



Financial Statements

Newfoundland and Labrador Centre for Health
Information

March 31, 2018

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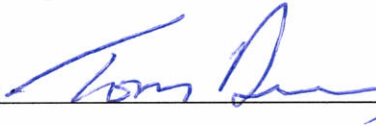
Statement of responsibility

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 auditors' report

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To the Directors of

Newfoundland and Labrador Centre for Health Information

We have audited the accompanying financial statements of Newfoundland and Labrador Centre for Health Information, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, net debt and changes in 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 Centre'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 Centre'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 Newfoundland and Labrador Centre for Health Information as at March 31, 2018 and its financial performance, net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



St. John's, Canada

June 20, 2018

Chartered Professional Accountants

Newfoundland and Labrador Centre for Health Information

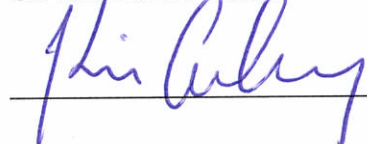
Statement of Financial Position

March 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 19,359,215	\$ 16,413,664
Receivables (Note 4)	<u>3,646,551</u>	<u>782,907</u>
	<u>23,005,766</u>	<u>17,196,571</u>
Liabilities		
Payables and accruals (Note 5)	9,884,120	7,333,541
Deferred revenue	15,434,849	12,216,000
Deferred capital contributions (Note 6)	13,824,594	16,880,296
Accrued severance pay (Note 7)	1,625,944	1,471,900
Accrued sick leave pay (Note 8)	<u>616,300</u>	<u>605,500</u>
	<u>41,385,807</u>	<u>38,507,237</u>
Net debt	<u>(18,380,041)</u>	<u>(21,310,666)</u>
Non-financial assets		
Tangible capital assets (Page 17)	16,654,396	18,806,746
Prepays	<u>2,830,527</u>	<u>1,933,728</u>
	<u>19,484,923</u>	<u>20,740,474</u>
Accumulated surplus (deficit)	<u>\$ 1,104,882</u>	<u>\$ (570,192)</u>

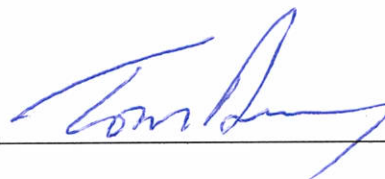
Contractual rights (Note 11)

Commitments (Note 12)

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	Actual 2018	Budget 2018	Actual 2017
Revenue			
Grants			
Atlantic Canada Opportunities Agency	\$ 1,172,644	\$ -	\$ -
Canada Health Infoway	3,790,862	2,984,500	3,881,699
Government of Newfoundland and Labrador	24,265,259	26,217,000	24,058,603
Amortization of deferred capital contributions	3,215,082	3,238,541	3,042,563
Research	345,974	332,300	330,099
Interest	219,380	50,000	144,263
Other projects	<u>1,848,241</u>	<u>4,398,909</u>	<u>4,876,802</u>
	<u>34,857,442</u>	<u>37,221,250</u>	<u>36,334,029</u>
Expenses (Pages 18 & 19)			
Administration	7,860,254	8,241,029	7,978,518
Clinical Programs	4,637,971	4,966,625	5,373,647
Infrastructure, Information Protection and EHR Operations	12,482,202	12,886,242	12,397,462
Projects	4,913,430	3,996,584	4,329,894
Health Analytics and Evaluation Services	<u>3,288,511</u>	<u>3,556,953</u>	<u>3,465,985</u>
	<u>33,182,368</u>	<u>33,647,433</u>	<u>33,545,506</u>
Annual surplus	<u>\$ 1,675,074</u>	<u>\$ 3,573,817</u>	<u>\$ 2,788,523</u>
<hr/>			
Accumulated deficit, beginning of year	\$ (570,192)	\$ (570,192)	\$ (3,358,715)
Annual surplus	<u>1,675,074</u>	<u>3,573,817</u>	<u>2,788,523</u>
Accumulated surplus (deficit), end of year	<u>\$ 1,104,882</u>	<u>\$ 3,003,625</u>	<u>\$ (570,192)</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Statement of Net Debt

Year Ended March 31	Actual 2018	Budget 2018	Actual 2017
Annual surplus	\$ 1,675,074	\$ 3,573,817	\$ 2,788,523
Acquisition of tangible capital assets	(2,350,459)	(2,048,485)	(2,195,078)
Amortization of tangible capital assets	4,502,809	4,666,921	4,407,015
(Increase) decrease in prepaids	<u>(896,799)</u>	<u>-</u>	<u>349,663</u>
Decrease in net debt	2,930,625	6,192,253	5,350,123
Net debt, beginning of year	<u>(21,310,666)</u>	<u>(21,310,666)</u>	<u>(26,660,789)</u>
Net debt, end of year	<u>\$(18,380,041)</u>	<u>\$(15,118,413)</u>	<u>\$(21,310,666)</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Statement of Cash Flows

