Canadian Audit and Accountability Foundation

2025–2026 ANNUAL REPORT

MOVING FORWARD WITH IMPACT

CANADIAN AUDIT & ACCOUNTABILITY FOUNDATION

Message from THE CHAIR OF THE BOARD

This past year brought significant change—both globally and within the Canadian Audit and Accountability Foundation (CAAF). We have been operating in a challenging environment, with economic pressures affecting not only our organization but also many of the public sector partners we serve.

Internally, it was also a year of transition. I stepped in as interim CEO in the fall, working closely with the team during a critical period for the Foundation. In December, we welcomed a new President and CEO—an important step forward as we continue to look ahead.

I want to take a moment to recognize the people behind the work. This has not been an easy period, but our team's commitment has made a real difference.

There is no question that challenges remain. We still have to continue to find innovative ways to do our work while becoming financially sustainable. However, CAAF plays a unique role in strengthening public sector audit, oversight, and accountability—work that matters now more than ever.

In the coming year, I look forward to supporting the Board and leadership team as we position CAAF for what's next, including ensuring a smooth transition to new board leadership.

Michèle Galipeau
Chair, Board of Directors

Message from THE PRESIDENT AND CEO

It is a privilege to join the Canadian Audit and Accountability Foundation at such an important moment in its history. Since starting in December 2025, I've had the opportunity to connect with members, associates, and partners—and to see firsthand the respect CAAF has earned across Canada and internationally.

What has stood out just as much is the strength of the team. Their experience, insight, and commitment to the mission come through clearly in everything they do. I have also been grateful for the guidance and support of the Board during this period of transition.

Like many organizations, CAAF is operating in an environment that is changing quickly. Financial pressures are real, and expectations continue to evolve. I don't see this simply as a challenge, but as a moment to be thoughtful about where we focus and how we deliver value.

What gives me confidence is the foundation we are building on. CAAF has a long history, strong relationships, and a clear purpose. With the right focus, we have the opportunity to continue evolving in ways that will make us even more relevant and impactful.

Over the coming months, we will be sharing a new strategic plan that sets out that path. I'm looking forward to that work—and to what we can achieve together.

Nathalie Robertson
President and CEO

MAKING AN IMPACT FOR AUDITORS, ACROSS CANADA AND ABROAD

Our in-person and live virtual training made a strong impact at auditor general offices at the national, provincial, and municipal levels, as well as with internal audit groups—both in Canada and in several other countries. We are proud to provide tailored courses that invited participants to reflect, share, and practice applying new techniques with guidance and feedback from performance audit experts.

The year in numbers

40+ courses and projects

4.3/5 average course assessment

9 webinars

600+ auditors participated in courses

3 new publications

Highlights

Tailored learning for Canadian audit professionals

CAAF training at the OAG of Newfoundland and Labrador, December 2025

In Atlantic Canada, we delivered **customized performance audit training** at the Office of the Auditor General of Prince Edward Island. This training included modules on scoping, evidence collection and analysis, identifying key findings and messages, and crafting good recommendations, among other topics. Participants appreciated the interactive format and the chance to practice what they learned. A similarly customized course was delivered at the OAG of Newfoundland and Labrador, covering root cause analysis and the role of cognitive biases as well as other topics.

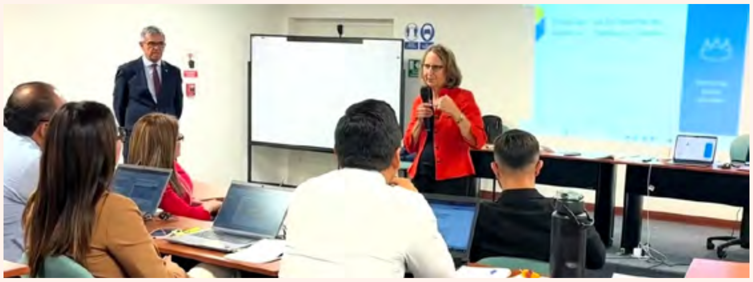
We presented an introduction to **root cause analysis** for 600 participants at the **Internal Audit Learning Session**. This event was held by the Canada School of Public Service and Treasury Board Secretariat to foster learning, innovation, and the exchange of good practices among internal auditors across the federal public service. In their feedback, participants noted they found the learning on root cause analysis highly relevant and appreciated the concrete examples and practical tools we shared. Many also expressed interest in exploring the topic further, underscoring the session's value and impact for their work.

