

WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2019 AND 2018



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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Wood Library-Museum of Anesthesiology
Schaumburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Wood Library-Museum of Anesthesiology, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 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 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. 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 Wood Library-Museum of Anesthesiology as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), ASU 2018-08 *Accounting Guidance for Contributions Received and Made* for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The 2019 schedule of expenses by fund and with comparative totals for 2018 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Oak Brook, Illinois
August 14, 2020

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash	\$ 113,356	\$ 114,199
Accounts Receivable	-	13,135
Investments	9,488,053	8,019,799
Prepaid Rent	1,880,027	1,918,283
Prepaid Expenses and Other Assets	2,886	-
Deposits	15,725	15,725
Property and Equipment, Net	561,212	665,280
Total Assets	\$ 12,061,259	\$ 10,746,421
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Expenses	\$ 17,835	\$ 330
Deferred Rent	318,783	271,802
Due to Related Party	123,498	126,170
Total Liabilities	460,116	398,302
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,085,685	2,326,370
Board-Designated Fund	9,515,458	8,021,749
Total Net Assets Without Donor Restrictions	11,601,143	10,348,119
Total Liabilities and Net Assets	\$ 12,061,259	\$ 10,746,421

See accompanying Notes to Financial Statements.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
REVENUES AND SUPPORT		
Contributions	\$ 124,183	\$ 73,691
Contributions from Related Party	400,000	400,000
Sales	1,172	1,064
Shared Services	-	894
Interest Income on Prepaid Rent	132,118	137,083
Total Revenues and Support	657,473	612,732
EXPENSES		
Salaries and Benefits	359,045	383,272
Grants to Other Organizations	500	-
Travel and Meetings	44,066	36,012
Services and Professional Fees	82,141	81,185
Office and Occupancy	362,060	328,527
Depreciation	104,067	101,411
Other Expenses	149,709	103,648
Total Expenses	1,101,588	1,034,055
DEFICIENCY OF REVENUES AND SUPPORT OVER EXPENSES	(444,115)	(421,323)
OTHER CHANGES TO NET ASSETS WITHOUT DONOR RESTRICTIONS		
Nonoperating Investment Return (Loss)	1,697,139	(238,938)
Total Other Changes to Net Assets Without Donor Restrictions	1,697,139	(238,938)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,253,024	(660,261)
Net Assets Without Donor Restrictions - Beginning of Year	10,348,119	11,008,380
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF THE YEAR	\$ 11,601,143	\$ 10,348,119

See accompanying Notes to Financial Statements.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Library- Museum	Support Services		Total Expenses
		Management and General	Fundraising	
Salaries and Benefits	\$ 279,945	\$ 64,718	\$ 14,382	\$ 359,045
Grants to Other Organizations	500	-	-	500
Travel and Meetings	22,038	19,591	2,437	44,066
Services and Professional Fees	51,759	30,382	-	82,141
Office and Occupancy	360,244	1,816	-	362,060
Depreciation	-	104,067	-	104,067
Other Expenses	149,709	-	-	149,709
Total Functional Expenses	\$ 864,195	\$ 220,574	\$ 16,819	\$ 1,101,588

See accompanying Notes to Financial Statements.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Library- Museum	Support Services		Total Expenses
		Management and General	Fundraising	
Salaries and Benefits	\$ 299,910	\$ 68,989	\$ 14,373	\$ 383,272
Travel and Meetings	16,494	16,330	3,188	36,012
Services and Professional Fees	47,159	33,638	388	81,185
Office and Occupancy	327,941	586	-	328,527
Depreciation	80,519	20,892	-	101,411
Other Expenses	103,648	-	-	103,648
Total Functional Expenses	<u>\$ 875,671</u>	<u>\$ 140,435</u>	<u>\$ 17,949</u>	<u>\$ 1,034,055</u>

See accompanying Notes to Financial Statements.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,253,024	\$ (660,261)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	104,067	101,411
Realized Gains on Sales of Investments, Net	(334,878)	(462,172)
Unrealized (Gains) Losses on Investments, Net	(1,128,490)	917,886
Acquisition of Collections	111,908	67,844
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	13,136	(5,778)
Prepaid Expenses and Other Assets	(2,886)	-
Prepaid Rent	38,256	19,528
Due to Related Party	(2,672)	(3,512)
Accrued Expenses	17,505	(11,730)
Accrued Payroll	-	(29,447)
Deferred Rent	46,981	47,462
Net Cash Provided (Used) by Operating Activities	115,951	(18,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(1,533)
Purchase of Investments	(840,501)	(980,911)
Proceeds from Sale and Maturities of Investments	835,615	1,012,285
Acquisition of Collections	(111,908)	(67,844)
Net Cash Used by Investing Activities	(116,794)	(38,003)
NET DECREASE IN CASH	(843)	(56,772)
Cash - Beginning of Year	114,199	170,971
CASH - END OF YEAR	\$ 113,356	\$ 114,199

See accompanying Notes to Financial Statements.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wood Library-Museum of Anesthesiology (the Library) is a nonprofit organization whose objectives are to advance anesthesiology by preserving and sharing its heritage and knowledge. The Library generates income to support its program primarily through contributions.

