

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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BENTLEY, BRATCHER & ASSOCIATES, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
World Federation of Societies of Anaesthesiologists

We have audited the accompanying statements of financial position of World Federation of Societies of Anaesthesiologists (the "Federation") (a non-profit organization) as of December 31, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks assessments, the auditor considers internal controls relevant to the Federation'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 Federation's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Federation of Societies of Anaesthesiologists at December 31, 2019 and 2018, and its changes in net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.


BENTLEY, BRATCHER & ASSOCIATES, P.C.
Houston, Texas
June 4, 2020

WORLD FEDERATION OF SOCIETIES OF ANAESTHESIOLOGISTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
ASSETS		
Cash and Cash Equivalents, Note 1	\$ 186,913	\$ 160,171
Investments - Fair Value, Notes 1 and 4	2,546,419	2,284,374
Debtors, Note 1	175,244	74,154
TOTAL ASSETS	<u>\$ 2,908,576</u>	<u>\$ 2,518,699</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Funds Held on Behalf of Federation Members, Note 7	\$ 43,021	\$ 43,021
Creditors, Note 8	251,340	116,749
TOTAL LIABILITIES	<u>294,361</u>	<u>159,770</u>
NET ASSETS		
Without Donor Restrictions	2,227,718	2,128,372
With Donor Restrictions, Note 9	386,497	230,557
TOTAL NET ASSETS	<u>2,614,215</u>	<u>2,358,929</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,908,576</u>	<u>\$ 2,518,699</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

WORLD FEDERATION OF SOCIETIES OF ANAESTHESIOLOGISTS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Gains without Donor Restrictions		
Interest and Dividend Income	\$ 30,997	\$ 28,596
Unrealized/Realized Gains (Losses) on Sale of Investments	500,211	80,031
Membership Dues	531,288	501,614
Donations	15,945	62,376
Foreign Exchange Loss	<u>(17,817)</u>	<u>(13,368)</u>
Total Revenue and Gains Without Donor Restrictions	<u>1,060,624</u>	<u>659,249</u>
Net Assets Released from With Donor Restrictions	<u>685,997</u>	<u>676,994</u>
Total Revenue, Gains and Reclassifications Without Donor Restrictions	1,746,621	1,336,243
Expenses		
Program Services	864,073	801,401
Management and General Services	<u>783,203</u>	<u>746,842</u>
Total Expenses	<u>1,647,276</u>	<u>1,548,243</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>99,345</u>	<u>(212,000)</u>
Transfers to With Donor Restricted Funds	-	-
INCREASE (DECREASE) IN WITHOUT DONOR RESTRICTED NET ASSETS	<u>99,345</u>	<u>(212,000)</u>
NET ASSETS WITH DONOR RESTRICTION		
Transfers from Without Donor Restricted Funds	-	-
Donations	841,938	485,329
Net Assets Released from Restrictions	<u>(685,997)</u>	<u>(676,994)</u>
INCREASE (DECREASE) IN WITH DONOR RESTRICTED NET ASSETS	<u>155,941</u>	<u>(191,665)</u>
INCREASE (DECREASE) IN NET ASSETS	255,286	(403,665)
NET ASSETS, BEGINNING OF YEAR	<u>2,358,929</u>	<u>2,762,594</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,614,215</u></u>	<u><u>\$ 2,358,929</u></u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

WORLD FEDERATION OF SOCIETIES OF ANAESTHESIOLOGISTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 255,286	\$ (403,665)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used in) Operating Activities		
Unrealized/Realized Gains on Sale of Investments	(500,211)	(80,031)
Changes in Operating Assets and Operating Activities:		
Debtors	(101,090)	(36,543)
Funds Held for Federation Members	-	(236)
Creditors	<u>134,591</u>	<u>65,228</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(211,424)</u>	<u>(455,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,336,308)	(1,789,047)
Proceeds from Sale of Investments	<u>1,574,474</u>	<u>2,030,169</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>238,166</u>	<u>241,122</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	26,742	(214,125)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>160,171</u>	<u>374,296</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 186,913</u>	<u>\$ 160,171</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the World Federation of Societies of Anaesthesiologists (the Federation) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the financial statements of the Federation reflect significant receivables, payables, and other liabilities. The financial statements do not reflect the accrual of interest or dividends from or dues earned but not yet received. All information included in the accompanying financial statements is stated in United States of America (U.S.) dollars.

