



Financial Statements

Newfoundland and Labrador Centre for Health
Information

March 31, 2019

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Statement of responsibility

The accompanying financial statements are the responsibility of the management of the Newfoundland and Labrador Centre for Health Information (the "Centre") and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Finance and Audit Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Grant Thornton LLP as the Centre's appointed external auditors, have audited the financial statements. The auditor's report is addressed to the Directors of the Centre and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Centre in accordance with Canadian public sector accounting standards.

 _____ Chair  _____ Director

Independent auditor's report

Grant Thornton LLP
Suite 300
15 International Place
St. John's, NL
A1A 0L4
T +1 709 778 8800
F +1 709 722 7892
www.GrantThornton.ca

To the Directors of
Newfoundland and Labrador Centre for Health Information

Opinion

We have audited the financial statements of Newfoundland and Labrador Centre for Health Information (“the Centre”), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in accumulated surplus, net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Newfoundland and Labrador Centre for Health Information as at March 31, 2019, and its results of operations, its changes in accumulated surplus, its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Centre's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



St. John's, Canada

June 19, 2019

Chartered Professional Accountants


Newfoundland and Labrador Centre for Health Information Statement of Financial Position

March 31

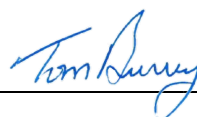
	Actual 2019	(Restated - See Note 2) Actual 2018
Financial assets		
Cash and cash equivalents	\$16,048,775	\$19,359,215
Receivables (Note 4)	<u>3,698,266</u>	<u>3,646,551</u>
	<u>19,747,041</u>	<u>23,005,766</u>
Liabilities		
Payables and accruals (Note 5)	7,425,810	9,884,120
Deferred revenue	16,355,806	15,434,849
Accrued severance pay (Note 6)	230,683	1,625,944
Accrued sick leave pay (Note 7)	<u>613,700</u>	<u>616,300</u>
	<u>24,625,999</u>	<u>27,561,213</u>
Net debt	<u>(4,878,958)</u>	<u>(4,555,447)</u>
Non-financial assets		
Tangible capital assets (Page 18)	14,077,739	16,654,396
Prepays	<u>3,136,682</u>	<u>2,830,527</u>
	<u>17,214,421</u>	<u>19,484,923</u>
Accumulated surplus	<u>\$12,335,463</u>	<u>\$14,929,476</u>

Commitments (Note 10)

On behalf of the Centre



Chair



Director

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information Statement of Operations and Changes in Accumulated Surplus

Year Ended March 31

	(Note 12) Budget 2019	Actual 2019	(Restated - See Note 2) Actual 2018
Revenue			
Grants			
Atlantic Canada Opportunities Agency	\$ 7,830,747	\$ 6,888,777	\$ 1,172,644
Canada Health Infoway	709,700	1,259,187	3,790,862
Government of Newfoundland and Labrador – severance (Note 6)	-	1,852,389	-
Government of Newfoundland and Labrador	27,878,700	24,204,691	24,424,639
Research	532,400	501,590	345,974
Interest	200,000	346,231	219,380
Other projects	<u>4,639,833</u>	<u>3,763,828</u>	<u>1,848,241</u>
	<u>41,791,380</u>	<u>38,816,693</u>	<u>31,801,740</u>
Expenses (Pages 18 & 19)			
Administration (Note 13)	4,119,669	3,085,527	3,357,445
Clinical Programs	6,053,623	5,504,895	4,637,971
Infrastructure, Information Protection and EHR Operations	14,054,066	13,807,536	12,482,202
Projects	9,579,167	10,166,049	4,913,430
Health Analytics and Evaluation Services	<u>3,578,475</u>	<u>3,611,341</u>	<u>3,288,511</u>
	<u>37,385,000</u>	<u>36,175,348</u>	<u>28,679,559</u>
Annual surplus before other items	4,406,380	2,641,345	3,122,181
Other items			
Amortization of capital assets (Note 13)	5,159,963	4,694,262	4,502,809
Loss on severance settlement (Note 6)	<u>-</u>	<u>541,096</u>	<u>-</u>
Annual deficit	<u>\$ (753,583)</u>	<u>\$ (2,594,013)</u>	<u>\$ (1,380,628)</u>
Accumulated surplus (deficit), beginning of year	\$ 1,104,882	\$ 1,104,882	\$ (570,192)
Prior period adjustments (Note 2)	<u>14,929,476</u>	<u>13,824,594</u>	<u>16,880,296</u>
Accumulated surplus, beginning of year, as restated	\$14,929,476	\$ 14,929,476	\$ 16,310,104
Annual deficit	<u>(753,583)</u>	<u>(2,594,013)</u>	<u>(1,380,628)</u>
Accumulated surplus, end of year	<u>\$14,175,893</u>	<u>\$ 12,335,463</u>	<u>\$ 14,929,476</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information Statement of Net Debt

