

Canadian Audit & Accountability Foundation

ANNUAL REPORT 2020–2021
**A YEAR OF INNOVATION
& TRANSFORMATION**



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

A YEAR OF INNOVATION & TRANSFORMATION

In 2020, CAAF celebrated its 40th anniversary and we began to share stories highlighting our history, transformation, and growth.

Little did we know that transformation would be the theme of 2020. For 40 years, CAAF has been continually updating and expanding its programs and services to meet the evolving needs of our members, but this year that change came at an exponential rate. As the COVID-19 pandemic changed the way we work and required CAAF

to adapt to new realities and circumstances, we also took it as a challenge to create additional value for our members. We adapted our offerings to a virtual format, leveraged the benefits of technology, and are now able to even better serve our members.



Reacting & innovating in times of change: a timeline

MARCH

Arranged for staff to work remotely and for international Fellows to return home safely

APRIL

Offered the first two of a series of webinars

Published first COVID-19 related publication

Launched series of meetings with members to discuss challenges surrounding COVID-19

Released video on how CAAF is adapting to COVID-19

MAY

Launched COVID-19 Audit and Oversight Resource Repository

JUNE

Launched registration for first virtual training courses



Transforming our professional development offerings

With in-person training put on hold, CAAF quickly pivoted to adapting all of its courses into a virtual format and developed a series of webinars, the first of which attracted over 250 participants. We continued to innovate by launching an online registration system and offering two new courses to our members: *Auditing Gender Equality* and *Project Management for Performance Auditors*.

26
courses delivered to
382
course participants



4.5/5
satisfaction rating



14
webinars to over
837 registrants



Delivered 6th
Annual Municipal
Audit Forum
in virtual format
13
municipalities attended

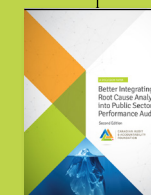


Releasing a record number of performance audit publications

One of our key goals is to advance knowledge, understanding and practice through our research and publications. This year, we published more than ever before, keeping auditors informed on a wide range of topics, from how to take emerging information technology into account in audits, to writing better audit reports, to auditing pandemic preparedness. We thank our members who contributed their expertise to our Discussion Papers and our Voices from the Field and Featured Audits series.

19 publications, including:

Better Integrating Root Causes Analysis into Legislative Performance Audit



Auditing Pandemic Preparedness in the Public Sector



*100 Tips for
Performance Auditors*



*Follow the Money Audit Mandates:
Closing an Accountability Gap*



8 Audit Tips

4 Voices from the Field

2 Research Highlights

6 publications on COVID-19 related topics

A YEAR OF INNOVATION & TRANSFORMATION



Supporting oversight committees

Accountability is at its strongest when all parties in the accountability system have the knowledge and skills they need to work effectively, including public accounts committees (PACs). Accordingly, an important part of our work is providing tools, resources, and services to support PACs' effectiveness. This year, CAAF delivered a number of workshops to provincial and federal PACs and released many publications highlighting good practices to help committees have the greatest impact.

5

WORKSHOPS TO PROVINCIAL AND FEDERAL PACs

2

PRESENTATIONS TO THE COMMONWEALTH PARLIAMENTARY ASSOCIATION

- Sustainable Development Goals & Audit
- Measuring Effectiveness and Impact of PACs

6

PUBLICATIONS RELEASED



Taking your PAC meetings virtual: Lessons from the B.C. Experience



How to Create a Collaborative PAC Culture



Good Practices to Strengthen Municipal Audit Committees for Municipalities with an AG



4 Methods to Communicate the PAC's Role and its Work to Stakeholders



PACs and Research Support—Part 1



PACs and Research Support—Part 2



Providing value to members

As we continue to grow, bringing in an increasingly diverse membership, we are looking at ways of adding value and services for our members. This year, we added new member benefits, including monthly member roundtable discussions. These meetings began as a way for members to discuss the challenges surrounding COVID-19 and were such an appreciated forum that they morphed into recurring meetings on different topics.

14

complimentary webinars



22

Member roundtable discussions



Audit News Database

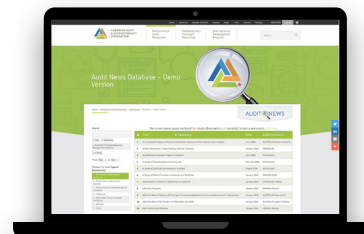


A databased filled with performance audit documents which saves auditors precious research time.

