

**Canadian Anesthesiologists' Society
/ Société canadienne des anesthésiologistes**

Financial Statements

December 31, 2009

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Auditors' Report

To the Members of
Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes

We have audited the statement of financial position of Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes (the "Society") as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

MSCM LLP

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
April 30, 2010

Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes

Statement of Financial Position

December 31, 2009

	2009	2008 (restated - note 3)
Assets		
Current		
Cash	\$ 206,616	\$ 312,869
Investments	1,373,620	1,078,210
Accounts receivable	55,346	76,134
Prepaid expenses - current portion	131,043	124,909
	<u>1,766,625</u>	<u>1,592,122</u>
Prepaid expenses	128,983	79,243
Capital assets (note 4)	52,161	58,409
Intangible assets (note 5)	4,354	1,819
	<u>\$ 1,952,123</u>	<u>\$ 1,731,593</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 214,321	\$ 119,239
Deferred revenue (note 6)	237,606	119,270
Due to related organizations (note 7)	43,390	104,965
Due to Sections (note 8)	278,648	270,574
Current portion of capital lease obligation (note 9)	3,549	4,358
	<u>777,514</u>	<u>618,406</u>
Capital lease obligation (note 9)	-	3,555
	<u>777,514</u>	<u>621,961</u>
Net Assets		
Net assets internally restricted for equipment replacement (note 10)	29,291	46,560
Net assets internally restricted relating to congress funds (note 10)	190,109	190,109
Unrestricted net assets	955,209	872,963
	<u>1,174,609</u>	<u>1,109,632</u>
	<u>\$ 1,952,123</u>	<u>\$ 1,731,593</u>

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed:

Director

Signed:

Director

Statement of Operations
for the year ended December 31, 2009

	2009	2008 (restated - note 3)
Revenue		
Annual meeting	\$ 1,025,783	\$ 788,123
Membership dues	919,424	912,439
Royalty and subscription (note 11)	750,000	428,498
Advertising and sponsorship	189,314	414,187
Investment income	35,626	56,066
Reprint and supplements	211	58,215
Other	14,472	32,614
	2,934,830	2,690,142
Expenses		
Human resources	1,128,686	861,631
Annual meeting	866,050	667,100
Administration	363,696	404,423
Members' subscription to CJA (note 11)	150,619	-
Board	100,263	101,062
Occupancy	84,181	83,902
Publishing	41,729	400,953
Committees	40,617	40,028
Funding to organizations (note 7)	23,391	24,782
Awards	10,043	10,849
Other	36,858	9,703
Amortization	26,748	33,094
	2,872,881	2,637,527
Excess of revenue over expenses before allocation	61,949	52,615
Equipment replacement allocation (note 10)	2,500	10,000
Excess of revenue over expenses	\$ 59,449	\$ 42,615

The accompanying notes are an integral part of these financial statements.

Supplementary Statement of Operations - Journal
for the year ended December 31, 2009

	2009	2008
Revenue		
Membership dues - allocation	\$ 150,619	\$ 141,483
Royalty and subscription (<i>note 11</i>)	750,000	428,498
Advertising and sponsorship	8,000	256,087
Investment income	-	28,033
Reprint and supplements	211	58,215
Other	7,925	23,659
	916,755	935,975
Expenses		
Human resources	323,565	344,730
Administration	14,371	162,933
Members' subscription to CJA (<i>note 11</i>)	150,619	-
Board	23,280	15,184
Occupancy	-	41,882
Publishing	36,023	379,997
Committees	-	821
Amortization	5,624	15,422
	553,482	960,969
Excess (deficiency) of revenue over expenses before allocation	363,273	(24,994)
Equipment replacement allocation	-	5,000
Excess (deficiency) of revenue over expenses	\$ 363,273	\$ (29,994)

The accompanying notes are an integral part of these financial statements.

Supplementary Statement of Operations - Annual Meeting
for the year ended December 31, 2009

	2009	2008
Revenue		
Annual meeting		
Registration	\$ 689,311	\$ 495,871
Exhibits	259,674	223,652
Workshops	47,673	33,025
Social events	29,125	35,575
	<u>1,025,783</u>	<u>788,123</u>
Sponsorship	181,200	141,700
	<u>1,206,983</u>	<u>929,823</u>
Expenses		
Human resources		
Staffing (note 14)	164,707	132,835
External management	111,185	67,943
	<u>275,892</u>	<u>200,778</u>
Annual meeting		
Registrant	421,956	311,786
Program	229,714	231,084
Sponsorship	101,082	7,362
Exhibit	76,680	85,835
Social program	36,618	31,033
	<u>866,050</u>	<u>667,100</u>
Administration	29,448	13,339
	<u>1,171,390</u>	<u>881,217</u>
Excess of revenue over expenses	\$ 35,593	\$ 48,606

The accompanying notes are an integral part of these financial statements.

Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes

Supplementary Statement of Operations - All Other CAS
for the year ended December 31, 2009

	2009	2008
Revenue		
Membership dues	\$ 919,424	\$ 912,439
Less: allocation to Journal	(150,619)	(141,483)
	768,805	770,956
Investment income	35,626	28,033
Advertising and sponsorship	114	16,400
Other	6,547	8,955
	811,092	824,344
Expenses		
Human resources	529,229	316,123
Administration	319,877	228,151
Board	76,983	85,878
Occupancy	84,181	42,020
Publishing	5,706	20,956
Committees	40,617	39,207
Funding to organizations (<i>note 7</i>)	23,391	24,782
Awards	10,043	10,849
Other	36,858	9,703
Amortization	21,124	17,672
	1,148,009	795,341
(Deficiency) excess of revenue over expenses before allocation	(336,917)	29,003
Equipment replacement allocation	2,500	5,000
(Deficiency) excess of revenue over expenses	\$ (339,417)	\$ 24,003

The accompanying notes are an integral part of these financial statements.

Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes

Statement of Changes in Net Assets
for the year ended December 31, 2009

	Restricted for equipment replacement	Restricted congress funds	Unrestricted	2009	2008 (restated - note 3)
Net Assets					
Balance, beginning of year	\$ 46,560	\$ 190,109	\$ 872,963	\$1,109,632	\$1,050,844
Excess of revenues over expenses	-	-	59,449	59,449	42,615
Allocation to equipment replacement fund (<i>note 10</i>)	2,500	-	-	2,500	10,000
Purchase of capital assets (<i>note 10</i>)	(19,769)	-	19,769	-	-
Reclassification adjustment for realized losses included in excess of revenue over expenses	-	-	422	422	3,906
Unrealized gains on available-for- sale financial assets arising during the year	-	-	2,606	2,606	2,267
Balance, end of year	\$ 29,291	\$ 190,109	\$ 955,209	\$1,174,609	\$1,109,632

The accompanying notes are an integral part of these financial statements.

Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes

Statement of Cash Flows

for the year ended December 31, 2009

	2009	2008 (restated - note 3)
Cash flows from operating activities		
Cash receipts from members and activities	\$ 2,916,774	\$ 2,649,633
Cash paid to suppliers and employees	(2,685,371)	(2,672,606)
Interest received	39,157	59,289
	<u>270,560</u>	<u>36,316</u>
Cash flows from investing activities		
Purchase of capital assets	(19,769)	(7,431)
Purchase of intangible asset	(3,266)	(2,021)
Net (purchase) redemption of investments	(295,913)	125,539
	<u>(318,948)</u>	<u>116,087</u>
Cash flows from financing activities		
Net (decrease) increase in amounts due to related organizations	(61,576)	74,562
Net increase of funds due to Sections	8,074	26,325
Repayment of capital lease obligation	(4,363)	(3,948)
	<u>(57,865)</u>	<u>96,939</u>
(Decrease) increase, in cash	(106,253)	249,342
Cash, beginning of year	312,869	63,527
Cash, end of year	\$ 206,616	\$ 312,869

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2009

1. Purpose of the Society

The Society is a national, non-profit organization whose purpose is to promote the advancement of the medical practice of anesthesia through academic endeavour and excellence in patient care. Its voluntary membership base comprises to the greatest part medical practitioners residing in Canada who are certified as specialists in anesthesia.

"The Canadian Anesthesiologist's Society enables anesthesiologists to excel in patient care through research, education and advocacy" is the Society's mission statement.

The Society publishes the *Canadian Journal of Anesthesia* ("CJA") and the *Guidelines to the Practice of Anesthesia*, holds an annual meeting, funds research in Canada, and disseminates anesthesia-related information for anesthesiologists, allied health care providers and the general public on its website.

The Society is incorporated under the Canada Corporations Act as a Not-for-Profit organization and is defined as a non-profit organization under the Canadian Income Tax Act.

2. Summary of Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to not-for-profit entities.

Financial instruments

The Society's financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities, due to related organizations, due to sections and capital lease obligation.

Cash is classified as held-for-trading and is measured at fair value. The carrying value of cash approximates its fair value due to its short-term nature.

Investments are classified as available-for-sale. The Society's investments consist of short-term securities and bonds with varying maturity dates. The fair values of investments are based on quoted market prices. Unrealized gains and losses are included directly in net assets until the asset is disposed of or impaired. Realized gains and losses are recognized in the statement of operations.

Accounts receivable is classified as loans and receivables and is recorded at amortized cost.

Accounts payable and accrued liabilities, due to related organizations, due to sections and capital lease obligations are classified as other liabilities and are recorded at amortized cost.

