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**eHealth Saskatchewan**  
**2014 - 2015 Financial Statements**



## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of eHealth Saskatchewan, which comprise the statement of financial position as at March 31, 2015, and statements of operations, changes in net financial assets and 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 for Treasury Board's approval, 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of eHealth Saskatchewan as at March 31, 2015, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson, FCPA, FCA  
Provincial Auditor

Regina, Saskatchewan  
July 8, 2015

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**Statement 1**

**eHealth Saskatchewan  
Statement of Financial Position  
as at March 31  
(\$000s)**

	<u>2015</u>	<u>2014</u>
<b>Financial Assets</b>		
Due from General Revenue Fund (Note 3)	\$ 3,102	\$ 13,391
Receivable from Ministry of Health	5,101	2,875
Other Accounts Receivable	6,141	5,690
	<u>14,344</u>	<u>21,956</u>
<b>Liabilities</b>		
Accounts Payable & Accrued Liabilities	6,314	8,174
Accrued Salaries & Benefits	1,656	1,215
Accrued Vacation	644	420
Deferred Revenue (Note 11)	492	234
Obligations Under Capital Leases (Note 10)	3,332	-
	<u>12,438</u>	<u>10,043</u>
<b>Net Financial Assets (Statement 3)</b>	<u>1,906</u>	<u>11,913</u>
<b>Non-financial Assets</b>		
Tangible Capital Assets (Note 5)	37,663	44,814
Prepaid Assets	6,566	5,243
	<u>44,229</u>	<u>50,057</u>
<b>Accumulated Surplus (Statement 2)</b>	<u>46,135</u>	<u>61,970</u>

**Commitments (Note 13)**

(See accompanying notes to financial statements)

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**Statement 2****eHealth Saskatchewan  
Statement of Operations  
for the year ended March 31  
(\$000s)**

	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
	(Note 4)		
<b>Revenue</b>			
Ministry of Health Funding			
GRF Grant	\$ 63,374	\$ 63,374	\$ 55,151
Other Ministry of Health Revenue	\$ -	9,530	12,658
Canada Health Infoway Funding	2,620	2,088	3,443
Recoveries / Other	12,073	8,856	7,370
<b>Total Revenue</b>	<b>78,067</b>	<b>83,848</b>	<b>78,622</b>
<b>Expenses</b>			
Amortization	19,000	18,612	18,036
Business Relations and eHealth	28,725	31,784	31,085
Finance and Administration	10,088	9,836	5,943
Board and Executive Office	2,307	1,601	1,610
Information Technology	29,625	33,060	31,838
Risk and Strategy Management	6,819	4,790	3,163
<b>Total Expenses (Schedule 1)</b>	<b>96,564</b>	<b>99,683</b>	<b>91,675</b>
<b>Annual Deficit (Statement 3)</b>	<b>\$ (18,497)</b>	<b>\$ (15,835)</b>	<b>\$ (13,053)</b>
<b>Accumulated Surplus, at beginning of year</b>		<b>61,970</b>	<b>75,023</b>
<b>Accumulated Surplus, at end of year (Statement 1)</b>		<b>\$ 46,135</b>	<b>\$ 61,970</b>

(See accompanying notes to financial statements)

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**Statement 3**

**eHealth Saskatchewan  
Statement of Change in Net Financial Assets  
for the year ended March 31  
(\$000s)**

	<u>2015</u>	<u>2014</u>
<b>Annual Deficit (Statement 2)</b>	\$ (15,835)	\$ (13,053)
Acquisition of Tangible Capital Assets	(11,461)	(10,905)
Amortization of Tangible Capital Assets	18,612	18,036
	<u>7,151</u>	<u>7,131</u>
Use (acquisition) of Prepaid Assets	(1,323)	250
	<u>(1,323)</u>	<u>250</u>
<b>Decrease in Financial Assets</b>	\$ (10,007)	\$ (5,672)
<b>Net Financial Assets at beginning of year</b>	<u>11,913</u>	<u>17,585</u>
<b>Net Financial Assets at end of year (Statement 1)</b>	<u><u>\$ 1,906</u></u>	<u><u>\$ 11,913</u></u>

(See accompanying notes to financial statements)