BASIS OF PRESENTATION

The financial statements of the Federation follow the recommendations of the Financial Accounting Standards Board Accounting Standards ("FASB") Codification 958, *"Financial Statements of Not-for-Profit Organizations"*. Under FASB Accounting Standards Codification 958, the Federation is required to report information regarding its financial position and activities according to two classifications of net assets: without donor restrictions and with donor restrictions.

The Federation's significant accounting policies are summarized below to assist the reader in reviewing the financial statements contained in this report. The financial statements and notes are representations of the Federation's management, who is responsible for their integrity and objectivity.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2018, the Federation adopted the new FASB ASU 2016 -14, "Presentation of Financial Statements for Not-For-Profit Entities". The standard changes are designed to improve the presentation of information communicated in the financial statements, in particular net assets, liquidity, financial performance and cash flow.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent draft accounts with banks and money market funds held by financial institutions with maturities of three months or less.

INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Realized gains and losses are determined based on historical cost at the time the investment is sold or matures.

BOARD DESIGNATED NET ASSETS

The Federation seeks to maintain sufficient reserves to cover a period of between one to twelve months expenditure dependent on the type of expenditure. Therefore, reserves are classified according to the following types:

- Restricted Reserve – Repayment to donors of unspent income. As of December 31, 2019, this was \$312,407 and will change throughout the course of the financial year.
- Program Reserve – Sufficient unrestricted reserves to wind down the delivery of programs, including fellowships, over the course of a twelve-month period. The anticipated amount required is \$250,000.
- Operational Reserve – Sufficient unrestricted reserves to cover staff and overhead costs for a period of six months. The anticipated amount required is \$500,000.

DEBTORS

Debtors consists of expenses paid in advance and other receivables.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUIPMENT

Equipment is carried at cost or at fair market value if donated. Depreciation of equipment is provided using the straight-line method for financial reporting purposes at rates based on an estimated useful life of three years. The Federation's equipment were fully depreciated for the years ended December 31, 2019 and 2018, respectively.

MEMBERSHIP DUES

Membership in the Federation is voluntary, and dues are recognized as revenue when received. No accrual is recorded for unpaid dues as collectability is uncertain. Outstanding dues for membership total \$57,159, of which, nothing relates to the 2018 financial year.

DONATIONS

Donations received are recorded as without donor restrictions, unless specifically restricted by the donor.

FEDERAL INCOME TAXES

The Federation is a non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2 – ORGANIZATION

The Federation is an unincorporated association of societies of anaesthesiologists throughout the world which is dedicated exclusively to the educational, scientific, and charitable purposes of making available the highest standards of anesthesia and resuscitation care to all peoples of the world.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Federation maintains cash balance at one financial institution in the U.S. The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") on aggregate balances up to

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NOTE 3 – CONCENTRATION OF CREDIT RISK (CONTINUED)

\$250,000. As of December 31, 2019 and 2018, cash balance held at the financial institution is insured by the FDIC.

The Federation also maintains cash balances at one financial institution in the United Kingdom and a brokerage house in the U.S., which are not insured by the FDIC. As of December 31, 2019 and 2018, \$841,326 and \$632,296, respectively.

The Federation also invests available cash in treasury bills at a brokerage house in the U.S. As of December 31, 2019 and 2018, the treasury bills held at the brokerage house totaled \$- and \$395,299, respectively, are not insured by the FDIC.

