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MISSION
The mission of The IIA Research Foundation (IIARF) is to expand knowledge and understanding of internal auditing by providing relevant research and educational products to advance the profession globally.

VISION
To understand, shape, and advance the global profession of internal auditing by initiating and sponsoring intelligence gathering, innovative research, and knowledge-sharing in a timely manner.
Dear Colleagues, Contributors, and Supporters:

When I reflect on 2010, I see a year that served as a time for review, resolve, and renewal for The IIA Research Foundation (IIARF). The year began by setting aside time to review our vision, mission, and strategic initiatives. We received input from the Board of Trustees as well as the Global Council. Having confirmed that we are on the right path, I can say with confidence that The IIARF is poised to forge ahead in the global arena and is on target to provide deeper research into how we can exercise our voice at the table.

In 2010, more than 13,500 people raised their voices to help understand, shape, and advance the profession by participating in The IIA’s 2010 Global Audit Survey, part of The IIARF’s ongoing Common Body of Knowledge (CBOK) Study. The IIARF demonstrated its resolve in bringing the 2010 CBOK study — an effort that was years in the making — to a close by publishing five global survey reports. The study also produced a comprehensive database that now provides an updated library of global internal audit practices and insights covering more than 100 countries.

As part of the 2010 CBOK study, we also completed our first stakeholder study. The survey results, which were quite revealing, identified some significant gaps in expectations. The good news is we now have the opportunity for further study and dialogue with our stakeholders to understand their perspective and perceptions of the role of internal audit in helping them achieve their goals. Alignment with stakeholders’ expectations is a key theme going forward. The IIARF is committed to helping practitioners navigate this challenge by identifying ways for internal auditors to better understand the business from our stakeholders’ perspective and to forge deeper relationships to bridge these gaps.

This commitment is evidenced by the layered approach we take to research. The IIARF’s ability to attract global researchers and authors who deliver timely, relevant, and practical information enables it to support professional development through recent publications such as Auditing Human Resources 2nd Edition, A New Auditor’s Guide to Planning, Performing, and Presenting IT Audits, and Best Practices: Evaluating the Corporate Culture.

Finally, 2010 was a year of renewal. The IIARF’s success is built on the solid financial commitments of our contributors and the outstanding products from our highly credentialed authors and researchers. Countless donors renewed their support for The Foundation in 2010. In addition, IIARF staff worked to enhance relationships with several IIA chapters, resulting in these chapters pledging financial support for the following year. Thanks to the entities and individuals who have demonstrated their commitment to helping the profession evolve through the donation of their time, efforts, and resources, The IIARF is financially strong and structurally sound. I would like to extend my sincere gratitude to our contributors, headquarters staff, and volunteer leaders. Without you, The IIARF’s success would not be possible.

Sincerely,

Patricia E. Scipio, CIA
IIARF President
The true measure of the accomplishment can only be found by following along the journey taken to arrive there. This statement resonates with truth as we reflect on the methodical and tireless road traveled by so many that culminated in the release of the 2010 Common Body of Knowledge (CBOK) study in the spring of 2011.

Mobilizing forces around the globe to orchestrate the most comprehensive global study ever conducted on the practice of internal auditing required more than 31 months of dedication by a team of 180 individuals which included (80 institutes located throughout the world) volunteer leaders, IIARF headquarters staff, project-specific contractors, a 20-person CBOK Steering Committee supported by a host of subcommittees.

As the months of 2010 passed, the team was finally able to witness the vision it had been working toward over the preceding years come to life through five tangible research reports. These reports serve as the meeting point for the past and future of the profession and will continue to pave the way to success for generations of internal audit practitioners. The first four reports provide a snapshot of the profession worldwide that chief audit executives (CAEs) can use to guide their teams and plan for the future with regard to: characteristics of an internal audit activity, core competencies for today’s internal auditor, measuring internal audit’s value, and what is
next for internal auditing. The fifth report, *Imperatives for Change: The IIA’s Global Internal Audit Survey in Action*, builds on the findings of the first four reports. It contains overall conclusions and observations from the Global Internal Audit Survey as well as a related 2010 CBOK component, *Stakeholders' Expectations and Perceptions Survey*, which was launched as a pilot study and sought feedback from nearly 200 internal audit stakeholders in the United States.

