eHealth Saskatchewan 2012 - 2013 Financial Statements

eHealth Saskatchewan Statement of Financial Position as at March 31, 2013 (\$000s)

	 2013	 2012
Financial Assets		
Due from General Revenue Fund (Note 3)	\$ 15,662	\$ 19,552
Receivable from Saskatchewan Health	6,355	5,512
Other Accounts Receivable	 4,714	 3,548
	 26,731	 28,612
Liabilities		
Accounts payable and Accrued Liabilities	8,535	6,273
Accrued Salaries & Benefits	139	89
Accrued Vacation	284	205
Deferred Revenue (Note 11)	187	21,755
Obligations Under Capital Leases (Note 9)	1	196
	 9,146	28,518
Net Financial Assets (Statement 3)	 17,585	94
Non-financial Assets		
Tangible Capital Assets (Note 5)	51,945	59,798
Prepaid Assets	5,493	4,680
	 57,438	64,478
Accumulated Surplus (Statement 2)	\$ 75,023	\$ 64,572

(See accompanying notes to financial statements)

eHealth Saskatchewan Statement of Operations for the year ended March 31, 2013 (\$000s)

	 Budget 2013 (Note 4)	 2013	 2012
Revenue			
Ministry of Health Funding	\$ 73,877	\$ 91,503	\$ 58,074
Canada Health Infoway Funding	11,609	6,901	6,074
Recoveries	6,055	5,833	5,904
Other Revenue	259	460	539
Total Revenue	 91,800	 104,697	 70,591
Expenses			
Amortization	20,000	21,354	19,911
Corporate Services		-	1,598
eHealth & Business Services	13,917	14,154	5,153
Finance	5,253	4,096	2,554
Board and Executive Office	4,571	5,150	938
Ongoing Operations	47,198	46,328	38,602
Project Services	 2,717	 3,164	 4,477
Total Expenses (Schedule 1)	 93,656	 94,246	 73,233
Annual Surplus (Deficit)	\$ (1,856)	\$ 10,451	\$ (2,642)
Accumulated Surplus, at beginning of year	 	 64,572	 67,214
Accumulated Surplus, at end of year (Statement 1)		\$ 75,023	\$ 64,572

(See accompanying notes to financial statements)

eHealth Saskatchewan Statement of Change in Net Financial Assets for the year ended March 31, 2013 (\$000s)

	 2013	 2012
Annual Surplus (Deficit)	\$ 10,451	\$ (2,642)
Acquisition of Tangible Capital Assets Amortization of Tangible Capital Assets	(13,501) 21,354	(18,111) 19,911
	7,853	 1,800
Use of Prepaid Assets	(813)	(1,304)
	 (813)	 (1,304)
Increase (Decrease) in Financial Assets	\$ 17,491	\$ (2,146)
Net Financial Assets at beginning of year	 94	 2,240
Net Financial Assets at end of year (Statement 1)	\$ 17,585	\$ 94

(See accompanying notes to financial statements)

eHealth Saskatchewan Statement of Cash Flows for the year ended March 31, 2013 (\$000s)

	2013	2012
Cash Flows From Operating Activities		
Cash Receipts	\$ 81,120	\$ 67,717
Cash Paid To Suppliers And Others Increase in Operating Activities For The Year	(71,314) 9,806	(54,404)
Cash Flows From Investing Activities		
Purchase Of Tangible Capital Assets	(13,501)	(18,111)
Decrease In Investing Activities For The Year	(13,501)	(18,111)
Cash Flows From Financing Activities		
Net Change in Obligations Under Capital Leases	(195)	(268)
Decrease In Financing Activities For The Year	(195)	(268)
Net Increase (Decrease) In Due From General Revenue Fund	(3,890)	(5,066)
Due From General Revenue Fund, Beginning Of The Year	19,552	24,618
Due From General Revenue Fund, End Of The Year	\$ 15,662	\$ 19,552

eHealth Saskatchewan Notes to the Financial Statements for the year ended March 31, 2013 (\$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), 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 during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d) 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%

e) 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.

f) 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.

g) Adoption of New Accounting Standards

PSAB issued four new accounting standards effective April 1, 2012. PS 1201, Financial Statement Presentation; PS 2601, Foreign Currency Translation; PS 3410, Government Transfers; and PS 3450, Financial Instruments. The respective standards have been applied prospectively, in accordance with the transitional provisions of the Sections. The adoption of PS 3410, Government Tranfers resulted in \$15,781 in amounts previously recorded as deferred revenue being recognized into revenue in the current year. These amounts are now included in accumulated surplus and classified as designated assets (note 12). The adoption of the other standards had no impact on eHealth's financial statements other than minor changes to the financial statement presentation and disclosure.

