

FINANCIAL STATEMENTS
For
**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**
For year ended
DECEMBER 31, 2015

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, 2015 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

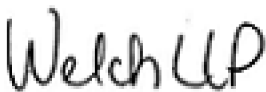
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015 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
March 21, 2016.

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 220,797	\$ 64,442
Investments (note 4)	1,128,058	1,619,306
Accounts receivable	22,907	24,032
Inventory	3,000	1,207
Prepaid expenses	<u>2,000</u>	<u>7,500</u>
	1,376,762	1,716,487
LONG-TERM INVESTMENTS (note 4)	1,362,033	806,552
INTANGIBLE ASSET (note 5)	<u>7,627</u>	<u>22,882</u>
	<u>\$ 2,746,422</u>	<u>\$ 2,545,921</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 132,759	\$ 8,177
Deferred revenue (note 6)	<u>248,442</u>	<u>232,065</u>
	<u>381,201</u>	<u>240,242</u>
NET ASSETS		
Internally restricted for Canadian Transplant Academy (note 7)	828,148	834,209
Internally restricted for CST donation group (note 8)	30,000	30,000
Restricted for endowment purposes (note 9)	225,000	225,000
Unrestricted	<u>1,282,073</u>	<u>1,216,470</u>
	<u>2,365,221</u>	<u>2,305,679</u>
	<u>\$ 2,746,422</u>	<u>\$ 2,545,921</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, 2015

	<u>2015</u>	<u>2014</u>
Revenue		
Annual meetings grants	\$ 271,419	\$ 195,400
Annual meeting	115,464	167,871
Grants	64,000	-
Investment income (note 10)	58,587	26,648
Membership	55,354	52,160
Other revenue	6,477	4,176
Lung Group	5,444	-
Pharmacist Group	3,167	2,460
Allied Health	339	8,224
Pediatric Group	-	8,356
CCTN Group	-	1,888
Allied Health Group	-	500
CST Donation Group	-	460
	<u>580,251</u>	<u>468,143</u>
Expenses		
Annual meeting	357,218	225,694
Financial administration	54,121	90,443
Canadian Transplant Academy - fellowship	26,941	100,000
Miscellaneous	14,708	32,451
Amortization of intangible asset	15,255	16,853
Professional fees	11,314	27,367
Products	9,694	3,142
Miscellaneous awards	7,915	3,344
Grants	6,000	50,000
Lung Group	5,444	92
Pharmacist Group	3,167	2,460
Travel and committee	2,607	27,004
Insurance	2,619	4,576
Postage, courier and telephone	1,525	3,134
Website	1,463	192
Printing, stationery and office supplies	379	719
Allied Health	339	8,224
Strategic meeting and governance workshop	-	14,098
Pediatric Group	-	8,356
Liver Group	-	2,797
CCTN Group	-	1,888
CST Donation Group	-	460
	<u>520,709</u>	<u>623,294</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ 59,542</u>	<u>\$ (155,151)</u>

(See accompanying notes)

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

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	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>2015 Total</u>	<u>2014 Total</u>
Balance, at beginning of year	\$ 30,000	\$ 225,000	\$ 834,209	\$ 1,216,470	\$ 2,305,679	\$ 2,460,830
Excess of expenses over revenues	-	-	(26,941)	86,483	59,542	(155,151)
Reallocate investment income earned on CTA fund balance (note 7)	<u>-</u>	<u>-</u>	<u>20,880</u>	<u>(20,880)</u>	<u>-</u>	<u>-</u>
Balance, at end of year	<u>\$ 30,000</u>	<u>\$ 225,000</u>	<u>\$ 828,148</u>	<u>\$ 1,282,073</u>	<u>\$ 2,365,221</u>	<u>\$ 2,305,679</u>

(See accompanying notes)

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

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenue	\$ 59,542	\$ (155,151)
Adjustments for:		
Amortization of intangible asset	15,255	16,853
Unrealized loss on investments	9,263	-
Gain on disposal of investments	<u>(3,337)</u>	<u>-</u>
	80,723	(138,298)
Changes in non-cash working capital components:		
Accounts receivable	1,125	(12,604)
Inventory	(1,793)	3,113
Prepaid expenses	5,500	30,993
Accounts payable and accrued liabilities	124,582	(60,285)
Deferred revenue	<u>16,377</u>	<u>(120,692)</u>
	<u>226,514</u>	<u>(297,773)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in intangible asset	-	(30,510)
Purchase of investments	(1,891,406)	(4,025,858)
Proceeds from sale of investments	<u>1,821,247</u>	<u>1,600,000</u>
	<u>(70,159)</u>	<u>(2,456,368)</u>
INCREASE (DECREASE) IN CASH	156,355	(2,754,141)
CASH, AT BEGINNING OF YEAR	<u>64,442</u>	<u>2,818,583</u>
CASH, AT END OF YEAR	<u>\$ 220,797</u>	<u>\$ 64,442</u>

(See accompanying notes)

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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, 2015

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, 2015

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 \$198,001 (2014 - \$Nil) 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>2015</u>	<u>2014</u>
Measured at fair value		
Cash	\$ 8	\$ 13
High interest savings account	815,521	819,293
BMO Trust GIC - 1.71%, due August 2015	-	800,000
RBC GIC - 2.06%, due August 2017	823,166	806,552
Various fixed income & related securities	488,352	-
Common shares	165,043	-
US investments	<u>198,001</u>	<u>-</u>
	2,490,091	2,425,858
Less current portion	<u>(1,128,058)</u>	<u>(1,619,306)</u>
Long-term portion	<u>\$ 1,362,033</u>	<u>\$ 806,552</u>

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2015

5. INTANGIBLE ASSET

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Website	\$ 48,960	\$ <u>41,333</u>	\$ 48,960	\$ <u>26,078</u>
Accumulated amortization		<u>41,333</u>	<u>(26,078)</u>	
Net book value	\$ <u>7,627</u>		\$ <u>22,882</u>	

6. DEFERRED REVENUE

	<u>2015</u>	<u>2014</u>
Special interest groups:		
Paediatric	\$ 80,128	\$ 74,128
Allied Health	24,765	17,606
Pharmacists	42,284	47,450
CST Donation	24,990	24,990
CCTN	-	25,341
Lung	17,556	-
Memberships	22,650	12,300
Young Investigator Travel Awards	<u>36,069</u>	<u>30,250</u>
	<u>\$ 248,442</u>	<u>\$ 232,065</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/
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NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2015

10. INVESTMENT INCOME

Investment income is comprised of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 49,967	\$ 29,373
Foreign exchange gain	20,365	-
Gain on disposition of investments	3,337	-
Unrealized loss	<u>(9,263)</u>	<u>-</u>
	64,406	29,373
Earned on endowment fund and allocated to Young Investigator Travel Awards	<u>(5,819)</u>	<u>(2,725)</u>
	<u>\$ 58,587</u>	<u>\$ 26,648</u>

11. FUNDS HELD FOR RELATED MEDICAL ORGANIZATION

Funds held for a related medical organization amounting to \$104,822 (2014 - \$58,210) have not been included in the statement of financial position nor have their operations been included in the statement of operations.