QHR CORPORATION

Condensed Interim Consolidated Financial Statements

(Unaudited) Nine Months Ended September 30, 2014 and 2013

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by, and are the responsibility of, the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditor.

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

QHR CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(UNAUDITED)

	Notes	**September 30, 2014**	December 31, 2013
ASSETS			
Current Assets			
Cash		$ 15,299,650	$ 12,633,844
Trade and other receivables	4	3,260,407	4,784,325
Income tax receivable		5,301	1,591
Inventory		4,700	10,000
Prepaid expenses and deposits		642,148	627,205
		19,212,206	18,056,965
Property and equipment	5	1,983,077	2,255,076
Deferred income taxes	13	1,007,613	911,599
Goodwill	6	3,048,031	3,005,139
Intangible assets	7	9,168,135	10,091,425
		$ 34,419,062	$ 34,320,204
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4	$ 3,570,115	$ 3,881,860
Promissory notes payable	8	83,495	83,495
Current portion of capital lease obligations	9	565,683	500,656
Current portion of long-term debt	10	-	22,837
		4,219,293	4,488,848
Deferred revenue		1,540,259	2,337,164
		5,759,552	6,826,012
Capital lease obligations	9	292,221	518,765
		6,051,773	7,344,777
EQUITY			
Share capital	11	20,145,349	19,475,841
Contributed surplus	11	2,497,017	2,376,356
Accumulated other comprehensive income		221,481	77,892
Retained earnings		5,503,442	5,045,338
		28,367,289	26,975,427
		$ 34,419,062	$ 34,320,204
Commitments	16		
Contingencies	19		
Subsequent event	22		

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board of Directors,

"Al Hildebrandt"
Director

"Tom Liston"
Director

QHR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

	Notes	Three months ended September 30 **2014**	2013	Nine months ended September 30 **2014**	2013
REVENUE	15	$ 6,930,690	$ 5,993,088	$ 20,534,103	$ 17,562,030
OPERATING EXPENSES					
Cost of goods sold		758,786	658,863	2,162,374	1,837,501
Service costs		1,894,087	2,232,111	5,650,345	6,165,537
Research and development		824,214	711,133	2,391,348	2,102,384
Sales and marketing		1,462,965	921,815	4,326,796	2,802,913
General and administrative		1,168,944	873,556	3,663,805	2,643,443
		6,108,996	5,397,478	18,194,668	15,551,778
Earnings before the following items		821,694	595,610	2,339,435	2,010,252
Stock-based compensation expense	11	104,711	204,319	352,505	343,526
Amortization of property and equipment	5	232,016	209,759	647,344	566,472
Amortization of intangible assets	7	404,599	437,553	1,210,803	1,283,993
Interest expense		17,224	46,035	58,533	184,264
Loss (gain) on foreign exchange		(3,014)	5,594	7,951	5,286
		755,536	903,260	2,277,136	2,383,541
Earnings (loss) from continuing operations before taxes		66,158	(307,650)	62,299	(373,289)
Provision for (recovery of) income taxes					
Current	13	-	-	(1,000)	-
Deferred	13	5,523	(48,852)	(159,456)	(44,923)
		5,523	(48,852)	(160,456)	(44,923)
Net earnings (loss) from continuing operations		60,635	(258,798)	222,755	(328,366)
Net earnings from discontinued operations (net of taxes)	21	13,349	243,113	235,349	498,295
Net earnings (loss)		$ 73,984	$ (15,685)	$ 458,104	$ 169,929
Other comprehensive income (loss) exchange differences on translation of operations in currencies other than Canadian dollars		135,594	(44,338)	143,589	50,773
Total comprehensive income for the period		$ 209,578	$ (60,023)	$ 601,693	$ 220,702
Net earnings per share					
Basic earnings per share					
Earnings from continuing operations	12	$ 0.000	$ (0.010)	$ 0.005	$ (0.010)
Earnings from discontinued operations	21	$ 0.000	$ 0.001	$ 0.005	$ 0.010
Total		$ 0.000	$ 0.000	$ 0.010	$ 0.000
Diluted earnings per share					
Earnings from continuing operations	12	$ 0.000	$ (0.010)	$ 0.005	$ (0.010)
Earnings from discontinued operations	21	$ 0.000	$ 0.010	$ 0.005	$ 0.010
Total		$ 0.000	$ 0.000	$ 0.010	$ 0.000
Weighted average number of shares outstanding					
Basic		48,679,462	47,946,132	48,468,284	47,729,490
Diluted		50,185,523	48,249,048	50,159,484	47,886,429

The accompanying notes are an integral part of these consolidated financial statements.

QHR CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

	Issued Capital	Contributed Surplus	Accumulated other Comprehensive Income	Retained Earnings	Total Equity
January 1, 2014	$ 19,475,841	$ 2,376,356	$ 77,892	$ 5,045,338	$ 26,975,427
Net earnings for the period	-	-		458,104	458,104
Other comprehensive income	-	-	143,589	-	143,589
Total	19,475,841	2,376,356	221,481	5,503,442	27,577,120
Options exercised	669,508	(231,844)	-	-	437,664
Stock-based compensation	-	352,505	-	-	352,505
September 30, 2014	$ 20,145,349	$ 2,497,017	$ 221,481	$ 5,503,442	$ 28,367,289

	Issued Capital	Contributed Surplus	Accumulated other Comprehensive Income	Deficit	Total Equity
January 1, 2013	$ 19,241,753	$ 1,902,050	$ (3,739)	$ (1,476,022)	$ 19,664,042
Net earnings for the period	-	-		169,929	169,929
Other comprehensive income	-	-	50,773	-	50,773
Total	19,241,753	1,902,050	47,034	(1,306,093)	19,884,744
Options exercised	202,803	(52,491)	-	-	150,312
Stock based compensation	-	343,526	-	-	343,526
September 30, 2013	$ 19,444,556	$ 2,193,085	$ 47,034	$ (1,306,093)	$ 20,378,582

The accompanying notes are an integral part of these consolidated financial statements.

QHR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013
(UNAUDITED)

Nine months ended September 30	**2014**	2013
OPERATING ACTIVITIES		
Net earnings from continuing operations	$ 222,755	$ (328,366)
Items not affecting cash		
Stock-based compensation	352,505	343,526
Amortization of property and equipment	647,344	566,472
Amortization of intangible assets	1,210,803	1,283,993
Accretion on long-term debt	-	17,917
Deferred taxes	(167,704)	22,573
Changes in non-cash operating assets and liabilities		
Accounts receivable	1,523,918	(1,662,708)
Inventory	5,300	(43,313)
Prepaid expenses and deposits	(14,943)	(307,041)
Accounts payable and accrued liabilities	(311,745)	16,756
Income tax payable	(3,710)	84
Deferred revenue	(796,905)	1,810,434
Operating activities from discontinued operations (note 21)	326,698	1,368,662
	2,994,316	3,088,989
INVESTING ACTIVITIES		
Purchase of property and equipment	(371,920)	(648,392)
Acquired under capital lease	285,995	486,166
Acquisition of intangible assets	(254,183)	(464,790)
Investing activities from discontinued operations (note 21)	-	(479,839)
	(340,108)	(1,106,855)
FINANCING ACTIVITIES		
Repayment of operating loan	-	(295,000)
Repayment of promissory note	-	(400,000)
Repayment of capital leases	(447,512)	(443,350)
Repayment of long-term debt	(22,837)	(1,116,039)
Exercise of options	437,664	150,312
	(32,685)	(2,104,077)
	2,621,523	(121,943)
Effect of exchange rate changes	44,283	(2,742)
Increase (decrease) in cash	2,665,806	(124,685)
Cash - beginning of period	12,633,844	1,592,896
Cash - end of period	$ 15,299,650	$ 1,468,211

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Business

QHR Corporation is a public company whose shares are traded on the TSX Venture Exchange (TSXV: QHR) federally incorporated in Canada. The corporate office is located at Suite 300 – 1620 Dickson Avenue, Kelowna, British Columbia, Canada. The Company's principal business consists of the following:

- electronic medical records applications and hosting for physicians' medical offices
- revenue cycle management software solutions and transaction processing services to physicians, hospitals, health plans, insurance brokers and state governments to exchange information for health plan enrolment, eligibility and claims
- until December 18, 2013, the Company's business also consisted of the development and delivery of human resource management, payroll, staff scheduling for complex healthcare, social services and public safety environments through its Enterprise Management Solutions ("EMS") division. On December 18, 2013 this division was sold and the EMS division is presented in these financial statements as a discontinued operation (See note 21)

2. Basis of Preparation and statement of compliance with IFRS

These unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2014, including comparatives, are expressed in Canadian dollars and have been prepared in accordance with *International Accounting Standards* ("IAS") 34 "Interim Financial Reporting". These financial statements do not include all of the information required in annual financial statements in accordance with *International Financial Reporting Standards* ("IFRS") and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the *International Accounting Standards Board* ("IASB").

