

FINANCIAL STATEMENTS
For
**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**
For year ended
DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the members of

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

We have audited the accompanying financial statements of Canadian Society of Transplantation/Société canadienne de transplantation, which comprise the statement of financial position as at December 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.

Auditor's 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 auditor's 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 Canadian Society of Transplantation/Société canadienne de transplantation as at December 31, 2016 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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 19, 2017.

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 108,879	\$ 220,797
Investments (note 4)	1,167,689	1,128,058
Accounts receivable	84,125	22,907
Inventory	2,500	3,000
Prepaid expenses	<u>12,569</u>	<u>2,000</u>
	1,375,762	1,376,762
LONG-TERM INVESTMENTS (note 4)	1,376,235	1,362,033
INTANGIBLE ASSET (note 5)	<u>-</u>	<u>7,627</u>
	<u>\$ 2,751,997</u>	<u>\$ 2,746,422</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 62,687	\$ 132,759
Deferred revenue (note 6)	<u>442,535</u>	<u>248,442</u>
	<u>505,222</u>	<u>381,201</u>
NET ASSETS		
Internally restricted for Canadian Transplant Academy (note 7)	816,663	828,148
Internally restricted for CST donation group (note 8)	30,000	30,000
Restricted for endowment purposes (note 9)	225,000	225,000
Unrestricted	<u>1,175,112</u>	<u>1,282,073</u>
	<u>2,246,775</u>	<u>2,365,221</u>
	<u>\$ 2,751,997</u>	<u>\$ 2,746,422</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue		
Annual meeting	\$ 99,094	\$ 115,464
Annual meetings grants	79,329	271,419
Grants	60,000	64,000
Investment income (note 10)	57,967	58,587
Membership	54,136	55,354
Other revenue	15,505	6,477
Lung Group	5,033	5,444
Allied Health	5,852	339
Pediatric Group	2,500	-
Kidney Group	1,349	-
CST Donation Group	1,248	-
Pharmacist Group	1,000	3,167
	<u>383,013</u>	<u>580,251</u>
Expenses		
Annual meeting	223,407	357,218
Financial administration	55,745	54,121
Canadian Transplant Academy - fellowship	50,000	26,941
Travel and committee	35,652	2,607
Grants	27,009	6,000
Organ donor surgery course	22,187	-
Professional fees	14,774	11,314
Miscellaneous	14,714	13,790
Subscriptions and memberships	12,620	918
Miscellaneous awards	8,240	7,915
Amortization of intangible asset	7,627	15,255
Allied Health	5,852	339
Lung Group	5,033	5,444
Postage, courier and telephone	3,744	1,525
Printing, stationery and office supplies	3,175	379
Insurance	2,699	2,619
Pediatric Group	2,500	-
Website	2,384	1,463
Kidney Group	1,349	-
CST Donation Group	1,248	-
Pharmacist Group	1,000	3,167
Products	500	9,694
	<u>501,459</u>	<u>520,709</u>
Excess of revenue over expenses (expenses over revenue)	\$ (118,446)	\$ 59,542

(See accompanying notes)

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	Internally restricted for CST donation <u>group</u>	Externally restricted for endowment <u>purposes</u>	Internally restricted for the <u>CTA</u>	<u>Unrestricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Balance, at beginning of year	\$ 30,000	\$ 225,000	\$ 828,148	\$ 1,282,073	\$ 2,365,221	\$ 2,305,679
Excess of revenue over expenses (expenses over revenue)	-	-	(50,000)	(68,446)	(118,446)	59,542
Reallocate investment income earned on CTA fund balance (note 7)	<u>-</u>	<u>-</u>	<u>38,515</u>	<u>(38,515)</u>	<u>-</u>	<u>-</u>
Balance, at end of year	<u>\$ 30,000</u>	<u>\$ 225,000</u>	<u>\$ 816,663</u>	<u>\$ 1,175,112</u>	<u>\$ 2,246,775</u>	<u>\$ 2,365,221</u>

(See accompanying notes)

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	\$ (118,446)	\$ 59,542
Adjustments for:		
Amortization of intangible asset	7,627	15,255
Unrealized loss (gain) on investments	(18,751)	9,263
Loss (gain) on disposal of investments	<u>294</u>	<u>(3,337)</u>
	(129,276)	80,723
Changes in non-cash working capital components:		
Accounts receivable	(61,218)	1,125
Inventory	500	(1,793)
Prepaid expenses	(10,569)	5,500
Accounts payable and accrued liabilities	(70,072)	124,582
Deferred revenue	<u>194,093</u>	<u>16,377</u>
	<u>(76,542)</u>	<u>226,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(385,276)	(1,891,406)
Proceeds from sale of investments	<u>349,900</u>	<u>1,821,247</u>
	<u>(35,376)</u>	<u>(70,159)</u>
INCREASE (DECREASE) IN CASH	(111,918)	156,355
CASH, AT BEGINNING OF YEAR	<u>220,797</u>	<u>64,442</u>
CASH, AT END OF YEAR	<u>\$ 108,879</u>	<u>\$ 220,797</u>

(See accompanying notes)

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. PURPOSE OF ORGANIZATION

The Canadian Society of Transplantation/Société canadienne de transplantation provides and maintains a national professional forum for physicians and surgeons, scientists and others occupied in clinical and scientific aspects of transplantation; promotes the educational and scientific advancements of the broad discipline of transplantation; studies and comments appropriately upon the impact of educational and scientific advances and of changing social and economic developments as they relate to the maintenance of high standards of patient care amount its members and collaborates with other national and/or regional organizations having responsibilities or mutual interests related to the attainment of the Society's objectives.