Year Ended March 31

	(Note 12) Budget 2019	Actual 2019	(Restated - See Note 2) Actual 2018
Annual deficit	\$ (753,583)	\$ (2,594,013)	\$ (1,380,628)
Acquisition of tangible capital assets	(3,991,207)	(2,178,779)	(2,350,459)
Amortization of tangible capital assets	5,159,963	4,711,611	4,502,809
Loss on disposal of tangible capital assets	-	43,825	-
Increase in prepaids	-	(306,155)	(896,799)
Decrease (increase) in net debt	415,173	(323,511)	(125,077)
Net debt, beginning of year	<u>(4,555,447)</u>	<u>(4,555,447)</u>	<u>(4,430,370)</u>
Net debt, end of year	<u>\$ (4,140,274)</u>	<u>\$ (4,878,958)</u>	<u>\$ (4,555,447)</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Statement of Cash Flows

Year Ended March 31

	Actual 2019	(Restated - See Note 2) Actual 2018
(Decrease) increase in cash and cash equivalents		
Operating		
Annual deficit	\$(2,594,013)	\$(1,380,628)
Change in non-cash items		
Amortization of capital assets	4,711,611	4,502,809
(Decrease) increase in severance pay accrual	(1,395,261)	154,044
(Decrease) increase in sick leave pay accrual	(2,600)	10,800
Loss on disposal of tangible capital assets	43,825	-
Change in non-cash operating working capital		
Receivables	(51,715)	(2,863,644)
Prepaid expenses	(306,155)	(896,799)
Payables and accruals	(2,458,310)	2,550,579
Deferred revenue	920,957	3,218,849
Cash provided by operating transactions	<u>(1,131,661)</u>	<u>5,296,010</u>
Capital		
Purchase of tangible capital assets	<u>(2,178,779)</u>	<u>(2,350,459)</u>
(Decrease) increase in cash and cash equivalents	(3,310,440)	2,945,551
Cash and cash equivalents, beginning of year	<u>19,359,215</u>	<u>16,413,664</u>
Cash and cash equivalents, end of year	<u>\$16,048,775</u>	<u>\$19,359,215</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2019

1. Purpose of organization

The Newfoundland and Labrador Centre for Health Information (the Centre) was established by the Government of Newfoundland and Labrador in 1996 following the recommendation of the Health System Information Task Force (1995). The Newfoundland and Labrador Centre for Health Information Act was proclaimed April 27, 2007 and repealed March 12, 2018. The new Centre for Health Information Act, 2018 received Royal Assent March 12, 2018, and the Centre was continued as a Corporation without share capital under the Corporations Act. The Centre is a Government Organization and reports to the Legislative Assembly through the Ministry of Health and Community Services. The Centre is exempt from income tax under Section 149 of the Income Tax Act.

