

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Financial Statements
December 31, 2016

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Contents

For the year ended December 31, 2016

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements	5
Schedules	
Schedule 1 - Supplementary Statement of Operations – Journal.....	11
Schedule 2 - Supplementary Statement of Operations - Annual Meeting.....	12
Schedule 3 - Supplementary Statement of Operations - All Other CAS	13

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INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Anesthesiologists' Society / Société Canadienne des Anesthésiologistes:

We have audited the accompanying financial statements of Canadian Anesthesiologists' Society / Société Canadienne des Anesthésiologistes (the "Society"), 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.

Auditors' 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 auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

The Society derives revenue from royalties, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amount recorded in the records of the Society, and we were not able to determine whether any adjustments might be necessary to this source of revenue, excess of revenue over expenses, assets and net assets.

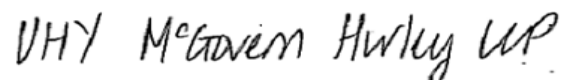
Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Anesthesiologists' Society / Société Canadienne des Anesthésiologistes 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.

Other Matters

The financial statements of Canadian Anesthesiologists' Society / Société Canadienne des Anesthésiologistes for the year ended December 31, 2015 were audited by another auditor who expressed a qualified opinion on those statements on June 9, 2016.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
June 9, 2017

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Statement of Financial Position
As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current		
Cash	787,064	322,573
Investments	1,416,424	1,333,121
Accounts and other receivables	426	30,093
Government remittances recoverable	-	5,314
Prepaid expenses	220,648	160,318
Total current assets	2,424,562	1,851,419
Long-term prepaid expenses (Note 3)	137,671	136,694
Long-term investments	290,331	360,123
Capital assets (Note 4)	26,811	44,928
Total assets	2,879,375	2,393,164
Liabilities		
Current		
Accounts payable and accrued liabilities	137,979	162,872
Government remittances payable	12,123	991
Deferred revenue (Note 5)	536,782	285,690
Due to related organizations (Note 6)	87,382	36,604
Due to sections (Note 7)	418,217	403,645
Current portion of capital lease obligation (Note 8)	2,484	2,484
Total current liabilities	1,194,967	892,286
Capital lease obligation (Note 8)	6,211	8,345
Lease inducement	2,631	4,383
Total liabilities	1,203,809	905,014
Net Assets		
Net assets internally restricted for equipment replacement (Note 9)	34,763	35,965
Net assets internally restricted relating to congress funds (Note 9)	125,872	168,332
Net assets internally restricted for contingency purposes (Note 9)	700,000	700,000
Unrestricted net assets	814,931	583,853
Total net assets	1,675,566	1,488,150
Total net liabilities and net assets	2,879,375	2,393,164

Approved by the Board

Dr. Douglas DuVal

Director

Dr. François Gobeil

Director

The accompanying notes are an integral part of these financial statements

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Statement of Operations

For the year ended December 31, 2016

	2016 \$	2015 \$
Revenue		
Membership dues	1,047,647	1,124,968
Annual meeting	1,124,625	893,290
Royalties <i>(Note 10)</i>	628,965	648,429
Advertising and sponsorship	69,000	64,000
Investment income	19,763	33,601
Other	35,849	32,601
Total revenue	2,925,849	2,796,889
Expenses		
Human resources	1,027,354	1,114,995
Annual meeting	799,724	867,820
Administration	335,719	369,729
Members' subscription to the Journal <i>(Note 10)</i>	136,850	145,075
Occupancy	83,824	81,228
Board	83,350	91,897
Publishing	57,685	50,847
Committees	54,616	37,720
Funding to organizations <i>(Note 6)</i>	21,444	25,020
Awards	19,165	13,407
Other	94,383	51,446
Amortization	24,319	18,306
Total expenses	2,738,433	2,867,490
Excess (deficiency) of revenue over expenses before allocation	187,416	(70,601)
Equipment replacement allocation <i>(Note 9)</i>	(5,000)	(50,000)
Excess (deficiency) of revenue over expenses	182,416	(120,601)

