

CCAF-FCVI's financial statements for the year ended March 31, 2016, together with the independent auditor's report thereon, are presented in this annual report.

The purpose of this Management Report is to provide our members and stakeholders with information on how the organization has performed financially and to provide some thoughts on the future. Our report explains significant items, fluctuations or changes in the policies affecting the presentation of our financial statements.

The CCAF Audit and Finance Committee (AFC), whose six members, including the Board Chair, provide oversight for these financial statements. During the planning, field work and reporting stage of the audit process, the AFC meets with management and the independent auditor, including holding in-camera sessions, to discuss the audit, internal policies and controls, risk management, and any financial reporting issues. The AFC recommends the audited financial statements for approval by the Board, and the audited financial statements, along with the Annual Report to Members are provided to Members in advance of the Annual General Meeting (AGM) that takes place on September 20.

The independent auditor, Collins Barrow Ottawa LLP, has reported on the audit to the AFC and has provided an unqualified audit opinion on CCAF's financial statements. The financial statements in this report have been prepared by management according to Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and audited in accordance with Canadian generally accepted auditing standards.

FUNDING GROWTH and OPPORTUNITIES

As a non-profit organization, CCAF relies primarily on membership and project funding for its domestic programming. We have been fortunate, over the past 35 years, to have had a stable and consistent funding base provided by our institutional members and partners, in particular from Canada's federal and provincial legislative audit community. Our efforts over the past year to interact and engage with a growing community of municipal Auditors General/Heads of Audit, as well as a number of international legislative audit organizations, has yielded a growth in the number of member organizations now working together and contributing to the achievement of CCAF's mission to strengthen public sector audit, oversight and accountability in Canada and abroad. Creating opportunities for CCAF member organizations from all three levels of Canada's governments, along with the international organizations CCAF works with, and other public and private sector leaders, to interact and work together will bring continued growth in value to Canadian taxpayers.

CCAF's current multi-year international program provides \$8.8 million in contributions from Global Affairs Canada (GAC – formerly Department of Foreign Affairs, Trade and Development) and focuses on four countries, Cameroon, Ghana, Tanzania, and Vietnam, and their regions. It builds on 35 years of international capacity building success, delivered in partnership with Canada's legislative audit community, who provide substantial in-kind support to help us achieve the objectives of the program. With the pending completion of the current international program contribution agreement in December 2017, CCAF's management team is seeking a renewed program contribution agreement with GAC to continue Canada's support to developing nations, helping them to improve their accountability, audit and oversight structures.

Over the past few years, CCAF has increased its programming for members thanks to additional in-kind contributions of human resources donated by the Office of the Auditor General of Canada as well as increased membership funding from new organizations who have joined CCAF over the past year. CCAF's revenues saw an overall decrease of approximately 4%, in part related to the decrease in revenues from CCAF's international program (14%) as a result of timing delivery of certain activities deferred to next year, offset by an increase over prior years in Membership fees and contributions (6%) and Professional development (64%).

Over the past year, CCAF has made significant investments in improving the content and delivery approach of its performance audit and oversight workshops in order to increase the effectiveness of these offerings. The excellent participant satisfaction results, as reported in this annual report, are a testament to the effectiveness of the improvements we continue to make. The introduction of webinars to CCAF programming in future will provide new learning opportunities for our members.

EXPENDITURES and RISK MANAGEMENT

At CCAF, managing our resources in a prudent way is very important to us. Our expenditure levels remained relatively similar to the prior year, with a 1.4% decrease, and aligns with the revenues CCAF was able to achieve during the year. The growth in expenditure in our Education and Professional development products and services (42%) reflect our increased efforts to improve content and delivery of our workshops as noted above.

Every organization needs to prepare for risks and challenges that could impact its financial position and its ability to continue to provide value to its members. Over the past year, the Board of Directors has reviewed and approved a policy with respect to its oversight of CCAF's Net Assets.

Prudent fiscal management of CCAF assets is an important part of ensuring that CCAF has adequate resources in place to protect against unanticipated fiscal challenges that may arise in the future and to take advantage of opportunities to increase value to CCAF members, such as through a new program of research or other investments towards the growth and sustainability of the organization.

CCAF's Net assets position as of March 31, 2016 is \$678,750. In the coming year, CCAF will use a small portion of these funds to renew and improve its website, providing easier and more efficient access to CCAF products and services to its members and to ensure our website supports key programming initiatives on a go forward basis.

LOOKING FORWARD

We continue to operate with prudence, and to seek opportunities to leverage our funding, by partnering and working with others, to bring value to our members. We look forward to the year ahead, working with our members and partners, as we continue to grow the programs and services envisioned in our strategic plan.



