

Health Technology Assessment international
Financial Statements
December 31, 2021

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 entirely 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.

July 14, 2022

signed by "Rob Abbott"

Executive Director

signed by "Melissa Donecz"

Finance Manager

To the Members Members of Health Technology Assessment international:

Opinion

We have audited the financial statements of Health Technology Assessment international (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta

July 14, 2022

MNP LLP

Chartered Professional Accountants

Health Technology Assessment international

Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	2,154,570	2,754,023
Guaranteed investment certificates (Note 3)	1,251,489	200,000
Accounts receivable (Note 10) (Note 4)	139,757	178,395
Goods and services tax receivable	23,892	31,658
Prepaid expenses	183,235	215,604
	3,752,943	3,379,680
Capital assets (Note 5)	16,524	-
	3,769,467	3,379,680
Liabilities		
Current		
Accounts payable and accruals (Note 6)	186,684	278,287
Deferred revenue	224,629	420,409
	411,313	698,696
Canada emergency business account loan (Note 10)	40,000	30,000
	451,313	728,696
Commitments (Note 7)		
Significant events (Note 10)		
Net Assets		
Internally restricted (Note 3), (Note 8)	785,766	750,000
Investment in capital assets	16,524	-
Unrestricted	2,515,864	1,900,984
	3,318,154	2,650,984
	3,769,467	3,379,680
Approved on behalf of the Board		
<u><i>signed by "Americo Cicchetti"</i></u> Director	<u><i>signed by "Wija Oortwijn"</i></u> 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, 2021

	2021	2020
Revenue		
Policy forum	1,433,922	968,634
Annual meeting hosting fees	918,533	359,728
Memberships	279,897	265,010
Government subsidies (Note 10)	93,561	240,912
Other income	46,853	68,954
Interest income	3,881	25,078
	2,776,647	1,928,316
Expenses		
General and administrative (Schedule 1)	868,488	987,294
Policy forums (Schedule 2)	555,366	540,632
Annual meetings (Schedule 3)	515,807	435,698
Miscellaneous	31,695	-
Interest groups (Schedule 4)	69,719	181,083
	2,041,075	2,144,707
Excess (deficiency) of revenue over expenses before other items	735,572	(216,391)
Gain (loss) on foreign exchange	(68,402)	25,693
Excess (deficiency) of revenue over expenses	667,170	(190,698)

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, 2021

	<i>Internally Restricted</i>	<i>Investment in capital assets</i>	<i>Unrestricted</i>	2021	<i>2020</i>
Net assets, beginning of year	750,000	-	1,900,984	2,650,984	2,841,682
Excess (deficiency) of revenue over expenses	-	(11,040)	678,210	667,170	(190,698)
Interfund transfers	35,766	-	(35,766)	-	-
Purchase of capital assets	-	27,564	(27,564)	-	-
Net assets, end of year	785,766	16,524	2,515,864	3,318,154	2,650,984

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members	2,637,319	1,758,594
Cash paid for projects and administration	(2,181,601)	(2,385,720)
Interest received	3,882	25,081
	459,600	(602,045)
Financing		
Advances of Canada emergency business account loan	20,000	40,000
Investing		
Purchase of guaranteed investment certificate	(1,251,489)	-
Proceeds on disposal of guaranteed investment certificate	200,000	1,394,164
Purchase of capital assets	(27,564)	-
	(1,079,053)	1,394,164
Increase (decrease) in cash resources	(599,453)	832,119
Cash resources, beginning of year	2,754,023	1,921,904
Cash resources, end of year	2,154,570	2,754,023

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, 2021

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.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Computer software	straight-line	3 years
Furniture and fixtures	declining balance	20 %

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

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Organization's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Allocation of expenses

The Organization engages in the delivery of annual meetings, policy forums, interest group initiatives, and regional meetings. The costs of each program include the costs of rental space, food and beverage, audio visual, contracted labour, and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs.

The Organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Corporate governance and general management expenses are not allocated; other general support expenses are allocated based on full time employee hours and other metrics.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has made such an election during the year.

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

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Organization initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenue over expenses.

Health Technology Assessment international

Notes to the Financial Statements

For the year ended December 31, 2021

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

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses. The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses in the year the reversal occurs.

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. 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 years in which they become known.

3. Guaranteed investment certificates

The guaranteed investment certificates earn interest at 0.40% (2020 - 0.35%) per annum and mature January 17, 2022. The guaranteed investment certificates include internally restricted funds of \$750,000 (2020 - \$200,000) as set by the Board of Directors (Note 8).

4. Accounts receivable

	<i>2021</i>	<i>2020</i>
Trade accounts receivable	171,452	178,395
Allowance for doubtful accounts	(31,695)	-
	139,757	178,395

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Computer software	22,080	11,040	11,040	-
Furniture and fixtures	5,484	-	5,484	-
	27,564	11,040	16,524	-

Health Technology Assessment international

Notes to the Financial Statements

For the year ended December 31, 2021

6. Related party transactions

The Organization had a rental agreement with one of its members, the Institute of Health Economics ("IHE"). 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 expired December 2019, but an option to extend to December 2021 was exercised. The reciprocal evaluation, to extend to December 2023 was not exercised.