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, 2016

	<i>Restricted for equipment replacement</i> \$	<i>Restricted congress funds</i> \$	<i>Restricted contingency funds</i> \$	<i>Unrestricted</i> \$	2016 \$	2015 \$
Net assets, beginning of year	35,965	168,332	700,000	583,853	1,488,150	1,558,751
Excess (deficiency) of revenue over expenses	-	-	-	182,416	182,416	(120,601)
Net assets, before allocations	35,965	168,332	700,000	766,269	1,670,566	1,438,150
Allocation to equipment replacement fund <i>(Note 9)</i>	5,000	-	-	-	5,000	50,000
Purchase of capital assets <i>(Note 9)</i>	(6,202)	-	-	6,202	-	-
Unrestricting of congress funds for CAirs project <i>(Note 9)</i>	-	(42,460)	-	42,460	-	-
Net assets, end of year	34,763	125,872	700,000	814,931	1,675,566	1,488,150

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, 2016

	2016	2015
	\$	\$
Cash provided from (used for) the following activities		
Operating		
Cash receipts from members and activities	2,536,244	2,085,401
Cash paid to suppliers and employees	(2,807,698)	(2,849,334)
Royalties received	672,679	647,940
Interest received	8,754	40,829
Total cash flows from (used for) operating activities	409,979	(75,164)
Financing		
Increase (decrease) in amounts due to related organizations	50,778	(90,144)
(Repayment) advance of capital lease obligation	(2,134)	8,337
Net increase (decrease) in amounts due to sections	14,572	(1,816)
Total cash flows from (used for) financing activities	63,216	(83,623)
Investing		
Purchase of capital assets	(6,202)	(28,294)
Purchase of investments	(243,960)	-
Redemption of investments	241,458	266,399
Total cash flows (used for) from investing activities	(8,704)	238,105
Increase in cash	464,491	79,318
Cash, beginning of year	322,573	243,255
Cash, end of year	787,064	322,573
Cash is composed of:		
Operating accounts	611,326	286,332
Trust account	175,738	36,241
	787,064	322,573

The accompanying notes are an integral part of these financial statements

Canadian Anesthesiologists' Society / Société Canadienne des Anesthésiologistes

Notes to the Financial Statements

For the year ended December 31, 2016

1. Purpose of the Society

The Canadian Anesthesiologists' Society / Société Canadienne des Anesthésiologistes (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 is mostly comprised of medical practitioners residing in Canada who are certified as specialists in anesthesia.

"*The Canadian Anesthesiologists' 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* 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 was incorporated under the Canada Not-for-profit Corporations Act 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 accounting standards for not-for-profit organizations ("ASNPO"). The financial statements are presented in Canadian dollars.

Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all its financial assets and liabilities at amortized cost except for the Society's investments, consisting of securities and bonds with varying maturity dates, which are measured at fair value. Investments with maturity dates beyond the 12-month period following the year end date are presented as long-term investments.

Financial assets measured at amortized cost include cash and accounts and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, amounts due to related organizations, amounts due to Sections, and capital lease obligation.

Impairment of financial instruments

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Capital assets

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

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

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements

For the year ended December 31, 2016

2. Summary of significant accounting policies *(Continued from previous page)*

Revenue recognition

Membership dues and royalties 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 includes dividends, interest and realized gains and losses on sales of investments, as well as unrealized gains and losses on investments measured at fair value. Dividends and interest income are recognized when earned.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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.

3. Long-term prepaid expenses

	2016	2015
Annual meetings		
2017	\$ -	\$ 80,099
2018	48,255	21,628
2019	87,416	34,967
2020	2,000	-
	\$ 137,671	\$ 136,694

4. Capital assets

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 22,508	\$ 9,202	\$ 13,306	\$ 17,807
Office equipment	16,017	5,838	10,179	9,732
Computer software	4,808	1,966	2,842	15,287
Furniture and fixtures	2,271	1,787	484	2,102
	\$ 45,604	\$ 18,793	\$ 26,811	\$ 44,928

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements

For the year ended December 31, 2016

5. Deferred revenue

The balance of deferred revenue consists of the following:

	2016	2015
Membership dues	\$ 377,536	\$ 190,606
Annual meeting and other deposits (i)	159,246	95,084
	\$ 536,782	\$ 285,690

(i) Included in annual meeting and other deposits are amounts totaling \$52,280 (2015 - \$33,650) (net of HST) which are being held in trust by a service provider on behalf of CAS.