Our **new specialized training on Data Analytics & Artificial Intelligence** for auditors was well received, building awareness of the benefits of AI as well as possible pitfalls. We integrated AI considerations across the CAAF's entire training curriculum, helping to keep auditors up to date on the rapid advancements in this field. The audit and evaluation group of Public Services and Procurement Canada was one of the groups that took this training. PSPC is one of the largest departments in the federal government.

We delivered training in French to **auditors in Quebec**, including a course on Managing Audit Projects for auditors from the auditor general's offices of Montreal and Laval. Participants told us the course made a big difference in their ability to put on the "project manager hat" in addition to their usual "auditor hat."

Learn more about the courses we offer in our Course Catalogue.

Building audit capacity internationally



CAAF training at the Contraloría General del Estado de Ecuador, June 2025

We completed an eight-month project with the **national audit office of Ecuador** to build capacity in performance audit, entirely in Spanish. This project was administered by Alinea International through the Technical Assistance Partnership-Expert Deployment Mechanism, funded by Global Affairs Canada. It included three weeks of in-person training, multiple live virtual sessions, and intensive sessions to produce a brand-new performance audit manual fully aligned with international standards.

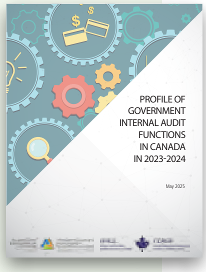
CAAF training at BPK Indonesia, June 2025

We delivered two weeks of in-person training to the **Board of Audit of the Republic of Indonesia** (BPK), a large and forward-thinking audit office in southeast Asia. This office is the headquarters of the Association of Southeast Asian Nations Supreme Audit Institutions (ASEANSAI). The training covered performance audit topic selection and multi-year planning, audit design, evidence collection, quality management and audit reporting. The program also included an executive session on emerging trends and challenges in performance audit.

We also launched a new **three-year international program** funded by Global Affairs Canada this year. See page 7 for more.

Sharing knowledge and practical resources

We continued to produce resources to support auditors in their work, including:



- A **benchmarking study on internal audit** across Canada, published in collaboration with the Government Internal Auditors Council of Canada
- Articles in our ***Voices from the Field* series**, in which senior auditors and experts share good practices and innovations
- Our **Audit News database**, with 379 new audit reports and guidance documents added this year

Listening to our community

To better understand the needs of our members and clients, we launched a survey in early 2026 to inform our upcoming programming and new strategic plan. We heard that you're looking for:

- more webinars sharing best practices and lessons learned from recent audits
- more publications highlighting the application of new tools and techniques in auditing
- new formats for CAAF products, like videos and podcasts
- new, shorter training options (4- or 8-hour courses), including self-paced courses
- training with participants from similar audit jurisdictions to promote sharing experiences, new approaches, and lessons learned

SUPPORTING OVERSIGHT COMMITTEES ACROSS ALL LEVELS OF GOVERNMENT

The past year has seen a notable expansion of our oversight work. With support from the Treasury Board Secretariat, we continued to offer professional development to public accounts committees and their support staff across Canada and launched new programming to support departmental audit committees and the controllership community.

The year's progress would not have been possible without the contributions from existing associates and the onboarding of five new subject matter experts, who strengthened our ability to respond to the needs of these different communities. Looking ahead, we are seeking sustainable ways to continue delivering this valued support.