As part of the Provincial Government's approach to developing a province-wide shared services eHealth model for the health care system, the Centre, through the new Act, was mandated to develop and implement a Provincial eHealth Model. This model will coordinate the information technology and information management functions of the four regional health authorities and the Centre into one provincial solution. Effective April 1, 2019 the information technology and information management functions of Central Regional Health Authority, Eastern Regional Health Authority, Labrador-Grenfell Regional Health Authority, Western Regional Health Authority, and the Newfoundland and Labrador Centre for Health Information have amalgamated into one organization.

Through the support of the provincial government, Canada Health Infoway Inc. and the Atlantic Canada Opportunities Agency, the Centre has been recognized for its contributions to the national agenda for development of the Electronic Health Record with the first provincial client registry designed and implemented for the Electronic Health Record. The Centre is also involved with data standards development and dissemination, applied health research and the evaluation of health information systems.

2. Restatement of previously issued financial statements

The March 31, 2018 comparative figures have been retroactively restated to correct the revenue recognition of capital grant contributions received in the 2018 fiscal year and prior years. This restatement reverses capital contributions previously recognized as a liability. The effect of this revision on the comparative figures is disclosed below.

	2018 As previously reported	Adjustment	2018 As restated
Statement of Financial Position			
Liabilities			
Deferred capital contributions	\$ 13,824,594	\$ (13,824,594)	\$ -
Net Debt	(18,380,041)	(13,824,594)	(4,555,447)
Accumulated surplus, end of year	1,104,882	13,824,594	14,929,476

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2019

2. Restatement of previously issued financial statements (cont'd.)

	2018 As previously reported	Adjustment	2018 As restated
Statement of Operations and Accumulated Surplus			
Revenue			
Grants			
Government of Newfoundland and Labrador	\$ 24,265,259	\$ 159,380	\$ 24,424,639
Amortization of deferred capital	3,215,082	(3,215,082)	-
Annual surplus (deficit)	1,675,074	(3,055,702)	(1,380,628)
Accumulated (deficit) surplus, beginning of year	(570,192)	16,880,296	16,310,104
Accumulated surplus, end of year	1,104,882	13,824,594	14,929,476
Statement of Net Debt			
Annual surplus (deficit)	\$ 1,675,074	\$ (3,055,702)	\$ (1,380,628)
Decrease (increase) in net debt	2,930,625	(3,055,702)	(125,077)
Net debt, beginning of year	(21,310,666)	16,880,296	(4,430,370)
Net debt, end of year	(18,380,041)	13,824,594	(4,555,447)
Statement of Cash Flows			
Operating			
Annual surplus (deficit)	\$ 1,675,074	\$ (3,055,702)	\$ (1,380,628)
Change in non-cash items:			
Amortization of deferred capital	3,215,082	(3,215,082)	-
Financing			
Capital contributions from Government of Newfoundland and Labrador and Canada Health Infoway	159,381	(159,381)	-

3. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Standards Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies.

Use of estimates

In preparing the Centre's financial statements in conformity with Canadian public sector accounting standards, management is required 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. Items requiring the use of significant estimates include the useful life of capital assets, estimated accrued sick leave, rates of amortization, and impairment of assets.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2019

3. Summary of significant accounting policies (cont'd.)

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Revenue recognition

Government grants are recognized in the period in which entitlement arises. Revenue from grants is recognized as deferred revenue when amounts have been received but not all eligibility criteria and/or stipulations have been met. Other revenue from research and other projects is recognized as the related expenditures are incurred. Interest income is recognized as it is earned.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net debt for the year.

Prepaid expenses

Prepaid expenses include software maintenance, software license fees, insurance, rent and other operating expenses that the Centre has paid but the services have not been provided as of year end.

Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful life as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line
Leasehold improvements	10%, straight line
Pharmacy Network	10%, straight line
Health Information Access Layer	10%, straight line
Electronic Health Records - Labs	10%, straight line

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2019

3. Summary of significant accounting policies (cont'd.)

Impairment of long lived assets

Long lived assets are written down when conditions indicate that they no longer contribute to the Centre's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net write downs would be accounted for as expenses in the statement of operations.

