



Looking Forward as Well as Back

2009-2010 Annual Report



CCAF-FCVI BOARD OF GOVERNORS

(AS AT MARCH 31, 2010)

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Ronald C. Thompson, FCA
Independent Consultant, Former Assistant Auditor General of Canada and Former Interim Commissioner of the Environment and Sustainable Development

VICE-CHAIR



Philip Howell, BA, MSc
CEO & Superintendent
Financial Services Commission of Ontario

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Certified Management Accountants (CMA) – Canada



Robert (Bob) M. Wener, MBA, CA, CIRP
Managing Partner – Ottawa
KPMG, LLP



John Wiersema, FCA
Deputy Auditor General
Office of the Auditor General of Canada

IT'S TIME TO REVISIT OUR STRATEGY



Over the past several years we have seen a significant increase in the requests made of CCAF to support and assist our members and stakeholders.

For example, the Canadian Council of Legislative Auditors invited CCAF to play a substantial role in its annual Performance Audit Symposium in 2009 and 2010.

Similarly, the Canadian Council of Public Accounts Committees (CCPAC) has asked CCAF to facilitate research of interest to CCPAC's members, such as the attributes of an effective public accounts committee and a survey of CCPAC members. CCAF has also met with individual PACs to offer suggestions on ways to strengthen their operations.

Our trailblazing work in public performance reporting led to special projects for the Government of Alberta and the Treasury Board Secretariat of Canada over the past year. And as co-founders and co-chairs of the Government Internal Auditors Council of Canada, we have seen the development of an increasingly active relationship with this community.

Internationally, the Canadian International Development Agency generously expanded its funding of CCAF, beginning in 2007, to enable the Foundation to strengthen its long-standing work with the Supreme Audit Institutions (SAIs) of developing countries.

These and other requests are good news for CCAF – they suggest that we are fulfilling an important role for stakeholders. However, our broad spectrum of work has put considerable pressure on the Foundation's resources, both financial and human.

Over the past 30 years, CCAF has developed an enviable reputation for relevance and excellence. We want to keep it that way.

With public sector budgets under substantial pressure, we need to ensure that, going forward, we remain focused on our stakeholders' top priorities and have sufficient resources to satisfy their needs.

All of this led your Board of Governors to conclude, in April 2010, that we should undertake a new strategic planning exercise – despite the fact that our existing Strategic Framework was set to run until 2012-2013. We decided to take a fresh look at everything we do, from our basic mission and vision to our strategic goals and planned results.

To be successful, this initiative will take time. We are consulting closely with each of our stakeholder groups, and will develop a new strategic plan for Board approval in early 2011. The new plan will go into effect at the beginning of our next fiscal year in April 2011.

As part of this exercise, our Board is also taking a close look at the Foundation's resources, so that we can ensure a match between what stakeholders want us to do and our capacity to do it.

With so much change in the air going forward, it seemed prudent to minimize the use of scarce Foundation resources to talk about the past. Accordingly, we are providing a much abbreviated annual report this year. The new strategic framework that we are developing will be presented in some detail in our annual report next year.

In closing, I would like to express my appreciation to **Michael Eastman** and his dedicated and hard-working staff for seeing us through a most successful 2010 and for accepting the challenge of working together, with enthusiasm and pride, to develop a new strategic vision for the coming years.

A handwritten signature in black ink, appearing to read 'Ron Thompson'.

Ronald C. Thompson, FCA
Chair

Message from the Chair

LOOKING FORWARD AS WELL AS BACK



As our Chair **Ron Thompson** has noted in his message, CCAF's Board of Governors has embarked on a strategic planning initiative and will have a new plan in place by April 2011. This new plan will be set out in some detail in our annual report for 2010-2011.

Supporting our members in 2009-2010

We accomplished an incredible amount in 2009-2010, thanks to the hard work and dedication of CCAF's members, staff and associates.

TRAINING AND EVENTS

The Canadian Council of Legislative Auditors (CCOLA) has over the past two years invited CCAF to play a major role in planning and participating in its premier performance audit professional development event, the annual two-day Performance Audit Symposium. We have been pleased to be able to support these events.

