
COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

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

We have audited the balance sheet of **Collingwood General & Marine Hospital Foundation** as at December 31, 2009, and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the foundation'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 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.

In our opinion except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to verify donation and fund raising revenues, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2009 and the results of its operations and the changes in its financial position and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants
Collingwood, Ontario
March 3, 2010

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 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Assets						
Current						
Cash	538,403	-	-	680,823	1,219,226	970,254
Accounts receivable	8,627	-	-	-	8,627	7,950
Interest receivable	-	-	-	34,457	34,457	39,151
Prepaid expenses	5,519	-	-	-	5,519	4,390
	552,549	-	-	715,280	1,267,829	1,021,745
Long-term						
Investments (Note 3)	-	5,767,126	760,200	-	6,527,326	5,153,682
Investments (Schedule 1)	-	-	-	1,986,083	1,986,083	2,392,838
	-	5,767,126	760,200	1,986,083	8,513,409	7,546,520
Capital (Note 4)	27,241	-	-	-	27,241	23,186
	579,790	5,767,126	760,200	2,701,363	9,808,479	8,591,451

See accompanying notes to the financial statements

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 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Liabilities						
Current						
Due to (from) other funds	(94,628)	49,296	35,791	9,541	-	-
Accounts payable (Note 6)	318,899	-	-	-	318,899	551,746
Deferred revenue	121,510	-	-	-	121,510	3,770
	345,781	49,296	35,791	9,541	440,409	555,516
Fund Balances						
Externally restricted	-	-	724,409	2,691,822	3,416,231	3,555,933
Internally restricted	-	5,717,830	-	-	5,717,830	4,251,519
Unrestricted	206,768	-	-	-	206,768	205,297
Invested in capital assets	27,241	-	-	-	27,241	23,186
	234,009	5,717,830	724,409	2,691,822	9,368,070	8,035,935
	579,790	5,767,126	760,200	2,701,363	9,808,479	8,591,451

Approved on behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements

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 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Revenue						
Donations and fund raising	2,211,786	422,113	9,331	50,993	2,694,223	2,159,729
Investment income	4,773	150,387	23,642	99,285	278,087	374,050
Market value increase (decrease)	-	426,719	65,999	-	492,718	(848,762)
	2,216,559	999,219	98,972	150,278	3,465,028	1,685,017
Expenses (Schedule 2)	666,811	20,569	3,630	-	691,010	569,485
Surplus for the year	1,549,748	978,650	95,342	150,278	2,774,018	1,115,532
Fund balances, beginning of year	228,483	4,251,519	667,077	2,888,856	8,035,935	8,109,214
Donations to hospital (Schedule 3)	(814,778)	(241,783)	(38,010)	(347,312)	(1,441,883)	(1,188,811)
Interfund transfers (Note 5)	(729,444)	729,444	-	-	-	-
Fund balances, end of year	234,009	5,717,830	724,409	2,691,822	9,368,070	8,035,935

See accompanying notes to the financial statements

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 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Cash flows from (for):						
Operating activities						
Surplus for the year	1,549,748	978,650	95,342	150,278	2,774,018	1,115,532
Market value (increase) decrease	-	(426,719)	(65,999)	-	(492,718)	848,762
Depreciation	13,471	-	-	-	13,471	11,859
	1,563,219	551,931	29,343	150,278	2,294,771	1,976,153
Change in						
- Accounts receivable	(677)	-	-	-	(677)	590
- Interest receivable	-	-	-	4,694	4,694	(6,135)
- Prepaid expenses	(1,129)	-	-	-	(1,129)	2,856
- Accounts payable	(232,847)	-	-	-	(232,847)	23,470
- Deferred revenue	117,740	-	-	-	117,740	(6,650)
	1,446,306	551,931	29,343	154,972	2,182,552	1,990,284
Investing and Financing activities						
Sale (purchase) of investments (net)	-	(891,662)	10,735	406,755	(474,172)	(512,861)
Donations to hospital	(814,778)	(241,783)	(38,010)	(347,312)	(1,441,883)	(1,188,811)
Purchase of capital assets	(17,525)	-	-	-	(17,525)	-
Due to (from) other funds	144,727	(147,930)	(2,068)	5,271	-	-
Interfund transfers	(729,444)	729,444	-	-	-	-
	(1,417,020)	(551,931)	(29,343)	64,714	(1,993,580)	(1,701,672)
Change in cash	29,286	-	-	219,686	248,972	288,612
Cash, beginning of year	509,117	-	-	461,137	970,254	681,642
Cash, end of year	538,403	-	-	680,823	1,219,226	970,254