The year in numbers

7
workshops

75+
participants

9
Canadian jurisdictions reached in workshops

4.6/5
average workshop overall assessment

6
new publications

Highlights

Helping public accounts committees work effectively

The meeting of PAC leaders, in Regina, Saskatchewan, September 2025

To support public accounts committees (PACs) across Canada, we continued to offer orientation packages to new members, professional development workshops on request, and tailored support on specific challenges.

In a first-of-its-kind event, CAAF hosted a **full-day meeting for PAC leaders** from across the country. Current and past Chairs and Vice-Chairs from seven provinces and territories, as well as former leaders of the federal PAC, came together to share good practices, discuss strategies to improve their effectiveness, and identify emerging challenges and opportunities for PACs. Participants explored ways PAC leaders can foster cross-party collaboration, work together to set the right tone for their committees, and manage committee meetings effectively.

To deepen our understanding of the key challenges facing PACs in Canada, CAAF also conducted a baseline study to benchmark each committee's current practices.

Strengthening departmental audit committee oversight

Following consultation processes on federal departmental audit committee members' needs, we developed a new orientation workshop tailored specifically for them. This workshop equips committee members with the knowledge they need to provide independent oversight and protect the effectiveness, quality, and relevance of the internal audit function.

Supporting Canada's controllership community

CAAF adapted our course materials to ensure content was relevant to the needs of the controllership community and made this training available to them. We also contributed to the development of the Leadership Forum agenda, supported research on the impact of audit, and began developing a new workshop to help witnesses prepare to appear before committees.

Through this work, CAAF is helping strengthen the community's capacity to support sound stewardship, management, and accountability of public resources across government departments.

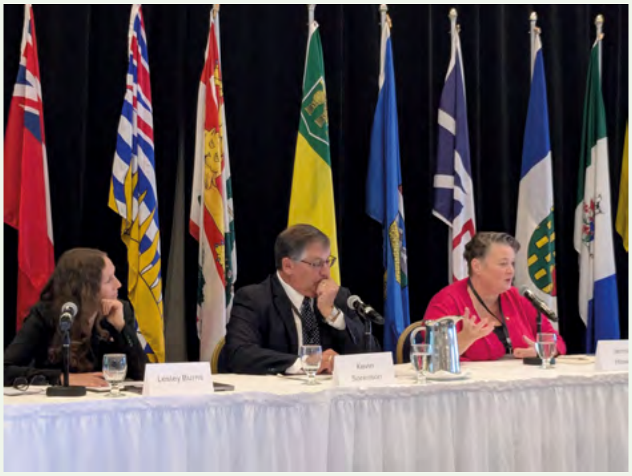
Sharing good practices on oversight

We continued to share good practices, innovations, and insights through new resources published on our website, as well as contributions to external articles. This year's publications included:

- "**Independent Oversight in Local Government: Lessons for British Columbia**", an article in our *Research Highlights* series
- A new video in our ***Voices from the Field* series**, in which PAC members share their knowledge and experience

- An **article co-authored with Kevin Page**, the Government of Canada's first Parliamentary Budget Officer and a recognized authority on Canada's budgetary system, published in *Policy* magazine
- A **quick reference sheet** on calling the right witnesses for effective PAC hearings
- Two new editions of ***Oversight Tips***, providing practical tips PACs can easily apply

Engaging with the oversight community and like-minded organizations



A panel discussion at the CCPAC-CCOLA conference, September 2025

Throughout the year, CAAF strengthened relationships across the national and international oversight communities and contributed to initiatives led by partner organizations working to advance transparency, accountability, and effective public-sector governance.

This included supporting initiatives of partner organizations, organizing events, and moderating panels at the annual conference of the Canadian Council of Public Accounts Committees (CCPAC) and Canadian Council of Legislative Auditors (CCOLA), the Commonwealth Association of Public Accounts Committees conference, and the Transparency International Day of Dialogue. We continued outreach and relationship building with these organizations as well as with the Pacific Association of Supreme Audit Institutions (PASAI), the University of Ottawa, the International Anti-Corruption Academy, the Canadian Democratic Governance Group, and the United Nations Office on Drugs and Crime.