Since 2006, CCAF has developed two performance audit courses and several other performance audit related courses. These include:

- Fundamentals of Performance (Value-for-Money) Audit (5 days)
- Performance (Value-for-Money) Audit – Level II (3 days)
- Orientation to Performance Measurement and Reporting
- Evidence Gathering and Analysis in Performance Audits
- Report Writing.

Most provincial legislative audit offices now look to CCAF for their performance audit training needs. In addition, both internal auditors and municipal auditors have participated in some of our courses. In March 2010, we successfully offered for the first time (and repeated in April) a version of our fundamentals course tailored specifically for internal auditors.

When CCOLA members asked us in 2006 to set up a training program, our survey of their needs indicated a strong desire for an annual update on changes to accounting and auditing standards in the public sector.

In consultation with the Canadian Institute of Chartered Accountants staff, and with the generous assistance of KPMG, we developed an Update session that we delivered across Canada in 2007-2008, 2008-2009 and 2009-2010. CCAF discontinued these sessions as of March 31, 2010.

In late 2009, we were asked by CCOLA to help develop and moderate a major international symposium involving Canadian and Australian legislative auditors and a senior colleague from the United States Government Accountability Office. The Symposium was held in Vancouver in March of this year, and participants advised that it was highly successful.

Message from the Executive Director

RESEARCH

In February 2010, CCAF published the centrepiece report of our research project on *Innovation, Risk and Control*.

During 2009, CCAF consulted with hundreds of federal and provincial legislators, auditors and managers across Canada about innovation, risk and control. Part of the consultation process involved a survey of managers on such issues as barriers to innovation and organizational risk tolerance.

The consultations and survey results provided valuable input for the final project report, *Innovation, Risk & Control: A public sector guide to encouraging innovation, understanding control, managing risk, reducing red tape... and delivering better results for citizens*.

The report sets out four management principles aimed at guiding and provoking thought in management, legislative and audit communities. It was widely distributed in hard copy and electronically to senior officials across Canada.

In May 2010, CCAF organized another major symposium in Ottawa on the topic. *From Theory to Practice: Moving Forward on the Management Agenda* was co-chaired by **Michelle d'Auray**, Secretary of the Treasury Board of Canada, and **Carole Swan**, President of the Canadian Food Inspection Agency. CCAF's project report was one of the key documents provided to participants in advance of the event.



PUBLIC PERFORMANCE REPORTING

Since 2006, CCAF has carried out an active program of research and capacity development in the area of public performance reporting.

In 2009, with funding from Alberta Treasury Board, CCAF examined how new internet technologies could be applied to a web-based, citizen-engaged version of the Government of Alberta's government-wide performance report, *Measuring Up*. As a result, we developed 10 good practices for effective web-based and citizen-engaged performance reporting and applied them directly to *Measuring Up*, assessing the technical feasibility of each potential change.

In late 2009-early 2010, we conducted a detailed comparative study of public performance reporting practices used in the Government of Canada and a number of other jurisdictions in Canada and abroad. This project was funded by the Treasury Board Secretariat of Canada.

The study was commissioned to determine whether federal departments have been improving their parliamentary reporting practices and to illustrate some best practices and leading examples currently in use.

PUBLIC ACCOUNTS COMMITTEES

Since CCAF's creation in 1980, the Foundation has worked closely with the Canadian Council of Public Accounts Committees (CCPAC) to develop innovative means to strengthen Canada's public accounts committees and enhance cooperation between committees and legislative auditors.

In 2008, CCAF, in cooperation with KPMG and the World Bank, conducted a survey of public accounts committee practices in Canada. The results, presented at the annual meeting of CCPAC and CCOLA, provided a snapshot of public accounts committee activity. The results also highlighted trends, issues and challenges for public accounts committees.

