

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Financial Statements
December 31, 2017

**Canadian Anesthesiologists' Society /
Société Canadienne des Anesthésiologistes**
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For the year ended December 31, 2017

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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, 2017, 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, 2017, 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.

UHY McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Canada
June 12, 2018

A member of UHY International, a network of independent accounting and consulting firms

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

As at December 31, 2017

	2017	2016
	\$	\$
Assets		
Current		
Cash	1,222,407	787,064
Investments	1,327,680	1,416,424
Accounts and other receivables	13,969	426
Prepaid expenses	165,790	220,648
Total current assets	2,729,846	2,424,562
Long-term prepaid expenses (Note 3)	95,416	137,671
Long-term investments	383,098	290,331
Capital assets (Note 4)	19,226	26,811
Total assets	3,227,586	2,879,375
Liabilities		
Current		
Accounts payable and accrued liabilities	273,784	137,979
Government remittances payable	16,452	12,123
Deferred Revenue (Note 5)	464,095	536,782
Due to related organizations (Note 6)	72,322	87,382
Due to sections (Note 7)	450,231	418,217
Current portion of capital lease obligation (Note 8)	2,484	2,484
Total current liabilities	1,279,368	1,194,967
Capital lease obligation (Note 8)	4,002	6,211
Lease inducement	879	2,631
Total liabilities	1,284,249	1,203,809
Net Assets		
Net assets internally restricted for equipment replacement (Note 9)	35,685	34,763
Net assets internally restricted relating to congress funds (Note 9)	67,702	125,872
Net assets internally restricted for contingency purposes (Note 9)	700,000	700,000
Unrestricted net assets	1,139,950	814,931
Total net assets	1,943,337	1,675,566
Total net liabilities and net assets	3,227,586	2,879,375

Approved by the Board

Director

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, 2017

	2017	2016
	\$	\$
Revenue		
Membership dues	1,156,755	1,047,647
Annual meeting	1,008,779	1,124,625
Royalties (Note 10)	621,176	628,965
Advertising and sponsorship	115,500	69,000
Investment income	1,402	19,763
Other	41,334	35,849
Total revenue	2,944,946	2,925,849
Expenses		
Human resources	1,007,003	1,027,354
Annual meeting	806,744	799,724
Administration	332,854	335,719
Members' subscription to the Journal (Note 10)	145,606	136,850
Occupancy	86,255	83,824
Board	76,794	83,350
Publishing	56,512	57,685
Committees	25,473	54,616
Funding to organizations (Note 10)	20,000	21,444
Awards	16,998	19,165
Other	91,273	94,383
Amortization	11,663	24,319
Total expenses	2,677,175	2,738,433
Excess (deficiency) of revenue over expense before allocation	267,771	187,416
Equipment replacement allocation (Note 9)	(5,000)	(5,000)
Excess (deficiency) of revenue over expenses	262,771	182,416

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, 2017

	<i>Restricted for equipment replacement</i> \$	<i>Restricted congress funds</i> \$	<i>Restricted contingency funds</i> \$	<i>Unrestricted</i> \$	<i>2017</i> \$	<i>2016</i> \$
Net Assets, beginning of year	34,763	125,872	700,000	814,931	1,675,566	1,488,150
Excess (deficiency) of revenue over expenses	-	-	-	262,771	262,771	182,416
Net assets, before allocations	34,763	125,872	700,000	1,077,702	1,938,337	1,670,566
Allocation to equipment replacement fund (Note 9)	5,000	-	-	-	5,000	5,000
Purchases of capital assets (Note 9)	(4,078)	-	-	4,078	-	-
Unrestricting of congress funds for CAirs project (Note 9)	-	(58,170)	-	58,170	-	-
Net assets, end of year	35,685	67,702	700,000	1,139,950	1,943,337	1,675,566

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, 2017

	2017	2016
	\$	\$
Cash provided from (used for) the following activities		
Operating		
Cash receipts from members and activities	2,271,427	2,536,244
Cash paid to suppliers and employees	(2,475,027)	(2,807,698)
Royalties received	627,096	672,679
Interest Received	14,935	8,754
Total cash flows from (used for) operating activities	438,431	409,979
Financing		
Increase (decrease) in amounts due to related organizations	(15,060)	50,778
(Repayment) advance of capital lease obligation	(2,209)	(2,134)
Net increase (decrease) in amounts due to sections	32,014	14,572
Total cash flows from (used in) financing activities	14,745	63,216
Investing		
Purchase of capital assets	(4,078)	(6,202)
Purchase of investments	(418,929)	(243,960)
Redemption of investments	405,174	241,458
Total cash flows (used for) from investing activities	(17,833)	(8,704)
Increase (decrease) in cash	435,343	464,491
Cash, beginning of year	787,064	322,573
Cash, end of year	1,222,407	787,064
Cash is composed of:		
Operating accounts	1,059,578	611,326
Trust account	162,829	175,738
	1,222,407	787,064

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, 2017

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. The accounting policies of the company are in accordance with generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

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, 2017

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

	2017	2016
Annual Meetings		
2018	\$ -	\$ 48,255
2019	93,416	87,416
2020	2,000	2,000
	\$ 95,416	\$ 137,671

4. Capital assets

		Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$	24,916	\$ 13,944	\$ 10,972	\$ 13,306
Office equipment		17,495	10,864	6,631	10,179
Computer software		4,999	3,601	1,398	2,842
Furniture and fixtures		2,271	2,046	225	484
	\$	49,681	\$ 30,455	\$ 19,226	\$ 26,811

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements
For the year ended December 31, 2017

5. Deferred Revenue

The balance of deferred revenue consists of the following:

	2017	2016
Membership dues	\$ 398,200	\$ 377,536
Annual meeting and other deposits (i)	65,895	159,246
	\$ 464,095	\$ 536,782

