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March 2, 2023

International Federation of Accountants[®]

2022 Financial Statements





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2022 FINANCIAL STATEMENTS

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Statement of Financial Performance

For the year ended December 31, 2022

Amounts in U.S. Dollars	Note	2022	2021
Revenue			
<i>From exchange transactions:</i>			
Membership dues, net		\$19,185,900	\$18,148,000
Forum of Firms	17	12,200,763	12,033,343
Royalties and licensing		339,911	355,073
Foreign exchange gains	14	54,978	74,122
Other revenue		35,010	31,071
Interest income		3,910	6,836
Publications		-	4,401
<i>From non-exchange transactions:</i>			
PPP forgiveness	20	2,062,766	-
Other	3	588,224	551,210
Total revenue		\$34,471,462	\$31,204,056
Expenses			
Employee compensation and related expenses	4, 13	\$21,471,128	\$20,116,958
Travel and meeting		3,026,111	354,925
Consultants	5	1,579,945	2,105,791
Funding provided to the Public Interest Oversight Board	2	1,526,420	1,361,512
Occupancy and maintenance		1,360,770	1,278,184
Technology		1,009,882	807,717
Foreign exchange loss	14	631,199	171,321
Communications and publicity		613,771	840,085
Depreciation and amortization	7, 8	516,766	424,513
Other		417,532	452,743
Legal and other professional fees		413,032	520,238
Recruitment and relocation		282,865	181,515
Insurance		136,833	129,725
Auditor remuneration			
Audit of financial statements		107,260	112,280
Tax and other services		30,303	49,268
Printing, distribution, and postage		41,545	114,565
Telephone		40,024	120,383
Bad debt expense (recovery), net		27,200	(1,356)
Loss on disposal of assets		-	39,143
Total expenses		\$33,232,586	\$29,179,510
Surplus for the year		\$1,238,876	\$2,024,546

See accompanying notes to financial statements.

Statement of Changes in Net Assets/Equity

For the year ended December 31, 2022

Amounts in U.S. Dollars		2022	2021
	Note		
Net assets/equity at beginning of year		\$16,181,350	\$14,156,804
Accumulated surpluses		\$16,181,350	\$14,156,804
Surplus for the year		1,238,876	2,024,546
Net assets/equity at end of year		\$17,420,226	\$16,181,350

See accompanying notes to financial statements.

Statement of Financial Position

As of December 31, 2022

		<u>2022</u>	<u>2021</u>
Amounts in U.S. Dollars	Note		
Current assets			
Cash and cash equivalents	14	\$15,200,262	\$18,886,784
Advance funding provided to the Foundation	16	4,725,000	-
Prepaid expenses		1,273,503	721,890
Receivables from exchange transactions:			
Receivables from IFAC members, net	6	138,600	-
Receivable from the Forum of Firms	17	243,103	3,059,285
Receivable from the Foundation	16	248,272	-
Other receivables		94,692	49,737
Total current assets		<u>\$21,923,432</u>	<u>\$22,717,696</u>
Non-current assets			
Property and equipment, net	7	\$1,108,865	\$1,293,863
Intangible assets, net	8	517,517	512,108
Advances and deposits	10, 15	401,177	402,968
Total non-current assets		<u>\$2,027,559</u>	<u>\$2,208,939</u>
TOTAL ASSETS		<u>\$23,950,991</u>	<u>\$24,926,635</u>
Current liabilities			
Accounts payable and accrued expenses		\$1,309,371	\$864,921
Employee entitlements	4	1,603,420	1,634,347
Deferred revenue	9	567,332	237,779
PPP Loan payable	20	-	2,062,767
Pension note payable	11	666,503	666,503
Total current liabilities		<u>\$4,146,626</u>	<u>\$5,466,317</u>
Non-current liabilities			
Deferred rent	10	\$1,115,061	\$1,405,946
Pension note payable - net	11	1,269,078	1,873,022
Total non-current liabilities		<u>\$2,384,139</u>	<u>\$3,278,968</u>
TOTAL LIABILITIES		<u>\$6,530,765</u>	<u>\$8,745,285</u>
Net assets/equity			
IFAC members		\$17,420,226	\$16,181,350
Total net assets/equity		<u>\$17,420,226</u>	<u>\$16,181,350</u>
TOTAL LIABILITIES AND NET ASSETS/EQUITY		<u>\$23,950,991</u>	<u>\$24,926,635</u>

See accompanying notes to financial statements.

Statement of Cash Flows

For the year ended December 31, 2022

		<u>2022</u>	<u>2021</u>
Amounts in U.S. Dollars	Note		
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Membership dues		\$19,221,123	\$18,184,360
Forum of Firms		15,016,946	9,134,509
Royalties and licensing		352,464	381,386
Interest income		3,910	6,836
Publications		-	4,401
Non-exchange transactions		917,565	505,742
		<u>\$35,512,008</u>	<u>\$28,217,234</u>
<i>Cash was applied to:</i>			
Employee compensation and related expenses		(\$21,502,055)	(\$20,022,135)
Other payments		(11,454,133)	(9,126,100)
Advance funding provided to the Foundation	16	(4,725,000)	-
Interest on pension note payable	11	62,559	82,079
		<u>(\$37,618,629)</u>	<u>(\$29,066,156)</u>
Net cash outflow from operating activities	12	<u>(\$2,106,621)</u>	<u>(\$848,922)</u>
Cash flows from investing activities			
<i>Cash was applied to:</i>			
Purchase of property and equipment	7	(\$208,412)	(\$240,235)
Purchase of intangible assets	8	(128,765)	(101,733)
Net cash outflow from investing activities		<u>(\$337,177)</u>	<u>(\$341,968)</u>
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from PPP loan payable	20	\$-	\$2,062,767
		<u>\$-</u>	<u>\$2,062,767</u>
<i>Cash was applied to:</i>			
Payment on pension note payable	11	(\$666,503)	(\$666,503)
		<u>(\$666,503)</u>	<u>(\$666,503)</u>
Net cash (outflow) inflow from financing activities		<u>(\$666,503)</u>	<u>\$1,396,264</u>
Net (decrease) increase in cash and cash equivalents		<u>(\$3,110,301)</u>	<u>\$205,374</u>
Cash and cash equivalents at beginning of year		\$18,886,784	\$18,778,609
Effect of exchange rate change on foreign currency balances		(576,221)	(97,199)
Balance of cash and cash equivalents at end of year		<u>\$15,200,262</u>	<u>\$18,886,784</u>

See accompanying notes to financial statements.