Based on this earlier work, CCAF facilitated the development by CCPAC of a document entitled *Attributes of Effectiveness for Public Accounts Committees*. Extensive input was provided by CCAF's PAC Advisory Group, which includes public accounts committee chairs and clerks and CCPAC's Executive Director. The draft document was discussed at the 2009 CCPAC-CCOLA conference, and has since been published in final form together with an updated box set of tools for public accounts committees.

INTERNATIONAL PROGRAM

In 2007, the Canadian International Development Agency (CIDA) generously expanded its funding of our international program to enable the Foundation to strengthen its long-standing work with Supreme Audit Institutions (SAIs) of developing countries.

In 2009, seven Fellows graduated from CCAF's International Legislative Audit Assistance Program, and in 2010, eleven Fellows graduated. As of May 2010, 209 Fellows from 53 countries have completed the Program since it was launched in 1980.

With the expanded funding from CIDA, CCAF is now able to reinforce the in-Canada training of its Fellows with post-graduate support. This support includes training sessions delivered abroad and ongoing access for Fellows to CCAF's research, networks and expertise.

In April 2009, CCAF conducted four workshops in Tanzania for auditors from Ghana, Kenya, Rwanda and Tanzania. We also delivered workshops in Kenya, Ghana and Belize in fall 2009, and in Belize, Guyana, Barbados, and Vietnam in early 2010.

The expanded funding from CIDA has also enabled us to create a technical support and mentoring component of the Program. Under this new component, selected Canadian provincial auditors general have been "twinned" with counterparts in participating national audit offices abroad. In May 2010, we brought together senior representatives from developing country audit offices, from selected Canadian provincial and federal audit offices, and from the Canadian International Development Agency (CIDA) to examine lessons learned and next steps for "twinning".

2009-2010 INTERNATIONAL FELLOWSHIP PROGRAM PARTICIPANTS



Lawrence Ndaago Ayagiba
Ghana Audit Service



Pham Nguyen Lien Huong
State Audit Office of
Vietnam



**Bidosessi Serge Bernadin
Batonon**
Chambre des Comptes de la
Cour Suprême du Bénin



Levina Kishimba
National Audit Office of
Tanzania



Modibo Cissé
Office of the Auditor
General of Mali



Liliam Marin
Comptroller General's
Office of Costa Rica



Bernadette George
Office of the Director of
Audit of Saint Lucia



Godfrey B. Ngowi
National Audit Office of
Tanzania



Vu Thi Thanh Hai
State Audit Office of
Vietnam



Elizabeth Tieng
Kenya National Audit Office



Pamela Humphrey
Barbados Audit Office

GOVERNMENT INTERNAL AUDITORS COUNCIL OF CANADA

CCAF serves as the Secretariat for the *Government Internal Auditors Council of Canada* (GIACC) and co-chairs its Annual Forum together with the Internal Audit Division of the Ontario Ministry of Finance.

GIACC is becoming a stronger organization every year. Its Annual Forum is well attended, attracts high-level guest speakers, and tackles important topics (e.g. internal audit's response to stimulus/infrastructure funding programs; measuring and reporting the impact of the internal audit function).

Moreover, the Council is increasingly collaborating outside of its annual get-together. It provided valuable advice and support for CCAF's *Innovation, Risk and Control* research project. It identified and tested a set of performance indicators for internal audit. Some of its members participated in a 2009 event regarding stimulus/infrastructure funding programs organized by the Office of the Comptroller General of Canada.

With CCAF's support, GIACC had successful Annual Forums in Toronto in 2009 and Winnipeg in 2010 and is planning its 2011 forum in the NWT.

MEMBER COMMUNICATION

CCAF has a new website that contains valuable resources for our members and can be found at www.ccaf-fcvi.com.

OUR GOALS FOR 2010-2011

The current fiscal year marks the 30th anniversary since former Auditor General of Canada **James J. Macdonell** founded CCAF in 1980. We have come a long way together, and there is much more we can do.

The Foundation's major focus in 2010-2011 will be extensive consultations with stakeholders and the development of a new strategic plan. Over the past few years, there have been many changes in the environment within which CCAF operates, both in Canada and abroad. The new strategic framework will help us focus on the top priorities of our major stakeholders in the challenging years that lie ahead.