To put the amount of work that went into creating the reports into perspective and measure the expansion that has taken place to deem the research truly “global” in nature, it is helpful to go back to the origination of CBOK. The first CBOK study was issued in 1972, in one country (the United States), in one language (English), and comprised 75 usable survey responses. Fast forward to 2010, the CBOK study was issued in more than 107 countries, in 22 languages, and received more than 13,500 usable survey responses. "With each release of CBOK, the power and credibility of the report grows because we are able to build on the findings of prior reports, honestly examine the current state of the profession, and create meaningful dialogue among practitioners for what the future holds," says IIARF Vice President Bonnie Ulmer. "The number of responses to the survey from 2006 to 2010 increased by 45 percent, a clear indicator that practitioners are yearning for a greater understanding of internal auditing on a global scale and committed to the evolution of profession around the world."

After the responses were analyzed to maximize insights across the research platform, the information was entered into a newly created CBOK database. The database, which was designed to serve as a “go-to resource” for future research projects by IIA institutes and approved third-party researchers, houses responses from both the 2006 and 2010 surveys. It is equipped with a Feedback Intelligence tool to make it searchable by various demographic and topic-specific criteria for institutes. Making this possible required an intense data scrubbing and analysis during 2010. To ensure consistency across all of the information that was funnelled into the database, The IIARF called on the skills of the same researcher it used for the 2006 CBOK study to complete the work for the 2010 effort. The result was a warehouse of information that could be dissected and linked between years to provide the foundation for a longitudinal study of the internal audit profession moving forward.

“The five reports generated as a result of the 2010 CBOK study have provided invaluable information to internal audit practitioners to help them better understand best practices on a global basis and help CAEs more effectively focus their efforts,” says IIARF President Patricia Scipio. “Equally as important as the information contained within the reports is the approach that was used to gather it and the database that was created to preserve it. This was a strategically planned, well-designed survey that was executed as part of a carefully managed global research project...making the CBOK study and the resulting database the most comprehensive and reliable snapshot of the profession currently available anywhere in the world. That is something to be proud of.”
Internal audit research topics in today’s global marketplace are truly limitless. To glean the greatest insights surrounding subjects relevant to the profession, The IIA Research Foundation (IIARF) has established a multifaceted approach to perpetuating research. In addition to initiating projects based on member input and emerging issues within the business arena, The IIARF supports efforts by individuals and entities through grants and award programs to explore topics of interest. In 2010, The Foundation supported a wide range of research projects from academics and organizations alike.

The Esther R. Sawyer Research Award memorializes the wife of Larry Sawyer, recognized as the “father of modern internal auditing,” and gives up to $5,000 toward the recipient’s research project and $3,000 to the Internal Auditing Education Partnership (IAEP) School with which the student is affiliated. Funded through a generous contribution by the Sawyer family to The IIARF, the award is presented annually to a college student studying internal auditing at an IAEP school. The recipient is selected based on the submission of the most compelling manuscript on a topic relating to modern internal auditing. In 2010, the award went to Richard Millichip, a student at Birmingham City University at Birmingham, United Kingdom. Millichip, who is working toward his MSc in Audit Management & Consultancy, authored a manuscript titled “Internal Auditing: A New Direction in the
Wake of the Financial Crisis.” The paper explored key lessons for internal auditors to learn from the current financial crisis, opportunities for practitioners in corporate governance and risk management, and the changes necessary to mitigate the risk of such a crisis reoccurring.

