

annual report 2020

disruption accelerates
INNOVATION





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Anthony J. Pugliese

President and CEO Message

When I look back at the past year and reflect on all that happened, I am honestly in awe at just how much we accomplished. Certainly, we were compelled to confront challenges that might have been unfathomable just a year earlier. We were forced temporarily to “shelter in place,” separated for a time from family, friends, and colleagues. But through sheer determination, whether out of desperation or initiative, we persevered.

The world continues to experience unprecedented change. And like other organizations around the globe, The IIA is undergoing a tremendous transformation itself, spurred in part by the pandemic but also out of innovation.

To be sure, the challenges are many. We’re still navigating a fully or partially virtual workforce. Cybersecurity risks continue to evolve, exposing new vulnerabilities. Continued restrictions and supply chain issues persist, affecting how The IIA does business, from holding conferences and other events to delivering training and certifications. But, as the title of this annual report conveys, disruption accelerates innovation.

We are setting our sights on what’s possible, not “how we’ve always done things.” And we’re willing – no, we’re eager – to take risks that will propel our organization and the internal audit profession forward. Working collaboratively – at IIA headquarters, within our chapters, and through affiliates around the world – we must:

- *Re-imagine and transform;*
- *Promote greater competency and learning opportunities;*
- *Build a membership model that sharpens our reach;*
- *Advocate for the profession, for The IIA, and for the public good;*
- *Evolve our image and heighten our brand awareness; and*
- *Enable the profession for future success.*

This annual report provides an update on The IIA’s activities over the past year-plus. But more telling, it also features short stories from IIA employees and volunteers who continue to help steer our organization through the lingering effects of the pandemic. I hope you will see in these stories how we have come together, through technology, innovation, and sheer human will, as One IIA.

If we accomplished this much in response to crisis, imagine what we can do if we are deliberate. Our profession needs to continue to transform, expand, and evolve. I look forward to working with you to make that happen.

Anthony J. Pugliese, CPA, CGMA, CITP
President and Chief Executive Officer

Global Chair Message

Before I officially assumed the chair of The Institute of Internal Auditors, Global Board of Directors in July 2020, I had chosen a theme for the year: "Reimagining Resilience." To me, this would speak about the need to embrace the acronym T-A-C-T-T, which stands for Technology, Agility, Collaboration, Talent, and Tenacity in internal audit, especially in times of crisis. But I had no idea, even as we entered the early stages of the COVID-19 pandemic, just how important the message would be, especially as our lives and work were disrupted — not just for a few weeks or months, but for more than a year.

Routine activities, such as simply stepping outside my home for a walk, were halted. What's worse, families were separated and faced unfathomable consequences. Companies were put out of business. This was a crisis like no other in my generation.

Life is about constant change. Over the years, we have seen different forms of crises with different impacts. The learnings from these episodes are vital — as the saying goes, "Don't waste a good crisis." New risks are always developing out of the evolving landscapes we face, including climate change, terror attacks, cyber threats, and third-party vulnerabilities. But none of these modern threats has gripped the entire world as swiftly and unexpectedly as the pandemic.

In 2020, audit teams were challenged with finding their place in organizations where resilience and sustainability were tested on so many levels. Some internal auditors were asked to handle responsibilities outside the scope of their normal work. CAEs were appointed to joint crisis teams that focused on communication among various stakeholders. Controls and frameworks became outdated and needed to be revised, and audit plans had to be realigned.

The year was a reminder to us that, as auditors and audit leaders, we need to adapt and change with the times. We must be resilient. It begins with embracing **TECHNOLOGY**. Auditors must be tech-savvy and find smarter ways to fuel audit processes with creativity and innovation, allowing us to be proactive.

Next is **AGILITY**. Our audit approach and mindset must be nimble, so that we can reprioritize seamlessly and respond swiftly to emerging issues, thereby accelerating business performance.

The pandemic truly showed us the importance of **COLLABORATION**. This means harnessing the cultural, connective, collaborative intelligence that exists within all disciplines in the governance ecosystem.

Jenitha John



Finally, the last two T's — **TALENT and TENACITY**. We need to continuously invest in personal growth so that our skills and experience align with organizational priorities. This will help us adapt to new realities and deliver on stakeholder expectations. Courage and persistence must prevail to maneuver challenges and deliver impactful reports to enable better-informed, risk-based decisions.

Yes, true transformation and sustainability of the profession depends on us embracing T-A-C-T-T! COVID-19 forced us to rescan the landscape, refocus on new realities, reshape audit perceptions, and reinvent internal audit.

Through a series of quick polls among members, The IIA was able to identify what kind of help audit teams needed the most during 2020. If that help didn't exist, The IIA created it. Like its members, the association also was forced to reinvent itself. The results have been transformational and we continue to walk a journey of transition amid new realities.

This is not a year any of us will soon forget, but we will continue to move forward. We are indeed resilient. I thank all of you, through our virtual meetings and gatherings, for your support, and I applaud you for lifting our profession during these difficult times. The future holds great promise, and I know we will not only persevere, but thrive.

Jenitha John, CIA, QIAL
2020–21 Chair, IIA Global Board of Directors

The year 2020 was unlike any other

in modern history. Most of us will look back and remember exactly where we were and what we were doing when the first effects of the COVID-19 pandemic began to alter our routines.

This world event created a shared experience, but it also resulted in a patchwork of intensely personal encounters that, together, weave a story of a remarkable — some would say unprecedented — time in generations.

At The Institute of Internal Auditors, 2020 forever changed how we serve our members and other stakeholders. It is through the eyes of several IIA leaders that this annual report expresses how the organization took on and worked to overcome the challenges resulting from the global economic- and health-related turmoil.

INTRODUCTION

These stories emphasize the appreciation The IIA has for each of our more than 200,000 members, partners, and others who play such a vital role in our organization's success. Through collaboration, and sometimes sheer grit, we met each obstacle with agility and renewed determination, with new product launches and delivery methods, new ways to meet and exchange ideas, and new research and guidance so that internal auditors would be prepared for the uncertainties that still lie ahead.

The world seemingly came to a halt and held its collective breath at the beginning of the pandemic, but The IIA persevered as an organization and as a valuable resource to a profession that has become even more essential during this critical time. Despite the intense challenges, including some early setbacks, the disruption elevated innovation at The IIA as we found ways to make changes, recoup lost revenue, and emerge stronger than ever — ready to face whatever the future might hold.



Stacy Brooks

A small team of us had been monitoring COVID-19 starting in January 2020. At that time, we didn't think it was going to be anything that would require us to shut down. Like many around the world, we thought, "This is going to be like the flu. We need to just monitor it and encourage staff to take measures to help prevent the spread to others." When March came and it was intensifying around the world, the school district in the county where our headquarters are located extended Spring Break another week and began discussing online learning options for students. We took our cue from them and made the decision to move our workforce to remote operations for "a couple of weeks." We took inventory and identified who did and did not have equipment that was portable. We communicated with those who would need equipment and made arrangements for them to pick up laptops and whatever else to work from home. IT did some heavy last-minute readiness to make sure our VPN could support all staff, that our online phone system was ready, and that our Customer Service department had what it needed to communicate with our members from their remote locations. Within three days, 100% of our staff shifted to remote work. Looking back, it is pretty amazing how quickly, seamlessly, and successfully we were able to adapt. Those "couple of weeks" of working from home extended to over a year and changed our outlook on telecommuting and remote-based work in a positive way.

Stacy Brooks, SPHR, SHRM-SCP
Managing Director, Human Resources





NeW LAUNCHES

NeW LAUNCHES



Cassian Jae

One of the immediate challenges we had when we went remote in March 2020 was that we were about to close out on phase one of the Digital Transformation project, which was the launch of our Certification Candidate Management System (CCMS). We decided to go forward a week later. We had asked ourselves when the scope of the pandemic started to become evident in February, "What do we have to do to make sure we can do this?" We had originally planned for our development partners, who are based in Washington, D.C., and Austin, Texas, to be on-site and available to us when we went live, so we could troubleshoot quickly. That didn't happen. Everything was canceled, and travel to Florida was forbidden. So, we had to quickly shift to a virtual "war room," where any production issues could be triaged and our partners would be available to help us. We set up a scale where we identified which types of issues would require someone to be available 24 hours, such as for a production crash, to other types that were cosmetic and maintenance issues. Just like with the launch of any product, when we went live, there were some unforeseen issues. We had tested and tested and tested, but there are just some scenarios you would never think of that happen. Those really put our plan to the test, and we did pretty well.

Cassian Jae, PMP

Lead Project Manager, Digital Transformation

DIGITAL TRANSFORMATION

The IIA had been working behind the scenes on an all-encompassing project known as Digital Transformation. In reality, the project is a set of several initiatives planned for different phases of launch. The first phase was set to be implemented in March 2020. Just one week earlier, however, the pandemic turned the world upside down. Despite that obstacle, the information technology (IT) team pulled off a successful launch and kept the project on track.

The first phase featured the Certification Candidate Management System (CCMS), a user-friendly application to help members apply for, schedule, and maintain their certifications. The system debuted just before IIA testing partner Pearson VUE had to shut down its test centers around the globe because of social distancing measures during the pandemic. Members were able to use the system to reschedule exams, check on the status of their appointments and payments, and update their personal information.

In the meantime, The IIA's Global Board of Directors recommended establishment of a Digital Transformation subcommittee to meet monthly, support IIA staff members who were leading the project, and report back to the Global and North American boards. Chaired by Benito Ybarra, the committee included Mark Carawan, Mike Varney, Kevin Cantrell, Neil Frieser, Sally-Anne Pitt, all IIA staff chiefs, and Lead Project Manager Cassian Jae.

The project team moved forward with selecting new vendors for the second phase, which itself included several initiatives. Among them: a single sign-on (SSO) system to enable users to employ one set of credentials for online interactions with The IIA, rather than requiring multiple sign-ins and passwords for different sections of the association's website.

This will allow for a more user-friendly and informative dashboard for each member, a single shopping cart for all IIA retail products, a modern look for IIA-hosted websites, and enhanced adaptability for a variety of devices, such as mobile phones. The focus is on putting members first and making it easier for them to interact with The IIA.

NeW LAUNCHES



Greg Jaynes

It's basically hand-to-hand combat every day in cybersecurity. Our reputational risk is huge with institutes around the world, as I view their data as our data. The risk world and the portfolio of risks we manage has changed immensely over the past two years. In addition, some of our strategic initiatives got expedited during 2020, which created more risks. We know our business models have to be tweaked, because we're not going back to where we were. Looking back, I'm proud of everybody's resourcefulness and the out-of-the-box thinking about how to get things done and how to generate revenue. We were really fortunate in March 2020, when the pandemic hit, that we had people and processes in place. The majority of our staff had laptops, but for those who didn't, we were able to configure additional laptops, then train and get the employees out the door in two days. We basically said, "You can't come into the building." If there was something that needed to be fixed, we had a process for them to bring it through the mail room and someone on our IT team would get it. When I heard the horror stories of other workplaces in figuring out how to send people home to work remotely, I was very proud of what we accomplished.

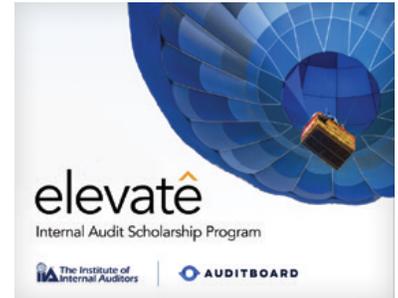
Greg Jaynes, CIA, CRMA, CFE, CGFM
Chief Risk Officer

ELEVATE SCHOLARSHIP

COVID-19 took a toll on internal audit teams worldwide. A midyear study by the Audit Executive Center showed 21% of audit executives in North America were forced to decrease staff in the economic slowdown following the pandemic’s outbreak. To help internal auditors adversely affected by the pandemic and related economic pressures, The IIA partnered with cloud-based software platform company and IIA Principal Partner AuditBoard on a \$500,000 scholarship program.