Severance pay

In the prior year, severance pay was calculated using an actuarial estimate based upon years of service and current salary levels. The right to be paid severance pay vested with employees with nine years of continual service. Severance pay was payable when the employee ceased employment with the Centre and had achieved the minimum of nine years of continual service. An actuarially determined accrued liability had been recorded on the statements for severance pay.

During the 2019 fiscal year, the severance plan was terminated and settled as disclosed in Note 6.

Sick leave pay

The Centre provides sick leave benefits to employees with sick leave days to their credit as of December 31, 2003 and employees who transfer from another government department/agency with accumulated sick leave days. No additional sick leave benefits have accumulated since December 31, 2003 or the employee's date of transfer, as the case may be. An actuarially determined accrued liability has been recorded on the statements for sick leave benefits.

Financial instruments

The Centre considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Centre accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables; and
- payables and accruals.

A financial asset or liability is recognized when the Centre becomes party to contractual provisions of the instrument.

The Centre initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2019

3. Summary of significant accounting policies (cont'd.)

The Centre subsequently measures its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at fair value include cash and cash equivalents. Financial assets measured at cost include receivables.

Financial liabilities measured at cost include payables and accruals.

The Centre removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

4. Receivables	<u>2019</u>	<u>2018</u>
Atlantic Canada Opportunities Agency	\$ 2,239,686	\$ -
Trade	615,926	141,368
Harmonized sales tax	562,269	654,749
Canada Health Infoway	232,796	891,134
Government of Newfoundland and Labrador	27,623	1,900,000
Accrued interest	<u>19,966</u>	<u>59,300</u>
	<u>\$ 3,698,266</u>	<u>\$ 3,646,551</u>

5. Payables and accruals	<u>2019</u>	<u>2018</u>
Trade	\$ 5,237,867	\$ 7,995,624
Vacation and compensatory pay	<u>2,187,943</u>	<u>1,888,496</u>
	<u>\$ 7,425,810</u>	<u>\$ 9,884,120</u>

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2019

6. Accrued severance pay

During the year the Centre changed its severance policy. Effective June 1, 2018 there would be a plan settlement of severance benefits for its executives, managers, and other non-union employees. As part of this plan settlement, employees with at least one year of eligible service were to receive lump sum payout of their accrued severance benefit based on pay and service as at May 31, 2018. Individuals have either taken payment by March 31, 2019 or have elected to defer payment for a short period, but no further changes in the amount payable will occur.

During the year the Centre recognized a loss on the plan settlement of \$541,096. The Centre also received funding from the Government of Newfoundland and Labrador in the amount of \$1,852,389 (2018 - \$Nil) towards funding the payouts.

	<u>2019</u>	<u>2018</u>
Accrued Benefit Obligation:		
Balance beginning of year	\$ 1,625,944	\$ 1,471,900
Current period benefit cost	-	157,900
Interest cost	-	52,600
Benefits payments	(1,936,357)	(55,000)
Loss on plan settlement	541,096	-
Amortization of actuarial gains	-	(1,456)
Balance, end of year	<u>\$ 230,683</u>	<u>\$ 1,625,944</u>
Net benefit expense for the year:		
Loss on plan settlement	\$ 541,096	\$ -
Current period benefit cost	-	157,900
Amortization of actuarial gains	-	(1,456)
Interest cost	-	52,600
Net Benefit Expense	<u>\$ 541,096</u>	<u>\$ 209,044</u>

Accrued severance obligations at March 31, 2018 were based on an actuarial valuation completed effective March 31, 2018 using the following assumptions:

	<u>2018</u>
Significant assumptions used:	
Discount rate	3.2%
Average remaining service period of active employees	16 years
Wage and salary escalation	3.0%

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2019

7. Accrued sick leave pay

Accrued sick leave obligations have been calculated based on an actuarial valuation completed effective March 31, 2019. The assumptions shown below are based on future events.