Statement of Accounting Policies

For the year ended December 31, 2022

Basis of Preparation

The International Federation of Accountants' (IFAC) financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board. Where an IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) is applied.

The financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policies.

The financial statements are presented in United States dollars, the functional and reporting currency of IFAC.

Estimates and Assumptions

The preparation of financial statements in accordance with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates and assumptions relate to the allocation of revenues, expenses, assets, and liabilities for the purposes of segment reporting (Note 21). Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may significantly differ from those estimates.

Significant Accounting Policies

A. Accounting Standards Update

New IPSAS standards issued during 2022 have been considered and are not expected to have a material impact on IFAC's financial statements.

B. Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the organization and the amount of the revenue can be measured reliably.

Membership dues

Revenue from annual membership dues is initially recorded as deferred revenue and recognized on a straight-line basis over the reporting period. Membership dues are reported net of any approved discounts.

Forum of Firms revenue

Revenue from the Forum of Firms (Forum) is invoiced quarterly and recognized on a straight-line basis over the reporting period. Revenue from the Forum consists of a contribution (dues) of an agreed amount on an annual basis, and reimbursement of an amount equal to the expenses incurred by the Transnational Auditors Committee during the reporting period.

Other sources of funding

IFAC receives other sources of funding from governments, donor agencies, and other institutions, as well as from alliances and other organizations. Other sources of funding are generally in the form of restricted and unrestricted grants, contributions, and expense reimbursements.

Revenue from other sources of funding is recognized when IFAC has complied with all the stipulations or conditions (as defined in IPSAS 23, *Revenue from Non-Exchange Transactions – Taxes and Transfers*) implicit in the underlying agreements, and there is reasonable assurance that the funding will be received.

Other sources of funding are recognized in the statement of financial performance on a systematic basis over the periods in which IFAC recognizes as expenses the related expenditures for which the funding is intended to compensate. Other sources of funding for compensation of expenses or losses, already incurred or for giving immediate financial support to IFAC with no future related expenditures, is recognized in the statement of financial performance when it becomes receivable.

Publications revenue

Revenue from publications is recognized when the publications are shipped or downloaded from the IFAC website.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to IFAC and the amount can be reasonably measured.

Services in-kind

A variety of board and committee services are provided by highly qualified volunteers. IFAC does not recognize these services in the financial statements as their value cannot be reliably measured.

C. Employee Entitlements

Employee entitlements to salaries, wages, retirement benefits, and other benefits are recognized when they are earned. Annual paid time off is offered to all full-time employees and must be used within each calendar year in the U.S. Annual paid time off for employees located in other jurisdictions is managed in accordance with local regulations.

IFAC provides retirement benefits for employees under defined contribution plans. Payments to the defined contribution plans are recognized as expenses as they become due.

IFAC was one of three sponsoring employers that participated in the multiple-employer defined benefit pension plan (Plan) of the American Institute of Certified Public Accountants (AICPA). During the year ended December 31, 2020, IFAC withdrew from the Plan (Note 11).

D. Property and Equipment

Property and equipment are carried at cost and are depreciated / amortized on a straight-line basis over their expected useful lives. The useful lives, residual values, and depreciation methods are reviewed annually. Refer to (F) Impairment below.

The estimated useful lives of property and equipment are as follows:

Office equipment	3 to 5 years
Furniture and fittings	5 to 7 years
Leasehold alterations	Shorter of the life of the lease or useful life

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of financial performance. Repairs and maintenance are charged to the statement of financial performance during the period in which they are incurred.

E. Intangible Assets

Intangible assets consist of software licenses and website development expenditures.

An intangible asset is recognized when it is identifiable, the organization has control over the asset, it is probable that economic benefits will flow to the organization, and the cost of the asset can be measured reliably. Intangible assets that do not meet these criteria are recognized as an expense in the period in which the expense is incurred.

Intangible assets are carried at cost and are amortized on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Refer to (F) Impairment below.

F. Impairment

IFAC reviews the carrying amounts of its property and equipment and intangible assets if there is indication that impairment exists. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recognized as an expense in the statement of financial performance in the period the impairment is incurred.

G. Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable and accounts payable. Financial instruments are recognized in the statement of financial position at cost, which approximates fair value due to their short-term nature.

Cash and cash equivalents include cash on hand and on deposit at banks, and other short-term liquid investments with original maturities of three months or less.

Membership dues and other receivables are carried at original invoice amount less any subsequently approved discount, and less an estimate made for doubtful receivables based on reviews of all outstanding amounts at year-end. Bad debts are provided for when identified.

Financial liabilities include borrowings and other payables. The financial liabilities are initially measured at fair value and where applicable measured at amortized cost if effect of discounting is immaterial. Subsequently the financial liabilities are measured at amortized cost.

H. Operating Leases

Leases are classified as operating leases when a significant portion of the risks and rewards of ownership are retained by the lessor. Lease agreements may contain provisions for future rent increases, rent-free periods, or other lease incentives. The total amount of rent due over the lease term, reduced for any lease incentives, is recognized in rent expense on a straight-line basis over the term of the respective lease. The difference between rent expense and the amount paid is recognized in deferred rent in the accompanying statement of financial position.

