

Approved by the IFAC Board on  
February 28, 2024

*International Federation of Accountants*<sup>®</sup>

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## 2023 Financial Statements





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# 2023 FINANCIAL STATEMENTS

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## Statement of Financial Performance

For the years ended December 31, 2023 and 2022

		<u>2023</u>	<u>2022</u>
Amounts in U.S. Dollars	<b>Note</b>		
<b>Revenue</b>			
<i>From exchange transactions:</i>			
Members' Financial Contributions, net		\$ 19,332,500	\$19,185,900
Forum of Firms	16	18,409,865	12,200,763
Foundation Service Level Agreement	2	3,587,992	-
Royalties and licensing		372,216	339,911
Foreign exchange gains	14	315,873	54,978
Interest income		166,279	3,910
Other revenue		82,752	35,010
<i>From non-exchange transactions:</i>			
Employer Retention Credit	19	350,000	-
PPP forgiveness	19	-	2,062,766
Other	3	896,288	588,224
<b>Total revenue</b>		<b>\$43,513,765</b>	<b>\$34,471,462</b>
<b>Expenses</b>			
Employee compensation and related expenses	4, 13	\$15,941,647	\$21,471,128
Funding provided to the Foundation	2	18,287,992	-
Travel and meetings		1,987,262	3,026,111
Occupancy and maintenance		1,406,182	1,360,770
Technology		1,233,618	1,009,882
Funding provided to the Public Interest Oversight Board	2	1,033,268	1,526,420
Communications and publicity		672,312	613,771
Legal and other professional fees		665,277	413,032
Consultants	5	647,568	1,579,945
Depreciation and amortization	7, 8	646,038	516,766
Bad debt expense (recovery), net		240,400	27,200
Insurance		145,125	136,833
Auditor remuneration			
Audit of financial statements		119,120	107,260
Tax and other services		6,300	7,894
Recruitment and relocation		47,565	282,865
Foreign exchange loss	14	43,574	631,199
Telephone		33,272	40,024
Loss on disposal of assets	8	26,910	-
Other		516,312	481,486
<b>Total expenses</b>		<b>\$43,699,742</b>	<b>\$33,232,586</b>
<b>Net (deficit) surplus for the year</b>		<b>(\$185,977)</b>	<b>\$1,238,876</b>

See accompanying notes to financial statements.

## Statement of Changes in Net Assets/Equity

For the years ended December 31, 2023 and 2022

Amounts in U.S. Dollars		2023	2022
	Note		
<b>Net assets/equity at beginning of year</b>			
Accumulated surpluses		<b>\$17,420,226</b>	<b>\$16,181,350</b>
Net (deficit) surplus for the year		(185,977)	1,238,876
<b>Net assets/equity at end of year</b>		<b>\$17,234,249</b>	<b>\$17,420,226</b>

See accompanying notes to financial statements.

