

Approved by the Board of Trustees of the  
International Foundation for Ethics and Audit on  
August 30, 2024

*International Foundation for Ethics and Audit®*

---

## 2023 and 2022 Financial Statements

**International Foundation for  
Ethics and Audit**

# International Foundation for Ethics and Audit

## CONTENTS

---

	Page
Statement of Comprehensive Income (Loss).....	3
Statement of Changes in Retained Surplus (Deficit) .....	4
Statement of Financial Position .....	5
Statement of Cash Flows .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report .....	19

---

## Statement of Comprehensive Income (Loss)

Amounts in U.S. Dollars

		For the Year Ended December 31 2023 \$	For the Period from Inception to December 31, 2022 \$
	Note		
<b>Income</b>			
Contributed revenue	2, 8	18,287,992	-
		<b>18,287,992</b>	<b>-</b>
<b>Operating expenses</b>			
Standard-Setting Boards (SSB) costs	3, 6, 7		
Project delivery costs		(6,418,492)	-
Board and program management		(3,025,067)	-
Board and advisory group operations		(1,305,252)	-
Outreach and engagement		(608,202)	-
Other technical costs		(40,081)	-
Total SSB costs		(11,397,094)	-
Corporate services	4	(4,066,639)	(144,271)
		<b>(15,463,733)</b>	<b>(144,271)</b>
<b>Net operating income (loss)</b>		<b>2,824,259</b>	<b>(144,271)</b>
Interest income	5, 6	6,558	-
Finance costs		-	-
		<b>6,558</b>	<b>-</b>
<b>Income (loss)</b>	1	2,830,817	(144,271)
<b>Other comprehensive income (loss) (OCI)</b>			
OCI, net		-	-
<b>Comprehensive income (loss) for the year / period</b>		<b>2,830,817</b>	<b>(144,271)</b>

See accompanying notes to financial statements.

**Statement of Changes in Retained Surplus (Deficit)**

Amounts in U.S. Dollars

	For the Year Ended December 31 2023 \$	For the Period from Inception to December 31, 2022 \$
<b>Retained deficit at the beginning of the year / period</b>	(144,271)	-
Comprehensive income (loss) for the year / period	2,830,817	(144,271)
<b>Retained surplus (deficit) at the end of the year</b>	<b>2,686,546</b>	<b>(144,271)</b>

See accompanying notes to financial statements.

## Statement of Financial Position

As of December 31, 2023 and December 31, 2022

Amounts in U.S. Dollars

		<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
	Note		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	4,344,224	4,643,493
Contributions receivable	1, 2, 8	4,725,000	-
Other receivables	8	344,068	
Advances and deposits		112,017	141,791
Prepaid expenses		73,979	51,732
<b>Total current assets</b>		<b>9,599,288</b>	<b>4,837,016</b>
<b>Total assets</b>		<b>9,599,288</b>	<b>4,837,016</b>
<b>Liabilities</b>			
	9		
<b>Current liabilities</b>			
Payable to the International Federation of Accountants (IFAC)	1, 8	5,908,082	248,272
Other payables		323,825	8,014
Accrued salary and benefits		583,367	-
Accrued expenses		97,467	-
Contributions received in advance		-	4,725,000
<b>Total current liabilities</b>		<b>6,912,741</b>	<b>4,981,286</b>
<b>Total liabilities</b>		<b>6,912,741</b>	<b>4,981,286</b>
<b>Retained surplus (deficit) (Net Assets)</b>		<b>2,686,546</b>	<b>(144,271)</b>
<b>Total liabilities and retained surplus (deficit)</b>		<b>9,599,288</b>	<b>4,837,016</b>

See accompanying notes to financial statements.

