

FINANCIAL STATEMENTS
For
**CANADIAN SOCIETY OF TRANSPLANTATION/
SOCIÉTÉ CANADIENNE DE TRANSPLANTATION**
For year ended
DECEMBER 31, 2019

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, 2019, 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, 2019 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.

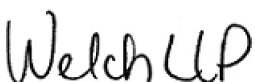
Auditor's Responsibilities for the Audit of the Financial Statements

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
May 7, 2020.

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

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 130,097	\$ 117,676
Investments (note 4)	1,139,997	584,699
Accounts receivable	32,816	64,473
Inventory	2,500	2,500
Prepaid expenses	<u>9,588</u>	<u>22,402</u>
	1,314,998	791,750
LONG-TERM INVESTMENTS (note 4)	<u>1,320,607</u>	<u>1,736,460</u>
	<u>\$ 2,635,605</u>	<u>\$ 2,528,210</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 17,814	\$ 8,367
Deferred revenue (note 5)	<u>280,625</u>	<u>320,712</u>
	<u>298,439</u>	<u>329,079</u>
NET ASSETS		
Internally restricted for CST donation group (note 7)	30,000	30,000
Restricted for endowment purposes (note 8)	225,000	225,000
Internally restricted for Canadian Transplant Academy (note 6)	722,549	759,174
Unrestricted	<u>1,359,617</u>	<u>1,184,957</u>
	<u>2,337,166</u>	<u>2,199,131</u>
	<u>\$ 2,635,605</u>	<u>\$ 2,528,210</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, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Grants	\$ 261,487	\$ 430,750
Annual meeting	170,887	186,856
Annual meetings grants	181,000	128,750
Membership	48,780	49,600
Investment income (note 9)	152,767	29,708
Other revenue	4,510	17,277
Pediatric Group	11,326	15,356
Lung Group	2,250	4,500
Pharmacist Group	<u>1,327</u>	<u>1,148</u>
	<u>834,334</u>	<u>863,945</u>
Expenses		
Annual meeting	337,117	339,958
Grants	112,520	250,000
Financial administration	60,914	59,292
Canadian Transplant Academy - fellowship	97,695	46,128
Miscellaneous	29,777	22,936
Professional fees	15,467	10,830
Pediatric Group	11,326	15,356
Website	9,979	3,718
Subscriptions and memberships	6,510	10,434
Travel and committee	3,432	7,193
Postage, courier and telephone	3,007	1,865
Miscellaneous awards	2,509	51,562
Lung Group	2,250	4,500
Insurance	2,250	2,223
Pharmacist Group	1,327	1,148
Printing, stationery and office supplies	219	1,120
Master class program	<u>-</u>	<u>20,515</u>
	<u>696,299</u>	<u>848,778</u>
Excess of revenue over expenses	<u>\$ 138,035</u>	<u>\$ 15,167</u>

(See accompanying notes)

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

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

	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>	2019 <u>Total</u>	2018 <u>Total</u>
Balance, at beginning of year	\$ 30,000	\$ 225,000	\$ 759,174	\$ 1,184,957	\$ 2,199,131	\$ 2,183,964
Excess of revenue over expenses (expenses over revenues)	-	-	(97,695)	235,730	138,035	15,167
Reallocate investment income earned on CTA fund balance (note 6)	<u>-</u>	<u>-</u>	<u>61,070</u>	<u>(61,070)</u>	<u>-</u>	<u>-</u>
Balance, at end of year	<u>\$ 30,000</u>	<u>\$ 225,000</u>	<u>\$ 722,549</u>	<u>\$ 1,359,617</u>	<u>\$ 2,337,166</u>	<u>\$ 2,199,131</u>

(See accompanying notes)