I. Taxation

IFAC has received an exemption from the US Internal Revenue Service (IRS) from federal income taxes under Section 501(a), as an entity described in Section 501(c)(6) of the Internal Revenue Code of 1986 (IRC), as amended. IFAC is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. IFAC also is exempt from Swiss income taxes (Note 1).

J. Foreign Currencies

Transactions in foreign currencies are translated to United States dollars at the rates of exchange prevailing at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the reporting date. The resulting gains or losses are recognized in the statement of financial performance.

K. Paycheck Protection Program Loan

As disclosed in Note 20, IFAC has chosen to account for the Paycheck Protection Program Loan ("PPP Loan") as debt. No imputed interest was recorded as the below market interest rate applied to this loan is governmentally prescribed. The loan amount used for qualifying expenses was recognized as a gain upon extinguishment in 2022.

Notes to the Financial Statements

For the year ended December 31, 2022

Amounts in U.S. Dollars

1. International Federation of Accountants

IFAC is the global organization for the accountancy profession. IFAC's membership is comprised of over 180 professional accountancy organizations in more than 130 jurisdictions, representing more than 3 million professional accountants in public practice, business, government and education.

IFAC's vision is that the entire accountancy profession be recognized as essential to strong, sustainable organizations, financial markets, and economies.

IFAC's purpose, with its member organizations, is to serve the public interest by enhancing the relevance, reputation, and value of the global accountancy profession. The IFAC purpose recognizes and acknowledges that to be successful IFAC must work with and leverage the work of its member organizations.

IFAC's purpose and public interest focus are achieved through three Strategic Objectives:

- Speaking out and engaging as the voice for the global profession;
- Leading and developing a future-ready profession; and
- Contributing to and promoting the development, adoption, and implementation of high-quality international standards.

IFAC is registered in Geneva, Switzerland under Articles 60 through 79 of the Swiss Civil Code and is exempt from Swiss taxes. IFAC's primary base of operation is New York, New York, United States of America. IFAC operates as a tax-exempt organization under Section 501(c)(6) of the United States Internal Revenue Code.

2. International Standard-Setting Boards

IFAC facilitates the structures and processes that support the operations of the following independent standard-setting boards:

- International Auditing and Assurance Standards Board (IAASB)
- International Ethics Standards Board for Accountants (IESBA)
- International Public Sector Accounting Standards Board (IPSASB)

The IAASB and IESBA develop international standards under a shared standard-setting process involving the Public Interest Oversight Board (PIOB). The PIOB oversees the activities of these boards and their consultative advisory groups. The consultative advisory groups provide public interest input into the development of the standards. Public interest oversight for the IPSASB and its consultative advisory group are provided by the Public Interest Committee (PIC).

Effective January 1, 2023, the International Foundation for Ethics and Audit (the "Foundation"), will house two standard setting boards formerly within IFAC, namely, IESBA and IAASB. The Foundation is a Delaware nonprofit entity, incorporated under Section 501(c)(3) of the United States Internal Revenue Code (see note 16).

Revenues and expenses associated with the independent standard-setting boards are presented in the Information about Activities (Segments) (Note 21).

Public Interest Oversight Board

The PIOB was formally established in February 2005 and is based in Madrid, Spain. It is legally constituted as a Spanish Foundation. The establishment of the PIOB is the result of a collaborative effort by IFAC and the international financial regulatory community, in the form of the Monitoring Group (MG), comprised of the Basel Committee on Banking Supervision, European Commission, Financial Stability Board, International Association of Insurance Supervisors, International Forum of Independent Audit Regulators, International Organization of Securities Commissions, and the World Bank. The PIOB works with IFAC to ensure that the IAASB and IESBA develop standards in a transparent manner that reflects the public interest. The MG initiated a regular review of the standard setting model during 2017 and in July 2020 published its recommendations “Strengthening the International Audit and Ethics Standard-Setting System”. The implementation of these recommendations is currently in progress in collaboration with the MG and PIOB.

IFAC will provide unconditional guaranteed funding for the operations of the PIOB through March 2022. The funding is denominated in Euros, and is the Euro equivalent of \$1.5 million annually, after adjustment for inflation and exchange rate changes, and reduced by funding received from other sources.

In May 2021 a revised funding agreement was reached between IFAC and the PIOB. For the period from April 1, 2022 to PIOB’s December 31, 2022 fiscal year end, the guarantee will be the lower of two-thirds of PIOB’s budgeted expenses for these 9 months in Euros or € 950,000. For PIOB’s December 31, 2023 fiscal year, the guarantee will be the lower of 50% of PIOB’s budgeted expenses for the year in Euros or € 950,000. For PIOB’s December 31, 2024 fiscal year, the guarantee will be the lower of one -third of PIOB’s budgeted expenses for the year in Euros or € 650,000. For PIOB’s December 31, 2025 fiscal year, the guarantee will be the lower of 25% of PIOB’s budgeted expenses for the year in Euros or € 500,000. For PIOB’s fiscal years commencing after December 31, 2025 IFAC will not provide any funding or any guarantee.

IFAC accepts the currency risk associated with the guaranteed funding being denominated in Euros and understands that, on this basis, the PIOB will accept the currency risk associated with any operations or expenses of the PIOB incurred in currencies other than Euros. The guaranteed funding is paid on a quarterly basis in advance to the PIOB Foundation, whose trustees allocate the funds to the PIOB.

For the years ended December 31, 2022 and 2021, the PIOB received funding from sources other than IFAC of €981,718 and €565,707, respectively. For the same years, IFAC funding of the PIOB was €1,421,793, or \$1,526,420, and €1,153,726, or \$1,361,512, respectively.