Launched in October 2020, the Elevate Internal Audit Scholarship Program provided access to training and educational courses for internal auditors in the United States and Canada who had been laid off or furloughed. The scholarships could be used to participate in IIA training and certification programs, including The IIA’s premier Certified Internal Auditor (CIA) designation, AuditBoard’s Modern Audit Technology course, and other offerings pertaining to internal audit fundamentals, management, IT, data analytics, and fraud.

The program, which drew almost 200 applications in its first week, was extending in 2021 to provide merit-based scholarships to cover the cost of training and certification for all three parts of the CIA exam.



COMPETENCY FRAMEWORK

The pandemic accelerated the release of The IIA’s Internal Audit Competency Framework, an online tool launched to offer career advancement guidelines and support for audit practitioners globally at all levels, from those just starting in the field to more experienced professionals who want to continue improving their performance. The framework includes three levels of competency: general awareness, applied knowledge, and expert. It defines four knowledge areas: professionalism, performance, environment, and leadership and communication. The beauty of the tool is it helps chief audit executives identify gaps within the team, supports professionals in navigating a path forward for their professional development, and recommends resources and training to enhance the individual’s competency on their career journey.



NeW LAUNCHES



Lisa Hirtzinger

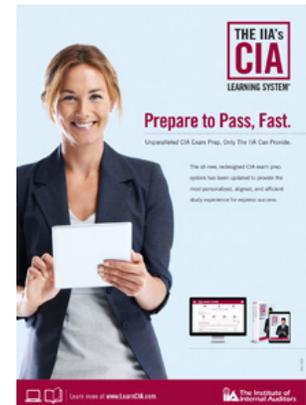
***We were on a wonderful journey** regardless of the pandemic, where we know people have different learning styles. Some prefer online, some prefer self-study, some prefer in-person. We deliver great content for the profession, and we said, "You can do it your place, our place, your pace, our pace. You'll get to consume in the delivery model or modality that works best for you." But it was a different story for our conferences, because those were fundamentally and holistically an in-person networking experience, and that's where we really had to pivot. On the training side, we also stopped our in-person courses, but that was an easy shift. We had already been using virtual training rooms, where we had a mix of some people in person, some online, and inclusive activities such as dry erase boards and breakout rooms. We just started to leverage that strategy more. We tried different technology platforms, and when you're going through that much change, you think, "Surely others are doing better than we are," but we actually were doing great. I'm so proud of the learning curve and the growth. Our world now will be forever hybrid. We want to provide best-in-class content to serve the competencies of this profession in the way our consumers want to engage.*

Lisa Hirtzinger, CIA, QIAL, CCSA, CRMA, MBA, MA
Senior Vice President, Training and Development

CIA LEARNING SYSTEM 7.0

The **work-from-home environment of 2020** called for new ways of offering training to members who could not attend in-person educational sessions. To meet that need, The IIA launched CIA Learning System 7.0, a self-study version of preparation materials for the CIA exam.

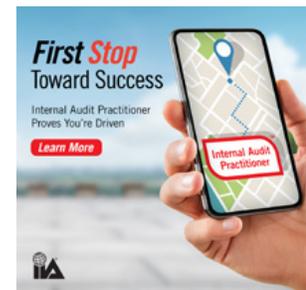
Redesigned to deliver a personalized, flexible CIA study experience, the program includes online study tools, a recommended study path, learning activity options with time estimates, and progress tracking. The tools include online versions of reading materials, video tutorials, quizzes, flashcards, a searchable glossary, and a practice exam.



INTERNAL AUDIT PRACTITIONER

In November, The IIA launched an updated pathway for emerging and new internal audit professionals. The refreshed Internal Audit Practitioner designation offers candidates a new exam and study questions tailored specifically to the designation, instead of requiring them to take Part 1 of the three-part exam for the more advanced Certified Internal Auditor (CIA) designation.

The program is geared toward students, new internal auditors, and professionals transitioning into an internal audit role. It no longer requires six months of internal audit work experience — a change specifically intended to bring new people into the profession. It also accommodates challenging economic times by offering lower application and exam registration fees.





NeW WAYS TO DELIVER



NeW WAYS TO DELIVER



Lily Bi

We were the first department impacted by COVID-19 when everything was shut down in China in January 2020. China accounts for 50% of our volume. We have four windows every year to deliver the CIA certification exam, and the first one is in March. Pearson VUE, our vendor, operates about 1,000 test centers that we use around the world. We started to see test centers closing one after another, until all of them were closed by March. We didn't know when they would reopen. That meant The IIA was not able to deliver exams to anyone globally. We developed a strategy to quickly transition to online, proctored testing. This type of process would typically take multiple years, but we made the transformation in five short weeks. As part of our planning, we first went to leadership and the board to get approval, because there are a lot of security concerns with online testing. A new team was formed with support throughout the organization. We had to change the system, translate the CIA exam into 17 languages, and republish more than 100 exam forms. April 29 was a milestone: It was the day we delivered the first online, proctored CIA exam in English, with the CIA exam in all languages delivered online by May 31. Knowing that many individuals were facing economic hardship during the pandemic, we then launched a campaign that provided 20% off to IIA members. It was a great success, with exam registrations 150% higher than during the same month in 2019. Once through the initial pandemic impact, we then looked to other ways to confront the challenges. We created a new model focusing on the CIA Challenge Exam for people who already had an accounting certification and practiced internal auditing. There were some doubts because of the pandemic year, and the price of the Challenge Exam package is higher than the traditional exam. But we ended up having 2,200 participants in the program, more than in any other year.

Dr. Lily Bi, CIA, QIAL, CRMA, CISA
Senior Vice President, Certifications
and Global Development

ONLINE PROCTORING

China was the first known country hit with the COVID-19 pandemic, and in January 2020, it began enforcing a social distancing policy that temporarily closed businesses and forced people to stay in their homes. Over the next several weeks and months, other nations would implement similar measures.

The situation in China was especially concerning for The IIA's Certifications and Global Development team, which in recent years had relied on that nation's growing number of internal audit professionals for about 50% of its annual revenue. The team, led by Senior Vice President Lily Bi, began monitoring the situation and watched revenue plummet for two consecutive months.

But the team also sprang into action, working with information technology (IT) to accelerate development of an online testing application that would ensure the same kind of secure proctoring as the 1,000+ in-person testing centers operated globally by IIA partner Pearson VUE. Starting in late April, The IIA provided online testing for all three parts of the Certified Internal Auditor (CIA) exam and for the Certification in Risk Management Assurance (CRMA). This was a major shift in operational delivery following the March launch of the new CCMS and reinforced a focus on serving members and candidates. It was important to keep testing open because the CIA, awarded to more than 165,000 individuals since 1974, is the only recognized internal audit certification in the world.

The team also initiated new outreach strategies that brought in record sales, including:

- *A hardship program that worked with members to give them discounted rates for taking the CIA exam.*
- *A push for the CIA Challenge Exam that urged members to take the "down time" of the pandemic to add Certified Internal Auditor to their other credentials.*



NeW WAYS TO DELIVER



Monica Griffin

We found from members that they had a big need for connection. It was an isolating period of time, and they looked to their association as a group that helps network and facilitate interaction. But we had to find new ways to do that. We started creating symposiums, where we could have a topic and there would be someone live on-screen, and we also could do Q&A. That became a hybrid – not really training and not really a conference. It's about how we deliver content that members need to do their jobs better and how we deliver it to keep them connected. One of the things that's so useful from this experience is the chat function, which gives us the ability to see participants' questions and thoughts in one place. We become privy to questions in real time, and we can respond immediately, even while a speaker is still talking. We also can use the chat later to guide future content. This multichannel discussion gives us more insight and intelligence than normal, and we don't have to conduct a survey to get it. I also think there is a greater sense among members that we care for them.

Monica Griffin, CCSA, CAE
*Executive Vice President and
Chief Marketing Officer*

VIRTUAL SYMPOSIUMS

With all in-person educational events shut down and many chapters and affiliates struggling to move to virtual delivery, The IIA needed a way to deliver valuable information and, at the same time, offer a way for members to connect with the association and with each other. A hybrid event called the IIA Virtual Symposium was born. The new series was designed to help internal auditors tackle the bigger issues they were facing as part of their job and be more responsive in their work by providing access to educational options that built upon The IIA's prior investment in virtual delivery channels. A lineup of dynamic speakers addressed topics of concern, including environmental, social, and governance (ESG); fraud; diversity, equity, and inclusion (DE&I); public sector issues; ethics; leadership; data; and cybersecurity.

The sessions offered an added bonus for The IIA: the ability to engage with members and learn more about their professional needs. By enabling attendees to use the chat function of the online webinar platform to communicate with each other and ask questions of the speakers, the association could help them feel engaged, heard, and appreciated. Each symposium also provided the opportunity for members to earn up to four continuing professional education (CPE) credits.

VIRTUAL TRAINING

As The IIA looked ahead to 2021 and the cancellation of in-person events through at least the first half of the year, it became clear that members would continue to need support through virtual methods of training. The IIA had invested in virtual training engagement over the past three years, which aided our ability to adapt and continue serving our members and customers virtually. As COVID-19 hit, we leveraged the time to evolve and deepen our virtual strategy, working throughout 2020 to move all in-person events to virtual formats and to enhance our curriculum portfolio. In mid-2020, we launched the Financial Services Audit Certificate, more than 20 new courses, and the new global core curriculum to be delivered via OnDemand. Internal audit professionals can purchase individual courses or bundles that are tailored to their needs. Much of the work had been under way before 2020, but the increased need accelerated the pace of these projects.

Plans call for adding specialty courses and series, including a certificate focused on IT general controls that will contain 12 OnDemand courses and is on track to launch in mid-2021. This new functionality will allow The IIA to use virtual training to serve its existing members where and when they need training — and to bring in new members globally.



NeW WAYS TO DELIVER



Paul Forgues

Given Canada's geographical expanse, our 12 chapters are accustomed to operating independently, such as organizing in-person events for their local members. IIA-Canada has always supported Canadian chapters, collaborating and helping them deliver products and services for members. But COVID-19 was different. We recognized the importance of coming together, as IIA-Canada and chapter leaders quickly understood the need to pivot from hosting in-person activities to virtual ones, creating borderless, nationwide access to events and online learning and training opportunities that would engage members from coast to coast to coast. Time zones and geographical distances were no longer a factor, and members could enhance their learning and training skills from wherever they happened to be. Establishing mutually beneficial pricing models, delivering joint events to avoid duplication and competition between national and local activities, and keeping members' needs front and center are just a few examples of the win-win environment created in 2020 and continuing today. I am impressed with the dedication of our volunteers and the passion and commitment they demonstrate for the internal audit profession.

Paul Forgues, MBA

Executive Director | Directeur général, The IIA Canada

More than 400 virtual events delivered, attracting nearly 400,000 attendees:

including conferences, public/private eSeminars, webinars, symposiums, chapter meetings, and roundtables.



IN-PERSON IMPACT:

40% reduction in attendance against goals
70% reduction in revenue



ESEMINARS PERFORMANCE:

\$1.8 million – **63%** over budgeted revenue



ONDEMAND PERFORMANCE:

Nearly **\$1 million** – **36%** over budgeted revenue

In March 2020, I had a trip planned to Romania, and at the beginning of the week I asked if I should still go. The advice: "It's fine. Everything's good." Two days later, with the way things were rapidly evolving, the advice became, "If it were me, I wouldn't go." It was a really tumultuous time. Just a week earlier, I had traveled to New York. That was the last time I stepped on a plane. On the flight, I felt extremely vulnerable and precarious. It's funny because, then, people were wearing gloves but not masks. The seats were full, so I tried not to breathe, and I was very mindful of contact. I noticed, for example, that the flight attendant giving out drinks of water was holding the cups by the top. So, I declined. In New York, we had a meeting of what is normally a fairly large international group. It felt like we were at the beginning of the end of the world, a very gloomy atmosphere. . . . It seems incomprehensible that we were debating up until only a week or two before Global Assembly whether it would be held in London last year: "Should we run, should we not run?" It was touch-and-go. Of course, we canceled it. We compensated by having a series of virtual meetings in October. We ran a survey with affiliates to determine the impacts on them and how they responded, and we shared a report based on that information, which was very telling. We ran a brand-new roundtable discussion with a number of breakouts. We were discussing the impact of the pandemic but also other disruptors to get a sense from participants of what The IIA should be doing. That was how we replaced what we would have normally done in London.