The term "QHR" or the "Company" are used to mean QHR Corporation and where the context of the narrative permits, or requires, its subsidiaries.

The unaudited condensed interim consolidated financial statements for the period ended September 30, 2014, including comparatives, have been approved and authorized for issue by the board of directors on November 18, 2014.

3. Significant Accounting Policies

The consolidated financial statements have been prepared under the historical cost convention. The Company's principal accounting policies are outlined below:

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned Canadian subsidiary, *QHR Technologies Inc.* and its subsidiaries located in the United States of America ("US"), *Chartcare Inc., Softcare Electronic Commerce (U.S.A) Inc. and i-Plexus Solutions Inc.* which as of December 18, 2013 consists of two operating divisions as follows:

Electronic Medical Records ("**EMR**") division including the legal entity of *Chartcare Inc.*, and

Revenue Cycle Management ("**RCM**") division. The RCM division includes the legal entities of *Softcare Electronic Commerce (U.S.A) Inc. and i-Plexus Solutions Inc.*

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All significant intercompany balances and transactions have been eliminated.

3.2 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the consideration transferred, measured at the acquisition date at fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, *Business Combinations* are recognized at their fair values at the acquisition date. Acquisition costs incurred are expensed in the period in which they are incurred except for costs related to shares issued in conjunction with the business combination.

Goodwill is initially measured at the excess of the fair value of consideration transferred and amount of non-controlling interest in the acquiree and acquisition date fair value of existing equity interest in the acquiree over the acquisition fair value of the net identifiable assets acquired and liabilities assumed. If this amount is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the Consolidated Statement of Earnings and Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

3.3 Significant Management Judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses:

Capitalization of internally developed software
Distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for the capitalization of development costs are met requires judgement. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Recognition of Government contributions
The Company recognizes Government contributions of eligible expenditures when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. The company estimates Government contributions based on labour costs and expenses incurred and its belief of what will ultimately be approved for payment by Government agencies.

Determination of discontinued operations
Management considers the significance of the line of business to the Company in deciding whether to present operations that have been abandoned or sold as discontinued operations in the statement of earnings.

3.4 Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Revenue Recognition
Revenue from sales arrangements that include multiple elements are allocated amongst the separately identifiable components based on the relative fair value of each component included in the contract. In order to allocate total revenue to the individual components, management is required to estimate the fair value of each of those components as well as the average customer relationship period. A change in the estimated fair value of any component and/or the average customer relationship period may impact the value assigned to other components which also impacts the timing of revenue recognition over the term of the sales arrangement.

Selling prices of multi-element sales arrangements
Determining selling prices for multi-element arrangements follows a hierarchy of selling prices. If vendor specific objective evidence and third party evidence and third party evidence of selling price do not exist, then management's best estimate of selling price for the deliverable is used. This requires significant judgement in determining the selling price based on an understanding of the customer's use of the related product or service, historical experience and knowledge of the market.

Impairment of long-lived assets
In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets
The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain software and equipment.

Inventories
The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each report date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Business combinations
The Company uses valuation techniques in determining fair values of the various elements of a business combination based on future expected cash flows and a discount rate. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Share-based payment
The Company measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and making assumptions about them.

Allowance for doubtful accounts
The Company provides for bad debts by reviewing all specific customer accounts and trends and sets aside a specific amount towards the allowance account based on this analysis. Uncertainty relates to the actual collectability of customer balances that can vary from the Company's estimation.

3.5 Share-based Payments

The Company grants stock options to buy common shares of the Company to directors, senior officers, employees and service providers pursuant to an incentive share option plan described in note 12. The Board of Directors grants such options for periods of up to 5 years, with vesting periods determined at its sole discretion and at prices equal to the closing market price on the day the options were granted.

Under this method, the Company recognizes compensation expense for stock options awarded based on the fair value of the options at the grant date using the Black-Scholes option pricing model. The fair value of the options is amortized over the vesting period and is included in selling, general and administrative expense with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of share options expected to eventually vest.

3.6 Cash

Cash consists of highly liquid interest bearing bank accounts and potential term deposits that are readily convertible to known amounts of cash with terms to maturity of up to three months at the date of purchase. The cash acts as the Company’s primary source of cash and fluctuate directly as a result of its cash flows from operating, investing and financing activities.

3.7 Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses that may arise if any of its customers are unable to make required payments. Management provides for bad debts by reviewing all specific customer accounts and trends and sets aside a specific amount towards the allowance account based on this analysis. The amount reserved is based on the Company’s historical default experience, direct knowledge of customer credit worthiness, and payment trends. Customer aging is reviewed monthly by management to ensure consistency with best practices. At any time throughout the year, if the Company determines that the financial condition of any of its customers has deteriorated; increases in the allowance may be made.

3.8 Inventories

Computer hardware and supplies inventory is stated at the lower of cost, determined on a first in – first out basis, and net realizable value.

3.9 Prepaid Expenses and Deposits

Included in short-term prepaid expenses and deposits are prepayments related to materials, insurance premiums and other deposits required in the normal course of business which are less than one year.

3.10 Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Amortization of property and equipment is recorded on a straight-line basis at the following annual rates, which approximate the useful lives of the assets:

Assets	Period
Furniture and fixtures	10 years
Office equipment	5 years
Computer hardware	3 – 5 years
Leasehold improvements	Lesser of 5 – 10 years or lease term

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. When a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Consolidated Statement of Earnings and Comprehensive Income as incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if applicable. The Company has elected to choose the cost method of accounting for each class of property and equipment as outlined under IAS 16, *Property, Plant and Equipment*.

Leases are classified as either capital or operating leases. A lease that transfers substantially the entire benefits and risks incidental to the ownership of property to the Company is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the future minimum lease payments and the property's fair value at the beginning of such lease. Amortization of the equipment under capital lease is on the same basis as similar property and equipment.

3.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Consolidated Statement of Earnings and Comprehensive Income.

The assets with indefinite useful lives are not amortized, but are tested for impairment annually at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Earnings and Comprehensive Income when the asset is derecognized.

The Company records amortization of intangible assets with finite lives on a straight-line basis at the following annual rates, which approximate the useful lives of the assets:

Assets	Period
Developed technology	3 – 5 years
Channel partnership	3 years
Customer relationships	1 – 10 years
Acquired technology	3 – 7 years
Software	3 years

3.12 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the Consolidated Statement of Earnings and Comprehensive Income.

An impairment loss is reversed if there is an indication that an impairment loss recognized in prior periods may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Such reversal is recognized in the Consolidated Statement of Earnings and Comprehensive Income. An impairment loss with respect to goodwill is never reversed.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGU's to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount an impairment loss is recognized to the extent the carrying amount exceeds the recoverable amount. Impairment losses relating to goodwill are not reversed in future periods.