The Society applies Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3861, Financial Instruments – Disclosure and Presentation, in these financial statements instead of Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863), as permitted under the transition rules for not-for-profit organizations in these standards.

Notes to Financial Statements

December 31, 2009

2. Summary of Significant Accounting Policies - continued

Capital assets

Capital assets are recorded at cost. Amortization is provided using the following:

Computer equipment	-	5 years straight-line
Leasehold improvements	-	5 years straight-line
Office equipment	-	30 % declining balance
Computer software	-	3 years straight-line
Furniture and fixtures	-	20 % declining balance
CJA online	-	3 years straight-line

Intangible assets

Intangible assets consist of trademarks being amortized over a five year period for which the trademarks are effective.

Revenue recognition

Membership dues, and journal royalties and subscriptions are recognized as revenue over the annual term of the membership and journal subscriptions, respectively.

Annual Meeting fees and sponsorship revenue are recognized when the event is held.

Investment income is recognized as revenue when earned.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. Actual results could differ from those estimates.

Reclassifications

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

Notes to Financial Statements

December 31, 2009

3. Changes in Accounting Policies

Disclosure of allocated expenses by Not-For-Profit Organizations

Effective January 1, 2009, the Society adopted CICA Handbook Section 4470 "Disclosure of allocated expenses by Not-For-Profit Organizations" which establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. The Society has included these disclosures in note 14.

Prepaid expenses

Effective January 1, 2009, the Society revised its accounting policy with respect to prepaid expenses to comply with the revisions made by the CICA to Handbook Section 1000 "Financial Statement Concepts" which clarifies the criteria for the recognition of an asset. In accordance with the requirements of these revised standards, the Society no longer defers costs which relate to the planning and organization of events to be held in future fiscal periods; these costs are now expensed as incurred.

This change in accounting policy has been applied retrospectively, resulting in the following changes to previously reported 2008 figures as follows:

Prepaid expenses were reduced by \$61,439 from \$265,591 to \$204,152.

Unrestricted net assets, beginning was reduced by \$71,828 from \$1,122,672 to \$1,050,844.

Excess of revenues over expenses before and after allocation to equipment replacement fund were increased by \$10,389 from \$42,226 to \$52,615 and \$32,226 to \$42,615, respectively.

4. Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 95,273	\$ 71,734	\$ 23,539	\$ 15,971
Leasehold improvements	43,390	30,893	12,497	21,175
Office equipment	33,949	27,581	6,368	8,382
Computer software	78,253	73,351	4,902	1,355
Furniture and fixtures	37,586	32,731	4,855	5,946
CJA online	83,854	83,854	-	5,580
	\$ 372,305	\$ 320,144	\$ 52,161	\$ 58,409

Notes to Financial Statements

December 31, 2009

5. Intangible Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Trademarks	\$ 5,287	\$ 933	\$ 4,354	\$ 1,819

6. Deferred Revenue

The balance of deferred revenue consists of the following:

	2009	2008
Annual meeting and other deposits	\$ 121,261	\$ 43,752
Membership dues	116,345	75,518
	\$ 237,606	\$ 119,270

7. Related Organizations

The Society, Canadian Anesthesiologists' Society International Education Foundation – Fondation d'éducation internationale de la Société canadienne des anesthésistes ("IEF"), Canadian Anaesthesia Research Foundation – Fondation canadienne de recherche en anesthésie ("CARF"), and The Canadian Pediatric Anesthesia Society ("CPAS"), which have all been established to support advancements in anesthesia, are related to each other by common management.

Transactions with related organizations, consisting of amounts paid and collected on their behalf, are in the normal course of business and are recorded at the exchange amount, which is the amount agreed to by the related organizations.

As at December 31, 2009, the following amounts are due to related organizations:

	2009	2008
Due to IEF	\$ 11,598	\$ 49,259
Due to CARF	4,627	33,668
Due to CPAS	27,165	22,038
	\$ 43,390	\$ 104,965

Amounts due to related organizations are non-interest bearing, unsecured and due on demand.

Notes to Financial Statements

December 31, 2009

7. Related Organizations - continued

The Society made a cash donation of \$20,000 (2008 - \$20,250) to CARF which is included in funding to organizations expense. In addition, the Society donates staff time and management services to related organizations. The estimated fair value of these services is as follows:

	2009	2008
Donated services to CARF	\$ 14,100	\$ 14,170
Donated services to IEF	11,800	10,590
	\$ 25,900	\$ 24,760

8. Due to Sections

The Society performs bookkeeping services on behalf of the various external organizations ("Sections"). The balance due to Sections represents accumulated net amounts collected and paid by the Society on the Sections' behalf. Interest earned on the Sections' funds held by the Society are paid to the Sections on an annual basis. All amounts are unsecured and due on demand.

