

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**  
**FINANCIAL STATEMENTS**  
**MAY 31, 2024**

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**

**MAY 31, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

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**To:** The Governors of **The Institute of Internal Auditors - Toronto Chapter**

### **Opinion**

We have audited the accompanying financial statements of **The Institute of Internal Auditors - Toronto Chapter**, which comprise the statement of financial position as at **May 31, 2024** and the statement of operating fund operations and net assets, education & research fund operations and net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **The Institute of Internal Auditors - Toronto Chapter** as at **May 31, 2024** and its financial performance 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 section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities**

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.

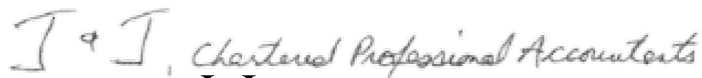
**We also:**

- 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 Organization'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 Organization'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 Organization 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**September 28, 2024**  
Toronto, Ontario

  
**J & J, Chartered Professional Accountants**  
Licensed Public Accountants

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**  
(Incorporated under the laws of the Province of Ontario)

**STATEMENT OF FINANCIAL POSITION**

**AS AT MAY 31, 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>ASSETS</b>		
<i>Current</i>		
Cash and cash equivalents (note 3)	<b>344,375</b>	399,169
Accounts receivable (note 7)	<b>41,450</b>	2,317
Government remittances recoverable (note 4)	<b>5,530</b>	-
Prepaid expenses	<b>3,982</b>	-
	<b>395,337</b>	401,486
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
<i>Current</i>		
Accounts payable and accruals	<b>31,228</b>	17,557
Government remittances payable (note 4)	-	393
Deferred revenue (note 5)	<b>13,054</b>	22,056
	<b>44,282</b>	40,006
<b>Net Assets</b>		
Education & Research Fund (note 6)	<b>30,000</b>	22,500
Operating Fund	<b>321,055</b>	338,980
	<b>351,055</b>	361,480
	<b>395,337</b>	401,486

**APPROVED ON BEHALF OF THE BOARD OF GOVERNORS:**

Veronica Bila Governor  
Veronica Bila (Sep 29, 2024 10:43 EDT)

Margaret Pacheco Governor  
Margaret Pacheco (Sep 30, 2024 12:14 EDT)

(See accompanying notes)

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**  
**STATEMENT OF OPERATING FUND OPERATIONS AND NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2024**

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Revenues</b>		
Member events	<b>58,474</b>	34,943
Allotment from IIA Global (note 7)	<b>31,037</b>	33,523
Sponsorships	<b>18,068</b>	19,648
Interest & other	<b>11,952</b>	7,400
Employment services	<b>6,036</b>	6,094
	<b>125,567</b>	101,608
<b>Expenses</b>		
Administrative services	<b>42,120</b>	39,417
Member events	<b>31,934</b>	7,230
Professional fees	<b>15,389</b>	10,800
Board & committee expenses	<b>10,526</b>	-
Travel	<b>10,174</b>	13,910
Chapter committee expense	<b>8,973</b>	10,839
Marketing	<b>7,808</b>	610
Chapter contributions (note 7)	<b>6,400</b>	-
Bank & merchant charges	<b>2,668</b>	3,297
	<b>135,992</b>	86,103
Excess of revenues over expenses	<b>(10,425)</b>	15,505
Fund balance, beginning of year	<b>338,980</b>	323,475
Transfer to Education & Research Fund (note 6)	<b>(7,500)</b>	-
Fund balance, end of year	<b>321,055</b>	338,980

(See accompanying notes)

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**  
**STATEMENT OF EDUCATION & RESEARCH FUND OPERATIONS AND NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2024**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
	-	-
<b>Expenses</b>		
	-	-
Excess of revenues over expenses (expenses over revenues)	-	-
Fund balance, beginning of year	<b>22,500</b>	22,500
Transfer from Operating Fund	<b>7,500</b>	-
Fund balance, end of year	<b>30,000</b>	22,500

(See accompanying notes)

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2024**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net revenues over expenses	<b>(10,425)</b>	15,505
Adjustments:		
Deferred revenues - prior year (note 5)	<b>(22,056)</b>	(16,074)
Changes in non-cash working capital		
Accounts receivable	<b>(39,132)</b>	10,699
Prepaid expenses	<b>(3,982)</b>	-
Government remittances	<b>(5,924)</b>	(2,220)
Accounts payable and accruals	<b>13,671</b>	819
Deferred revenue - current year	<b>13,054</b>	22,056
	<b>(54,794)</b>	30,785
Increase (decrease) in cash for the year	<b>(54,794)</b>	30,785
Cash and cash equivalents, beginning of year	<b>399,169</b>	368,384
Cash and cash equivalents, end of year (note 3)	<b>344,375</b>	399,169

(See accompanying notes)



# THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER

## NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2024

### 1. NATURE OF OPERATIONS

The Institute of Internal Auditors - Toronto Chapter ("The Organization") was incorporated in 1944 under the laws of the Province of Ontario. The Organization is a regional association representing internal auditors as a profession in the Greater Toronto Area. The Organization is associated with the US National Institute but operates autonomously and maintains their own budget in addition to projects and programs undertaken jointly with its American counterpart or other Canadian chapter operations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant of which are outlined below:

#### (a) Fund Accounting

The Operating Fund accounts for the Organization's administrative activities and program operations. The Operating Fund reports contributions from unrestricted sources.

