

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016 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, 2017 and 2016, 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
August 24, 2018

WORLD FEDERATION OF SOCIETIES OF ANAESTHESIOLOGISTS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
ASSETS		
Cash and Cash Equivalents, Note 1	\$ 374,296	\$ 389,242
Investments - Fair Value, Notes 1 and 4	2,445,465	1,315,743
Prepaid Assets, Note 1	2,578	14,983
Other Receivables	35,033	917,541
	<u>2,857,372</u>	<u>2,637,509</u>
TOTAL ASSETS	<u>\$ 2,857,372</u>	<u>\$ 2,637,509</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Funds Held on Behalf of Federation Members, Note 6	\$ 43,257	\$ 39,964
Accrued Expenses	51,521	53,398

TOTAL LIABILITIES	<u>94,778</u>	<u>93,362</u>
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NET ASSETS

Unrestricted	2,340,372	2,326,636
Temporarily Restricted, Note 7	422,222	217,511

TOTAL NET ASSETS	<u>2,762,594</u>	<u>2,544,147</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>2,857,372</u>	<u>\$ 2,637,509</u>
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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, 2017 AND 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Unrestricted Revenue and Gains		
Interest and Dividend Income	\$ 19,474	\$ 15,451
Realized Gains on Sale of Investments	78,122	237,615
Unrealized Gains (Losses) on Investments	299,612	(90,417)
Dues	447,012	436,919
Donations	24,890	40,999
Foreign Exchange Loss	(17,415)	(9,759)
WCA Surplus	-	883,274
Total Unrestricted Revenue and Gains	851,695	1,514,082
Net Assets Released from Restrictions	594,763	213,750
Total Unrestricted Revenue, Gains and Reclassifications	1,446,458	1,727,832
Expenses		
Program Services	791,801	574,218
World Congress	-	30,983
Management and General Services	636,388	633,824
Total Expenses	1,428,189	1,239,025
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	18,269	488,807
Transfers to restricted funds	(4,533)	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	13,736	488,807
TEMPORARILY RESTRICTED NET ASSETS		
Transfers from Unrestricted Funds	4,533	-
Donations	794,941	364,549
Net Assets Released from Restrictions	(594,763)	(213,750)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	204,711	150,799
INCREASE (DECREASE) IN NET ASSETS	218,447	639,606
NET ASSETS, BEGINNING OF YEAR	2,544,147	1,904,541
NET ASSETS, END OF YEAR	\$ 2,762,594	\$ 2,544,147

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

WORLD FEDERATION OF SOCIETIES OF ANAESTHESIOLOGISTS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
PROGRAM SERVICES		
Grant Expenditures	\$ 187,443	\$ 178,532
Lifebox	26,151	50,000
Education	210,804	272,964
Palestine Project	5,084	785
SAFE Project	252,969	4,095
Other Projects	109,350	67,842
Total Program Services	791,801	574,218
WORLD CONGRESS		
Other Costs	-	30,983
Total World Congress	-	30,983
MANAGEMENT AND GENERAL SERVICES		
Salaries and Wages	398,722	368,759
Audit and Accountancy	33,330	38,323
Legal Fees	5,254	10,047
Telephone	1,850	3,113
Postage and Carriage	387	232
Occupancy	29,350	27,157
Travel	25,613	44,060
Other Expenses	141,882	142,133
Total Management and General Services	636,388	633,824
TOTAL EXPENSES	\$ 1,428,189	\$ 1,239,025

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 218,447	\$ 639,606
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used in) Operating Activities		
Net Realized Gains on Investments	(78,122)	(287,307)
Unrealized Gains on Investments	(299,612)	90,417
Changes in Operating Assets and Operating Activities:		
Prepaid Assets	12,404	2,504
Other Receivables	882,508	(915,310)
Funds Held for Federation Members	3,293	(7,584)
Accrued Expenses	(1,877)	3,491
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>737,041</u>	<u>(474,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,528,752)	(1,103,913)
Proceeds from Sale of Investments	776,765	1,596,290
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(751,987)</u>	<u>492,377</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(14,946)	18,194
CASH AND CASH EQUIVALENTS, BEGINNING	<u>389,242</u>	<u>371,048</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 374,296</u>	<u>\$ 389,242</u>

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

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 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 three classifications of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Federation did not hold any permanently restricted net assets at December 31, 2017 and 2016.