To ensure research is supported at all academic levels, for more than twenty years The IIARF has sponsored the Michael J. Barrett Doctoral Dissertation Grant. Created in memory of Michael J. Barrett, DBA, CIA—a dedicated IIA leader and Bradford Cadmus Award Recipient instrumental in establishing internal audit courses at the universities where he served, and at many other colleges and universities—the grant offers an incentive for future professors to continue research and education in the profession. The 2010 recipient was Jared S. Soileau, CIA, CCSA, CPA, CISA, an accounting PhD student at The University of Memphis – Fogelman College of Business and Economics. Soileau will use the grant to conduct research to support his dissertation proposal, “Enterprise Risk Management: Adoption, Performance Benefits, and Disclosure Effects.”

Just as The IIARF seeks input from individuals, it also encourages IIA chapters and institutes to conduct research projects through the Donald E. Ricketts Research Award. The IIARF acknowledges first, second, and third place recipients each year in memory of Dr. Donald E. Ricketts, a member of The IIA and The Research Foundation Board of Research Advisors since 1977, and chairman of the Chapter Research and Doctoral Dissertation Committee since its inception. The 2010 winning submission came from The IIA’s Austin Chapter for its study, “Internal Audit’s Role in Promoting a Positive Tone @ the Top.” Coming in a close second was The IIA’s Dallas Chapter, which took the examination of the profession to the local level with its submission, “Impact of the Economy: A Local Area Study in the Dallas-Fort Worth Region.” Finally The IIA’s St. Louis Chapter was honored with third place accolades for its work titled, “Locus of Causality of Dissatisfaction or Satisfaction of Internal Auditors.”

GIVING AND RECEIVING, A WINNING PROPOSITION

Sawyer Award winner, Richard Millichip receiving his award from The IIA CEO/President, Richard Chambers
The IIA Research Foundation (IIARF) knows that what makes being an internal auditor so stimulating — the ability to touch almost every aspect of an organization — is also what can make meeting the demands placed on the profession so challenging.

To have the greatest impact, practitioners must keep abreast of issues that span from human resources (HR) to information technology (IT), and everything in between. With this in mind, The IIARF targets research based on input from The IIA’s membership and emerging issues in the global marketplace that spans the breadth of responsibilities today’s practitioners are charged with. In 2010, it launched a variety of new products that touched on each part of the wide spectrum of practitioners’ purview of responsibilities. A sampling of 2010 IIARF initiatives include two books, Auditing Human Resources 2nd Edition and A New Auditor’s Guide to Planning, Performing, and Presenting IT Audits, as well as the research report, Best Practices: Evaluating the Corporate Culture.

The 2nd edition of Auditing Human Resources explores the inherent risks associated with this critical organizational function that are often misunderstood by management. It draws practitioners’ eyes to readily identifiable
risks such as employment law issues, compensation and benefit plan design, recordkeeping, and fraud issues. However, it also opens up discussions around the emerging issues of executive management ethics, health-care costs and reform, and HR outsourcing. The book’s content has been updated based on HR best practices and news, and offers practical tools like a revised and expanded risk checklist and a new risk impact and control matrix, as well as updates relating to employment laws, HR websites, and HR records retention schedules.

Covering the full spectrum of professional development topics, The Foundation took its focus from the “soft skills” of HR-related competencies to the evolving complexities of the IT landscape by releasing A New Auditor’s Guide to Planning, Performing, and Presenting IT Audits. The guide helps internal auditors tackle this rapidly expanding and changing environment by providing easily understandable technology concepts that can be applied to most organizations with limited modification.

Continuing with its thought-leading approach to research, in 2010, The Foundation also offered practitioners insight into a topic that has traditionally been avoided by some, due to the subjective nature of the material. The report, Best Practices: Evaluating the Corporate Culture provides practical approaches to auditing 30,000-foot issues such as tone at the top, the organization’s ethical climate, and management’s philosophy and operating style. The report provides discussions around how to approach auditing these seemingly intangible areas to strengthen an organization’s position and help provide stakeholders with assurance that their organization will not be the next highly publicized failure.