895
new entries

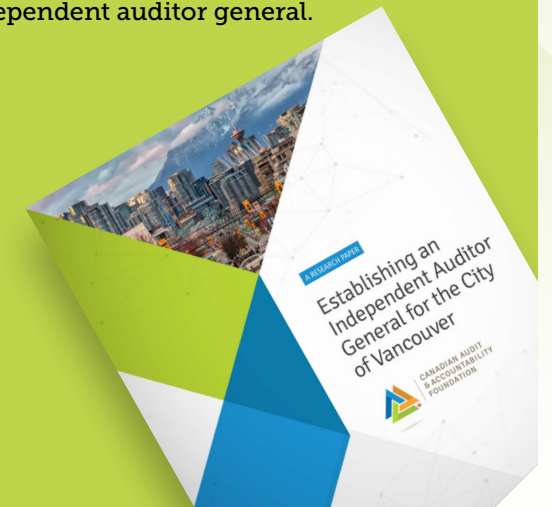
Accessed by
18
countries

5,513
times



Providing consultation services that make an impact

We were happy to provide consultation services to the City of Vancouver regarding the creation of an independent Auditor General. In collaboration with the working group of Vancouver City Council, CAAF developed a report in spring 2020 which was presented to Council in July. Subsequently, in accordance with CAAF recommendations, the Council passed a motion to develop a new by-law creating an independent auditor general.



See following pages to learn more about the activities of our **International Governance, Accountability and Performance Program**.



INNOVATIONS IN OUR INTERNATIONAL PROGRAM

Our International Governance, Accountability and Performance Program certainly looked different this year, as COVID-19 prevented travel between Canada and our four partner countries—Guyana, Rwanda, Senegal, and Vietnam. But thanks to the same spirit of innovation and transformation described on the previous pages, we found new ways to work with our partners towards our goals of strengthening performance audit and oversight and contributing to better results for citizens.

Despite the pandemic, the core elements of the program remained unchanged in this third year of our seven-year program. Canadian members continued to generously share their expertise with participants. The program's priority themes of advancing gender equality and contributing to the United Nations Sustainable

Development Goals (SDGs) were every bit as relevant in light of COVID-19. And the benefits of collaborating with like-minded organizations, such as the INTOSAI Development Initiative, only increased as we all sought to help supreme audit institutions (SAIs) respond to new common challenges caused by the pandemic.



Scenes from this year's virtual training with the SAIs of Senegal, Vietnam, Thailand, and Myanmar



Leveraging the benefits of virtual training

Adapting our training for virtual delivery not only allowed us to continue meeting participants' capacity building needs, but opened new opportunities as well. Without the need to travel, we can now:

- ▶ Schedule courses over non-consecutive days, to best suit SAIs' availability and let participants apply new skills between sessions
- ▶ Invite more Canadian partners to make presentations
- ▶ Hold follow-up sessions several weeks after a course
- ▶ Provide live mentoring for audit teams as they require support

10
courses
delivered

132
participants

49% women
51% men

4.4/5
average
satisfaction
rating

Highlights



Workshops and mentoring to help audit teams write strong executive summaries for 4 audits



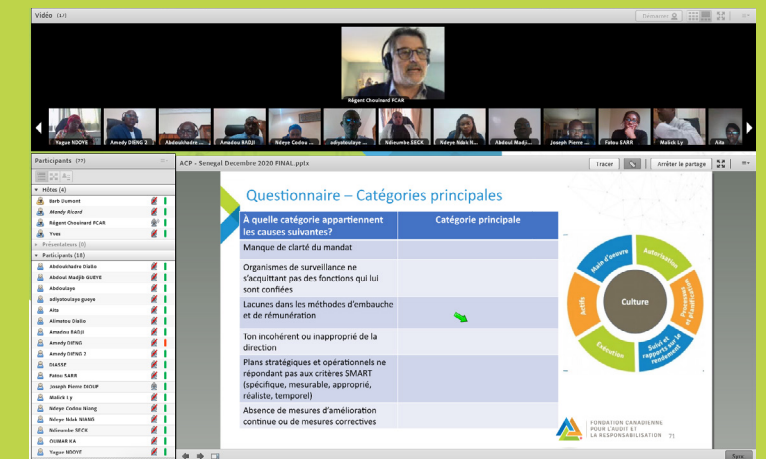
First delivery of our new Project Management for Performance Auditors course