3. Due from the General Revenue Fund

eHealth's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

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 2013 was 1.09% (2012 - 1.05%).

4. Budget Approval

eHealth's budget is approved by the Board.

5. Tangible Capital Assets

							March 31, 2013						March 31, 2012
		Desktop			Licensed or						Work In		
		Computer	С	omputer	Multiple				System		Progress		
	н	ardware &		Network	Application	C	Office Furniture &	D	Development		System		
		Software	Н	lardware	Software		Equipment		Costs	D	evelopment	Total	 Total
Opening Cost	\$	1,074	\$	10,383	\$ 12,464	\$	1,326	\$	134,124	\$	6,389	\$ 165,760	\$ 147,648
Additions During the Year		13		1,557	2,457		252		-		9,222	13,501	18,112
WIP moved into Production		-		-	-		-		10,272		(10,272)	-	-
Disposals		-		-	-		-				-	-	-

Closing Cost	1,087	11,940	14,921	1,578	144,396	5,339	179,261	165,760
Opening Accumulated Amortization	1,074	8,489	8,825	1,130	86,444	-	105,962	86,052
Annual Amortization	1	883	1,235	82	19,153	-	21,354	19,910
Disposals	-	-	-	-	-	-	-	-
Closing Accumulated Amortization	1,075	9,372	10,060	1,212	105,597	-	127,316	105,962
Total Tangible Capital Assets	\$ 12	\$ 2,568 \$	4,861 \$	366 \$	38,799 \$	5,339 \$	51,945	\$ 59,798

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 **\$17,438** was spent in 2013 (2012 - \$14,635) and **\$5,651** (2012 - \$4,680) is committed for the current year and 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, 2013, include the following:

	2013	2012
Revenue		
Saskatchewan Ministry of Health	\$ 91,503 \$	58,074
Regional Health Authorities	4,565	4,059
Saskatchewan Ministry of Finance	271	272
Saskatchewan Cancer Agency	185	140
Health Shared Services Saskatchewan (3S Health)	83	1,289
Saskatchewan Ministry of Central Services	2	-
Health Quality Council	-	6
Accounts Receivable		
Saskatchewan Ministry of Health	6,355	5,512
Regional Health Authorities	676	547
Saskatchewan Ministry of Finance	67	-
Saskatchewan Cancer Agency	30	13
Health Shared Services Saskatchewan (3S Health)	1	100
Expenditures		
SaskTel	5,147	2,674
Regional Health Authorities	3,985	2,000
Ministry of Government Services	1,424	3,812
Saskatchewan Opportunities Corporation	1,135	888
Health Shared Services Saskatchewan (3S Health)	820	126
Saskatchewan Workers' Compensation Board	152	54
Accounts Payable SaskTel	400	610
	433	618
Health Shared Services Saskatchewan (3S Health)	149 72	75 279
Regional Health Authorities		374
Ministry of Government Services	30 5	374 16
Saskatchewan Opportunities Corporation	C	10

eHealth Saskatchewan occupies tenant and storage space, and uses parking stalls at the T.C. Douglas Building. The accommodation charge paid by the Ministry of Health to Government Services on behalf of eHealth Saskatchewan was \$302,559. This expense is not reflected in eHealth's operations.

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.

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. Capital Lease

eHealth currently has one capital lease on equipment. The minimum annual lease payment for the capital lease over the remaining year is as follows.

