Health Research Ethics Authority

Activity Report

April 1, 2017 – March 31, 2018

Chairperson's Message

In accordance with the **Transparency and Accountability Act,** I am pleased to present the 2017-2018 Activity Report for the Health Research Ethics Authority hereafter referred to as the Authority. Under the **Transparency and Accountability Act** the Authority is defined as a Category 3 entity, and as such, has planned and reported in keeping with these requirements. This report allowed the Authority to enhance recognition of ethical issues related to health research and achieve its accountability requirements to the public.

In the development of this Activity Report, consideration was given to the activities of the Authority in its seventh year of development and the extent to which planned and actual activities were met during fiscal year 2017-2018.

As Chairperson of the Authority my signature below indicates the Authority's accountability for the results reported in this Activity Report.

For the purposes of this document, health research refers only to health research involving human participants as defined in the **Health Research Ethics Authority Act** (Section 2(d)).

Sincerely,

Regina Coady

Ms. Regina Coady, Chairperson
Health Research Ethics Authority

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1.0 Overview

The Authority was officially established with the proclamation of the **Health Research Ethics Authority Act** (the Act) in July, 2011. The Act requires that all health research involving human participants conducted in the province be reviewed and approved by a Newfoundland and Labrador (NL) research ethics review board established in accordance with the Act. The Authority has the power and mandate to ensure that participants in health research in NL are protected and to facilitate the ethics review process in the province. The Authority is also responsible for providing public awareness and education on ethics issues related to health research involving human participants.

Under the Act, the Authority is responsible for appointing the Health Research Ethics Board (HREB). The HREB has two subcommittees -- one that reviews clinical trials and genetic research (HREB-CT subcommittee) and one that reviews non-clinical trials research (HREB-NCT subcommittee). The HREB has the legislated authority and responsibility for the ethics review and approval of applications for health research projects involving human participants. By regulation, all clinical trials and genetics research conducted in Newfoundland and Labrador must be reviewed by the HREB. Other forms of health research may be reviewed by the HREB or by other approved not-for-profit research ethics bodies established pursuant to Section 8 of the Act. Currently the only research ethics body approved under Section 8 is Memorial University's Interdisciplinary Committee on Ethics in Human Research (ICEHR). The HREB and any approved research ethics body under the Act are accountable to the Authority.

The Authority is responsible for appointing a standing Appeal Panel. Researchers who request an appeal from a decision of the HREB or a research ethics body approved by the Authority may, after consultation with the HREB or other approved research ethics body, apply to the standing Appeal Panel of the Authority.

Membership

The Authority is an independent, not-for-profit corporation with an administrative board appointed by the Minister of Health and Community Services. The Authority has a Board with four directors: a representative of the Eastern Regional Health Authority (Eastern Health), a representative of Memorial University (MUN), a representative employed by the Department of Health and Community Services and a person to represent the public of the province. The Chairperson of the Authority is appointed by the Minister of Health and Community Services after consultation with Eastern Health and MUN. One Chairperson of the HREB sits as a non-voting member of the Authority (see Appendix A).

The Ethics Director is the senior employee of the Authority and reports to the Chairperson of the Authority.

Funding

During the 2017-2018 fiscal year, the Authority had operating expenditures of approximately $490,356. Revenue of approximately $76,500 was derived from review fees levied on industry-sponsored research and other for-profit entities. Funding was also provided by MUN and Eastern Health. Additional support was provided in kind by MUN and Eastern Health as per the Memorandum of Understanding (MOU) between the Authority, MUN, Eastern Health and the Department of Health and Community Services.

The external audit conducted on the Authority's financial statements for the 2017-2018 fiscal year was completed by Ernst & Young. The audited financial statements are attached as Appendix B.

3.0 Mandate

In keeping with the Act, the Authority will:

- ensure that all health research involving human subjects within the province is conducted in an ethical manner; and
- enhance public awareness of the ethical dimension of health research involving human subjects.

4.0 Values

The Authority has developed the following core values, which transcended disciplinary boundaries and supported the full range of activities under the Authority's mandate. The HREA performed its responsibilities in accordance with the following:

Quality – Valuing and promoting the pursuit of excellence in research and ethical review of all health research in Newfoundland and Labrador.