## Statement of Cash Flows

Amounts in U.S. Dollars

	Note	<b>For the Year Ended December 31 2023 \$</b>	<b>For the Period from Inception to December 31, 2022 \$</b>
Amounts in U.S. Dollars			
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Contributions		13,562,992	-
Contributions received in advance		-	4,725,000
Interest income		6,558	-
Publications		-	-
		<hr/> 13,569,550	<hr/> 4,725,000
<i>Cash was applied to:</i>			
Employee compensation and related expenses		(9,327,689)	(-)
Service Level Agreement		(3,587,992)	(-)
Other payments		(936,662)	(81,507)
Foreign exchange settlements		(16,476)	-
		<hr/> (13,868,819)	<hr/> (81,507)
<b>Net cash (outflow) inflow from operating activities</b>	10	<hr/> <b>(299,269)</b>	<hr/> <b>4,643,493</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<hr/> <b>(299,269)</b>	<hr/> <b>4,643,493</b>
Cash and cash equivalents at beginning of year / period		4,643,493	-
Effect of exchange rate change on foreign currency balances		-	-
<b>Balance of cash and cash equivalents at end of year / period</b>		<hr/> <b>4,344,224</b>	<hr/> <b>4,643,493</b>

See accompanying notes to financial statements.

## Notes to the Financial Statements

For the year ended December 31, 2023 and the period ended December 31, 2022

Amounts in U.S. Dollars

### 1. Accounting Policies

The financial statements of International Foundation for Ethics and Audit® (IFEA®) were approved for issue by the Board of Trustees on August 30, 2024.

#### General Information

IFEA is a not-for-profit corporation under the General Corporation Law of the State of Delaware, United States (U.S.) and operates in New York, U.S. as a nonresident entity. Its principal place of business is 529 Fifth Avenue, New York, New York, USA. IFEA was incorporated on October 17, 2022 and commenced operations on January 1, 2023. IFEA has received an exemption from the US Internal Revenue Service from federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

IFEA was established in accordance with a recommendation from the [Monitoring Group's](#)<sup>1</sup> paper, [Strengthening the International Audit and Ethics Standard-Setting System](#).

#### Membership and Objectives

IFEA has three members: the [Monitoring Group](#), the [Public Interest Oversight Board](#) (PIOB), and the [International Federation of Accountants](#) (IFAC). The members appoint a Board of Trustees to govern IFEA. Four of the trustees are nominated by the PIOB and two are nominated by IFAC.

The objective of IFEA 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.

#### Establishment of Standard-Setting within IFEA

With effect on January 1, 2023, the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) were dissolved as committees of IFAC, reconstituted as standard setting boards within IFEA, and eligible employees were transferred from IFAC to IFEA.

#### Funding Arrangements

In December 2022, the Funding Framework Agreement between IFAC and IFEA was signed.

For 2023, IFAC provided \$18,900,000 to IFEA pursuant to the Funding Framework Agreement. IFAC made the first quarter contribution for 2023 to IFEA in December 2022, in the amount of \$4,725,000; this was recorded as a contribution received in 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

---

<sup>1</sup> The Monitoring Group is a group of international financial institutions and regulatory bodies committed to advancing the public interest in areas related to international audit standard setting and audit quality.

## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

payable to IFEA for the fourth quarter contribution for 2023, including the final quarterly payment and other employee related costs.

In addition, IFAC provides infrastructure support to IFEA through a Service Level Agreement (SLA) (see Note 4). For the years periods ended December 31, 2023, and 2022, IFEA recognized expenses from the SLA in the amount of \$3,587,992 and \$0, respectively. At December 31, 2023 and 2022, amounts of \$5,908,082 and \$248,272, respectively, were payable from IFEA for the SLA services and other operational expenses incurred on behalf of IFEA, including employee, travel and meetings and legal costs incurred with respect to the establishment of the entity.

### *Future Funding Goals*

Per the Funding Framework Agreement, for the calendar year 2024, IFAC will provide cash contributions in the amount of \$19,320,000. The 2024 contributions will be comprised of \$13,360,000 from IFAC and an additional \$5,960,000 of funding to IFAC from the Forum of Firms. This funding agreement proposes a cash contribution from IFAC to IFEA of approximately \$20,500,000 for each of the calendar years 2025 and 2026, subject to IFEA's anticipated revenue sources and financial forecasts for those years. The final amounts of such cash contributions for 2025 and 2026 will be determined and agreed by IFEA and IFAC in writing on or before October 31, 2024 and 2025, respectively, and is subject to approval of IFAC's annual budget by the IFAC Board and Council.