	<u>2019</u>	<u>2018</u>
Significant assumptions used:		
Discount rate	2.9%	3.2%
Average remaining service period of active employees	15 years	15 years
Wage and salary escalation	3.0%	3.0%
Accrued Benefit Obligation:		
Balance beginning of year	\$ 616,300	\$ 605,500
Current period benefit cost	-	-
Interest cost	17,400	21,000
Benefits payments	(15,700)	(10,200)
Amortization of actuarial gains	(4,300)	-
Balance, end of year	<u>\$ 613,700</u>	<u>\$ 616,300</u>
Net benefit expense for the year:		
Current period benefit cost	\$ -	\$ -
Amortization of actuarial losses (gains)	-	-
Interest cost	13,100	21,000
Net Benefit Expense	<u>\$ 13,100</u>	<u>\$ 21,000</u>

8. Public Service Pension Plan and Government Money-Purchase Pension Plan

The Centre participates in the Government of Newfoundland and Labrador's defined benefit Public Service Pension Plan (PSPP) for full-time employees and the defined contributions Government Money-Purchase Pension Plan (GMPP) for part-time employees. The assets of the plans are held separately from those of the Centre in an independently administered fund. Plan participation is mandatory for all employees.

PSPP members must have at least five years of pensionable service to obtain a pension benefit. Normal retirement age under the plan is 65, however early retirement options are available. The PSPP is integrated with the Canada Pension Plan (CPP).

Members of the Plan are required to make contributions toward the funding of their pension benefits as follows:

- (i) 10.75% of earnings up to the Year's Basic CPP Exemption, the portion of earnings upon which no CPP contributions are required;
- (ii) 8.95% of earnings in excess of the Year's Basic CPP Exemption up to and including the Year's Maximum Pensionable Earnings ("YMPE"); and
- (iii) 11.85% of earnings in excess of the YMPE.

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2019

8. Public Service Pension Plan and Government Money-Purchase Pension Plan (cont'd.)

The lifetime PSPP pension benefit is determined as 1.4% of the best five year average salary (up to the three year average YMPE) multiplied by the years of pensionable service, plus 2% of the best five year average salary (in excess of the average YMPE) multiplied by the years of pensionable service.

Members of the GMPP can use the contributions along with interest and/or investment gain/loss to purchase a pension at retirement. Contributions made on or after January 1, 1997 are fully vested and locked-in after the completion of two years of plan participation.

Employer contributions paid and expensed by the Centre during the year for the PSPP and GMPP totaled \$ 1,279,998 (2018 - \$1,157,817). Additional information about the plan surplus or deficit is not available.

9. Related party and inter-entity transactions

The Centre has not had any related party or inter-entity transactions occurring at a value different from that which would have been arrived at if the parties were unrelated and that had a material financial effect on the financial statements.

10. Commitments

Under the terms of several long term contracts related to the rental of office space, equipment lease and software fees, the Centre is committed to make the approximate payments for the next five years as follows:

2020	\$ 4,389,941
2021	\$ 3,777,067
2022	\$ 1,991,765
2023	\$ 1,339,127
2024	\$ 1,339,127

The Centre has a significant project portfolio as it works towards development of the Electronic Health Record. Currently the portfolio includes Pharmacy, iEHR Labs, Telepathology and Electronic Medical Records (EMR). As these projects are completed and transition to programs the Centre will enter into some significant long-term commitments, particularly for EMR. The Centre does not include future commitments in its disclosure until there is some certainty around the completion of the project, transition to program and measurement.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2019

11. Financial instruments

The Centre's financial instruments consist of cash and cash equivalents, receivables and payables and accruals. The book value of cash and cash equivalents, receivables and payables and accruals approximate fair value due to their short term maturity date.

