029
Market value increase (decrease)	210,758	492,718
	8,110,902	6,527,326

The assets in the fund included equities (59%), bonds (37%), and cash (4%).

In 2009 the assets in the fund included equities (56%), bonds (38%) and cash (6%).

The Foundation is exposed to fluctuations in market prices of equities and fixed income investments, interest and foreign exchange rates, and credit risks on fixed income investments. These endowment funds are held at RBC Dexia Investor Services and are managed by Jarislowsky Fraser Limited in accordance with the investment policy approved by the Board of Directors, is monitored on a quarterly basis, and is considered the method by which the Foundation manages the risks.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

4. Capital assets

Capital assets consist of the following:

	2010	2009
	\$	\$
Equipment, at cost	193,520	184,881
Less: accumulated amortization	(169,301)	(157,640)
Net book value	24,219	27,241

5. Internally restricted net assets

The Foundation's board of directors has internally restricted the capital of the Dr. A. R. Stephen Capital Fund. The capital of this fund is intended to be held for a minimum of ten years from the date of the donation. These internally restricted amounts are not available for unrestricted purposes without approval of the board of directors. Effective January 1, 2010 the board of directors approved a policy whereby 50% of the earnings, on a cumulative basis, of the Dr. A.R. Stephen Capital Fund will be distributed to the hospital to fund capital expenditures. The balance will be invested in the fund.

Unless directed otherwise by the Donor, all planned gifts are invested in the Dr. Stephen Capital Fund.

The Foundation's board of directors has also restricted the capital of the Expansion Fund. These funds, received as part of the Your Future Fund capital campaign, are intended to be held for a major capital expansion of the hospital. Funds are normally invested in AAA bonds and guaranteed investment certificates. The hospital is in the process of expanding its facilities and the Foundation has agreed to fund approximately \$2,100,000, subject to fulfillment of certain conditions, of a total budget of \$4,050,000. Approximately \$1,060,000 was transferred in 2009 and 2010. The balance should be transferred in 2011.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

6. Related party transactions

Included in accounts payable is \$97,990 (2009 - \$273,964) owing to the Collingwood General and Marine Hospital.

The Foundation promised to provide the Collingwood General and Marine Hospital with capital equipment funding of \$1,045,000 in 2010. At December 31, 2010, the Hospital had only requested \$573,497 of that amount. The balance will be paid, upon request to the Hospital in 2011.

7. Pledges receivable

At December 31, 2010, the Foundation had \$5,693 (2009 - \$11,414) in outstanding pledges to the Expansion Fund and the Education Endowment Fund. At December 31, 2010 pledges of \$182,205 (2009 - \$237,333) were outstanding in the General Fund. The pledges are recorded as income when received.

8. Financial instruments

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

Fair values of investments, market and interest rate risks are disclosed in Note 3 and Schedule 1.

9. Commitments

The Foundation has signed a contract in the amount \$211,200 for consulting services to be provided within the next year.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPANSION FUND INVESTMENTS SCHEDULE 1 AS AT DECEMBER 31

	2010	2009
	\$	\$
Interest Bearing Savings Accounts	375,357	97,386
Royal Bank mortgage guaranteed investment certificate 1.3% due January 7, 2010 (Maturity value \$96,000)	-	96,000
Canada Housing Trust No. 1 bond, 3.55%, due September 15, 2010 (Maturity value \$90,000)	-	89,919
Farm Credit Canada bond, 3.5%, due October 15, 2010 (Maturity value \$93,000)	-	93,141
ICICI bank bond, 4.01%, due November 24, 2010 (Maturity value \$90,000)	-	90,000
Natcan guaranteed investment certificate, 4.05%, due December 2, 2010 (Maturity value \$97,000)	-	97,000
National Bank of Canada guaranteed investment certificate, 4.05%, due December 2, 2010 (Maturity value \$97,000)	-	97,000
Montreal Trust Canada guaranteed investment certificate, 4.0%, due December 2, 2010 (Maturity value \$8,637)	-	8,637
AGF Trust guaranteed investment certificate, 4.61%, due May 2, 2011 (Maturity value \$60,000)	60,000	60,000