NOTE 4 – INVESTMENTS

Investments consisted of the following at December 31, 2019:

	Cost	Fair Value
Common Stocks	\$ 676,598	\$ 1,874,239
Total Cash, Money Funds and Bank Deposit	46,533	47,816
Treasury Bills	619,063	624,364
	<u>\$ 1,342,194</u>	<u>\$ 2,546,419</u>

Investments consisted of the following at December 31, 2018:

	Cost	Fair Value
Common Stocks	\$ 690,329	\$ 1,388,742
Total Cash, Money Funds and Bank Deposit	97,928	99,498
Corporate Bonds	791,264	796,134
	<u>\$ 1,579,521</u>	<u>\$ 2,284,374</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are inputs other than Level 1 inputs which are either directly or indirectly observable, and Level 3 are Unobservable inputs supported by little or no market activity.

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NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

The Federation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Federation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table sets forth by level, within the fair value hierarchy, the Federation's assets at fair value as of December 31, 2019:

	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Common Stocks	\$ 1,874,239	\$ —	\$ —
Treasury Bills	—	624,364	—
Total	<u>\$ 1,874,239</u>	<u>\$ 624,364</u>	<u>\$ —</u>

The following table sets forth by level, within the fair value hierarchy, the Federation's assets at fair value as of December 31, 2018:

	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificate of Deposits	\$ 1,388,742	\$ —	\$ —
Corporate Bonds	—	796,134	—
Total	<u>\$ 1,388,742</u>	<u>\$ 796,134</u>	<u>\$ —</u>

NOTE 6 – EQUIPMENT

Equipment consists of the following:

	2019	2018
Equipment	\$ 4,893	\$ 4,893
Accumulated Depreciation	(4,893)	(4,893)
	<u>\$ —</u>	<u>\$ —</u>

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NOTE 7 – FUNDS HELD ON BEHALF OF FEDERATION MEMBERS

Funds held on behalf of Federation members consisted of the following:

	2019	2018
African Regional Section	\$ 26,811	\$ 26,811
Zimbabwe Anesthetic Association	12,356	12,356
South African Pediatric Satellite Fund	3,854	3,854
	<u>\$ 43,021</u>	<u>\$ 43,021</u>

NOTE 8 – CREDITORS

Accrued expenses consisted of the following:

	2019	2018
Deferred Income	\$ 146,913	\$ -
Creditors	53,284	72,527
Accruals	36,759	25,643
Payroll	14,384	18,579
	<u>\$ 251,340</u>	<u>\$ 116,749</u>

NOTE 9 – NET ASSET WITH DONOR RESTRICTIONS

Net assets with Donor Restrictions are available for the following purposes, as specified by the donors:

	2019	2018
Baxter	\$ -	\$ 53,821
SAFE	47,844	-
Assist International – Ethiopia	27,729	-
Dr. Keith Thomson	24,524	-
EKFS – other	18,970	-
Laerdal	3,603	12,788
Laerdal 2	148,855	-
GE Foundation	-	16,125
Smile Train	5,829	5,829
Assist International – Myanmar	5,546	-
Fresenius Kabi	66,963	52,945
PATM	-	2,890
Alistair Davies Memorial	927	1,801
AAGBI	3,155	20,689
Society of Pediatric Anaesthesia	1,870	-
ImPACT Africa	1,469	-

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NOTE 9 – NET ASSET WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2019</u>	<u>2018</u>
Diamedica	\$ -	\$ 9,176
Seqirus	1,445	4,237
THET – Gambia	1,271	-
Shalimar Trust	11,679	12,937
SPANZA	413	2,250
Mercy Ships	384	-
Masimo	14,021	31,090
Northwood Charitable Trust	-	3,979
	<u>\$ 386,497</u>	<u>\$ 230,557</u>

NOTE 10 – OPERATING LEASE

The Federation entered into a lease in London, England on October 30, 2018, which expires on September 20, 2020. A rolling six month lease was entered into in January 2020 starting from September 20, 2020.

The future lease obligation of the Federation are as follows for each year ended December 31:

<u>Year</u>	<u>Lease</u>
2020	\$ 12,294
2021	12,294
	<u>\$ 24,588</u>

NOTE 11 – LIQUIDITY AND AVAILABILITY

The following table sets forth further information about the Organization's financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2019.