Integrity – Valuing and promoting a consistent culture of transparency and accountability in decision-making and communication to all of our stakeholders and holding ourselves to the highest ethical standards.

Collaboration – Recognizing and valuing the diversity of our stakeholders and engaging in a positive manner that is respectful of others and their different perspectives.

Responsiveness – Recognizing and adapting to the changing research and regulatory environment.

Justice – Valuing and promoting the fair and equitable distribution of benefits and burdens of research participation in such a way that no portion of the population is unduly burdened by the harms of research or denied the benefits of knowledge generated.

5.0 Vision

Excellence in Research Ethics Review

The Authority is committed to this vision by ensuring that all health research involving human participants meets ethical standards and complies with international best practice. The Authority contributed to this vision by engaging in activities to generate knowledge in relation to the ethical conduct of health research involving human participants and promoting the integrity of the health research environment.

6.0 Annual Objective

As per the Act, the Authority has the mandate to ensure that health research conducted in Newfoundland and Labrador (NL) is conducted in an ethical manner. One way of achieving this is by requiring ethics review by the HREB or a research ethics body approved by the Authority for all health research involving human participants conducted in the province. Another is through the requirement that Canadian and internationally accepted legal, ethical and regulatory principles affording protection of research participants shall govern the processes for review and continued oversight of health research (see Appendix C). Ethical principles and guidelines play an important role in advancing the pursuit of knowledge while protecting and respecting research participants.

In fiscal year 2017-2018, the Authority focused on promoting the ethical conduct of health research within NL by implementing communication initiatives to promote the ethical conduct of health research. The Authority also implemented initiatives towards improving the research ethics review process. In addition, the Authority worked towards enhancing the governance of the ethical conduct of health research in the province. Lastly, the Authority continued to focus on amending the MOU, drafting by-laws, establishing the Constituent Committee and examining the Act. This work was not completed however, and will continue in 2018-2019.

In fiscal year 2017-2018, the Authority provided oversight of the review and decision-making on applications to conduct health research. During this time the HREB reviewed and evaluated 292 research proposals to ensure conformity with accepted scientific and ethical standards and applicable regulations.

The Ethics Director of the Authority also held sixteen orientation and education sessions for targeted groups (HREB members, researchers and administrators) to ensure awareness of the process of research ethics review in the province and provide continued support to administrators and researchers submitting applications to the HREB.

The Authority's annual objective and indicators are the same for the three years covered by its Activity Plan (2017-2018, 2018-2019 and 2019-2020); however, the report provided for each year shows progress made in that fiscal year. The reporting below details progress in fiscal year 2017-2018.

Objective: By March 31, 2018, the Authority will have promoted and provided oversight of the ethical conduct of health research within NL.

Measure: Promoted and provided oversight of the ethical conduct of health research within NL.

Indicators 2017-2018	Progress 2017-2018
Implemented communication initiatives to promote the ethical conduct of health research	► During fiscal year 2017–2018 the Authority experienced an extended vacancy in the Ethics Officer role and this impacted capacity to implement a robust communication plan. However, as of fiscal year end the recruitment process was completed with the incumbent scheduled to start in April 2018. A key priority of the Ethics Director and Ethics Officer roles

Indicators 2017-2018	Progress 2017-2018
	is to develop a formalized communication plan. Much work has been done towards developing a basis for a communication strategy and work has been completed to communicate with stakeholders on the work of the Authority. Implementing communication initiatives to promote the ethical conduct of health research will continue into the next fiscal year's work plan as it continues to be a priority. ► Examples of communication activities implemented this year include: – Maintained a publicly accessible website with information on the ethics review process for researchers, HREB members and key stakeholders: www.hrea.ca. – Continued working with a contracted external company to re-design the HREA website to provide a more up-to-date, comprehensive, user-friendly resource for the research community. The website is currently undergoing a vulnerability assessment before going live. – Ethics Director worked in collaboration with MUN to advance the quality of reporting to the Authority on key metrics and research being reviewed by both HREB subcommittees. – Participated in National Health Ethics Week by holding two drop-in consultation sessions for researchers at Memorial University during this week. – Held 16 training and education sessions regarding the Authority, the HREB and the ethics review process. – During fiscal year 2017-2018, information collected via the online application forms for ethics review continued to form the basis of a communication strategy for the different Regional Health Authorities whereby the Authority was able to provide feedback on what research was being reviewed and approved for the various regions. – Conducted stakeholder survey. – Collaborated with stakeholders at MUN in the development of "Patient Engagement and Research Ethics Guidelines".