The range of subjects explored through The Foundation’s 2010 releases, coupled with

“As a Foundation, we are committed to be the driving force behind the research that matters most to internal auditors.”
The IIA Research Foundation (IIARF) has spent more than three decades conducting research for the internal audit profession, resulting in more than 200 research reports and helping develop the skills of countless practitioners around the world. As a 501(c)(3) nonprofit organization, The IIARF is acutely aware that its ability to meet the increasing needs of the profession is dependent on its ability to grow relationships that ensure its key initiatives are adequately funded.

The recent economic crisis has proven that now, more than ever, The Foundation must sharpen its focus on building and maintaining meaningful relationships with individuals and organizations through a variety of avenues. Like many nonprofits, The IIARF felt the impacts of the crisis as corporations cut budgets, which often meant reducing charitable contributions. In 2010, as a proactive response to the negative economic fallout, The Foundation refocused its fundraising efforts by taking a two-pronged approach to relationship building. First, it collaborated with The IIA in its Principal Partner Program. Secondly, it launched an entirely new program unique to The Foundation, The IIARF Research Alliance.

IIARF Vice President Bonnie Ulmer worked with the head of The IIA’s Principal Partner Program to redesign the benefits package partners received if they chose to allocate a portion of the marketing funds they put into the partnership to The IIARF. The response was overwhelming. CCH® TeamMate and
ACL participated by contributing $30,000 to The IIARF. Additionally, Pricewaterhouse-Coopers — which has remained engaged with The Foundation as part of the Principal Partner Program without interruption — renewed it $10,000 commitment. That was followed by the same commitment from Ernst & Young and IDEA® CaseWare. “Participation in the Principal Partner Program enhanced The IIARF’s presence in 2010 and the effort is continuing to pay dividends, as five of The IIA’s nine partners have taken advantage of IIARF participation for 2011,” says Ulmer.

The second arm of The IIARF’s relationship-building strategy, The IIARF Research Alliance, is a strategic initiative to partner with chapters and organizations for research development. The effort, led by Vice President of Development for The IIARF Board of Trustees Wayne Moore, and supported by IIARF Vice President Bonnie Ulmer and her team, took several years to design and implement, but produced tangible results in 2010. “Connecting with the proper officers and leaders at the chapter level required time and dedication, but The Foundation’s story is so compelling that it is well worth our time,” says Moore. “The chapters, in turn, have become some of our strongest supporters in our efforts to provide guidance and educational products to the profession.”

Participation in the program is offered at varying levels. Donations can be project-specific, like IIA–Australia’s $2,300 donation for co-sponsorship of the research project, Evaluating and Improving Organizational Governance. Organizations can also follow IIA–Chicago’s lead — which made a $125,000 donation in 2008 to be applied over a five-year period — and specify where each year’s donation will be allocated on an annualized basis to specific research that is relevant to the chapter members. Alternatively, chapters and organizations can request that funds simply be applied to the area of greatest need. Finally, organizations can make a one-time donation, as was the case when Oracle stepped forward to support a quick-turn research project by donating $5,000. Currently, levels of participation that have established recognition parameters vary from $10,000 to $50,000. However, there are no caps on contributions on either end of the spectrum and The IIARF welcomes and encourages participation at all levels.

Collectively, the relationships that have been cultivated by The IIARF are helping expand the powerhouse of information that makes up The IIARF’s library and are empowering the profession to have profound impact on the business community at large. “We were extremely pleased this year that several of our large chapters viewed The Foundation as the best use of their funds for efforts that further the profession and all of our global members,” says Moore. “It’s a perspective we feel confident others will adopt as they see the invaluable information that is made accessible through the research projects these donations fund.”
Thank you to those making our 2010 IIA Research Foundation successes possible. The support from the following individuals, organizations, and IIA chapters and institutes allow The Foundation to provide the internal audit profession with knowledge and materials that help us understand the profession, shape its practice, and advance its future.