The Education & Research Fund accounts for designated contributions in support of the Organization's education and research activities and related expenses. The fund is increased by the amount of specified contributions and from an allocation and transfer of general operating funds.

#### (b) Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income, including interest earned on the Organization's interest yielding bank accounts, is recognized as revenue when earned. Revenues generated from memberships and educational programs are recognized as events or programs are delivered. Revenue from the sale of product is recognized upon sale and delivery to the customer. Revenues generated from fundraising events are recognized as revenue when received.

#### (c) Cash and Cash Equivalents

Cash and cash equivalents include short term deposits with initial maturities of 90 days or less from year end date.

#### (d) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires governors and management to make estimates and assumptions that affect the reported amount of 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 management's best estimates as additional information becomes available in the future.

#### (e) Capital Assets

Capital assets are recorded at cost and are expensed to operations in the year of acquisition.

THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Contributed Services

The work of the Organization is heavily dependent on the voluntary service of its members. Since these services are not normally purchased by the Organization, and because of the difficulty in determining their fair value, the value donated from volunteer services is not recognized in these statements.

(g) Income Tax Status

The Organization is exempt from income tax in Canada as a not-for-profit organization incorporated without share capital under Section 149(1)(f) of the Income Tax Act of Canada.

(h) Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, accounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, as well as deferred revenue.

Financial assets are tested for impairment when there are indicators of possible impairment. When the Organization identifies significant adverse change in the expected timing or amount of future cash flows, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of future cash expected cash flows discounted using current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset in an arms length transaction as at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its right to any collection less the costs to exercise those actions.

Any impairment loss is recognized in the Organization's statement of operations. Any previously recognized impairment loss may subsequently be reversed to a maximum of the amortized cost that would have been reported at the date of the reversal had the impairment not been recognized previously.

The carrying amount of the financial asset or liability is adjusted by the transactions costs, which are recognized in operations in the period in which these costs are incurred.

3. CASH AND CASH EQUIVALENTS

Cash assets are currently comprised of:

	2024	2023
	\$	\$
Bank - operating account	61,169	76,969
Bank - high interest savings account	283,206	322,200
	344,375	399,169

# THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER

## NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2024

### 4. GOVERNMENT REMITTANCES RECEIVABLE

Government remittances receivable consist of HST amounts receivable for the current fiscal year's operations.

### 5. DEFERRED REVENUE

Deferred revenues are comprised of the following:

	2024	2023
	\$	\$
Fundraising sponsorships	10,413	16,851
Other revenue - Member events	2,641	5,205
	13,054	22,056

### 6. EDUCATION & RESEARCH FUND

The Board of Governors has established the Education & Research Fund for the betterment of the profession through donations to the Institute of Internal Auditors Research Foundation, scholarship programs, and support of the Chapter approved Internal Auditing Education Partnership programs at partnering Universities in the Chapter's jurisdiction. These funds are not to be used for general operating purposes or other non-IIA affiliated purposes and must be approved during the annual Chapter budgeting process. Excess Chapter revenues can be contributed to the Education & Research Fund (restricted fund), however, any new contributions must comply with the guidelines of the fund. In addition, new contributions and the use of these funds must be approved by the Board. These funds must comply with the Chapters Investment Policy and may not be held by any other party, related or not, unless approved by the Board of Governors.

### 7. RELATED PARTY TRANSACTIONS

The Organization and The Institute of Internal Auditors - Canada ("IIAC"), and The Institute of Internal Auditors Global ("IIAG") governing bodies are associated in that they operate under the same Global Charter and may work jointly on several ventures and events held during the fiscal year. The Organization and other chapters receive a yearly allotment from IIAG based on their submitted profit and loss reports of the prior year - this amount is received subsequent to the audit report date and is unknown until the audit is finalized and yearly reports are submitted to the IIAG. Amounts receivable in 2024 were \$31,037 for the operating year ending May 31, 2023. As at the audit report date, any amounts to be received for 2024 are unknown and cannot be reasonably estimated.

During the fiscal period, the Organization also made a contributions to the IIAC for District Representative reimbursements, totaling \$6,400.

### 8. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments; cash, accounts receivable, accounts payable and accruals, and deferred revenue. The following analysis provides a measure of the Organization's risk exposure and concentrations at May 31, 2024.

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization currently holds trade receivables which represent a form of credit risk; however, management considers the risk of default is minimal as the other organizations are reliable and financially secure.

**THE INSTITUTE OF INTERNAL AUDITORS - TORONTO CHAPTER**

**NOTES TO THE FINANCIAL STATEMENTS**

**MAY 31, 2024**

**8. FINANCIAL INSTRUMENTS (CONTINUED)**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk because of its investment in interest bearing bank accounts. This risk is low since the investments made are very conservative, are held in a liquid equivalent state, and are available on demand.

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk arising primarily from accounts payable. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the Organization is not exposed to currency, interest rate, or other price risks arising from the financial instruments held.











# 1. IIA - Toronto Chapter - F2024 - FINANCIAL STATEMENTS

Final Audit Report

2024-09-30

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-  Document created by Steven Jackson (steve@jandjca.com)  
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-  Signer veronica.bila@mnp.ca entered name at signing as Veronica Bila  
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-  Document e-signed by Veronica Bila (veronica.bila@mnp.ca)  
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-  Signer margaret@baywallconsulting.com entered name at signing as Margaret Pacheco  
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-  Document e-signed by Margaret Pacheco (margaret@baywallconsulting.com)  
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