3. Other Sources of Funding

IFAC receives other sources of funding from governments, donor agencies, firms, and other institutions. Other sources of funding are generally in the form of restricted and unrestricted grants, voluntary contributions, and expense reimbursements. Other sources of funding have been recognized as revenue in support of the activities of the following boards, committees, or programs as follows:

	<u>2022</u>	<u>2021</u>
Gavi / Global Fund	\$23,293	\$ -
IPSASB	378,784	500,722

	<u>2022</u>	<u>2021</u>
IAASB	186,147	50,488
Total other funding	<u>\$588,224</u>	<u>\$551,210</u>

At December 31, 2022 and 2021, there are no receivables from other sources of funding.

IPSASB

ADB Grant

In December 2022, the Asian Development Bank (ADB) approved the eighth phase of Technical Assistance to IFAC for the development of International Public Sector Accounting Standards in the amount of \$360,000. The grant is restricted and provided to support the delivery of the IPSASB’s work program for 2022 – 2024 and related outreach activities. The ADB provides this support to improve public financial reporting and management capacities in developing member countries of the ADB. The grant will be funded in two installments, in December 2023 and December 2024.

For the years ended December 31, 2022 and 2021, ADB grant revenue recognized was in the amount of \$ nil and \$110,000, respectively. At December 31, 2022 and 2021 IFAC recognized no liability, with respect to deferred revenue for services being performed under the ADB Agreement (Note 9).

The IPSASB received other sources of funding from the Treasury Board of Canada Secretariat, New Zealand government, and CPA Canada.

IAASB

During 2017, IFAC entered into a grant agreement in the amount of \$466,120 with the World Business Council for Sustainable Development (WBCSD Agreement). In March 2019, IFAC signed a phase 2 agreement in the amount of \$470,000. The grant contains conditions that restrict spending of grant funds to expenses directly associated with the underlying grant activities. The statement of work, as stipulated in the WBCSD Agreement, commenced in December 2017, and concluded in 2022. On February 9, 2022, the WBCSD determined IFAC would be able to use the remainder of the grant proceeds for indirect expenses incurred by IFAC related to grant work performed. For the years ended December 31, 2022 and 2021, IFAC recognized revenue from this grant in the amount of \$186,147 and \$50,488, respectively. At December 31, 2022 IFAC recognized no liability (2021 a liability of, \$186,147), with respect to deferred revenue for services being performed under the WBCSD Agreement (Note 9).

Gavi Alliance and Global Fund

In September 2022, IFAC entered into an agreement with the Gavi Alliance (Gavi) and the Global Fund to fund a pilot program aimed at delivering sustainable solutions for the education and training of professional accountants and finance personnel in the public sector. The pilot program will run for two years, with the scope of work to be carried out in Ghana and Burkina Faso.

Under the Agreement, Gavi and the Global Fund will provide \$1M over the two years from October 1, 2022 through September 30, 2024. The Grant contains conditions that restrict spending of grant funds to expenses directly associated with the Program.

Total revenue recognized under the Agreement is as follows:

	<u>2022</u>	<u>2021</u>
Program and Implementation	\$21,493	\$ -
Management Fees	1,800	-
	<u>\$23,293</u>	<u>\$ -</u>

At December 31, 2022 IFAC recognized a liability of \$447,407, with respect to deferred revenue for services being performed under the program (Note 9).

4. Employee Compensation and Related Expenses

Employee expenses include compensation, related payroll taxes, employee benefits, and other employee related expenses as follows:

	<u>2022</u>	<u>2021</u>
Compensation expenses	\$16,310,919	\$15,272,293
Payroll taxes and benefits	3,764,329	3,390,960
Retirement benefits (Note 11)	1,134,662	1,080,671
Temporary staff	60,770	4,896
Other	200,448	368,138
Total Employee Compensation and Related Expenses	<u>\$21,471,128</u>	<u>\$20,116,958</u>

Included in compensation expenses are the following employee entitlements:

	<u>2022</u>	<u>2021</u>
Performance based remuneration	\$1,603,420	\$1,567,559
Accrued salary and benefit cost	-	66,788
Total employee entitlements	<u>\$1,603,420</u>	<u>\$1,634,347</u>

5. Consultants

	2022	2021
Consultants – standards development	\$1,439,905	\$2,046,718
Consultants - other	140,040	59,073
Total Consultants	\$1,579,945	\$2,105,791

6. Receivables from IFAC Members

	2022	2021
Membership dues receivable	\$204,900	\$54,600
Allowance for uncollectible dues	(66,300)	(54,600)
Net dues/assessment receivable	\$138,600	\$ -

During, 2022 and 2021, adjustments and discounts to membership dues amounted to \$132,400 and \$192,300, respectively.

7. Property and Equipment

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening net carrying value	\$332,478	\$218,305	\$10,740	\$19,108	\$950,645	\$1,191,552	\$1,293,863	\$1,428,965
Additions	204,961	279,078	-	300	3,451	-	208,412	279,378
Disposals	-	(7,131)	-	-	-	(32,012)	-	(39,143)
Depreciation	(190,277)	(157,774)	(6,271)	(8,668)	(196,862)	(208,895)	(393,410)	(375,337)
Closing net carrying value	\$347,162	\$332,478	\$4,469	\$10,740	\$757,234	\$950,645	\$1,108,865	\$1,293,863

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Cost	\$1,522,825	\$1,317,863	\$771,519	\$771,519	\$2,954,297	\$2,950,846	\$5,248,641	\$5,040,228
Accumulated depreciation	(1,175,663)	(985,385)	(767,050)	(760,779)	(2,197,063)	(2,000,201)	(4,139,776)	(3,746,365)
Net carrying value	\$347,162	\$332,478	\$4,469	\$10,740	\$757,234	\$950,645	\$1,108,865	\$1,293,863

8. Intangible Assets

	Software Licenses & Development	
	2022	2021
Opening net carrying value	\$512,108	\$459,551
Additions	128,765	101,733
Amortization	(123,356)	(49,176)
Closing net carrying value	\$517,517	\$512,108
Cost	\$940,439	\$811,674
Accumulated amortization	(422,922)	(299,566)
Net carrying value	\$517,517	\$512,108

Software licenses and development include the license to operate the database software program that supports IFAC's Member Compliance Program, an association database, and the IFAC website (www.ifac.org).