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Bonnie L. Ulmer
Rod and Donna Winters

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MEMORIAL FUND (Ruby Level)
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Gale Heather Hansraj, CIA
Chen Hua, CIA
Susan Hunt, CCSA
Veronica A. Johnson, CIA

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<table>
<thead>
<tr>
<th>Name</th>
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<td>Tomohito Awanaw</td>
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<td>Peter M. Hughes, PhD, CIA</td>
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<td>Jesse Izzo</td>
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2010 IIA RF Contributors

Steven J. Jackson, CIA
Olatunde Jayeola, CIA
Steven E. Jameson, CIA, CCSA, CFSA
Elsa M. Jaramillo
Xiao Jing
Thomas A. Johnson, CIA
W. Charles Johnson, Jr., CIA, CFSA, CGAP
Sisc Stella L. Johnson
M. Carole Johnston
J. Bailey Jordan, CIA
J. Michael Joyce, Jr., CIA
Georwante Devi Kaladeen
Asouma Kamagate
Johnson W. Kamau, CIA
Eduard Kan
Ramzi M. Kanso, CIA
Gaurav Kapoor
Michael Keating
Richard M. Keesecker, CIA
Liqat Ali Khan
Kenny King
David Kirkwood, CIA
Katrina Kiselinchev
Kris Siskooson-Rambhai
Don Kohtz
Nejolla B. Korris
Rodger T. Kraft
Joel F. Kramer
Kristine Kuntzendorf
David Kuo
Sridhar Kuppa
Joy S. LaBar, CIA
Gord Lackie
Richard H. Lane, CIA, CFSA
Jacques R. Lapointe, CIA, CGAP
Ernest Lapp, Jr., CIA
Patricia L. Layfield
Desmond Ricardo Layne
Brian Scott Lee, CIA
Tim J. Leech, CIA, CCSA
Nadia Legorreta
Ferdinand V. Lepere
Elizabeth Lessans
Harcourt Lewis, CIA, CCSA
Courtlandt F. Lilly
Ann Lin
Mauricio Augusto Souza Lopes
Leonard Lopez
Nathalie Louis-Joseph
Vincent J. Love, CFSA
Aziza Lovell, CFSA
Steven Lovell

Thomas N. Luccock, CIA
Mary Lueckemeyer
Rogelio Luna
Dwight Cooper Lupardus, CIA
Haider H. Madani, Ph.D
Aileen Madden
Marjorie A. Maguire-Krupp, CIA, CFSA
Alma Malinovic
Joseph Marcianti
Harry Markopoulos
Marie R. Marsicano
Flor Martinez
Lorraine Marsh Marwick
Jeff Matthews
Kevin McCabe
Robert S. McCabe, CIA
Scott McCallum
Gary R. McGuire, CIA
Vicki A. McIntyre, CIA
Janet L. McKinley, CIA
Kathryn Jane McClay, CIA
Clifton F. McPherson, CIA
Guenther Meggeneder, CIA
Marietta Mendoza Jaramillo, CIA
Dilara Mericer
Jose Antonio Meyer Pires, Jr.
Peter B. Millar
Sean Milne
Joan D. Mims
Kevin Mitchell
Harsh Mohan
Corliss Montesi
Perry Glen Moore, Ph.D, CIA
Richard W. Moore
Angela Morelock
Carol A. Morgan, CIA
Stephen L. Morgan, CIA, CGAP
Christopher S. Morris
Kenneth J. Mory, CIA
Natalia Mory
Paul Mraz, CIA
Jonathan A. Mueller, CIA
Robert J. Muscat, CIA, CCSA, CFSA, CGAP
Felix Nadadap
Ajit Krishnan Nair
Nancy A. Nakamura, CIA, CCSA
George W. Navarro, CIA
Timothy Neal
Tonya Sue Netzley, CIA, CCSA, CGAP
David Albert Newman, CIA
Thomas J. Newman, CIA
Cathlyn J. M. Nigh
Anna G. Nikulina, CIA, CCSA
Jan Nilsen
Myrna M. Nip
Jeremiah N’jie
Ronnie Norville
Christie J. O’Laughlin, CGAP
Lori Onderko
Samuel C. Owusu
Omer Ozel
Giulio Padalino
Jack H. Pallo, CIA
Michael J.A. Parkinson, CIA
R. Mark Peard
Reinaldo A. Pedrique Lowney, CIA
Frank Perry
Jim Perry
Irwin B. Peskov
Carl Peterson
Yma Celia Catalina Petrides Madrid, CIA
Basil H. Pfumm, CIA
Jill Anne Pickard Joseph
Charles Pipes, CIA
Matty Pleumeekers
David Polansky
Phillip F. Popehn
Karla Powell
Jo L. Preston-Alex
Douglas M. Quinn, CIA
Michael S. Raphael, CIA
Eric S. Rasmussen, CIA
Lael Reitler
Max Renox
Carlos Alberto Reyes, CIA
Jill Reyes, CIA
Mark F. Rielly, CIA
James Riley, CIA
Larry E. Ritterberg, Ph.D, CIA
G. Douglas Roberts, CIA
Kenneth J. Robinson, CIA, CCSA
Don B. Robitaille, CIA, CFSA
Sundar Rodriguez, CFSA
Keri A. Rogers, CIA
James P. Roth, Ph.D, CIA, CCSA
Robert W. Rudloff, Jr., CIA
Jose A. Ruiz
Gail P. Salans, CIA
Kofi Mireku Sampong
Nanita D. Sawh-Pereira
Cynthia Schenxnyder
Werner Schmucki
Karen Scotchke
Brian Selby