Indicators 2017-2018	Progress 2017-2018
Implemented initiatives towards improving the research ethics review process	► Continued the development of standard operating procedures (SOPs) to ensure consistency in handling applications at the Ethics Office and HREB review. ► Collaborated with the Office of the Privacy Commissioner (OIPC) to discuss the review process regarding requirements for organizational approval in NL for the secondary use of data in health research. This resulted in a guidance piece issued by the OIPC directed at the various data custodians in the province. ► Participated in a national consent working group to develop a common consent template for oncology clinical trials. ► Conducted two stakeholder surveys to solicit feedback on the various aspects of the research ethics review process. ► Commenced a LEAN analysis of various aspects of the research ethics review process. ► Commenced an examination of the Act and the development of by-laws and governance policies. ► Carried out extensive recruitment activities to strengthen the HREB membership.
Worked to enhance the monitoring process for approved health research	► Through the online research application system, ROMEO, the staff of the Authority had access to all health research files that were reviewed, including files that were reviewed by approved bodies under the act. Electronic access improved accountability and reporting processes for these approved bodies. ► The Authority began dialogue with the University regarding the requirements under the Responsible Conduct of Research (RCR) Framework to support and promote a positive research environment.

Discussion of Results:

The Authority has continued to make progress in its seventh year by focusing on promoting and providing oversight of the ethical conduct of health research within NL. The two subcommittees of the HREB (HREB – Clinical Trials and HREB – Non Clinical Trials) continue to function to review and approve health research involving human subjects. The HREB subcommittees alternated meetings on a weekly basis. During this reporting period, a total of 292 applications were reviewed by the two HREB subcommittees. The Authority received three appeals during fiscal year 2017-2018. One was subsequently withdrawn. At the end of the reporting period the remaining two appeals were currently before an appeal board.

A common theme in the responses to the stakeholder survey was related to delays in HREB reviews. A number of factors contributed to this, including a vacant Ethics Officer position at the HREA and insufficient HREB membership at times to meet quorum at all scheduled meetings. Another contributing factor in the delays may be related to the research ethics review process. Based on this feedback from the stakeholder survey, the Authority has undertaken several initiatives to enhance the Ethics Approval Process including a LEAN analysis of the research ethics review process and collection and analysis of associated metrics. This work is ongoing. The Authority has also stabilized its Human Resource capacity by: filling the Ethics Officer position, increased membership on the HREB and re-establishing the appeal panel.

Lastly, the Authority was represented at four conferences: the Canadian Association of Research Ethics Boards (CAREB) National Annual General Meeting and Conference, the CAREB Regional Conference, the Public Responsibility in Medicine and Research (PRIM&R) Advancing Ethical Research (AER) Conference, and the Clinical Trials Ontario (CTO) Conference.

7.0 Opportunities and Challenges:

The seventh year of operation has allowed the Authority to continue to focus on its core business, and to strengthen some of its developmental activities. As an evolving entity, and as guided by the newly developed 2017-2020 Activity Plan, the Authority will continue to promote and provide oversight of the ethical conduct of health research within NL and focus on enhanced communication with stakeholders.

The Authority faced some challenges during the fiscal year 2017-2018 with staff turnover in the Ethics Officer position. With this position vacant for an extensive period, progress was limited in relation to a key priority – implementing communication initiatives to promote the ethical conduct of health research. However, the Authority continued work on many communications initiatives such as re-designing the HREA website which is an opportunity to enhance communications to various stakeholders and function as a more up-to-date, comprehensive, user-friendly resource for the research community. Another associated challenge has been the ongoing recruitment and retention of members to serve on the HREB. Finally, the operation of the Authority has been impacted by an application filed in the Newfoundland and Labrador Supreme Court in March 2018 relating to the 30 day research ethics review time specified in the Act. Much media attention occurred related to this matter and the case was unresolved at the end of this reporting period.