Francis Nicholson

Francis Nicholson, CIA, QIAL, CRMA
Vice President, Global Relations

NeW WAYS TO DELIVER



Rob Garay

In communications, instead of just thinking only about certifications, membership, conferences, or training, I urged my group to think about The IIA as a whole. We needed to pull from all segments of audiences and think about the overall strategy of The IIA and determine how we could intertwine product messaging. At one point, our organization focused a lot on print advertising. We did a lot of mailers, postcards, etc., because people enjoy having something tangible. We had to push forward to do much more digital, which thankfully we had already been doing. So, this was kind of like ripping off the Band-Aid to do that last little bit. There was some trust that had to come with it, for our members to say, "Yeah, you're doing it right," and for them to allow us to change the strategy in how we communicate with them. If you had asked me two years ago, I would've said email newsletters were a dying medium. COVID-19 brought a resurgence in mass communications over email. For a lot of organizations, that's the only way we could communicate with someone. I think people are engaging with it differently than they did before.

Rob Garay, MBA

Managing Director, Digital and Marketing Strategy

DIGITAL MAGAZINE

Long published in print, the award-winning *Internal Auditor* magazine made a dramatic shift in 2020 to a paperless format after producing its June issue. The IIA had been working toward a fully digital magazine for a while, as it monitored readership habits, which were turning to more on-demand interests. The pandemic accelerated the transition when it became apparent that most members had the magazine sent to their offices but were not there to receive it because of the work-at-home environment.

The magazine staff also enhanced content delivery to members by promoting its website — internalauditor.org — as a repository for relevant, timely news targeted to internal audit professionals. The magazine also added to the user experience by presenting the digital edition of the magazine and other materials, such as daily news reports and online blog postings, on an app available on mobile phones, tablets, and digital readers.



COVID-19 RESOURCE EXCHANGE

To help members navigate an overwhelming amount of new and changing information on how to work differently during the pandemic, The IIA established the online COVID-19 Resource Exchange, a comprehensive source for internal audit practitioners around the globe, featuring risk guidance, thought leadership, training, tools, events, and more. It included content developed by IIA Global, numerous IIA affiliates worldwide, and Principal Partners, reinforcing the collaborative efforts to best serve our members during challenging times.

Organized in sections, the Resource Exchange home page on The IIA's website offered links to an array of topics:

- **Online learning**
- **Webinars and symposiums**
- **Benchmarking**
- **Relevant publications**
 - Business continuity
 - Risk assessment and audit planning
 - Internal audit's role in crisis management
 - Cybersecurity
 - Governance
 - Insights and advice
 - Partner content



NeW WAYS TO DELIVER



Harold Silverman

After one of our first webinars while working from home, we were discussing questions that arose from attendees and wondered, “What if we just hit the record button on these Zooms, would anybody be interested in listening?” We decided to do it, with our production team adding some very nice touches, and the “Continuing the Conversation” series was born. For me, it felt a little bit weird at first. I’m used to moving around in a crowd. The hardest part for me is actually staying still when I’m doing any public speaking. . . . My wife works from home, our kids went to virtual learning, and we have four dogs, so another challenge was finding a place that was visually appealing, quiet, and had a good setup. At first, I set up in our kitchen. We have a fireplace and mantel and I put that in my background. I elevated my computer on pots and pans and I sent the dogs outside. A couple times, I got interrupted by the Amazon driver coming up our driveway and the dogs going crazy. I decided to move to our basement. . . . One of the exciting things is there are places I feel like I have now been to and people I’ve interacted with whom I wouldn’t have. Obviously, I’ve been in my basement, but because we’ve gone to full virtual content worldwide, I had the opportunity to give a presentation and take questions live with about 100 internal auditors from Qatar in the Middle East. I also met with 30 internal auditors from Rwanda. I could never justify flying over there for 30 members, but getting up in the middle of the night to present to them was an opportunity that wouldn’t have happened otherwise.

Harold Silverman, CIA, QIAL, CRMA
Managing Director, Professional Practices

CONTINUING THE CONVERSATION

One of the benefits of attending a seminar is having the opportunity to ask experts questions during and after their presentations. Realizing that was not going to be possible in a Zoom webinar format, the Audit Executive Center came up with a solution: “Continuing the Conversation.” In a series of live presentations that were preserved in videos, along with related materials, experts offered their perspectives on what audit executives were experiencing.

Some of the first Continuing the Conversation events interpreted data gathered from “quick polls” of audit leaders conducted early in the pandemic, presenting the findings and explaining their relevance. Two of The IIA’s leaders of Chief Audit Executive Services had a conversation on video, each from his own home: Harold Silverman, the managing director, and Tim Berichon, the director.

Throughout 2020, the two discussed various topics and interviewed experts for the series. Early on, Silverman and Berichon also teamed up on a Continuing the Conversation Knowledge Brief titled *FAQs From the AEC Webinar: Social Distancing and Internal Audit*. In building a repository of COVID-19 resources for audit executives, Silverman and Berichon became trusted voices guiding audit executives through an unprecedented time.

INSIGHTS & ADVICE

COVID-19 and its health and financial effects hit internal auditors hard, not only professionally but also personally. Recognizing the need for an exchange of ideas about more than just internal audit training and work-related issues, The IIA launched an Insights & Advice section on the COVID-19 Resource Exchange.

Resources in the section included everything from opinion-based blogs to videos to magazine articles. Topics ranged from the personal, with features such as “Six Tips for Auditing From Home” and “Life With a Quarantined Auditor,” to the professional, with subjects such as “Internal Audit’s Response to COVID-19 in Europe” and “Reporting Audit Risks in a High-risk Environment.” As a membership organization, it was important to meet our members where they were, providing them a forum to share and connect, and to learn from each other as they navigated professional work-from-home arrangements and personal challenges related to COVID-19.



NeW WAYS TO DELIVER



Carrie Summerlin

From a fundraising standpoint, the Internal Audit Foundation receives about \$600,000 a year. In 2020, we topped \$740,000. That was partly because, though all in-person events were canceled, our Principal Partners and sponsors still wanted to invest in something that would impart knowledge into the profession and connect them to something great. We were positioned to work collaboratively to execute research and create white papers to address short-term needs and develop books to help internal auditors enhance their competencies. The pandemic also was an opportunity for us to move forward with new digital initiatives. We were partnering with an e-textbook provider to offer limited-duration rentals of our Internal Auditing textbook. The platform allows students to highlight passages, create flashcards, and more. Through that work, we discovered it to be an ideal means to enhance overall user experiences and better deliver digital content to our global customers and affiliates. With business closures, as well as supply chain and shipping interruptions, the partnership also has enabled us to sell digital products in bulk. Now, we can provide affiliates and others access codes to digitally distribute to their members and customers worldwide. We also are now working to build an integration between the platform and e-commerce, so that all of our customers can benefit from the enhanced user experience. Customers will no longer need to download e-readers and digital rights-protected e-publication files simply to access the content. They will be able to access it online or via an app.

Carrie Summerlin, CCSA, CNP
Vice President, Internal Audit Foundation

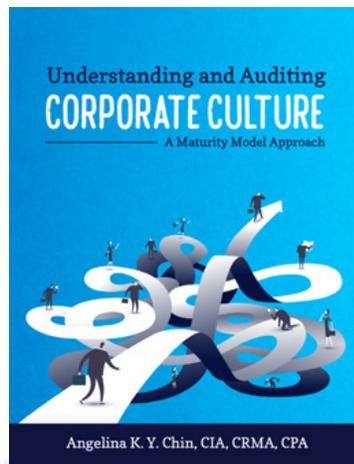
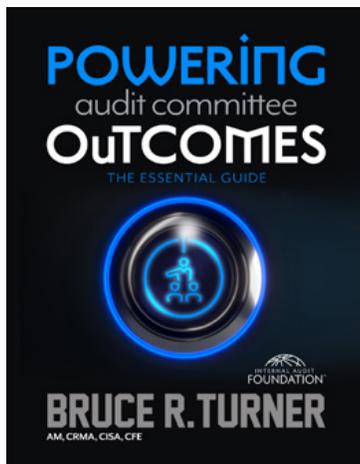
DIGITAL BOOKS

With a repository of hundreds of titles, the IIA Bookstore is normally a go-to source for individuals, chapters, and affiliates seeking training materials. But there was nothing normal about 2020.

Supply chains were interrupted as shippers turned their focus to transporting personal protective equipment (PPE) around the world in a rapid response to the growing threat of COVID-19. Nonessential shipments were put on hold or at least delayed. Amid public fears of touching surfaces, some consumers cut back on bringing new packages into their homes while others relied on deliveries of even basics, such as groceries, in an effort to avoid public places like supermarkets.

The IIA needed a different way to get books and other educational materials into the hands of the internal audit community. It turned to a fully digital format. Working with a vendor, The IIA's IT team improved electronic delivery methods to add features that weren't available through print.

The benefits were remarkable. Multiple e-books could be "delivered" to one location electronically and then disseminated via code to each user within minutes. Materials could be rented instead of purchased, saving the reader money and saving paper with a "greener" solution. Readers could mark passages with an electronic highlighter to reference later, and then those markings could be moved or erased as needed. Materials could be bundled into packages designed to help internal auditors at different stages of their careers.







NeW WAYS TO MEET

NeW WAYS TO MEET



J. Michael Joyce Jr.

In January 2020, as I was beginning the second half of my term as The IIA's 2019–20 Global Chairman, I was greatly looking forward to attending the many affiliate meetings and conferences on my schedule, beginning with the very first Global Assembly, scheduled for London that March. Even as reports about COVID-19 began to appear, we didn't think it was going to impact our plans. Of course, we were very mistaken. I remember working closely with IIA staff as we made the difficult decision to cancel Global Assembly because of the rapidly spreading virus and the associated safety protocols that were being established. That marked the first of all the cancellations that followed. I was very impressed with how IIA staff quickly pivoted to virtual training programs, remote proctoring of the CIA exam, and diligent renegotiations of the many outstanding facility contracts. Personally, I went from never having held a video conference to making video conference presentations throughout the world. The internal audit profession, and The IIA, truly demonstrated resilience and innovation as they successfully managed through this crisis. Later in the year, chairing the IIA search committee to identify a new President and CEO — in a completely virtual environment — also presented a unique set of challenges, especially due to the global nature of the search. The committee held more than 50 Zoom meetings in a compressed timeframe, at various days and times, to successfully identify our ultimate selection, Anthony Pugliese. The careful effort that went into this was a great example of the dedication of our volunteers.

J. Michael Joyce Jr., CIA, CRMA, CPA
2019–20 Chair, IIA Global Board of Directors

VIRTUAL CONFERENCES

Since 2017, The IIA has been investing in and introducing new technologies and hybrid formats at some of its larger conferences and events. In March 2020, COVID-19 began hitting the U.S. market as the General Audit Management (GAM) Conference, which had more than 1,200 registrants, was a week from starting. We quickly moved from an in-person event to a virtual one in just the week prior. However, as the virtual event was about to begin, it became clear plans had to change yet again. Las Vegas started going into lockdown because of the pandemic, and IIA team members at the conference hotel had to make some quick decisions. They cut the conference to one day, turned it into a virtual event, maintained a focus on attendee satisfaction, and kept their composure, all while the country overall shifted into shutdown mode. The show went on, presenting virtual speakers for an audience of chief audit executives, vice presidents, audit committee and board members, audit directors, and other high-profile stakeholders.