6. Related organizations

The Society, Canadian Anesthesiologists' Society International Education Foundation – Fondation d'Éducation Internationale de la Société Canadienne des Anesthésiologistes ("IEF"), and Canadian Anesthesia Research Foundation – Fondation Canadienne de Recherche en Anesthésie ("CARF"), which have all been established to support advancements in anesthesia, are related to each other by common management. The Canadian Pediatric Anesthesia Society ("CPAS") is also affiliated with the Society. The Society performs certain administrative and bookkeeping services on behalf of CPAS, including but not limited to processing membership renewal, collecting revenues, coordinating CPAS events at the Society's Annual Meeting and processing related expense payments.

As at December 31, 2016, the following amounts were due to related organizations:

	2016	2015
Due to IEF	\$ 52,240	\$ 8,754
Due to CARF	26,198	17,637
Due to CPAS	8,944	10,213
	\$ 87,382	\$ 36,604

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

During the year, the Society made a cash donation of \$20,000 (2015 - \$20,000) to CARF, which is included in funding to organizations expense.

CAS also provides staff time, management services and overhead to these organizations. Although no consideration has been paid nor recognized in these financial statements with respect to these services, the fair value of these services are estimated as follows:

	2016	2015
IEF	\$ 45,000	\$ 49,500
CARF	38,000	48,500
	\$ 83,000	\$ 98,000

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements

For the year ended December 31, 2016

7. Due to Sections

The Society performs administrative and bookkeeping services on behalf of various internal organizations ("Sections"), including but not limited to processing section membership renewal, collecting revenues, coordinating section events at the Society's annual meeting and processing related expense payments. The balance due to Sections represents accumulated amounts collected net of amounts paid by the Society on the Sections' behalf. All amounts are unsecured and due on demand.

Amounts due to Sections consist of the following:

	2016	2015
Balance, beginning of year	\$ 403,645	\$ 405,461
Sections' revenues collected during the year	50,311	49,391
Sections' expenses paid during the year	(35,739)	(51,207)
Balance, end of year	\$ 418,217	\$ 403,645

8. Capital lease obligation

	2016	2015
Photocopier lease, imputed interest of 3.48%, expires December 2020. Quarterly payments of principal and interest of \$621.	\$ 8,695	\$ 10,829
Less: Current portion	2,484	2,484
Long-term portion	\$ 6,211	\$ 8,345

Future minimum lease payments related to the obligation under capital lease are as follows:

2017	2,484
2018	2,484
2019	2,484
2020	1,863
	9,315
Less: imputed interest	(620)
	8,695
Less: current portion	(2,484)
	6,211

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements

For the year ended December 31, 2016

9. Restriction on net assets

During 2016, the Society internally restricted \$5,000 (2015 - \$50,000) of unrestricted net assets to be held for future equipment replacement and utilized \$6,202 (2015 - \$28,294) of the fund balance for this purpose. As at December 31, 2016, the total funds held for future equipment replacement were \$34,763 (2015 - \$35,965).

Net assets relating to congress funds of \$125,872 (2015 - \$168,332) represent the proceeds from the 12th World Congress of Anaesthesiologists hosted by the CAS in June 2000, which are internally restricted for endowment purposes. In 2014, the Board of Directors approved a new pilot project, CAirs. The purpose of the project is to establish an anesthesia data registry system in Canada. To fund this project, the Board of Directors in 2014 approved the unrestricting of previously restricted congress funds totaling \$113,700, of which \$42,460 was incurred in 2016 (2015 - \$21,777) and \$49,463 was unspent at December 31, 2016.

The Society also has \$700,000 (2015 - \$700,000) of net assets internally restricted to be held for contingency purposes. None of the restricted funds were used in the year for this purpose.

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

10. Royalty and subscription revenue and expenses

The Society outsources the publication of 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, 2018, the Society manages the content of the Journal and Springer publishes and distributes the Journal in exchange for a portion of the advertising and subscription revenue. Springer remits to the Society an annual royalty payment equal to a percentage of the net revenue earned by Springer and the Society remits monthly to Springer a subscription fee for each member of the Society in exchange for a Society member subscription.