Risks and concentrations

The Centre is exposed to various risks through its financial instruments. The following analysis provides a measure of the Centre's risk exposure and concentrations at March 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Centre is exposed to this risk mainly in respect of its payables and accruals in the amount of \$7,425,810 (2018 - \$9,884,120), which have a maturity of no later than one year. The payment of the accrued severance pay and sick leave pay liabilities will occur later than one year. The Centre reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. In the opinion of management the liquidity risk exposure to the Centre is low and not material.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Centre's credit risk is attributable to receivables in the amount of \$3,135,997 (2018 - \$2,991,802), of which \$2,239,686 (2018 - \$Nil) is receivable from Atlantic Canada Opportunities Agency and \$232,796 (2018 - \$891,134) is receivable from Canada Health Infoway. Receivables are expected to be collected no later than one year. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

12. Budget

The financial plan approved by the Centre was prepared with the inclusion of revenue from amortization of deferred capital contributions, an accounting policy which was subsequently reversed as described in Note 2. For comparative purposes, the Centre has modified its financial plan to present a budget that is consistent with the scope and accounting principles used to report actual results in these statements.

The reconciliation between the Centre's originally approved financial plan and the Canadian public accounting standards based budget figures used in these statements is disclosed in Schedule - Reconciliation of the Financial Plan to the Budget.

13. Comparative figures

The comparative figures have been restated to conform to the financial statement presentation adopted for the current year.

Newfoundland and Labrador Centre for Health Information Schedule of Tangible Capital Assets

Year Ended March 31, 2019

	Computer equipment	Office furniture	Computer software	Leasehold improvements	Pharmacy Network	Electronic Health Records-Labs (iEHR Labs)	Health Information Access Layer (HIAL)	2019	2018
Cost									
Cost, beginning of year	\$ 13,233,958	\$ 409,476	\$ 7,558,525	\$ 264,421	\$ 10,334,829	\$ 8,332,003	\$ 8,291,887	\$48,425,099	\$ 46,322,497
Additions during the year	1,555,722	18,753	568,244	36,060	-	-	-	2,178,779	2,350,459
Disposals during the year	(61,151)	-	-	-	-	-	-	(61,151)	(247,857)
Cost, end of year	<u>\$ 14,728,529</u>	<u>\$ 428,229</u>	<u>\$ 8,126,769</u>	<u>\$ 300,481</u>	<u>\$ 10,334,829</u>	<u>\$ 8,332,003</u>	<u>\$ 8,291,887</u>	<u>\$50,542,727</u>	<u>\$48,425,099</u>
Accumulated Amortization									
Accumulated amortization, beginning of year	\$ 10,482,898	\$ 369,258	\$ 5,717,397	\$ 234,866	\$ 8,168,763	\$ 2,172,454	\$ 4,625,067	\$31,770,703	\$ 27,515,751
Amortization	1,011,400	11,193	962,578	30,568	1,033,483	833,200	829,189	4,711,611	4,502,809
Reversal of accumulated amortization relating to disposals	(17,326)	-	-	-	-	-	-	(17,326)	(247,857)
Accumulated amortization, end of year	<u>\$ 11,476,972</u>	<u>\$ 380,451</u>	<u>\$ 6,679,975</u>	<u>\$ 265,434</u>	<u>\$ 9,202,246</u>	<u>\$ 3,005,654</u>	<u>\$ 5,454,256</u>	<u>\$36,464,988</u>	<u>\$ 31,770,703</u>
Net book value of tangible capital assets	<u>\$ 3,251,557</u>	<u>\$ 47,778</u>	<u>\$ 1,446,794</u>	<u>\$ 35,047</u>	<u>\$ 1,132,583</u>	<u>\$ 5,326,349</u>	<u>\$ 2,837,631</u>	<u>\$14,077,739</u>	<u>\$ 16,654,396</u>

Included in tangible capital assets are assets that are not available for use and therefore not amortized in the year. The cost of these assets is \$216,155 (2018 - \$111,009) in computer software and \$4,399 (2018 - \$421,867) in computer equipment.