NICOLE WICZOREK

Vice-President, Operations and Stakeholder Relations & Chief Financial Officer

Our Vision ...

To be recognized as a global knowledge leader in performance auditing.

Our Mission ...

To promote and strengthen public sector performance audit, oversight and accountability in Canada and abroad through research, education and knowledge sharing.



Financial Statements

For the year ended March 31, 2016



CCAF-FCVI Inc.
Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Members of CCAF-FCVI Inc.

We have audited the accompanying financial statements of CCAF-FCVI Inc., which comprise the statement of financial position as at March 31, 2016, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

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Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CCAF-FCVI Inc. as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
June 28, 2016
Ottawa, Ontario

CCAF-FCVI Inc.
Statement of Financial Position

March 31	2016	2015
Assets		
Current		
Cash (Note 1)	\$ 1,219,459	\$ 912,483
Accounts receivable	49,110	36,096
Government remittances receivable	24,599	39,377
Accrued international program funds (Note 4)	-	5,497
Prepaid expenses	94,157	33,469
	1,387,325	1,026,922
Tangible capital assets (Note 2)	-	-
	\$ 1,387,325	\$ 1,026,922

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 320,331	\$ 292,907
Deferred revenue (Note 3)	2,550	-
Unexpended international program funds (Note 4)	385,694	-
	708,575	292,907
Net assets		
Unrestricted	678,750	734,015
	\$ 1,387,325	\$ 1,026,922

On Behalf of the Board of Directors:



Director



Director

CCAF-FCVI Inc.

Statement of Operations and Changes in Net Assets

For the year ended March 31	2016	2015
Revenue		
Membership fees and contributions (Note 7)	\$ 1,300,287	\$ 1,226,297
International program funds (Note 4)	1,670,210	1,934,945
Professional development	152,662	93,038
Interest	7,872	8,554
	3,131,031	3,262,834
Direct program expenses (Notes 5 and 7)		
Research, methodology and information products	305,418	388,526
Education and professional development	428,666	300,928
Knowledge sharing and networking	126,939	104,220
International program	1,543,489	1,794,983
	2,404,512	2,588,657
General expenses (Note 5)		
Sustainability and accountability	288,476	334,908
Operations and other support	493,308	296,763
Amortization of tangible capital assets	-	11,199
	781,784	642,870
Total expenses	3,186,296	3,231,527
Excess (deficiency) of revenue over expenses for the year	(55,265)	31,307
Net assets, beginning of year	734,015	702,708
Net assets, end of year	\$ 678,750	\$ 734,015

CCAF-FCVI Inc.
Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (55,265)	\$ 31,307
Item not affecting cash:		
Amortization of tangible capital assets	-	11,199
	<u>(55,265)</u>	42,506
Changes in non-cash working capital balances:		
Accounts receivable	(13,014)	19,175
Government remittances receivable	14,778	2,912
Accrued international program funds	5,497	(5,497)
Prepaid expenses	(60,688)	336
Accounts payable and accrued liabilities	27,424	(146,229)
Deferred revenue	2,550	(35,396)
Unexpended international program funds	<u>385,694</u>	<u>(185,609)</u>
Increase (decrease) in cash during the year	306,976	(307,802)
Cash, beginning of year	<u>912,483</u>	<u>1,220,285</u>
Cash, end of year	<u>\$ 1,219,459</u>	<u>\$ 912,483</u>

CCAF-FCVI Inc.

Summary of Significant Accounting Policies

March 31, 2016

Nature and Purpose of the Organization

CCAF-FCVI Inc. (the "Foundation") was established in 1980 by letters patent under the provisions of Part II of the Canada Corporations Act. The Foundation continued under the Canada Not-for-profit Corporations Act (the "Act") effective September 9, 2014.

In accordance with the Foundation's Articles of Continuance under the Act, the purpose of the Foundation is to promote and strengthen public sector auditing, oversight, and accountability in Canada and abroad. The Foundation provides education, research and capacity development for public sector auditors and oversight committees, helping them to work with other public officials for accountable government. The Foundation's products and services are widely respected, referenced and applied by auditors, legislators and other public officials in Canada and abroad.

Significant portions of the Foundation's revenue, including a contribution to general expenses, are derived from Global Affairs Canada ("GAC"), formerly the Department of Foreign Affairs, Trade and Development Canada ("DFATD"), as set out in Note 4 to these financial statements. In addition, the Foundation derives approximately 50% of its membership fees and contributions from one member. The Foundation's current level of operations depends on the continuation of these revenue sources.

The Foundation was organized and is operated for the purposes outlined above and as such is not taxable under the Income Tax Act of Canada.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the fiscal year in which they become known.