But behind the scenes, worried staff members scrambled to move their flights up so they could get out of Las Vegas before U.S. airports closed. If they didn't make it in time, they could be isolated in another part of the country without their loved ones. One team leader described the situation as a scene out of the 2012 film *Argo*, about an undercover CIA agent, launching a dangerous operation to rescue six Americans trapped in Tehran during the U.S. hostage crisis in 1979. Like many other scenarios that would emerge in 2020, it was surreal. The World Health Organization and other authorities, including the U.S. Centers for Disease Control and Infection, issued warnings against travel. Flights were canceled. Hotels closed. The IIA's Global Assembly, planned for two weeks later in London, was shut down within days of when attendees would have arrived from countries all over the world. Then the team got to work converting all conferences for the rest of the year to a 100% digital format. Events were spread over several days to accommodate different time zones and also prevent fatigue for attendees who would be sitting in front of computers instead of walking around a conference center between sessions.

The International Conference, The IIA's largest annual event, was moved to a later date and livestreamed and recorded — in multiple languages: Arabic, Bengali, Chinese (simplified and traditional), Dutch, English, French, German, Hindi, Italian, Japanese, Korean, Portuguese, Russian, Spanish, and Tamil. Session topics covered everything from workforce trends to technology innovation, ethics, talent management, cybersecurity risks, compliance, and sustainability. Keynote speakers and industry experts were joined by presenters from the United Nations, the International Integrated Reporting Council (IIRC), and the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.



NeW WAYS TO MEET



Laura A. Soileau

In February 2020, I was enthusiastically planning for a trip beginning in mid-March. I would be visiting multiple cities across multiple countries, mixing work and family time over a nearly four-week period. While I was excited, I also had some angst thinking about being away from home for so long and, from a work perspective, concerns about the extended lack of in-person face time with my team and coworkers. As the month progressed, like many others, I experienced the domino effect of cancellations, as everyone started to grasp the significance of COVID-19. My trip was canceled, of course, and my concerns about too much time away from home quickly became spending more time in my home than I ever had previously, only getting out for walks around the neighborhood. And the immediate shift to relying solely on daily video calls with my team and coworkers soon became the longest period that I had ever gone without seeing them in person. Like many others, I quickly expanded my ability to multi-task, balancing my work, my husband's work-from-home schedule, and school activities for my son, who was in first grade at the time. While 2020 turned out much different than I had initially imagined, reflecting back, in many ways, I spent more time focused on the things that truly mattered, team bonds strengthened, and I made the most of my new reality.

Laura A. Soileau, CIA, CRMA

2021-22 Chair, IIA North American Board of Directors

(CONTINUED FROM PAGE 33)

The key was to offer the same kind of quality content that would have been available in person, with added benefits that presented a silver lining — with multiple avenues for experiencing the content, attendees could participate on their own terms. Despite the challenges, the team used the crisis to evolve the virtual experience, tested new formats and forms of engagement, and worked closely with our many partners and sponsors to creatively execute new programs and member-focused collaborations.

GRC CONFERENCE

The pandemic unearthed new risks that hit organizations of all sizes and industries in ways internal auditors could not have anticipated. The world had to turn to technology to keep business going, and that increased cyber threats to new levels.

It was more important than ever for The IIA to present its 2020 Governance, Risk, and Control (GRC) Conference, in partnership with ISACA, an international professional association focused on information technology (IT) governance. Held in August, the virtual event drew an audience from more than 25 countries to discuss challenges, forge solutions, and define the future of GRC globally. One of the highlights was a general session discussion on “Resilience Today and in the Long Term.”

Coupled with content presented throughout the year, the GRC Conference helped internal audit teams face possibly the largest crisis of their careers — and do so with confidence. They were not alone. They had the support of their peers worldwide, and The IIA had their back.



NeW WAYS TO MEET



Benito Ybarra

I was scheduled to travel to emcee the GAM Conference in March 2020. My flight was booked and I was preparing to pack when I received notification that Texas state officials were not to travel outside the state. The pandemic raised too many unknowns and the risks were too high. I had to call the conference team and let them know that I wouldn't be traveling, leaving them to find a replacement emcee the day before the event. Of course, The IIA team rallied and quickly pivoted to virtual for GAM and many more member offerings. This resilience and execution led to The IIA having one of its best years ever.

I was also on the committee tasked with selecting The IIA's new President and CEO. The entire process was done virtually, with us accommodating four different time zones because of where our group members and candidates were based. That made for very early morning meetings — about 50 of them over four or five months. These included planning, interviewing, debriefing, and scoring. We were honored to be part of the process, but we definitely felt a little extra pressure. Here we were, picking the next leader for the profession and doing it on a (computer) screen. I'm proud to say, the camaraderie and respect for one another shone through, and we learned a lot about adapting to a tough circumstance to achieve a tremendous outcome.

Benito Ybarra, CIA

Vice Chair-Finance, IIA Global Board of Directors

VIRTUAL LEADERSHIP MEETINGS

A disruptive global event like a pandemic can never occur at a convenient time. For The IIA, the timing was especially challenging because the association was about to embark on a leadership change. Richard Chambers had been at the helm for more than a dozen years, for what he would later call the most rewarding professional assignment of his life: leading The IIA to regenerate into an organization that was fiscally healthy, expanding globally to more than 200,000 members, and on the path to continued success in championing the growth of the internal audit profession.

Chambers announced in July 2020 that he would be stepping down in March 2021 as president and CEO. His decision created an opportunity for new leadership, and the Global Board of Directors enlisted executive search firm Korn Ferry to find his successor. The comprehensive search attracted a diverse field of more than 50 candidates. With travel restrictions and self-distancing guidelines in place, interviews for the position had to be conducted virtually.

The board hired Anthony J. Pugliese as the new president and CEO in January 2021 to work alongside Chambers for two months; first virtually and then at IIA Global headquarters in Lake Mary, Florida, U.S.A. Together, they would ensure a smooth transition. Pugliese brought more than 30 years of experience to the position, most recently as president and CEO of the California Society of CPAs, the largest state CPA organization in the United States, with more than 45,000 members. Before that, he was a top executive setting global strategy at the Association of International Certified Professional Accountants (AICPA).

Through this changing of the guard, IIA Global Board members continued to meet virtually. Via videoconference technology, they put their heads together for not only regular IIA business, but also a refresh of the Global Strategic Plan, which they approved in December 2020. Using the latest trend research and studies conducted by The IIA and other leading organizations, and incorporating lessons learned during the pandemic, the board and The IIA's new leader were able to position the association to continue its success as the global voice of the internal audit profession.





NeW STUDIES

NeW STUDIES



Jim Pelletier

Our initial mission was to determine what tools, resources, and information our members needed to get up to speed as quickly as possible. At the same time, we wanted to get a better understanding of what our members were experiencing. We started to conduct a series of quick polls or surveys, particularly among chief audit executives. We wanted to know what was happening to their audit departments: Were their budgets shrinking? What was being cut? What were they focusing on? Were they doing different things? Were they doing the same sort of audits they would have done? Were they responding to the pandemic in different ways themselves? We started collecting data like that and, at the same time, doing our own research to say, "OK, what do we need to be getting out in front of our members today about working in a remote environment and some of the new challenges the pandemic is presenting, such as cybersecurity risks?" We wanted to make sure we were addressing those topics in Internal Auditor magazine and our other thought leadership content. One of the first things we did was stand up a COVID-19 Resource Exchange. We started to gather all of the thought leadership and guidance we felt was most relevant to our members at the time and we put it all in one place. We also started creating new content, and we reached out to our affiliates around the world and asked them to contribute. It became a global destination for resources, tools, and guidance to help auditors through the crisis.

Jim Pelletier, CIA, CGAP

Vice President, Standards and Professional Knowledge

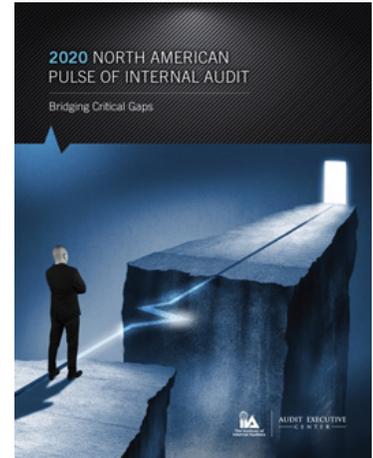
PULSE OF INTERNAL AUDIT

While internal audit teams around the world grappled with new realities from the pandemic, The IIA's Audit Executive Center kept its finger on the pulse of the profession. Its research became perhaps more important than ever as circumstances continued to change. Internal audit professionals needed to understand what was happening to their peers and know they were not alone in what they were experiencing. They needed to be able to benchmark the outlook for the profession before the pandemic against what was happening in the present and what they might expect for the future.

The *2020 North American Pulse of Internal Audit* provided some of that insight. The AEC has gathered such research since 2011, and has provided additional, in-depth reports called Pulse Solutions since 2016 to help CAEs address findings of the research. The 2020 Pulse was released in mid-March 2020, just as COVID-19 precautions were shutting down offices all over the world. It provided a snapshot of where the profession stood pre-pandemic.

Titled "Bridging Critical Gaps," it cited audit plan deficiencies in key risk areas, including cybersecurity, governance/culture, and third-party relationships — three areas that would become absolutely mission-critical during the pandemic. Those deficiencies would force internal audit leaders and their teams to accelerate innovative strategies for dealing with the gaps if they were to help their organizations not just survive, but thrive.

Research for the 2021 Pulse took place later in 2020 for a report that would be titled "Many Sides of Crisis." Among its many findings, internal audit departments were not as hard-hit as other parts of organizations during the pandemic, meaning they were deemed critical to operations. This would serve as a testament to The IIA's work over the years to champion the relevance of the profession, as well as the resilience of internal auditors and their leaders who were serving on the front lines during the pandemic.



ONRISK

In an especially timely study, The IIA produced its second annual report examining perspectives on risk and risk management within North America. *OnRisk 2021*, released in November 2020, unveiled which risks boards, executive management, and internal audit leaders rated as their current top concerns: business continuity/crisis management and cybersecurity. It was clear that respondents expected an expanding reliance on technology in the work-at-home environment of the pandemic to leave a lasting impact on organizations.

NeW STUDIES



Nancy Haig

I can tell you exactly when and what my last in-person event was, before the COVID-19 pandemic hit home. As the incoming North American Board Chair for 2020–21, I had selected as my theme for the year, “Building a Great Team,” and I had drafted an article on the topic for Internal Auditor magazine. All that remained prior to publication was a photo shoot, to ensure The IIA’s editorial staff had pictures to accompany the article. We completed the shoot at IIA headquarters in Lake Mary, Florida, on March 3, 2020, and I stayed overnight in the Orlando Hyatt for what was to be my last hotel stay to date. Consequently, my chairmanship year was quite a bit different from those who had served before me. Rather than visiting chapters and chapter leaders and members, I was able to participate in a number of events, albeit virtually. Perhaps because I did not have to spend time traveling, I may have accomplished more than I expected, on a broader scale. I was able to provide a keynote address for a conference in the UAE; facilitate a session at International Conference on heading both the internal audit and compliance functions; moderate the GAM Conference; mentor an outstanding mentee as part of The IIA’s pilot program and publish the results; represent internal audit as a panelist on “Enhancing Skepticism to Fight Fraud” for the Anti-Fraud Collaboration (The IIA is an organizing sponsor); provide the keynote address for the Jacksonville, Florida, chapter’s 50th anniversary; produce and present a webinar on “A Plan for Regulatory Change,” and facilitate sessions with global affiliates. That’s in addition to attending both North American and Global Board meetings and serving on the nominating committee to select The IIA’s president and CEO. “Going virtual” provided additional opportunities for me to give back to a profession that has provided me an exciting, interesting, challenging, and global career for over 45 years!

Nancy Haig, CCSA, CFSA, CRMA

2020-21 Chair, IIA North American Board of Directors

(CONTINUED FROM PAGE 41)

That environment created new vulnerabilities. Organizations suddenly needed to enforce cyber-safety protocols for their entire offsite workforces. Teams were communicating through software that was new to them. They were managing relationships outside the organization online. Internal auditors were not able to perform on-site visits. In other words, the world had changed. *OnRisk 2021* gave leaders insight into the unique context of 2020 and helped them confront its challenges head-on.