Intangible assets with indefinite lives are tested for impairment annually either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.13 Deferred Revenue

Billings that have been paid for by customers but will qualify for recognition within the next year under the Company's policies are reflected as deferred revenue. Amounts billed in advance of providing the related service, where the Company has the contractual right to bill for and collect these amounts are also reflected as deferred revenue. Included in deferred revenue are amounts related to installation, training, extended warranty, and post contract support associated with the sale of the Company's products.

3.14 Financial Instruments

Financial assets

Financial assets are classified into one of four categories:

- financial assets at fair value through profit or loss ("FVTPL"),
- held-to-maturity investments,
- loans and receivables, and
- available for sale financial assets.

The Company determines the classification of its financial assets at initial recognition, depending on the nature and purpose of the financial asset.

All financial assets are recognized initially at fair value plus directly attributable transaction costs except for those carried at fair value through profit or loss which are measured initially at fair value.

The Company's financial assets include cash and trade and other receivables.

The subsequent measurement of financial assets depends on their classification as follows:

i. Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is held for trading or is designated upon initial recognition as FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term, it is part of an identified portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or it is a derivative that is not designated as an effective hedging instrument.

Financial assets classified as FVTPL are carried in the statement of financial position at fair value with changes in fair value recognized in the Consolidated Statement of Earnings and Comprehensive Income.

The Company has not designated any financial assets as FVTPL.

ii. Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. The losses arising from impairment are recognized in the Consolidated Statement of Earnings and Comprehensive Income.

The Company has not designated any financial assets as held-to-maturity investments.

iii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized costs using the effective interest rate method. The impairment loss of receivables is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified. The losses arising from impairment are recognized in the Consolidated Statement of Earnings and Comprehensive Income. Interest income is recognized by applying the effective interest rate method.

The effective interest rate method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

The Company has classified cash, trade and other receivables as loans and receivables.

iv. Available-for-sale financial assets

Non-derivative financial assets are designated as available for sale or that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available for sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the Consolidated Statement of Earnings and Comprehensive Income and removed from the available-for-sale reserve.

The Company has not designated any financial assets as available-for-sale assets.

v. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty,
- default or delinquency in interest or principal payments, or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding receivables, is directly reduced by the impairment loss. The carrying amount of receivables is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Consolidated Statement of Earnings and Comprehensive Income. Changes in the carrying amount of the allowance account are recognized in the Consolidated Statement of Earnings and Comprehensive Income.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value, net of transaction costs except for those carried at fair value through profit or loss which are measured initially at fair value.

The financial liabilities include accounts payables and accrued liabilities, promissory notes payable, capital lease obligations and long-term debt.

Subsequent measurement of financial liabilities depends on their classification as follows:

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative instruments that are not designated as hedging instruments in hedge relationships. Changes in fair value on liabilities classified as FVTPL are recognized in the Consolidated Statement of Earnings and Comprehensive Income.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

ii. Other financial liabilities

After initial recognition at fair value less transaction costs, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability.

Gains and losses are recognized in the Consolidated Statement of Earnings and Comprehensive Income.

The Company has classified accounts payables and accrued liabilities, promissory notes payable, capital lease obligations and long-term debt as other financial liabilities.

iii. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired.

3.15 Private placements Equity Valuation

Shares and warrants issued as private placement units are measured using the residual value method whereby value is first allocated to the warrant component based on its fair value with the residual value being attributed to the equity units. The fair value of the warrant is determined using the Black-Scholes Option Pricing Model.

All warrants are exercisable only in the Company's functional currency. Upon exercise of the warrant, the fair value of the warrant at the date of exercise is transferred to share capital. The fair value of expired warrants are transferred to contributed surplus at the date of their expiration.

3.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Consolidated Statement of Earnings and Comprehensive Income, net of any reimbursement.

3.17 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. Service revenue consists primarily of fees for implementation or customization services, for license and activation of the Company's software as well as hosted services and support, maintenance and professional services. The Company also derives revenue from the sale of hardware and software licenses. The Company's fee model is described for each of the EMR and RCM divisions below.

Typically, the Company's software license agreements are multiple-element arrangements that also include the provision of maintenance, hosted services, professional services and, in certain cases, hardware. These multiple-element arrangements are assessed to determine if the elements can be treated as separately identifiable components for the purposes of revenue recognition. Consideration from the arrangement is allocated to each of the separately identified components on a relative fair value basis. Revenue is recognized for each component according to the stated revenue recognition policy.

Revenue from the provision of services is recognized when the Company has provided the services to the customer, the collection of the related receivable is deemed probable and the amount of revenue and costs incurred or to be incurred can be measured reliably.

Revenue from hardware and software license sales is recognized when the hardware is shipped or the software is delivered and when all significant contractual obligations have been satisfied. Revenue is recognized upon delivery where there is evidence of an arrangement, the significant risks and rewards of ownership have been transferred, the amount of revenue and associated costs can be measured reliably and it is probable that the associated economic benefits will flow to the entity.

Deferred revenue results from unearned activation fees in the EMR division, advance payments of support and maintenance and payments made in advance of the delivery of implementation or customization services where the Company has not met the criteria for revenue recognition as described above.

EMR division
EMR systems are sold based on monthly and annual subscription agreements with recurring revenues dependent on the number of physicians and other health professionals using the software at the customer site. The monthly fee is a blended payment for the use of the software, on-going enhancements and technical support and is recognized as the service is delivered on a monthly basis.

To initiate a new customer on the Company's EMR system, professional services are provided which include custom development and data integration services as well as training services. The Company considers each of these services to represent a separate component. Accordingly, the revenues from these services are recognized when the services within each component have been provided.

In some instances, the Company charges an activation fee to on-board new EMR customers as part of a multiple-element arrangement. When activation fees are charged, the Company allocates this fee to the various components of the arrangement on a relative fair value basis.

RCM division
In Canada, the RCM division derives revenue from the sale of integrated software solutions to exchange information for health plan enrolment, health insurance eligibility and other applications. This division's software solutions consist of the sale of software licenses as well as professional services such as consulting, training and installation. These sales are considered multiple-element arrangements that consist of three separately identifiable components, a software license, professional services to implement the software at a client's site and recurring support and maintenance services.

Revenue from the sale of software licenses is recognized after the completion of the initial warranty period. Professional services to implement the software are recognized as services are rendered and annual maintenance and customer support revenue is paid in advance and recognized on a straight-line basis throughout the year.

In the United States, the RCM division derives revenue from fees collected for processing medical billing claims, determining eligibility, setting up records, and producing patient statements. These revenues are recognized as the services are provided.

3.18 Research and Development Costs

The Company incurs costs to research and develop its proprietary software products to be sold, licensed or otherwise marketed. Research costs are expensed as incurred. Development costs are expensed as incurred unless a project meets certain criteria for capitalization and amortization. In this case the development costs are capitalized and amortized over the estimated useful life of the software product developed. Amortization of capitalized development costs commences when development of the software is complete and the product is available for sale to customers.

3.19 Investment Tax Credits

The benefits of investment tax credits ("ITC's") for scientific research and experimental development expenditures ("SRED") are recognized in the period the qualifying expenditure is made providing there is reasonable assurance of recoverability. The ITC's recorded are based on management's estimates of the amount expected to be recovered and are subject to audit by taxation authorities.

3.20 Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the Consolidated Statement of Earnings and Comprehensive Income.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred taxes are recorded using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

The Company accounts for income tax credits in accordance with IAS 12, *Income Taxes* where credits are recorded as a credit to income tax expense on the statement of earnings and comprehensive income.

3.21 Earnings per Share

Basic earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is computed similarly to basic earnings per shares, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants at the beginning of the reporting period, if dilutive. The number of additional shares is calculated assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to repurchase common shares at the average market price during the reporting period. Stock options and warrants are dilutive when the market price of the common shares at the end of the period exceeds the exercise price of the options and warrants and when the Company generates income from operations.