Significant estimates include assumptions used in: estimating the initial fair value of financial instruments; estimating the amounts and collectibility of accounts receivable; establishing the useful lives and related amortization of tangible capital assets; estimating provisions for

CCAF-FCVI Inc.
Summary of Significant Accounting Policies

March 31, 2016

Use of Estimates
(continued)

accrued liabilities; estimating the salaries and benefits allocated to various operational areas; estimating the amount of contributions earned, receivable, accrued and deferred under the Foundation's contribution and other funding agreements; and estimating contributions in kind recognized in the financial statements.

Financial Instruments

Financial instruments are financial assets or financial liabilities of the Foundation where, in general, the Foundation has the right to receive cash or another financial asset from another party or has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, accounts receivable, government remittances receivable and accrued international program funds. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and unexpended international program funds. The Foundation has no financial assets or financial liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Foundation recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

CCAF-FCVI Inc.

Summary of Significant Accounting Policies

March 31, 2016

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Externally restricted funds are recognized as revenue in the year in which the related expenses are incurred. Unrestricted funds are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Unrestricted interest revenue is recognized as revenue when it is earned with the passage of time. Externally restricted interest revenue, if any, is initially deferred and is recognized as revenue in the year in which the related expenses are incurred.

The Foundation sets its membership fees on an annual basis, which are recognized as revenue in the fiscal year to which they relate.

Professional development revenue is recognized in the year in which the goods and services are rendered or sold.

Contributions In Kind

In accordance with Canadian Accounting Standards for Not-for-Profit Organizations, an organization may choose to recognize in kind contributions of services but should do so only when the fair value can be reasonably estimated, and when the services are used in the normal course of the organization's operations and would otherwise have been purchased. Members and other contributors provide a significant amount of time and absorb costs related to certain activities of the Foundation. These services are in the normal course of the Foundation's operations but in certain instances their fair value and completeness are not reasonably determinable. Certain of these contributed services are volunteer services which would not otherwise be purchased by the Foundation so they are not recognized in the financial statements. Other in kind contributions of services would however be otherwise purchased by the Foundation if they had not been contributed, and their fair value and completeness are reasonably determinable such that they are recognized in the financial statements. The benefit of the contribution is included in revenue and there is an offsetting expense with no resulting impact on the Foundation's net results of operations.

Capital Assets

Tangible capital assets consisting of furniture, office equipment and leasehold improvements are stated at acquisition cost. Amortization of furniture and office equipment is provided on the straight-line basis over a three-year period. Amortization of leasehold improvements is provided on a straight-line basis over the expected remaining term of the lease at the time of acquisition.

When a tangible capital asset no longer has any long-term potential to the Foundation, the write-down, being the excess of its net carrying amount over any residual value, is expensed. A write-down is not reversed in subsequent years.

CCAF-FCVI Inc.
Summary of Significant Accounting Policies

March 31, 2016

Capital Assets
(continued)

Intangible assets, being computer software, are expensed in the year of acquisition.

Development Costs

The Foundation develops educational products and research publications for the purposes outlined in the Nature and Purpose of the Organization. Fees charged for the use and purchase of these items are generally set such that direct costs are recovered. Related development costs are expensed in the year incurred.

Allocation of Expenses

The Foundation's expenses are presented in the statement of operations and changes in net assets on a functional basis. Expenses attributed to a particular function are directly related to the output of that functional category and are therefore not considered indirect allocated expenses. The Foundation does not allocate its general expenses to other functional expense categories.

CCAF-FCVI Inc.
Notes to Financial Statements

March 31, 2016

1. Cash

The Foundation's cash is held in two accounts at one Canadian chartered bank, the majority of which is held in a business premium investment account that earns a variable rate of interest based on a tiered arrangement. As at March 31, 2016, the corporate investment account had a balance of \$935,345 (2015 - \$777,558) and was earning an approximate average rate of interest of 0.9% (2015 - approximate average rate of interest of 1%). The other bank account is a non-interest bearing operating account and its balance as at March 31, 2016 is \$284,114 (2015 - \$134,925).

2. Tangible Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture, office equipment and leasehold improvements	\$ 33,358	\$ 33,358	\$ -	\$ 33,358	\$ 33,358	\$ -

3. Deferred Revenue

Deferred revenue consists of membership fees and contributions related to subsequent years as summarized below.

	2016		2015	
Membership fees	\$ 2,550	\$ -		

CCAF-FCVI Inc.
Notes to Financial Statements

March 31, 2016

4. International Program Funds

The Foundation coordinates a program designed to build the capacity and effectiveness of performance audit in the supreme audit institutions ("SAIs") of selected developing countries. The program also contributes to enhanced leadership and capacity of parliamentary oversight committees and to strengthened coordination and knowledge-sharing among donors, SAIs and their regional associations. Partnering with a network of Canadian experts, the Foundation delivers capacity building activities including Fellowship placements with Canadian audit offices, in-country and regional workshops, and other targeted training and mentoring.