Several courses for the SAI's first cohort of participants—and planning many more for 2 new cohorts in 2021–22



Tailored training to support Vietnam, as well as Thailand and Myanmar, in their cooperative SDG audit on the Mekong River Basin

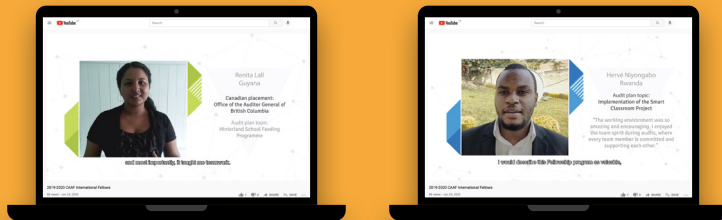


INNOVATIONS IN OUR INTERNATIONAL PROGRAM

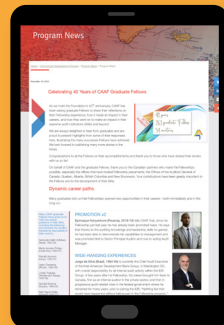


Fellowships – a 40th year unlike any other

After the pandemic forced our 2019–20 class of Fellows to return home in March 2020, CAAF and the Canadian host offices transitioned to providing training and mentoring virtually. From their homes, the 8 Fellows completed their remaining courses and their audit plan projects, and in June we celebrated their graduation in a **virtual ceremony**.



To mark the 40th anniversary of CAAF and our international Fellowships, we asked graduate Fellows to share their reflections on their Fellowship experiences and their careers. We were delighted to share highlights from their responses with our partners—read them [here](#).



40
Years

263
Fellows

54
Countries



Developing new resources for oversight committees

To respond to travel constraints associated with COVID-19 and continue to provide resources to legislative oversight committees, we developed:

- ▶ Our first self-paced courses, which will be launched later in 2021
- ▶ A virtual workshop on effective questioning, which we piloted with representatives of the SAIs of Guyana and Rwanda as well as participants from Canada
- ▶ Research on parliamentary oversight in Senegal and other West African countries, which the SAI will use when engaging the newly formed committee



Supporting gender mainstreaming in SAIs

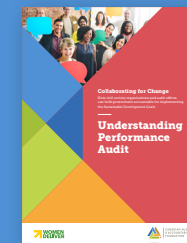
To help our partner SAIs foster gender equality and women's empowerment in their offices, we are providing mentoring and coaching through a Leaders Program. This year, the 8 participants learned about key gender equality concepts then surveyed their coworkers as the first step in a gender assessment of their SAI. As the Leaders Program continues, they will complete their assessment and use their findings to develop a gender mainstreaming strategy and action plan for their SAI.



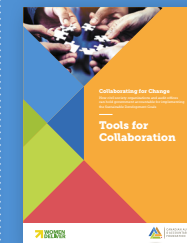
Engaging CSOs in auditing and accountability

Civil society organizations (CSOs) advocate for better policies and services, mobilize citizens, and demand increased civic engagement in government processes. When audit offices and CSOs work together, they can reinforce each other's goals and better hold governments accountable. Our *Collaborating for Change* series supports this collaboration by providing information, strategies and tools for CSOs. This year we published the first resources in the series:

Understanding
Performance
Audit



Tools for
Collaboration



Video: CSOs and audit
offices: Collaborating
for change



THANK YOU!

This international program is made possible thanks to the contributions of many CAAF members, especially the **Offices of the Auditors General of Alberta, British Columbia, Quebec, and Canada** who worked with Fellows and contributed to training, mentoring, and planning activities throughout the year.



QUARTERLEY REPORTS

Throughout the year, we shared updates on our activities through quarterly reports. These reports can be found on the following pages.



MARCH 2020 – JUNE 2020

SERVING OUR MEMBERS DURING COVID-19

COVID-19 RELATED INITIATIVES

Publication of 4 articles



6 Ways Auditors
Can Cope with the
COVID-19 Crisis



Are My Performance
Audit Plans Immune
to COVID-19?



