Canadian Anesthesiologists' Society /
Société canadienne des anesthésiologistes

Financial Statements

December 31, 2010

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Anesthesiologists' Society /Société canadienne des anesthésiologistes, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, statement of changes in net assets and statement of 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 generally accepted accounting principles, 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 auditor's 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 audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Anesthesiologists' Society /Société canadienne des anesthésiologistes as at December 31, 2010, 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
May 27, 2011

Statement of Financial Position
December 31, 2010

	2010	2009
Assets		
Current		
Cash	**$ 367,428**	$ 206,616
Investments	**1,688,451**	1,273,620
Accounts receivable	**62,760**	55,346
Prepaid expenses - current portion	**193,870**	131,043
	2,312,509	1,666,625
Investment	**100,000**	100,000
Prepaid expenses	**56,211**	128,983
Capital assets *(note 4)*	**41,270**	52,161
Intangible assets *(note 5)*	**3,357**	4,354
	$ 2,513,347	$ 1,952,123
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 165,197**	$ 214,321
Deferred revenue *(note 6)*	**540,334**	237,606
Due to related organizations *(note 7)*	**60,947**	43,390
Due to Sections *(note 8)*	**299,862**	278,648
Current portion of capital lease obligation *(note 9)*	**2,908**	3,549
	1,069,248	777,514
Capital lease obligation *(note 9)*	**11,801**	-
	1,081,049	777,514
Net Assets		
Net assets internally restricted for equipment replacement *(note 10)*	**30,771**	29,291
Net assets internally restricted relating to congress funds *(note 10)*	**190,109**	190,109
Unrestricted net assets	**1,211,418**	955,209
	1,432,298	1,174,609
	$ 2,513,347	$ 1,952,123

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

Approved by the Board

Signed: ______________________ Signed: ______________________

Director Director

Statement of Operations
for the year ended December 31, 2010

		2010		2009
Revenue				
Annual meeting	**$**	**1,070,944**	$	1,025,783
Membership dues		**1,019,827**		919,424
Royalty and subscription *(note 11)*		**787,500**		750,000
Advertising and sponsorship		**264,700**		189,314
Investment income		**37,675**		35,626
Reprint and supplements		**-**		211
Other		**16,631**		14,472
		3,197,277		2,934,830
Expenses				
Human resources		**1,099,172**		1,148,976
Annual meeting		**929,492**		866,050
Administration		**429,834**		343,406
Members' subscription to CJA *(note 11)*		**153,820**		150,619
Board		**103,632**		100,263
Occupancy		**74,437**		84,181
Publishing		**38,413**		41,729
Committees		**33,429**		40,617
Funding to organizations *(note 7)*		**24,837**		23,391
Awards		**8,627**		10,043
Other		**19,092**		36,858
Amortization		**28,523**		26,748
		2,943,308		2,872,881
Excess of revenue over expenses before allocation		**253,969**		61,949
Equipment replacement allocation *(note 10)*		**2,500**		2,500
Excess of revenue over expenses	**$**	**251,469**	$	59,449

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

Supplementary Statement of Operations - Journal
for the year ended December 31, 2010

	2010	2009
Revenue		
Membership dues - allocation	**$ 153,820**	$ 150,619
Royalty and subscription *(note 11)*	**787,500**	750,000
Advertising and sponsorship	**8,000**	8,000
Reprint and supplements	**-**	211
Other	**6,483**	7,925
	955,803	916,755
Expenses		
Human resources *(note 14)*	**347,386**	323,565
Administration *(note 14)*	**16,556**	14,371
Members' subscription to CJA *(note 11)*	**153,820**	150,619
Board	**30,935**	23,280
Occupancy *(note 14)*	**3,500**	-
Publishing	**29,941**	36,023
Other	**530**	-
Amortization	**-**	5,624
	582,668	553,482
Excess of revenue over expenses	**$ 373,135**	$ 363,273

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

Supplementary Statement of Operations - Annual Meeting
for the year ended December 31, 2010