The Library's year-end is December 31. Significant accounting policies followed by the Library are presented below.

Use of Estimates in Preparing Financial Statement

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America for nonprofit organizations. Accounting principles generally accepted in the United States of America require the Library to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Those resources that are not subject to donor-imposed stipulations, and over which the board of directors has discretionary control.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed stipulations that may be fulfilled by actions of the board to meet the stipulations, or become net assets without donor restrictions at the date specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor or time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as "Net Assets Released from Restrictions."

Cash

The Library defines cash as checking accounts. The Library maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Library has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Library's investments include marketable equity securities, preferred stock, mutual funds, and corporate bonds and are recorded at fair value.

Interest and dividends, gains and losses, and investment-related expenses are included in the changes in net assets without donor restrictions in the accompanying statements of activities and changes in net assets.

The Library's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the financial statements.

Property and Equipment

Property and equipment are recorded at cost when purchased and are being depreciated on a straight-line basis over their estimated useful lives ranging from 3 to 25 years. Leasehold improvements are amortized over the terms of the leases or their useful lives, whichever is shorter. Costs of maintenance and repairs are charged to expense when incurred. Upon retirement or replacement, the cost of capitalized assets and related accumulated depreciation is eliminated, with the resulting gain or loss recorded in the statements of activities and changes in net assets.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses that were allocated to supporting the Library's function include staff salaries and benefits, which were allocated on the basis of estimates of time effort; office and occupancy (rent, utilities). Depreciation expense is allocated based on asset use. Management and general expenses include the supporting functions (finance, IT, management, legal, audit), officer travel and meetings expenses.

Measure of Operations

The Library's change in net assets before investment loss on the statements of activities and changes in net assets includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other nonoperating funds to support current operating activities. The measure of operations excludes investment return on its long-term investment account.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Library derives its revenue primarily from contributions. Contributions, including unconditional promises to give, are recorded when a commitment is received from the donor. All contributions are available for without donor restrictions use, unless specifically restricted by the donor. Conditional promises to give – that is, those with measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been substantially met.

Tax Status

The Library is exempt from income tax under provisions of Internal Revenue Code (IRC) Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Library and recognize a tax liability if the Library has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by the Library and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Collection Items

The Library's collections are made up of artifacts of historical significance, which are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales be used to acquire other items for collections.

The collections, which were acquired through purchases and contributions since the Library's inception, are not recognized as assets on the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions net assets in the year in which the items are acquired, or as with donor restrictions net assets if the assets used to purchase the items are restricted by donors.

Subsequent Events

Management evaluated subsequent events through August 14, 2020, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2019, but prior to August 14, 2020, that provided additional evidence about conditions that existed at December 31, 2019, have been recognized in the financial statements for the year ended December 31, 2019. Events or transactions that provided evidence about conditions that did not exist at December 31, 2019, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2019.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued)

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects global markets, supply chains, businesses, and communities. Specific to the Library, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes the Library is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Adoption of New Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Library's financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Library's reported historical revenue.

Accounting Guidance for Contributions Received and Made

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of this standard had no impact on the Library's financial statements.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Library's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the year ending December 31, 2022. Early adoption is permitted.

NOTE 2 ACCOUNTS RECEIVABLE

The Library's accounts receivable consist of the following as of December 31:

	2019	2018
Accounts Receivable:		
Due from Related Party	\$ -	\$ 6,154
Miscellaneous Receivables	-	13,135
Total Accounts Receivable	\$ -	\$ 19,289

NOTE 3 LIQUIDITY

As part of the Library's liquidity management, it invests cash in excess of daily requirements in short-term investments including money markets and fixed income bond maturing within one year of the statement of financial position. Additionally, the Library has another investment account consisting of equities and mutual funds.