International program costs are funded by Global Affairs Canada ("GAC"), formerly the Department of Foreign Affairs, Trade and Development Canada ("DFATD"), with in kind contributions from Canadian experts at the Office of the Auditor General of Canada, participating provincial audit Offices, the Foundation, municipal audit offices, parliamentarians and individual Canadians. GAC pays direct costs associated with the program and makes a contribution to the Foundation's general expenses. The current agreement with GAC was effective August 29, 2012, and provides program funding of \$8,800,000 over the period ending on December 31, 2017. The total funding under the agreement yet to be potentially recognized as revenue as at March 31, 2016 is \$2,412,342 (2015 - \$4,082,552).

The flow of the program funds is as follows:

	2016	2015
Unexpended (accrued) program funds, beginning of year	\$ (5,497)	\$ 185,609
Advances from GAC	2,061,401	1,743,839
	2,055,904	1,929,448
Revenue recognized representing expenses for the year including contributions to general expenses	1,670,210	1,934,945
Unexpended (accrued) program funds, end of year	\$ 385,694	\$ (5,497)

CCAF-FCVI Inc.
Notes to Financial Statements

March 31, 2016

5. Salaries and Benefits

The total amount of salaries and benefits for the 2016 fiscal year is \$1,570,236 (2015 - \$1,384,394). Salaries and benefits are allocated to various operational areas based on management's estimate of resource utilization as outlined in the following table.

	2016	2015
Research, methodology and information products	\$ 169,073	\$ 195,932
Education and professional development	219,710	180,176
Knowledge sharing and networking	93,188	61,139
International program	549,176	572,352
Sustainability and accountability	215,129	248,108
Operations and other support	323,960	126,687
	\$ 1,570,236	\$ 1,384,394

For the 2016 fiscal year the Foundation revised the allocation basis used to align with its new strategic plan. Therefore, in certain instances the 2015 corresponding amounts presented have been reclassified to use the revised allocation basis.

6. Commitments

During the year the Foundation renewed the lease agreement for its office premises, which expired on February 28, 2016, for an additional 18 months. The commitments for the next two fiscal years until August 31, 2018 are as follows:

2017	\$ 73,931
2018	30,804
	\$ 104,735

The Foundation also has residential leases as part of its international program. Multiple leases are on a month-to-month basis. However, there are five leases expiring on May 31, 2016. The commitment for the 2017 fiscal year until May 31, 2016 is \$16,600 for these residential leases.

CCAF-FCVI Inc.
Notes to Financial Statements

March 31, 2016

7. Contributions In Kind

In kind contributions of services recognized in the financial statements total \$146,250 (2015 - \$170,466) and are included in membership fees and contributions revenue, and the various expenses as detailed below, resulting in no net impact in the Foundation's net results of operations.

	<u>2016</u>	<u>2015</u>
Research, methodology and information products	\$ 105,966	\$ 136,933
Education and professional development	35,231	28,860
Knowledge sharing and networking	5,053	4,673
	<u>\$ 146,250</u>	<u>\$ 170,466</u>

For the 2016 fiscal year the Foundation revised the allocation basis used to align with its new strategic plan. Therefore, in certain instances the 2015 corresponding amounts presented have been reclassified to use the revised allocation basis.

8. Financial Instruments Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposures and concentrations as at March 31, 2016.

The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to its accounts receivable. Although not considered a significant risk, credit risk also exists in relation to the Foundation's cash balances. The cash balances are set out in Note 1 to these financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk.

CCAF-FCVI Inc.
Notes to Financial Statements

March 31, 2016

8. Financial Instruments Risks and Concentrations (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's financial instruments are in Canadian currency. Consequently, the Foundation is not exposed to foreign exchange fluctuations on its financial instruments. However, the Foundation does incur expenses in foreign currencies related to its international activities, and is therefore exposed to foreign exchange fluctuations on its future expenses.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation would be exposed to interest rate risk on fixed and variable interest rate financial instruments. The Foundation does not hold fixed-rate instruments so it is not subject to a fair value risk. The Foundation holds floating-rate financial instruments being its cash balances, as set out in Note 1 to these financial statements, which would subject the Foundation to a cash flow risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is not exposed to other price risk.

Changes in risks

There have been no significant changes in the Foundation's risk exposures from its 2015 fiscal year.

9. Corresponding Amounts and Disclosures

In certain instances, 2015 fiscal year corresponding amounts and disclosures presented have been reclassified to conform with the financial statement presentation and disclosures adopted for the 2016 fiscal year.