AMERICAN CORPORATE GOVERNANCE INDEX

One of the most encouraging pieces of news to come out of The IIA's research in 2020 was from the second annual *American Corporate Governance Index*, which found that, even during the pandemic, publicly held companies showed some improvement in governance practices. Collectively, companies in the study scored an average of B-minus, or 82 on a scale of 1 to 100. That was a slight increase from a C-plus, or a score of 79, the previous year.

The study by The IIA and the University of Tennessee measured results across eight Guiding Principles of Corporate Governance. The results suggested that, during periods of heightened risk like that presented by COVID-19, companies in regulated industries, such as financial services, transportation, and utilities, have stronger governance. Similar to the prior year's report, the index also showed that corporate boards need to be more assertive in challenging management. However, in a silver lining, it also seemed to show that the pandemic fueled an intense focus on crisis management, leading to the higher score for 2020.

ANTI-FRAUD COLLABORATION

At a time when the environment was ripe for greater fraud than at almost any point in modern history, The IIA joined its partners in the Anti-Fraud Collaboration in presenting a paper on how organizations could best combat fraud by empowering their people to become watchdogs. Formed in 2010, the collaboration comprises The IIA, the Center for Audit Quality, Financial Executives International, and the National Association of Corporate Directors. The four organizations represent all participants in the financial reporting supply chain. The new report said that deterring and detecting fraud requires professionals in all of those groups to exercise a healthy dose of skepticism and a questioning mindset, with the understanding that even the best organizations can be susceptible to fraud. The strength of that chain became even more important during the pandemic, when jobs and processes were turned upside down and nothing looked "normal." The report offered a roadmap for keeping on course.





The background features a warm, orange-toned sunset sky with a hot air balloon in the upper left. A complex data visualization, consisting of a network of lines, nodes, and vertical bars, is overlaid across the center. The text 'NeW' is in a bold, orange font, while 'WAYS TO REACH OUT' is in a white, sans-serif font.

NeW WAYS TO REACH OUT

NeW WAYS TO REACH OUT



Dana Perrino

We're the conduit to all the different products and services The IIA offers, but we are also the front lines. We're generally the people who are speaking with the members more than any other department. So, for us, it became all about "no member left behind." During 2020, our membership numbers were down. We landed a little more than 3% below where we anticipated we would be. But, at the same time, The IIA experienced the highest retention rate in more than five years. Associations strive to have a retention rate somewhere between 84% and 85%. In 2020, we were between 86.5% and 89.9%. The full team jumped in to ensure we did all we could to stay connected to as many members as possible within our community. By doing this, we did unfortunately have to pause our recruitment strategies. Our strongest pipeline for recruitment normally includes in-person conferences, trade shows, and chapter events, which were pivoting to virtual. Also, it was difficult to call Fortune 500 companies during the pandemic and say, "Hey, would you like to join?" It was awkward and the timing just did not seem right. So, we focused on leaving no member behind. The other opportunity that came out of increased outreach for my team was allowing our members to share their stories. When we called them, they wanted to tell us how they and their teams were getting through the storm. It gave us the opportunity to enhance our relationships with a lot of our members, especially our larger groups.

Dana Perrino

Vice President, Membership and Stakeholder Relations

MEMBERSHIP RETENTION

The IIA has long celebrated fairly high member retention through initiatives such as the Membership Concierge program. But during the pandemic, retention became more important than ever and our members needed to know The IIA was there to support them during the challenging times. The global emergency made it difficult to recruit and engage with new members — after all, The IIA didn't want to reach out to organizations that were struggling to adjust to the effects of the pandemic and appear insensitive to what they and their people were experiencing. So, instead, IIA staffers who had previously worked to recruit new members switched hats and joined the membership retention team.

The move worked. Membership developed multiple hardship programs, offering members alternatives to maintaining their membership, including discounts, transfers from audit groups, two-year extensions, and more. In addition, the Membership Concierge program was expanded to enable group memberships of a smaller size to receive the same special attention as larger groups. Membership staffers at The IIA reached out to all of their group members to find out how their organizations were doing, learning what their needs were and how the association could help. Customer service also was a beneficiary of investment, enhanced with new resources and training that increased satisfaction across our many member and customer segments. IIA members and customers said they were happy to hear from IIA staff who were focused on helping them maintain a sense of connection and belonging to The IIA community, and as a result, retention figures reached record-setting numbers compared with previous years.

NeW WAYS TO REACH OUT



Heather Graham

Our North American chapters are run by volunteers. They don't have paid staff, and they don't necessarily have the bandwidth to come up with alternate resources. We knew that most volunteers were working out of their homes rather than offices, possibly with a spouse, partner, roommate, or maybe kids they were homeschooling. So, we quickly pivoted and said, "What can we do differently?" We were able to provide all of our chapters with a Zoom account free of charge so they could execute events virtually and provide a different member engagement experience. We also streamlined requirements for chapters to make things as easy and simple as possible. Our North American chapters range in size from about 25 to 3,500 members. For those that have a large geographic makeup, sometimes it takes two hours for members to travel to where a program is being offered, so some members don't attend or engage. Those chapters were able to actually increase their engagement by having virtual events, and they are looking at keeping a virtual or hybrid model when the pandemic is over. There definitely have been some success stories. Chapters have gotten extremely creative. For a chapter that did a volunteer appreciation event, members were sent a canvas and taught how to paint over Zoom. Others had a trivia night or a murder mystery event. It has forced us to look at how we're executing our business, and we've learned some great lessons about how we can do things differently to serve people in ways they want to be served.

Heather Graham

Director, North American Chapter Relations

CHAPTER ENGAGEMENT

One of the biggest benefits of being a chapter member is networking. The pandemic shut down in-person meetings, but it could not stop determined volunteers who worked with IIA membership leaders to come up with new ways for members to engage. Virtual events ended up being even more creative than usual and The IIA helped by offering access to the Zoom platform for use by chapters previously unable to deliver virtual engagement.

Chapters also found new ways to engage, not only with their members, but also with each other, co-hosting virtual events on a larger scale to bring in greater efficiencies and numbers of online attendees. In addition, chapters partnered with IIA headquarters on virtual events and training partnerships. The result was an enhanced feeling of camaraderie throughout the association.



NeW WAYS TO REACH OUT

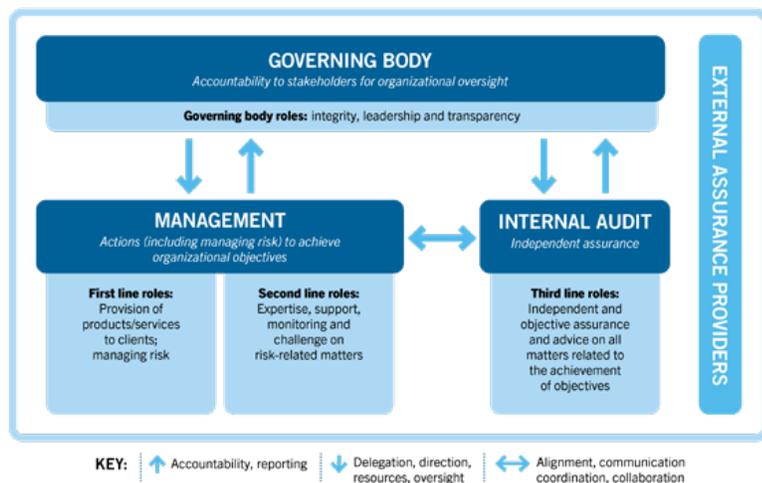


Kathy Anderson

In advocacy, the biggest thing we had to deal with was that there were no more in-person meetings, so that stymied our efforts in Washington, D.C. Congress was focused on COVID-19 and the impact on the economy, which effectively shut us down from making any significant progress on our particular issues. But we did work on legislative initiatives related to the pandemic, including the Paycheck Protection Program. We regrouped around what we could focus on to be ready when things turned around. It was about building our grassroots and getting our chapters to understand the importance of their role in building relationships to move our initiatives forward when things started happening again in Washington. We also focused on some state and local issues when we were contacted by members experiencing problems — in particular our public sector members. Unfortunately, when states and municipalities run into economic problems, they often cut back or even eliminate their auditors — the worst thing they could do. We also do a lot of work with the National Association of Corporate Directors, and one of the first things we did was partner on a checklist for audit committees and boards on maintaining effective internal controls during COVID-19. Importantly, we worked on developing and nurturing relationships and partnerships. People can get so isolated working remotely that they start slipping back into silos, which had to be avoided. We continued reaching out to make sure we knew what other groups were working on and how we could best collaborate on behalf of our members.

Kathy Anderson, CRMA, CAE
Managing Director, Government and Stakeholder Relations

The IIA's Three Lines Model



NeW WAYS
TO REACH OUT

THREE LINES MODEL

In July 2020, The IIA announced a major update to the widely accepted Three Lines of Defense, modernizing and updating it with a fresh structure and a new name: The IIA's Three Lines Model, which helps organizations define the roles of their governance and risk management operations. The new model was designed to better identify and structure interactions between key players and define their responsibilities. The Three Lines Model outlines the first line as oversight by the board or governing body; the second line as management and operations by leaders, including risk and compliance; and the third line as independent assurance through internal audit. It also addresses the position of external assurance providers and applies to all organizations, regardless of size or complexity. Although it was not revised because of the pandemic, the model became even more important in the midst of it. Many organizations responding to the effects of the unprecedented environment adopted an "all hands on deck" outlook, pulling in staff members from different departments to fill gaps, as needed, in response to changing demands, such as the sudden implementation of work-from-home policies. Internal auditors found themselves asked to do things that fell outside their normal responsibilities, and they turned to The IIA with questions about how they should respond. The Three Lines Model enabled them to better explain the importance of their independence.

G20/OECD PRINCIPLES

The **Three Lines Model** came into play later in the year when The IIA called on leadership of the Group of Twenty (G20) to strengthen its support of effective organizational governance worldwide. In a letter in November addressed to G20 Secretary-General Dr. Fahad bin Abdullah Toonsi, The IIA urged the international forum that brings together the world's major economies to address the issue of trust and its place in ensuring public confidence, especially during a crisis such as the pandemic. The letter encouraged the G20 to reinforce the basic elements described in the Principles of Corporate Governance issued by the G20 and the Organization for Economic Co-operation and Development (those principles were used in development of The IIA's American Corporate Governance Index's Guiding Principles of Corporate Governance). The IIA also asked the G20 that the Three Lines Model become part of the foundation of its principles structure.

IIA-IFAC CALL TO ACTION

The **pandemic is expected** to have lasting effects on the business world, including a whole new set of threats and vulnerabilities. To help organizations navigate this evolving environment, The IIA teamed up with the International Federation of Accountants (IFAC) in July 2020 to reach out to governing bodies and their audit committees with a call to action. Recognizing that the turmoil caused by the pandemic could threaten integrity, transparency, and accountability at many organizations, the two associations issued specific recommendations to ensure the objective oversight of activities, including risk management, performance, controls, and key processes. Those six recommendations ranged from staying informed to embracing technology.

SUPPORT FOR LIBERIA

In a **most unusual turn of events**, The IIA reached out to then U.S. Secretary of State Mike Pompeo in October 2020 with a letter requesting that the U.S. government formally support Liberia President George Weah in investigating the suspicious deaths of four public-sector internal auditors. The auditors were all killed over eight days while reportedly conducting audits of Liberia government accounts of misappropriation of funds related to COVID-19 relief. As guardians of trust, internal auditors hold a special role, the letter said. The request illustrated The IIA's imperative to advocate for internal auditors around the world.

