

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

**Financial Statements**

**December 31, 2012 and 2011**

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*December 31, 2012 and 2011*

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## Independent Auditor's 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 statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets, and cash flows for the years ended December 31, 2012 and December 31, 2011, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

## 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, 2012, December 31, 2011 and January 1, 2011, and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*MNP LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
July 29, 2013

Canadian Anesthesiologists' Society / Société canadienne des anesthésiologistes

**Statements of Financial Position**

	December 31, 2012	December 31, 2011	January 1, 2011
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 526,857	\$ 464,433	\$ 347,612
Investments	2,192,061	2,030,176	1,708,267
Accounts receivable	19,898	11,399	62,760
Prepaid expenses - current portion	159,126	126,576	193,870
	<b>2,897,942</b>	<b>2,632,584</b>	<b>2,312,509</b>
Investment	-	100,000	100,000
Prepaid expenses	94,151	66,750	56,211
Capital assets (note 4)	17,276	24,439	41,270
Intangible assets (note 5)	1,216	2,286	3,357
	<b>\$ 3,010,585</b>	<b>\$ 2,826,059</b>	<b>\$ 2,513,347</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 220,726	\$ 124,934	\$ 128,293
Government remittances payable	3,335	9,473	36,904
Deferred revenue (note 6)	433,300	373,522	540,334
Due to related organizations (note 7)	101,777	210,957	60,947
Due to Sections (note 8)	389,139	317,812	299,862
Current portion of capital lease obligation (note 9)	3,103	3,005	2,908
	<b>1,151,380</b>	<b>1,039,703</b>	<b>1,069,248</b>
Capital lease obligation (note 9)	5,693	8,796	11,801
Lease inducement	7,926	2,609	-
	<b>1,164,999</b>	<b>1,051,108</b>	<b>1,081,049</b>
<b>Net Assets</b>			
Net assets internally restricted for equipment replacement (note 10)	38,167	35,771	30,771
Net assets internally restricted relating to congress funds (note 10)	190,109	190,109	190,109
Unrestricted net assets	1,617,310	1,549,071	1,211,418
	<b>1,845,586</b>	<b>1,774,951</b>	<b>1,432,298</b>
	<b>\$ 3,010,585</b>	<b>\$ 2,826,059</b>	<b>\$ 2,513,347</b>

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

Approved by the Board

Signed:

Signed:

Director

Director

**Statements of Operations**

*for the years ended December 31, 2012 and 2011*

	2012	2011 (note 15)
<b>Revenue</b>		
Membership dues	\$ 1,108,224	\$ 1,063,554
Annual meeting	1,073,320	1,234,730
Royalty and subscription (note 11)	868,219	826,875
Advertising and sponsorship	182,500	222,165
Investment income	65,207	113,172
Other	60,143	12,107
	<b>3,357,613</b>	<b>3,472,603</b>
<b>Expenses</b>		
Annual meeting	1,362,542	1,223,658
Human resources	992,902	946,544
Administration	391,485	345,677
Members' subscription to CJA (note 11)	152,878	151,289
Board	106,559	112,792
Occupancy	82,527	83,915
Publishing	60,477	43,140
Funding to organizations (note 7)	49,454	114,167
Committees	34,726	47,522
Awards	7,621	14,912
Other	34,969	28,433
Amortization	10,838	17,901
	<b>3,286,978</b>	<b>3,129,950</b>
<b>Excess of revenue over expenses before allocation</b>	<b>70,635</b>	<b>342,653</b>
Equipment replacement allocation (note 10)	5,000	5,000
<b>Excess of revenue over expenses</b>	<b>\$ 65,635</b>	<b>\$ 337,653</b>