There are established board-designated funds (see Note 8) where the governing body has the objective of setting aside funds for various initiatives which can be drawn upon in an event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenses within one year of the statement of financial position date.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 LIQUIDITY (CONTINUED)

The Library's financial assets due within one year of the statement of financial position date for general expenses are as follows:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 113,356	\$ 114,199
Accounts Receivable	-	19,289
Short-Term Investments	700,243	319,965
Other Investments	8,787,810	7,699,834
Subtotal	<u>9,601,409</u>	<u>8,153,287</u>
Less:		
Board-Designated Funds	<u>9,515,458</u>	<u>8,021,749</u>
Total Financial Assets Available Within One Year to Meet Cash Needs for General Expenses	<u>\$ 85,951</u>	<u>\$ 131,538</u>

NOTE 4 FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provides a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Library's assets measured at fair value on a recurring basis at December 31, 2019 and 2018 and the valuation techniques used by the Library to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Library has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. The Library currently uses no Level 3 inputs.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Library's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2019:

<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Marketable Equity Funds:				
Large Core	\$ 2,836,215	\$ 2,836,215	\$ -	\$ -
Large Growth	546,942	546,942	-	-
Large Value	3,447,338	3,447,338	-	-
Mid Core	180,150	180,150	-	-
Mid Value	350,045	350,045	-	-
Small Value	121,650	121,650	-	-
Mutual Funds	238,890	238,890	-	-
Exchange Traded Funds	187,949	187,949	-	-
Fixed-Income Securities:				
Fixed Income	506,559	-	506,559	-
Mutual Funds	218,832	218,832	-	-
Preferred Stock	153,240	-	153,240	-
Total Investments	<u>\$ 8,787,810</u>	<u>\$ 8,128,011</u>	<u>\$ 659,799</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis at December 31, 2018:

<u>December 31, 2018</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Marketable Equity Funds:				
Large Core	\$ 2,391,511	\$ 2,391,511	\$ -	\$ -
Large Growth	376,380	376,380	-	-
Large Value	3,071,778	3,071,778	-	-
Mid Core	-	-	-	-
Mid Value	556,930	556,930	-	-
Small Value	-	-	-	-
Mutual Funds	217,330	217,330	-	-
Exchange Traded Funds	249,720	249,720	-	-
Fixed-Income Securities:				
Fixed Income	690,572	-	690,572	-
Mutual Funds	112,920	112,920	-	-
Preferred Stock	132,060	-	132,060	-
Total Investments	<u>\$ 7,799,201</u>	<u>\$ 6,976,569</u>	<u>\$ 822,632</u>	<u>\$ -</u>

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Not included in the above tables is \$700,243 and \$220,598 in cash and cash equivalents as of December 31, 2019 and 2018, respectively, which are considered a part of the Library's investment portfolio.

Level 1 Inputs - Fair values of marketable equity securities, mutual funds, corporate bonds, and money market funds were based on quoted market prices.

Level 2 Inputs - Estimated fair values of preferred stock and corporate fixed-income bonds were based on similar investments that are traded on the secondary market.

The Library's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications at the beginning of the reporting period. There were no transfers in 2019 and 2018.

NOTE 5 INVESTMENTS

The following summarizes the composition of nonoperating investment return in the statements of activities and changes in net assets:

	2019	2018
Interest and Dividends	\$ 287,510	\$ 269,125
Realized Gain	334,878	462,172
Change in Unrealized Gain (Loss)	1,128,490	(917,886)
Investment Expenses	(53,739)	(52,349)
Nonoperating Investment Return (Loss)	\$ 1,697,139	\$ (238,938)

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment, which includes a gallery exhibit of the history of anesthesia, are summarized as follows:

	2019	2018	Depreciable Life - Years
Building Improvements	\$ 812,677	\$ 812,677	10
Furniture and Fixtures	117,213	117,213	3 to 5
Computers and Software	3,048	3,048	3
Leasehold Improvements	192,748	192,748	25
Total Cost	1,125,686	1,125,686	
Less: Accumulated Depreciation	564,474	460,406	
Net Property and Equipment	\$ 561,212	\$ 665,280	

Depreciation expense was \$104,067 and \$101,411 for the years ended December 31, 2019 and 2018, respectively.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 7 LEASE COMMITMENTS

On February 1, 2014, the Library commenced a lease for offsite storage space under a noncancelable operating lease expiring on January 31, 2019, with an option to renew for an additional five years. On December 11, 2017, the Library extended the lease for an additional five years expiring on January 31, 2024. Additionally, the Library is also responsible for its share of the taxes and common area expenses. Total rent expense under this lease was \$103,782 and \$95,921 for the years ended December 31, 2019 and 2018, respectively.