Serge Semeelen, CIA
Rhonda C. Shafer Foster
Stephen E. Shelton
Shahab Ahmed Siddiqi
Arik Simonsen
Kesi A. Sinclair, CIA
Steven H. Singer
Edison Sirregar
Kathryn S. Skelley-Bird, CIA
Thijs Smit, CIA
Kenneth B. Smith, CIA
Viktoriya Smith
Kevin J. Smullen, CIA, CGAP
Michael L. Somich
Joe Sorrentino
Daryl A. Spichal, CIA
A.J.M. Van Spreewel, CIA
Scott Stadtmueller
Dale F. Stephenson, Jr., CIA
Dan E. Stoffel, CIA
Paul J. Styvok
George Subirana
Scott Sullins
Angela Sullivan
Carrie Summerlin, CCSA
Jay R. Taylor, CIA
Kenneth W. Taylor, CIA
Thomas W. Templar, CIA, CCSA, CGAP
Scott Thatcher
Chad Thiemann
Calvin Thompson
Jackye Thompson
Lino D. Tirado, CIA
Bridget Toelle, CIA
Ross Topp
Craig Joseph Tramontano, CIA
Deborah Lynn Troxell, CIA
RacheT E. Tullos, CIA
Terry Michael Uhrum
Kenji Usui, CIA
Pavel Vacha, CIA
Curtis C. Verschoor, Ph.D, CIA
Dottie Vo
Douglas C. Wacker, CIA
Benny R. Wagner
Jacqueline K. Wagner
Joseph Wambia, CIA, CCSA, CFSA
Doris Yi Hsin Wang
Annette Ward
Avonelle C. Watson, CFSA
Karine F. Wegzynowicz, CIA

Bold: 5+ consecutive years of contribution
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IIA-Pittsburgh Chapter
IIA-Washington, DC Chapter

WILLIAM G. BISHOP III, CIA, MEMORIAL FUND (Friend Level)
IIA-Triad Chapter

WILLIAM G. BISHOP III, CIA, MEMORIAL FUND (Donor Level)
IIA-Baltimore Chapter
IIA-Nisqually Chapter
IIA-Tallahassee Chapter

Bold: 5+ consecutive years of contribution
Statement of Financial Position

ASSETS
- Cash and cash equivalents $614,520
- Investments 1,701,122
- Accounts receivable, net 178,217
- Inventories 188,154
- Prepaid expenses and other assets 39,632
- Property and equipment, net 1,458
- Deferred project costs, net 149,400
- Restricted investments 135,000
**Total Assets** 3,007,503

LIABILITIES
- Accounts payable and accrued expenses 43,493
- Due to affiliates, net 57,284
- Deferred revenue 27,043
**Total Liabilities** 227,820