The Authority is continuing to work towards maintaining, and ultimately expanding, clinical trial activity in the province. The ongoing trend of declining base clinical trial activity across the country has been experienced in NL as well and may present challenges in the future; however, there are continuing opportunities to streamline and increase efficiency of the process. Based on responses to the stakeholder survey that was initiated by the Authority, ongoing quality improvement initiatives will be developed to address some areas of feedback that was provided by the researchers.

Finally, the Authority continues to strengthen its partnerships with the Department of Health and Community Services, Eastern Regional Health Authority and Memorial University of Newfoundland. The review of the MOU was ongoing at the end of this reporting period. This will continue to be an opportunity to identify areas of improvement to create a seamless and transparent process that accommodates all three organizations and continue building positive working relationships with these bodies.

Appendix A: Health Research Ethics Authority Membership

Position Title	Appointee/ Represents
Ms. Regina Coady, Chairperson	Public
Ms. Elaine Warren, Director	Eastern Health
Dr. Ray Gosine, Director	MUN
Mr. Michael Harvey, Director	Department of Health and Community Services
Ms. Patricia Grainger, HREB Chairperson (non-voting)	HREB
Ms. Sandra Veenstra, HREA, Ethics Director (non-voting)	HREA Ethics Office

During fiscal year 2017-2018 the Authority had turnover in the Chairperson and public representative position, as well as the Eastern Health representative. The above listing represents the composition of the HREA Board on March 31, 2018.

Appendix B: Audited Financial Statements

Health Research Ethics Authority

Financial statements
March 31, 2018

Independent auditors' report

To the Board of Directors of
Health Research Ethics Authority

We have audited the accompanying financial statements of the **Health Research Ethics Authority**, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net 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, 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.

Auditors' 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 auditors' 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 auditors consider 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.

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 the **Health Research Ethics Authority** as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

St. John's, Canada
October 12, 2018

Chartered Professional Accountants

Health Research Ethics Authority

Statement of financial position

As at March 31

	2018 $	2017 $
Assets		
Current		
Accounts receivable *[note 4]*	24,065	4,500
Prepaid expenses	14,147	12,047
Due from related party *[note 8]*	338,184	412,195
Total current assets	376,396	428,742
Tangible capital assets, net *[note 5]*	12,865	29,034
Intangible assets, net *[note 6]*	2,500	3,500
	391,761	461,276
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	23,114	35,775
Total current liabilities	23,114	35,775
Deferred capital contributions, net *[note 7]*	7,483	4,223
Total liabilities	30,597	39,998
Contingency *[note 10]*		
Net assets	361,164	421,278
	391,761	461,276

See accompanying notes

On behalf of the Board:

Regina Cordy

Chair of the Board of Directors

Health Research Ethics Authority

Statement of operations

Year ended March 31

	2018 $	2017 $
Revenue		
Support-in-kind *[note 8]*	220,756	205,516
Research project approval fees	76,500	72,000
Operating grants *[note 8]*	130,000	130,000
Amortization of deferred capital contributions *[note 7]*	2,986	913
	430,242	408,429
Expenditures		
Salaries and employee benefits	294,541	298,952
Professional fees	86,558	24,868
Rent	36,820	28,948
Honorariums	33,060	23,552
Insurance	15,057	14,409
Travel	6,559	11,980
Equipment rentals	4,276	3,198
Materials and supplies	3,519	4,227
Catering	3,388	4,185
Conferences and seminars	2,882	4,310
Telephone	2,313	2,995
Amortization of tangible capital assets	2,189	2,308
Other expense	1,194	2,641
Amortization of intangible assets	1,000	1,000
Software maintenance and training	—	17,903
Bad debt expense (recovery)	(3,000)	1,500
	490,356	446,976
Deficiency of revenue over expenditures for the year	(60,114)	(38,547)

See accompanying notes

Health Research Ethics Authority

Statement of changes in net assets

Year ended March 31

	2018 $	2017 $
Balance, beginning of year	421,278	459,825
Deficiency of revenue over expenditures for the year	(60,114)	(38,547)
Balance, end of year	361,164	421,278

