

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

FINANCIAL STATEMENTS

May 31, 2007

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

May 31, 2007

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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, 2007 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, 2007 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
September 26, 2007

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2007

| | 2007 | 2006 |
|--|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | \$ 531,987 | \$ 395,783 |
| Accounts receivable (Note 3) | 260,493 | 27,214 |
| Prepaid expenses (Note 4) | 13,362 | - |
| GST receivable | 6,142 | 3,928 |
| | \$ 811,984 | \$ 426,925 |
| CURRENT LIABILITIES | | |
| Accounts payable to a related party (note 5) | \$ 26,831 | \$ 13,114 |
| Payables and accrued liabilities | 16,228 | 10,824 |
| Deferred revenue (Note 6) | 421,398 | 18,648 |
| | 464,457 | 42,586 |
| NET ASSETS | | |
| Unrestricted (Note 7) | 347,527 | 384,339 |
| | \$ 811,984 | \$ 426,925 |

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MAY 31, 2007

| | 2007 | 2006 |
|---|--------------------|-------------------|
| REVENUE | | |
| Policy forum | 200,544 | 200,060 |
| Membership fees | \$ 165,988 | \$ 211,108 |
| AGM | 56,000 | 67,744 |
| Other | 11,279 | 22,614 |
| Unrealized foreign exchange loss | (29,053) | (36,001) |
| TOTAL REVENUE | 404,758 | 465,525 |
| EXPENDITURES | | |
| Secretariat (Schedule 1) | 195,253 | 115,899 |
| Policy forum and winter board meeting | 125,313 | 82,745 |
| IJTAHC | 41,726 | 54,935 |
| Awards and grants | 35,187 | 14,695 |
| Promotional and website | 26,287 | 12,885 |
| Professional fees and services | 9,803 | 5,578 |
| AGM costs | 8,001 | 17,114 |
| TOTAL EXPENDITURES | 441,570 | 303,851 |
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES | \$ (36,812) | \$ 161,674 |

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MAY 31, 2007

| | 2007 | 2006 |
|---|------------|------------|
| BALANCE , beginning of year | \$ 384,339 | \$ 222,665 |
| (Deficiency) Excess of revenue over expenditures for the year | (36,812) | 161,674 |
| BALANCE , end of year | \$ 347,527 | \$ 384,339 |

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2007

1. PURPOSE OF THE ORGANIZATION

Health Technology Assessment International (the Society) was incorporated under the Alberta Societies Act on February 27, 2004 and is a registered charity for Canadian income tax purposes. 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.

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.

(f) Property and Equipment

As a qualifying not for profit organization, the society is expensing capital purchases in the year of purchase. Included in the current year \$7,387, previous year \$4,444.

(g) Income Tax

As a registered charity, the society is exempt from income taxes.

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2007

3. ACCOUNTS RECEIVABLE

Accounts receivable for the current year represents fees invoiced in advance and accordingly, this amount is included in deferred revenue.

4. PREPAID EXPENSES

Prepaid expenses are expenses incurred for the June 2007 annual meeting.

5. RELATED PARTY TRANSACTIONS

The Institute of Health Economics (IHE) is a member of the Society and operates the secretariat for the society.

The Society entered into an agreement with IHE dated December 1, 2005, 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:

| | 2007 | 2006 |
|---|--------------|-------------|
| RECEIVABLE (PAYABLE) FROM IHE, beginning of year | \$ (13,114) | \$ 12,704 |
| Income received by IHE on behalf of the Society | | |
| Membership dues and policy forum | - | 51,494 |
| | \$ (13,114) | \$ 64,198 |
| Expenses paid by IHE on behalf of the Society: | | |
| Salaries and benefits | \$ (160,825) | \$ (94,909) |
| Office expenses and rent | (6,769) | (16,477) |
| | (167,594) | (111,386) |
| Net payments to | 153,877 | 34,074 |
| (PAYABLE) TO IHE, end of year | \$ (26,831) | \$ (13,114) |

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.

6. DEFERRED REVENUE

Deferred Revenue represents fees received in advance and includes accounts receivable of \$260,493:

| | 2007 | 2006 |
|---------------------|------------|-----------|
| Policy forum fees | \$ 176,170 | - |
| Membership fees | 160,263 | \$ 18,648 |
| Annual meeting fees | 84,965 | - |
| | \$ 421,398 | \$ 18,648 |

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2007

7. INTERNAL RESTRICTIONS

Subsequent to the year-end, the board approved the creation of two internal reserves. These consist of an operation shut-down fund and an annual conference fund. Allocations to these funds are expected to commence in the next fiscal year.

8. STATEMENT OF CASH FLOW

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

HEALTH TECHNOLOGY ASSESSMENT INTERNATIONAL

SCHEDULE OF SECRETARIAT EXPENSES

FOR THE YEAR ENDED MAY 31, 2007

| | 2007 | 2006 |
|---------------------|-------------|-------------|
| Wages and benefits | \$ 160,825 | \$ 91,581 |
| Office supplies | 4,624 | 2,802 |
| Printing | 11,527 | 2,228 |
| Mailing and courier | 10,004 | 10,059 |
| Bank charges | 5,654 | 4,097 |
| Travel | 1,512 | 1,446 |
| Telephone | 1,106 | 3,321 |
| Rent | - | 366 |
| | <hr/> | <hr/> |
| | \$ 195,252 | \$ 115,900 |