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

**Supplementary Statements of Operations - Journal**  
*for the years ended December 31, 2012 and 2011*

	2012	2011
<b>Revenue</b>		
Membership dues - allocation <i>(note 11)</i>	\$ 152,878	\$ 151,289
Royalty and subscription <i>(note 11)</i>	868,219	826,875
Advertising and sponsorship	7,500	7,665
Other	46,653	65
	<b>1,075,250</b>	<b>985,894</b>
<b>Expenses</b>		
Human resources <i>(note 12)</i>	378,005	358,123
Administration <i>(note 12)</i>	27,159	36,428
Members' subscription to CJA <i>(note 11)</i>	152,878	151,289
Board	25,830	21,081
Occupancy <i>(note 12)</i>	3,000	3,500
Publishing	48,271	32,159
Funding to organizations	-	90,000
Committees	300	-
	<b>635,443</b>	<b>692,580</b>
<b>Excess of revenue over expenses</b>	<b>\$ 439,807</b>	<b>\$ 293,314</b>

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

**Supplementary Statements of Operations - Annual Meeting**  
*for the years ended December 31, 2012 and 2011*

	2012	2011
<b>Revenue</b>		
Annual meeting		
Registration	\$ 753,641	\$ 817,472
Exhibits	241,583	321,714
Social events	42,561	59,564
Workshops	35,535	35,980
	<b>1,073,320</b>	<b>1,234,730</b>
Advertising and sponsorship	175,000	214,500
	<b>1,248,320</b>	<b>1,449,230</b>
<b>Expenses</b>		
Human resources		
Staffing (note 12)	199,967	184,603
Annual meeting		
Registrant	454,650	366,509
Program	428,396	371,106
External management	232,355	228,942
Social program	117,066	115,862
Sponsorship	76,250	72,125
Exhibit	53,825	69,114
	<b>1,362,542</b>	<b>1,223,658</b>
Administration (note 12)	110,273	61,636
Occupancy (note 12)	22,000	20,500
	<b>1,694,782</b>	<b>1,490,397</b>
<b>Deficiency of revenue over expenses</b>	<b>\$ (446,462)</b>	<b>\$ (41,167)</b>

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



**Supplementary Statements of Operations - All Other CAS**  
*for the years ended December 31, 2012 and 2011*

	2012	2011 (note 15)
<b>Revenue</b>		
Membership dues	\$ 1,108,224	\$ 1,063,554
Less: allocation to Journal <i>(note 11)</i>	(152,878)	(151,289)
	955,346	912,265
Investment income	65,207	113,172
Other	13,490	12,042
	<b>1,034,043</b>	<b>1,037,479</b>
<b>Expenses</b>		
Human resources	414,930	403,818
Administration	254,053	247,613
Board	80,729	91,711
Occupancy	57,527	59,915
Publishing	12,206	10,981
Funding to organizations	49,454	24,167
Committees	34,426	47,522
Awards	7,621	14,912
Other	34,969	28,433
Amortization	10,838	17,901
	<b>956,753</b>	<b>946,973</b>
<b>Excess of revenue over expenses before allocation</b>	<b>77,290</b>	<b>90,506</b>
Equipment replacement allocation <i>(note 10)</i>	5,000	5,000
<b>Excess of revenue over expenses</b>	<b>\$ 72,290</b>	<b>\$ 85,506</b>

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

**Statements of Changes in Net Assets**  
*for the years ended December 31, 2012 and 2011*

	Restricted for equipment replacement	Restricted congress funds	Unrestricted	2012	2011 (note 15)
<b>Net Assets</b>					
<b>Balance, beginning of year</b>	\$ 35,771	\$ 190,109	\$1,549,071	<b>\$1,774,951</b>	\$1,432,298
Excess of revenues over expenses	-	-	65,635	<b>65,635</b>	337,653
Allocation to equipment replacement fund <i>(note 10)</i>	5,000	-	-	<b>5,000</b>	5,000
Purchase of capital assets <i>(note 10)</i>	(2,604)	-	2,604	-	-
<b>Balance, end of year</b>	\$ 38,167	\$ 190,109	\$1,617,310	<b>\$1,845,586</b>	\$1,774,951