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.

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (all level 1 measurements) 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.

PREPAID ASSETS

Prepaid assets consist of expenses paid in advance.

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. For the year ended December 31, 2017 and 2016, depreciation expense totaled \$nil and \$nil, respectively.

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 \$23,748, of which \$8,540 relate to the 2016 financial year and are not included within the results for the period.

DONATIONS

Donations received are recorded as unrestricted, unless specifically restricted by the donor.

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$250,000. As of December 31, 2017 and 2016, 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, 2017 and 2016, \$472,912 and \$333,738, respectively, were not insured. The Federation also invests available cash in certificates of deposit at a brokerage house in the U.S. As of December 31, 2017 and 2016, the certificates of deposit held at the brokerage house totaled \$250,034 and \$275,049, respectively, are not insured by the FDIC.

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 – INVESTMENTS

Investments consisted of the following at December 31, 2017:

	Cost	Fair Value
Common Stocks	\$ 690,931	\$ 1,482,996
Total Cash, Money Funds and Bank Deposit	87,665	87,665
Government Obligations	250,045	250,034
Corporate Bonds	625,309	624,800
	<u>\$ 1,653,950</u>	<u>\$ 2,445,465</u>

Investments consisted of the following at December 31, 2016:

	Cost	Fair Value
Common Stocks	\$ 413,965	\$ 905,862
Total Cash, Money Funds and Bank Deposit	143,470	49,694
Government Obligations	275,082	275,049
Corporate Bonds	85,217	85,138
	<u>\$ 917,734</u>	<u>\$ 1,315,743</u>

The fair market value of investments is determined based on the market value at December 31, 2017 and 2016 as provided by the brokerage firm holding the securities (all level 1 measurements).

NOTE 5 – EQUIPMENT

Equipment consists of the following:

	2017	2016
Equipment	\$ 4,893	\$ 4,893
Accumulated Depreciation	(4,893)	(4,893)
	<u>\$ -</u>	<u>\$ -</u>

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6 – FUNDS HELD ON BEHALF OF FEDERATION MEMBERS

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

	2017	2016
African Regional Section	\$ 26,812	\$ 24,448
Zimbabwe Anesthetic Association	12,591	11,662
South African Pediatric Satellite Fund	3,854	3,854
	<u>\$ 43,257</u>	<u>\$ 39,964</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes, as specified by the donors:

	2017	2016
Education	\$ 14,167	\$ -
SYS (Palestine) Project	-	1,677
Baxter	86,980	-
World Congress	-	1,500
SAFE	6,275	4,277
Laerdal	175,301	208,807
Lifebox	1,250	1,250
GE Foundation	90,838	-
Medtronic	3,503	-
Smile Train	6,371	-
Fresenius Kabi	30,150	-
PATM	3,525	-
Alistair Davies Memorial	3,862	-
	<u>\$ 422,222</u>	<u>\$ 217,511</u>

NOTE 8 – OPERATING LEASE

The Federation renewed the lease in London, England in August 2017, which expires in July 2018. Rent expense under the lease for the year ended December 31, 2017 and 2016, totaled \$11,243 and \$10,251, respectfully. Future minimum rental payments required under this lease totaled \$15,740 for the year ended December 31, 2018.

WORLD FEDERATION OF SOCIETIES
OF ANAESTHESIOLOGISTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 – 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. No matters were identified affecting the accompanying financial statements which have not been disclosed.