Taking Your PAC
Meetings Virtual:
Lessons from the
B.C. Experience



Managing
Relationships with
Auditees during
COVID-19



Creation of a COVID-19
audit & oversight
resource repository

Continued discussions with
members on COVID-19 challenges
and best practices

MODERNIZING OUR TRAINING AND PROVIDING VIRTUAL LEARNING OPPORTUNITIES



6 free webinars offered
to members

[Upcoming
webinars](#)

[Previous
webinars](#)



First ever CAAF virtual
classroom offering open for
registration



Development of virtual offerings
for all CAAF in-person courses
has begun



Moving international
fellowships training
programs to virtual format

ADAPTING OUR PRACTICES SO WE CAN CONTINUE TO BEST SERVE OUR MEMBERS



Equipping staff to work from home



Reducing budgets while finding
new ways to serve members



Reallocating resources to maximize
the benefits offered to members



Increasing communications and
updates to members on CAAF
projects

KEEPING MEMBERS AND STAKEHOLDERS INFORMED

New Research Publications



MAY | 2020
Publication on
the role and
responsibilities
of PAC
researchers



MAY | 2020
2nd edition of
discussion paper
on root cause
analysis

+10

shorter publications—
including tips, featured
practices, and more

Quarterly Activity Report



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

NOTABLE EVENTS

Provided consultation services on the creation of an independent Auditor General for the City of Vancouver



- ▶ Submitted a report to Vancouver City Council
- ▶ Delivered a presentation at a City Council meeting

Wrapped up 2019-2020 international Fellowships

- ▶ Held virtual graduation ceremony with 70+ attendees from across Canada and 4 partner countries (June 2020)
- ▶ Published digital yearbook featuring the 8 Fellows and their projects



Announced partnership with SageTea, University of New Brunswick and Lockheed Martin to develop new AI tools with root cause analysis capabilities

TRAINING & WEBINARS



- ▶ Successfully launched first virtual training offering



- ▶ Adapted two courses into virtual format



Performance Audit Boot Camp
– 3 deliveries



Root Cause Analysis
– 2 deliveries



- ▶ Offered 3 webinars



Creating Opportunities for Today: Connecting Data, Workflows and Results (ENG & FRE)



Using Artificial Intelligence in Times of Crisis

SUSTAINABILITY & ACCOUNTABILITY



- ▶ Welcomed new CAAF President and CEO, Carol Bellringer



- ▶ Published 2019-2020 Annual Report in new format



- ▶ Held Annual General Meeting in a new format



- ▶ Submitted 2019-2020 international program reports to Global Affairs Canada



PUBLICATIONS & RESOURCES

Published 7 resources



Collaborating for Change :
Understanding Performance Audit



Asking the Right Questions:
Conducting Surveys in Performance Audits



Good Practices to Strengthen
Municipal Audit Committees for
Municipalities with an AG



9 Red Flags to Look for When
Auditing Organizational Culture



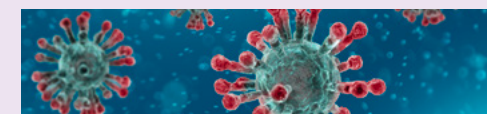
6 Non-Technical Ways to Unlock the
Value of Data Analytics



7 Tips for Conducting a Survey in a
Performance Audit



COVID-19: Putting a Gender Lens on
Auditing (Collaboration with IDI)



Added 21 links to CAAF's COVID-19 audit & oversight resource repository


Continued discussions with members on COVID-19 challenges and best practices




CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

A LOOK BACK ON 2020

 **32** publications

 **36** courses and webinars

 **26** communications to members and stakeholders

 **50,968** visitors to our website



**Celebrated CAAF's
40th anniversary**

Watch members of our management team share their reflections



OCTOBER 2020 – DECEMBER 2020

QUARTERLY ACTIVITY REPORT

MODERNIZING OUR TRAINING AND INCREASING OFFERINGS TO AUDITORS & PACS



Offered **5** webinars

[Access webinar recordings](#)



Delivered **9** virtual training offerings:



Performance Audit Boot Camp
– 4 deliveries



Root Cause Analysis
– 4 deliveries



Effective Report Writing
– 1 delivery



Held bi-annual Municipal Audit Forum



Delivered **4** workshops to federal, provincial and municipal oversight committees



