

FINANCIAL STATEMENTS
For
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**
For year ended
MARCH 31, 2024

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, 2024, 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, 2024 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.

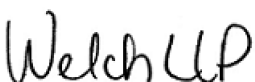
Auditor's Responsibilities for the Audit of the Financial Statements

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 25, 2024.

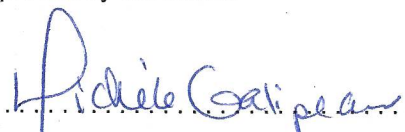
**CANADIAN AUDIT AND ACCOUNTABILITY FOUNDATION/
FONDATION CANADIENNE POUR L'AUDIT ET LA RESPONSABILISATION**

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 301,215	\$ 1,125,855
Short-term investments (note 4)	1,650,000	500,000
Accounts receivable	93,276	291,609
HST receivable	54,729	38,522
Prepaid expenses	<u>68,589</u>	<u>132,429</u>
	<u>\$ 2,167,809</u>	<u>\$ 2,088,415</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 384,543	\$ 472,687
Deferred international program funds (note 5)	637,030	451,326
Deferred membership, training and other revenue (note 6)	34,945	62,254
Lease inducements	<u>19,420</u>	<u>24,715</u>
	<u>1,075,938</u>	<u>1,010,982</u>
NET ASSETS		
Unrestricted	<u>1,091,871</u>	<u>1,077,433</u>
	<u>\$ 2,167,809</u>	<u>\$ 2,088,415</u>

Approved by the Board:

 Director

 Director

**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, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
International program funds (note 5)	\$ 2,614,689	\$ 2,763,405
Membership fees and contributions (note 6)	697,879	904,890
Audit and professional development (note 6)	697,849	673,360
Interest and other	155,759	159,239
Other programs (note 6)	<u>63,830</u>	<u>56,473</u>
	<u>4,230,006</u>	<u>4,557,367</u>
Expenses		
Personnel	2,490,577	2,472,092
Travel	665,213	734,936
Rent, utilities & venues	436,658	454,165
Contract and professional services	231,461	160,706
Program expenses	179,857	204,430
IT supplies, equipment and support	46,091	55,026
Translation	44,582	99,755
Office and operations	42,442	74,612
Board expenses	28,908	18,301
Bank and credit card fees	22,738	18,054
Memberships and professional development	11,242	5,634
Conferences	9,774	17,782
Insurance	5,835	8,451
Miscellaneous	3,657	8,371
Amortization	-	10,936
Foreign exchange gain/loss	<u>(3,467)</u>	<u>(26,055)</u>
	<u>4,215,568</u>	<u>4,317,196</u>
Excess of revenue over expenses	14,438	240,171
Unrestricted net assets, beginning of year	<u>1,077,433</u>	<u>837,262</u>
Unrestricted net assets, end of year	<u>\$ 1,091,871</u>	<u>\$ 1,077,433</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, 2024

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 14,438	\$ 240,171
Adjustments for:		
Amortization	-	10,936
	<u>14,438</u>	<u>251,107</u>
Changes in non-cash working capital components:		
Accounts receivable	198,333	(80,064)
HST receivable	(16,207)	(34,502)
Prepaid expenses	63,840	(79,674)
Accounts payable and accrued liabilities	(88,144)	203,893
Deferred international program funds	185,704	(971,753)
Deferred membership, training and other revenue	(27,309)	25,578
Lease inducements	(5,295)	(5,297)
	<u>325,360</u>	<u>(690,712)</u>
INVESTING ACTIVITIES		
Maturity (purchase) of short-term investments	<u>(1,150,000)</u>	<u>1,500,000</u>
INCREASE (DECREASE) IN CASH	(824,640)	809,288
CASH, BEGINNING OF YEAR	<u>1,125,855</u>	<u>316,567</u>
CASH, END OF YEAR	<u>\$ 301,215</u>	<u>\$ 1,125,855</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, 2024

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"). In addition, the Foundation derives approximately 33% 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.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value adjusted by transaction costs. Financial instruments consist of cash, short-term 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.

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 \$91,570 (2023 - \$44,853) 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 interest rate risk 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.

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2024

4. SHORT-TERM INVESTMENTS

Short-term investments consist of the following:

	<u>2024</u>	<u>2023</u>
Cashable GIC - 1.25%, due April 2023	\$ -	\$ 500,000
Cashable GIC - 5.20%, due January 2025	1,000,000	-
Cashable GIC - 4.95%, due January 2025	400,000	-
Cashable GIC - 4.95%, due January 2025	<u>250,000</u>	<u>-</u>
	<u>\$ 1,650,000</u>	<u>\$ 500,000</u>

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.

	<u>2024</u>	<u>2023</u>
Deferred program funds, beginning of year	\$ 451,326	\$ 1,423,079
Advances from GAC	<u>2,800,393</u>	<u>1,791,652</u>
	3,251,719	3,214,731
Revenue recognized representing direct expenses for the year including contributions to general expenses	<u>(2,614,689)</u>	<u>(2,763,405)</u>
Deferred program funds, end of year	<u>\$ 637,030</u>	<u>\$ 451,326</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2024

6. DEFERRED MEMBERSHIPS, TRAINING AND OTHER REVENUE

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

	<u>Memberships</u>	<u>Training</u>	<u>Other</u>	<u>2024 Total</u>	<u>2023 Total</u>
Balance, beginning of year	\$ 26,418	\$ 35,836	\$ -	\$ 62,254	\$ 36,676
Advances received	678,944	689,475	63,830	1,432,249	1,660,301
Revenue recognized	<u>(697,879)</u>	<u>(697,849)</u>	<u>(63,830)</u>	<u>(1,459,558)</u>	<u>(1,634,723)</u>
Balance, end of year	<u>\$ 7,483</u>	<u>\$ 27,462</u>	<u>\$ -</u>	<u>\$ 34,945</u>	<u>\$ 62,254</u>

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:

2025	\$ 72,406
2026	75,361
2027	75,361
2028	50,240