

Health Technology Assessment international
Financial Statements
December 31, 2017

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 Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. 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.

June 1, 2018



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 December 31, 2017, 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 December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta

June 1, 2018

MNP LLP

Chartered Professional Accountants

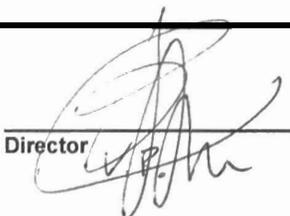
Health Technology Assessment international Statement of Financial Position

As at December 31, 2017

	2017	2016
Assets		
Current		
Cash	1,604,801	1,577,637
Accounts receivable	92,249	137,760
Guaranteed investment certificate (Note 3)	500,000	-
Prepaid expenses	202,308	290,219
Goods and services tax receivable	10,621	10,248
	2,409,979	2,015,864
Liabilities		
Current		
Accounts payable and accruals (Note 4)	189,283	210,728
Deferred revenue	508,551	598,143
	697,834	808,871
Commitments (Note 5)		
Net Assets		
Internally Restricted (Note 3)	500,000	85,000
Unrestricted	1,212,145	1,121,993
	1,712,145	1,206,993
	2,409,979	2,015,864

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 December 31, 2017

	12 Months Ended December 31 2017	7 Months Ended December 31 2016
Revenue		
Annual meeting hosting fees	1,861,950	42,566
Policy forum	1,366,467	717,431
Memberships	370,404	172,028
Interest income	11,044	2,322
Other income	2,043	12,979
	3,611,908	947,326
Secretariat expenditures <i>(Schedule 1)</i>	844,224	385,614
Excess of revenue over expenses before other items	2,767,684	561,712
Other items		
Strategic initiatives	-	(12,387)
Website and promotion	(32,869)	(6,996)
Awards and grants	(60,945)	(1,617)
Foreign exchange gain (loss)	(172,929)	18,929
Policy forum	(216,163)	(227,472)
Professional fees and services <i>(Note 4)</i>	(341,611)	(49,853)
Annual meeting expense	(1,438,015)	-
	(2,262,532)	(279,396)
Excess of revenue over expenses	505,152	282,316

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 December 31, 2017

	<i>Internally Restricted</i>	<i>Unrestricted</i>	<i>12 Months Ended December 31 2017</i>	<i>7 Months Ended December 31 2016</i>
Net assets, beginning of year	85,000	1,121,993	1,206,993	924,677
Excess of revenue over expenses	-	505,152	505,152	282,316
Interfunds transfer	415,000	(415,000)	-	-
Net assets, end of year	500,000	1,212,145	1,712,145	1,206,993

The accompanying notes are an integral part of these financial statements

Health Technology Assessment international Statement of Cash Flows

For the year ended December 31, 2017

	12 Months Ended December 31 2017	7 Months Ended December 31 2016
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from members	3,544,972	1,826,886
Cash paid for projects and administration	(3,028,852)	(1,364,671)
Interest received	11,044	2,322
	527,164	464,537
Investing		
Purchase of guaranteed investment certificate	(500,000)	-
	27,164	464,537
Increase in cash resources	27,164	464,537
Cash resources, beginning of year	1,577,637	1,113,100
Cash resources, end of year	1,604,801	1,577,637

The accompanying notes are an integral part of these financial statements

Health Technology Assessment international

Notes to the Financial Statements

For the year ended December 31, 2017

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 set out in Part III of the CPA Canada Handbook - 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 of revenue over expenses for the current year.

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.

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 year. 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 revenue over expenses.

Health Technology Assessment international

Notes to the Financial Statements

For the year ended December 31, 2017

2. Significant accounting policies *(Continued from previous page)*

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 year.

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 years in which they become known.

3. Guaranteed investment certificate

The guaranteed investment certificate earns interest at 1.45% per annum and matures on September 14, 2018. The guaranteed investment certificate consists of internally restricted funds 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 2016, whereby IHE provides the services of its employed staff for the purposes of fulfilling administrative needs of the Organization. The terms of this agreement expires December 2019 but includes an option, pending reciprocal evaluation, to extend for a further two years to December 2021.

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 (see Note 5). No amounts have been recorded for in-kind support.

The agreement includes a provision for an expanded work space for which rent was paid in the year for a total of \$30,732 (7 months ended December 31, 2016 - \$10,756), of which, all amounts were reimbursed by the Organization to IHE with the exception of \$2,561 (7 months ended December 31, 2016 - \$1,537) which is included in accounts payable and accruals as at December 31, 2017.

Salaries and benefits of \$3,663 (7 months ended December 31, 2016 - \$322,003) were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE, with the exception of \$nil (December 31, 2016 - \$41,569) which is included in accounts payable and accruals.

Professional fees of \$55,806 were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE, with the exception of \$2,669 which is included in accounts payable and accruals.

Office expenses of \$23,393 were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE, with the exception of \$1,720 which is included in accounts payable and accruals.

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 December 31, 2017

5. Commitments

The Organization has committed to a related party, IHE, to rent office space and reimburse for general and administrative overhead expenses, commencing in January 2017 and terminating in December 2019. The annual commitment is as follows:

2018	30,000
2019	30,000

The Organization has entered into contracts relating to various ongoing general and administrative expenses. These commitments total \$388,804 for the fiscal year ending December 31, 2018.

In addition to these contracts, commitments have been made for the planning and administration of the 2018 annual meeting in the amount of \$449,450 and for the 2018 annual Policy Forum meetings in the amount of \$397,458.

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, 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.

	2017	2016
	CAD\$	CAD\$
Cash	771,737	941,490
Accounts receivable	92,249	137,760
Accounts payable and accruals	25,298	113,661

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. As at December 31, 2017, three customers accounted for 98% of the accounts receivable (2016 - five customers accounted for 91%). 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 December 31, 2017

	<i>12 Months Ended December 31 2017</i>	<i>7 Months Ended December 31 2016</i>
Secretariat expenditures		
Salaries and benefits <i>(Note 4)</i>	561,088	322,003
Office supplies and rent <i>(Note 4)</i>	132,558	23,822
Telephone	73,819	25,896
Bank charges	55,131	7,285
Miscellaneous	11,813	3,030
Postage	9,815	1,336
Printing	-	2,035
Professional fees	-	207
	844,224	385,614