	2010	2009
Revenue		
Annual meeting		
Registration	**$ 759,449**	$ 689,311
Exhibits	**250,037**	259,674
Workshops	**37,873**	47,673
Social events	**23,585**	29,125
	1,070,944	1,025,783
Sponsorship	**254,700**	181,200
	1,325,644	1,206,983
Expenses		
Human resources		
External management	**236,030**	131,475
Staffing *(note 14)*	**166,395**	164,707
	402,425	296,182
Annual meeting		
Registrant	**399,876**	421,956
Program	**321,859**	229,714
Sponsorship	**101,752**	101,082
Social program	**60,672**	36,618
Exhibit	**45,333**	76,680
	929,492	866,050
Administration *(note 14)*	**68,164**	9,158
Occupancy *(note 14)*	**19,500**	-
	1,419,581	1,171,390
(Deficiency) excess of revenue over expenses	**$ (93,937)**	$ 35,593

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

Supplementary Statement of Operations - All Other CAS
for the year ended December 31, 2010

	2010	2009
Revenue		
Membership dues	**$ 1,019,827**	$ 919,424
Less: allocation to Journal	**(153,820)**	(150,619)
	866,007	768,805
Investment income	**37,675**	35,626
Advertising and sponsorship	**2,000**	114
Other	**10,148**	6,547
	915,830	811,092
Expenses		
Human resources	**349,361**	529,229
Administration	**345,114**	319,877
Board	**72,697**	76,983
Occupancy	**51,437**	84,181
Publishing	**8,472**	5,706
Committees	**33,429**	40,617
Funding to organizations *(note 7)*	**24,837**	23,391
Awards	**8,627**	10,043
Other	**18,562**	36,858
Amortization	**28,523**	21,124
	941,059	1,148,009
Deficiency of revenue over expenses before allocation	**(25,229)**	(336,917)
Equipment replacement allocation	**2,500**	2,500
Deficiency of revenue over expenses	**$ (27,729)**	$ (339,417)

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

Statement of Changes in Net Assets
for the year ended December 31, 2010

	Restricted for equipment replacement	Restricted congress funds	Unrestricted	**2010**	2009
Net Assets					
Balance, beginning of year	$ 29,291	$ 190,109	$ 955,209	**$1,174,609**	$1,109,632
Excess of revenues over expenses	-	-	251,469	**251,469**	59,449
Allocation to equipment replacement fund *(note 10)*	2,500	-	-	**2,500**	2,500
Purchase of capital assets *(note 10)*	(1,020)	-	1,020	**-**	-
Reclassification adjustment for realized (gains) losses included in excess of revenue over expenses	-	-	(61)	**(61)**	422
Unrealized gains on available-for-sale financial assets arising during the year	-	-	3,781	**3,781**	2,606
Balance, end of year	$ 30,771	$ 190,109	$1,211,418	**$1,432,298**	$1,174,609

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

Statement of Cash Flows
for the year ended December 31, 2010

	2010	2009
Cash flows from operating activities		
Cash receipts from members and activities	**$ 3,307,547**	$ 2,916,774
Cash paid to suppliers and employees	**(2,806,594)**	(2,685,371)
Interest received	**46,349**	39,157
	547,302	270,560
Cash flows from investing activities		
Purchase of capital assets	**(1,020)**	(19,769)
Purchase of intangible asset	**(67)**	(3,266)
Net purchase of investments	**(419,785)**	(295,913)
	(420,872)	(318,948)
Cash flows from financing activities		
Net increase (decrease) in amounts due to related organizations	**17,557**	(61,576)
Net increase of funds due to Sections	**21,214**	8,074
Repayment of capital lease obligation	**(4,389)**	(4,363)
	34,382	(57,865)
Increase (decrease), in cash	**160,812**	(106,253)
Cash, beginning of year	**206,616**	312,869
Cash, end of year	**$ 367,428**	$ 206,616
Non-cash transactions:		
Capital asset addition subject to capital lease obligation	**$ 15,549**	$ -

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

Notes to Financial Statements
December 31, 2010

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 ("GAAP") 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 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 obligation 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.

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 GAAP 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.

3. Future Changes in Accounting Policies

Canadian Generally Accepted Accounting Principles

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for Canadian publicly accountable profit-oriented enterprises. In December 2010, the AcSB issued a new set of accounting standards developed specifically for Canadian private sector not-for-profit organizations.

Not-for-profit organizations can continue to use the current Canadian GAAP until fiscal years beginning on or after January 1, 2012. At that time they must adopt either accounting standards for not-for-profit organizations or IFRS. The adoption of either set of standards may require adjustments to the comparative figures for the prior year.

