

Health Technology Assessment international
Financial Statements
December 31, 2020

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 10, 2021

signed by "Robert Abbot"

Executive Director

signed by "Melissa Donecz"

Finance Manager

To the 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, 2020, and the statements of operations, changes in net assets and cash flows for the years 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, 2020, and the results of its operations and its cash flows for the years 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

June 10, 2021

MNP LLP

Chartered Professional Accountants

Health Technology Assessment international

Statement of Financial Position

As at December 31, 2020

| | 2020 | 2019 |
|---|------------------|------------------|
| Assets | | |
| Current | | |
| Cash | 2,754,023 | 1,921,904 |
| Guaranteed investment certificates (Note 3) | 200,000 | 1,534,259 |
| Accounts receivable (Note 8) | 178,395 | 79,618 |
| Goods and services tax receivable | 31,658 | 64,919 |
| Prepaid expenses | 215,604 | 51,404 |
| | 3,379,680 | 3,652,104 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals (Note 4) | 278,287 | 350,772 |
| Deferred revenue | 420,409 | 459,650 |
| | 698,696 | 810,422 |
| Canada emergency business account loan (Note 8) | 30,000 | - |
| | 728,696 | 810,422 |
| Commitments (Note 5) | | |
| Significant events (Note 8) | | |
| Net Assets | | |
| Internally restricted (Note 3), (Note 6) | 750,000 | 750,000 |
| Unrestricted | 1,900,984 | 2,091,682 |
| | 2,650,984 | 2,841,682 |
| | 3,379,680 | 3,652,104 |

Approved on behalf of the Board

signed by "Marco Marchetti"
Director

signed by "Iñaki Gutierrez-Ibarluzea"
Director

Health Technology Assessment international Statement of Operations

For the year ended December 31, 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| Revenue | | |
| Policy forum | 968,634 | 1,424,075 |
| Annual meeting hosting fees | 359,728 | 2,261,847 |
| Memberships | 265,010 | 483,567 |
| Government subsidies (Note 8) | 240,912 | - |
| Other income | 68,954 | 30,771 |
| Interest income | 25,078 | 62,143 |
| | 1,928,316 | 4,262,403 |
| Expenses | | |
| General and administrative (Schedule 1) | 987,294 | 627,784 |
| Policy forums (Schedule 2) | 540,632 | 990,280 |
| Annual meetings (Schedule 3) | 435,698 | 1,865,663 |
| Interest groups (Schedule 4) | 181,083 | 157,123 |
| | 2,144,707 | 3,640,850 |
| Excess (deficiency) of revenue over expenses before other items | (216,391) | 621,553 |
| Gain (loss) on foreign exchange | 25,693 | (107,912) |
| Excess (deficiency) of revenue over expenses | (190,698) | 513,641 |

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, 2020

| | <i>Internally Restricted</i> | <i>Unrestricted</i> | 2020 | <i>2019</i> |
|---|----------------------------------|---------------------|------------------|-------------|
| Net assets, beginning of year | 750,000 | 2,091,682 | 2,841,682 | 2,328,041 |
| Excess (deficiency) of revenue over expenses | - | (190,698) | (190,698) | 513,641 |
| Net assets, end of year | 750,000 | 1,900,984 | 2,650,984 | 2,841,682 |

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, 2020

| | 2020 | 2019 |
|---|--------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash receipts from members | 1,758,594 | 4,168,275 |
| Cash paid for projects and administration | (2,385,721) | (3,635,926) |
| Interest received | 25,082 | 62,142 |
| | (602,045) | 594,491 |
| Financing | | |
| Advances of Canada emergency business account loan | 40,000 | - |
| Investing | | |
| Sale of guaranteed investment certificate | 1,394,164 | - |
| Increase in cash resources | 832,119 | 594,491 |
| Cash resources, beginning of year | 1,921,904 | 1,327,413 |
| Cash resources, end of year | 2,754,023 | 1,921,904 |

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, 2020

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.

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

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.

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 certificates

The guaranteed investment certificates earn interest at 0.35% (2019 - 1.80% to 2.05%) per annum and mature April 20, 2021. The guaranteed investment certificates include internally restricted funds of \$200,000 (2019 - \$750,000) as set by the Board of Directors (Note 6).