Newfoundland and Labrador Centre for Health Information

Schedule of Expenses

March 31

	Actual 2019	(Note 13) Actual 2018
Administration		
Communication	\$ 3,177	\$ 8,593
Consulting fees	20,500	423
Salaries and benefits	1,556,270	1,958,350
Minor equipment	4,534	14,372
Software maintenance	24,996	24,727
Rent	898,511	898,511
Security services	180	157
Insurance	95,150	104,780
Other	482,209	347,532
	\$ 3,085,527	\$ 3,357,445
Clinical Programs		
Consulting fees	\$ 564,320	\$ 569,452
Salaries and benefits	2,984,014	2,338,679
License fees	515,613	391,510
Minor equipment	7,505	6,807
Software maintenance	1,273,795	1,159,212
Pharmacy incentives	14,500	50,750
Rent	33,900	33,900
Other	111,248	87,661
	\$ 5,504,895	\$ 4,637,971
Infrastructure, Information Protection and EHR Operations		
Consulting fees	\$ 1,467,768	\$ 310,032
Salaries and benefits (Note 7)	5,311,654	5,446,980
Data communication charges	534,308	513,272
License fees	2,324,597	2,223,315
Minor equipment	18,786	10,824
Software maintenance	3,769,002	3,560,148
Data centre rent	272,748	281,763
Other	108,673	135,868
	\$13,807,536	\$12,482,202

Newfoundland and Labrador Centre for Health Information

Schedule of Expenses

March 31

	Actual	(Note 13)
	2019	Actual
	<u>2019</u>	<u>2018</u>
Projects		
Consulting fees	\$ 3,997,203	\$ 1,882,331
Salaries and benefits	2,713,455	1,620,555
License fees	991,671	415,113
Equipment and RHA reimbursements	1,789,116	792,575
Software maintenance	312,775	84,333
Rent	196,473	-
Other	165,356	118,523
	<u>\$10,166,049</u>	<u>\$ 4,913,430</u>
Health Analytics and Evaluation Services		
Consulting fees	\$ 53,059	\$ 7,500
Salaries and benefits	3,443,156	3,150,135
License fees	12,442	44,718
Minor equipment	7,277	1,863
Other	56,634	46,092
Software maintenance	38,773	38,203
	<u>\$ 3,611,341</u>	<u>\$ 3,288,511</u>
Total expenses	<u>\$36,175,348</u>	<u>\$28,679,559</u>

Newfoundland and Labrador Centre for Health Information
 Schedule of Reconciliation of the Financial Plan to the Budget
 Year Ended March 31, 2019

	<u>Financial Plan</u>	<u>Adjustments</u>	<u>PSAS Budget</u>
Revenue			
Grants			
Atlantic Canada Opportunities Agency	\$ 7,830,747	\$ -	\$ 7,830,747
Canada Health Infoway	709,700	-	709,700
Government of Newfoundland and Labrador	27,878,700	-	27,878,700
Amortization of deferred capital contributions	3,334,127	(3,334,127)	-
Research	532,400	-	532,400
Interest	200,000	-	200,000
Other projects	<u>4,639,833</u>	<u>-</u>	<u>4,639,833</u>
	<u>45,125,507</u>	<u>(3,334,127)</u>	<u>41,791,380</u>
Expenses			
Administration	4,119,669	-	4,119,669
Clinical Programs	6,053,623	-	6,053,623
Infrastructure, Information Protection and EHR Operations	14,054,066	-	14,054,066
Projects	9,579,167	-	9,579,167
Health Analytics and Evaluation Services	<u>3,578,475</u>	<u>-</u>	<u>3,578,475</u>
	<u>37,385,000</u>	<u>-</u>	<u>37,385,000</u>
Annual surplus before other item	<u>7,740,507</u>	<u>(3,334,127)</u>	<u>4,406,380</u>
Other item			
Amortization of tangible capital assets	<u>5,159,963</u>	<u>-</u>	<u>5,159,963</u>
Annual surplus (deficit)	<u>\$ 2,580,544</u>	<u>\$ (3,334,127)</u>	<u>\$ (753,583)</u>