

**FINANCIAL STATEMENTS**  
**For**  
**CANADIAN SOCIETY OF TRANSPLANTATION/  
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**  
**For year ended**  
**DECEMBER 31, 2018**

## **INDEPENDENT AUDITOR'S REPORT**

To the members of

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

#### *Opinion*

We have audited the financial statements of Canadian Society of Transplantation (the Society), which comprise the statement of financial position as at December 31, 2018, 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 Society as at December 31, 2018 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

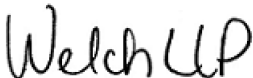
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 Society'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 Society'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 Society 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.



Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
September 9th, 2019.

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

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 117,676	\$ 24,149
Investments (note 4)	584,699	594,512
Accounts receivable	64,473	48,538
Inventory	2,500	2,500
Prepaid expenses	<u>22,402</u>	<u>10,000</u>
	791,750	679,699
<b>LONG-TERM INVESTMENTS</b> (note 4)	<u>1,736,460</u>	<u>2,010,474</u>
	<u>\$ 2,528,210</u>	<u>\$ 2,690,173</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 8,367	\$ 75,157
Deferred revenue (note 5)	<u>320,712</u>	<u>431,052</u>
	<u>329,079</u>	<u>506,209</u>
<b>NET ASSETS</b>		
Internally restricted for Canadian Transplant Academy (note 6)	759,174	793,088
Internally restricted for CST donation group (note 7)	30,000	30,000
Restricted for endowment purposes (note 8)	225,000	225,000
Unrestricted	<u>1,184,957</u>	<u>1,135,876</u>
	<u>2,199,131</u>	<u>2,183,964</u>
	<u>\$ 2,528,210</u>	<u>\$ 2,690,173</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, 2018**

	<u>2018</u>	<u>2017</u>
<b>Revenue</b>		
Grants	\$ 430,750	\$ 385,360
Annual meeting	186,856	51,923
Annual meetings grants	128,750	49,620
Membership	49,600	53,600
Investment income (note 9)	29,708	64,449
Other revenue	17,277	5,519
Pediatric Group	15,356	3,999
Lung Group	4,500	3,182
Pharmacist Group	1,148	5,230
Allied Health Group	-	5,000
Kidney Group	-	1,926
	<u>863,945</u>	<u>629,808</u>
<b>Expenses</b>		
Annual meeting	339,958	294,014
Grants	250,000	192,266
Financial administration	59,292	57,417
Miscellaneous awards	51,562	13,963
Canadian Transplant Academy - fellowship	46,128	50,000
Miscellaneous	2,421	14,443
Master class program	20,515	-
Pediatric Group	15,356	3,999
Professional fees	10,830	12,704
Subscriptions and memberships	10,434	8,722
Travel and committee	7,193	19,005
Lung Group	4,500	3,182
Website	3,718	2,266
Insurance	2,223	2,214
Postage, courier and telephone	1,865	5,218
Pharmacist Group	1,148	5,230
Printing, stationery and office supplies	1,120	1,050
Allied Health Group	-	5,000
Kidney Group	-	1,926
Strategic meeting and governance workshop	20,515	-
	<u>848,778</u>	<u>692,619</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<u>\$ 15,167</u>	<u>\$ (62,811)</u>

(See accompanying notes)

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

**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2018**

	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>2018 Total</u>	<u>2017 Total</u>
Balance, at beginning of year	\$ 30,000	\$ 225,000	\$ 793,088	\$ 1,135,876	\$ 2,183,964	\$ 2,246,775
Excess of revenue over expenses (expenses over revenue)	-	-	(46,128)	61,295	15,167	(62,811)
Reallocate investment income earned on CTA fund balance (note 6)	<u>-</u>	<u>-</u>	<u>12,214</u>	<u>(12,214)</u>	<u>-</u>	<u>-</u>
Balance, at end of year	<u>\$ 30,000</u>	<u>\$ 225,000</u>	<u>\$ 759,174</u>	<u>\$ 1,184,957</u>	<u>\$ 2,199,131</u>	<u>\$ 2,183,964</u>