## Statement of Financial Position

As of December 31, 2023 and 2022

		<u>2023</u>	<u>2022</u>
Amounts in U.S. Dollars	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	14	\$17,712,477	\$15,200,262
Advance funding provided to the Foundation	2	-	4,725,000
Prepaid expenses		449,802	1,273,503
Receivables from exchange transactions:			
Receivable from the Foundation	2	5,908,082	248,272
Receivable from the Forum of Firms	16	294,280	243,103
Receivables from IFAC members, net	6	39,200	138,600
Other receivables		110,039	94,692
Receivables from non-exchange transactions:			
Receivable from Employee Retention Credit	19	350,000	-
Receivables from other sources of funding	3	52,704	-
<b>Total current assets</b>		<b><u>\$24,916,584</u></b>	<b><u>\$21,923,432</u></b>
<b>Non-current assets</b>			
Intangible assets, net	8	\$1,138,239	\$517,517
Property and equipment, net	7	797,271	1,108,865
Advances and deposits	10, 15	401,210	401,177
<b>Total non-current assets</b>		<b><u>\$2,336,720</u></b>	<b><u>\$2,027,559</u></b>
<b>TOTAL ASSETS</b>		<b><u>\$27,253,304</u></b>	<b><u>\$23,950,991</u></b>
<b>Current liabilities</b>			
Payable to the Foundation	2	\$5,066,042	-
Accounts payable and accrued expenses		1,221,837	1,309,371
Employee entitlements	4	1,147,691	1,603,420
Pension note payable	11	666,503	666,503
Deferred revenue	9	447,845	567,332
<b>Total current liabilities</b>		<b><u>\$8,549,918</u></b>	<b><u>\$4,146,626</u></b>
<b>Non-current liabilities</b>			
Deferred rent	10	\$824,175	\$1,115,061
Pension note payable - net	11	644,962	1,269,078
<b>Total non-current liabilities</b>		<b><u>\$1,469,137</u></b>	<b><u>\$2,384,139</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>\$10,019,055</u></b>	<b><u>\$6,530,765</u></b>
<b>Net assets/equity</b>			
IFAC members		\$17,234,249	\$17,420,226
<b>Total net assets/equity</b>		<b><u>\$17,234,249</u></b>	<b><u>\$17,420,226</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>		<b><u>\$27,253,304</u></b>	<b><u>\$23,950,991</u></b>

See accompanying notes to financial statements.

## Statement of Cash Flows

For the years ended December 31, 2023 and 2022

	Note	2023	2022
Amounts in U.S. Dollars			
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Members' Financial Contributions		\$19,404,752	\$19,221,123
Forum of Firms		18,358,688	15,016,946
Foundation SLA		772,195	-
Royalties and licensing		360,062	352,464
Interest income		166,279	3,910
Non-exchange transactions		734,597	917,565
		<b>\$39,796,573</b>	<b>\$35,512,008</b>
<i>Cash was applied to:</i>			
Employee compensation and related expenses		(\$16,397,376)	(\$21,502,055)
Other payments		(10,779,032)	(10,773,055)
Funding provided to the Foundation	2	(9,450,000)	(4,725,000)
Interest on pension note payable	11	42,387	62,559
		(\$36,584,021)	(\$36,937,551)
<b>Net cash inflow (outflow) from operating activities</b>	12	<b>\$3,212,552</b>	<b>(\$1,425,543)</b>
<b>Cash flows from investing activities</b>			
<i>Cash was applied to:</i>			
Purchase of property and equipment	7	(\$95,968)	(\$208,412)
Purchase of intangible assets	8	(210,165)	(809,843)
<b>Net cash outflow from investing activities</b>		<b>(\$306,133)</b>	<b>(\$1,018,255)</b>
<b>Cash flows from financing activities</b>			
<i>Cash was applied to:</i>			
Payment on pension note payable	11	(\$666,503)	(\$666,503)
<b>Net cash outflow from financing activities</b>		<b>(\$666,503)</b>	<b>(\$666,503)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>\$2,239,916</b>	<b>(\$3,110,301)</b>
Cash and cash equivalents at beginning of year		\$15,200,262	\$18,886,784
Effect of exchange rate change on foreign currency balances		272,299	(576,221)
<b>Balance of cash and cash equivalents at end of year</b>		<b>\$17,712,477</b>	<b>\$15,200,262</b>

See accompanying notes to financial statements.

## Statement of Accounting Policies

For the years ended December 31, 2023 and 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. A reclassification has been made to the prior period cash flow statement to reflect the impact of non-cash additions.

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 20). 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

In January 2022, the International Public Sector Accounting Standards Board released IPSAS 43, *Leases*. IPSAS 43 replaced existing guidance in IPSAS 13, *Leases*, and is intended to bring the standard in line with its private-sector equivalent guidance IFRS 16, *Leases*. IPSAS 43 should be applied effective January 1, 2025, with early adoption permitted in certain circumstances. IFAC has not early adopted IPSAS 43.

#### 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.

#### Members' Financial Contributions

Revenue from annual membership financial contributions is initially recorded as deferred revenue and recognized on a straight-line basis over the calendar year. This revenue is 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 received in advance is recorded as a liability and revenue 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.

