

**Health Technology
Assessment International
Financial Statements**
May 31, 2011

Management's Responsibility

To the Members of Health Technology Assessment International:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

November 21, 2011

signed "Logan Mardhani-Bayne"
Managing Director

Independent Auditors' Report

To the Members of Health Technology Assessment International:

We have audited the accompanying financial statements of Health Technology Assessment International, which comprise the statement of financial position as at May 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Health Technology Assessment International as at May 31, 2011 and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta

November 21, 2011

MNP LLP
Chartered Accountants

Health Technology Assessment International Statement of Financial Position

As at May 31, 2011

	2011	2010
Assets		
Current		
Cash (Note 3)	536,500	358,437
Marketable securities (Note 4)	349,300	348,613
Accounts receivable	-	25,632
Prepaid expenses	26,418	21,964
Goods and services tax receivable	5,603	13,163
	917,821	767,809
Liabilities		
Current		
Accounts payable and accruals	58,162	30,576
Deferred revenue	316,378	312,519
	374,540	343,095
Net Assets		
Internally restricted	50,000	50,000
Externally restricted	50,000	50,000
Unrestricted	443,281	324,714
	543,281	424,714
	917,821	767,809

Approved on behalf of the Board

signed "Logan Mardhani-Bayne"

Managing director

signed "Clifford Goodman"

Director

The accompanying notes are an integral part of these financial statements

Health Technology Assessment International
Statement of Operations
For the year ended May 31, 2011

	2011	2010
Revenue		
Policy forum	339,642	393,416
Membership fees	272,133	271,397
Annual meeting hosting fees	111,753	82,812
Other income	23,397	4,904
Interest income	697	398
	747,622	752,927
Secretariat expenditures (Schedule 1)	215,580	241,228
Excess of revenues over expenses before other expenses	532,042	511,699
Other expenses		
Annual meeting expenses	(12,204)	(19,502)
Awards and grants	(16,728)	(23,283)
Foreign exchange loss	(41,231)	(110,289)
International Journal of Technology Assessment in Health Care	(5,860)	(10,155)
Policy forum and winter board meeting	(37,615)	(41,678)
Professional fees and services	(159,937)	(203,057)
Promotional website	(24,760)	(25,176)
Strategic Action Plan	(83,398)	-
Strategic initiatives	(31,742)	(59,888)
	(413,475)	(493,028)
Excess of revenues over expenses	118,567	18,671

The accompanying notes are an integral part of these financial statements

Health Technology Assessment International

Statement of Changes in Net Assets

For the year ended May 31, 2011

Net Assets	2011	2010
Balance, beginning of year	424,714	406,044
Excess of revenues over expenditures for the year	118,567	18,670
Balance, end of year	543,281	424,714

The accompanying notes are an integral part of these financial statements

Health Technology Assessment International

Statement of Cash Flows

For the year ended May 31, 2011

	2011	2010
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from members	735,185	659,503
Cash expenditures for projects and administration	(564,695)	(613,670)
Interest received	697	398
Taxes recovered (paid)	7,560	(6,569)
Investing activities		
Sale of short term investment	348,616	355,682
Purchase of short term investment	(349,300)	(348,613)
	(684)	7,069
Increase in cash resources	178,063	46,731
Cash resources, beginning of year	358,437	311,706
Cash resources, end of year	536,500	358,437

The accompanying notes are an integral part of these financial statements

Health Technology Assessment International

Notes to the Financial Statements

For the year ended May 31, 2011

1. Incorporation and commencement of operations

Health Technology Assessment International (the "Organization") was incorporated under the *Alberta Societies Act* on February 27, 2004 as a Not-For-Profit organization and is a registered charity under the *Income Tax Act*. The purpose of the Organization 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. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Reporting Currency and Foreign Currency Translation

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Revenues and expenses are translated at the weighted average rate for the period.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Membership fees are recognized over the term to which the fees relate. Policy forum and annual meeting hosting fee revenue is recognized in the year in which the related policy forum or annual meeting is held.

Contributed services

Volunteers contribute several hours per year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash and guaranteed investment certificates with maturities of less than three months. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Measurement uncertainty

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

Held for trading:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 *Financial Instruments – Recognition and Measurement*, even if that instrument would not otherwise satisfy the definition of held for trading. The Organization has classified the following financial assets and liabilities as held for trading: cash and marketable securities.

Health Technology Assessment International

Notes to the Financial Statements

For the year ended May 31, 2011

Held for trading financial instruments are subsequently measured at their fair value without any deduction for transactions costs incurred on sale or other disposal. Net gains and losses arising from changes in fair value include interest income and are recognized immediately in the statement of revenues and expenses.

Loans and receivables:

The Organization has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in the statement of revenues and expenses.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Other financial liabilities:

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable and accruals. These liabilities are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized as expenses.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in the current year.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

Recent Accounting Pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt Part III of the Handbook as its new financial reporting standards. The Organization has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

3. Cash

Included in the cash balance is \$100,000 of internally restricted funds. These restrictions are set by the board of directors.

4. Marketable Securities

Marketable securities are Guaranteed Investment Certificate recorded at cost plus accrued interest.

Health Technology Assessment International

Notes to the Financial Statements

For the year ended May 31, 2011

5. Related Party Transactions

The Institute of Health Economics ("IHE") is a member of the Organization and operates the Secretariat for the Organization. The Board of the Organization entered into a three year agreement in December 2008 with IHE, whereby IHE provides the services of its employed staff for the purposes of fulfilling administrative needs of the Organization. The agreement commits IHE to providing commercial rent free office space as well as in-kind resources and support for the Secretariat. These in-kind resources include specified staff support as well as office accommodations, furniture and facilities, including telephone, facsimile and IT services. The value of these services is specified in the agreement between IHE and the Organization. All transactions are measured at the exchange amount, which is the amount of consideration agreed upon by the related parties. Management is in the opinion that these amounts approximate fair value.

The total amount of salaries and wages for the year of \$164,760 were paid for by IHE, of which, all amounts were reimbursed by the Organization to IHE, with the exception of \$14,747 which is included in accounts payable and accruals.

6. Financial instruments

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

The carrying amount of cash, marketable securities, accounts receivable, and accounts payable and accruals is approximated by their fair value due to their short-term nature.

Foreign currency risk

The Organization enters into transactions denominated in United States currency for which the related revenues, expenses, accounts receivable and accounts payable balances are subject to exchange rate fluctuations. In addition, certain cash and cash equivalents are denominated in United States dollars. These balances are therefore subject to gains or losses due to fluctuation in that currency.

	2011 CAD\$	2010 CAD\$
Cash	510,935	299,138

7. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Health Technology Assessment International
Schedule 1 - Schedule of Secretariat expenditures

For the year ended May 31, 2011

	2011	2010
Secretariat expenditures		
Bank charges	12,388	12,119
Office supplies	6,521	4,148
Postage	7,689	8,672
Printing	8,888	12,596
Salaries and benefits	164,760	198,145
Telephone	12,340	5,517
Travel	2,994	31
Total Expenses	215,580	241,228
