
***STICHTING SOCIETY OF LATERAL
ACCESS SURGERY (SOLAS)***

Financial Statements

As of December 31, 2017 and

Independent Accountants' Review Report

STICHTING SOCIETY OF LATERAL ACCESS SURGERY (SOLAS)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Stichting Society of Lateral Access Surgery
San Diego, California

We have reviewed the accompanying financial statements of Stichting Society of Lateral Access Surgery ("SOLAS"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Barnett & Company, Inc.
Rancho Santa Margarita, California
May 9, 2018

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	787,181
Prepaid expenses		<u>7,527</u>

Total current assets 794,708

PROPERTY AND EQUIPMENT, net of
accumulated depreciation of \$498

2,101

Total assets

\$ 796,809

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	44,970
Credit card payable		3,683
Deferred revenue		<u>53,950</u>

Total current liabilities 102,603

NET ASSETS:

Unrestricted - available for general activities	529,206
Unrestricted - Board designated	<u>165,000</u>

Total unrestricted net assets 694,206

Total liabilities and net assets

\$ 796,809

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

UNRESTRICTED NET ASSETS

REVENUE:

Grants, net of fees of \$15,500	\$	984,500
Meeting registration fees		11,396
Exhibit sponsorship		5,250
Other income		2,434
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Total revenue 1,003,580

EXPENSES:

Program services (1)		436,552
Supporting services - general and administrative		311,444
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Total expenses

747,996

INCREASE IN UNRESTRICTED NET ASSETS \$ 255,584

NET ASSETS, beginning of year

438,622

NET ASSETS, end of year \$

694,206

(1) Program services include awards, education, meetings, membership and research awards.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	Program services (1)	Supporting services - general and administrative	Total
Accounting and legal	\$ -	\$ 40,139	\$ 40,139
Admin personnel	-	39,294	39,294
Audience response system	3,859	-	3,859
Audio and video services	50,991	-	50,991
Awards	11,513	-	11,513
Bank fees	-	4,055	4,055
Board of directors meetings	-	11,505	11,505
CME Fees	8,000	-	8,000
Consulting	-	4,440	4,440
Consulting - executive director	-	176,510	176,510
Depreciation	-	498	498
Facility rental	33,642	-	33,642
Food and beverage	58,517	-	58,517
Grants awarded	35,000	-	35,000
Insurance	-	5,000	5,000
Marketing	-	250	250
Meals	-	461	461
Meeting administration	61,181	-	61,181
Miscellaneous	6,027	1,799	7,826
Office expense	-	1,095	1,095
Photography	4,700	-	4,700
Postage	385	3,894	4,279
Printing and publishing	5,970	584	6,554
Receptions (2)	75,203	-	75,203
Recognition	-	5,995	5,995
Speaker expenses	33,344	-	33,344
Subscription services	-	1,805	1,805
Telephone	-	1,385	1,385
Travel	48,220	8,222	56,442
Website	-	4,513	4,513
	<u>\$ 436,552</u>	<u>\$ 311,444</u>	<u>\$ 747,996</u>

(1) Program services include awards, education, meetings, membership and research awards.

(2) Receptions include the President's Dinner at the annual meeting.

See independent accountants' review report and accompanying notes to financial statements.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 255,584
Adjustment to reconcile increase in net assets to cash provided by operating activities:	
Depreciation	498
Gain on sale of property and equipment	(85)
Change in operating assets and liabilities:	
Prepaid expenses	31,139
Accounts payable	(50,459)
Deferred revenue	<u>53,950</u>
Net cash provided by operating activities	290,627
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	(965)
Proceeds received from sale of property and equipment	<u>757</u>
Net cash used in investing activities	(208)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase in credit card payable	<u>3,683</u>
NET INCREASE IN CASH	294,102
CASH AND CASH EQUIVALENTS, beginning of period	<u>493,079</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$ 787,181</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for:	
Income taxes	<u>\$ -</u>
Interest	<u>\$ -</u>

