

**Health Technology
Assessment international
Financial Statements**
May 31, 2014

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 accounting standards for not-for-profit organizations. 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 Committee is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP 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 Committee and management to discuss their audit findings.

November 10, 2014

signed "Chris Sargent"

Managing Director

signed "Americo Cicchetti"

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, 2014, 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 accounting standards for not-for-profit organizations, 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, 2014 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta

November 10, 2014

MNP LLP
Chartered Accountants

**Health Technology
Assessment international**
Statement of Financial Position
As at May 31, 2014

	<i>2014</i>	<i>2013</i>
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Assets		
Current		
Cash (Note 3)	509,655	873,017
Accounts receivable	84,677	22,998
Prepaid expenses	749,673	48,330
Goods and services tax receivable	31,166	19,549
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	1,375,171	963,894
Long-term prepaid expenses	14,846	92,026
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	1,390,017	1,055,920
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Liabilities		
Current		
Accounts payable and accruals	49,740	27,795
Deferred revenue	682,382	363,508
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	732,122	391,303
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Net Assets		
Internally restricted	85,000	85,000
Unrestricted	572,895	579,617
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	657,895	664,617
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	1,390,017	1,055,920
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Approved on behalf of the Board

signed "Chris Sargent"
Managing director

signed "Americo Cicchetti"
Director

**Health Technology
Assessment international
Statement of Operations**
For the year ended May 31, 2014

	2014	2013
Revenue		
Policy Forum	518,992	355,694
Memberships	268,303	237,938
Annual meeting hosting fees	151,657	96,131
Interest income	10,225	8,703
Journal subscriptions	-	5,132
Total revenue	949,177	703,598
Secretariat expenditures <i>(Schedule 1)</i>	359,588	326,422
Excess of revenue over expenses before other items	589,589	377,176
Other items		
Policy forum and winter board meeting	(355,820)	(169,398)
Awards and grants	(103,137)	(49,216)
Annual meeting expense	(44,150)	(19,308)
Strategic Initiatives	(33,673)	(32,545)
Professional fees and services	(28,695)	(23,561)
IJTAHC	(10,933)	(13,765)
Foreign exchange loss	(10,252)	(6,007)
Website and promotion	(9,651)	(15,602)
	(596,311)	(329,402)
Excess (deficiency) of revenue over expenses	(6,722)	47,774

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, 2014

	<i>Externally restricted</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	2014	<i>2013</i>
Net assets beginning of year, as previously stated	-	85,000	579,617	664,617	577,659
Correction of an error	-	-	-	-	39,184
Net assets, beginning of year	-	85,000	579,617	664,617	616,843
Excess (deficiency) of revenue over expenses	-	-	(6,722)	(6,722)	47,774
Net assets, end of year	-	85,000	572,895	657,895	664,617

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, 2014

	2014	2013
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Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from customers	1,196,147	727,119
Cash expenditures for projects and administration	(1,569,734)	(785,325)
Interest received	10,225	8,703
	(363,362)	(49,503)
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Investing activities		
Purchase of short term investment	-	(239,785)
Sale of short term investment	-	473,668
	-	233,883
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Increase (decrease) in cash resources	(363,362)	184,380
Cash resources, beginning of year	873,017	688,637
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Cash resources, end of year	509,655	873,017
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The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

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 accounting standards for not-for-profit organizations 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.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess (deficiency) of revenues over expenses for the current 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 balances with banks and short-term investments with maturities of three months or less. 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 accounting standards for not-for-profit organizations 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.

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

At initial recognition the Organization may irrevocably elect to subsequently measure any financial instruments at fair value. The Organization has not made such an election and consequently all financial instruments, unless disclosed otherwise, are subsequently measured at amortized cost.

3. Cash

Included in cash is \$85,000 of internally restricted funds. These restrictions are set by the Board of Directors.

4. 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 Directors 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 benefits for the year of \$310,361 (2013 - \$276,306) were paid for by IHE, of which, all amounts were reimbursed by the Organization to IHE, with the exception of \$nil (2013 - \$16,255) which is included in accounts receivable.

5. 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, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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.

	2014	2013
	CAD\$	CAD\$
Cash	106,230	159,869
Accounts receivable	84,677	22,998
Accounts payable	7,967	-

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. As at May 31, 2014, three customers accounted for 72% of the accounts receivable. The Organization believes that there is no unusual exposure associated with the collection of these receivables. The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

**Health Technology
Assessment international**
Schedule 1 - Secretariat Expenditures
For the year ended May 31, 2014

	2014	2013
Expenses		
Salaries and benefits <i>(Note 4)</i>	310,361	276,306
Telephone	15,075	12,859
Bank charges	11,827	14,188
Bad debt expense	9,621	-
Office supplies	9,105	8,476
Printing	2,548	1,917
Postage	729	10,981
Travel	322	1,695
	359,588	326,422