Managing within the constraints on our resources will be another focus. For the first time in many years, CCAF is budgeting for a deficit in 2010-2011. The strategic framework project will also provide an opportunity for CCAF to re-think its finances, in order to ensure that the Foundation has sufficient resources to satisfy the needs of major stakeholders.

This year will be an important one for our International Program. Our goals here include hiring a very senior individual to direct the Program; ensuring our activities are aligned fully with the capacity development work of the International Organization of Supreme Audit Institutions (INTOSAI); coordinating our INTOSAI interactions with the Office of the Auditor General of Canada; and drafting a sound proposal for continued funding from CIDA beyond June 2012.

On behalf of the Secretariat staff, I would like to thank the members of the Board of Governors and all CCAF's members and stakeholders for your support for and participation in the work of the Foundation over the past year. I look forward to working with you in the year ahead.



Michael P. Eastman, FCMA
Executive Director

**CCAF's INSTITUTIONAL MEMBERS & FUNDING PARTNERS
(AS AT MARCH 31, 2010)**



ALBERTA
OFFICE OF THE AUDITOR GENERAL



NEWFOUNDLAND & LABRADOR
OFFICE OF THE AUDITOR GENERAL



BRITISH COLUMBIA
OFFICE OF THE AUDITOR GENERAL



GOVERNMENT OF NORTHWEST TERRITORIES



CANADA
OFFICE OF THE AUDITOR GENERAL



NOVA SCOTIA
OFFICE OF THE AUDITOR GENERAL



CANADA – TREASURY BOARD OF CANADA /
OFFICE OF THE COMPTROLLER GENERAL



GOVERNMENT OF NUNAVUT



CANADIAN INSTITUTE OF CHARTERED
ACCOUNTANTS (CICA)



ONTARIO
MINISTRY OF FINANCE



CANADIAN INTERNATIONAL
DEVELOPMENT AGENCY (CIDA)



ONTARIO
OFFICE OF THE AUDITOR GENERAL



ERNST & YOUNG



PRICEWATERHOUSECOOPERS



KPMG CANADA



PRINCE EDWARD ISLAND
OFFICE OF THE AUDITOR GENERAL



LIQUOR CONTROL BOARD OF ONTARIO
(LCBO) – INTERNAL AUDIT SERVICES



QUÉBEC
SECRETARIAT DU CONSEIL DU TRÉSOR



MANITOBA
OFFICE OF THE AUDITOR GENERAL



QUÉBEC
VÉRIFICATEUR GÉNÉRAL DU QUÉBEC



NEW BRUNSWICK
OFFICE OF THE AUDITOR GENERAL



SASKATCHEWAN
OFFICE OF THE PROVINCIAL AUDITOR

CURRENT CCAF SECRETARIAT



Michael P. Eastman, FCMA
Executive Director



Julia Belanger
Finance and Administration Officer



Lynne Casiple-Lueck
Computer Specialist / Webmistress



Barbara Dumont
Program Officer, International Programs



Micheline Gagnon-Vaillancourt
Administrative Assistant, International Programs
(currently on maternity leave)



Sophie Gauthier *(as of Sept. 1, 2010)*
Administrative Assistant, International Programs



Yves Gauthier
International Programs



Kate Gertz
Communications Office, International Programs



Caroline Jorgensen
Acting Director, International Programs



Lee McCormack
Director of Research



James Oulton
Research Assistant



Julien Raynaud *(as of Aug. 30, 2010)*
Events and Corporate Assistant



Carine Turay
Training and Administrative Coordinator



Nicole Wieczorek
Director of Training and CFO & Secretary,
Government Internal Audit Council of Canada
(GIACC)

FINANCIAL STATEMENTS

For

CCAF-FCVI INC.

For year ended

MARCH 31, 2010

Welch LLP

An Independent Member of BKR International

AUDITORS' REPORT

To the members of
CCAF-FCVI INC.