During the year ended December 31, 2016, the Society recognized royalties of \$628,965 (2015 - \$648,429) and remitted subscription fees of \$136,850 (2015 - \$145,075) from/to Springer, respectively.

11. 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 statements of operations (Schedule 1, Schedule 2, and Schedule 3).

Included in Journal human resources for 2016 is an allocation of \$33,000 (2015 - \$39,000) based on the proportion of staff time spent on the function. Included in Journal administration for 2016 is \$10,000 (2015 - \$11,000) of administration costs and included in Journal occupancy for 2016 is \$4,000 (2015 - \$5,000) based on the function usage.

Included in Annual Meeting human resources (staffing) for 2016 is an allocation of \$231,000 (2015 - \$244,000) based on the proportion of staff time spent on the function. Included in Annual Meeting administration for 2016 is \$58,000 (2015 - \$72,000) of administration costs and included in Annual Meeting occupancy for 2016 is \$30,000 (2015 - \$31,000) based on the function usage.

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements
For the year ended December 31, 2016

12. Commitments

The Society has entered into operating leases for office premises and equipment that provide for estimated minimum annual payments as follows:

2017	\$ 88,011
2018	88,219
2019	89,467
2020	90,714
2021	91,961
2022 and thereafter	15,361
	<hr/> \$ 463,733 <hr/>

13. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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.

Market risk

The Society is exposed to market risk on its investments. Market 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. The Society does not use derivative instruments to mitigate these risks.

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Schedule 1 – Supplementary Statement of Operations - Journal
For the year ended December 31, 2016

	2016 \$	2015 \$
Revenue		
Royalties (Note 10)	628,965	648,429
Advertising and sponsorship	4,000	4,000
Other	5,547	4,881
Total revenue	638,512	657,310
Expenses		
Human resources (Note 11)	403,558	427,589
Members' subscription to the Journal (Note 10)	136,850	145,075
Administration (Note 11)	44,157	38,646
Publishing	43,712	37,198
Board	20,551	20,335
Occupancy (Note 11)	4,000	5,000
Other	7,870	11,426
Total expenses	660,698	685,269
Deficiency of revenue over expenses	(22,186)	(27,959)

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Schedule 2 – Supplementary Statement of Operations – Annual Meeting
For the year ended December 31, 2016

	2016 \$	2015 \$
Revenue		
Annual meeting		
Registration	785,201	634,315
Exhibits	158,580	190,150
Workshops	85,075	33,450
Social events	41,782	35,375
Total annual meeting revenue	1,070,638	893,290
Advertising and sponsorship	60,000	55,000
Other	53,987	-
Total revenue	1,184,625	948,290
Expenses		
Human resources - staffing <i>(Note 11)</i>	281,867	266,677
Annual meeting		
Program	279,148	278,146
Registrant	192,954	254,108
External management	180,601	180,798
Social program	94,188	79,098
Exhibit	41,583	66,920
Sponsorship	11,250	8,750
Total annual meeting expenses	799,724	867,820
Administration <i>(Note 11)</i>	127,877	155,281
Occupancy <i>(Note 11)</i>	30,000	31,000
Total expenses	1,239,468	1,320,778
Deficiency of revenue over expenses	(54,843)	(372,488)

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
Schedule 3 – Supplementary Statement of Operations – All Other CAS
For the year ended December 31, 2016

	2016 \$	2015 \$
Revenue		
Membership dues	1,047,647	1,124,968
Investment income	19,763	33,601
Advertising and sponsorship	5,000	5,000
Other	30,302	27,720
Total revenue	1,102,712	1,191,289
Expenses		
Human resources	341,929	420,729
Administration	163,685	175,802
Board	62,799	71,562
Committees	54,616	37,720
Occupancy	49,824	45,228
Funding to organizations (Note 6)	21,444	25,020
Awards	19,165	13,407
Publishing	13,973	13,649
Other	86,513	40,020
Amortization	24,319	18,306
Total expenses	838,267	861,443
Excess of revenue over expenses before allocation	264,445	329,846
Equipment replacement allocation (Note 9)	5,000	50,000
Excess of revenue over expenses	259,445	279,846