The Organization has decided to early adopt accounting standards for not-for-profit organizations effective January 1, 2011.

4. Capital Assets

			2010	2009
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Computer equipment	**$ 40,159**	**$ 24,823**	**$ 15,336**	$ 23,539
Leasehold improvements	**43,390**	**39,571**	**3,819**	12,497
Office equipment	**31,078**	**15,314**	**15,764**	6,368
Computer software	**7,482**	**4,804**	**2,678**	4,902
Furniture and fixtures	**37,586**	**33,913**	**3,673**	4,855
CJA online	**83,854**	**83,854**	**-**	-
	$ 243,549	**$ 202,279**	**$ 41,270**	$ 52,161

5. Intangible Assets

			2010	2009
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Trademarks	**$ 5,354**	**$ 1,997**	**$ 3,357**	$ 4,354

6. Deferred Revenue

The balance of deferred revenue consists of the following:

	2010	2009
Annual meeting and other deposits	**$ 170,252**	$ 121,261
Membership dues	**370,082**	116,345
	$ 540,334	$ 237,606

7. Related Organizations

The Society, Canadian Anesthesiologists' Society International Education Foundation – Fondation d'éducation internationale de la Société canadienne des anesthésiologistes ("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, 2010, the following amounts are due to related organizations:

	2010	2009
Due to IEF	**$ 12,010**	$ 11,598
Due to CARF	**14,546**	4,627
Due to CPAS	**34,391**	27,165
	$ 60,947	$ 43,390

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

7. Related Organizations - continued

The Society made a cash donation of $20,000 (2009 - $20,000) 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:

	2010	2009
Donated services to CARF	**$ 34,300**	$ 14,100
Donated services to IEF	**25,700**	11,800
	$ 60,000	$ 25,900

In addition to the services donated above, the Society also donated overhead with an estimated fair value of $17,700 (2009 - $NIL) and $13,300 (2009 - $NIL) to CARF and IEF, respectively.

8. Due to Sections

The Society performs bookkeeping services on behalf of 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:

	2010	2009
Balance, beginning of year	**$ 278,648**	$ 270,574
Sections' revenues collected during the year	**79,934**	63,289
Sections' expenses paid during the year	**(58,720)**	(55,215)
Balance, end of year	**$ 299,862**	$ 278,648

9. Capital Lease Obligation

	2010	2009
Photocopier lease, imputed interest of 10.00%, expired in December 2010. Quarterly payments of principal and interest of $1,247.	**$ -**	$ 3,549
Photocopier lease, imputed interest of 3.31%, expires December 2015. Quarterly payments of principal and interest of $840.	**14,709**	-
	14,709	3,549
Less: Current portion	**2,908**	3,549
	$ 11,801	$ -

10. Restrictions on Net Assets

During the year, the Society internally restricted $2,500 (2009 - $2,500) of unrestricted net assets to be held for future equipment replacement and utilized $1,020 (2009 - $19,769) of the fund balance for this purpose. As at December 31, 2010, the total funds held for future equipment replacement are $30,771 (2009 - $29,291).

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, 2010, the Society recognized royalty fees of $787,500 (2009 - $750,000) and remitted subscription fees of $153,820 (2009 - $150,619) from/to Springer, respectively.

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:

	2010	2009
Unrealized losses included in unrestricted net assets, beginning of year	**$ (1,248)**	$ (4,276)
(Gains) losses realized during the year	**(61)**	422
Unrealized gains arising during the year	**3,781**	2,606
Unrealized gains (losses) included in unrestricted net assets, end of year	**$ 2,472**	$ (1,248)

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, 2010.

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 $117,500 (2009 - $92,010) based on the proportion of staff time spent on the function. Included in Annual Meeting administration is $42,000 (2009 - $NIL) of administration costs and included in Annual Meeting occupancy is $19,500 (2009 - $NIL) based on the function usage.

Included in Journal human resources is an allocation of $21,000 (2009 - $NIL) based on the proportion of staff time spent on the function. Included in Journal administration is $7,500 (2009 - $NIL) of administration costs and included in Journal occupancy is $3,500 (2009 - $NIL) based on the function usage.

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.

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.