3.22 Foreign Currency Translation

Functional and presentation currency
The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective currency of the entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Consolidated Statements of Earnings and Comprehensive Income.

Non-monetary items that are not re-translated at period end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates as at the date when fair value was determined.

Foreign operations
In the Company's financial statements, all assets, liabilities and transactions of the Company's foreign operations with a functional currency other than Canadian dollars are translated into Canadian dollars upon consolidation.

Each foreign operation of the Company determines its own functional currency and items included in the financial statements of each foreign operation are measured using that functional currency and presented in Canadian dollars.

The functional currency of the Company's foreign operations has remained unchanged during the reporting period.

For foreign operations with non-Canadian dollar functional currency, the Company translates assets and liabilities into Canadian dollars using the period-end exchange rates. Goodwill and intangible assets arising from acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into Canadian dollars at the period-end exchange rates. Income and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

3.23 Segmented Reporting

The Company has two (2013 – was three) operating segments that are components of the Company that engage in business activities from which it may earn revenues and incur expenses. Included in operating expenses for each operating segment are corporate costs, which are allocated to each operating segment in proportion to the segment's proportion of operating expenses. These operating segments are monitored by the Company's chief operating decision makers and strategic decisions are made on the basis of the segment's operating results. The EMR division provides Electronic Medical Records applications, ASP hosting and data backup services and other technology products and services for use in physicians' medical offices. The RCM division provides software transaction processing services to physicians, hospitals, health plans, insurance brokers and state governments to exchange information for health plan enrolment, health insurance eligibility, health insurance claims, claim payments and healthcare provider collaboration of supporting patient referral and industry compliance/reporting documentation.

3.24 Earnings or Loss from Discontinued Operations

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or;
- is a subsidiary acquired exclusively with a view to resale.

Earnings or loss from discontinued operations, including prior year components of earnings or loss, is presented in a single amount in the Consolidated Statements of Earnings and Comprehensive Income. This amount, which comprises the post-tax earnings or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analyzed in note 21.

The disclosure for the discontinued operation in the prior year relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

3.25 Changes in Account Policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

a. Fair Value Measurement

IFRS 13 - *Fair Value Measurements* ("IFRS 13") is effective for annual periods beginning on or after January 1, 2013. IFRS 13 was issued to remedy the inconsistencies in the requirements for measuring fair value and for disclosing information about fair value measurement in various current IFRS's. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 describes how to measure fair value, not what should be measured at fair value. The Company adopted IFRS 13 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

b. Presentation of Financial Statements

The amendments to IAS 1 - *Presentation of Financial Statements* ("IAS 1") are effective for annual periods beginning on or after July 1, 212 and require companies preparing financial statements in accordance with IFRS to group together items presented in within other comprehensive income ("OCI") on the basis of whether they may be reclassified to the profit or loss section of the Consolidated Statement of Net Income subsequent to the initial recognition. For those items presented before tax, the amendment to IAS 1 also requires that the tax related to the two separate groups be presented separately. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The Company applied the amendments to IAS 1 and they had no impact on the Company's consolidated financial statements.

c. Consolidation

In May 2011, the IASB issued IFRS 10 – *Consolidate Financial Statements* ("IFRS 10"), which supersedes SIC 12 and the requirements relating to consolidated financial statements in IAS 27 – *Consolidated and Separate Financial Statements*. IFRS 10 is effective for annual periods beginning on our after January 1, 2013. IFRS 10 establishes control as the basis for an investor to consolidate its investees; and defines control as an investor's power over an investee with exposure or rights to variable returns from the investee and the ability to affect the investor's returns through its power over the investee.

In addition, the IASB issues IFRS 12 – *Disclosure of Interest in Other Entities* ("IFRS 12"), which establishes the disclosure requirements for the Company's subsidiaries, join arrangements, associates and unconsolidated structures entities. The requirements of IFRS 12 include reporting of the nature of risks associated with the Company's interests in other entities and the effects of those interests on the Company's consolidated financial statements.

Concurrently with the issuance of each of IFRS 10, IAS 27 and IAS 28 – *Investments in Associates* ("IAS 28") were revised and reissued as IAS 27 – *Separate Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures* to align with the new consolidation guidance.

The application of IFRS 10 and 12 did not result in an adjustment to the Company's consolidated financial statements.

d. Joint Arrangements

IFRS 11 – *Joint Arrangements* ("IFRS 11"), supersedes IAS 31 – *Interest in Joint Ventures*, and requires joint arrangements to be classified either as joint operation s or joint ventures depending on the contractual rights and obligation of each investor that jointly controls the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligation for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ("joint ventures") have rights to the net assets, liabilities, revenues and expenses of a joint arrangement, while a joint venture recognizes its investment in a joint arrangement using the equity method as set out in IAS 28 – *Investments in Associates and Joint Ventures*.

The Company adopted IFRS 11 on a retrospective basis. There was no impact on the Company's financial statements in the prior period.

e. Employee Benefits

Amendments to IAS 19 – *Employee Benefits* ("IAS 19") introduced changes to the accounting for defined benefit plans and other employee benefits. The amendments include elimination of the option to defer, or recognize in full in earnings, actuarial gains and losses and instead mandates the immediate recognition of all actuarial gains and losses in other comprehensive income and requires use of the same discount rate for both the defined benefit obligation and expected asset return when calculating interest cost. Other changes include modification of the accounting for termination benefits and classification of other employee benefits.

The Company adopted IFRS 19 on a retrospective basis. There was no impact on the Company's financial statements in the prior period

3.26 Changes in Account Policies not yet Effective

a. Financial Instruments

The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity for the classification and measurement of financial instruments. The IASB recently suspended the originally planned effective date of January 1, 2015 and at present the effective date has not been determined. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. Financial Instruments and Risk Exposures

Fair Value Measurement

The Company's current financial assets include cash and trade and other receivables. The Company's financial liabilities include operating loan, accounts payable and accrued liabilities, promissory notes payable, capital lease obligations and long- term debt.

The carrying value of the Company's financial assets and liabilities, other than long-term debt is considered to be a reasonable approximation of fair value due to their immediate or short term maturity, or their ability for liquidation at comparable amounts.

The fair value of long-term debt bearing interest at a variable rate approximates its carrying value.

September 30, 2014	Carrying amount	Fair Market Value
Cash and receivables	$ 18,560,057	$ 18,560,057
Accounts payable and accrued liabilities	3,570,115	3,570,115
Promissory note	83,495	83,495
Capital lease obligation	857,904	857,904
Long-term debt	-	-
December 31, 2013	Carrying amount	Fair Market Value
Cash and receivables	$ 17,418,169	$ 17,418,169
Accounts payable and accrued liabilities	3,881,860	3,881,860
Promissory note	83,495	83,495
Capital lease obligation	1,019,421	1,019,421
Long-term debt	22,837	22,837

Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its obligations under a contract. This risk primarily arises from the Company's receivables from customers.

The Company's exposure to credit risk is dependent upon the characteristics of each customer. Each customer is assessed for credit worthiness through direct monitoring of their financial well-being on a continual basis. In some cases, where customers fail to meet the Company's credit worthiness benchmark, the Company may choose to transact with the customer on a prepayment basis.

The Company does not have credit insurance or other financial instruments to mitigate its credit risk as management has determined that the exposure is minimal due to the composition of its customer base.