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 7). 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 \$71,988 (2020 - \$84,227), of which, all amounts were reimbursed by the Organization to IHE with the exception of \$12,393 (2020 - \$10,556) which is included in accounts payable and accruals as at December 31, 2021.

Staffing costs of \$17,595 (2020 - \$112,689) were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE.

Office expenses, website and promotion costs, and professional fees of \$44,903 (2020 - \$34,308) were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE.

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.

7. Commitments

The Organization entered in a lease commitment to rent office space commencing May 2022 and terminating in April 2027. The minimum annual commitment is \$35,020.

2022	23,347
2023	35,020
2024	35,020
2025	35,020
2026	35,020
Thereafter	11,673

The Organization has entered into contracts relating to various commitments made for the planning and administration of the 2021/2022 annual meetings in the amount of \$248,086 (2020 - \$149,920) and for the 2021/2022 annual Policy Forum meetings in the amount of \$45,444 (2020 - \$364,380).

8. Restrictions on net assets

Internally restricted net assets

The Organization's Board of Directors internally restricted \$750,000 (2020 - \$750,000) of net assets to be held for future strategic purposes, and \$35,766 committed to Interest Group funding. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

Health Technology Assessment international

Notes to the Financial Statements

For the year ended December 31, 2021

9. 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 USD and Euro. 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.

	2021	2020
	CAD\$	CAD\$
Cash (USD and Euro)	1,967,591	1,960,875
Accounts receivable (USD and Euro)	139,756	178,395
Accounts payable and accruals (USD)	48,035	22,201

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. As at December 31, 2021, two customers account for 95% of trade accounts receivable (2020 - one customer accounted for 100%), excluding government subsidies receivable as per Note 10. 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.

10. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Organization was forced to cancel the majority of 2020 in-person events and adapt to host meetings and forums virtually in accordance with various government restrictions and regulations, causing a significant decrease in revenue. Management responded to manage costs carefully and minimize the financial impact of these lost revenues. 2021 events took place as planned using virtual or hybrid delivery options.

At this time, the extent of the impact the COVID-19 outbreak may have on the Organization is unknown, as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place in Canada and other countries to fight the virus.

Canada Emergency Wage Subsidy ("CEWS")

Under the CEWS program, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages. For the year ended December 31, 2021 the Organization claimed subsidies under the CEWS program of \$74,175 (2020 - \$223,996), of which \$33,222 (2020 - \$115,200) remained in accounts receivable at year-end.

Canada Emergency Rent Subsidy ("CERS")

Under the CERS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of their rent expense. For the year ended December 31, 2021, the Organization claimed subsidies under the CERS program of \$9,385 (2020 - \$6,916) of which \$3,708 (2020 - \$6,916) remained in accounts receivable at year-end.

Canada Emergency Business Account ("CEBA") loan

The Organization secured a \$60,000 interest-free loan through the CEBA program. No principal payments are required until December 2023. Repayment of the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 33% or \$20,000 of the loan. After 2023, any unpaid balances will be converted to a three-year term at a 5% interest rate.

Health Technology Assessment international
Schedule 1 - Schedule of General and Administrative Expenses

For the year ended December 31, 2021

	2021	2020
General and administrative expenses		
Payroll (Note 6)	623,646	673,004
Office (Note 6)	108,932	141,897
Professional fees (Note 6)	44,125	18,781
Meetings	38,434	134,481
Bad debts	31,695	-
Other	28,972	18,997
Awards & donations	24,379	134
	900,183	987,294

Health Technology Assessment international
Schedule 2 - Schedule of Policy Forums Expenses

For the year ended December 31, 2021

	2021	2020
Policy forums expenses		
Meetings	252,624	302,151
Payroll <i>(Note 6)</i>	248,145	189,860
Office <i>(Note 6)</i>	40,507	43,046
Other	9,529	-
Professional fees <i>(Note 6)</i>	4,561	5,575
	555,366	540,632

Health Technology Assessment international
Schedule 3 - Schedule of Annual Meetings Expenses

For the year ended December 31, 2021

	2021	2020
Annual meetings expenses		
Payroll <i>(Note 6)</i>	282,110	303,245
Meetings	158,582	4,696
Office <i>(Note 6)</i>	62,012	110,772
Professional fees <i>(Note 6)</i>	13,103	16,985
	515,807	435,698

Health Technology Assessment international
Schedule 4 - Schedule of Interest Groups Expenses

For the year ended December 31, 2021

	2021	2020
Interest groups expenses		
Payroll (Note 6)	56,327	117,819
Office (Note 6)	16,891	15,467
Meetings	3,403	7,699
Professional fees (Note 6)	1,760	1,495
Awards & donations	(8,662)	38,603
	69,719	181,083
