

**Health Technology
Assessment international
Financial Statements**
May 31, 2016

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.

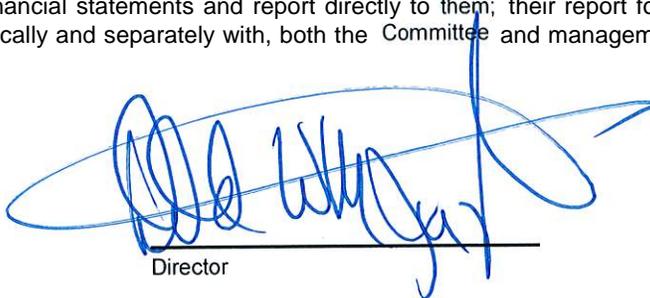
The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included 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.

January 28, 2017



Managing Director



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, 2016, 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, 2016 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

January 28, 2017

MNP LLP

Chartered Professional Accountants

Health Technology Assessment international Statement of Financial Position

As at May 31, 2016

	2016	2015
Assets		
Current		
Cash (Note 3)	1,113,100	908,628
Accounts receivable	683,181	21,970
Prepaid expenses	1,714	67,966
Goods and services tax receivable	12,197	26,705
	1,810,192	1,025,269
Liabilities		
Current		
Accounts payable and accruals (Note 4)	626,863	83,984
Deferred revenue	258,652	587,294
	885,515	671,278
Net Assets		
Internally Restricted	85,000	85,000
Unrestricted	839,677	268,991
	924,677	353,991
	1,810,192	1,025,269

Approved on behalf of the Board

Director

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, 2016

	2016	2015
Revenue		
Annual meeting hosting fees	2,786,494	1,116,191
Policy forum	1,091,127	676,731
Memberships	230,065	237,700
Interest income	3,721	5,926
Total revenue	4,111,407	2,036,548
Secretariat expenditures <i>(Schedule 1)</i>	557,784	473,982
Excess of revenue over expenses before other items	3,553,623	1,562,566
Other items		
Foreign exchange gain	33,036	19,380
IJTAHC	(14,477)	(12,305)
Strategic initiatives	(17,619)	(2,126)
Awards and grants	(28,923)	(25,062)
Website and promotion	(33,156)	(7,753)
Professional fees and services	(93,196)	(63,575)
Policy forum and winter board meeting	(515,320)	(367,404)
Annual meeting expense	(2,313,285)	(1,407,624)
	(2,982,940)	(1,866,469)
Excess (deficiency) of revenue over expenses	570,683	(303,903)

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, 2016

	<i>Externally Restricted</i>	<i>Internally Restricted</i>	<i>Unrestricted</i>	2016	<i>2015</i>
Net assets, beginning of year	-	85,000	268,994	353,994	657,897
Excess (deficiency) of revenue over expenses	-	-	570,683	570,683	(303,903)
Net assets, end of year	-	85,000	839,677	924,677	353,994

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, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from members	3,102,781	1,932,004
Cash expenditures for projects & administration	(2,902,030)	(1,538,957)
Interest received	3,721	5,926
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Increase in cash resources	204,472	398,973
Cash resources, beginning of year	908,628	509,655
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Cash resources, end of year	1,113,100	908,628

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, 2016

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 Standard Boards 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 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 in 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.

Health Technology Assessment international

Notes to the Financial Statements

For the year ended May 31, 2016

2. Significant accounting policies (Continued from previous page)

Financial Instruments

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions (refer to Note 4). At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess of revenues over expenses.

3. Restricted cash

Included in cash is \$85,000 (2015 - \$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 four year agreement in August 2011, expiring June 2015 with IHE, whereby IHE provides the services of its employed staff for the purposes of fulfilling administrative needs of the Organization. The terms of this agreement were extended via an amending agreement in April 2015 for an additional 18 months, expiring in December 2016.

The agreement commits IHE to providing 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. No amounts have been recorded for in-kind support.

The amending agreement includes a provision for an expanded work space for which rent was paid in the fiscal year for a total of \$17,756 (2015 - \$5,150), of which, all amounts were reimbursed by the Organization to IHE with the exception of \$1,537 (2015 - \$nil) which is included in accounts payable.

The total amount of salaries and benefits for the year of \$445,611 (2015 - \$335,746) were paid for by IHE, of which, all amounts were reimbursed by the Organization to IHE, with the exception of \$56,951 (2015 - \$34,752) which is included in accounts payable.

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

Health Technology Assessment international

Notes to the Financial Statements

For the year ended May 31, 2016

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 Foreign currencies 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 and the entity translates all foreign transactions using the temporal method.

	2016	2015
	CAD\$	CAD\$
Cash	376,475	53,788
Accounts receivable	683,072	21,970
Accounts payable	467,472	-

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. As at May 31, 2016, one customer accounted for 61% of the accounts receivable (2015 - one customer accounted for 36% 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.

6. Commitments

The Organization has committed to a related party, IHE, to rent office space for \$1,500 per month, commencing in June 2015 and terminating in December 2016. The annual commitment for fiscal year 2017 is \$10,500.

Health Technology Assessment international
Schedule 1 - Secretariat expenditures

For the year ended May 31, 2016

	2016	2015
Secretariat expenditures		
Salaries and benefits <i>(Note 4)</i>	445,611	335,746
Telephone	36,935	22,872
Office supplies and rent <i>(Note 4)</i>	36,400	15,980
Bank charges	17,417	19,467
Bad debt expense	15,052	66,237
Postage	3,564	3,665
Website	1,383	-
Printing	1,284	8,275
Travel	138	1,740
	557,784	473,982