**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 entered into an assumption of liability agreement for AICPA to assume IFAC's obligations related to this plan in exchange for a Pension note payable, except under relevant statutes if the Plan were deemed to be under distress (see Note 11).

**D. Property and Equipment**

Property and equipment are carried at cost and are depreciated 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 the 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 U.S. 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 (see Note 1).

#### **J. Foreign Currencies**

Transactions in foreign currencies are translated to U.S. 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.

## Notes to the Financial Statements

For the years ended December 31, 2023 and 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 135 jurisdictions, representing millions of professional accountants.

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 operations is New York, New York, United States of America. IFAC operates as a tax-exempt organization under Section 501(c)(6) of the IRC.

### 2. Support for International Standard Setting

IFAC, either directly or through the International Foundation for Ethics and Audit (the "Foundation") 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, under the Foundation, 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 Foundation, houses 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 IRC (see note 16).

Revenues and expenses associated with IPSASB, and the support of the Foundation are presented in the Information about Activities (Segments) (Note 20).

### **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.

In December 2022, IFAC made the first quarter contribution for 2023 to the Foundation, in the amount of \$4,725,000; this was recorded as an advance in the Statement of Financial Position as of December 31 2022. In 2023, IFAC made additional contributions of \$9,450,000. At December 31, 2023 \$5,066,042 is payable to the Foundation for the fourth quarter contribution for 2023, including other employee related costs.

In addition, IFAC provides infrastructure support to the Foundation through a Service Level Agreement (SLA) in the form of Human Capital, Operations, Communications, and Finance services support. This is reimbursed to IFAC from the Foundation on an actual cost basis. For the years ended December 31, 2023, and 2022, IFAC recognized revenue from the SLA in the amount of \$3,587,992 and \$nil, respectively. At December 31, 2023 and 2022, amounts of \$5,908,082 and \$248,272, respectively, were receivable from the Foundation for the SLA services and other operational expenses incurred on behalf of the Foundation, including employee, travel and meetings and legal costs incurred with respect to the establishment of the entity. Amounts recharged to the Foundation for operational expenses incurred on behalf of the Foundation are recorded net in the respective expense.

For the calendar year 2024, IFAC will provide cash contributions in the amount of \$19,320,000. The 2024 contributions will be comprised of \$13.36 million from IFAC and an additional \$5.96 million of funding to IFAC from the Forum of Firms.

For each of the calendar years 2025 and 2026, the parties intend, based on the Foundation's anticipated revenue sources and financial forecasts for those years, that the cash contribution from IFAC to the Foundation will be approximately \$20,500,000. The final amounts of such cash contributions for 2025 and 2026 will be determined and agreed by the Foundation and IFAC in writing on or before October 31, 2024 and 2025, respectively.

### **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.

In May 2021, a revised funding agreement was reached between IFAC and the PIOB. For the period from April 1, 2022 to December 31, 2022, the guarantee was 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 was 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, 2023 and 2022, the PIOB received funding from sources other than IFAC of €1,838,000 and €981,718, respectively. For the same years, IFAC funding of the PIOB was €950,000 or \$1,033,268, and €1,421,793, or \$1,526,420, 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>2023</u>	<u>2022</u>
Gavi / Global Fund		
Program and Implementation	\$250,633	\$23,293
Management Fees	29,954	-
	<u>\$280,587</u>	<u>\$23,293</u>
IPSASB	615,701	378,784
IAASB	-	186,147
<b>Total other funding</b>	<b><u>\$896,288</u></b>	<b><u>\$588,224</u></b>

At December 31, 2023 and 2022, receivables from other sources of funding were \$52,704 and \$nil, respectively.

#### 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 being implemented in Ghana and Burkina Faso since October 2022 will run until September 2024.

Under the Agreement, Gavi and the Global Fund will provide \$1 million 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 pilot program.

IFAC received \$190,010 and \$470,700 in 2023 and 2022, respectively of the \$1 million funding. At December 31, 2023 and 2022, IFAC recognized a liability of \$356,830 and \$447,407, respectively, with respect to deferred revenue for services being performed under the program (see Note 9).

