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# International Society for Prosthetics and Orthotics

**Long-form audit report dated 20 May 2021  
in respect of the financial statements for 2020**



## **Contents**

1	Conclusion regarding the audit of the financial statements for 2020	90
1.1	Introduction	90
1.2	Conclusion regarding the audit	90
2	Risk assessment	90
2.1	Risk of material misstatement in the financial statements	90
2.2	Business procedures and internal controls	91
3	Comments relating to the audit of the financial statements for 2020	92
3.1	Revenue and expenses	92
3.2	Cash and securities	92
4	Management's review	92
4.1	Events after the balance sheet date	92
5	Other audit procedures	93
5.1	Representation letter	93
5.2	Material misstatement in the financial statements due to fraud	93
5.3	Compliance with legislation	94
5.4	Statutory disclosures	94

# 1 Conclusion regarding the audit of the financial statements for 2020

## 1.1 Introduction

As auditor of International Society for Prosthetics and Orthotics (ISPO) (hereinafter "The Society"), we have audited the draft financial statements of The Society for 2020 presented by the Executive Board, prepared in accordance with generally accepted accounting principles and ISPO's constitution. In addition to the audit, we will provide a statement on the Management's review.

The financial statements show the following key figures:

EUR'000	2020	2019
Profit/loss for the year	-133.4	591.7
Total assets	1,722.5	1,781.1
Equity	1,471.0	1,604.5

Our long-form audit report has been prepared solely for the use of the Executive Board and is not to be used by any other party or for any other purpose.

## 1.2 Conclusion regarding the audit

Our audit of the financial statements for 2020 has been performed in accordance with International Standards on Auditing and additional requirements under Danish audit regulation.

If the Executive Board approves the annual report in its present form, and provided no new material information is brought to our attention during the Executive Board's discussion and approval of the annual report, we will issue an unqualified auditor's report with no emphasis of matter on the financial statements and a statement with no comments on the Management's review.

Comments relating to the audit of the financial statements for 2020 are discussed in Section 3, to which we refer.

# 2 Risk assessment

## 2.1 Risk of material misstatement in the financial statements

We discussed with Management the risk of material misstatement in the financial statements and the measures taken by Management to manage these risks, including measures to prevent, detect and correct misstatements.

In this connection, we assessed entity level controls and controls in significant specific accounting areas.

Based on our discussions with Management and our knowledge of ISPO's operations, industry and other matters, we identified the following financial statement items, which are considered significant audit focus areas:

Financial statement item	Audit objective
— Revenue and expenses	— Completeness, existence and accuracy
— Cash and securities	— Completeness, existence and accuracy

The financial statement items are not subject to significant estimates.

Based on the assessed risks of material misstatements in the financial statements, we have developed the overall audit strategy and plan for 2020.

We performed our audit in accordance with the established audit strategy and plan.

## 2.2 Business procedures and internal controls

Procedures and internal controls should be tailored to The Society's size and the nature of its activities in order to prevent unforeseen losses, assist Management in fulfilling its oversight responsibilities and ensure timely and reliable financial reporting.

The Society has only a limited number of employees, which does not facilitate a fully effective segregation of duties and effective internal control in all areas. This is normal in organisations of the same size as The Society. Management is aware of the fact that these matters increase the risk of intentional and unintentional errors, omissions or irregularities. Management seeks to compensate for the weaknesses by monitoring and controlling operations. Furthermore, policies and procedures for the administration and financial reporting have been implemented, and these include requirements for approval of costs and segregation of duties in respect of payments.

We note that Joannes H. B. Geertzen, Mads Harbo and Niels Petersen have sole power of attorney. We recommend that the access rights be changed to joint approval rights.

Furthermore, we note that the bookkeeping of Blatchford is performed outside the accounting system.

Due to the size and activity of the organisation, our audit was primarily planned based on a substantive approach. Consequently, our audit was primarily based on an examination of The Society's reconciliations, spot checking of assets, liabilities and transactions and analyses of financial data.

Based on the audit performed for 2020, nothing has come to our attention that causes us to suspect intentional or unintentional errors, omissions or irregularities due to the lack of segregation of duties.