See independent accountants' review report and accompanying notes to financial statements.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ORGANIZATION AND NATURE OF SERVICES

The Stichting Society of Lateral Access Surgery (“SOLAS”) is an international professional society of orthopedic surgeons, neurosurgeons and affiliate medical and research personnel, established in October 2015 in Amsterdam, Netherlands as a not for profit organization doing business in San Diego, CA. SOLAS has a mission of lateral access research and education through patient and physician education, fulfilled through its publications, website, media relations and educational events, including annual meetings and regional symposia, with a core value that research and education increases patient safety and enhances patient outcomes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – SOLAS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets generally result from unrestricted contributions and interest and dividends, less expenses incurred in providing services and fundraising and other administrative expenses.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that require the passage of time or the occurrence of a specific event to become available for unrestricted use. As of December 31, 2017, there were no temporarily restricted net assets.

Permanently Restricted Net Assets – Net assets are subject to donor-imposed restrictions that may be maintained permanently while permitting SOLAS to use or expense part or all of the income derived from the donated assets. As of December 31, 2017, there were no permanently restricted net assets.

Use of Estimates – 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Short-term, highly liquid investments purchased with a maturity date of three months or less are considered to be cash equivalents.

Fair Value Measurements – The carrying value of cash and cash equivalents, prepaid expenses, accounts payable and credit cards payable approximates their respective fair value due to their short term maturities.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

Property and Equipment – Property and equipment are recorded at cost, if purchased, or fair market value at date of contribution, if contributed. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are five years.

Impairment of Long-Lived Assets – Long-lived assets, such as property and equipment, are reviewed for impairment when events or changes in circumstances indicate the asset's carrying value may not be recoverable. Impairment loss is recognized when the carrying value exceeds the undiscounted estimated future cash flows expected to result from the use and eventual disposal of the asset. SOLAS determined that no impairment loss of long-lived assets was necessary for the year ended December 31, 2017.

Contributions and Grants – Contributions and grants are recorded as revenue as they are received and are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction is met or expires, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) created or enhanced nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Promises to Give – Although SOLAS receives donations on a regular basis from its donor, there are no written promises to give agreements. SOLAS records these contributions as revenue as they are received. As of December 31, 2017, SOLAS had received no promises to give.

Membership Dues – Membership dues are recognized as revenue over the period of membership, which is on a calendar year basis. Membership dues received for future calendar years are accounted for as deferred revenue and recognized as revenue in the year for which the membership relates.

Meeting Registration Fees – Meeting registration fees represent amounts paid by members for the attendance to the annual meeting. Meeting registration fees are recognized as revenue when the meeting dates have occurred. Payments received for meetings held in future periods are accounted for as deferred revenue.

Exhibit Sponsorship – Exhibit sponsorship represents amounts paid for sponsors' presence and advertising at the annual meeting. Sponsorship agreements provide for the sponsors' name and/or logo to be displayed in exhibits during the annual meeting and also provide certain admission and event privileges. Sponsorship revenue is recognized as revenue when the meeting dates have occurred. Payments received for meetings held in future periods are accounted for as deferred revenue.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

Advertising and Marketing Costs – Advertising and marketing costs are expensed at the time the advertising becomes publicly available or at the time marketing events occur. Advertising and marketing expense for the year ended December 31, 2017 was \$250.

Grants awarded – SOLAS awards research grants to qualified and approved recipients. In accordance with the terms of the grants, recipients receive a portion of the total award upon the submission of required information and signing of the grant agreements. The remaining portion of the award is then paid upon the completion of agree upon milestones as stated in the grant agreements. SOLAS records the expense for the grant upon completion of the terms of the grant agreement. During the year ended December 31, 2017, the board of directors approved a total \$200,000 of grants to be awarded by SOLAS, of which \$100,000 was awarded and \$35,000 was earned and paid to the recipients, resulting in \$65,000 of grant awards to be paid upon completion of milestones by the recipients. As of December 31, 2017, funds \$165,000 has been designated by the Board to be used as research grants.