Certifications

Total Certifications: 212,213*

*Includes CIA, CCSA, CGAP, CFSA, CRMA, QIAL, Internal Audit Practitioner

IIA REGION	CIA	CRMA	QIAL	GRAND TOTAL
Africa	4,300	631	19	4,950
Asia Pacific	82,174	4,511	11	86,696
Central/South America	1,739	739	3	2,481
Europe	18,995	3,180	476	22,651
Middle East	4,272	856	23	5,151
North America	56,535	6,756	52	63,343
TOTAL**	173,048	16,674	584	190,306

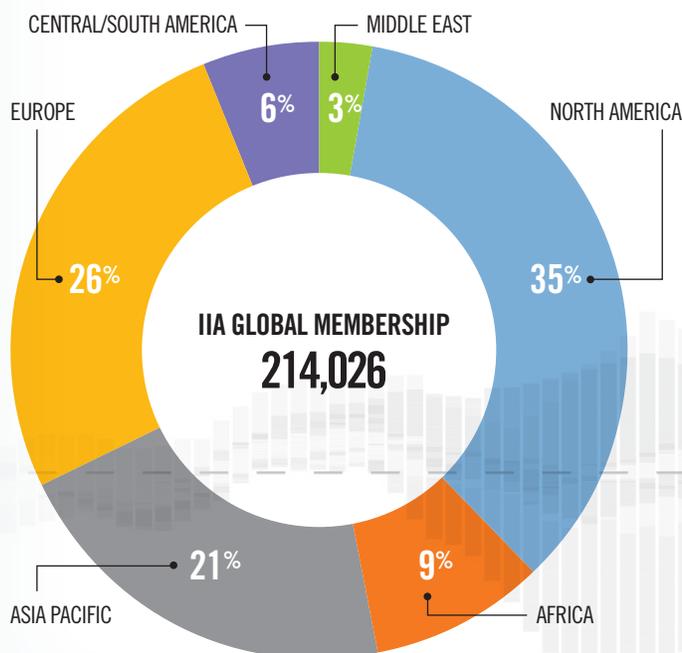
All-time certifications through March 31, 2021

**Includes certifications where country not designated

Conferences

CONFERENCES	2020 FINAL PAID ATTENDANCE
GAM (Virtual)	495
GRC (Virtual)	715
Financial Services Exchange	523
All Star	Canceled
Women in Internal Audit Leadership Forum (Virtual)	175
International Conference (Virtual)	868

Membership



NORTH AMERICA	69,640
AFRICA	16,733
ASIA PACIFIC	41,232
EUROPE	52,071
CENTRAL/SOUTH AMERICA	12,506
MIDDLE EAST	5,715
TOTAL MEMBERS*	214,026

*Includes ONA corporate members
Data as of March 31, 2021

By THE NUMBERS

Magazine

IIA's Global Reach

Internal Auditor magazine began publishing in 1944, reaching a print circulation averaging nearly 66,000 readers in 2020. The award-winning publication transitioned to online only in August 2020, bolstering its global reach.

MILESTONE ANNIVERSARIES

Overall online readers – **1.3 million***
Blog (“Your Voices”) views – **438,273**

MOST POPULAR FEATURES/ARTICLES

Assessing Risk in a Post-pandemic World
Emerging Leaders: 2020
The Virtual Audit
Six Tips for Auditing From Home
COVID-19: The Ultimate Governance Challenge
Agile Auditing Simplified
A Study in Risk Tolerance
Auditing Culture: Employee Surveys
Navigating the Crisis
Forming Today's Internal Audit Function

*Page views

IIA Bookstore Bestsellers

1. International Professional Practices Framework - IPPF - 2017 Edition
2. CIA Exam Practice Questions - Certified Internal Auditor® 2019
3. CRMA® Study Guide Book and Exam Study Questions Bundle
4. The Speed of Risk: Lessons Learned on the Audit Trail, 2nd Edition
5. COSO Enterprise Risk Management - Integrating with Strategy and Performance
6. Internal Auditing: Assurance & Advisory Services, 4th Edition (Textbook)
7. Quality Assessment Manual for the Internal Audit Activity (QA Manual)
8. Agile Auditing: Transforming the Internal Audit Process
9. CIA Learning System V6.0 Parts 1-3 Online
10. CIA Learning System V6.0 Part 1 Online

Training

Online Seminars – **96**
In-person Seminars – **34** (before COVID-19 shutdowns)
Group Training – **77** courses
Conferences – **5** (largely virtual)
Online Symposiums – **7**
Members-only Webinars – **12**
OnDemand Training – 7,935 active users

Internal Audit Foundation

Funds raised: **\$740,000+***
Grants to universities: **\$78,000****
Books/research reports purchased/downloaded: **40,000+**
2020 publications/research projects: **15**
Academic Fund support: **4,275** students, **73** Internal Auditing Education Partnership universities and Academic Awareness schools

*Funds contributed by partners, chapters and affiliates, and individuals

**Funds awarded to 12 universities to promote awareness and teaching on internal auditing

Affiliate Recognition

IIA affiliates reaching important milestones or contributing to growth of the profession:

MILESTONE ANNIVERSARIES

Eswatini – **10** years
Lesotho – **10** years
North Macedonia – **10** years
Germany – **25** years
UAE – **25** years

CIA GROWTH

Small Affiliates

Winner: Azerbaijan
Honorable Mention: Armenia
Honorable Mention: Mauritius

Medium-sized Affiliates

Winner: Ghana
Honorable Mention: Luxembourg
Honorable Mention: Uganda

Large Affiliates

Winner: Russia
Honorable Mention: Nigeria
Honorable Mention: Singapore

MEMBERSHIP EXCELLENCE

Small Affiliates

Winner: Egypt
Honorable Mention: Botswana
Honorable Mention: Congo

Medium-sized Affiliates

Winner: Chile
Honorable Mention: Ghana
Honorable Mention: Morocco

Large Affiliates

Winner: Nigeria
Honorable Mention: Korea
Honorable Mention: Indonesia



Ann Cohen

I always asked everyone to be at the office every day due to the nature of our work. When the pandemic hit and everybody had to pick up and leave the office, it was an uneasy feeling. We had never done this before. I wondered, "How's it all going to function? How are we going to get our jobs done?" But everyone did what they had to do to be successful and to get done what needed to get done. I guess I was from the old school as an accountant — everything was done in the office. This situation allowed me to be more open to different scenarios of how things can happen and how people can get their work done. Everything has worked out great. I do think there is fatigue from being out of the office. But I will be more flexible in the future, more open to different ways of working and allowing others to voice their concerns. It changed the way that I will do business going forward forever.

Ann Cohen, CPA, CGMA
Chief Financial Officer

FINANCIAL STABILITY

Over the years, The IIA has focused on financial performance to ensure reserves were in a place that would offer protection from another downturn in the economy. Although the magnitude of this type of crisis was different, the financial effects were the same as if the world had dipped into a deep recession.

The IIA was prepared. With a healthy reserve, and an innovative team, the organization looked at not just what would happen in the next six months, but also what would happen 12 to 18 months out if the pandemic were to persist. Could The IIA navigate that kind of downturn? Could it sustain normal operations? The organization focused on protecting its people while still maintaining a high level of service to members. Leaders went through scenario-based planning, prioritizing what was critical to The IIA as a business and making tough decisions about what needed to be stopped because it wasn't mission-critical — an initiative that became even more important after 32 employees left as part of a voluntary separation program.

Then, in late November 2020, The IIA faced an attempted cyberattack. Fortunately, it was spotted immediately by the IT team. However, out of an abundance of caution, the entire back end of the system was taken down and rebuilt — an arduous task that took the system offline for two weeks going into December. One staff member looks back on it as the year "when no one had a Thanksgiving," instead working straight through the U.S. holiday. In the end, it was determined that there had not been a breach of information, and that controls already in place did their job.

After one of the toughest years the world has experienced, The IIA emerged having not only survived, but thrived. Through quick thinking, thoughtful approaches, fresh and creative strategies, and dedicated delivery of new services, the team at The IIA crossed the finish line stronger than ever. Disruption did indeed accelerate innovation.

INNOVATION

The FINANCIALS

2020 Financial Discussion and Analysis

As The Institute of Internal Auditors reviews its 2020 fiscal position, it is pleased to outline the financial performance that supported the aforementioned achievements.

For the 12-month period ending Dec. 31, 2020, total revenue was \$52.2 million for The Institute of Internal Auditors, Inc., and related entities (IIA). That represented a decrease of \$13.1 million (20 percent) from 2019. Change in Net Assets (net contribution) was \$5.6 million in 2020, a decrease of \$3.9 million (41 percent) from 2019.

The IIA also tracks revenue, expenses, and net contribution by geographic segment between North American Operations and Global Operations. For the 12-month period ending Dec. 31, 2020, total revenue for North American Operations was \$29.2 million, while net contribution was \$2.0 million. For Global Operations, total revenue was \$21.5 million, while net contribution was \$1.6 million.

As a result of the strong financial performance, The IIA ended 2020 with \$24.7 million in cash and cash equivalents. That represented a year-over-year increase of \$2.0 million (8 percent).

During 2020, The IIA continued its practice to reinvest prior-year net contribution into improving the products and services offered to its members. In 2020, The IIA committed \$3.6 million into capital-related projects.

The IIA's investment portfolio in 2020 increased from \$51.3 million to \$54.9 million, primarily as a result of unrealized and realized gains, dividends, and interest income. Overall, the investment portfolio has performed consistent with expectations given the conservative nature of an investment policy that was revised in March 2017.

Total net assets in 2020 for The IIA were \$72.3 million, compared with \$66.6 million in 2019.

(All monetary figures represent U.S. dollars).

TOTAL REVENUE

2020

\$52.2 million

2019

\$65.3 million

NET CONTRIBUTION

2020

\$5.6 million

2019

\$9.5 million

TOTAL NET ASSETS

2020

\$72.3 million

2019

\$66.6 million

Independent Auditor's Report

Board of Directors

The Institute of Internal Auditors, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Institute of Internal Auditors, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Institute of Internal Auditors, Inc. and Affiliates as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

RSM US LLP

Orlando, Florida | April 29, 2021

The Institute of Internal Auditors, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 24,650,681	\$ 22,727,965
Investments	54,958,957	51,323,358
Accounts receivable, net	3,066,455	2,902,619
Prepaid expenses and other assets	2,836,896	2,660,121
Property and equipment, net	5,914,460	3,370,647
Deferred project costs, net	3,705,188	5,669,136
Employee savings plans	760,891	683,425
Total assets	\$ 95,893,528	\$ 89,337,271
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 7,638,848	\$ 7,315,720
Deferred revenue	13,330,393	12,683,026
Deferred employee compensation	760,891	683,425
Other liabilities	1,886,647	2,079,289
Total liabilities	23,616,779	22,761,460
Commitments (Notes 4, 5 and 8)		
NET ASSETS		
Without donor restrictions:		
Undesignated	70,761,775	65,136,714
Board designated for specified purposes	511,595	550,075
Total without donor restrictions	71,273,370	65,686,789
With donor restrictions:		
Restricted for specified purposes	868,379	754,022
Restricted in perpetuity - endowment	135,000	135,000
Total with donor restrictions	1,003,379	889,022
Total net assets	72,276,749	66,575,811
Total liabilities and net assets	\$ 95,893,528	\$ 89,337,271

The Institute of Internal Auditors, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31, 2020 and 2019

	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Learning solutions	\$ 10,423,466	\$ 21,965,625
Certifications	17,645,350	18,290,260
Membership	18,111,275	18,202,880
Quality services	1,871,750	2,080,793
Educational products and research	1,177,272	1,853,481
Dividend and interest income, net	1,008,794	1,366,851
Other revenues	1,090,445	1,067,440
Contributions	804,551	396,714
Net assets released from restrictions	53,108	93,131
Total revenues	52,186,011	65,317,175
EXPENSES		
Program Services		
Learning solutions	8,230,845	16,024,379
Certifications	9,937,662	10,507,761
Membership	5,406,047	6,595,239
Educational products and research	1,586,422	2,076,108
Quality services	1,136,406	1,276,538
Other program services	453,295	553,239
Total program services	26,750,677	37,033,264
Supporting Services		
General and administrative	22,542,363	24,613,323
Total supporting services	22,542,363	24,613,323
Total expenses	49,293,040	61,646,587
Other Changes		
Net realized and unrealized gains on investments	2,693,610	5,793,354
Change in net assets without donor restrictions	5,586,581	9,463,942
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	153,792	150,822
Dividend and interest income, net	4,937	6,428
Net realized and unrealized gains on investments	8,736	28,914
Net assets released from restrictions	(53,108)	(93,131)
Change in net assets with donor restrictions	114,357	93,033
Change in net assets	5,700,938	9,556,975
NET ASSETS		
Beginning of year	66,575,811	57,018,836
End of year	\$ 72,276,749	\$ 66,575,811