The Company regularly reviews the collectability of its accounts receivable and establishes an allowance for doubtful accounts based on its best estimate of any potentially uncollectable accounts. Pursuant to their respective terms, net accounts receivable was aged as follows as at September 30, 2014 and December 31, 2013:

Trade and other receivables	**September 30, 2014**	December 31, 2013
Trade receivables	$ 3,296,365	$ 3,764,625
Allowance on trade receivables	(35,958)	(180,300)
Holdback	-	1,500,000
Allowance related to holdback (note 21)	-	(300,000)
Total	$ 3,260,407	$ 4,784,325

Trade receivables	**September 30, 2014**	December 31, 2013
Current	$ 1,371,123	$ 2,147,382
31-60 days	140,891	246,663
61-90 days	92,795	20,755
Greater than 90 days	1,691,556	1,349,825
Total	$ 3,296,365	$ 3,764,625

Allowance for doubtful accounts	**September 30, 2014**	December 31, 2013
Opening	$ (180,300)	$ (170,792)
Allowance	(25,345)	(30,685)
Recovery	169,687	21,177
	(35,958)	(180,300)
Allowance related to holdback (note 21)	-	(300,000)
Total	$ (35,958)	$ (480,300)

The Company may also have credit risk relating to cash, which it manages by dealing with large chartered banks in Canada and the United States. The Company's cash carrying value as at September 30, 2014 totaled $15,299,650 (December 31, 2013 - $12,633,844) and trade accounts and other receivables $3,260,407 (December 31, 2013 - $4,784,325), representing the maximum exposure to credit risk of these financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

As at September 30, 2014, the Company had cash of $15,299,650, trade accounts and other receivables of $3,260,407 for a total of $18,560,057. The Company had short-term financial obligations from accounts payable and accrued liabilities of $3,570,115 promissory note payable of $83,495, current capital lease obligations of $565,683 which total $4,219,293. The liquidity and maturity timing of these assets are adequate for the settlement of the Company's short-term (less than one year) financial obligations.

September 30, 2014	Less than 1 year	1 to 3 years	Total
Accounts payable and accrued liabilities	$ 3,570,115	$ -	$ 3,570,115
Promissory notes payable	83,495	-	83,495
Capital lease obligations (including interest)	570,188	318,036	888,224
Total	$ 4,223,798	$ 318,036	$ 4,541,834

December 31, 2013	Less than 1 year	1 to 4 years	Total
Accounts payable and accrued liabilities	$ 3,881,860	$ -	$ 3,881,860
Promissory notes payable	83,495	-	83,495
Capital lease obligations (including interest)	522,999	534,748	1,057,747
Current and long-term debt (including interest)	24,435	-	24,435
Total	$ 4,512,789	$ 534,748	$ 5,047,537

Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments will fluctuate due to changes in foreign exchange rates. As at September 30, 2014, approximately 9.5% (September 30, 2013 – 10.2%) of revenue is transacted in US dollars and the Company is exposed to foreign exchange risk thereon.

The Company manages currency risk by holding cash in foreign currencies to support forecasted foreign currency denominated liabilities and does not use derivative instruments to reduce its exposure to foreign currency risk. A 1% appreciation (depreciation) in the United States dollar price of Canadian dollars would result in a gain (loss) of approximately $19,562 (September 30, 2013 - $17,891).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Interest rate sensitivity	Profit and equity for the period	
	-1%	+1%
September 30, 2014	$ 152,997	$ (152,997)
December 31, 2013	$ 126,110	$ (126,110)

5. Property and Equipment, net

Cost	Furniture and Fixtures	Office Equipment	Computer Hardware	Leasehold Improvement	Total
December 31, 2012	$ 319,106	$ 583,344	$ 3,804,087	$ 860,827	$ 5,567,364
Additions	65,505	28,104	907,207	34,216	1,035,032
Sale of EMS division (note 21)	(115,241)	(242,388)	(841,232)	(262,696)	(1,461,557)
Foreign exchange translation	80	448	2,133	-	2,661
December 31, 2013	$ 269,450	$ 369,508	$ 3,872,195	$ 632,347	$ 5,143,500
Additions	1,502	3,205	364,657	2,556	371,920
Foreign exchange translation	1,576	374	2,701	-	4,651
September 30, 2014	$ 272,528	$ 373,087	$ 4,239,553	$ 634,903	$ 5,520,071
Accumulated Amortization					
December 31, 2012	$ 125,326	$ 201,970	$ 2,599,662	$ 353,227	$ 3,280,185
Amortization for the period	32,078	100,346	476,112	188,074	796,610
Sale of EMS division (note 21)	(80,149)	(175,665)	(692,867)	(240,239)	(1,188,920)
Foreign exchange translation	62	58	429	-	549
December 31, 2013	$ 77,317	$ 126,709	$ 2,383,336	$ 301,062	$ 2,888,424
Amortization for the period	20,323	54,236	510,951	61,834	647,344
Foreign exchange translation	159	113	946	8	1,226
September 30, 2014	$ 97,799	$ 181,058	$ 2,895,233	$ 362,904	$ 3,536,994
Net book value					
December 31, 2013	$ 192,133	$ 242,799	$ 1,488,859	$ 331,285	$ 2,255,076
September 30, 2014	$ 174,729	$ 192,029	$ 1,344,320	$ 271,999	$ 1,983,077

The cost and accumulated amortization of capital assets acquired under capital lease obligations at September 30, 2014 are $2,712,175 (December 31, 2013 - $2,474,880) and $1,270,960 (December 31, 2013 - $990,831) respectively.

6. Goodwill

Goodwill is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of an acquired company's workforce and expected cost synergies. Goodwill arising on acquisitions is not deductible for tax purposes.

Goodwill	EMR	EMS	RCM	Total
December 31, 2012	$ 1,702,739	$ 2,219,089	$ 1,658,813	$ 5,580,641
Sale of EMS division (note 21)	-	(2,219,089)	-	(2,219,089)
Write down of assets	-	-	(421,602)	(421,602)
Foreign exchange translation	-	-	65,189	65,189
December 31, 2013	$ 1,702,739	$ -	$ 1,302,400	$ 3,005,139
Foreign exchange translation	-	-	42,892	42,892
September 30, 2014	$ 1,702,739	$ -	$ 1,345,292	$ 3,048,031

Management believes that the methodology used to test impairment of goodwill, which involves a significant number of judgements and estimates, provides a reasonable basis for determining whether impairment has occurred. Many of the factors used in determining whether or not goodwill is impaired are outside management’s control and involve inherent uncertainty. Therefore, actual results could differ from those estimated. It is reasonably likely that assumptions and estimates will change in future periods and could have a significant impact on the recoverable amount of a CGU, resulting in impairments.

In performing the goodwill impairment test, the Company compares the recoverable amount of its CGU's to their respective carrying amounts. If the carrying amount of a CGU is higher than its recoverable amount, an impairment charge is recorded as a reduction in the carrying amount of the goodwill on the consolidated statements of financial position and recognized as a non-cash impairment charge in income.

The Company estimated the recoverable amount by using the value-in-use approach. It estimated fair value using market information and discounted after-tax cash flow projections, which is known as the income approach. The income approach used a CGU’s projection of estimated operating results and discounted cash flows based on a discount rate that reflects current market conditions. The Company used cash flow projections from financial forecasts covering a five-year period. To arrive at cash flow projections, the Company used estimates of economic and market information over the projection period. If market and economic conditions deteriorate or if volatility in the financial markets causes declines in the Company's share price, increases the weighted average cost of capital, or changes valuation multiples or other inputs to its goodwill assessment, the Company may need to test its goodwill for impairment between its annual testing periods. In addition, it is possible that changes in the numerous variables associated with the judgements, assumptions, and estimates made by management in assessing the fair value of the Company’s goodwill could cause its CGU’s to be impaired. Goodwill impairment charges are non-cash charges that could have a material adverse effect on the Company’s consolidated financial statements but in themselves do not have any adverse effect on its liquidity, cash flows from operating activities, or debt covenants and will not have an impact on its future operations. The calculation of value in use for all CGU’s is most sensitive to the following assumptions:

i. Operating margins based on actual experience and management’s long-term projections.
ii. The Company's weighted average cost of capital.
iii. Growth rate estimates based on actual experience and market analysis. Projections use a growth rate that approximates 5% - 20% due to high projected growth for the i-Plexus division of RCM.