9. Deferred Revenue

Deferred revenue consists primarily of grant proceeds received in advance of work performed. The following table summarizes deferred revenue:

	2022	2021
Gavi / Global Fund	\$447,407	\$ -
Association of Chartered Certified Accountants	50,000	-
Treasury Board of Canada Secretariat	40,105	41,345
Association of International Certified Professional Accountants	19,320	-
Member dues	10,500	10,287
WBCSD grant	-	186,147
Total Deferred Revenue	\$567,332	\$237,779

10. Operating Lease Obligations

IFAC leases office space in New York and Toronto under long-term non-cancelable operating lease agreements, expiring through October 2027. The lease arrangements have varying terms, which may include increases in future minimum annual rent payments based on inflation or other criteria as defined in the agreements. In addition, IFAC leases certain office equipment under contractual arrangements.

Future minimum lease obligations on non-cancelable operating leases are payable as follows:

	<u>2022</u>	<u>2021</u>
Not later than one year	\$1,359,181	\$1,256,213
Later than one year and not later than five years	5,210,194	\$6,569,374
Total operating lease obligations	<u>\$6,569,375</u>	<u>\$7,825,587</u>

For the years ended December 31, 2022 and 2021, operating lease payments were recognized as expense in the amounts of \$1,222,838 and \$1,162,949, respectively.

At December 31, 2022 and 2021, deferred rent totaled \$1,115,061 and \$1,405,946, respectively. See Statement of Accounting Policies (H) Operating Leases for further detail.

The security deposit for office space in New York is in the form of a letter of credit in the amount of \$280,805 in 2022 and 2021, which is collateralized by a certificate of deposit. The security deposit for the office at 277 Wellington Street West, Toronto is in the form of cash of \$8,646 in 2022 and 2021. The security deposits are included in advances and deposits in the statement of financial position.

11. Retirement Benefit Plans

Defined contribution plans

IFAC operates a defined contribution plan for all employees based in the United States.

IFAC makes a discretionary contribution to the defined contribution plan of 6% of each employee's base salary, up to a maximum base salary amount. A portion of this contribution is subject to a vesting schedule, with benefits fully vesting after three years of service. Employees also may elect to contribute an additional amount from their salary up to the maximum prescribed under the United States Internal Revenue Code. These contributions attract a discretionary 35% employer match, and both the employee and employer contributions vest immediately. The Plan is administered by Fidelity Management Trust Company. Matching contributions recognized as an expense totaled \$1,060,984 in 2022 and \$990,539 in 2021.

In the case of full-time employees based in Canada, IFAC contributes an amount equal to 7% of their annual base salary or the maximum annual amount established under relevant Canadian legislation, whichever is less, to a Registered Retirement Savings Plan in the name of each individual employee. The contributions recognized as an expense totaled \$73,678 in 2022 and \$90,132 in 2021.

These expenses are included in employee compensation and related expenses in the statement of financial performance (Note 4).

Defined benefit plan*Plan Description*

IFAC was one of three sponsoring employers that participated in the multiple-employer defined benefit pension plan of the AICPA. The AICPA is one of IFAC's member organizations. The Plan is a noncontributory defined benefit pension plan that was available to eligible employees through January 30, 2013. Effective January 31, 2013, IFAC froze participation in the Plan, and benefits for participants were frozen as of the effective date. Participants in the Plan at the effective date who had not yet fully vested continue to accrue service for vesting purposes only. Employees hired after the effective date do not participate in the Plan. Through December 2020 IFAC made periodic contributions to the Plan as determined by an actuary. Pension benefits earned are generally based on years of service and final compensation during active employment.

The complete discretionary authority to control and manage the operation, administration, and interpretation of the Plan rests with the Pension Committee who are designated by the Board of Directors of the AICPA.

Assumption of Pension Liability Agreement

Effective December 31, 2020, IFAC entered into an assumption of liability agreement with the AICPA. Under this agreement, the AICPA has assumed IFAC's obligations related to the defined benefit plan in exchange for a note payable of \$3,332,516. The note is payable, without interest, in five annual installments of \$666,503 commencing in 2021. For financial statement purposes, the note has been discounted using IFAC's incremental borrowing rate of 3.34% per annum. At December 31, 2022 and 2021, the note balance amounted to \$1,999,510 and \$2,666,013 and accrued interest amounted to \$63,929 and \$126,488, respectively and for the year ended December 31, 2022 and 2021, interest expense on the note amounted to \$62,559 and \$82,079, respectively. Notwithstanding the agreement, IFAC remains responsible for its obligations under relevant statutes if the Plan were deemed to be in distress. Management has determined the likelihood of this to be remote. Accordingly, no additional liability has been recorded in the accompanying financial statements.

Effect on Future Cash Flow

IFAC anticipates making no future contributions to the Plan due to the assumption of liability agreement.

12. Reconciliation of Surplus with Net Cash Inflow from Operating Activities

	<u>2022</u>	<u>2021</u>
Surplus for the year	\$1,238,876	\$2,024,546
<i>Add/(less) non-cash items:</i>		
PPP loan forgiveness	(2,062,767)	-
Depreciation and amortization	516,766	424,513
Deferred rent	(290,885)	(187,917)
Interest on pension note payable	62,559	82,079
Bad debt expense	27,200	(1,356)
<i>Add/(less) movements in working capital:</i>		
Membership dues receivable	(165,800)	1,356
Receivables from non-exchange transactions	-	-
Receivable from Forum of Firms	2,816,183	(2,898,834)
Receivable from the Foundation	(248,272)	-
Other receivables	(44,956)	89,361
Advance funding provided to the Foundation	(4,725,000)	-
Prepaid expenses	(551,613)	(283,705)
Advances and deposits	1,790	(26,321)
Accounts payable and accrued expenses	1,020,672	(127,286)
Employee entitlements	(30,927)	94,823
Deferred revenue	329,553	(40,181)
Net cash -outflow from operating activities	<u>(\$2,106,621)</u>	<u>(\$848,922)</u>

13. Employee and Volunteer Disclosure

At December 31, 2022 and 2021, IFAC had 85 and 80 full-time employees, respectively, and 1 part-time employee in 2022 and 2 part-time employees in 2021. In addition to these employees, IFAC had 7 contractors in 2022 and 5 contractors in 2021, and 4 secondees in 2022 and 1 secondee in 2021.