Functional Allocation of Expense – The costs of providing the programs and other activities have been summarized on a functional basis in the Statement of Activities.

Income Taxes – SOLAS is a not-for-profit organization established in the Netherlands. Accordingly, no provision of income taxes has been made in the accompanying financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, SOLAS may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded for the year ended December 31, 2017.

Recently Issues Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB deferred the effective date of the revenue recognition guidance for nonpublic entities to reporting periods beginning after December 15, 2018. Early adoption is permitted. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. Management has elected not to early adopt ASU 2014-09 and will assess the future impact on revenue.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which is effective for fiscal years beginning after December 15, 2017. The primary impacts of ASU 2016-14 are as follows: a) Net Asset Classification: The three categories of net assets will be condensed to two categories: Without Donor Restrictions and With Donor Restrictions. Not-for-profits may choose to disaggregate net assets further within the two categories. b) Board-Designated Net Assets: Not-for-profits will need to disclose the amount, purpose, and type of board designations either on the face of the financials or in the notes to the financial statements. Board-designated net assets remain a subgroup of net assets without donor restrictions. c) Underwater Endowment Assets: Although the underwater calculation remains unchanged, instead of classifying the underwater portion against unrestricted net assets, it will go against the Net Assets With Donor Restrictions. There are also certain additional disclosures such as any board policy or actions taken regarding appropriation from such funds. d) Cash Flow Statement: Not-for-profits will still have the option of presenting operating cash flows using the direct method or the indirect method. If the direct method is chosen, the indirect reconciliation is not required. e) Expenses: Expenses will be required to be presented both by function and by nature, but it is flexible as to how (in statement form vs. in the footnotes). A qualitative disclosure about how costs are allocated by function will also be required. External and internal direct investment expenses will be netted against investment return on the statement of activities. Disclosure of investment return components will no longer be required. f) Liquidity and Availability: The ASU will require (1) quantitative disclosure about availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date, and (2) qualitative disclosure about liquidity, presented in the notes, including information about liquidity risk and how the liquid available resources are managed. Management has chosen not to early adopt ASU 2016-14 but will assess the impact on future financial statements.

Subsequent Events – SOLAS has evaluated subsequent events through May 9, 2018, the date the financial statements were available to be issued.

3. CONCENTRATION RISK

During the year ended December 31, 2017, SOLAS was primarily funded through the grant from one organization. During the year ended December 31, 2017, SOLAS received \$984,500 in grants from this organization, net of grant fees of \$15,500.

Cash is maintained in a commercial bank and consists of cash on deposit. Periodically throughout the year, the amounts on deposit at one financial institutions are in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management considers this risk to be a normal risk.

4. PROPERTY AND EQUIPMENT

As of December 31, 2017, property and equipment consisted of computer equipment of \$2,599 and accumulated depreciation of \$498. During the year ended December 31, 2017, depreciation expense was \$498.

STICHTING SOCIETY OF LATERAL ACCESS SURGERY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

During the year ended December 31, 2017, SOLAS sold equipment with a recorded value of \$807, and accumulated depreciation of \$135, for cash consideration of \$757, resulting in a gain on the sale of property and equipment of \$85.

5. COMMITMENTS

Facility usage agreements – SOLAS enters into agreements with hotels for the usage of facilities for the purpose of hosting future SOLAS meetings. The agreements require minimum revenue for the hotel for room rentals and food services, for which SOLAS will be required to pay the difference should the actual revenues be less than the minimum. In addition, the agreements contain cancellation clauses that require SOLAS to pay a fee should the event be cancelled. The amount of the cancellation fees vary based on the length of time from the date of cancellation to the anticipated date of the event.

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