### **3 Comments relating to the audit of the financial statements for 2020**

#### **3.1 Revenue and expenses**

Revenue primarily comprises member fees, sponsorships and publications and revenue from the bi-annual world conference.

Member fees are based on actual received member fees and have not been reconciled to member files, etc. It is our understanding that The Society is considering establishing a member file to which the income can be reconciled.

We have on a spot check basis reconciled revenue and expenses to underlying documentation.

#### **3.2 Cash and securities**

Bank accounts, EUR 275.6 thousand (2019: EUR 380.3 thousand), have been reconciled to statements received from bank at 31 December 2020.

Investments in ISPO and Blatchford, EUR 1,325.2 thousand (2019: EUR 983.1 thousand), have been reconciled to statements received from DDEL Portfolio Solution SA.

### **4 Management's review**

In addition to our audit of the financial statements, we have read the Management's review and

- compared the information therein to the information in the financial statements
- compared the information therein to the knowledge and the matters that we became aware of during our audit
- based on our knowledge of rules and regulations, considered whether there are errors or omissions in the Management's review.

We did not perform new specific procedures in connection with our statement on the Management's review.

The work performed did not give rise to significant comments.

#### **4.1 Events after the balance sheet date**

Management has examined and assessed events after the balance sheet date for The Society to ensure that all material events after the balance sheet date have been properly disclosed in the financial statements.

In this connection, we have been informed by Management that, in its opinion, all events that have arisen after the balance sheet date have been included and properly disclosed in the financial statements.

Apart from the information already included and properly disclosed in the financial statements, we found no evidence of events after the balance sheet date that materially affect the financial statements.

## **5 Other audit procedures**

### **5.1 Representation letter**

In connection with the financial reporting, we have obtained a representation letter signed by Management on matters that materially affect the financial statements and the Management's review.

The representation letter covers the contents of the financial statements, including capital resources, information about charges and collateral, guarantees, legal proceedings, fraud, related party transactions, events after the balance sheet date, summary of uncorrected misstatements and other audit areas where sufficient appropriate audit evidence is difficult to obtain. In addition, the representation letter covers the matters the Management's review deals with.

We have no comments on the representation letter obtained from Management.

### **5.2 Material misstatement in the financial statements due to fraud**

As auditors, we are required to maintain an attitude of professional scepticism throughout the audit recognising the possibility of misstatement of the financial statements, whether due to fraud or error.

In connection with the planning of our audit, we obtained an understanding of the way in which the Executive Board monitors Management's identification of risks of fraud and the internal control that Management has established in order to address these risks.

Management has confirmed to us that

- it is responsible for the design, implementation and maintenance of internal control established to prevent or discover fraud and errors
- it is neither aware of any fraud, nor has it any suspicion of fraud in The Society.

As required by the International Standards on Auditing, at our request, the Executive Board has confirmed that it has no knowledge of identified or suspected fraud.

During our audit, we did not become aware of any matters indicating or raising suspicion of material misstatement in the financial statements due to fraud.



### **5.3 Compliance with legislation**

We made enquiries of Management as to whether it has disclosed to us any actual or possible non-compliance with laws and regulations of importance to the financial statements during the audit and whether any non-compliance and resulting implications have been adequately recognised and disclosed in the financial statements. Management has declared that it is not aware of any matters of importance to the financial statements.

We are not aware of any non-compliance with Danish accounting legislation and the Danish Bookkeeping Act or any other legislation that may materially affect the financial statements.

### **5.4 Statutory disclosures**

In accordance with the Danish audit legislation, we declare  
that we fulfil the statutory provisions concerning auditors' independence, and  
that we have received all the information we requested during the audit.

Copenhagen, 28 May 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

Kenn Wolff Hansen  
State Authorised  
Public Accountant



**International Society for Prosthetics and Orthotics**  
Long-form audit report dated # # 2021

The long-form audit report, pp. 89-95, was presented at the meeting on 28 May 2021.

**Executive Board:**

Edward Lemaire  
President

Claude Tarif  
President-Elect

Friedbert Kohler  
Past President

*M. Jjeist*

Mariette Deist  
Secretary

Georg Blome  
Treasurer

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Marlo Ortiz  
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Hung-Hei Kwan  
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