The number of contractors does not include the partner organizations and independent consultants procured under the IFAC, Gavi / Global Fund project.

During 2022, IFAC had approximately 282 volunteers contributing to the work of IFAC and the independent standard setting boards. These volunteers each contributed between 40 and 800 hours to these activities during 2022.

14. Financial Risk Factors

IFAC is exposed to various financial risks, including market risks (such as foreign currency exchange rate risk and interest rate risk), credit risk, and liquidity risk.

Liquidity risk

Liquidity risk results from the potential inability to meet financial obligations, such as payments to suppliers or employees. IFAC manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. IFAC has an available line of credit with a bank (see Note 19). At December 31, 2022 and 2021, IFAC had no borrowings outstanding under the line of credit.

Credit risk

In the normal course of business, IFAC incurs credit risk from trade accounts receivable and transactions with banking institutions. IFAC manages its exposure to credit risk by:

- holding bank balances and short-term liquid investments with original maturities of three months or less with high-quality credit institutions; and
- maintaining credit control procedures over accounts receivable.

At December 31, 2022 and 2021, a total of \$9,066,265, or 61 percent, and \$12,630,091, or 68 percent, respectively, of cash was held with JP Morgan Chase Bank. The amount held by JP Morgan Chase excludes a deposit of \$280,805 at December 31, 2022 and 2021, held as collateral for the security deposit in the form of letters of credit for the office in New York City. The deposit is included in advances and deposits in the accompanying statement of financial position. At December 31, 2022 and 2021, a total of \$5,086,923, or 35 percent, and \$5,100,669, or 29 percent, respectively, was held with Citizens Bank. At December 31, 2022 and 2021, a total of \$471,516, or 4 percent, and \$576,000, or 3 percent, respectively, was held with Scotia Bank.

IFAC does not require any other collateral or security to support financial instruments and other receivables it holds due to the low risk associated with the realization of these instruments.

The maximum exposure at December 31, 2022 and 2021 is equal to the total amount of cash and cash equivalents, and receivables disclosed in the statement of financial position. Receivables considered uncollectible have been adequately provided for.

For the years ended December 31, 2022 and 2021, one IFAC member accounted for 9.72 and 10.41 percent, respectively, of total revenue. There were no amounts due from this member at December 31, 2022 and 2021.

Currency risk

IFAC holds separate bank accounts in Canadian dollars, British Pounds, and Euros. IFAC incurs currency risk as a result of the translation of foreign currency balances held in these bank accounts to United States dollars at the reporting date. IFAC actively monitors its foreign currency requirements and related exposures to minimize risks associated with holding currencies in these accounts. Foreign currency transactions are translated to United States currency at exchange rates at the date of the transactions. Foreign exchange gains and losses included in the accompanying statement of financial performance consist of both realized and unrealized gains and losses as follows:

	<u>2022</u>	<u>2021</u>
Realized gain	\$54,978	\$74,122
Unrealized gain		-
Total foreign exchange gain	\$54,978	\$74,122
Realized loss	\$220,983	\$37,025
Unrealized loss	410,216	134,296
Total foreign exchange loss	\$631,199	\$171,321
Total foreign exchange loss	(\$576,221)	(\$97,199)

Fair values

At December 31, 2022 and 2021, the carrying amounts for all financial instruments held by IFAC approximate their fair values.

Restrictions on the use of cash and cash equivalents

There are no restrictions on the use of cash or cash equivalents.

15. Related Parties

Council

Ultimate governance of IFAC rests with the IFAC Council, which comprises one representative from each IFAC member. The Council meets at least once per year and has the exclusive right, power, and authority to approve various matters, including but not limited to changes to the IFAC Constitution, strategic matters, and electing the Board. Positions on the Council are voluntary and there is no honorarium paid for any position held.

Board

The IFAC Board is comprised of members from various jurisdictions who, as representatives of the worldwide accountancy profession, have signed a declaration to act with integrity and in the public interest. The Board is comprised of the President, Deputy President, and not more than twenty-one additional members nominated by IFAC Members. Board members are elected for a term of up to three years, with continuous service limited to six years. The Board governs and oversees the operations of IFAC, which includes oversight of the implementation of initiatives and allocation of resources. During 2022, the number of meetings held by the Board was in excess of the required amount under IFAC's Bylaws. The Board conducted electronic consultations where appropriate. Positions on the Board are voluntary and there is no honorarium paid for any position held.

Senior management

For the year ended December 31, 2022, senior management (key management personnel) included the Chief Executive Officer, one Executive Director, one Managing Director, and 18 Directors, and for the year ended December 31, 2021, senior management (key management personnel) included the Chief Executive Officer,

one Executive Director, one Managing Director, and 20 Directors. Key management personnel were responsible for operating the various activities of the organization. These positions were remunerated by the organization. The aggregate remuneration of key management personnel was \$8,891,706 in 2022 and \$8,331,679 in 2021.

IFAC representatives

IFAC reimburses the travel and other incidental expenses incurred by the IFAC President while representing IFAC. On occasion, other volunteers, including other board members, are required to represent IFAC in a variety of capacities. When this is the case, IFAC may reimburse these individuals for travel and other incidental expenses on an actual basis as per IFAC policies. The nominating organization of a Board member may receive a subsidy for travel and other incidental expenses incurred by its nominee if the organization qualifies for the IFAC Travel Support Program. These payments are not remuneration payments and occur in the normal course of business.