NET ASSETS
- Unrestricted 2,173,383
- Temporarily restricted 471,300
- Permanently restricted 471,300
**Total Net Assets** 2,779,683

**Total Liabilities and Net Assets** 3,007,503

Statement of Activities

CHANGE IN UNRESTRICTED NET ASSETS FROM OPERATIONS REVENUES
- Publishing 2,521,867
- Contributions 247,734
- Dividend and interest income 77,718
**Total Revenues** 2,847,319
- Net assets released from use restrictions 148,169
**Total Revenues and Net Assets Released from Use Restrictions** 2,995,488

EXPENSES
- Other 482,183
- Educational products 2,106,129
- Research projects 155,375
- Academic programs 17,114
**Total Expenses** 2,760,801

Change in unrestricted net assets from operations 234,687

CHANGE IN TEMPROARILY RESTRICTED NET ASSETS FROM OPERATIONS
- Contributions 139,810
- Dividend and interest income 8,947
- Reclassification 44,386
- Net assets released from use restrictions (148,169)
**Change in temporarily restricted net assets from operations** 44,974

CHANGE IN PERMANENTLY RESTRICTED NET ASSETS FROM OPERATIONS
- Reclassification (44,386)
**Change in permanently restricted net assets from operations** (44,386)

NON-OPERATING ACTIVITIES 103,578

CHANGE IN NET ASSETS 338,853

**Net Assets – Beginning of year** 2,440,830
**Net Assets – End of year** $2,779,683

Statement of Cash Flows

OPERATING CASH FLOWS
- Change in net assets $338,853
- Adjustments to reconcile change in net assets to net operating cash flows:
  - Depreciation 23,702
  - Amortization of deferred project costs 159,222
  - Change in restricted investments 44,386
  - Net gain on investments (103,578)
  - Change in due to/from affiliates, net 25,531
  - Change in accounts receivable, net 48,837
  - Change in inventories 65,371
  - Change in prepaid expenses and other assets (39,632)
  - Change in accounts payable and accrued expenses (14,593)
  - Change in deferred revenue 11,250
**Total Adjustments** 220,496

INVESTING CASH FLOWS
- Purchases of investments (131,053)
- Expenditures for deferred projects (34,631)
**Net Investing Cash Flows** (165,684)

CHANGE IN CASH AND CASH EQUIVALENTS 393,665

**Cash and Cash Equivalents – Beginning of year** 220,855
**Cash and Cash Equivalents – End of year** $614,520
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES
Institute of Internal Auditors - Research Foundation, Inc. (“the Foundation”) is a not-for-profit corporation formed to expand knowledge and understanding of internal auditing by providing relevant research and educational products to advance the profession globally. The IIA Board of Directors appoints the Foundation’s Board of Trustees. Accordingly, in conformity with accounting principals generally accepted in the United States of America, the Institute’s consolidating financial statements include the accounts of the Foundation. All significant interorganization transactions and balances have been eliminated.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted and unrestricted revenue and support
Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as “net assets released from restrictions.”

Other activities
During 2010, the Foundation reimbursed The IIA for certain personnel-related costs and certain shared costs. Such reimbursements are reflected as expenses of the Foundation based on the nature of the specific expenses. Additionally, the Institute absorbs certain overhead costs of the Foundation for which reimbursement is not required. Overhead costs of the Fund are not material to the accompanying financial statements and are paid by the Institute. Reimbursement is not required.

Revenue received in advance of the recognition period is included in “deferred revenue” in the accompanying statement of financial position.

Cash and cash equivalents
The Foundation considers all investment instruments purchased with original maturities of three months or less to be cash equivalents.

Investments
Investments are carried at estimated fair value as determined by quoted market prices.

Allowance for doubtful accounts
Accounts receivable are stated net of an allowance for doubtful accounts. The Foundation estimates the allowance for doubtful accounts based on an analysis of specific accounts, taking into consideration the age of the past due account and an assessment of the client’s ability to pay. Accounts are considered past due when payments are not made in accordance with specified terms. Accounts are written off when management determines the amounts are uncollectible.