STRENGTHENING AUDIT INSTITUTIONS IN THE INDO-PACIFIC

CAAF launched a new three-year international program this year. Our **Governance, Accountability, and Transparency for Inclusive Public Services (GATIPS) Program** is working to strengthen the capacity and effectiveness of the supreme audit institutions (SAIs) of nine countries in the Indo-Pacific region. Funded by Global Affairs Canada, the program supports Canada's Indo-Pacific Strategy and is contributing to Canada's efforts to strengthen civil society and democratic spaces in the region.

In the program's first months, CAAF met with each participating SAI to better understand its current practices, priorities, and objectives and complete our program planning. The program's first capacity-building activities then began in the second half of the year.

Participating countries

Fiji	Laos	Maldives
Nepal	Sri Lanka	Thailand
Tuvalu	Vanuatu	Vietnam

The year in numbers

8 Fellowship placements

10 courses and workshops

4.7/5 average course assessment

200+ participants

9 baseline studies

Highlights

Building performance audit skills through practical courses

Drawing from CAAF's wide range of performance audit courses, we delivered a mix of training activities tailored to meet the participating SAIs' unique needs. Across these activities, participants improved their understanding of key performance audit concepts and developed their skills, thanks to our interactive delivery style and hands-on exercises.

Laos participants working on an exercise, March 2026

- At a regional session in **Thailand**, Fellowship participants and other auditors from Thailand's SAI took part in our Audit Boot Camp and Auditing Gender Equality course.
- In **Laos**, auditors from several of the SAI's regional offices strengthened foundational performance audit skills, including evidence collection and root cause analysis, supported by peer-to-peer facilitation from two CAAF graduate Fellows from **Vietnam**.
- Audit teams from **Fiji** and **Tuvalu** are taking part in a three-part, real-time training program designed to guide participants through the process of planning, executing, and reporting performance audits. In Phase 1, participants learned key concepts essential for planning an impactful audit—and immediately began applying the lessons to their own audit plans. We will continue working with them in Phases 2 and 3 in 2026–27.

Developing performance audit experience and leadership skills

The 2025–26 Fellows and auditors from South Korea with CAAF staff during a visit to Parliament Hill, where they met with federal PAC members, February 2026

Eight auditors, from Fiji, Maldives, Nepal, Thailand, and Vanuatu, are participating in CAAF's **2025–26 Fellowships**, which run from October 2025 to June 2026. Through placements at Canadian audit offices, training with CAAF, and planning an audit that they will lead when they return home, they are gaining hands-on experience and preparing to become leaders in their SAIs.

Learn more in the 2025–26 Fellows' **online yearbook**

We also welcomed two auditors from the national audit office of **South Korea**, who joined our international Fellows in training sessions on performance audit practices, tools, and techniques. During the five-week program in Ottawa, we introduced them to Canada's political system, history, culture—and our winter weather.

Building a foundation for more inclusive SAIs

Our **Gender Mainstreaming Leaders Program** helped participating SAIs take important first steps toward becoming more inclusive and equitable organizations.

Launched in October 2025, this Leaders Program will continue next year. This year, participants from seven SAIs strengthened their understanding of gender equality concepts, intersectionality, and vulnerable populations through a series of virtual training sessions. With that knowledge, the participants then began planning and conducting gender and inclusion assessments of their offices, with ongoing mentoring from CAAF.

As the program continues, the participants will develop and lead the implementation of gender mainstreaming strategies for their offices.

Supporting SAIs' stakeholder engagement

Participants and facilitators at the Stakeholder Engagement Leaders Program, March 2026

The GATIPS Program is helping SAIs increase the impact of their work by engaging stakeholders more effectively. Thoughtful engagement builds mutual understanding, supports stronger topic selection and audit execution, and increases the likelihood that audit recommendations are implemented.