See accompanying notes to the financial statements

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

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. Depreciation is provided to amortize the cost of assets over their estimated useful lives. Provision is made for depreciation 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, 2009

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, 2009

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

Investments consist of the following:

	2009	2008
	\$	\$
Dr. A. R. Stephen Capital Fund	5,767,126	4,448,746
Education Endowment Fund	760,200	704,936
Pooled trust investment fund at Royal Trust, at market value	6,527,326	5,153,682

Analysis of market value changes during the year:

Market value at beginning of year	5,153,682	5,362,586
Additional investment	931,460	668,439
Redemption of units	(224,563)	(260,884)
Income during the year	174,029	232,303
Market value increase (decrease)	492,718	(848,762)
	6,527,326	5,153,682

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

In 2008 the assets in the fund included equities (54%), bonds (39%) and cash (7%).

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, 2009

4. Capital assets

Capital assets consist of the following:

	2009	2008
	\$	\$
Equipment, at cost	184,881	167,356
Less: accumulated depreciation	(157,640)	(144,170)
Net book value	27,241	23,186

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. In 2009 the foundation distributed an amount equal to 5% of the total market value of the Dr. A.R. Stephen Capital Fund to the hospital for capital purposes. Effective January 1, 2010 the board of directors has 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.

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 \$2,750,000, subject to fulfillment of certain conditions, of a total budget of \$4,700,000. Approximately \$350,000 was transferred in 2009 and the balance may be transferred in 2010.

During the year the board of directors approved a transfer of \$729,444 (2008-\$469,884) from the General Fund to the Dr. A.R. Stephen Capital Fund.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

6. Related party transactions

Included in accounts payable is \$273,964 (2008 - \$515,786) owing to the Collingwood General and Marine Hospital.

7. Pledges receivable

At December 31, 2009, the foundation had \$11,414 (2008 - \$49,949) in outstanding pledges to the Expansion Fund and the Education Endowment Fund. At December 31, 2009 pledges of \$237,333 (2008 - \$196,400) 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.

9. Adoption of new accounting standards

Effective January 1, 2009, the Foundation adopted CICA Handbook Section 1535, *Capital Disclosures*, which establishes standards for disclosing information about an entity's capital and how it is managed. Adoption of these recommendations had no effect on the financial statements for the year ending December 31, 2009 except for the additional disclosure found in Note 10.

10. Capital disclosures

The Foundation considers its capital to be the balance maintained in its Unrestricted Net Assets and various Fund Balances. The primary objective of the Foundation is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the board of directors of the Foundation with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Foundation is not subject to any externally imposed requirements of its capital, except as required by the Funds.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2009

11. Future accounting pronouncements

- a) Amendments to Section 4400 of the CICA Handbook

The Accounting Standards Board (AcSB) is currently undertaking a review and updating of accounting standards applicable to not-for-profit organizations. Many of the new or amended standards clarify existing material only and are not expected to have a significant impact on the organization's financial statements.

- b) Future of financial reporting

The Accounting Standards Board (AcSB) responsible for the accounting standards for private sector not-for-profit organizations is exploring alternatives to replace the existing set of accounting standards known as Generally Accepted Accounting Principles (GAAP). The AcSB has tentatively concluded that Not-for-Profit organizations will be given a choice of adopting International Financial Reporting Standards (IFRS) or Private Enterprise Standards (a new set of standards for private enterprise) supplemented by the 4400 series. Adoption of a new standard is not expected until 2011 and the impact of the changes on the financial statements and the audit process are not yet determinable.