The Institute of Internal Auditors, Inc. and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020									
PROGRAM SERVICES							SUPPORTING SERVICES		
	Learning Solutions	Certifications	Membership	Educational Products and Research	Quality Services	Other Program Services	Total Program Services	General and Administrative	Total Expenses
Salaries and related benefits	\$ 3,617,537	\$ 2,582,790	\$ 3,169,743	\$ 1,077,359	\$ 307,879	\$ 190,846	\$ 10,946,154	\$ 16,367,704	\$ 27,313,858
Contract services and professional fees	3,069,064	2,983,557	474,396	154,953	755,850	201,470	7,639,290	1,324,252	8,963,542
Travel, lodging, meals and meeting space	890,258	8,879	53,188	2,403	6,314	-	961,042	345,562	1,306,604
Occupancy, office and other expenses	13,463	1,349,916	899,021	204,984	59,040	17,863	2,544,287	3,340,344	5,884,631
Advertising and promotions	198,703	2,707	4,846	5,672	-	-	211,928	257,482	469,410
Payments to affiliates	101,631	2,793,788	702,475	47,746	7,323	-	3,652,963	-	3,652,963
Depreciation and amortization	340,189	216,025	102,378	93,305	-	43,116	795,013	907,019	1,702,032
Total Expenses	\$ 8,230,845	\$ 9,937,662	\$ 5,406,047	\$ 1,586,422	\$ 1,136,406	\$ 453,295	\$ 26,750,677	\$ 22,542,363	\$ 49,293,040

The Institute of Internal Auditors, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

	PROGRAM SERVICES							SUPPORTING SERVICES	Total Expenses
	Learning Solutions	Certifications	Membership	Educational Products and Research	Quality Services	Other Program Services	Total Program Services	General and Administrative	
Salaries and related benefits	\$ 4,103,554	\$ 2,422,658	\$ 3,144,398	\$ 1,117,260	\$ 309,925	\$ 180,771	\$ 11,278,566	\$ 17,390,186	\$ 28,668,752
Contract services and professional fees	3,971,977	3,519,119	516,946	141,063	790,228	310,045	9,249,378	1,203,255	10,452,633
Travel, lodging, meals and meeting space	5,525,995	173,172	637,594	81,436	25,369	-	6,443,566	1,619,650	8,063,216
Occupancy, office and other expenses	1,374,110	1,079,503	1,485,293	484,654	137,912	18,570	4,580,042	2,895,781	7,475,823
Advertising and promotions	376,447	9,829	27,417	39,457	3,269	-	456,419	663,084	1,119,503
Payments to affiliates	432,245	3,294,258	662,959	69,099	9,835	-	4,468,396	-	4,468,396
Depreciation and amortization	240,051	9,222	120,632	143,139	-	43,853	556,897	841,367	1,398,264
Total Expenses	\$ 16,024,379	\$ 10,507,761	\$ 6,595,239	\$ 2,076,108	\$ 1,276,538	\$ 553,239	\$ 37,033,264	\$ 24,613,323	\$ 61,646,587

The Institute of Internal Auditors, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members and customers	\$ 51,761,352	\$ 65,824,494
Cash paid for program and supporting services	(47,690,527)	(60,406,973)
Investment income received	1,013,731	1,373,279
Net cash provided by operating activities	5,084,556	6,790,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	2,203,930
Purchases of investments	(933,253)	(3,407,440)
Purchases of property and equipment	(27,532)	(504,512)
Expenditures for deferred project costs	(2,201,055)	(3,120,569)
Net cash used in investing activities	(3,161,840)	(4,828,591)
Net increase in cash	1,922,716	1,962,209
CASH		
Beginning of year	22,727,965	20,765,756
End of year	\$ 24,650,681	\$ 22,727,965

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Institute of Internal Auditors, Inc. (the Institute) was formed in 1941 as a not-for-profit corporation to cultivate, promote, and disseminate knowledge and information concerning internal auditing and related subjects. The Institute is the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.

The Institute's primary program activities include conducting seminars and conferences to educate and train internal auditors; publishing and selling periodicals and materials which inform internal auditors and members of the Institute on current professional issues, standards and practices; offering examinations and certifications to internal auditors and evaluating the performance of internal audit departments.

In conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), the Institute's consolidated financial statements include the accounts of the following organizations, which are separate legal entities (collectively, referred to as the Organization):

- Internal Audit Foundation (the Foundation), 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 Institute's Board of Directors has the authority to appoint the members of the Foundation's governing body.
- IIA Quality Services, LLC (Quality Services), a Florida limited liability company organized for the purpose of conducting external quality assessments and related activities. The Institute is the sole member of Quality Services.
- Canadian Institute of Internal Auditors (the Canadian Institute), a not-for-profit Canadian corporation formed to cultivate, promote and disseminate knowledge and information concerning internal auditing and related subjects in Canada. The Institute controls the Canadian Institute by virtue of provisions contained in the Canadian Institute's governing documents. Due to the amount of activity within the Canadian Institute, the activities and balances are included in the financial statements of the Institute in the accompanying consolidating statement of financial position and the accompanying consolidating statement of activities.
- The Board of Environmental Health & Safety Auditor Certifications (BEAC), a Virginia not-for-profit corporation formed for the purpose of issuing professional certifications relating to environmental, health, and safety auditing and related activities. The Institute's Board of Directors has the authority to appoint the members of BEAC's governing body. Due to the amount

of activity within BEAC, the activities and balances are included in the financial statements of the Institute in the accompanying consolidating statement of financial position and the accompanying consolidating statement of activities. In June 2020, BEAC was dissolved and its net assets were transferred into the Institute.

- SINO Certifications, LLC (SINO), a Florida limited liability company organized for the purpose of conducting certification and related activities in China. The Institute is the sole member of SINO. Due to the amount of activity within SINO, the activities and balances are included in the financial statements of the Institute in the accompanying consolidating statement of financial position and the accompanying consolidating statement of activities.
- IIA Global Development, LLC (Global Development), a Florida limited liability company organized for the purpose of supporting the development of the internal audit profession through an alternative service model. The Institute is the sole member of Global Development. Due to the amount of activity within Global Development, the activities and balances are included in the financial statements of the Institute in the accompanying consolidating statement of financial position and the accompanying consolidating statement of activities.

All significant intercompany balances and transactions have been eliminated in consolidation.

A summary of the Organization's significant accounting policies follows:

Basis of presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors. The Board of Directors established a board-designated fund for specified purposes. As of December 31, 2020 and 2019, \$511,595 and \$550,075, respectively, had been designated by the Board of Directors for these purposes.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time, or permanently maintained by the Organization.

Net assets with donor restrictions restricted for specified purposes at December 31, 2020 and 2019, were \$868,379

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

and \$754,022, respectively. Net assets with donor restrictions restricted in perpetuity – endowment were \$135,000 at December 31, 2020 and 2019, and consists of an endowment fund held by the Foundation, the distributions from which are to be used for scholarships for internal auditing students.

Net assets with donor restrictions subject to expenditure for specified purpose at December 31, 2020 and 2019, consist primarily of amounts held by the Foundation restricted for educational activities and the William G. Bishop Memorial Fund to be used for the Common Body of Knowledge program. As of December 31, 2020 and 2019, net assets of \$53,108 and \$93,131, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Revenue recognition and operating activities: The Organization recognizes revenue and incurs expenses in its operation for the following activities:

Learning solutions: Conference and seminar fees are recognized as income in the period in which the event is completed. Expenses include the direct costs of conducting conferences and seminars. Webinar revenue is recognized as income in the period in which the webinar is completed, or ratably throughout the life of the subscription. Expenses include the direct costs of creating and conducting the webinars.

Certifications: Exam registration fees are recognized as income in the period in which the exams are taken. Application fees are nonrefundable and are recognized as income when received. Expenses include the direct costs of conducting exams.

Membership: Membership dues are recognized as income ratably throughout the membership period, which is generally one year. Expenses include the direct costs of delivering member benefits, as well as costs associated with recruiting new members and servicing and retaining existing members worldwide.

Membership includes subscriptions and print advertising revenue, which are recognized as income in the period in which the related publications are issued. Website advertising revenue is recognized as advertisement is placed.

Membership also includes revenue from Global Auditing Information Network (GAIN) subscription fees and Audit Executive Center (AEC) membership dues. GAIN subscription fees are recognized as income ratably over the life of the subscription. Expenses include fulfillment of GAIN subscriptions. GAIN is a knowledge exchange forum available to member organizations of the Institute.

AEC membership dues are recognized ratably throughout the membership period, which is generally one year. Expenses

include the direct costs of delivering member benefits, as well as costs associated with recruiting new members and servicing and retaining existing members worldwide.

Quality services: Quality services are recognized as income in the period in which the engagement is completed. Expenses include the direct costs of conducting quality assessments.

Educational products and research: Educational product sales are recognized as income when the related inventory is shipped. Expenses include the direct costs of producing and delivering publications and educational products, as well as website maintenance. Advertising costs are expensed as incurred.

General and administrative: Expenses include executive operations, shared services, including professional practices, and direct costs of creating and maintaining authoritative guidance organized in the International Professional Practices Framework. There is no direct revenue generated from general and administrative, rather these costs support other sources of revenue.

Other activities: During 2020 and 2019, the Foundation reimbursed the Institute 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. These activities are reflected within contributions in the accompanying consolidating statement of activities.

Revenue received in advance of the recognition period is included in deferred revenue in the accompanying consolidated statements of financial position. Deferred revenue consists primarily of membership and certification fees not yet earned and fees for upcoming conferences.

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence and/or nature of any donor restrictions at fair value. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Contributed services are recognized and reported at fair value in the period received, if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

would typically need to be purchased if not provided by contribution. There were no contributed services for the years ended December 31, 2020 and 2019.

Cash and cash equivalents: For purposes of the consolidated statements of cash flows, the Organization considers all short-term securities purchased with an original maturity of three months or less to be cash equivalents. The Organization's cash and cash equivalent accounts maintained in brokerage accounts are considered investments by the Organization.

The Organization maintains its cash and cash equivalents in deposit accounts and money market funds 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 Organization 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.

Investments and investment income: Investments are reported at fair value (see Note 2). Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds received and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in fair value between reporting periods. Dividend and interest income is recognized when earned, net of investment expenses. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Accounts receivable: Accounts receivable are stated at net realizable value. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance for doubtful accounts is estimated based on an analysis of specific accounts and other economic factors, taking into consideration the age of the past due account and an assessment of the member's or customer'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. In the opinion of management, the allowance for uncollectible accounts of \$108,485 and \$86,634 at December 31, 2020 and 2019, respectively, reflects management's best estimate of uncollectible accounts.

Property and equipment: Property and equipment are recorded at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets. Routine maintenance and repair costs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related assets. When assets are

sold or retired, the related cost and accumulated depreciation are removed from the accounts and gains or losses from dispositions are credited or charged to income. Amortization of leasehold improvements is provided on the straight-line method of accounting over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

Impairment of long-lived assets: The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups has been recognized during the years ended December 31, 2020 and 2019.

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred project costs: Costs related to curriculum development, technology improvements and educational product development or revision are deferred until the related projects are completed. Seminar costs are amortized over three years using the straight-line method of accounting, and educational product development or revision costs over three years at 60% the first year, 30% the second year and 10% the third year.

Functional allocation of expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities. Expenses of the Organization are charged directly to a specific program or supporting services.