We have audited the statement of financial position of the CCAF-FCVI Inc. as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Welch LLP



Chartered Accountants
Licensed Public Accountants

Ottawa, Ontario
June 4, 2010.

CCAF-FCVI INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 812,719	\$ 280,217
Accounts receivable	170,276	101,149
Prepaid expenses	8,220	23,049
Guaranteed investment certificates	<u>-</u>	<u>1,100,000</u>
	991,215	1,504,415
EQUIPMENT AND LEASEHOLD IMPROVEMENTS - note 4	<u>-</u>	<u>2,485</u>
	<u>\$ 991,215</u>	<u>\$ 1,506,900</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 372,655	\$ 387,634
Deferred revenue - note 5	29,880	57,693
Unexpended International program funds - note 6	26,967	442,245
Unexpended Public Performance Reporting program funds - note 7	<u>-</u>	<u>176,164</u>
	429,502	1,063,736
NET ASSETS	<u>561,713</u>	<u>443,164</u>
	<u>\$ 991,215</u>	<u>\$ 1,506,900</u>

Approved on behalf of the Board:


 Director

 Director

(See accompanying notes)

Welch L.L.P.

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CCAF-FCVI INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
Membership fees and contributions	\$ 1,034,180	\$ 1,049,245
International program funds	1,692,425	1,177,535
Public performance reporting funds	175,577	177,606
Research and other contributions	175,190	242,426
Courses and publications - note 8	196,193	195,130
Interest	<u>2,503</u>	<u>20,769</u>
	<u>3,276,068</u>	<u>2,862,711</u>
DIRECT PROGRAM EXPENSES		
International program expenses	1,466,438	1,103,440
Public performance reporting expenses	140,957	177,606
Research and capacity development	663,730	666,825
Stakeholders engagement and communications	183,909	142,599
Courses and publications - note 8	141,111	154,080
Training development costs	<u>198,979</u>	<u>240,536</u>
	<u>2,795,124</u>	<u>2,485,086</u>
GENERAL EXPENSES		
Corporate and support services	172,280	150,271
Overhead and operating	187,630	181,272
Amortization	<u>2,485</u>	<u>7,992</u>
	<u>362,395</u>	<u>339,535</u>
	<u>3,157,519</u>	<u>2,824,621</u>
NET REVENUE	118,549	38,090
NET ASSETS AT BEGINNING OF YEAR	<u>443,164</u>	<u>405,074</u>
NET ASSETS AT END OF YEAR	<u>\$ 561,713</u>	<u>\$ 443,164</u>

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

CCAF-FCVI INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Net revenue	\$ 118,549	\$ 38,090
Items not requiring a current outlay of cash:		
Amortization	<u>2,485</u>	<u>7,992</u>
	121,034	46,082
Cash provided by (used in) the change in level of:		
Accounts receivable	(69,127)	60,214
Prepaid expenses	14,829	(8,517)
Accounts payable and accrued liabilities	(14,979)	37,001
Deferred revenue	<u>(27,813)</u>	<u>10,961</u>
Net cash provided by operating activities	<u>23,944</u>	<u>145,741</u>
Investing activities		
Redemption (purchase) of guaranteed investment certificate - net	<u>1,100,000</u>	<u>(400,000)</u>
Financing activities		
International program funds advanced (expended) - net	(415,278)	414,187
Public Performance Reporting program funds expended - net	<u>(176,164)</u>	<u>(19,070)</u>
	<u>(591,442)</u>	<u>395,117</u>
NET CASH FLOWS	532,502	140,858
CASH, BEGINNING OF YEAR	<u>280,217</u>	<u>139,359</u>
CASH, END OF YEAR	<u>\$ 812,719</u>	<u>\$ 280,217</u>

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

CCAF-FCVI INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2010

1. AUTHORITY AND OPERATIONS

The Foundation was established in 1980 by letters patent under the provision of Part II of the Canada Corporations Act.