See accompanying notes

Health Research Ethics Authority

Statement of cash flows

Year ended March 31

	2018 $	2017 $
Operating activities		
Deficiency of revenue over expenditures	(60,114)	(38,547)
Add (deduct) items not affecting cash		
Amortization of tangible capital assets	2,189	2,308
Amortization of intangible assets	1,000	1,000
Amortization of deferred capital contributions	(2,986)	(913)
	(59,911)	(36,152)
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	(19,565)	42,000
Increase in prepaid expenses	(2,100)	(1,379)
Increase (decrease) in accounts payable and accrued liabilities	(12,661)	20,229
Cash provided by (used in) operating activities	(94,237)	24,698
Capital activities		
Purchase of tangible capital assets	(5,980)	(30,651)
Disposal of tangible capital assets	19,960	—
Cash provided by (used in) capital activities	13,980	(30,651)
Financing activities		
Contributed capital for purchases of tangible capital assets	6,246	4,445
Decrease in due from related party	74,011	1,508
Cash provided by financing activities	80,257	5,953
Net change in cash during the year	—	—
Cash, beginning of year	—	—
Cash, end of year	—	—

See accompanying notes

Notes to financial statements

March 31, 2018

1. Organization

The Health Research Ethics Authority [the "Authority"] is a non-profit organization incorporated on July 1, 2011 without share capital under the *Health Research Ethics Authority Act* [the "Act"]. Under the Act, the Authority is exempt from income taxes.

The Authority's mandate is to ensure that participants in human health research in the Province of Newfoundland and Labrador [the "Province"] are protected and to facilitate health research in the Province. The Authority is also responsible for providing public awareness and education on ethics issues related to human health research.

Under a memorandum of understanding, Memorial University of Newfoundland ["Memorial"] and Eastern Regional Integrated Health Authority ["Eastern Health"] have agreed to provide both financial support in the form of operating grants and in-kind contributions to assist in the operation of the Authority.

The Authority is a government not-for-profit organization ["GNPO"], governed by a Board of Directors appointed by the Ministry of Health and Community Services.

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for GNPOs, including the 4200 series of standards, as issued by the Public Sector Accounting Board, and reflect the following significant accounting policies:

Revenue recognition

The Authority follows the deferral method of accounting for contributions, which includes grants. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recorded as deferred contributions until the funds are expended or amortized in accordance with the terms of the contribution.

Research project approval fees and all other revenue are recognized as earned and when collection is reasonably assured.

Tangible capital assets

Purchased tangible capital assets are stated at cost. Amortization is computed on a straight-line basis at rates that will reduce the original cost to estimated residual value over the useful lives of the assets. Computers and furniture and fixtures are amortized using a rate of 20%. Leaseholds are amortized on a straight-line basis using a rate of 20%.

Intangible assets

Intangible assets relate to purchased software, are stated at cost and amortized over the estimated useful life of the asset using a rate of 20%.

Notes to financial statements

March 31, 2018

Impairment of long-lived assets

Tangible capital assets and intangible assets are written down when conditions indicate they no longer contribute to the Authority's ability to provide services, or when the value of the future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. Any associated unamortized deferred capital contributions related to the derecognized assets are recognized in income.

Contributed materials and services

If contributed materials meet the definition of a tangible capital asset and fair value is determinable, the Authority capitalizes and amortizes the tangible capital asset. All other contributed materials are not recognized in these financial statements.

Various services have been provided to the Authority by Memorial and Eastern Health, without charge. The costs that would otherwise associate with the support-in-kind provided by Memorial are recognized in these financial statements at fair value. The costs associated with the support-in-kind provided by Eastern Health has not been recorded as the fair value is not determinable.

Financial instruments

The Authority initially records a financial instrument at its fair value except for a related party transaction, which is recorded at the carrying or exchange amount depending on the circumstances.

The Authority classifies its financial instruments at amortized cost. This category includes accounts receivable, due from related party, and accounts payable and accrued liabilities. These items are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.

Write-downs of financial assets are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period during which they become known. Areas of key estimation include determination fair values associated with support-in-kind and the allowance for doubtful accounts.

Notes to financial statements

March 31, 2018

3. Adoption of new accounting standards

During the year, the Authority adopted the new accounting standards PS 2200, Related Party Disclosures, and PS 3420, Inter-Entity Transactions. These new standards are effective for fiscal years beginning on or after April 1, 2017. PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for an report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The change in accounting policy was applied on a prospective basis and did not have a material effect on the financial statements.