- In a **Leaders Program** on stakeholder engagement, CAAF brought together senior participants from eight countries for a one-week workshop focused on strengthening relationships with auditees, the media, civil society organizations, oversight bodies, and other stakeholders. With co-facilitation from Sheila Dodds, Deputy Auditor General of British Columbia, participants exchanged experiences, developed stakeholder maps, and drafted action plans to improve their SAIs' engagement processes. We are continuing to support participants as they finalize their action plans and begin putting them into practice.
- We developed a **new course** to equip auditors with knowledge and practical tools for engaging stakeholders, with a focus on civil society. Following our pilot deliveries in Thailand and Laos, participants said the course helped them understand how engagement with civil society organizations and other stakeholders can provide useful insights and evidence for audit planning and audit work, and helped them feel more prepared to begin engaging these groups in their audits.

Thank you to our partners!

The GATIPS Program is made possible thanks to the contributions of many partners, especially the **Offices of the Auditors General of Canada, Newfoundland and Labrador, Ontario, and the City of Toronto**, who hosted the 2025–26 Fellowship placements.

The program is undertaken with the financial support of the Government of Canada provided through Global Affairs Canada.

In partnership with Canada

FINANCIAL REPORTS

The Canadian Audit and Accountability Foundation's financial statements for the year ended March 31, 2026, 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.

F I N A N C I A L   S T A T E M E N T S

For

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

For year ended

MARCH 31, 2026

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, 2026, 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, 2026 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.

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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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 15, 2026.

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

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2026

	2026	2025
ASSETS		
CURRENT ASSETS		
Cash	$ 2,016,561	$ 579,088
Investments (note 4)	454,710	1,654,710
Accounts receivable	62,059	87,454
Prepaid expenses	93,072	11,661
	$ 2,626,402	$ 2,332,913
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 409,940	$ 479,391
HST payable	60,420	52,967
Deferred international program funds (note 5)	949,201	498,879
Deferred membership, training and other revenue (note 6)	461,799	457,830
Lease inducements	8,827	14,123
	1,890,187	1,503,190
NET ASSETS		
Unrestricted	736,215	829,723
	$ 2,626,402	$ 2,332,913

Approved by the Board:

.... Director
Richard Arthurs

.... Director
Michèle Galipeau

(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, 2026

	2026	2025
Revenue		
International program funds (note 5)	$ 1,647,781	$ 3,039,206
Audit and professional development (note 6)	662,662	707,356
Oversight (note 6)	532,853	138,243
Membership fees and contributions (note 6)	327,794	477,028
Interest and other (note 5)	51,011	61,806
	3,222,101	4,423,639
Expenses		
Personnel	2,135,188	2,501,263
Travel	512,241	812,615
Contract and professional services	226,776	233,556
Program expenses	146,724	213,750
Rent, utilities and venues	106,920	601,347
IT supplies, equipment and support	67,564	66,211
Office and operations	38,090	34,082
Translation	29,872	26,696
Board expenses	17,612	24,862
Bank and credit card fees	10,503	23,855
Insurance	10,304	9,597
Conferences	8,968	14,042
Foreign exchange loss (gain)	2,084	(3,053)
Memberships and professional development	1,584	13,389
Miscellaneous	1,179	8,565
Termination expenses	-	105,010
	3,315,609	4,685,787
Excess of expenses over revenue	(93,508)	(262,148)
Unrestricted net assets, beginning of year	829,723	1,091,871
Unrestricted net assets, end of year	$ 736,215	$ 829,723

(See accompanying notes)

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

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2026

	2026	2025
CASH PROVIDED (USED FOR)		
OPERATING ACTIVITIES		
Excess of expenses over revenue	$ (93,508)	$ (262,148)
Changes in non-cash working capital components:		
Accounts receivable	25,395	5,822
Prepaid expenses	(81,411)	56,928
Accounts payable and accrued liabilities	(69,451)	94,848
HST payable	7,453	107,696
Deferred international program funds	450,322	(170,750)
Deferred membership, training and other revenue	3,969	455,484
Lease inducements	(5,296)	(5,297)
	237,473	282,583
INVESTING ACTIVITIES		
Net proceeds (purchase) of investments	1,200,000	(4,710)
INCREASE IN CASH	1,437,473	277,873
CASH, BEGINNING OF YEAR	579,088	301,215
CASH, END OF YEAR	$ 2,016,561	$ 579,088

(See accompanying notes)

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"). The Foundation's current level of operations depends on the continuation of this revenue source.