The Foundation provides thought leadership and builds both knowledge and capacity for effective governance and meaningful accountability, management and audit. The focus for, and beneficiary of, the Foundation's work is the public sector. The Foundation's principal activities are research, education, and other capacity-building support programs in the following areas: governance information and related governance and accountability practices; integrated (non-financial & financial) performance information used to report publicly or to support strategic and business planning and results improvement; comptrollership and related management approaches and practices comprising performance information, risk, control and ethics; performance auditing, including but not limited to, audits of performance information reported to governing bodies and/or the public; and, auditing of stewardship, management, comptrollership and other results-oriented management practices.

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 AND OTHER MATTERS

Significant Accounting Policies

a) *Membership fees, training revenues, publication revenues and contributions*

Membership fees, training revenues and publication revenues are taken into revenue in the year which they are earned. Contributions have been recorded using the deferral method of accounting for contributions. Under the deferral method, contributions are taken into revenue in the year in which they are earned.

b) *Development costs*

The Foundation develops courses and publications for the purposes outlined in note 1. Fees charged for the use and purchase of publications are generally set such that only direct costs are recovered. All costs related to development of the publications are expensed in the year incurred. Development costs related to courses are expensed as incurred unless recovery of those costs is certain at the time of development.

c) *Publications*

Due to the uncertainty of recovering direct costs incurred in the printing of publications, such costs are expensed in the year incurred.

2. **SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS - Cont'd.**

Significant Accounting Policies - cont'd.

d) *Equipment and leasehold improvements*

Furniture, office equipment and leasehold improvements are stated at acquisition cost.

Amortization of furniture and office equipment is provided on the straight-line basis over a three year period. Amortization of leasehold improvements is provided on a straight-line basis over the expected remaining term of the lease.

e) *Investments*

The Foundation classifies its investments as held for trading and has recorded them at fair value. Term deposits are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments. The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments, if any, are included in the cost of the investment. Investment management fees are expensed as incurred.

f) *Contributions in kind*

Contributors provide a significant amount of time and absorb costs related to certain activities of the Foundation. Because of the difficulty in determining their fair value and completeness, contributions in kind are not recorded in the financial statements.

Other Matters

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

The financial statements include an estimated liability for a portion of the international program travel expenses for the current and prior years where recovery from the funder is uncertain. Any differences between the amount accrued and the actual settlement will be charged or credited to operations in the year of settlement.

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2010

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities as well as Unexpended International program funds. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short term nature.

The organization continues to apply The Canadian Institute of Chartered Accountants Handbook (CICA) Sections 3861 and has not adopted Sections 3862 and 3863.

4. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The equipment, leasehold improvements and related accumulated amortization are as follows:

	<u>2010</u>	<u>2009</u>
Furniture, office equipment and leasehold improvements	\$ 40,438	\$ 114,505
Accumulated amortization	<u>40,438</u>	<u>112,020</u>
	<u>\$ -</u>	<u>\$ 2,485</u>

During the year, the Foundation reduced the cost of its assets for older items no longer on hand or serviceable.

5. DEFERRED REVENUE

Deferred revenue consists of various operating and research contributions related to periods subsequent to the year end as summarized below:

	<u>Operating</u>	<u>Research</u>	<u>Total</u>
Balance, March 31, 2009	\$ 27,693	\$ 30,000	\$ 57,693
Recognized as revenue in the year	(27,693)	(30,000)	(57,693)
Received in year and applicable to subsequent periods	<u>29,880</u>	<u>-</u>	<u>29,880</u>
Balance, March 31, 2010	<u>\$ 29,880</u>	<u>\$ -</u>	<u>\$ 29,880</u>

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2010

6. INTERNATIONAL PROGRAM FUNDS

The foundation coordinates a program designed to build capacity in the supreme audit institutions (SAIs) of participating developing countries, primarily in the area of performance (value-for-money) auditing. Program activities include Fellowship placements in Canada for senior auditors, in-country workshops, and mentoring and technical support from Canadian legislative audit offices. The Program also aims to build stronger relationships between participating SAIs and related institutions, such as oversight committees and key government ministries, through the delivery of workshops on governance, accountability and oversight.