IFAC member organizations

The transactions between IFAC and its member organizations occur in the normal course of business. Member organizations provide annual financial contributions (dues) to IFAC as determined by the IFAC Board in accordance with the basis of assessment approved by the IFAC Council. In addition, IFAC has agreements with some of its member organizations for the reproduction or translation and reproduction of the IFAC publications. See Note 11 for note payable to the AICPA.

International Foundation for Ethics and Audit

Beginning January 1, 2023, the International Foundation for Ethics and Audit (the "Foundation") receives an annual financial contribution from IFAC for an agreed amount to support international standard setting in the field of audit, assurance and ethics. In addition, IFAC and the Foundation have entered into a Service Level Agreement whereby IFAC will provide certain corporate services at cost to the Foundation beginning in January 1, 2023. (see Note 16).

Forum of Firms

The Forum of Firms provides an annual financial contribution (dues) to IFAC for an agreed amount and full reimbursement for Transnational Auditors Committee related expenses (see Note 17).

Employee Advances and Deposits

As part of routine employment arrangements, IFAC may make deposits with Professional Employer Organizations or may offer to provide employees guarantees or deposits to secure rented residences. These amounts are included in advances and deposits in the accompanying statement of financial position. Advances and security deposits are repaid voluntarily or upon termination or relocation of the respective employees. At December 31, 2022 and 2021, the balance outstanding of employee advances and deposits was \$111,727 and \$113,517, respectively.

16. International Foundation for Ethics and Audit

The objective of the Foundation is to recognize and support the defense of the public interest throughout the entire standard setting process in audit and ethics related fields; and through its standard-setting boards, to conduct research to support the development, adoption and implementation of international standards in the field of audit, assurance and ethics, and to educate and inform stakeholders and interested parties regarding the same.

With effect on January 1, 2023, the IAASB and IESBA have been dissolved as committees of IFAC and reconstituted as standard setting boards within the Foundation and eligible employees were transferred from IFAC to the Foundation.

According to the Foundation Bylaws, IFAC nominates two of the six members of the Board of Trustees of the Foundation. In December 2022 the Funding framework agreement between IFAC and the Foundation was signed. For the calendar year 2023, IFAC will provide cash contributions in the amount of \$18,900,000. The 2023 contributions will be comprised of \$12.9 million from IFAC (based on 2022 forecast costs for IAASB and IESBA) and an additional \$6 million of funding from the Forum of Firms. For the calendar years 2024 and 2025, the Parties intend, based on the Foundation's anticipated revenue sources and financial forecasts for those years, that the cash contributions from IFAC to the Foundation will be approximately \$20,500,000 and \$21,500,000 respectively. The final amounts of such cash contributions for 2024 and 2025 will be determined and agreed by the Foundation and IFAC in writing on or before October 2023 and 2024, respectively.

In December 2022, IFAC made the first quarter contribution for 2023 to the Foundation, in the amount of \$4,725,000, in line with the funding agreement. For the year ending December 31, 2022, this contribution has been recorded as an advance in the Statement of Financial Position.

At December 31, 2022 and 2021, amounts of \$248,272 and \$nil, respectively, were receivable from the Foundation for legal costs incurred with respect to the establishment of the entity

17. Forum of Firms

The objective of the Forum of Firms and its relationship with IFAC are established by the Forum's Constitution. The Forum is legally registered in Geneva, Switzerland under the Swiss Civil Code.

The executive committee of the Forum of Firms is the Transnational Auditors Committee, which by way of the Constitution is also a committee of IFAC. The Transnational Auditors Committee is the operational body of the Forum and has executive authority over the activities of the Forum. The Transnational Auditors Committee currently is staffed by two IFAC employees, each of whom spends part of their time on Transnational Auditors Committee business. The members of the Transnational Auditors Committee are selected by the Forum and are approved by the IFAC Nominating Committee and the IFAC Board.

During the years ended December 31, 2022 and 2021, IFAC recognized revenues from the Forum of Firms for amounts invoiced for the annually agreed contribution (dues) of \$11,604,749. The Forum of Firms also reimbursed IFAC for expenses incurred by the Transnational Auditors Committee during the years ended December 31, 2022 and 2021 in the amounts of \$596,014 and \$428,594, respectively. These amounts are due to IFAC in arrears on a quarterly basis.

At December 31, 2022 and 2021, amounts of \$243,103 and \$3,059,285, respectively, were receivable from the Forum of Firms.

18. Commitments and Contingencies

At December 31, 2022, IFAC had no outstanding commitments other than those lease obligations, note payable, and loan payable identified in Notes 10, 11, and 19, respectively.

19. Line of Credit

At December 31, 2022 and 2021, IFAC had an available line of credit from a bank in the amount of \$5,500,000 with interest at SOFR plus 3.0% in 2022, and LIBOR plus 3.0% in 2021 on used balances. This line expires on June 2, 2023. IFAC did not access its line of credit during 2022 or 2021. Borrowings under the line of credit, when used, are collateralized by substantially all IFAC assets.

20. Paycheck Protection Program Loan

On May 3, 2021, IFAC was granted a loan from Emigrant Bancorp in the aggregate amount of \$2,062,767, pursuant to the PPP Loan under the United States American Rescue Plan (ARP).

This Loan, which was in the form of a Note dated April 6, 2021, was scheduled to mature on April 6, 2026, and bore interest at a rate of 1% per annum, payable monthly commencing on August 18, 2022. The Note could be prepaid at any time prior to maturity with no prepayment penalties. Funds from the Loan were used for payroll expenses and group health care benefits incurred during the 24-week covered period subsequent to the loan disbursement. In accordance with the terms of the PPP Loan, the entire Loan, including any interest thereon, would be eligible for forgiveness if used for qualifying expenses as described in the ARP. IFAC used the entire Loan amount for qualifying expenses.