## **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 until 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, 2023 and 2022, ADB grant revenue recognized was in the amount of \$195,299 and nil, respectively.

At December 31, 2023 and 2022, amounts of \$15,299 and \$nil, respectively, were receivable from the ADB. No liability with respect to deferred revenue for services being performed under the ADB Agreement was recognized in either of the years.

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, 2023 and 2022, IFAC recognized revenue from this grant in the amount of \$nil and \$186,147, respectively. At December 31, 2023 and 2022 IFAC recognized no liability, with respect to deferred revenue for services being performed under the WBCSD Agreement (see Note 9).

#### 4. Employee Compensation and Related Expenses

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

	<b>2023</b>	<b>2022</b>
Compensation expenses	\$11,928,534	\$16,310,919
Payroll taxes and benefits	2,749,957	3,764,329
Retirement benefits (see Note 11)	845,618	1,134,662
Temporary staff	125,099	60,770
Other	292,439	200,448
<b>Total Employee compensation and related expenses</b>	<b>\$15,941,647</b>	<b>\$21,471,128</b>

Included in compensation expenses are the following employee entitlements:

	<b>2023</b>	<b>2022</b>
Performance based remuneration	\$1,141,726	\$1,603,420
Accrued salary and benefit cost	5,965	-
<b>Total Employee entitlements</b>	<b>\$1,147,691</b>	<b>\$1,603,420</b>

#### 5. Consultants

	<b>2023</b>	<b>2022</b>
Consultants – standards development	\$416,715	\$1,439,905
Partner organizations / consultants reimbursable under Gavi / Global Fund (see note 3)	210,779	-
Consultants – other	20,074	140,040
<b>Total Consultants</b>	<b>\$647,568</b>	<b>\$1,579,945</b>

#### 6. Receivables from IFAC Members

	<b>2023</b>	<b>2022</b>
Membership dues receivable	\$344,900	\$204,900
Allowance for uncollectible dues	(305,700)	(66,300)
<b>Receivables from IFAC members, net</b>	<b>\$39,200</b>	<b>\$138,600</b>



During, 2023 and 2022, adjustments and discounts to membership dues amounted to \$339,800 and \$132,400, respectively.

## 7. Property and Equipment

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening net carrying value	\$347,162	\$332,478	\$4,469	\$10,740	\$757,234	\$950,645	\$1,108,865	\$1,293,863
Additions	86,927	204,961	2,035	-	7,006	3,451	95,968	208,412
Loss on disposal of assets	-	-	-	-	-	-	-	-
Depreciation	(205,135)	(190,277)	(4,918)	(6,271)	(197,509)	(196,862)	(407,562)	(393,410)
Closing net carrying value	\$228,954	\$347,162	\$1,586	\$4,469	\$566,731	\$757,234	\$797,271	\$1,108,865

  

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Cost	\$1,609,752	\$1,522,825	\$773,554	\$771,519	\$2,961,303	\$2,954,297	\$5,344,609	\$5,248,641
Accumulated depreciation	(1,380,798)	(1,175,663)	(771,968)	(767,050)	(2,394,572)	(2,197,063)	(4,547,338)	(4,139,776)
Net carrying value	\$228,954	\$347,162	\$1,586	\$4,469	\$566,731	\$757,234	\$797,271	\$1,108,865

## 8. Intangible Assets

	Software Licenses & Development	
	2023	2022
Opening net carrying value	\$517,517	\$512,108
Additions	886,112	128,765
Loss on disposal of assets	(26,914)	-
Amortization	(238,476)	(123,356)
<b>Closing net carrying value</b>	<b>\$1,138,239</b>	<b>\$517,517</b>
Cost	\$1,796,512	\$940,439
Accumulated amortization	(658,273)	(422,922)
<b>Net carrying value</b>	<b>\$1,138,239</b>	<b>\$517,517</b>

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](http://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:

	<b>2023</b>	<b>2022</b>
Gavi / Global Fund (see Note 3)	\$356,830	\$447,407
Member financial contributions	54,325	10,500
Treasury Board of Canada Secretariat	36,690	40,105
Association of Chartered Certified Accountants	-	50,000
Association of International Certified Professional Accountants	-	19,320
<b>Total Deferred revenue</b>	<b>\$447,845</b>	<b>\$567,332</b>

## 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:

	<b>2023</b>	<b>2022</b>
Not later than one year	\$1,359,181	\$1,359,181
Later than one year and not later than five years	3,851,013	5,210,194
<b>Total operating lease obligations</b>	<b>\$5,210,194</b>	<b>\$6,569,375</b>

For the years ended December 31, 2023 and 2022, operating lease payments were recognized as expense in the amounts of \$1,247,351 and \$1,222,838, respectively.

At December 31, 2023 and 2022, deferred rent totaled \$824,175 and \$1,115,061, 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 2023 and 2022, 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 2023 and 2022. 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 IRC. 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 \$758,358 in 2023 and \$1,060,984 in 2022.

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 \$87,260 in 2023 and \$73,678 in 2022.

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, 2023 and 2022, the note balance amounted to \$1,333,006 and \$1,999,510 and accrued interest amounted to \$21,541 and \$63,929, respectively and for the year ended December 31, 2023 and 2022, interest expense on the note amounted to \$42,387 and \$62,559, 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. Further, IFAC anticipates making no future contributions to the Plan due to the assumption of liability agreement.

## 12. Reconciliation of (Deficit) Surplus with Net Cash Inflow (Outflow) from Operating Activities

	<u>2023</u>	<u>2022</u>
Net (deficit) surplus for the year	(\$185,977)	\$1,238,876
<i>Add/(less) non-cash items:</i>		
PPP loan forgiveness	-	(2,062,766)
Depreciation and amortization	646,038	516,766
Deferred rent	(290,885)	(290,885)
Interest on pension note payable	42,387	62,559
Bad debt expense	240,400	27,200
<i>Add/(less) movements in working capital:</i>		
Membership dues receivable	(141,000)	(165,800)
Receivables from non-exchange transactions	(402,704)	-
Receivable from Forum of Firms	(51,177)	2,816,183
Receivable from the Foundation	(5,659,810)	(248,272)
Other receivables	(15,349)	(44,957)
Funding provided to the Foundation	4,725,000	(4,725,000)
Prepaid expenses	174,669	129,465
Advances and deposits	(33)	1,790
Accounts payable and accrued expenses	4,706,209	1,020,672
Employee entitlements	(455,729)	(30,927)
Deferred revenue	(119,487)	329,553
<b>Net cash -outflow from operating activities</b>	<b><u>\$3,212,552</u></b>	<b><u>(\$1,425,543)</u></b>

## 13. Employee and Volunteer Disclosure

At December 31, 2023 and 2022, IFAC had 59 and 85 full-time employees (of which 22 were employees for IAASB and IESBA in 2022), respectively, and 1 part-time employee in 2023 and 2022. In addition to these employees, IFAC had 4 contractors and 8 secondees in 2023 and 7 contractors and 4 secondees in 2022.

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

During 2023, IFAC had approximately 216 volunteers contributing to the work of IFAC and the International Public Sector Accounting Standards Board. These volunteers each contributed between 40 and 500 hours to these activities during 2023.

## 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), concentration risk, and liquidity risk.

### Liquidity risk

Liquidity risk results from the potential inability to meet financial obligations, such as payments to suppliers or employees. For the years ended December 31, 2023 and 2022, funding from the Forum of Firms accounted for approximately 42 and 35 percent of total revenue, respectively. In addition, for the years ended December 31, 2023 and 2022, one IFAC member accounted for approximately 8 and 10 percent, respectively, of total revenue.

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 18).

### Concentration of credit risk

Financial instruments that potentially subject IFAC to concentrations of credit risk consist principally of cash and cash equivalents. IFAC limits its credit risk with respect to cash by maintaining cash and cash equivalents with high quality financial institutions. At times, IFAC's cash and cash equivalents may exceed federally insured limits. At December 31, 2023, substantially all IFAC's cash and cash equivalents was held with two financial institutions.