Year Ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating

Annual surplus	\$ 1,675,074	\$ 2,788,523
Change in non-cash items		
Amortization of capital assets	4,502,809	4,407,015
Amortization of deferred capital contributions	(3,215,082)	(3,042,563)
Loss on disposal of capital assets	-	-
Increase (decrease) in severance pay accrual	154,044	(45,600)
Increase (decrease) in sick leave pay accrual	10,800	(6,800)

Change in non-cash operating working capital

Receivables	(2,863,644)	443,456
Prepaid expenses	(896,799)	349,663
Payables and accruals	2,550,578	1,676,996
Deferred revenue	<u>3,218,849</u>	<u>(5,530,721)</u>

Cash provided by operating transactions

<u>5,136,629</u>	<u>1,039,969</u>
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Capital

Cash applied to capital transactions	<u>(2,350,459)</u>	<u>(2,195,078)</u>
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Financing

Capital contributions from Government of Newfoundland and Labrador and Canada Health Infoway	<u>159,381</u>	<u>1,431,280</u>
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Increase in cash and cash equivalents

2,945,551	276,171
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Cash and cash equivalents, beginning of year

<u>16,413,664</u>	<u>16,137,493</u>
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Cash and cash equivalents, end of year

<u>\$ 19,359,215</u>	<u>\$16,413,664</u>
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See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

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.

Through the support of the provincial government and Canada Health Infoway Inc., 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. 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 severance and sick leave, rates of amortization and impairment of assets.

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.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

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

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 has been met. Other revenue from research and other contracts 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. Depreciation 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
iEHR Labs	10%, straight line

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.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

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

Capital contributions

The Centre receives funding specifically for the development of major software and systems to be used by the various stakeholders within the Province's health care sector. The Centre also has a responsibility to continue to develop and sustain the software and systems for the stakeholders. Based on the Centre's responsibilities to provide a service to maintain these major projects, the funding received has been included as a liability and recognized as revenue over the project's useful life.

Severance pay

Severance pay is calculated using an actuarial estimate based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service. Severance pay is payable when the employee ceases employment with the Centre and has achieved the minimum of nine years of continual service. An actuarially determined accrued liability has been recorded on the statements for severance pay.

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.

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

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

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

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.

3. New accounting policies

The Centre has adopted several new standards as required by Canadian public sector accounting standards for fiscal years beginning on or after April 1, 2017. All new sections have been applied prospectively.

The following three standards have resulted in additional disclosures in the notes to the financial statements in the current year:

Section PS 2200 – Related party transactions

Defines and establishes disclosure standards for related party transactions.

Section PS 3420 – Inter-entity transactions

Establishes how to account for and report on transactions between public sector entities that comprise a government reporting entity.

Section PS 3380 – Contractual rights

Defines and establishes disclosure standards on contractual rights.

Two additional standards have also been adopted but did not have an effect on the financial statements in the current year:

Section PS 3210 – Assets

Provides guidance on applying the definition of an asset and establishes disclosure standards for assets.

Section PS 3320 – Contingent assets

Defines and establishes disclosure requirements for contingent assets.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

4. Receivables	<u>2018</u>	<u>2017</u>
Government of Newfoundland and Labrador	\$ 1,900,000	\$ -
Harmonized sales tax	654,749	526,286
Trade	141,368	234,407
Accrued interest	59,300	14,389
Canada Health Infoway	891,134	5,745
Other	<u>-</u>	<u>2,080</u>
	<u>\$ 3,646,551</u>	<u>\$ 782,907</u>

5. Payables and accruals	<u>2018</u>	<u>2017</u>
Trade	\$ 7,995,624	\$ 5,636,887
Vacation and compensatory pay	<u>1,888,496</u>	<u>1,696,654</u>
	<u>\$ 9,884,120</u>	<u>\$ 7,333,541</u>

6. Deferred capital contributions	<u>2018</u>	<u>2017</u>
Opening balance	\$ 16,880,296	\$ 18,491,579
Capital contributions from Government of Newfoundland and Labrador	159,380	1,293,682
Capital contributions from Canada Health Infoway	-	137,598
Amortization of deferred capital contributions	<u>(3,215,082)</u>	<u>(3,042,563)</u>
	<u>\$ 13,824,594</u>	<u>\$ 16,880,296</u>

7. Accrued severance pay

Accrued severance obligations have been calculated based on an actuarial valuation completed effective March 31, 2018. The assumptions shown below are based on future events.