Use of estimates: The presentation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The Institute and BEAC are exempt from federal income tax under Internal Revenue Code Section 501(a) as organizations described in Section 501(c)(6) and from state income tax pursuant to state law. 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. Quality Services, SINO and Global Development are treated as disregarded entities for federal tax purposes. The Canadian Institute is exempt from taxation under applicable Canadian law.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying consolidated financial statements. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before December 31, 2017.

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued its new lease accounting guidance in Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at

the commencement date: (a) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance-sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. Nonpublic entities should apply the amendments for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of this ASU on its consolidated financial statements.

The FASB has issued certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASU described above. The Organization has considered the new pronouncements and does not believe that any other new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

Subsequent events: Management has assessed subsequent events through April 29, 2021, the date the consolidated financial statements were available to be issued.

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value of investments at December 31, 2020 and 2019, consists of the following:

	2020	2019
Cash and cash equivalents	\$ 1,265,000	\$ 747,253
Mutual funds	53,693,957	50,576,105
	<u>\$ 54,958,957</u>	<u>\$ 51,323,358</u>

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Investments recorded at fair value in the accompanying consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

- Level 1:** Quoted market prices in active markets for identical assets or liabilities.
- Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3:** Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS *(Continued)*

The following tables summarize the fair value measurements by level measured on a recurring basis as of December 31, 2020 and 2019:

	2020			
	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 1,265,000	\$ -	\$ -	\$ 1,265,000
Mutual Funds				
U.S. fixed income	29,996,425	-	-	29,996,425
U.S. large cap equity fund	11,147,979	-	-	11,147,979
EAFE equity fund	2,761,095	-	-	2,761,095
Real estate and infrastructure fund	1,218,820	-	-	1,218,820
Emerging market equity fund	2,586,167	-	-	2,586,167
Asia ex-Japan equity fund	1,044,529	-	-	1,044,529
Japanese large cap equity fund	1,277,332	-	-	1,277,332
Equity precious metals fund	2,017,554	-	-	2,017,554
Global equity fund	1,327,905	-	-	1,327,905
U.S. mid cap equity fund	316,151	-	-	316,151
	\$ 54,958,957	\$ -	\$ -	\$ 54,958,957

	2019			
	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 747,253	\$ -	\$ -	\$ 747,253
Mutual Funds				
U.S. fixed income	22,595,995	-	-	22,595,995
U.S. large cap equity fund	10,740,242	-	-	10,740,242
EAFE equity fund	4,741,547	-	-	4,741,547
Real estate and infrastructure fund	2,949,879	-	-	2,949,879
Emerging market equity fund	3,014,376	-	-	3,014,376
Asia ex-Japan equity fund	1,062,663	-	-	1,062,663
Japanese large cap equity fund	1,089,127	-	-	1,089,127
Equity precious metals fund	1,073,116	-	-	1,073,116
Global equity fund	587,445	-	-	587,445
U.S. mid cap equity fund	2,337,788	-	-	2,337,788
Allocation equity fund	383,927	-	-	383,927
	\$ 51,323,358	\$ -	\$ -	\$ 51,323,358

Shares of mutual funds are valued based on the quoted market price of the fund on active markets as of the valuation date, which represents the net asset value of shares held by the Organization.

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and 2019:

	2020	2019
Furniture, equipment	\$ 13,148,438	\$ 9,049,207
Leasehold improvements	2,344,546	2,344,546
	15,492,984	11,393,753
Less accumulated depreciation and amortization	(9,578,524)	(8,023,106)
	<u>\$ 5,914,460</u>	<u>\$ 3,370,647</u>

Depreciation and amortization expense for the years ended December 31, 2020 and 2019, was \$1,555,418 and \$1,217,569, respectively.

NOTE 4. LINE OF CREDIT

In July 2020, the Organization entered into a \$10,000,000 line of credit agreement with a bank bearing interest at the one-month LIBOR interest rate plus 1.20% (1.35% at December 31, 2020). Interest on the line of credit is payable monthly and matures on June 30, 2021. The line of credit is collateralized by certain investment accounts of the Organization. There was no outstanding balance on the line of credit at December 31, 2020.

NOTE 5. OPERATING LEASES

The Organization leases office space and office equipment under operating leases expiring through April 1, 2027. Future annual minimum lease payments due under these operating leases as of December 31, 2020, are as follows:

Years Ending December 31:	
2021	\$ 1,469,917
2022	1,427,727
2023	1,377,134
2024	1,421,254
2025	1,449,414
Thereafter	1,961,756
	<u>\$ 9,107,202</u>

Total rent expense related to all leases and additional amounts for short-term rentals and related charges amounted to approximately \$1,790,000 and \$2,737,000 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6. RELATED PARTY TRANSACTIONS

Payments to affiliates primarily represents payments for certification revenue sharing with other affiliates and amounted to approximately \$3,653,000 and \$4,468,000 during the years ended December 31, 2020 and 2019, respectively.

NOTE 7. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of December 31, 2020 and 2019, the following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, board designations and amounts set aside for operating reserve within one year of December 31:

	2020	2019
FINANCIAL ASSETS, AT YEAR-END		
Cash	\$ 24,650,681	\$ 22,727,965
Investments	54,958,957	51,323,358
Accounts receivable, net	3,066,455	2,902,619
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(868,379)	(754,022)
Restricted by donors in perpetuity	(135,000)	(135,000)
Board designations:		
Board designated for academic advancement	(511,595)	(550,075)
Amounts set aside for operating reserve	(10,852,436)	(13,158,198)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 70,308,683</u>	<u>\$ 62,356,647</u>

Operating funds: Cash and cash equivalents should be convertible to cash within three months. The Organization maintains operating funds, which, when added to the accounts receivable balance at the quarterly review date, will be equal to or greater than the balances in accounts payable and accrued expenses for the same time period.

At the end of each quarter, any balance in operating funds in excess of the balances calculated above, may be transferred to the investment/portfolio account.

Restricted (reserve) funds: The Organization maintains reserve funds at the periodic review date equal to or greater than the total amount of operating costs for the Organization for the succeeding three months, calculated from the income statement forecast prepared at the review date.

If the balance in the reserve fund is not sufficient to meet the succeeding three months of expenses, investments can be liquidated to fund the deficit.

Investment funds: The amount of funds in excess of the reserve fund requirements is available for investments, projects or other initiatives approved in accordance with the delegation of authority.

The Institute of Internal Auditors, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. RETIREMENT PLANS

The Institute participates in a defined contribution pension plan organized under Section 401(k) of the Internal Revenue Code. The Institute contributes a certain percentage of the total salary of eligible employees to the plan. During the years ended December 31, 2020 and 2019, the Institute contributed approximately \$1,663,000 and \$1,724,000, respectively, to this retirement plan.

The Institute maintains Section 457 deferred compensation plans for the benefit of certain employees. One plan permits employee salary deferral contributions, while another plan permits discretionary employer contributions. Employer contributions were \$265,000 and \$255,000 during years ended December 31, 2020 and 2019, respectively. The Institute held \$760,891 and \$683,425 in the plans as of December 31, 2020 and 2019, respectively, which is reflected in the accompanying consolidated statements of financial position as employee savings plans and deferred employee compensation.

NOTE 9. COVID-19

The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of business and people in a manner that is having negative effects on local, regional and global economies. The extent to which COVID-19 impacts the operations of the Organization in the future will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact and the impact of each of these items on the economies and financial markets in the United States and across the globe. In particular, the continued spread of COVID-19 could adversely impact the Organization's valuation of the investment portfolio and investment income, including, among others, revenues, contributions, programs and daily operations, and may have a material adverse effect on the financial condition of the Organization.

The Institute of Internal Auditors, Inc. and Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020

	The Institute of Internal Auditors, Inc.	Internal Audit Foundation	IIA Quality Services, LLC	Eliminations	Total
ASSETS					
Cash	\$ 22,088,288	\$ 1,750,852	\$ 811,541	\$ -	\$ 24,650,681
Investments	51,649,336	3,309,621	-	-	54,958,957
Due from affiliates	96,653	-	-	(96,653)	-
Accounts receivable, net	2,501,942	96,905	467,608	-	3,066,455
Prepaid expenses and other assets	2,723,646	113,250	-	-	2,836,896
Property and equipment, net	5,914,460	-	-	-	5,914,460
Deferred project costs, net	3,597,410	107,778	-	-	3,705,188
Employee savings plans	760,891	-	-	-	760,891
Total assets	\$ 89,332,626	\$ 5,378,406	\$ 1,279,149	\$ (96,653)	\$ 95,893,528
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses	\$ 7,584,162	\$ 45,926	\$ 8,760	\$ -	\$ 7,638,848
Due to affiliates	-	39,879	56,774	(96,653)	-
Deferred revenue	13,329,280	1,113	-	-	13,330,393
Deferred employee compensation	760,891	-	-	-	760,891
Other liabilities	1,886,647	-	-	-	1,886,647
Total liabilities	23,560,980	86,918	65,534	(96,653)	23,616,779
Net Assets:					
Without donor restrictions:					
Undesignated	65,771,646	3,776,514	1,213,615	-	70,761,775
Board designated for specified purposes	-	511,595	-	-	511,595
Total without donor restrictions	65,771,646	4,288,109	1,213,615	-	71,273,370
With donor restrictions:					
Restricted for specified purposes	-	868,379	-	-	868,379
Restricted in perpetuity - endowment	-	135,000	-	-	135,000
Total with donor restrictions	-	1,003,379	-	-	1,003,379
Total net assets	65,771,646	5,291,488	1,213,615	-	72,276,749
Total liabilities and net assets	\$ 89,332,626	\$ 5,378,406	\$ 1,279,149	\$ (96,653)	\$ 95,893,528

The Institute of Internal Auditors, Inc. and Affiliates

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	The Institute of Internal Auditors, Inc.	Internal Audit Foundation	IIA Quality Services, LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
REVENUES					
Learning solutions	\$ 10,423,466	\$ -	\$ -	\$ -	\$ 10,423,466
Certifications	17,645,350	-	-	-	17,645,350
Membership	18,111,275	-	-	-	18,111,275
Quality services	-	-	1,871,750	-	1,871,750
Educational products and research	-	1,177,272	-	-	1,177,272
Dividend and interest income, net	957,939	50,855	-	-	1,008,794
Other revenues	1,100,625	-	-	(10,180)	1,090,445
Contributions	-	1,430,268	-	(625,717)	804,551
Net assets released from restrictions	-	53,108	-	-	53,108
Total revenues	48,238,655	2,711,503	1,871,750	(635,897)	52,186,011
EXPENSES					
PROGRAM SERVICES					
Learning solutions	8,230,845	-	-	-	8,230,845
Certifications	9,937,662	-	-	-	9,937,662
Membership	5,406,047	-	-	-	5,406,047
Educational products and research	-	1,586,422	-	-	1,586,422
Quality services	-	-	1,146,586	(10,180)	1,136,406
Other program services	453,295	-	-	-	453,295
Total program services	24,027,849	1,586,422	1,146,586	(10,180)	26,750,677
SUPPORTING SERVICES					
General and administrative	21,618,754	1,021,833	527,493	(625,717)	22,542,363
Total supporting services	21,618,754	1,021,833	527,493	(625,717)	22,542,363
Total expenses	45,646,603	2,608,255	1,674,079	(635,897)	49,293,040
OTHER CHANGES					
Net realized and unrealized gains on investments	2,560,866	132,744	-	-	2,693,610
Change in net assets without donor restrictions	5,152,918	235,992	197,671	-	5,586,581
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	153,792	-	-	153,792
Dividend and interest income, net	-	4,937	-	-	4,937
Net realized and unrealized gains on investments	-	8,736	-	-	8,736
Net assets released from restrictions	-	(53,108)	-	-	(53,108)
Change in net assets with donor restrictions	-	114,357	-	-	114,357
Change in net assets	5,152,918	350,349	197,671	-	5,700,938
NET ASSETS					
Beginning of year	60,618,728	4,941,139	1,015,944	-	66,575,811
End of year	<u>\$ 65,771,646</u>	<u>\$ 5,291,488</u>	<u>\$ 1,213,615</u>	<u>\$ -</u>	<u>\$ 72,276,749</u>

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