International Program costs are funded by the Canadian International Development Agency (CIDA) with in-kind contributions from Canadian experts at the Office of the Auditor General of Canada and participating provincial offices. CIDA pays direct costs associated with the Program and makes a contribution to the Foundation's general overhead. The current five-year contribution agreement with CIDA continues until November 30, 2012.

The flow of the program funds is as follows:

	<u>2010</u>	<u>2009</u>
Unexpended funds at beginning of year	\$ 442,245	\$ 28,058
Advances received from CIDA	<u>1,272,083</u>	<u>1,573,360</u>
	<u>1,714,328</u>	<u>1,601,418</u>
Expenditures for year including overhead allocation	1,692,425	1,177,535
Other adjustments	<u>(5,064)</u>	<u>(18,362)</u>
	<u>1,687,361</u>	<u>1,159,173</u>
Unexpended funds at end of year	<u>\$ 26,967</u>	<u>\$ 442,245</u>

7. PUBLIC PERFORMANCE REPORTING FUNDS

The Foundation coordinated a program which involved pilot projects being performed in an effort to achieve a higher level of public performance reporting. The program costs were funded by the Alfred P. Sloan Foundation (APSF) and required a matching of contributions (either cash or in-kind) from various Canadian jurisdictions in order to receive the grant funding. The current contribution agreement with APSF, provided for funding of \$150,000 USD annually and concluded in the year. The financial activities of the program consist of the following:

	<u>2010</u>	<u>2009</u>
Unexpended funds at the beginning of the year	\$ 176,164	\$ 195,234
Advances received from (owing to) APSF	<u>(587)</u>	<u>158,536</u>
	175,577	353,770
Expenditures for the year including overhead allocation	<u>175,577</u>	<u>177,606</u>
Unexpended funds at the end of the year	<u>\$ -</u>	<u>\$ 176,164</u>

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2010

8. NET REVENUE FROM COURSES AND PUBLICATIONS

Net revenue from the above activities consists of the following and includes only direct costs.

	2010			2009		
	Revenue	Expenses	Net	Revenue	Expenses	Net
Publications	\$ 1,743	\$ 140	\$ 1,603	\$ 2,063	\$ 161	\$ 1,902
Training courses	194,450	140,971	53,479	193,067	153,919	39,148
	<u>\$ 196,193</u>	<u>\$ 141,111</u>	<u>\$ 55,082</u>	<u>\$ 195,130</u>	<u>\$ 154,080</u>	<u>\$ 41,050</u>

9. SALARIES AND BENEFITS

The total amount of salaries and benefits was \$1,033,232 (2009 - \$976,899). Salaries are allocated to various operational areas based on management estimate of resource utilization as outlined in the following table.

	2010	2009
Research and capacity development	\$ 323,242	\$ 416,882
Training	159,087	166,555
International program	241,683	195,625
Stakeholder relations and communications	85,788	83,117
Non-program salary expense	105,641	90,829
Public performance reporting	117,791	23,891

10. MEMBERSHIP FEES AND CONTRIBUTIONS

The Foundation derives approximately one third of its membership revenue from a single member.

11. COMMITMENTS

Lease

The Foundation has entered into a lease agreement for office premises that expires February 28, 2013 with the following annual commitments.

2011	\$ 81,236
2012	83,673
2013	78,804

The Foundation has also entered into residential leases as a part of the international program with the following annual commitments. The leases expire June 30, 2012.

2011	\$ 15,540
2012	16,170
2013	4,080

12. **COMPARATIVE FIGURES**

Comparative figures have been reclassified to include gross revenues and expenses of International Program and Public Performance Reporting Funds previously reported as recovery of overhead. Gross revenue and expenses from publications and training courses are also shown on the statement of operations.

13. **CAPITAL DISCLOSURES**

The Foundation defines its capital as its net assets and is not subject to external restrictions on its capital. The foundation's objective when managing its capital is to hold sufficient net assets to maintain the stability of its financial structure enabling it to focus its efforts on serving its members..