Significant assumptions used:	<u>2018</u>	<u>2017</u>
Discount rate	3.2%	3.5%
Average remaining service period of active employees	16 years	12.8 years
Wage and salary escalation	3.0%	3.0%

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

7. Accrued severance pay (cont'd.)	<u>2018</u>	<u>2017</u>
Accrued Benefit Obligation:		
Balance beginning of year	\$ 1,471,900	\$ 1,517,500
Current period benefit cost	157,900	154,400
Interest cost	52,600	49,800
Benefits payments	(55,000)	(249,600)
Amortization of actuarial gains	<u>(1,456)</u>	<u>(200)</u>
Balance, end of year	<u>\$ 1,625,944</u>	<u>\$ 1,471,900</u>
Net benefit expense for the year:		
Current period benefit cost	\$ 157,900	\$ 154,400
Amortization of actuarial gains	(1,456)	(200)
Interest cost	<u>52,600</u>	<u>49,800</u>
Net Benefit Expense	<u>\$ 209,044</u>	<u>\$ 204,000</u>

8. **Accrued sick leave pay**

Accrued sick leave obligations have been calculated based on an actuarial valuation completed effective March 31, 2018. The assumptions shown below are based on future events.

	<u>2018</u>	<u>2017</u>
Significant assumptions used:		
Discount rate	3.2%	3.5%
Average remaining service period of active employees	15.0 years	9.7 years
Wage and salary escalation	3.0%	3.0%
Accrued Benefit Obligation:		
Balance beginning of year	\$ 605,500	\$ 612,300
Current period benefit cost	-	-
Interest cost	21,000	20,400
Benefits payments	(10,200)	(27,400)
Amortization of actuarial gains	<u>-</u>	<u>200</u>
Balance, end of year	<u>\$ 616,300</u>	<u>\$ 605,500</u>
Net benefit expense for the year:		
Current period benefit cost	\$ -	\$ -
Amortization of actuarial losses (gains)	-	200
Interest cost	<u>21,000</u>	<u>20,400</u>
Net Benefit Expense	<u>\$ 21,000</u>	<u>\$ 20,600</u>

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

9. 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.

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 \$1,157,817 (2017 - \$1,208,472). Additional information about the plan surplus or deficit is not available.

10. 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.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2018

11. Contractual rights

The Centre has entered into contractual agreements with several federal agencies for project funding.

Atlantic Canada Opportunities Agency has committed funding under its Business Development Program for eligible costs incurred between August 2017 and March 31, 2019 for three separate initiatives.

- Funding up to \$3,858,541 was approved to build a provincial health data lab to store and provide secure access to provincial clinical and administrative health data sets. Revenue of \$3,442,802 is expected to be recognized in the fiscal year ending March 31, 2019.
- Funding up to \$3,351,000 was approved to enable more cost-effective delivery of and expanded access to telehealth services across rural regions of Newfoundland and Labrador. Revenue of \$3,050,646 is expected to be recognized in the fiscal year ending March 31, 2019.
- Funding up to \$1,793,674 was approved to acquire and implement technology to support new electronic processes for e-ordering, to maximize use of clinical staff resources and to improve overall delivery of care at a lower cost. Revenue of \$1,337,123 is expected to be recognized in the fiscal year ending March 31, 2019.

Canada Health Infoway Inc. has committed funding of up to \$2.2 million to accelerate the implementation and adoption of electronic medical records. Revenue of \$225,000 is expected to be recognized in the fiscal year ending March 31, 2019.

There are no contractual agreements in effect after March 31, 2019.

12. 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:

2019	\$ 4,405,503
2020	\$ 2,966,079
2021	\$ 2,635,594
2022	\$ 850,293
2023	\$ 197,654

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, 2018

13. 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, 2018.

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 \$9,884,120 (2017 - \$7,333,541), 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 fulfill its payment obligations. The Centre's credit risk is attributable to receivables in the amount of \$2,991,802 (2017 - \$256,621), of which \$891,134 (2017 - \$5,745) is receivable from Canada Health Infoway and \$1,900,000 (2017 - \$Nil) is receivable from the Department of Health and Community Services of the Government of Newfoundland and Labrador. 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.

14. Subsequent event

On May 29, 2018 the Government of Newfoundland and Labrador announced that effective June 1, 2018 there will be a curtailment of severance benefits for its executives, managers, and other non-union employees. The Centre is currently estimating the impact of this announcement on the severance liability as presented in Note 7 to the financial statements.