### Currency risk

IFAC holds separate bank accounts in Canadian dollars, British Pounds, and Euros. IFAC is exposed to 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:

	<b>2023</b>	<b>2022</b>
Realized gain	\$255,719	\$54,978
Unrealized gain	60,154	-
<b>Total foreign exchange gains</b>	<b>\$315,873</b>	<b>\$54,978</b>
Realized loss	\$43,574	\$220,983
Unrealized loss on foreign currency accounts	-	410,216
<b>Total foreign exchange loss</b>	<b>\$43,574</b>	<b>\$631,199</b>

	<u>2023</u>	<u>2022</u>
<b>Total foreign exchange gain (loss)</b>	<b>\$272,299</b>	<b>(\$576,221)</b>

### **Fair values**

At December 31, 2023 and 2022, the carrying amounts for all financial instruments held by IFAC approximate their fair values.

## **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 2023, the number of meetings held by the Board was in excess of the minimum 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, 2023, senior management (key management personnel) included the Chief Executive Officer and 10 Directors, and 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. 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 \$5,703,568 in 2023 and \$8,891,706 in 2022.

### **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, other IFAC Group member or a self-nominee 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 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. In addition, see Note 11 for note payable to one of IFAC's member organizations.

### **International Foundation for Ethics and Audit**

Beginning January 1, 2023, 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 support services at cost to the Foundation beginning in January 1, 2023 (see Note 2).

### **Forum of Firms**

The Forum of Firms provides an annual financial contribution to IFAC for an agreed amount and full reimbursement for Transnational Auditors Committee related expenses (see Note 16).

### **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, 2023 and 2022, the balance outstanding of employee advances and deposits was \$nil and \$11,144, respectively.

## **16. 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, 2023 and 2022, IFAC recognized revenues from the Forum of Firms for amounts invoiced for the annually agreed contribution (dues) of \$17,666,943 and \$11,604,749, respectively. The Forum of Firms also reimbursed IFAC for expenses incurred by the Transnational Auditors Committee during the years ended December 31, 2023 and 2022 in the amounts of \$742,922 and \$596,014, respectively. These amounts are due to IFAC in arrears on a quarterly basis.

At December 31, 2023 and 2022, amounts of \$294,280 and \$243,103, respectively, were receivable from the Forum of Firms.

## 17. Commitments and Contingencies

At December 31, 2023, IFAC had no outstanding commitments other than those lease obligations, note payable, and loan payable identified in Notes 10, 11 and 19, respectively.

## 18. Line of Credit

At December 31, 2023 and 2022, 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 2023, and LIBOR plus 3.0% in 2022 on used balances which expires on June 2, 2024. This line of credit is renewed annually and borrowings under the line of credit, when used, are collateralized by substantially all IFAC assets. IFAC did not access its line of credit during 2023 or 2022.

## 19. Paycheck Protection Program Loan and Employee Retention Credit

### Paycheck Protection Program Loan

On May 3, 2021, IFAC was granted a loan from Emigrant Bancorp in the aggregate amount of \$2,062,766, 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. 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.

### Employee Retention Credit

During the year ended December 31, 2023, IFAC determined it was eligible for a refundable employee retention credit (the "ERC"), under the provisions of the Coronavirus Aid, Relief and Economic Security Act ("CARES") and the subsequent extensions of the CARES Act, subject to certain criteria as specified in the law for the years ended 2021 and 2020. IFAC determined it qualified and applied for ERC proceeds of approximately \$350,000 and has accounted for these proceeds as an in-substance government grant. IFAC has determined that it has reasonable assurance that conditions attached to the ERC will be met and has recognized these proceeds in the accompanying Statement of Financial Performance for the year ended December 31, 2023 and as a receivable in the Statement of Financial Position as of December 31, 2023.