Delivered **2** presentations to the Commonwealth Parliamentary Association and **1** presentation to AFROSAI-E

ADAPTING OUR INTERNATIONAL PROGRAM TO PROVIDE VIRTUAL LEARNING OPPORTUNITIES



Delivered our first **4** virtual courses to partner countries



Launched new course: Project Management for Performance Auditors



Began Leaders Program on Gender Mainstreaming with all **4** partner countries



Highlighted **40** years of graduate Fellows by sharing their success stories

Published a video on benefits of collaboration between civil society organizations & audit offices



KEEPING MEMBERS & STAKEHOLDERS INFORMED

New Publications

AUDIT TIPS



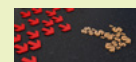
100 Tips for Performance Auditors

This publication includes a compilation of tips from previous editions of our *Audit Tips* series.

RESEARCH HIGHLIGHTS



Auditing Pandemic Preparedness in the Public Sector



Follow-the-Money Audit Mandates: Closing an Accountability Gap



Good Practices to Strengthen Municipal Audit Committees for Municipalities with an Auditor General

+3

**AUDIT AND
OVERSIGHT
TIPS**

Quarterly Activity Report



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

INTERNATIONAL PROGRAM TRAINING

Offered pilot master class on Effective Questioning for Public Accounts Committees, with participants from Guyana, Rwanda and Canada

Continued Leaders Program on Gender Mainstreaming with **8** participants

Trained over **125** participants through activities for all **4** partner countries:



Guyana

- ▶ Mentoring on writing audit report executive summaries
- ▶ Mentoring for graduate Fellows



Rwanda

- ▶ Mentoring on applying root cause analysis



Senegal

- ▶ Strategic Audit Topic Selection course
- ▶ Evidence Collection and Analysis course



Vietnam

- ▶ Tailored training for Vietnam who is leading a cooperative audit on the Mekong River Basin with Thailand and Myanmar

Thanks to the many canadian partners who contribute to the planning and delivery of the program!

TRAINING TO PUBLIC SECTOR AUDITORS

Delivered
12
courses to over
175
participants

About our courses



Launched online registration system making it quick and easy to register to courses and webinars



Offered first deliveries of:



Project Management for Performance Auditors



Auditing Gender Equality

SUSTAINABILITY AND ACCOUNTABILITY



Welcomed new institutional members



Government Internal
Auditors Council of Canada

Conseil canadien des vérificateurs
internes du secteur public



National
Defence

Défense
nationale



United Arab
Emirates



Balanced budget for 2021-2022 approved by CAAF's Board of Directors



Launched CAAF's 2022-2025 strategic planning process

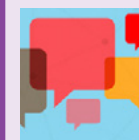
RECENT PUBLICATIONS



Collaborating for Change:

How civil society organizations and audit offices can hold government accountable for implementing the Sustainable Development Goals

Tools for Collaboration



Oversight Tips:

4 Methods to Communicate the PAC's Role and its Work to Stakeholders



[View our short video](#) describing the PAC's important role



Voices from the Field:

Process Mining: A New Analytical Tool for Performance Auditors



Audit Tips:

10 Key Cybersecurity Risk Areas to Audit



FINANCIAL REPORTS

The Canadian Audit and Accountability Foundation's financial statements for the year ended March 31, 2021, together with the independent auditor's report thereon, are presented in this annual report. The external auditor, Welch LLP, has provided an unqualified audit opinion on the Foundation's financial statements.

The financial statements contained in this report have been prepared by management according to Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and audited by Welch LLP in accordance with generally accepted auditing standards. This report provides our members, stakeholders and other interested parties with information on the Foundation's financial position and performance and explains significant items, fluctuations or changes in the policies affecting the presentation of financial results.

FINANCIAL SNAPSHOT



Revenue

Membership
**increased
by 4%**



New members
in internal
audit and
international
audit offices

International
programming revenue
**dropped
by 34%**

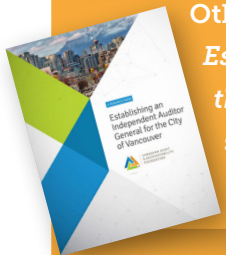


COVID-19
restricted
all travel

Though we were **successful in adapting
our course offerings into a virtual
format**, training revenue decreased by 38%

COVID-19 subsidies, for salaries and rent,
accounted for 10%
of our total revenue

Other program revenue for work on:
*Establishing an Independent Auditor for
the City of Vancouver*, development of
self-paced virtual course on municipal
oversight (in progress).