On January 4, 2022, IFAC received forgiveness of the PPP Loan in the amount of \$2,062,767. For year ending December 31, 2022, the forgiveness has been recorded as a non-exchange transaction in the Statement of Financial Performance.

21. Information about Activities (Segments)

To achieve its mission, IFAC seeks to influence various economic and social outcomes through the delivery of services to stakeholders. IFAC delivers its services through several activity areas. Information about the activity areas is used by the IFAC Board and management as a basis for evaluating the Organization's past performance in achieving its objectives and for making decisions about the future allocation of resources. Financial information by activity areas is presented below.

Allocated Revenue

For purposes of this note, external funding directly attributable to an activity is allocated to the related activity. Revenue is then allocated to each activity area to cover its respective expenses.

ALLOCATED REVENUE	External Funding		Allocated Revenue		Total Allocated Revenue	
	2022	2021	2022	2021	2022	2021
IAASB	\$ 186,147	\$ 50,488	\$ 10,381,603	\$ 8,910,083	\$ 10,567,750	\$ 8,960,571
IESBA			7,231,482	5,465,616	7,231,482	5,465,616
IPSASB	378,784	500,722	4,358,749	3,809,670	4,737,533	4,310,392
Standards Development	564,931	551,210	21,971,834	18,185,369	22,536,765	18,736,579
Supporting International Standards		-	3,519,187	3,491,220	3,519,187	3,491,220
Future Ready Profession	23,293	-	4,154,784	4,480,966	4,178,077	4,480,966
Speaking Out		-	2,998,557	2,470,745	2,998,557	2,470,745
Total allocated revenue	\$ 588,224	\$ 551,210	\$ 32,644,362	\$ 28,628,300	\$ 33,232,586	\$ 29,179,510

Expenses

Expenses are recorded by activity area. For purposes of this note, the cost of the PIOB is allocated to each Public Interest Activity Committee's (PIAC) expenses based on a pro rata share of the total PIACs expenses.

EXPENSES	Employee costs		Travel & meeting costs		Consultants		Other		Funding of PIOB		Total expenses		Total Allocated Revenue		SURPLUS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
IFAC Corporate - Unallocated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,238,876	\$ 2,024,546
IAASB	5,690,422	5,315,824	1,149,529	120,513	1,005,581	1,081,652	1,815,953	1,596,903	906,265	845,679	10,567,750	8,960,571	10,567,750	8,960,571	-	-
IAESB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IESBA	4,513,865	3,330,451	817,552	116,620	39,923	502,507	1,239,987	1,000,205	620,155	515,833	7,231,482	5,465,616	7,231,482	5,465,616	-	-
IPSASB	3,032,489	3,074,145	402,626	21,066	425,037	456,616	877,381	758,565	-	-	4,737,533	4,310,392	4,737,533	4,310,392	-	-
Standards Development	13,236,776	11,720,420	2,369,707	258,199	1,470,541	2,040,775	3,933,321	3,355,673	1,526,420	1,361,512	22,536,765	18,736,579	22,536,765	18,736,579	-	-
Supporting International Standards	2,766,122	2,748,893	203,384	18,767	4,937	49,718	544,744	673,842	-	-	3,519,187	3,491,220	3,519,187	3,491,220	-	-
Future Ready Profession	3,215,470	3,639,374	298,804	61,071	8,625	(6,068)	655,178	786,589	-	-	4,178,077	4,480,966	4,178,077	4,480,966	-	-
Speaking Out	2,252,760	2,008,271	154,216	16,888	95,842	21,366	495,739	424,220	-	-	2,998,557	2,470,745	2,998,557	2,470,745	-	-
Total expenses	\$ 21,471,128	\$ 20,116,958	\$ 3,026,111	\$ 354,925	\$ 1,579,945	\$ 2,105,791	\$ 5,628,982	\$ 5,240,324	\$ 1,526,420	\$ 1,361,512	\$ 33,232,586	\$ 29,179,510	\$ 33,232,586	\$ 29,179,510	\$ 1,238,876	\$ 2,024,546

Other Information

For purposes of this note, all assets and liabilities are attributed to IFAC - Corporate and are therefore not allocated to the activity areas.

OTHER INFORMATION	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
IFAC Corporate - Unallocated	\$ 21,923,432	\$ 22,717,696	\$ 2,027,559	\$ 2,208,939	\$ 23,950,991	\$ 24,926,635	\$ 4,146,626	\$ 5,466,317	\$ 2,384,139	\$ 3,278,968	\$ 6,530,765	\$ 8,745,285
Standards Development	-	-	-	-	-	-	-	-	-	-	-	-
Supporting International Standards	-	-	-	-	-	-	-	-	-	-	-	-
Future Ready Profession	-	-	-	-	-	-	-	-	-	-	-	-
Speaking Out	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 21,923,432	\$ 22,717,696	\$ 2,027,559	\$ 2,208,939	\$ 23,950,991	\$ 24,926,635	\$ 4,146,626	\$ 5,466,317	\$ 2,384,139	\$ 3,278,968	\$ 6,530,765	\$ 8,745,285



INDEPENDENT AUDITOR'S REPORT

To the Board of

International Federation of Accountants, Geneva

Opinion

We have audited the financial statements of International Federation of Accountants (the Organization), which comprise the statement of financial position as at December 31, 2022, and the statements of financial performance, changes in net assets/ equity and cash flows for the year then ended, and a statement of accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and of its financial performance, changes in net assets/ equity and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Switzerland and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Geneva, March 2, 2023

ECHO SA

Clémentine Largeteau

Licensed audit expert
Auditor in charge

Christophe Masson

Licensed audit expert

Enclosure :

- Financial statements (statement of financial position, statements of financial performance, changes in net assets/ equity and cash flows for the year then ended, and a statement of accounting policies and other explanatory notes)

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