## 20. 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	
	2023	2022	2023	2022	2023	2022
IFEA Support	-	186,147	19,321,260	17,613,085	19,321,260	17,799,232
IPSASB	615,701	378,784	6,648,731	4,358,749	7,264,432	4,737,533
Standards Development	615,701	564,931	25,969,991	21,971,834	26,585,692	22,536,765
Supporting International Standards			5,731,550	3,519,187	5,731,550	3,519,187
Future Ready Profession	280,587	23,293	4,792,976	4,154,784	5,073,563	4,178,077
Speaking Out			6,308,937	2,998,557	6,308,937	2,998,557
<b>Total allocated revenue</b>	<b>\$ 896,288</b>	<b>\$ 588,224</b>	<b>\$ 42,803,454</b>	<b>\$ 32,644,362</b>	<b>\$ 43,699,742</b>	<b>\$ 33,232,586</b>

## 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 / (DEFICIT)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
IFAC Corporate - Unallocated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (185,977)	\$ 1,238,876
IFEA Support	3,587,992	10,204,287	-	1,967,081	-	1,045,504	14,700,000	3,055,941	1,033,268	1,526,420	19,321,260	17,799,233	19,321,260	17,799,233	-	-
IPSASB	4,392,636	3,032,489	668,594	402,626	419,128	425,037	1,784,074	877,382	-	-	7,264,432	4,737,533	7,264,432	4,737,533	-	-
Standards Development	7,980,628	13,236,776	668,594	2,369,707	419,128	1,470,541	16,484,074	3,933,322	1,033,268	1,526,420	26,585,692	22,536,765	26,585,692	22,536,765	-	-
Supporting International Standards	3,943,413	2,766,122	453,257	203,384	2,703	4,937	1,332,176	544,744	-	-	5,731,550	3,519,187	5,731,550	3,519,187	-	-
Future Ready Profession Speaking Out	3,222,818	3,215,470	472,214	298,804	220,379	8,625	1,158,152	655,178	-	-	5,073,563	4,178,077	5,073,563	4,178,077	-	-
Speaking Out	4,382,778	2,252,760	393,197	154,216	5,358	95,842	1,527,604	495,739	-	-	6,308,937	2,998,557	6,308,937	2,998,557	-	-
<b>Total expenses</b>	<b>\$ 19,529,638</b>	<b>\$ 21,471,128</b>	<b>\$ 1,987,262</b>	<b>\$ 3,026,111</b>	<b>\$ 647,568</b>	<b>\$ 1,579,945</b>	<b>\$ 20,502,006</b>	<b>\$ 5,628,984</b>	<b>\$ 1,033,268</b>	<b>\$ 1,526,420</b>	<b>\$ 43,699,742</b>	<b>\$ 33,232,587</b>	<b>\$ 43,699,742</b>	<b>\$ 33,232,587</b>	<b>\$ (185,977)</b>	<b>\$ 1,238,876</b>

## 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
IFAC Corporate - Unallocated	\$ 24,916,584	\$ 21,923,432	\$ 2,336,720	\$ 2,027,559	\$ 27,253,304	\$ 23,950,991	\$ 8,549,918	\$ 4,146,626	\$ 1,469,137	\$ 2,384,139	\$ 10,019,055	\$ 6,530,765
Standards Development	-	-	-	-	-	-	-	-	-	-	-	-
Supporting International Standards	-	-	-	-	-	-	-	-	-	-	-	-
Future Ready Profession Speaking Out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 24,916,584</b>	<b>\$ 21,923,432</b>	<b>\$ 2,336,720</b>	<b>\$ 2,027,559</b>	<b>\$ 27,253,304</b>	<b>\$ 23,950,991</b>	<b>\$ 8,549,918</b>	<b>\$ 4,146,626</b>	<b>\$ 1,469,137</b>	<b>\$ 2,384,139</b>	<b>\$ 10,019,055</b>	<b>\$ 6,530,765</b>



## INDEPENDENT AUDITOR'S REPORT

To the Board of

**International Federation of Accountants, Geneva**

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### 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, 2023, 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, 2023, 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, February 28, 2024

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)

L32/M52/G93 – 10149 - N°5609

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