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

**Statements of Cash Flows**

*for the years ended December 31, 2012 and 2011*

	2012	2011
<b>Cash flows from operating activities</b>		
Cash receipts from members and activities	\$ 3,190,858	\$ 3,057,125
Cash paid to suppliers and employees	(3,088,294)	(2,896,620)
Interest received	59,738	60,944
	<b>162,302</b>	<b>221,449</b>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(2,604)	-
Net purchase of investments	(56,416)	(269,680)
	<b>(59,020)</b>	<b>(269,680)</b>
<b>Cash flows from financing activities</b>		
Net (decrease) increase in amounts due to related organizations	(109,180)	150,010
Net increase in amounts due to Sections	71,327	17,950
Repayment of capital lease obligation	(3,005)	(2,908)
	<b>(40,858)</b>	<b>165,052</b>
<b>Increase in cash</b>	<b>62,424</b>	<b>116,821</b>
<b>Cash, beginning of year</b>	<b>464,433</b>	<b>347,612</b>
<b>Cash, end of year</b>	<b>\$ 526,857</b>	<b>\$ 464,433</b>

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

**Notes to Financial Statements**

*December 31, 2012 and 2011*

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**1. Purpose of the Society**

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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. Basis of Presentation**

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Effective January 1, 2012, the Society adopted the requirements of the Canadian Institute of Chartered Accountants ("CICA") Handbook and has adopted Canadian accounting standards for not-for-profit organizations ("ASNPO"). This framework is in accordance with Canadian generally accepted accounting principles. These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively (see note 15).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of a opening statement of financial position at January 1, 2011, which is the Society's date of transition to ASNPO.

The Society previously issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V ("Previous GAAP"). Upon the adoption of ASNPO, the Society is now required to include unrealized gains and losses on its investments in investment income within the statement of operations. This differs from the available-for-sale investment policy previously used by the Society under Previous GAAP, which required that unrealized gains and losses be recorded as direct increases and decreases in net assets until they were realized. This change in standard has resulted in changes to the previously reported investment income and excess of revenue over expenses for the year ended December 31, 2011. The adjustments have been reflected in the comparative statement of operations and statement of changes in net assets (see note 15). Certain of the Society's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

**Notes to Financial Statements**

*December 31, 2012 and 2011*

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**3. Summary of Significant Accounting Policies**

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**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 financial 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 receivable.

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 excess of revenue over expenses. 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 excess of revenue over expenses.

**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

**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 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.

**Notes to Financial Statements**

December 31, 2012 and 2011

**3. Summary of Significant Accounting Policies - continued**

**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.

**Reclassifications**

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

**4. Capital Assets**

			December 31, 2012	December 31, 2011	January 1, 2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Computer equipment	\$ 26,611	\$ 21,721	\$ 4,890	\$ 9,622	\$ 15,336
Leasehold improvements	43,390	43,390	-	-	3,819
Office equipment	31,733	23,452	8,281	11,035	15,764
Computer software	7,482	7,482	-	844	2,678
Furniture and fixtures	39,536	35,431	4,105	2,938	3,673
	<b>\$ 148,752</b>	<b>\$ 131,476</b>	<b>\$ 17,276</b>	<b>\$ 24,439</b>	<b>\$ 41,270</b>

**5. Intangible Assets**

			December 31, 2012	December 31, 2011	January 1, 2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Trademarks	\$ 5,354	\$ 4,138	\$ 1,216	\$ 2,286	\$ 3,357

**Notes to Financial Statements**

*December 31, 2012 and 2011*

**6. Deferred Revenue**

The balance of deferred revenue consists of the following:

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Annual meeting and other deposits	\$ 158,380	\$ 85,182	\$ 170,252
Membership dues	274,920	288,340	370,082
	<b>\$ 433,300</b>	<b>\$ 373,522</b>	<b>\$ 540,334</b>

**7. Related Organizations**

The Society, Canadian Anesthesiologists' Society International Education Foundation – Fondation d'éducation internationale de la Société canadienne des anesthésiologistes ("IEF"), Canadian Anesthesia 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.

As at December 31, 2012, the following amounts are due to related organizations:

	<b>December 31, 2012</b>	December 31, 2011	January 1, 2011
Due to IEF	\$ 17,728	\$ 47,281	\$ 12,010
Due to CARF	21,850	117,489	14,546
Due to CPAS	62,199	46,187	34,391
	<b>\$ 101,777</b>	<b>\$ 210,957</b>	<b>\$ 60,947</b>

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

During the year, the Society made a donation of \$20,000 (2011 - \$110,000) to CARF, which is included in funding to organizations expense.