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.

Oversight revenue are recognized as revenue in the year in which the services are rendered.

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

The Foundation receives a significant portion of its funding from GAC. This funding is subject to meeting certain specific requirements outlined within the agreements and to potential audits undertaken by the funder directly. Adjustments, if any, arising from such circumstances are recorded in the year they are determined by the funder.

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.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value adjusted by transaction costs. Financial instruments consist of cash, investments, 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 their fair value and completeness are not reasonably determinable. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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.

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 the collectibility of accounts receivable and provisions for accrued liabilities.

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, short-term investments and accounts receivable. The Foundation's cash and short-term 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.

3. **FINANCIAL INSTRUMENTS** - Cont'd.

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 is exposed to foreign exchange fluctuations on its financial instruments and 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 $200,654 (2025 - $114,989) originally denominated in US dollars, included in accounts receivable is $5,100 (2025 - $nil) originally denominated in US dollars, and included in accounts payable is $24,178 (2025 - $1,273) originally denominated in US dollars.

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-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's investments in market linked GICs exposes the Foundation to price risks as these investments are subject to price changes in the open market.

Changes in risk

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

4. **INVESTMENTS**

Investments consist of the following:

	2026	2025
Cashable GIC - prime linked, due November 2026	$ 54,710	$ -
Cashable GIC - prime linked, due April 2026	400,000	-
Cashable GIC - prime less 2.45%, matured November 2025	-	54,710
Cashable GIC - prime less 2.00%, matured December 2025	-	1,100,000
Cashable GIC - prime less 2.25%, matured February 2026	-	500,000
	$ 454,710	$ 1,654,710

5. 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.

An agreement with GAC was signed on March 29, 2018 and provides total funding of $14,950,000 until April 30, 2025. An additional agreement with GAC was signed on March 5, 2025 and provides total funding of $5,600,000 until March 31, 2028.

	2026	2025
Deferred program funds		
Deferred program funds, beginning of year	$ 466,280	$ 637,030
Advances from GAC	2,484,143	2,868,456
Other reconciling item *	(3,000)	-
Funds repaid to GAC	(369,696)	-
	2,577,727	3,505,486
Revenue recognized representing direct expenses for the year including contributions to general expenses	(1,647,781)	(3,039,206)
Deferred program funds, end of year	$ 929,946	$ 466,280
Deferred GAC interest		
Deferred GAC interest, beginning of year	$ 32,599	$ 24,166
Interest earned on GAC funds	19,255	8,433
Funds repaid to GAC	(6,498)	-
Revenue recognized representing related activity expenses for the year	(26,101)	-
Deferred GAC interest, end of year	$ 19,255	$ 32,599
Summary		
Deferred program funds, end of year	$ 929,946	$ 466,280
Deferred GAC interest, end of year	19,255	32,599
Total deferred program funds and deferred GAC interest	$ 949,201	$ 498,879

* Following the conclusion of the GAC International Governance, Accountability and Performance program, a reconciliation was performed and an adjustment was recorded to reflect a variance identified related to a prior period.

6. DEFERRED MEMBERSHIPS, TRAINING AND OTHER REVENUE

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

	Memberships	Training	Oversight	2026 Total	2025 Total
Balance, beginning of year	$ 65,336	$ 17,494	$ 375,000	$ 457,830	$ 34,945
Advances received	322,677	671,748	532,853	1,527,278	1,745,512
Revenue recognized	(327,794)	(662,662)	(532,853)	(1,523,309)	(1,322,627)
Balance, end of year	$ 60,219	$ 26,580	$ 375,000	$ 461,799	$ 457,830

7. 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:

2027	$ 27,438
2028	18,292

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, where applicable, to conform to the presentation adopted for the current year.