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

Year Ended March 31, 2018

Cost	Computer equipment	Office furniture	Computer software	Leasehold improvements	Pharmacy Network	Electronic Health Records-Labs (iEHR Labs)	Health Information Access Layer (HIAL)	2018	2017
Cost, beginning of year	\$ 12,252,148	\$ 391,562	\$ 6,453,741	\$ 264,421	\$ 10,334,829	\$ 8,333,909	\$ 8,291,887	\$46,322,497	\$ 44,336,367
Additions during the year	1,184,229	17,914	1,150,222	-	-	(1,906)	-	2,350,459	2,195,078
Disposals during the year	(202,419)	-	(45,438)	-	-	-	-	(247,857)	(208,948)
Cost, end of year	<u>\$ 13,233,958</u>	<u>\$ 409,476</u>	<u>\$ 7,558,525</u>	<u>\$ 264,421</u>	<u>\$ 10,334,829</u>	<u>\$ 8,332,003</u>	<u>\$ 8,291,887</u>	<u>\$ 48,425,099</u>	<u>\$ 46,322,497</u>
Accumulated Amortization									
Accumulated amortization, beginning of year	\$ 9,604,235	\$ 361,137	\$ 5,027,119	\$ 205,532	\$ 7,135,280	\$ 1,386,570	\$ 3,795,878	\$ 27,515,751	\$ 23,317,684
Amortization	1,081,082	8,121	735,716	29,334	1,033,483	785,884	829,189	4,502,809	4,407,015
Reversal of accumulated amortization relating to disposals	(202,419)	-	(45,438)	-	-	-	-	(247,857)	(208,948)
Accumulated amortization, end of year	<u>\$ 10,482,898</u>	<u>\$ 369,258</u>	<u>\$ 5,717,397</u>	<u>\$ 234,866</u>	<u>\$ 8,168,763</u>	<u>\$ 2,172,454</u>	<u>\$ 4,625,067</u>	<u>\$ 31,770,703</u>	<u>\$ 27,515,751</u>
Net book value of tangible capital assets	<u>\$ 2,751,060</u>	<u>\$ 40,218</u>	<u>\$ 1,841,128</u>	<u>\$ 29,555</u>	<u>\$ 2,166,066</u>	<u>\$ 6,159,549</u>	<u>\$ 3,666,820</u>	<u>\$ 16,654,396</u>	<u>\$ 18,806,746</u>

Included in tangible capital assets are assets that are not in use and therefore not depreciated in the current year. These assets which \$Nil (2017 - \$569,659) relates to iEHR Labs, \$111,009 (2017 - \$244,552) to computer software, and \$421,867 (2017 - \$Nil) to computer equipment are expected to be depreciated in the next fiscal year.

Newfoundland and Labrador Centre for Health Information

Schedule of Expenses

March 31	2018	2017
Administration		
Communication	\$ 8,593	\$ 12,742
Consulting fees	423	26,413
Salaries and benefits	1,958,350	2,214,346
Amortization of capital assets	4,502,809	4,407,015
Minor equipment	14,372	3,506
Software maintenance	24,727	21,988
Rent	898,511	898,511
Security services	157	24,572
Insurance	104,780	105,361
Other	<u>347,532</u>	<u>264,064</u>
	\$ 7,860,254	\$ 7,978,518
Clinical Programs		
Consulting fees	\$ 569,452	\$ 584,239
Salaries and benefits	2,338,679	2,526,456
License fees	391,510	187,881
Minor equipment	6,807	3,014
Software maintenance	1,159,212	1,224,356
Pharmacy incentives	50,750	741,750
Rent	33,900	33,900
Other	<u>87,661</u>	<u>72,051</u>
	\$ 4,637,971	\$ 5,373,647
Infrastructure, Information Protection and EHR Operations		
Consulting fees	\$ 310,032	\$ 359,049
Salaries and benefits	5,446,980	5,453,998
Data communication charges	513,272	485,209
License fees	2,223,315	2,257,358
Minor equipment	10,824	9,323
Software maintenance	3,560,148	3,396,690
Data centre rent	281,763	301,889
Other	<u>135,868</u>	<u>133,946</u>
	\$ 12,482,202	\$ 12,397,462

Newfoundland and Labrador Centre for Health
Information
Schedule of Expenses

March 31	2018	2017
Projects		
Consulting fees	\$ 1,882,331	\$ 2,095,526
Salaries and benefits	1,620,555	1,605,445
License fees	415,113	112,112
Equipment and RHA reimbursements	792,575	299,898
Software maintenance	84,333	22,234
Other	<u>118,523</u>	<u>194,679</u>
	\$ 4,913,430	\$ 4,329,894
Health Analytics and Evaluation Services		
Consulting fees	\$ 7,500	\$ 3,476
Salaries and benefits	3,150,135	3,339,739
License fees	44,718	31,609
Minor equipment	1,863	9,691
Other	46,092	55,302
Software maintenance	<u>38,203</u>	<u>26,168</u>
	\$ 3,288,511	\$ 3,465,985
Total expenses	<u>\$ 33,182,368</u>	<u>\$ 33,545,506</u>