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPANSION FUND INVESTMENTS SCHEDULE 1 AS AT DECEMBER 31

	2009	2008
	\$	\$
Manulife Bank savings account	97,386	-
Government of Canada bond, 4.25%, due September 1, 2009 (Maturity value \$118,000)	-	118,506
Canada Housing Trust No. 1 bond, 4.65%, due September 15, 2009 (Maturity value \$145,000)	-	145,610
AGF Trust guaranteed investment certificate, 3.77%, due September 16, 2009 (Maturity value \$35,000)	-	35,000
Peoples Trust guaranteed investment certificate, 3.7%, due September 16, 2009 (Maturity value \$64,000)	-	64,000
Government of Canada bond, 3.6%, due October 1, 2009 (Maturity value \$243,427)	-	236,945
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	89,810
Farm Credit Canada bond, 3.5%, due October 15, 2010 (Maturity value \$93,000)	93,141	93,330
ICICI bank bond, 4.01%, due November 24, 2010 (Maturity value \$90,000)	90,000	90,000
Natcan guaranteed investment certificate, 4.05%, due December 2, 2010 (Maturity value \$97,000)	97,000	97,000
National Bank of Canada guaranteed investment certificate, 4.05%, due December 2, 2010 (Maturity value \$97,000)	97,000	97,000
Montreal Trust Canada guaranteed investment certificate, 4.0%, due December 2, 2010 (Maturity value \$8,637)	8,637	8,637
AGF Trust guaranteed investment certificate, 4.61%, due May 2, 2011 (Maturity value \$60,000)	60,000	60,000

See accompanying notes to the financial statements

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPANSION FUND INVESTMENTS SCHEDULE 1 AS AT DECEMBER 31

	2009	2008
	\$	\$
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

See accompanying notes to the financial statements

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

EXPANSION FUND INVESTMENTS SCHEDULE 1 AS AT DECEMBER 31

	2009	2008
	\$	\$
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
	1,986,083	2,392,838

The market value of the Expansion Fund investments at December 31, 2009 is \$2,026,125 (2008 -\$2,448,533). It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these investments.

See accompanying notes to the financial statements

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 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Advertising and fund raising	135,108	-	-	-	135,108	131,917
Depreciation	13,471	-	-	-	13,471	11,859
Education	18,956	-	-	-	18,956	12,624
Equipment maintenance	15,689	-	-	-	15,689	7,949
Investment management fees	-	20,569	3,630	-	24,199	25,292
Miscellaneous	11,516	-	-	-	11,516	11,523
Postage and office	92,408	-	-	-	92,408	72,792
Professional	34,683	-	-	-	34,683	2,875
Salaries and benefits	344,980	-	-	-	344,980	292,654
	666,811	20,569	3,630	-	691,010	569,485
2008 Expense totals of funds	544,051	21,498	3,794	142		569,485

See accompanying notes to the financial statements

COLLINGWOOD GENERAL & MARINE HOSPITAL FOUNDATION

DONATIONS TO THE HOSPITAL SCHEDULE 3 FOR THE YEAR ENDED DECEMBER 31, 2009

	Unaudited
	\$
Patient Beds & Mattresses	41,991
Pain Control Pumps	15,134
Orthopaedic Instruments & Equipment	39,268
Vital Signs Monitors	31,803
Operating Room Management System	131,836
Physiotherapy Equipment	9,238
Cardio-Respiratory Equipment	32,222
Portable Ultrasound Unit	48,470
Laboratory Equipment	10,448
Sterilizing Equipment	22,691
Dialysis Equipment	54,765
Digital X-ray Unit	469,587
Surgical Equipment	19,218
Obstetrics Equipment & Training	10,118
Staff Education & Training	3,226
Facility Redevelopment	347,312
Community Education	33,454
Community Mental Health Program	24,687
Information Technology	40,590
Biphasic Defibrillator	22,606
Pastoral Care Program	4,596
Miscellaneous	28,623
	1,441,883

See accompanying notes to the financial statements