Current Assets, excluding non-financial assets	\$ 2,908,576
Less: Donor restrictions for specific purposes	(386,497)
Less: Board designation (Note 1)	<u>(750,000)</u>
Financial assets available to meet cash needs for	
General expenditures within one year	<u>\$ 1,772,079</u>

As part of the organization's liquidity management, it invests cash in excess of daily requirements in short-term investments including treasury bills and common stock.

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NOTE 12 – FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the following statement of functional expenses. Direct costs are allocated based on specific identification and indirect costs allocated based on hours worked or other similar allocation methods.

The functional expenses for the year ended December 31, 2019 are as follows:

	<u>Program Services</u>	<u>Staff Costs</u>	<u>Travel</u>	<u>Office Costs</u>	<u>Governance Costs</u>	<u>Total</u>
Education Program	\$ 720,353	\$ 483,629	\$ 7,788	\$ 88,875	\$ 72,642	\$ 1,373,287
Advocacy	70,996	47,665	768	8,759	7,159	135,347
Safety and Quality	37,399	25,109	404	4,614	3,771	71,297
Working Together	28,265	18,977	306	3,487	2,851	53,886
Innovation and Development	7,060	4,740	76	871	712	13,459
	<u>\$ 864,073</u>	<u>\$ 580,120</u>	<u>\$ 9,342</u>	<u>\$ 106,606</u>	<u>\$ 87,135</u>	<u>\$ 1,647,276</u>

The functional expenses for the year ended December 31, 2018 are as follows:

	<u>Program Services</u>	<u>Staff Costs</u>	<u>Travel</u>	<u>Office Costs</u>	<u>Governance Costs</u>	<u>Total</u>
Education Program	\$ 584,223	\$ 364,753	\$ 10,803	\$ 78,773	\$ 90,120	\$ 1,128,672
Advocacy	22,857	14,271	423	3,082	3,082	44,158
Safety and Quality	148,140	92,489	2,739	19,974	3,771	286,194
Working Together	-	-	-	-	-	-
Innovation and Development	46,181	28,833	854	6,227	7,124	89,219
	<u>\$ 801,401</u>	<u>\$ 500,346</u>	<u>\$ 14,819</u>	<u>\$ 108,056</u>	<u>\$ 123,621</u>	<u>\$ 1,548,243</u>

NOTE 13 – SUBSEQUENT EVENTS

The Federation has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued. On March 11, 2020, the World Health Organization characterized the spread of Coronavirus (COVID 19) as a pandemic.

The Board is continually reviewing the fast-moving global situation and is in regular contact with donors, staff, volunteers and beneficiaries to ensure they are kept up to date with developments in the UK and around the world. In managing risk, the Board has considered, first and foremost, the safety of individuals and made sure mitigating measures, such as remote working and suspension of program services, have been put in place.

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NOTE 13 – SUBSEQUENT EVENTS (CONTINUED)

The safety of our staff, volunteers, and beneficiaries is paramount and therefore for as long as is deemed necessary:

Delivery of some programs will be suspended or curtailed. Programs impacted are:

Safe Anaesthesia – Telangana	Innovation Awards
Fellowships	Palestine Anaesthesia Training Mission (PATM)
Liberian Doctors	Better Births, Safer Births, Safe Anaesthesia
Strengthening Health Systems – Republic of Congo	Safe Paediatric Anaesthesia – Asia, Africa and Latin America

It is anticipated these programs will restart in the final quarter of 2020 / early 2021.

The 17th World Federation of Societies of Anaesthesiologists World Congress in September 2020 in Prague, Czech Republic may be postponed to September 2021.

Staff of the WFSA will be working reduced hours and/or furloughed through the UK Government Job Retention scheme and will be working remotely.

Whilst we continue to receive regular online donations for our Fellowship program, decisions on funding applications made prior to the outbreak have been delayed in addition to deferment of donor income while program delivery is suspended. The Federation continues to source new opportunities for funding with the aim to submit proposals when applications re-open.