Inventories
Inventories consist of publications and are carried at the lower of cost or market value using the first-in, first-out (FIFO) cost flow method.

Property and equipment
Property and equipment are stated at cost. The Foundation uses the straight-line method of depreciating property and equipment over estimated useful lives.

Restricted investments
Restricted investments consist of endowment funds held by the Foundation.

Restrictions on net assets
Temporarily restricted net assets consist primarily of amounts held by the Foundation restricted for the William G. Bishop Memorial Fund. Permanently restricted net assets consist of an endowment fund held by the Foundation, the investment income from which is to be used for scholarships for internal auditing students.

Income taxes
The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(a) as organizations described in Section 501(c)(3) and from state income tax pursuant to state law. The Foundation has not incurred unrelated business income taxes. The Foundation has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principals generally accepted in the United States of America.

Use of estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing the accompanying financial statements include those used in assessing the collectibility of accounts receivable and determining the useful lives of property and equipment. Actual results could differ from the estimates.

Subsequent events
The Foundation has evaluated for possible financial reporting and disclosure subsequent events through May 17, 2011, the date as of which the financial statements were available to be issued.

NOTE C – CONCENTRATIONS
The Foundation maintains their cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Foundation has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk related to cash and cash equivalents.
NOTES TO FINANCIAL STATEMENTS

NOTE D – INVESTMENTS
Investments consist of mutual funds. The Foundation considers all dividends and interest from investments as operating revenues for purposes of the accompanying statement of activities. Gains and losses related to investments are considered to be nonoperating activities for purposes of the accompanying consolidating statement of activities.

Net gain on investments (included in “Non-Operating Activities” in the accompanying statement of activities) consisted of the following:

<table>
<thead>
<tr>
<th>The Foundation</th>
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<tr>
<td>Unrestricted</td>
<td>$103,578</td>
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In accordance with accounting principals generally accepted in the United States of America (“U.S. GAAP”), fair value is defined as the price that an entity would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. U.S. GAAP establishes a hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and establishes classification of fair value measurements for disclosure purposes. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Following is a description of each of the three levels of input within the fair value hierarchy:

- **Level 1** – quoted prices in active markets for identical assets
- **Level 2** – other significant observable inputs (such as quoted prices for similar assets)
- **Level 3** – significant unobservable inputs

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Estimated fair value of assets (including restricted assets) measured on a recurring basis at December 31, 2010 are as follows:

<table>
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<th>Estimated Fair Value Measurements at Reporting Date Using</th>
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<td>Quoted Prices In</td>
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<tr>
<td>Mutual funds</td>
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NOTE E – PROPERTY AND EQUIPMENT
Property and equipment consisted of the following:

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<thead>
<tr>
<th>The Foundation</th>
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<tr>
<td>Furniture and equipment</td>
<td>43,394</td>
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<tr>
<td>Construction in progress, net</td>
<td>—</td>
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<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>43,394</strong></td>
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<tr>
<td>Less Accumulated depreciation</td>
<td>(41,936)</td>
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<tr>
<td><strong>Net property and equipment</strong></td>
<td><strong>$1,458</strong></td>
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Depreciation expense for the Foundation amounted to $23,702 for 2010.

NOTE F – COMMITMENTS
The Foundation has entered into contracts and agreements with various parties for research projects. Unpaid commitments related to these contracts and agreements totaled approximately $202,000 as of December 31, 2010.

NOTE G – EXPENSE ALLOCATIONS
Total expenses for the Foundation include approximately $2,279,000 of program expenses, $450,000 of supporting expenses, and $32,000 of fund-raising expenses for 2010.

NOTE H – NON-OPERATING ACTIVITIES
Following is a recap of the amounts included in “Non-Operating Activities” in the accompanying statement of activities:

<table>
<thead>
<tr>
<th>The Foundation</th>
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<tbody>
<tr>
<td>Net gain on investments</td>
<td>103,578</td>
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</tbody>
</table>