Expenses

International expenses
**decreased
by 33%**



In large part due to
travel restrictions

All other expenses
**decreased
by 18%**



Primarily because of
efforts to save costs
during the pandemic

Net Assets & Risk Management

Surplus of over
\$220,000

Net assets once again over
\$710,000
(a return to 2018–2019 levels)

Though we are in a
**stronger position
than 12 months ago**,
our accumulated surplus
covers just 80% of our general
operating expenses

Financial stability is key to ensuring sustainability of the Foundation
and, with that in mind, we have **invested 1/2 million
in short-term securities**

The Future

COMING SOON!

**CAAF'S 2022–2025 STRATEGIC PLAN
Advancing Public
Sector Accountability**

OVERARCHING GOAL

**Our Commitment to Equity,
Diversity and Inclusion**

Member Engagement

Knowledge Exploration

Capacity Building

UNDERPINNING GOAL

Our Sustainability

We look forward to working with all CAAF
members, associates, partners, staff, and
board members to reach these goals.

FINANCIAL STATEMENTS
For
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**
For year ended
MARCH 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

Opinion

We have audited the financial statements of Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation (the Foundation), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

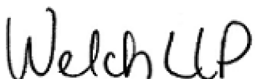
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 29, 2021.

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 986,854	\$ 1,000,358
Short-term investments (note 4)	500,000	-
Accounts receivable (note 5)	424,488	291,568
HST receivable	7,045	19,204
Prepaid expenses	<u>45,376</u>	<u>48,673</u>
	1,963,763	1,359,803
TANGIBLE CAPITAL ASSETS (note 6)	<u>6,135</u>	<u>24,425</u>
	<u>\$ 1,969,898</u>	<u>\$ 1,384,228</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 475,619	\$ 207,741
Deferred international program funds (note 7)	670,174	635,345
Deferred membership and training revenue (note 8)	77,322	11,704
Lease inducements	<u>35,308</u>	<u>40,604</u>
	1,258,423	895,394
NET ASSETS		
Unrestricted	<u>711,475</u>	<u>488,834</u>
	<u>\$ 1,969,898</u>	<u>\$ 1,384,228</u>

Approved by the Board:

.....*Twangeline Colman-Sadd*..... Director

.....*Steve Smith*..... Director

(See accompanying notes)

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenue		
Membership fees and contributions	\$ 1,330,241	\$ 1,284,717
International program funds (note 7)	1,371,053	2,090,238
Professional development	279,570	452,474
Government contributions (note 5)	327,616	-
Other programs	48,750	-
Interest and other	<u>3,961</u>	<u>20,871</u>
	<u>3,361,191</u>	<u>3,848,300</u>
Expenses		
Direct program expenses		
Research, methodology and information products	469,232	420,254
Education and professional development	463,576	572,752
Knowledge sharing and networking	55,671	167,327
International program	<u>1,258,293</u>	<u>1,866,279</u>
	<u>2,246,772</u>	<u>3,026,612</u>
General expenses		
Sustainability and accountability	170,033	679,689
Operations and other support	701,200	408,497
Amortization	<u>20,545</u>	<u>37,611</u>
	<u>891,778</u>	<u>1,125,797</u>
Total expenses	<u>3,138,550</u>	<u>4,152,409</u>
Excess (deficiency) of revenue over expenses	222,641	(304,109)
Unrestricted net assets, beginning of year	<u>488,834</u>	<u>792,943</u>
Unrestricted net assets, end of year	<u>\$ 711,475</u>	<u>\$ 488,834</u>

(See accompanying notes)