4. Accounts receivable

Accounts receivable consist of the following:

	2018 $	2017 $
Trade accounts receivable	55,565	39,000
Less allowance for doubtful accounts	31,500	34,500
	24,065	4,500

5. Tangible capital assets

Tangible capital assets consist of the following:

	2018		
	Cost $	Accumulated amortization $	Net book value $
Computers	6,914	6,914	—
Furniture and fixtures	10,425	1,932	8,493
Leasehold improvements	6,246	1,874	4,372
	23,585	10,720	12,865

	2017		
	Cost $	Accumulated amortization $	Net book value $
Computers	6,914	6,914	—
Furniture and fixtures	4,445	307	4,138
Leasehold improvements	26,206	1,310	24,896
	37,565	8,531	29,034

Notes to financial statements

March 31, 2018

6. Intangible assets

Intangible capital assets consist of the following:

	2018		
	Cost $	Accumulated amortization $	Net book value $
Software	5,000	2,500	2,500

	2017		
	Cost $	Accumulated amortization $	Net book value $
Software	5,000	1,500	3,500

7. Deferred capital contributions

Deferred capital contributions related to tangible capital assets represent the unamortized amount of donated tangible capital assets received from Memorial. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2018 $	2017 $
Balance, beginning of year	4,223	691
Additional contributions	6,246	4,445
Less amounts amortized to revenue	2,986	913
Balance, end of year	7,483	4,223

8. Related party transactions

The Authority had the following transactions with other government entities that are considered related parties:

	2018 $	2017 $
Operating grant from Memorial University of Newfoundland	65,000	65,000
Operating grant from Eastern Regional Health Authority	65,000	65,000
	130,000	130,000
Support-in-kind	220,756	205,516

Notes to financial statements

March 31, 2018

The support-in-kind from Memorial primarily relates to finance and administrative support, rent and other administrative costs that are provided to the Authority by Memorial. These costs are included in their respective categories within the statement of operations and include the following:

	2018 $	2017 $
Salaries and employee benefits	154,521	146,505
Rent	36,820	28,892
Professional fees	21,102	20,343
Office and administration fees	8,313	9,776
	220,756	205,516

The due from related party balance consists of the following:

	2018 $	2017 $
Due from Memorial University of Newfoundland	338,184	412,195

The treasury function of the Authority is administered by Memorial and, therefore, the account with Memorial represents funds owed by Memorial, and has been classified as current. The amount owing from Memorial is non-interest bearing.

9. Financial instruments and risk management

The Authority has exposure to credit risk and liquidity risk. The Authority's Board of Directors has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Authority's credit risk is primarily attributed to accounts receivable and amounts due from related party. Management believes that the credit risk with respect to these amounts is not material.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. As at March 31, 2018, the Authority continues to be in a position to meet its obligations.

To the extent that the Authority does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through related party financing, assuming this can be obtained.

Notes to financial statements

March 31, 2018

10. Contingency

During the year a claimant commenced an Originating Application in the Supreme Court of Newfoundland and Labrador against the Authority. The claim seeks declaratory relief relating to the interpretation of the *Health Research Ethics Authority Act*. A hearing date is set for December 17, 2018. Due to the nature of the legal matter, the Authority has concluded that no settlement is likely to occur and has not recorded any contingency as at March 31, 2018.

11. Comparative figures

Certain figures from the prior year have been reclassified to conform to the presentation adopted for the current year.

Appendix C: Reference Documents

The following reference documents support the work of the Authority and can be accessed at:

Canadian Institutes of Health Research, Natural Sciences and Engineering Research Council of Canada, and Social Sciences and Humanities Research Council of Canada, *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans*, December 2014 (http://www.pre.ethics.gc.ca/default.aspx)

Guidelines for Good Clinical Practice of the International Committee on Harmonization (https://www.canada.ca/content/dam/hc-sc/migration/hc-sc/dhp-mps/alt_formats/pdf/prodpharma/applic-demande/guide-ld/ich/efficac/e6r2-step4-eng.pdf)

Contact Information

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