

AUDITORS' REPORT

To the Members of the Health Technology Assessment International:

We have audited the statement of financial position of the Health Technology Assessment International as at May 31, 2005 and the statements of operations, changes in net assets for the year then ended. These financial statements are the responsibility of the society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the society, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the society as at May 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Allan Welsh & Company

CERTIFIED GENERAL ACCOUNTANTS

Edmonton, Alberta
October 24, 2005

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HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

FINANCIAL STATEMENTS

MAY 31, 2005

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

MAY 31, 2005

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AUDITORS' REPORT

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CERTIFIED GENERAL ACCOUNTANTS

Edmonton, Alberta
October 24, 2005

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2005

	2005	2004
CURRENT ASSETS		
Cash	\$ 237,883	\$ 21,289
Accounts receivable (Note 3)	12,703	76,647
GST receivable	3,910	-
	254,496	97,936
	\$ 254,496	\$ 97,936
CURRENT LIABILITIES		
Payables and accrued liabilities	\$ 31,832	\$ 18,654
	31,832	18,654
NET ASSETS		
Unrestricted	222,664	79,282
	222,664	79,282
	\$ 254,496	\$ 97,936

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MAY 31, 2005

	2005	2004
REVENUE		
Policy forum	\$ 211,570	\$ -
Membership fees	169,057	76,358
AGM 2004	20,264	-
Donations	5,148	100,700
Other	-	919
Foreign exchange gain (loss)	(2,316)	306
TOTAL REVENUE	403,723	178,283
EXPENDITURES		
Policy forum and winter board meeting	91,646	-
Secretariat	90,772	51,029
IJTAHC	30,565	-
Promotional and website	19,096	29,318
Professional fees and services	14,179	18,654
AGM costs	11,223	-
Awards and grants	2,859	-
TOTAL EXPENDITURES	260,341	99,001
EXCESS OF REVENUE OVER EXPENDITURES	\$ 143,382	\$ 79,282

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MAY 31, 2005

	2005	2004
BALANCE , beginning of year	\$ 79,282	\$ -
Excess of revenue over expenditures for the year	143,382	79,282
BALANCE , end of year	\$ 222,664	\$ 79,282

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2005

1. PURPOSE OF THE ORGANIZATION

Health Technology Assessment International (the Society) was incorporated under the Canada Corporations Act on February 27, 2004. The purpose of the Society is to support and promote the development, communication, understanding and use of health technology assessment (HTA) globally as a scientifically based means of promoting the introduction of effective innovations and the effective use of resources in health care.

The Society was incorporated as a non-profit organization under 149(1)(1) of the Income Tax Act and is a registered charity.

2. ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) Cash

Cash includes cash on deposit in bank accounts.

(b) Revenue recognition

The Society follows the deferral method of accounting for member contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions, including membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Fair value of financial instruments

The fair value of the Society's financial assets and liabilities approximates carrying value due to their short-term nature.

(d) Translation of foreign currency

Foreign currency transactions are accounted for at the average of the exchange rates prevailing during the year. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets denominated in foreign currencies are recognized in the statement of operations. Such balances are translated at year end exchange rates.

(e) Use of estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2005

3. RELATED PARTY TRANSACTIONS

The Institute of Health Economics (IHE) is a member of the Society and both organizations have common senior management.

The Society entered into an agreement with IHE dated July 1, 2003, whereby IHE provides the services of its employed staff for the purposes of fulfilling all administrative needs to the Society. In addition, IHE provides, at cost, appropriate office accommodations, furniture, and facilities, including telephone, facsimile, and e-mail services. The transactions included in revenue and expenses during the year were as follows:

	2005	2004
Income received by IHE on behalf of the Society:		
Donation from IHE	\$ -	\$ 100,700
Membership dues and policy forum	72,655	44,708
	<u>\$ 72,655</u>	<u>\$ 145,408</u>
Expenses paid by IHE on behalf of the Society:		
Salaries and benefits	\$ 69,779	\$ 44,899
Promotional expenses and website development	-	18,757
Office expenses and rent	18,763	5,105
Less payments made to IHE	(28,591)	-
	<u>\$ 59,951</u>	<u>\$ 68,761</u>
RECEIVABLE FROM IHE	<u>\$ 12,704</u>	<u>\$ 76,647</u>

The above transactions are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Management is of the opinion that these amounts approximate fair value.

4. STATEMENT OF CASH FLOW

A statement of cash flow has not been provided as the information is readily available from the financial statements provided.

5. PRIOR YEAR'S FIGURES

Prior year's figures have been reported on by other auditors.