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**Statement 4**

**eHealth Saskatchewan  
Statement of Cash Flows  
for the year ended March 31  
(\$000s)**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Cash Receipts	\$ 81,429	\$ 81,173
Cash Paid To Suppliers And Others	(83,589)	(72,538)
<b>(Decrease) / Increase from Operating Activities For The Year</b>	<u>(2,160)</u>	<u>8,635</u>
 <b>Cash Flows From Capital Activities</b>		
Purchase Of Tangible Capital Assets	(11,461)	(10,905)
<b>Decrease From Capital Activities For The Year</b>	<u>(11,461)</u>	<u>(10,905)</u>
 <b>Cash Flows From Financing Activities</b>		
Net Change in Obligations Under Capital Leases	3,332	(1)
<b>Increase / (Decrease) From Financing Activities For The Year</b>	<u>3,332</u>	<u>(1)</u>
 <b>Net Decrease In Due From General Revenue Fund</b>	(10,289)	(2,271)
 <b>Due From General Revenue Fund, Beginning Of The Year</b>	13,391	15,662
 <b>Due From General Revenue Fund, End Of The Year</b>	<u>\$ 3,102</u>	<u>\$ 13,391</u>

(See accompanying notes to financial statements)

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**eHealth Saskatchewan  
Notes to the Financial Statements  
for the year ended March 31, 2015  
(\$000s)**

**1. Description of Business**

Saskatchewan Health Information Network (SHIN) was established as a Treasury Board Crown Corporation by Order in Council 581/1997 under the provisions of *The Crown Corporations Act, 1993* (Act) effective August 19, 1997.

SHIN was renamed to eHealth Saskatchewan by Order in Council 734/2010

eHealth Saskatchewan (eHealth) was created to design, implement, own, operate, and manage a provincial health information network. eHealth's purpose is to foster the development of the health information technology sector, to foster re-engineering of health delivery processes and to protect health information as a strategic resource.

**2. Significant Accounting Policies**

Pursuant to standards established by the Public Sector Accounting Board (PSAB) and published by Chartered Professional Accountants (CPA) Canada, eHealth is classified as an other government organization. eHealth uses Canadian generally accepted accounting principles applicable to governments. The following principles are considered to be significant:

a) The Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

Government transfers are recognized as revenue in the period the transfer is authorized and any eligibility criteria are met. Other revenue is recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Expenses

Expenses represent the cost of resources consumed for operations during the year. Expenses include provision for the amortization of tangible capital assets.

d) Pension Plan

Employees of eHealth Saskatchewan participate in the Public Employees' Pension Plan (PEPP) (a related party) - This is a defined contribution plan. eHealth's financial obligation to this plan is limited to making the required payments to this plan according to the PEPP agreement. Pension expense is included in Salary & Benefits in Schedule 1.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life. Amortization is recorded, commencing with the quarter after the assets are placed into service, on a straight-line basis at the annual rates set out below:

Desktop Computer Hardware	33%
Computer Software	33%
Network Hardware, Software & System Development costs	20%
Office Equipment	20%
Office Furniture	10%

f) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge liabilities unless they are sold.

g) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, such adjustments are reported in earnings in the period in which they become known.

**3. Due from the General Revenue Fund**

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty-day borrowing rate and eHealth's average daily account balance. The Government's average thirty-day borrowing rate in 2015 was 0.87% (2014 - 1.02%).

**4. Budget Approval**

eHealth's budget was approved by the Board on April 10, 2014

## 5. Tangible Capital Assets

	March 31, 2015							March 31, 2014
	Desktop Computer Hardware & Software	Computer Network Hardware	Licensed or Multiple Application Software	Office Furniture & Equipment	System Development Costs	Work in Progress System Development	Total	Total
Opening Cost	\$ 13	\$ 7,398	\$ 11,756	\$ 1,469	\$ 147,205	\$ 2,264	\$ 170,105	\$ 179,261
Additions During the Year	-	3,381	69	1,574	2,360	4,077	11,461	10,905
WIP moved into Production	-	-	-	-	6,341	(6,341)	-	-
Disposals	-	-	-	-	-	-	-	(20,061)
Closing Cost	13	10,779	11,825	3,043	155,906	0	181,566	170,105
Opening Accumulated Amortization	5	4,396	5,359	218	115,313	-	125,291	127,316
Annual Amortization	4	860	2,156	237	15,355	-	18,612	18,036
Disposals	-	-	-	-	-	-	-	(20,061)
Closing Accumulated Amortization	9	5,256	7,515	455	130,668	-	143,903	125,291
<b>Total Tangible Capital Assets</b>	<b>\$ 4</b>	<b>\$ 5,523</b>	<b>\$ 4,310</b>	<b>\$ 2,588</b>	<b>\$ 25,238</b>	<b>\$ 0</b>	<b>\$ 37,663</b>	<b>\$ 44,814</b>