The Library leases space in ASA's headquarters. Under the terms of the agreement, the Library paid \$2,000,000 to ASA 10 days prior to the occupancy date, which was June 16, 2014. The lease expires in May 2039. ASA deducts the monthly rental payments from the deposit paid. The prepaid balance was \$1,880,027 and \$1,918,283 as of December 31, 2019 and 2018, respectively. Additionally, ASA credits the deposit monthly for interest income earned at a rate of 7% annually. Under this arrangement, the Library recognized interest income of \$132,118 and \$137,083 for the years ended December 31, 2019 and 2018, respectively. Total rent expense under this lease was \$217,356 and \$204,073 for the years ended December 31, 2019 and 2018, respectively.

Future minimum rental commitments are as follows:

<u>Year Ending December 31,</u>	<u>Related Party</u>	<u>Other</u>	<u>Total</u>
2020	\$ 175,370	\$ 96,512	\$ 271,882
2021	180,631	98,925	279,556
2022	186,050	101,398	287,448
2023	191,631	103,932	295,563
2024	197,380	8,678	206,058
Thereafter	3,939,560	-	3,939,560
Total	<u>\$ 4,870,622</u>	<u>\$ 409,445</u>	<u>\$ 5,280,067</u>

NOTE 8 BOARD-DESIGNATED FUND

In 1964, the Library's board of trustees established the board-designated fund. Funds will be accumulated until interest income from fund investments is sufficient to support Library operating activities as determined by the board of trustees. The board-designated fund changed as follows during 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Balance - Beginning of Year	\$ 8,021,749	\$ 8,504,188
Contributions	-	2,750
Investment Income (Loss)	1,697,139	(238,938)
Transfers to Operations	(203,430)	(246,251)
Balance - End of Year	<u>\$ 9,515,458</u>	<u>\$ 8,021,749</u>

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 RELATED PARTY TRANSACTIONS

American Society of Anesthesiologists, Inc. (ASA) elects all trustees of the Library's board of trustees. Amounts paid to ASA represent salaries and benefits processed through ASA's payroll. The Library paid net amounts of \$227,434 and \$213,418 to ASA during 2019 and 2018, respectively. At December 31, 2019 and 2018, the Library owed ASA \$123,498 and \$126,170, respectively, for advances for salaries, benefits, and other operational expenses. The Library received contributions from ASA totaling \$400,000 during 2019 and 2018.

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
SCHEDULE OF EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)
(SEE INDEPENDENT AUDITORS' REPORT)**

	WLM General	Board of Trustees	Living History Series	Paul Wood Fellowship	Lewis Wright Memorial Lecture	Museum/ Curators' Fund	Marketing Fund	Friends of the WLM
Salary and Benefit Expense	\$ 359,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel and Meetings	2,936	16,036	-	1,584	4,415	10,637	-	2,437
Printing and Product Development	3,315	-	-	-	-	-	-	-
Office Expenses and Other	14,737	-	-	-	-	725	-	-
Computer Expenditures	-	-	-	-	-	-	-	-
Consulting and Outsourced Services	246,412	-	500	-	-	-	19,537	-
Grants and Research	-	-	-	500	-	-	-	-
Space and Overhead Expenses	104,067	-	-	-	-	-	-	-
Total	\$ 730,511	\$ 16,036	\$ 500	\$ 2,084	\$ 4,415	\$ 11,362	\$ 19,537	\$ 2,437

**WOOD LIBRARY-MUSEUM OF ANESTHESIOLOGY
SCHEDULE OF EXPENSES BY FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2018)
(SEE INDEPENDENT AUDITORS' REPORT)**

	Archives	Rare Book Preservation & Digitization	Library Services	Website	ASA Annual Meeting	WLM Annex	Total	
							2019	2018
Salary and Benefit Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,044	\$ 383,269
Travel and Meetings	-	-	-	933	5,089	-	44,067	36,007
Printing and Product Development	-	-	-	-	-	-	3,315	4,270
Office Expenses and Other	-	88	18,436	215	60	-	34,261	23,243
Computer Expenditures	-	-	-	-	-	-	-	1,018
Consulting and Outsourced Services	37,108	77,164	10,797	51,485	-	2,887	445,890	383,613
Grants and Research	-	-	-	-	-	-	500	-
Space and Overhead Expenses	-	-	-	-	-	110,444	214,511	202,635
Total	\$ 37,108	\$ 77,252	\$ 29,233	\$ 52,633	\$ 5,149	\$ 113,331	\$ 1,101,588	\$ 1,034,055