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 222,641	\$ (304,109)
Adjustments for:		
Amortization	<u>20,545</u>	<u>37,611</u>
	243,186	(266,498)
Changes in non-cash working capital components:		
Accounts receivable	(132,920)	91,820
HST receivable	12,159	(21,187)
Prepaid expenses	3,297	35,303
Accounts payable and accrued liabilities	267,878	(543,048)
Deferred international program funds	34,829	381,319
Lease inducements	(5,296)	(5,296)
Deferred membership and training revenue	<u>65,618</u>	<u>6,641</u>
	<u>488,751</u>	<u>(320,946)</u>
INVESTING ACTIVITIES		
Tangible capital asset additions	(2,255)	(13,332)
Purchase of investments	<u>(500,000)</u>	<u>-</u>
	<u>(502,255)</u>	<u>(13,332)</u>
DECREASE IN CASH	(13,504)	(334,278)
CASH, BEGINNING OF YEAR	<u>1,000,358</u>	<u>1,334,636</u>
CASH, END OF YEAR	<u>\$ 986,854</u>	<u>\$ 1,000,358</u>

(See accompanying notes)

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

1. NATURE OF OPERATIONS

Canadian Audit and Accountability Foundation/Fondation canadienne pour l'audit et la responsabilisation 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") as set out in Note 8 to these financial statements. In addition, the Foundation derives approximately 60% 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Foundation uses 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 estimated and collection is reasonably assured.

Unrestricted interest revenue is recognized as revenue when it is earned. 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, and they are recognized as revenue in the year to which the memberships relate.

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

Development costs

The Foundation develops educational products and research publications for the purposes outlined in note 1. Fees charged for the use of these items are generally set such that direct costs are recovered. Related development costs are expensed in the year incurred.

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value adjusted by transaction costs. Financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Cash is subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

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.

Contributions in kind

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. Some 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.

Tangible capital assets

Tangible capital assets are recorded at cost. Tangible capital assets consist of furniture, office equipment and IT equipment. Amortization of furniture, office equipment and IT equipment is provided on a straight-line basis over a three-year period. When a tangible capital asset no longer has any long-term benefit to the Foundation, its carrying amount is written down to its residual value.

Intangible assets are capitalized in the year the asset is put in use and amortized on a straight-line basis over three years.

Lease inducements

Lease inducements, such as free rent, are deferred and amortized over the term of the lease. Annual amortization is recorded as a credit to rent expense.

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization 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 revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

Significant estimates include assumptions used in estimating the initial fair value of financial instruments, the collectibility of accounts receivable, the useful life of tangible capital assets, provisions for accrued liabilities, the salaries and benefits allocated to various operational areas, the amount of contributions earned, other funding agreements and contributions in-kind recognized in the financial statements.

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations.

The Foundation does not use derivative financial instruments to manage its risks.

Credit risk

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk is the sum of the carrying value of its cash, investments and accounts receivable. The Foundation's cash and investments are deposited with a Canadian chartered bank and as a result, management believes the risk of loss to be remote. Accounts receivable balances are managed and analyzed on an ongoing basis and accordingly, management believes all amounts receivable will be collected and has determined that a provision for bad debts is not required.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they become due. The Foundation meets its liquidity requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfill its obligations.

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 is comprised of currency risk, interest rate risk and other price risk.

i) *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. Included in cash is \$95,465 (2020 - \$10,493) originally denominated in US dollars.

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2021

3. FINANCIAL INSTRUMENTS - Cont'd.

Market risk - Cont'd.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates.

The Foundation believes it is not exposed to significant interest rate risk on its fixed interest rate financial instruments. However, the Foundation holds cash at the floating rate which is subject to interest rate risk.

iii) Other price risk

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

Changes in risk

There have been no significant changes in the Foundation's risk exposure from the prior year.

4. SHORT-TERM INVESTMENTS

A 90-day cashable GIC for \$500,000 was purchased in March 2021. The GIC earns interest at a rate of 0.4% annually and matures on June 14, 2021.

5. GOVERNMENT CONTRIBUTIONS

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various businesses were required to take because of the COVID-19 pandemic.