EMR revenue is assumed to continue to grow at rates up to 10% per year during the forecasted five year period. This reflects management’s expectations for significant medical practitioner conversion to EMR systems as government mandates and incentives, presently available, will have a significant positive impact in this area. Expenses are assumed to grow at a slower rate than recent experience, reflecting the economies of scale from a larger customer base and the benefits of a recurring revenue model.

RCM revenue growth is expected to increase over the next five years through additional sales. Resources and costs will be allocated to ensure a high revenue growth rate. Expenses will increase and correlate with the additional revenues and investment into this division by ensuring focused penetration into the US market.

A conservative growth rate of 0% was used to extrapolate cash flow projections beyond the five year projection period for the EMR and RCM divisions.

7. Intangible Assets

Cost	Customer relationships	Acquired technology	Developed technology	Channel partner relationship	Software	Total
December 31, 2012	$ 13,488,782	$ 4,635,239	$ 2,718,131	$ 579,131	$ 693,282	$ 22,114,565
Additions	-	-	964,307	-	75,675	1,039,982
Sale of EMS division	(2,156,897)	(1,092,000)	(2,440,383)	-	(230,126)	(5,919,406)
Write down of assets	(13,018)	(362,551)	-	(579,131)	-	(954,700)
Write down of assets from discontinued operations	-	-	(96,000)	-	-	(96,000)
Foreign exchange translation	5,792	45,564	-	-	1,410	52,766
December 31, 2013	11,324,659	3,226,252	1,146,055	-	540,241	16,237,207
Additions	-	-	179,902	-	74,281	254,183
Foreign exchange translation	4,822	37,937	-	-	1,254	44,013
September 30, 2014	$ 11,329,481	$ 3,264,189	$ 1,325,957	$ -	$ 615,776	$ 16,535,403
Accumulated Amortization						
December 31, 2012	$ 3,667,821	$ 1,833,090	$ 458,900	$ 15,346	$ 595,408	$ 6,570,565
Amortization for the period	1,323,739	472,497	286,147	82,733	37,711	2,202,827
Sale of EMS division	(1,139,034)	(758,452)	(365,801)	-	(209,447)	(2,472,734)
Write down of assets	(1,590)	(60,799)	-	(98,079)	-	(160,468)
Foreign exchange translation	1,094	4,385	-	-	113	5,592
December 31, 2013	3,852,030	1,490,721	379,246	-	423,785	6,145,782
Amortization for the period	851,792	232,050	77,842	-	49,119	1,210,803
Foreign exchange translation	2,242	8,134	-	-	307	10,683
September 30, 2014	$ 4,706,064	$ 1,730,905	$ 457,088	$ -	$ 473,211	$ 7,367,268
Net book value						
December 31, 2013	$ 7,472,629	$ 1,735,531	$ 766,809	$ -	$ 116,456	$ 10,091,425
September 30, 2014	$ 6,623,417	$ 1,533,284	$ 868,869	$ -	$ 142,565	$ 9,168,135

8. Promissory Notes Payable

As at September 30, 2014, the remaining amount outstanding on the promissory note payable from the purchase of Clinicare Corporation ("Clinicare") is $83,495 (December 31, 2013 - $83,495) plus accrued interest of $182,978 (December 31, 2013 - $168,795). As outlined in note 19, the Company is disputing this claim.

9. Obligations under Capital Lease

Capital lease obligations are payable in monthly installments with interest at 0% to 14.0% per annum, to September 2016, secured by certain computer equipment, furniture and fixtures.

Minimum lease payments over the next four years:	**September 30, 2014**	December 31, 2013
2014	$ 378,055	$ 522,999
2015	375,746	408,101
2016	123,849	126,647
2017	10,574	-
Total minimum lease payments	888,224	1,057,747
Lease payment amounts representing interest	(30,320)	(38,326)
Present value of net minimum capital lease payments	857,904	1,019,421
Current portion of capital lease obligations	565,683	(500,656)
	$ 292,221	$ 518,765

10. Long-term debt

	September 30, 2014	December 31, 2013
Leasehold improvement loan dated September 1, 2011 repayable in 36 monthly installments of $2,929 including principal and interest at 7% per annum.	$ -	$ 22,837
Total long-term debt	-	22,837
Current portion of long-term debt	-	(22,837)
	$ -	$ -

11. Issued Capital

a) Authorized
Unlimited common shares without par value
Unlimited Class "A" Preference shares

b) Issued

Shares issued and outstanding	Number of shares	Amount
December 31, 2012	47,390,976	$ 19,241,753
Options exercised	577,186	234,088
December 31, 2013	47,968,162	19,475,841
Options exercised	707,375	669,508
September 30, 2014	48,675,537	$ 20,145,349

c) Stock-based Compensation Plan

The Company has a stock option plan (the "Plan") pursuant to which options to subscribe for common shares of the Company may be granted to directors, officers and certain employees and consultants of the Company. The Board of Directors administers the Plan and, subject to the specific provisions of the Plan, fixes the terms and conditions upon which options are granted.

The exercise price of each option granted under the Plan is fixed by the Board, but cannot under any circumstances be less than the closing price of the Company's shares on the last trading day prior to the date of the grant, less any discount permitted by the Toronto Stock Exchange, but in any event, not less than $0.10 per share. Options granted shall be non-assignable and non-transferable and shall not have a term in excess of five years.

Share purchase options outstanding are as follows:

Share purchase options outstanding	Number of options	Weighted average exercise price
December 31, 2012	3,000,000	0.54
Forfeited	(220,314)	0.60
Exercised	(577,186)	0.28
Options granted July 23, 2013	1,700,000	0.70
Options granted August 26, 2013	150,000	0.80
December 31, 2013	4,052,500	$ 0.65
Forfeited	(27,500)	0.63
Exercised	(707,375)	0.62
Options granted May 8, 2014	100,000	1.27
Options granted August 20, 2014	500,000	1.20
September 30, 2014	3,917,625	$ 0.74

During the nine months ended September 30, 2014 a total of 707,375 (December 31, 2013 – 577,186) stock purchase options were exercised during the period at a weighted average share value of $0.62 (December 31, 2013- $0.28).

The following tables summarize information pertaining to the Company's share purchase options outstanding:

September 30, 2014	Options outstanding		Options exercisable	
Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
60,000	0.1	$ 0.60	60,000	$ 0.60
445,000	2.0	0.62	445,000	0.62
1,052,500	2.7	0.60	1,052,500	0.60
1,760,125	3.8	0.70	871,375	0.70
100,000	4.6	1.27	12,500	1.27
500,000	4.9	1.20	-	-
3,917,625	3.4	$ 0.74	2,441,375	$ 0.65

December 31, 2013	Options outstanding		Options exercisable	
Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
175,000	0.8	$ 0.60	175,000	$ 0.60
695,000	2.7	0.62	695,000	0.62
1,332,500	3.4	0.60	1,026,874	0.60
1,850,000	4.5	0.70	253,127	0.70
4,052,500	3.7	$ 0.65	2,150,001	$ 0.62

The exercise price of all share purchase options granted during the period are equal to the closing market price at the grant date. The Company calculates stock based compensation from the vesting of stock options using the Black Scholes Option Pricing Model and records related compensation expense as follows:

	September 30, 2014	September 30, 2013
Total stock based compensation	$ 352,505	$ 343,526

d) Contributed Surplus

The continuity of contributed surplus is as follows:

	Amount
December 31, 2012	$ 1,902,050
Options exercised	(74,527)
Stock based compensation	548,833
December 31, 2013	2,376,356
Options exercised	(231,844)
Stock based compensation	352,505
September 30, 2014	$ 2,497,017

12. Earnings per Share

The reconciliation of the numerators and denominators of the basic and diluted earnings per share calculations was as follows for the three and nine months ended September 30, 2014 and 2013.