(See accompanying notes)

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

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses (expenses over revenue)	\$ 15,167	\$ (62,811)
Adjustments for:		
Unrealized loss (gain) on investments	25,671	(34,613)
Loss on disposal of investments	<u>3,426</u>	<u>819</u>
	44,264	(96,605)
Changes in non-cash working capital components:		
Accounts receivable	(15,935)	35,587
Prepaid expenses	(12,402)	2,569
Accounts payable and accrued liabilities	(66,790)	12,470
Deferred revenue	<u>(110,340)</u>	<u>(11,483)</u>
	<u>(161,203)</u>	<u>(57,462)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(23,176)	(1,145,787)
Proceeds from sale of investments	<u>277,906</u>	<u>1,118,519</u>
	<u>254,730</u>	<u>(27,268)</u>
<b>INCREASE (DECREASE) IN CASH</b>	93,527	(84,730)
<b>CASH, AT BEGINNING OF YEAR</b>	<u>24,149</u>	<u>108,879</u>
<b>CASH, AT END OF YEAR</b>	<u>\$ 117,676</u>	<u>\$ 24,149</u>

(See accompanying notes)

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**1. PURPOSE OF ORGANIZATION**

The Canadian Society of Transplantation/Société canadienne de transplantation (the Society) 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 collectibility of accounts receivable 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, 2018**

**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.

**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, its investments and amounts receivable. The Society's cash and investments are deposited with a Canadian Chartered bank and as a result, management believes the risk of loss of this item to be remote. Accounts receivable balances are managed and analysed on an ongoing basis and accordingly, exposure to bad debts is not considered significant.

*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.

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

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**3. FINANCIAL INSTRUMENTS - Cont'd.**

*Market risk- Cont'd.*

*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 \$190,474 (2017 - \$187,097 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*

There have been no significant changes in the Society's risk exposure from the prior year.

**4. INVESTMENTS**

	<u>2018</u>	<u>2017</u>
Measured at fair value		
Cash	\$ 38,112	\$ 15,645
High interest savings account	283,177	321,046
Montreal Trust Company of Canada - 1.8%, due January 2019	263,410	-
Fixed income & securities	1,301,449	1,570,724
Equities	244,537	252,653
US equities	190,474	187,097
Matured in year	<u>-</u>	<u>257,821</u>
	2,321,159	2,604,986
Less current portion	<u>(584,699)</u>	<u>(594,512)</u>
Long-term portion	<u>\$ 1,736,460</u>	<u>\$ 2,010,474</u>

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

**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2018**

**5. DEFERRED REVENUE**

	<u>2018</u>	<u>2017</u>
Grants	\$ 100,000	\$ 200,000
Special interest groups:		
Paediatric	70,871	80,428
Allied Health	13,913	13,913
Pharmacists	31,905	33,053
CST Donation	23,742	23,742
Lung	4,842	9,342
Memberships	23,000	21,600
Young Investigator Travel Awards	<u>52,439</u>	<u>48,974</u>
	<u>\$ 320,712</u>	<u>\$ 431,052</u>

**6. 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.

**7. 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.

**8. 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.

**9. INVESTMENT INCOME**

Investment income is comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 49,258	\$ 43,607
Foreign exchange gain (loss)	13,012	(5,672)
Loss on disposition of investments	(3,426)	(819)
Unrealized gain (loss)	<u>(25,671)</u>	<u>34,613</u>
	33,173	71,729
Earned on endowment fund and allocated to Young Investigator Travel Awards	<u>(3,465)</u>	<u>(7,280)</u>
	<u>\$ 29,708</u>	<u>\$ 64,449</u>

**10. FUNDS HELD FOR RELATED MEDICAL ORGANIZATION**

Funds held for a related medical organization amounting to \$101,546 (2017 - \$101,546) have not been included in the statement of financial position nor have their operations been included in the statement of operations.