The amount of subsidies attributable to the Foundation's March 31, 2021 fiscal year are reported below:

	<u>2021</u>	<u>2020</u>
Canada Emergency Wage Subsidy (CEWS) program	\$ 255,982	\$ -
Canada Temporary Wage Subsidy (TWS) program	14,076	-
Canada Emergency Rent Subsidy (CERS) program	37,558	-
Canada Emergency Business Account (CEBA) - forgivable portion	<u>20,000</u>	<u>-</u>
	327,616	-
Amounts received during the year	<u>(262,241)</u>	<u>-</u>
Net amount due from the Government of Canada	<u>\$ 65,375</u>	<u>\$ -</u>

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2021

6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	<u>2021</u>	<u>2020</u>
Furniture, office equipment and IT equipment	\$ 62,199	\$ 112,834
Accumulated amortization	<u>(56,064)</u>	<u>(88,409)</u>
	<u>\$ 6,135</u>	<u>\$ 24,425</u>

7. DEFERRED INTERNATIONAL PROGRAM FUNDS

International program costs are funded by Global Affairs Canada ("GAC") 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.

	<u>2021</u>	<u>2020</u>
Deferred program funds, beginning of year	\$ 635,345	\$ 254,026
Advances from GAC	<u>1,405,882</u>	<u>2,471,557</u>
	2,041,227	2,725,583
Revenue recognized representing direct expenses for the year including contributions to general expenses	<u>(1,371,053)</u>	<u>(2,090,238)</u>
Deferred program funds, end of year	<u>\$ 670,174</u>	<u>\$ 635,345</u>

An agreement with GAC was signed on March 29, 2018 and provides total funding of \$14,950,000 until March 31, 2025.

8. DEFERRED MEMBERSHIPS, TRAINING AND OTHER REVENUE

Deferred memberships, training and other revenue consists of the following:

	<u>Training</u>	<u>Memberships</u>	<u>Other</u>	<u>2021 Total</u>	<u>2020 Total</u>
Balance, beginning of year	\$ 6,704	\$ 5,000	\$ -	\$ 11,704	\$ 5,063
Advances received	38,255	29,313	20,000	87,568	1,743,832
Revenue recognized	<u>(4,500)</u>	<u>(5,000)</u>	<u>(12,450)</u>	<u>(21,950)</u>	<u>(1,737,191)</u>
Balance, end of year	<u>\$ 40,459</u>	<u>\$ 29,313</u>	<u>\$ 7,550</u>	<u>\$ 77,322</u>	<u>\$ 11,704</u>

**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2021

9. SALARIES AND BENEFITS

The total amount of salaries and benefits for the 2021 fiscal year is \$2,218,185 (2020 - \$2,137,153). Salaries and benefits are allocated to various operational areas based on management's estimate of resource utilization as outlined in the following table.

	<u>2021</u>	<u>2020</u>
Research, methodology and information products	\$ 430,193	\$ 393,007
Education and professional development	343,607	278,865
Knowledge sharing and networking	53,965	128,184
International program	742,815	690,084
Sustainability and accountability	147,853	528,325
Operations and other support	<u>499,752</u>	<u>118,688</u>
	<u>\$ 2,218,185</u>	<u>\$ 2,137,153</u>

Included in salaries and benefits are in-kind contributions of services of \$351,121 (2020 - \$285,298) which are also included in membership fees and contributions revenue, resulting in no net impact in the Foundation's net results of operations.

10. COMMITMENTS

The Foundation is committed to payments under an operating lease for office space which expires November 30, 2027. The minimum aggregate rent payable to the expiry date is as follows:

2022	\$ 70,928
2023	70,928
2024	70,928
2025	72,406
2026 and beyond	200,963

11. SUBSEQUENT EVENTS

Subsequent to year-end, a consortia of the Foundation's members indicated their intention to withdraw, over a period beginning April 2022 and concluding March 2025, from a memorandum of understanding, which sets out the general terms and conditions of the membership dues and in-kind support provided by the participating members for the products and activities provided by the Foundation. Nothing in the notice of withdrawal limits the ability of any individual member to establish directly with the Foundation a new model of payment at any time during the wind-down period. At the time of issuance of these financial statements the full effect on the Foundation's operations are not yet known.

12. COVID-19

In March 2020, the Government of Canada instituted emergency measure in response to the public health concerns originating from the spread of COVID-19. Since that date, the Foundation has halted both international and domestic travel. This has required all programs, including the International Program, to be delivered virtually.

Though the Government of Canada continues to provide financial assistance, and the health concerns related to COVID-19 are being addressed, there is still a degree of uncertainty surrounding the full economic impact of the situation. Accordingly, it is difficult to determine the length of time the Foundation's operations will be impacted and at the time of issuance of these financial statements, the full effect on the Foundation's operations are not yet known.