## 6. Maintenance Agreements for Software

eHealth has several agreements with software vendors to provide maintenance for software that has been purchased by eHealth. A total of \$20,480 was spent in 2015 (2014 - \$23,143). This arrangement will likely continue into the future.

## 7. Related Parties

These financial statements include routine transactions with related parties. eHealth is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan. Related party transactions to March 31, 2015, include the following:

	2015	2014
<b>Revenue</b>		
Health Quality Council	\$ 1	\$ -
Health Shared Services Saskatchewan (3S Health)	(22)	193
Regional Health Authorities	5,672	4,785
Saskatchewan Cancer Agency	380	227
Saskatchewan Ministry of Finance	125	198
Saskatchewan Ministry of Health	73,215	67,809
	<b>\$ 79,371</b>	<b>\$ 73,212</b>
<b>Accounts Receivable</b>		
Health Quality Council	\$ 1	\$ -
Health Shared Services Saskatchewan (3S Health)	7	193
Regional Health Authorities	3,156	1,419
Saskatchewan Cancer Agency	227	140
Saskatchewan Ministry of Finance	16	49
Saskatchewan Ministry of Health	5,418	2,875
	<b>\$ 8,825</b>	<b>\$ 4,676</b>
<b>Expenditures</b>		
Health Shared Services Saskatchewan (3S Health)	\$ 547	\$ 349
Other <sup>1</sup>	10	4
Public Employees - Dental Plan	284	65
Public Employees - Disability Income Plan	97	14
Public Employees - Extended Health Care Plan	443	92
Public Employees - Group Life Insurance Plan	132	26
Public Employees Pension Plan	3,198	588
Regional Health Authorities	2,036	2,225
Saskatchewan Ministry of Central Services	698	465
Saskatchewan Opportunities Corporation	5	1,106
Saskatchewan Workers' Compensation Board	443	47
SaskEnergy	23	13
SaskPower	202	-
SaskTel	9,565	7,769
	<b>\$ 17,683</b>	<b>\$ 12,763</b>
<b>Accounts Payable</b>		
SaskTel	\$ 1,215	\$ 391
SaskEnergy	3	-
Saskatchewan Opportunities Corporation	-	-
Saskatchewan Ministry of Central Services	69	56
Regional Health Authorities	262	195
Public Employees Pension Plan	-	135
Public Employees - Group Life Insurance Plan	12	9
Public Employees - Extended Health Care Plan	-	22
Public Employees - Disability Income Plan	9	6
Public Employees - Dental Plan	24	23
Other <sup>1</sup>	1	-
Health Shared Services Saskatchewan (3S Health)	55	89
	<b>\$ 1,650</b>	<b>\$ 926</b>



The Person Health Registry System transferred to eHealth from Ministry of Health on March 26, 2015 at book value. eHealth received \$2,356 in tangible capital assets and recorded these as tangible capital assets and revenue from the Ministry of Health.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, eHealth pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.

<sup>1</sup> Other Expenditures include Ministry of Social Services; Saskatchewan Government Insurance; Health Quality Council; University of Regina; and University of Saskatchewan

## 8. Financial Instruments

eHealth's financial instruments include due from the General Revenue Fund, accounts receivable and accounts payable. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no interest or credit risk.

## 9. Operating Lease

eHealth has entered into a lease agreement with Primaris which expires March 31, 2023 for office space, as well as a new data centre with Fujitsu Consulting. eHealth currently has 6 leases with Macquarie Equipment Finance for desktop computer equipment. The operating lease payments for the next 8 years are as follows:

2016	\$	2,098
2017		2,015
2018		2,010
2019		2,091
2020		2,111
2021		2,130
2022		2,151
2023		2,171
Total Lease Payments	\$	<u>16,777</u>

## 10. Capital Leases

eHealth currently has two capital leases on office furniture and 10 capital leases for computer hardware. The minimum annual lease payment for the capital leases over the remaining years is as follows.