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

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 138,035	\$ 15,167
Adjustments for:		
Unrealized loss (gain) on investments	(106,563)	25,671
Loss on disposal of investments	<u>733</u>	<u>3,426</u>
	32,205	44,264
Changes in non-cash working capital components:		
Accounts receivable	31,657	(15,935)
Prepaid expenses	12,814	(12,402)
Accounts payable and accrued liabilities	9,447	(66,790)
Deferred revenue	<u>(40,087)</u>	<u>(110,340)</u>
	<u>46,036</u>	<u>(161,203)</u>
INVESTING ACTIVITIES		
Purchase of investments	(842,762)	(23,176)
Proceeds from sale of investments	<u>809,147</u>	<u>277,906</u>
	<u>(33,615)</u>	<u>254,730</u>
INCREASE IN CASH	12,421	93,527
CASH, AT BEGINNING OF YEAR	<u>117,676</u>	<u>24,149</u>
CASH, AT END OF YEAR	<u>\$ 130,097</u>	<u>\$ 117,676</u>

(See accompanying notes)

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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, 2019

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.

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL INSTRUMENTS - Cont'd.

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 \$232,949 (2018 - \$190,474 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

Investments, carried at fair value, consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 27,268	\$ 38,112
High interest savings account	287,729	283,177
Canadian Western Bank - 2.1%, due August 2020	150,000	-
Equitable Bank - 2.1%, due August 2020	100,000	-
Homeequity Bank - 2.0%, due August 2020	100,000	-
Laurentian Bank - 2.1%, due August 2020	100,000	-
Peoples Trust - 2.1%, due August 2020	100,000	-
Bank of Montreal - 2.75%, due February 2021	100,000	-
Hometrust Company - 2.8%, due February 2022	100,000	-
BMO Trust Company - 2.84%, due February 2021	75,000	-
Fixed income & securities	789,633	1,301,449
Equities	298,025	244,537
US equities	232,949	190,474
Matured in year	-	263,410
	<u>2,460,604</u>	<u>2,321,159</u>
Less current portion	<u>(1,139,997)</u>	<u>(584,699)</u>
Long-term portion	<u>\$ 1,320,607</u>	<u>\$ 1,736,460</u>

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

5. DEFERRED REVENUE

Deferred revenue represents amounts restricted for specific purposes from various contributors. Monies are received in advance and deferred until the related expenses are incurred.

	<u>2019</u>	<u>2018</u>
Grants	\$ 50,000	\$ 100,000
Special interest groups:		
Paediatric	68,642	70,871
Allied Health	13,913	13,913
Pharmacists	33,578	31,905
CST Donation	23,742	23,742
Lung	2,592	4,842
Memberships	22,950	23,000
Young Investigator Travel Awards	<u>65,208</u>	<u>52,439</u>
	<u>\$ 280,625</u>	<u>\$ 320,712</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>2019</u>	<u>2018</u>
Interest and dividend income	\$ 57,138	\$ 49,258
Foreign exchange gain	2,568	13,012
Loss on disposition of investments	(733)	(3,426)
Unrealized gain (loss)	<u>106,563</u>	<u>(25,671)</u>
	165,536	33,173
Earned on endowment fund and allocated to Young Investigator Travel Awards	<u>(12,769)</u>	<u>(3,465)</u>
	<u>\$ 152,767</u>	<u>\$ 29,708</u>

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2019

10. FUNDS HELD FOR RELATED MEDICAL ORGANIZATION

Funds held for a related medical organization amounting to \$101,546 (2018 - \$101,546) have not been included in the statement of financial position nor have their operations been included in the statement of operations.

11. SUBSEQUENT EVENTS

In March 2020, subsequent to the Society's year end, the Government of Canada instituted emergency measures in response to the public health concerns originating from the spread of as a result of COVID-19. As a result, the Society cancelled its annual meeting which was to occur later in September 2020. Since the Society is currently in negotiation with vendors to cancel contracts and is considering cancellation options for delegates, exhibitors and sponsors, the impact of this event on the financial statements for the year ended December 31, 2020 is not yet determinable.

The rapid geographical expansion of COVID-19 and the high contamination rates worldwide has spread fear and disrupted global economic activity. Investors have been concerned and stock markets across the globe have suffered significant losses. At the time of issuance of these financial statements, a high degree of overall economic uncertainty remains and the impact this will have on the Society's operations and investment portfolio is not yet known.

12. COMPARATIVE FIGURES

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