Three months ended	**September 30, 2014**	September 30, 2013
Numerator		
Net earnings (loss) from continuing operations	$ 60,635	$ (258,798)
Net earnings from discontinued operations	$ 13,349	$ 243,113
Denominator		
Weighted average number of shares outstanding used to compute basic EPS	48,679,462	47,946,132
Effect of dilutive securities		
Dilution from exercise of options	1,506,061	302,916
Weighted average number of shares outstanding used to compute diluted EPS	50,185,523	48,249,048
Net earnings per share		
Continuing operations		
Basic	$ 0.000	$ (0.010)
Diluted	$ 0.000	$ (0.010)
Discontinued operations		
Basic	$ 0.000	$ 0.010
Diluted	$ 0.000	$ 0.010

Nine months ended	**September 30, 2014**	September 30, 2013
Numerator		
Net earnings (loss) from continuing operations	$ 222,755	$ (328,366)
Net earnings from discontinued operations	$ 235,349	$ 498,295
Denominator		
Weighted average number of shares outstanding used to compute basic EPS	48,468,284	47,729,490
Effect of dilutive securities		
Dilution from exercise of options	1,691,200	156,939
Weighted average number of shares outstanding used to compute diluted EPS	50,159,484	47,886,429
Net earnings per share		
Continuing operations		
Basic	$ 0.005	$ (0.010)
Diluted	$ 0.005	$ (0.010)
Discontinued operations		
Basic	$ 0.005	$ 0.010
Diluted	$ 0.005	$ 0.010

The calculation of assumed exercise of stock options and warrants includes the effect of the dilutive options and warrants. Where their effect was anti-dilutive because their exercise prices were higher than the average market price of the Company's common shares at the end of the periods shown in the table, assumed exercise of those particular stock options and warrants were not included.

13. Income Taxes

a) Income Tax Expense

The income tax expense differs from the expected expense if the Canadian federal and provincial statutory income tax rates were applied to earnings from operations before income taxes. The principal factors causing these differences are shown below:

Nine months ended	**September 30, 2014**	September 30, 2013
Earnings from continuing operations before income taxes	$ 62,299	$ (373,289)
Statutory tax rate	26.00%	25.00%
Income tax provision using statutory tax rates	16,198	(93,322)
Permanent differences	111,899	94,762
Benefit from previously unrecognized tax losses	21,375	27,516
SRED	(3,514)	-
Other	(306,414)	(73,879)
Income tax	$ (160,456)	$ (44,923)

Current income tax	(1,000)	-
Deferred tax (recovery) from continuing operations	(159,456)	(44,923)
	$ (160,456)	$ (44,923)

b) Deferred Tax Assets & Liabilities

The tax effect of the temporary differences that give rise to deferred tax assets and liabilities are presented below:

Recognized	**September 30, 2014**	December 31, 2013
Non-capital loss carry forwards	$ 2,285,441	$ 2,355,881
Scientific research and experimental development pool	840,315	836,800
Investment tax credits	366,696	377,347
Share issue costs	24,908	66,774
Tangible assets	16,709	(33,032)
Intangible assets	(2,526,456)	(2,770,171)
Other reserves	-	78,000
Total recognized net deferred tax asset	$ 1,007,613	$ 911,599

Deferred tax asset	$ 1,007,613	$ 911,599

Unrecognized	**September 30, 2014**	December 31, 2013
Non-capital loss carry forwards	$ 262,963	$ 241,588

In assessing the recognition of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. In management's opinion, the deferred tax assets will be utilized in the forthcoming years through projected taxable income.

c) Loss Carry-Forwards

At September 30, 2014, the consolidated Company has approximately $8,304,000 of non-capital loss carry forwards available until 2034 (December 31, 2013 – approximately $9,194,000) to reduce future years' taxable income. The Company employs strategies within the corporate group to effectively utilize the benefits of these tax loss carry-forwards and to minimize income tax payable. The following table reflects tax loss carry-forwards prior to any tax losses that arise upon actual filing of the representative company tax returns:

	September 30, 2014	December 31, 2013
QHR Technologies Inc.	$ 5,524,000	$ 7,716,000
Chartcare Inc.	160,000	160,000
Softcare Electronic Commerce (U.S.A) Inc.	497,000	443,000
i-Plexus Solutions Inc.	2,123,000	875,000
Total	$ 8,304,000	$ 9,194,000

d) Investment Tax Credits on SRED Expenditures

At September 30, 2014, the Company and its subsidiaries have accumulated Investment Tax Credits totaling approximately $366,696 (December 31, 2013 – $377,347) which may be applied against future years' taxes.

e) SRED Expenditure Pool Carry Forwards

At September 30, 2014, the Company and its subsidiaries have accumulated a SRED expenditure pool of approximately $3,449,140 (December 31, 2013 – approximately $3,444,008) which may be applied against future years' taxable income. The SRED expenditures pool may be carried forward indefinitely.

14. Capital Disclosures

The Company's objectives and policies for managing capital are to maintain a strong capital base so as to maintain investor, creditor and market confidence, sustain future development of the business and to safeguard the Company's ability to support the Company's normal operating requirements on an ongoing basis.

The capital of the Company consists of the items included in the Consolidated Statements of Financial Position in the equity section, operating line of credit (if drawn) and long-term debt. The Company manages its capital structure and makes changes based on economic conditions and the risk characteristics of the Company's assets. Capital for the reporting periods is summarized as follows:

	September 30, 2014	December 31, 2013
Promissory note	$ 83,495	$ 83,495
Long-term debt	-	22,837
Total equity	28,367,289	26,975,427
Overall financing	$ 28,450,784	$ 27,081,759

To manage the Company's capital requirements, the Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company plans to continue to fund its short-term cash requirements through operations, and if required, the Company has an operating line of credit in place that can be drawn upon.

The Company has an available operating line of credit with the Royal Bank (the "Bank") of up to $1.5 million subject to and limited to standard borrowing base calculations and margining against trade accounts receivable. The operating line of credit is payable upon demand by the Bank. The Company had $Nil outstanding on its operating line at September 30, 2014, (December 31, 2013 - $Nil). The interest rate is at the Bank's prime rate plus 1.15% per annum. At September 30, 2014, the effective rate on this loan was 4.15% (December 31, 2013 – 5.00%).

15. Segmented Information

Three months ended September 30, 2014	EMS	EMR	RCM	Total
Revenue	$ -	$ 6,163,298	$ 767,392	$ 6,930,690
Cost of goods sold	-	589,665	169,121	758,786
Service costs	-	1,513,995	380,092	1,894,087
Research and development	-	571,091	253,123	824,214
Sales and Marketing	-	1,227,719	235,246	1,462,965
General and administrative	-	947,244	221,700	1,168,944
	-	4,849,714	1,259,282	6,108,996
Earnings before the following items	-	1,313,584	(491,890)	821,694
Stock-based compensation	-	87,120	17,591	104,711
Amortization of property and equipment	-	201,238	30,778	232,016
Amortization of intangible assets	-	327,176	77,423	404,599
Interest expense	-	13,892	3,332	17,224
Foreign exchange	-	(1,476)	(1,538)	(3,014)
	-	627,950	127,586	755,536
Earnings (loss) from continuing operations before tax	-	685,634	(619,476)	66,158
Income tax (recovery)		238,606	(233,083)	5,523
Net earnings (loss) from continuing operations		447,028	(386,393)	60,635
Net earnings from discontinued operations (Note 21)	13,349	-	-	13,349
Net earnings (loss)	$ 13,349	$ 447,028	$ (386,393)	$ 73,984