2016	\$	1,311
2017		1,273
2018		742
2019		499
2020		66
Total		<u>3,891</u>
Less Interest		<u>233</u>
Net		<u>3,658</u>
Less Maintenance		<u>326</u>
Total Obligation	\$	<u>3,332</u>

## 11. Deferred Revenue

As of March 31, 2015, eHealth's deferred revenue balance is \$492 (2014 - \$234). Deferred revenue is only used once all project planning and due diligence (including stakeholder readiness) is completed and other revenue opportunities are maximized. Deferred revenue consists of unspent amounts provided by the Project Management Board of the Provider Registry System from Alberta, Saskatchewan and Newfoundland

Deferred Revenue	April 1, 2014	2014-15 Expenditures	Amounts Received	March 31, 2015
Provider Registry Host Agency	\$ 233	\$ 461	\$ 719	\$ 491
Other	1	-	-	1
<b>Total Deferred Revenue</b>	<b>\$ 234</b>	<b>\$ 461</b>	<b>\$ 719</b>	<b>\$ 492</b>

## 12. Designated Assets

eHealth's designated assets represent Ministry of Health funding committed to developing information technology systems that support frontline delivery and improve access, quality and efficiency of care.

eHealth's designated asset balance as at March 31, 2015 is \$7,312 (2014 - \$11,840). In 2014-15, the designated assets consist of a combination of cash and accounts receivable. eHealth's Board of Directors has approved the following designated assets in 2014-15:

Designated Assets	April 1, 2014	2014-15 Expenditures	Amounts Received	March 31, 2015
Drug Plan System Enhancements	\$ 1,239	\$ 1,079	\$ -	\$ 160
eHealth Saskatchewan	-	-	-	-
Acute and Emergency System Enhancements	1,655	11	-	1,644
Community System Enhancements	1,987	559	-	1,428
Physician Payment System Enhancements	470	199	-	271
Saskatchewan Surgical Initiatives	1,839	1,072	9	776
Chronic Disease Management	3,842	1,459	-	2,384
Strategy & Innovation	-	-	600	600
Vital Statistics	600	600	-	-
Population Health	-	30	80	50
Patient Services	150	150	-	-
Other	58	58	-	-
<b>Total Designated Assets</b>	<b>\$ 11,840</b>	<b>\$ 5,217</b>	<b>\$ 689</b>	<b>\$ 7,312</b>

## 13. Commitments

As of March 31, 2015, eHealth is committed to technical support for internal and regional IT systems totaling \$45,088 (2014 - \$38,810). The following table outlines the funds dedicated for capital and operational expenditures over the remaining years as follows:

2016	\$ 26,674
2017	7,417
2018	3,793
2019	3,677
2020	2,956
Thereafter	6,707
<b>Total Commitment</b>	<b>\$ 51,224</b>

## 14. Subsequent Events

Subsequent to year end, eHealth has signed seven capital lease agreements with Cisco Systems Capital Canada, Co. totaling \$3,587.

## 15. Comparative Figure Note

Prior year figures have been restated and reclassified to conform to current year presentation.

**Schedule 1**

**eHealth Saskatchewan  
Schedule of Expenses by Object  
for the year ended March 31  
(\$000s)**

	<b>2015</b>	<b>2014</b>
Amortization	\$ 18,612	\$ 18,036
Board	19	41
Cabling	55	14
Communications	499	442
Community Net	5,884	4,109
Electrical	-	4
Facilities	466	300
Hardware	1,119	94
Hardware Maintenance	264	421
Insurance	25	24
Leases	287	179
Legal	217	600
Membership	207	16
Miscellaneous	1,230	468
Office Supplies	1,457	1,017
Parking	303	171
Professional Fees	16,078	30,157
Rent	2,689	2,051
Salary & Benefits	26,317	11,374
SW License	2,920	3,858
SW Maintenance	20,218	17,496
Telephone	338	348
Travel	479	455
	<b>\$ 99,683</b>	<b>\$ 91,675</b>