4. Related party transactions

The Organization has a housing 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. This includes another option, pending reciprocal evaluation, to extend to December 2023.

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 \$84,227 (2019 - \$85,039), of which, all amounts were reimbursed by the Organization to IHE with the exception of \$10,556 (2019 - \$7,023) which is included in accounts payable and accruals as at December 31, 2020.

Staffing costs of \$112,689 (2019 - \$33,356) were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE.

Office expenses and website and promotion of \$34,308 (2019 - \$32,351) were paid for by IHE, of which all amounts were reimbursed by the Organization to IHE, with the exception of \$nil (2019 - \$13,880) 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, 2020

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 2020 and terminating in December 2021. The minimum annual commitment is \$75,000, with actual expenses invoiced to HTAi as incurred. Actual charges incurred in 2020 are detailed in Note 4.

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 \$145,920 (2019 - \$503,475) and for the 2021/2022 annual Policy Forum meetings in the amount of \$364,380 (2019 - \$359,575).

6. Restrictions on net assets

Internally restricted net assets

In prior years, the Organization's Board of Directors internally restricted a cumulative total of \$750,000 (2019 – \$750,000) of unrestricted net assets to be held for future strategic purposes. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

7. 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.

| | 2020 | 2019 |
|-------------------------------|------------------|--------------|
| | CAD\$ | CAD\$ |
| Cash | 2,197,473 | 1,627,320 |
| Accounts receivable | 121,870 | 49,491 |
| Accounts payable and accruals | 22,201 | 178,256 |

Credit concentration

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. As at December 31, 2020, one customer accounts for 100% of trade accounts receivable (2019 - two customers accounted for 84%), which excludes government subsidies receivable as per Note 8. 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

Notes to the Financial Statements

For the year ended December 31, 2020

8. 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, 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 have been planned for virtual or hybrid delivery options given the ongoing uncertainty.

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 by 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, 2020 the Organization claimed subsidies under the CEWS program of \$223,996, of which \$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, 2020, the Organization claimed subsidies under the CERS program of \$6,916 which remained in accounts receivable at year-end.

Canada Emergency Business Account ("CEBA") loan

The Organization secured a \$40,000 interest-free loan through the CEBA program, adding a further \$20,000 on February 25, 2021. No principal payments are required on this loan until December 2022. Repayment of the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000) of the initial loan and 50% of the additional portion. After 2022, 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, 2020

| | 2020 | 2019 |
|--|----------------|-------------|
| General and administrative expenses | | |
| Awards & donations | 134 | 40,584 |
| Business development | - | 21,820 |
| Meetings | 113,134 | 64,135 |
| Office (Note 4) | 92,582 | 133,106 |
| Other | 18,997 | - |
| Payroll (Note 4) | 534,606 | 302,348 |
| Professional fees (Note 4) | 17,145 | 65,791 |
| | 776,598 | 627,784 |

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

For the year ended December 31, 2020

| | 2020 | 2019 |
|-------------------------------|----------------|---------|
| Policy forums expenses | | |
| Business development | - | 51,433 |
| Meetings | 302,151 | 575,535 |
| Office (Note 4) | 43,046 | 46,371 |
| Payroll (Note 4) | 189,860 | 302,324 |
| Professional fees (Note 4) | 5,575 | 14,617 |
| | 540,632 | 990,280 |

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

For the year ended December 31, 2020

| | 2020 | 2019 |
|---------------------------------|----------------|-------------|
| Annual meetings expenses | | |
| Business development | - | 82,646 |
| Meetings | 4,696 | 1,005,696 |
| Office (Note 4) | 110,772 | 141,979 |
| Payroll (Note 4) | 303,245 | 506,403 |
| Professional fees (Note 4) | 16,985 | 128,939 |
| | 435,698 | 1,865,663 |

Health Technology Assessment international

Schedule 4 - Schedule of Interest Groups Expenses

For the year ended December 31, 2020

| | 2020 | 2019 |
|---------------------------------|----------------|---------|
| Interest groups expenses | | |
| Awards & donations | 38,603 | 27,829 |
| Meetings | 7,699 | 1,435 |
| Office (Note 4) | 15,467 | 11,110 |
| Payroll (Note 4) | 117,819 | 115,403 |
| Professional fees (Note 4) | 1,495 | 1,346 |
| | 181,083 | 157,123 |