The Society is incorporated under the laws of Canada as a not-for-profit organization and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Areas of significant estimates include the useful lives of intangible assets and in the accrual of liabilities.

Revenue recognition

The Society follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Investment income on endowment fund resources include dividends, interest, realized and unrealized gains and losses on investments. This investment income is restricted in use and is deferred until the related expenses are incurred.

Annual meeting revenues are recognized when the event occurs.

Membership revenues are recognized over a period of member benefit.

Product sales are recognized when goods have been delivered and collection is considered reasonably assured. Delivery is not considered to have occurred until the customer takes title and assumes the risks and rewards of ownership.

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Financial instruments

(i) Measurement

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and liabilities at amortized cost, except for cash and investments which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

(iii) Transaction costs

The Society recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value.

Inventory

Inventory is valued at the lower of cost and net realizable value. The cost is determined on a weighted average basis.

Intangible asset

Intangible assets are stated at cost less accumulated amortization. Amortization is provided on the basis of the useful life using the following method and annual rate:

Website	2 years straight-line basis
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3. FINANCIAL INSTRUMENTS

The Society is exposed to and manages various financial risks resulting from operations and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Society's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

The Society is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Society's maximum exposure to credit risk represents the sum of the carrying value of its cash, guaranteed investment certificates (GICs) and amounts receivable. The Society's cash and GICs are deposited with a Canadian Chartered bank and as a result, management believes the risk of loss of these items to be remote. Accounts receivable balances are managed and analysed on an ongoing basis and accordingly, exposure to bad debts is not considered significant.

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2016

3. FINANCIAL INSTRUMENTS - Cont'd.

Liquidity risk

Liquidity risk is the risk that the Society cannot meet a demand for cash or fund its obligations as they become due. The Society meets its liquidity requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfil its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Society is subject to currency risk to the extent it has investments with a book value of \$172,481 (2015 - \$198,001 that are originally denominated in US dollars.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The Society is subject to interest rate risk to the extent it has a savings account, GICs and other fixed income securities that bear interest.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since the Society has investments in marketable securities, it is exposed to other price risk.

Changes in risk

During the year, the Society has funds invested in Canadian and US marketable securities that were previously invested in a GIC.

4. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Measured at fair value		
Cash	\$ 9,044	\$ 8
High interest savings account	318,474	815,521
RBC GIC - 2.06%, due August 2017	840,171	823,166
BMO Trust GIC - 1.61%, due January 2018	253,736	-
Montreal Trust Company of Canada - 1.8%, due January 2019	254,177	-
Various fixed income & related securities	517,233	488,352
Equities	178,608	165,043
US investments	<u>172,481</u>	<u>198,001</u>
	2,543,924	2,490,091
Less current portion	<u>(1,167,689)</u>	<u>(1,128,058)</u>
Long-term portion	<u>\$ 1,376,235</u>	<u>\$ 1,362,033</u>

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2016

5. INTANGIBLE ASSET

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Website	\$ 48,960	\$ 48,960	\$ 48,960	\$ 41,333
Accumulated amortization	<u>48,960</u>		<u>(41,333)</u>	
Net book value	<u>\$ -</u>		<u>\$ 7,627</u>	

6. DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Grants	\$ 200,000	\$ -
Special interest groups:		
Paediatric	82,128	80,128
Allied Health	18,913	24,765
Pharmacists	38,284	42,284
CST Donation	23,742	24,990
Lung	12,524	17,556
Memberships	25,250	22,650
Young Investigator Travel Awards	<u>41,694</u>	<u>36,069</u>
	<u>\$ 442,535</u>	<u>\$ 248,442</u>

7. INTERNALLY RESTRICTED FOR CANADIAN TRANSPLANT ACADEMY

Investments have been internally restricted to support the activities of post graduate trainees and educators, and for future and strategic planning. The investment income on these resources is restricted for the Canadian Transplant Academy.

8. INTERNALLY RESTRICTED FOR CST DONATION GROUP

Cash has been internally restricted for the CST donation group which is a special interest group of CST members committed to encourage awareness of organ donations in Canada.

9. RESTRICTED FOR ENDOWMENT PURPOSES

The XVII World Congress of Transplantation Society contributed \$225,000 to establish the Montreal '98 Young Investigator Endowment fund. Income on the investments is restricted for the Montreal '98 Young Investigator Travel Awards.

**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2016

10. INVESTMENT INCOME

Investment income is comprised of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 48,536	\$ 49,967
Foreign exchange gain (loss)	(3,402)	20,365
Gain (loss) on disposition of investments	(294)	3,337
Unrealized gain (loss)	<u>18,751</u>	<u>(9,263)</u>
	63,591	64,406
Earned on endowment fund and allocated to Young Investigator Travel Awards	<u>(5,624)</u>	<u>(5,819)</u>
	<u>\$ 57,967</u>	<u>\$ 58,587</u>

11. FUNDS HELD FOR RELATED MEDICAL ORGANIZATION

Funds held for a related medical organization amounting to \$103,473 (2015 - \$104,822) have not been included in the statement of financial position nor have their operations been included in the statement of operations.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted for the current year.