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPANSION FUND INVESTMENTS SCHEDULE 1 AS AT DECEMBER 31

	2010	2009
	\$	\$
Home Trust Company guaranteed investment certificate, 5.0%, due July 11, 2011 (Maturity value \$60,000)	60,000	60,000
Korea Exchange Bank guaranteed investment certificate, 4.96%, due August 22, 2011 (Maturity value \$90,000)	90,000	90,000
Home Trust Company guaranteed investment certificate 4.9%, due August 22, 2011 (Maturity value \$10,000)	10,000	10,000
Bank of Nova Scotia guaranteed investment certificate, 4.7%, due September 6, 2011 (Maturity value \$90,000)	90,000	90,000
LBC Trust guaranteed investment certificate, 4.86%, due October 17, 2011 (Maturity value \$62,500)	62,500	62,500
Laurentian Bank guaranteed investment certificate, 4.86%, due October 17, 2011 (Maturity value \$62,500)	62,500	62,500
RBC Royal Bank guaranteed investment certificate, 4.65%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
B2B Trust guaranteed investment certificate, 4.85%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
Bank of Montreal guaranteed investment certificate, 4.7%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
Canadian Western Trust guaranteed investment certificate, 4.8%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
Canadian Western Bank guaranteed investment certificate, 4.8%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
Equitable Trust guaranteed investment certificate, 4.81%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
Manulife Bank guaranteed investment certificate, 4.65%, due June 4, 2012 (Maturity value \$95,000)	95,000	95,000
HSBC Bank guaranteed investment certificates, 4.55%, due May 21, 2013 (Maturity value \$58,500)	58,500	58,500

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPANSION FUND INVESTMENTS SCHEDULE 1 AS AT DECEMBER 31

	2010	2009
	\$	\$
TD Mortgage Group guaranteed investment certificate, 4.55%, due May 21, 2013 (Maturity value \$58,500)	58,500	58,500
ING Bank of Canada guaranteed investment certificate, 4.55%, due June 3, 2013 (Maturity value \$5,000)	5,000	5,000
TD Pacific Mortgage Corp guaranteed investment certificate, 4.65%, due June 3, 2013 (Maturity value \$95,000)	95,000	95,000
	1,692,357	1,986,083

The market value of the Expansion Fund investments at December 31, 2010 is \$1,724,165 (2009 \$2,026,125). It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these investments. It is the intention to hold these investments until maturity.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPENSES SCHEDULE 2 FOR THE YEAR ENDED DECEMBER 31

	General Fund	Dr. A. R. Stephen Capital Fund	Education Endowment Fund	Expansion Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$
Advertising and fund raising	211,736				211,736	135,108
Amortization	11,661				11,661	13,471
Education	12,257				12,257	18,956
Equipment maintenance	10,115				10,115	15,689
Investment management fees		26,884	4,744		31,628	24,199
Miscellaneous	21,228				21,228	11,516
Postage and office	88,433				88,433	92,408
Professional	8,920				8,920	34,683
Salaries and benefits	399,977				399,977	344,980
	764,327	26,884	4,744	-	795,955	691,010
2009 Expense totals of funds	666,811	20,569	3,630	-		691,010

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

**DONATIONS TO THE HOSPITAL
SCHEDULE 3
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Unaudited
	\$
Patient Beds & Mattresses	44,891
Endoscopy Suite Equipment & Furnishings	12,617
ECG Machine	14,069
Laboratory Equipment	3,639
Digital X-Ray Unit	249,503
Surgical Equipment	21,509
Cardio-Respiratory Equipment	34,776
Sterile Processing Equipment	1,538
Obstetrics Equipment & Training	73,294
Dialysis Equipment & Staff Education	4,027
Computer Replacement	3,386
Miscellaneous Equipment	11,566
Urodynamics Equipment	23,326
Staff Education & Training	1,446
Facility Redevelopment	711,050
Community Education	38,010
Community Mental Health Program	25,559
Pastoral Care Program	5,031
	<hr/> 1,279,237 <hr/>