

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

December 31, 2015

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

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For the year ended December 31, 2015

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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, 2015, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 statement.

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, deficiency 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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario

June 9, 2016

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

**Canadian Anesthesiologists' Society /
Société canadienne des anesthésiologistes**
Statement of Financial Position

As at December 31, 2015

	2015	2014
Assets		
Current		
Cash	322,573	243,255
Investments	1,333,121	1,627,242
Accounts and other receivables	30,093	31,216
Government remittances recoverable	5,314	30,286
Prepaid expenses	160,318	146,007
	1,851,419	2,078,006
Long-term prepaid expenses	136,694	149,259
Long-term investments	360,123	332,401
Capital assets (Note 3)	44,928	34,934
Intangible assets (Note 4)	-	7
	2,393,164	2,594,607
Liabilities		
Current		
Accounts payable and accrued liabilities	162,872	158,523
Government remittances payable	991	1,992
Deferred revenue (Note 5)	285,690	334,504
Due to related organizations (Note 6)	36,604	126,748
Due to Sections (Note 7)	403,645	405,461
Current portion of capital lease obligation (Note 8)	2,484	2,492
	892,286	1,029,720
Capital lease obligation (Note 8)	8,345	-
Lease inducement	4,383	6,136
	905,014	1,035,856
Net Assets		
Net assets internally restricted for equipment replacement (Note 9)	35,965	14,259
Net assets internally restricted relating to congress funds (Note 9)	168,332	190,109
Net assets internally restricted for contingency purposes (Note 9)	700,000	700,000
Unrestricted net assets	583,853	654,383
	1,488,150	1,558,751
	2,393,164	2,594,607

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, 2015

	2015	2014
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Revenue		
Membership dues	1,124,968	1,098,243
Annual meeting	893,290	969,489
Royalties (Note 10)	648,429	561,123
Advertising and sponsorship	64,000	119,000
Investment income	33,601	76,830
Other	32,601	26,549
	<hr/>	<hr/>
	2,796,889	2,851,234
<hr/>		
Expenses		
Human resources	1,114,995	1,001,102
Annual meeting	867,820	978,964
Administration	369,729	429,878
Members' subscription to the Journal (Note 10)	145,075	144,523
Board	91,897	128,734
Occupancy	81,228	80,931
Publishing	50,847	45,665
Committees	37,720	50,088
Funding to organizations (Note 6)	25,020	25,181
Awards	13,407	16,024
Other	51,446	52,596
Amortization	18,306	9,497
	<hr/>	<hr/>
	2,867,490	2,963,183
<hr/>		
Deficiency of revenue over expenses before allocation	(70,601)	(111,949)
Equipment replacement allocation (Note 9)	(50,000)	(5,000)
<hr/>		
Deficiency of revenue over expenses	(120,601)	(116,949)
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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, 2015

	<i>Restricted for equipment replacement</i>	<i>Restricted congress funds</i>	<i>Restricted contingency funds</i>	<i>Unrestricted</i>	2015	2014
Net assets, beginning of year	14,259	190,109	700,000	654,383	1,558,751	1,670,700
Deficiency of revenue over expenses	-	-	-	(120,601)	(120,601)	(116,949)
	14,259	190,109	700,000	533,782	1,438,150	1,553,751
Allocation to equipment replacement fund <i>(Note 9)</i>	50,000	-	-	-	50,000	5,000
Purchase of capital assets <i>(Note 9)</i>	(28,294)	-	-	28,294	-	-
Unrestricting of congress funds for CAirs project <i>(Note 9)</i>	-	(21,777)	-	21,777	-	-
Net assets, end of year	35,965	168,332	700,000	583,853	1,488,150	1,558,751

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, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members and activities	2,085,401	2,470,068
Cash paid to suppliers and employees	(2,849,334)	(2,990,452)
Royalties received	647,940	551,785
Interest received	40,829	40,471
	(75,164)	71,872
Financing		
Increase in amounts due to related organizations	-	54,388
Decrease in amounts due to related organizations	(90,144)	-
Advance (repayment) of capital lease obligation	8,337	(3,201)
Net increase in amounts due to Sections	-	3,213
Net decrease in amounts due to Sections	(1,816)	-
	(83,623)	54,400
Investing		
Purchase of capital assets	(28,294)	(30,819)
Net purchase of investments	-	(126,566)
Net redemption of investments	266,399	-
	238,105	(157,385)
Increase (decrease) in cash	79,318	(31,113)
Cash, beginning of year	243,255	274,368
Cash, end of year	322,573	243,255
Cash is composed of:		
Operating accounts	286,332	181,559
Trust account	36,241	61,696
	322,573	243,255

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, 2015

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 is mostly comprised of 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* 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").

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.

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

Intangible assets

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

**Canadian Anesthesiologists' Society /
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Notes to the Financial Statements
For the year ended December 31, 2015

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. Capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer equipment	49,119	31,312	17,807	7,624
Office equipment	11,450	1,718	9,732	4,058
Computer software	28,244	12,957	15,287	20,625
Furniture and fixtures	39,536	37,434	2,102	2,627
	128,349	83,421	44,928	34,934

4. Intangible assets

	2015	2014
Trademarks		
Cost	5,354	5,354
Accumulated amortization	(5,354)	(5,347)
	-	7

**Canadian Anesthesiologists' Society /
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Notes to the Financial Statements
For the year ended December 31, 2015

5. Deferred revenue

The balance of deferred revenue consists of the following:

	2015	2014
Membership dues	190,606	214,541
Annual Meeting and other deposits (i)	95,084	119,963
	285,690	334,504

(i) Included in Annual meeting and other deposits are amounts totaling \$33,650 (2014 - \$54,375) (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 some 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, 2015, the following amounts were due to related organizations:

	2015	2014
Due to IEF	8,754	9,307
Due to CARF	17,637	21,056
Due to CPAS	10,213	96,385
	36,604	126,748

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 (2014 - \$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:

	2015	2014
IEF	49,500	50,000
CARF	48,500	52,000
CPAS	-	2,000
	98,000	104,000

**Canadian Anesthesiologists' Society /
Société canadienne des anesthésiologistes**
Notes to the Financial Statements
For the year ended December 31, 2015

7. Due to Sections

The Society performs bookkeeping services on behalf of various internal organizations ("Sections"). 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:

	2015	2014
Balance, beginning of year	405,461	402,248
Sections' revenues collected during the year	49,391	56,891
Sections' expenses paid during the year	(51,207)	(53,678)
Balance, end of year	403,645	405,461

8. Capital lease obligation

	2015	2014
Photocopier lease, imputed interest of 3.48%, expires December 2020. Quarterly payments of principal and interest of \$621.	10,829	-
Photocopier lease, imputed interest of 3.31%, expires December 2015. Quarterly payments of principal and interest of \$840.	-	2,492
	10,829	2,492
Less: Current portion	2,484	2,492
	8,345	-

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

2016	2,484
2017	2,484
2018	2,484
2019	2,484
2020	1,863
	11,799
Less: imputed interest	(970)
	10,829
Less: current portion	(2,484)
	8,345

**Canadian Anesthesiologists' Society /
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Notes to the Financial Statements
For the year ended December 31, 2015

9. Restriction on net assets

During the year, the Society internally restricted \$50,000 (2014 - \$5,000) of unrestricted net assets to be held for future equipment replacement and utilized \$28,294 (2014 - \$30,819) of the fund balance for this purpose. As at December 31, 2015, the total funds held for future equipment replacement were \$35,965 (2014 - \$14,259).

Net assets relating to congress funds of \$168,332 (2014 - \$190,109) represent the proceeds from the 12th World Congress of Anaesthesiologists hosted by the CAS in June 2000, which are internally restricted for endowment purposes. During the year, 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 approved the unrestricting of previously restricted congress funds totaling \$21,777.

The Society also has \$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 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, 2018, the Society manages the content of the Journal and Springer publishes and distributes the Journal in exchange for all 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 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, 2015, the Society recognized royalties of \$648,429 (2014 - \$561,123) and remitted subscription fees of \$145,075 (2014 - \$144,523) 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 is an allocation of \$39,000 (2014 - \$32,400) based on the proportion of staff time spent on the function. Included in Journal administration is \$11,000 (2014 - \$7,500) of administration costs and included in Journal occupancy is \$5,000 (2014 - \$4,500) based on the function usage.

Included in Annual Meeting human resources (staffing) is an allocation of \$244,000 (2014 - \$182,000) based on the proportion of staff time spent on the function. Included in Annual Meeting administration is \$72,000 (2014 - \$44,000) of administration costs and included in Annual Meeting occupancy is \$31,000 (2014 - \$25,000) based on the function usage.

12. Commitments

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

2016	87,547
2017	15,829
	<hr/>
	103,376

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, 2015

	2015	2014
Revenue		
Royalties (Note 10)	648,429	561,123
Advertising and sponsorship	4,000	4,000
Other	4,881	6,472
	657,310	571,595
Expenses		
Human resources (Note 11)	427,589	378,903
Administration (Note 11)	38,646	29,789
Members' subscription to the Journal (Note 10)	145,075	144,523
Board	20,335	32,563
Occupancy (Note 11)	5,000	4,500
Publishing	37,198	33,295
Other	11,426	9,685
	685,269	633,258
Deficiency of revenue over expenses	(27,959)	(61,663)

**Canadian Anesthesiologists' Society /
Société canadienne des anesthésiologistes**
Schedule 2 - Supplementary Statement of Operations - Annual Meeting
For the year ended December 31, 2015

	2015	2014
Revenue		
Annual meeting		
Registration	634,315	671,161
Exhibits	190,150	208,630
Social events	35,375	45,848
Workshops	33,450	43,850
	893,290	969,489
Advertising and sponsorship	55,000	115,000
	948,290	1,084,489
Expenses		
Human resources		
Staffing (Note 11)	266,677	238,134
Annual meeting		
Registrant	254,108	321,963
Program	278,146	260,851
External management	180,798	213,650
Social program	79,098	104,073
Exhibit	66,920	56,927
Sponsorship	8,750	21,500
	867,820	978,964
Administration (Note 11)	155,281	110,088
Occupancy (Note 11)	31,000	25,000
	1,320,778	1,352,186
Deficiency of revenue over expenses	(372,488)	(267,697)

**Canadian Anesthesiologists' Society /
Société canadienne des anesthésiologistes**
Schedule 3 - Supplementary Statement of Operations - All Other CAS
For the year ended December 31, 2015

	2015	2014
Revenue		
Membership dues	1,124,968	1,098,243
Advertising and sponsorship	5,000	-
Investment income	33,601	76,830
Other	27,720	20,077
	1,191,289	1,195,150
Expenses		
Human resources	420,729	384,065
Administration	175,802	290,001
Board	71,562	96,171
Occupancy	45,228	51,431
Publishing	13,649	12,370
Committees	37,720	50,088
Funding to organizations (Note 6)	25,020	25,181
Awards	13,407	16,024
Other	40,020	42,911
Amortization	18,306	9,497
	861,443	977,739
Excess of revenue over expenses before allocation	329,846	217,411
Equipment replacement allocation (Note 9)	50,000	5,000
Excess of revenue over expenses	279,846	212,411