Nine months ended September 30, 2014	EMS	EMR	RCM	Total
Revenue	$ -	$ 18,291,464	$ 2,242,639	$ 20,534,103
Cost of goods sold	-	1,610,686	551,688	2,162,374
Service costs	-	4,685,049	965,296	5,650,345
Research and development	-	1,607,759	783,589	2,391,348
Sales and Marketing	-	3,613,324	713,472	4,326,796
General and administrative	-	2,909,754	754,051	3,663,805
	-	14,426,572	3,768,096	18,194,668
Earnings before the following items	-	3,864,892	(1,525,457)	2,339,435
Stock-based compensation	-	293,284	59,221	352,505
Amortization of property and equipment	-	564,811	82,533	647,344
Amortization of intangible assets	-	978,369	232,434	1,210,803
Interest expense	-	46,172	12,361	58,533
Foreign exchange	-	5,812	2,139	7,951
	-	1,885,448	388,688	2,277,136
Earnings (loss) from continuing operations before tax	-	1,976,444	(1,914,145)	62,299
Income tax (recovery)	-	532,623	(693,079)	(160,456)
Net earnings (loss) from continuing operations	-	1,443,821	(1,221,066)	222,755
Net earnings from discontinued operations (Note 21)	235,349	-	-	235,349
Net earnings (loss)	$ 235,349	$ 1,443,821	$ (1,221,066)	$ 458,104
Total assets		$ 31,040,950	$ 3,378,112	$ 34,419,062
Total liabilities		$ 5,690,324	$ 361,449	$ 6,051,773
Additions to:				
Capital assets	$ -	$ 340,562	$ 31,358	$ 371,920
Intangible assets	$ -	$ 241,573	$ 12,610	$ 254,183

Three months ended September 30, 2013	EMS	EMR	RCM	Total
Revenue	$ -	$ 5,335,063	$ 658,025	$ 5,993,088
Cost of goods sold	-	479,440	179,423	658,863
Service costs	-	1,912,296	319,815	2,232,111
Research and development	-	489,026	222,107	711,133
Sales and Marketing	-	834,927	86,888	921,815
General and administrative	-	675,131	198,425	873,556
	-	4,390,820	1,006,658	5,397,748
Earnings before the following items	-	944,243	(348,633)	595,610
Stock-based compensation	-	180,066	24,253	204,319
Amortization of property and equipment	-	189,584	20,175	209,759
Amortization of intangible assets	-	335,314	102,239	437,553
Interest expense	-	39,027	7,009	46,035
Foreign exchange	-	1,022	4,572	5,594
	-	745,013	158,248	903,260
Earnings (loss) from continuing operations before tax	-	199,230	(506,881)	(307,650)
Income tax (recovery)	-	114,695	(163,547)	(48,852)
Net earnings (loss) from continuing operations	-	84,535	(343,334)	(258,798)
Net earnings from discontinued operations (Note 21)	243,113	-	-	243,113
Net earnings (loss)	$ 243,113	$ 84,535	$ (343,334)	$ 15,685

Nine months ended September 30, 2013	EMS	EMR	RCM	Total
Revenue	$ -	$ 15,657,848	$ 1,904,182	$ 17,562,030
Cost of goods sold	-	1,374,752	462,749	1,837,501
Service costs	-	5,463,894	701,643	6,165,537
Research and development	-	1,446,400	655,984	2,102,384
Sales and Marketing	-	2,570,767	232,146	2,802,913
General and administrative	-	1,988,036	655,407	2,643,443
	-	12,843,849	2,707,929	15,551,778
Earnings before the following items	-	2,813,999	(803,747)	2,010,252
Stock-based compensation	-	302,749	40,777	343,526
Amortization of property and equipment	-	514,847	51,625	566,472
Amortization of intangible assets	-	981,656	302,337	1,283,993
Interest expense	-	150,964	33,300	184,264
Foreign exchange	-	4,308	978	5,286
	-	1,954,524	429,017	2,383,541
Earnings (loss) from continuing operations before tax	-	859,475	(1,232,764)	(373,289)
Income tax (recovery)	-	351,855	(396,778)	(44,923)
Net earnings (loss) from continuing operations	-	507,620	(835,986)	(328,366)
Net earnings from discontinued operations (Note 21)	498,295	-	-	498,295
Net earnings (loss)	$ 498,295	$ 507,620	$ (835,986)	$ 169,929
Total assets	$ 8,227,941	$ 19,032,182	$ 4,582,367	$ 31,842,490
Total liabilities	$ 6,142,620	$ 4,616,048	$ 705,240	$ 11,463,908
Additions to:				
Goodwill	$ -	$ -	$ 33,560	$ 33,560
Capital assets	$ 30,445	$ 548,326	$ 100,066	$ 678,837
Intangible assets	$ 449,394	$ 433,597	$ 31,193	$ 914,184

The Company generated revenues from external customers for the nine months ended September 30, located in the following geographic locations:

	September 30, 2014		September 30, 2013	
Canada	$ 18,577,861	90.5%	$ 15,772,888	89.8%
United States	1,956,242	9.5%	1,789,142	10.2%
	$ 20,534,103	100.0%	$ 17,562,030	100.0%

16. Commitments

As at September 30, 2014, the Company has various operating leases, primarily office rent, with remaining terms of more than one year. These leases have minimum annual commitments as follows:

2014	$ 240,547
2015	839,568
2016	767,507
2017	597,082
2018	449,807
2019	112,452
	$ 3,006,963

Repayment of loans and leases assumes that the Company maintains obligated payments over a 12 month consecutive period on the required payment due dates.

17. Supplemental Cash Flow and other Disclosures

	September 30, 2014	September 30, 2013
Non-cash financing and investing activities:		
Capital assets acquired under capital lease obligations	$ 285,995	$ 486,166
Supplementary information:		
Interest paid	$ 58,533	$ 184,264

18. Related Party Transactions

For the nine months ended September 30, 2014 and 2013, the Company paid compensation to key management personnel during the reporting period.

	September 30, 2014	September 30, 2013
Short-term employee benefits	$ 926,016	$ 609,453
Share based payments	194,923	208,061
	$ 1,120,939	$ 817,514

19. Contingencies

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. The consequences of these matters are not presently determinable but, in the opinion of management after consulting with legal counsel, the ultimate aggregate liability is not currently expected to have a material effect on our results of operations or financial position.

The Company is a defendant in a claim from November, 2010, relating to a dispute arising from the Company's acquisition of Clinicare Corporation. Management believes the claim is without merit and has responded with a statement of defense and a counter claim for damages. The foundation of the dispute relates to a hold back that the Company made on disbursements of proceeds based on specific commercial attributes not being evident upon closing which were represented by the vendor. Accordingly, the Company is confident that there will be no material financial impact arising from this litigation.

20. Comparative Figures

Comparative periods are restated to reflect discontinued operations presentation.

21. Discontinued Operations

On December 18, 2013, the Company sold the assets and liabilities of its EMS division for a cash consideration of $20,000,000 less working capital and customary adjustments. All monies in escrow and the final working capital adjustments have been received. As a result, the $235,349 gain (net of tax) for the nine months ended September 30, 2014, is partly related to the recovery of a $300,000 working capital adjustment previously recorded as an estimated reduction to the escrow funds receivable.

22. Subsequent Event

On November 10, 2014 the Company announce that it has entered into an agreement to purchase Medeo Corporation ("Medeo"), a Vancouver-based virtual care technology company. The purchase price will consist of $2,250,000 in cash and 1,000,000 common shares of QHR, and will be distributed among the various Medeo stakeholders as provided for in the Agreement.

The purchase price is subject to a holdback to secure payment of claims if any are made by QHR pursuant to an indemnity, and all of the QHR common shares will be held in escrow for 12 months following the closing. Completion of the transaction is subject to customary conditions, including TSX Venture exchange approval and Medeo shareholder approval. More than two-thirds of the Medeo shareholders have already signed voting agreements committing to vote in favor of the transaction and the parties expect to close quickly.