(i) Included in annual meeting and other deposits are amounts totaling \$44,585 (2016 - \$52,280) (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, 2017, the following amounts were due to related organizations:

	2017	2016
Due to IEF	\$ 35,480	\$ 52,240
Due to CARF	28,357	26,198
Due to CPAS	8,485	8,944
	\$ 72,322	\$ 87,382

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 (2016 - \$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:

	2017	2016
IEF	\$ 56,000	\$ 45,000
CARF	44,000	38,000
	\$ 100,000	\$ 83,000

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements
For the year ended December 31, 2017

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:

	2017	2016
Balance, beginning of year	\$ 418,217	\$ 403,645
Sections' revenues collected during the year	56,581	50,311
Sections' expenses paid during the year	(24,567)	(35,739)
Balance, end of year	\$ 450,231	\$ 418,217

8. Capital lease obligation

	2017	2016
Photocopier lease, imputed interest of 3.48%, expires December 2020. Quarterly payments of principal and interest of \$621.	\$ 6,486	\$ 8,695
Less: Current portion	2,484	2,484
Long-term portion	\$ 4,002	\$ 6,211

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

2018	\$	2,484
2019		2,484
2020		1,863
		6,831
Less: imputed interest		(345)
		6,486
Less: current portion		(2,484)
	\$	4,002

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements
For the year ended December 31, 2017

9. Restriction on net assets

During 2017, the Society internally restricted \$5,000 (2016 - \$5,000) of unrestricted net assets to be held for future equipment replacement and utilized \$4,078 (2016 - \$6,202) of the fund balance for this purpose. As at December 31, 2017, the total funds held for future equipment replacement were \$35,686 (2016 - \$34,763).

Net assets relating to congress funds of \$76,409 (2016 - \$125,872) represent the proceeds from the 12th World Congress of Anesthesiologists 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 \$58,170 was incurred in 2017 (2016 - \$42,460) and \$nil was unspent at December 31, 2017.

The Society also has \$700,000 (2016 - \$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, 2017, the Society recognized royalties of \$608,196 (2016 - \$628,965) and remitted subscription fees of \$145,606 (2016 - \$136,850) 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 2017 is an allocation of \$35,000 (2016 - \$33,000) based on the proportion of staff time spent on the function. Included in Journal administration for 2017 is \$6,450 (2016 - \$10,000) of administration costs and included in Journal occupancy for 2017 is \$4,000 (2016 - \$4,000) based on the function usage.

Included in Annual Meeting human resources (staffing) for 2017 is an allocation of \$213,000 (2016 - \$231,000) based on the proportion of staff time spent on the function. Included in Annual Meeting administration for 2017 is \$35,350 (2016 - \$58,000) of administration costs and included in Annual Meeting occupancy for 2017 is \$25,000 (2016 - \$30,000) based on the function usage.

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Notes to the Financial Statements
For the year ended December 31, 2017

12. Commitments

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

2018	\$ 88,219
2019	89,467
2020	90,714
2021	91,961
2022 and thereafter	15,361
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	\$ 375,722
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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, 2017

	2017	2016
	\$	\$
Revenue		
Royalties (Note 10)	621,176	628,965
Advertising and sponsorship	-	4,000
Other	2,428	5,547
Total revenue	623,604	638,512
Expenses		
Human Resources (Note 11)	379,786	403,558
Members' subscription to the Journal (Note 10)	145,606	136,850
Administration (Note 11)	36,625	44,157
Publishing	24,713	43,712
Board	17,921	20,551
Occupancy (Note 11)	4,000	4,000
Other	-	7,870
Total expenses	608,651	660,698
Excess (deficiency) of revenue over expenses	14,953	(22,186)

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Schedule 2 - Supplementary Statement of Operations - Annual Meeting
For the year ended December 31, 2017

	2017	2016
	\$	\$
Revenue		
Annual Meeting		
Registration	655,394	785,201
Exhibits	203,565	158,580
Workshops	94,950	85,075
Social events	28,910	41,782
Total annual meeting revenue	982,819	1,070,638
Advertising and sponsorship	106,500	60,000
Other	25,960	53,987
Total revenue	1,115,279	1,184,625
Expenses		
Human Resources - staffing (Note 11)	235,757	281,867
Annual Meeting		
Program	318,678	279,148
External management	180,664	180,601
Registrant	156,467	192,954
Exhibit	83,818	41,583
Social Program	50,367	94,188
Sponsorship	16,750	11,250
Total annual meeting expenses	806,744	799,724
Adminsitration (Note 11)	105,070	127,877
Occupancy (Note 11)	25,000	30,000
Total expenses	1,172,571	1,239,468
Deficiency of revenue over expenses	(57,292)	(54,843)

**Canadian Anesthesiologists' Society/
Société Canadienne des Anesthésiologistes**
Schedule 3 - Supplementary Statement of Operations - All Other CAS

For the year ended December 31, 2017

	2017	2016
	\$	\$
Revenue		
Membership Dues	1,156,755	1,047,647
Advertising and sponsorship	9,000	5,000
Investment Income	1,402	19,763
Other	38,906	30,302
Total revenue	1,206,063	1,102,712
Expenses		
Human Resources	391,460	341,929
Administration	191,160	163,685
Board	58,872	62,799
Publishing	31,799	13,973
Occupancy	57,255	49,824
Committees	25,473	54,616
Funding to organizations (Note 6)	20,000	21,444
Awards	16,998	19,165
Other	91,273	86,513
Amortization	11,663	24,319
Total expenses	895,953	838,267
Excess of revenue over expense before allocation	310,110	264,445
Equipment replacement allocation (Note 9)	5,000	5,000
Excess of revenue over expenses	305,110	259,445