2014\$1Total Minimum Lease Payments1Less Amount Representing Interest-Total Obligation1Less Expense Related to Maintenance-Balance of the Obligation\$1

10. Operating Lease

eHealth has entered into a lease agreement with Saskatchewan Opportunities Corporation a related party, for office space, which expires on April 30, 2014. eHealth has also entered into a lease agreement which expires on March 31, 2023 with Primaris for office space, as well as a new data centre with Fujitsu Consulting. eHealth currently has 10 leases with Macquarie Equipment Finance for desktop computer equipment. The operating lease payments for the next 10 years are as follows:

2014	\$ 3,115
2015	2,104
2016	1,989
2017	1,937
2018	1,952
2019	2,041

2020	2,057
2021	2,073
2022	2,090
2023	 2,107
Total Lease Payments	\$ 21,465

11. Deferred Revenue

As of March 31, 2013, eHealth's deferred revenue balance is \$187 (2012 - \$21,755). 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, 2012	2012-13 Expenditures	Amounts Received	Change in Accounting Policy Transfer (Note 2g)	March 31, 2013
First Ministers Funding					
ESP Staff Scheduling Project	\$ 333	\$ 333	\$ -	\$-	\$ -
Total First Ministers Funding	333	333	-	-	-
Other Deferred Revenue					
Canada Health Infoway	523	523	-	-	-
Saskatchewan Health Pay Forward	10,381	10,381	-	-	-
Acute and Emergency System Enhancements	1,754	75	-	1,679	-
Community System Enhancements	902	377	1,433	1,958	-
Drug Plan System Enhancements	2,181	1,293	-	888	-
Physician Payment System Enhancements	560	-	-	560	-
Provider Registry Host Agency	187	197	195	-	185
Saskatchewan Surgical Initiatives	2,934	2,440	4,534	5,028	-
Chronic Disease Management	2,000	332	4,000	5,668	-
Other	-	1	3	-	2
Total Other Deferred Revenue	21,422	15,619	10,165	15,781	187
Total Deferred Revenue	\$ 21,755	\$ 15,952	\$ 10,165	\$ 15,781	\$ 187

12. Designated Assets

eHealth's designated assets consist of: 1) Ministry of Health funding commited to developing information technology systems that support frontline delivery and improve access, quality and efficiency of care; and 2) Designated eHealth funding for the Cornwall Centre space redevelopment. eHealth's designated asset balance as at March 31, 2013 is \$17,581 (2012-\$0). eHealth Saskatchewan's Board of Directors has approved the following designated assets in 2012-13:

esignated Assets	March 31, 2013				
Drug Plan System Enhancements	\$	888			
eHealth Saskatchewan		1,800			
Acute and Emergency System Enhancements		1,679			
Community System Enhancements		1,958			
Physician Payment System Enhancements		560			
Saskatchewan Surgical Initiatives		5,028			
Chronic Disease Management		5,668			
otal Designated Assets	\$	17,581			

As of March 31, 2013, eHealth is committed to developing information technology applications totaling \$10,735 (2012 - \$2,777) and technical support for internal and regional IT systems totaling \$42,098 (2012 - \$34,497). The following table outlines the funds dedicated for capital and operational expenditures.

Commitments	Total Budgeted Costs		Total Expenditures March 31, 2013		Total Commitments March 31, 2013	
Capital Projects	\$	11,622	\$	887	\$	10,735
Operational Services		72,645		30,547		42,098
Total Commitments	\$	84,267	\$	31,434	\$	52,833

14 Subsequent Event

Vital Statistics is transferring from Information Services Corporation to eHealth Saskatchewan. Included in this transfer are staff positions and assets with an approximate Net Book Value of \$3.0M. The transfer is effective June 16, 2013.

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, 2013 (\$000s)

	2013		2012	
Amortization	\$	21,354	\$ 19,911	
Board		1	1	
Cabling		27	18	
Community Net		6,680	5,323	
Connectivity / Communications		419	437	
Electrical		12	115	
Facilities		62	29	
Hardware Maintenance		3,745	613	
Hardware Purchases		257	1,504	
Infrastructure Leases		86	94	
Insurance		17	14	
Legal		479	478	
Membership & Subscription		123	113	
Miscellaneous		153	116	
Office Supplies		495	135	
Parking		100	80	
Professional Fees		29,229	23,013	
Rent		1,877	1,040	
Salaries & Benefits		8,433	5,805	
Software Licenses		2,624	(105)	
Software Maintenance		17,522	14,023	
Telephone & Long Distance		241	198	
Travel		310	278	
	\$	94,246	\$ 73,233	