**Notes to Financial Statements**

December 31, 2012 and 2011

**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 is paid to the Sections on an annual basis. All amounts are unsecured and due on demand.

Amounts due to Sections consist of the following:

	December 31, 2012	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 317,812	\$ 299,862	\$ 278,648
Sections' revenues collected during the year	105,078	70,571	79,934
Sections' expenses paid during the year	(33,751)	(52,621)	(58,720)
Balance, end of year	<u>\$ 389,139</u>	<u>\$ 317,812</u>	<u>\$ 299,862</u>

**9. Capital Lease Obligation**

	December 31, 2012	December 31, 2011	January 1, 2011
Photocopier lease, imputed interest of 3.31%, expires December 2015. Quarterly payments of principal and interest of \$840.	\$ 8,796	\$ 11,801	\$ 14,709
Less: Current portion	3,103	3,005	2,908
	<u>\$ 5,693</u>	<u>\$ 8,796</u>	<u>\$ 11,801</u>

**10. Restrictions on Net Assets**

During the year, the Society internally restricted \$5,000 (2011 - \$5,000) of unrestricted net assets to be held for future equipment replacement and utilized \$2,604 (2011 - \$Nil) of the fund balance for this purpose. As at December 31, 2012, the total funds held for future equipment replacement are \$38,167 (December 31, 2011 - \$35,771; January 1, 2011 - \$30,771).

Net assets relating to congress funds of \$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.

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



**Notes to Financial Statements**

*December 31, 2012 and 2011*

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**11. Royalty and Subscription Revenue and Expenses**

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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, 2013, the Society manages the content of the Journal and Springer publishes and distributes 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, 2012, the Society recognized royalty fees of \$868,219 (2011 - \$826,875) and remitted subscription fees of \$152,878 (2011 - \$151,289) from/to Springer, respectively.

**12. Allocation of Expenses**

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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.

Included in Journal human resources is an allocation of \$19,000 (2011 - \$22,000) based on the proportion of staff time spent on the function. Included in Journal administration is \$6,000 (2011 - \$7,500) of administration costs and included in Journal occupancy is \$3,000 (2011 - \$3,500) based on the function usage.

Included in Annual Meeting human resources (staffing) is an allocation of \$141,000 (2011 - \$121,000) based on the proportion of staff time spent on the function. Included in Annual Meeting administration is \$45,000 (2011 - \$41,500) of administration costs and included in Annual Meeting occupancy is \$22,000 (2011 - \$20,500) based on the function usage.

**13. Lease Commitments**

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

2013	\$	83,960
2014		85,676
2015		85,832
2016		87,547
2017		15,829
	\$	358,844

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**Notes to Financial Statements**

December 31, 2012 and 2011

**14. 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.

**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.

**15. First-Time Adoption of ASNPO**

**Recognition of investment income**

The above noted change, as described in note 2, had no impact on the previously reported assets, liabilities and net assets of the Society as at January 1, 2011 and December 31, 2011, as the investments were measured at fair market value at those dates under Previous GAAP.

The effect of the requirement to include unrealized gains and losses in investment income on the Society's statement of operations and statement of changes in net assets for the year ended December 31, 2011 is as follows:

	<b>Previous GAAP</b>	<b>Adjustment</b>	<b>ASNPO</b>
<b>Statement of Operations</b>			
Investment income	\$ 75,148	\$ 38,024	\$ 113,172
Excess of revenue over expenses	\$ 299,629	\$ 38,024	\$ 337,653
<b>Statement of Changes in Net Assets</b>			
Reclassification adjustment for realized gains included in excess of revenue over expenses	\$ (2,472)	\$ 2,472	\$ -
Unrealized gains on available-for-sale financial assets arising during the year	\$ 40,496	\$ (40,496)	\$ -

The adoption of ASNPO had no effect on the Society's statement of cash flows for the year ended December 31, 2011.