Amounts due to Sections consist of the following:

	2009	2008
Balance, beginning of year	\$ 270,574	\$ 245,002
Sections' revenues collected during the year	63,289	76,471
Sections' expenses paid during the year	(55,215)	(50,899)
Balance, end of year	\$ 278,648	\$ 270,574

9. Capital Lease Obligation

	2009	2008
Photocopier lease, imputed interest of 10%, expiring in October 2010. Quarterly payments of principal and interest of \$1,247.	\$ 3,549	\$ 7,913
Less: Current portion	3,549	4,358
	\$ -	\$ 3,555

Notes to Financial Statements

December 31, 2009

10. Restrictions on Net Assets

During the year, the Society internally restricted \$2,500 (2008 - \$10,000) of unrestricted net assets to be held for future equipment replacement and utilized \$19,769 (2008 - \$Nil) of the fund balance for this purpose. As at December 31, 2009, the total funds held for future equipment replacement are \$29,291 (2008 - \$46,560).

Net assets internally restricted relating to congress funds of \$190,109 represent the proceeds from the 12th World Congress of Anaesthesiologists hosted by the CAS in June 2000.

Internally restricted amounts are not available for any other purposes without approval of the Board of Directors.

11. Royalty and Subscription Revenue and Expenses

Commencing January 1, 2009, the Society outsourced the publication of The Canadian Journal of Anesthesia (Journal canadien d'anesthésie) (the "Journal") to Springer Science+Business Media, LLC ("Springer"). Under the five year agreement ending December 31, 2013, the Society will manage the content of the Journal and Springer will publish and distribute the Journal in exchange for all advertising and subscription revenue. Springer will remit to the Society an annual royalty payment and the Society will remit annually to Springer a subscription fee for each member of the Society in exchange for a Society Member Subscription.

During the year ended December 31, 2009, the Society recognized royalty fees of \$750,000 and remitted subscription fees of \$150,619 from/to Springer.

12. Unrealized Gains and Losses Included In Unrestricted Net Assets

As described in note 2, unrealized gains and losses on available-for-sale financial instruments are included directly in net assets until the asset is disposed of or impaired. As a result, the unrestricted net assets include unrealized gains and losses as follows:

	2009	2008
Unrealized losses included in unrestricted net assets, beginning of year	\$ (4,276)	\$ (10,449)
Losses realized during the year	422	3,906
Unrealized gains arising during the year	2,606	2,267
Unrealized losses included in unrestricted net assets, end of year	\$ (1,248)	\$ (4,276)

Notes to Financial Statements

December 31, 2009

13. Capital Management

The Society defines capital as its unrestricted net assets. The Society is not subject to externally imposed requirements on capital.

The Society's objectives when managing capital are to generally match the structure of its capital to the underlying nature and term of the assets being financed, and to hold sufficient funds to enable it to withstand negative unexpected financial events, in order to maintain stability in the financial structure. The Society seeks to maintain sufficient liquidity to enable it to meet its obligations as they become due.

There were no changes in the Society's approach to capital management during the year ended December 31, 2009.

14. Allocation of Expenses

The Society allocates its expenses by function into Journal, Annual Meeting, and Other CAS. The costs that are directly related to each function have been presented on the respective supplementary statement of operations.

Included in Annual Meeting human resources (staffing) is an allocation of \$92,010 (2008 - \$81,127) based on the proportion of staff time spent on the respective functions.

In addition, as a result of the Journal being published internally in 2008 and externally in 2009 (see note 11), certain allocations of expenses may have been allocated from All Other CAS to the Journal in 2008 which were not required in the current year.

15. Lease Commitment

The Society has entered into an operating lease for office premises that provide for minimum annual lease payments of approximately \$80,000 per year, expiring in November 2011.

Notes to Financial Statements

December 31, 2009

16. Financial Instruments

Credit risk

The Society is exposed to credit risk on its accounts receivable.

The Society's management is of the opinion that the risk that the Society will realize a loss as a result of not collecting on its accounts receivable is limited based on past experience, its assessment of current economic conditions and historically minimal bad debts.

Fair value

The carrying values of accounts receivable and accounts payable and accrued liabilities approximates their fair values due to their short-term maturities. The fair value of amounts due to related organizations and due to sections is not determinable as the cash flow streams are not known.

The fair value of the capital lease obligation has not been determined as it is not practical within constraints of timeliness and cost to determine the fair value.

Price risk

The Society is exposed to price risk on its investments. Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, interest rates, or exchange rates. As described in significant accounting policies note 2, unrealized gains and losses are included directly in net assets until the asset is disposed of or impaired. Realized gains and losses are recognized in the statement of revenue and expenses. The Society does not use derivatives to mitigate these risks.