Sufficient, diversified and long-term financial resources foster the independence and continuity of the standard-setting activities. IFEA'S goal is to receive increasing contributions from outside the accounting profession.

### **Basis of Preparation**

These are IFEA's first financial statements and have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis unless otherwise stated in the accounting policies, with the exception of financial assets and financial liabilities measured at fair value. Assets acquired and liabilities assumed are measured at their acquisition fair values.

The financial statements are presented in United States dollars, the functional and reporting currency of IFEA. They have been prepared under the assumption IFEA operates on a going concern basis, which assumes IFEA will be able to discharge its liabilities as they fall due.

As disclosed in Note 11, there have been no events since December 31, 2023 that required an adjustment to the financial statements.

### **Current period and future changes to the accounting policies**

IFEA has concluded that no issued but as yet unapplied IFRS accounting standards or IFRS Interpretations Committee interpretations will have a material financial effect on the financial statements. The impact of the issued, but not effective, standards is in the process of being assessed.

### **Judgments and Estimates**

The preparation of financial statements in accordance with IFRS 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 and expenses to accounting periods.



## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

There are no other significant judgments or estimates that require separate disclosure beyond those disclosed in Note 5.

### **Revenue Recognition**

Revenue, including contributed 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.

### **Interest Income**

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

### **Services In-Kind**

Many members of the IAASB and IESBA serve in a voluntary capacity. In addition, some organizations provide secondees to IFEA without compensation. IFEA does not recognize these services in the financial statements as their value cannot be reliably measured.

### **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, for employees in the US, must be used within each calendar year. Annual paid time off for employees located in other jurisdictions is managed in accordance with local regulations.

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

### **Impairment**

IFEA reviews the carrying amounts of its assets to determine if there is an 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 comprehensive income (loss) in the period the impairment is incurred. There was no impairment recognized in 2022 or 2023.

### **Financial Instruments**

Financial instruments include cash and cash equivalents, contributions receivable, other receivables 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.

Contributions 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.

## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

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.

Financial assets are de-recognized when the contractual right to the cash flows from the financial asset expires or when the contractual rights to those assets are transferred. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

### **Taxation**

As described earlier, IFEA has received an exemption from the US Internal Revenue Service from federal income taxes. IFEA is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose, including on any net investment income.

### **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. The Trustees continue to monitor IFEA's foreign exchange risk at least on an annual basis.

## **2. Contributed Revenue**

IFEA recognizes contributions when they are received or when there is reasonable certainty that they will be received. Contributions are initially recorded as deferred revenue and recognized as revenue in the period designated by the funding provider. Contributions that have been received but are designated for use after the reporting date, are deferred and recognized as contributions received in advance. As at year end \$0 (2022: \$4.725 million) of contributions received are deferred. Contributions received after the reporting date but designated for use in the reporting period are recognized as income and as contributions receivable. As at year end \$4.725 million (2022: \$0) is included within contributions receivable.

Unless specified otherwise, contributions received are for general use by IFEA. The contributions received from IFAC included funding from the Forum of Firms for operating costs of the SSBs other than SSB board member remuneration.

For the 2023 year, all contributions were in U.S. Dollars and were received from IFAC pursuant to the Funding Framework Agreement (see Note 1 and 8).

## **3. Standard-Setting Boards Costs**

### **Expenses by Function**

IFEA management direct the organization's activities, and therefore costs, with reference to the activities needed to deliver the SSB's strategy and work plans. Costs are allocated to the activity that best fits the primary purpose of the expenditure, as explained below:

- Project Delivery – Standards development activities in delivering the SSBs' strategies and work plans. Encompasses the costs of SSB technical staff, staff and member travel and meeting cost for project task forces, and other project-specific costs.

## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

- Board and program management –SSB Chair and senior staff costs for ongoing board and program management. Includes periodic and ongoing organization expenses for this purpose, including ongoing staff recruitment, staff training and development costs.
- Board and advisory group operations –Direct costs associated with SSB quarterly plenary meetings, including related staff travel, member stipends and related travel to plenary meetings, where eligible, Consultative Advisory Group and National Standard-Setters liaison travel and meeting costs, and administrative staff resources.
- Outreach and engagement – Travel and meeting costs directed at stakeholder outreach, and roundtables or public hearings as needed, in delivering the SSBs' strategies and work plans.
- Other technical costs– Budget supports office expenses such as telephony, stationery, promotional activities and printing costs.

Corporate service costs, including the costs incurred in relation to the service level agreement, are not allocated to specific activity areas.

## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

### Expenses by Nature

In addition to managing the expenses by the associated activity, management also monitor the expenses by the type of expenditure. For 2023 and 2022, this comprised:

	<b>For the Year Ended December 31, 2023</b>	<b>For the Period from Inception to December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Human capital and related expenses	9,327,689	-
Travel expenses	1,829,177	-
Meetings expenses	195,424	-
SSB office expenses	42,209	-
SLA costs	3,587,992	-
Professional fees	61,346	6,000
Legal fees	51,015	-
Audit fee	67,275	-
One-time, non-recurring reimbursement to the PIOB of travel and associated costs for uninterrupted continuation of public interest observation in support of SSB program during transitional period	130,000	-
Reimbursement of legal costs, paid by the PIOB on behalf of the Members of the Foundation, pertaining to the establishment of the IFEA legal entity	-	131,771
Foreign Exchange Loss, net	16,476	-
Other costs	155,130	6,500
<b>Total</b>	<b>15,463,733</b>	<b>144,271</b>

### Human Capital and Related Expenses

Of the total SSB costs, the majority are associated with the standard setting boards are staff salaries, related benefits, and consultants. The average number of employees in 2023, including renumerated secondees, was 24. The average number of consultants was 2. There were no staff or consultants employed by IFEA during 2022.

	<b>For the Year Ended December 31, 2023</b>	<b>For the Period from Inception to December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Compensation expenses	6,864,392	-
Payroll taxes and benefits	1,430,036	-
Retirement benefits (see Note 7)	428,287	-
Temporary Staff	2,730	-
Consultants	252,762	-
Total employee compensation and related expenses	8,978,207	-
Fees paid to professional employer organization	143,673	
Recruitment and relocation	134,994	
Learning and development	60,380	
Dues and memberships	10,435	
Total other human capital related expenses	349,482	
Total human capital and related expenses	9,327,689	

Included in compensation expenses are the following employee entitlements:

	<b>For the Year Ended December 31, 2023</b>	<b>For the Period from Inception to December 31, 2022</b>
	<b>\$</b>	<b>\$</b>
Performance based remuneration	536,037	-
Accrued salary and benefit costs	47,330	-
	583,367	-

#### 4. Corporate Services

In December 2022, IFEA and IFAC signed a Service Level Agreement (SLA) for IFAC to provide infrastructure support in the form of Human Capital, Operations and Occupancy, Communications, Intellectual Property and Finance services. The agreement covers the period from 2023 to 2028 and is automatically renewed on an annual basis unless terminated. The costs of services provided under the contract are reimbursed to IFAC from IFEA on an actual cost basis. The SLA expenses for 2023 totaled \$3,587,992 (2022 period: \$0).

## 5. Financial Risk Factors

IFEA is exposed to various financial risks, including liquidity risk, credit risk, and currency 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 IFAC accounted for all contributed revenue. IFEA manages its working capital to ensure sufficient cash resources are maintained to meet its liabilities when due under normal and stressed conditions, without incurring unacceptable losses or risking damage to IFEA's reputation. IFEA also manages working capital through the contractually agreed schedule of quarterly payments of contributed revenue from IFAC under the Funding Framework Agreement (see Note 1). IFEA has no borrowings other than a revolving credit card facility.

### Concentration of credit risk

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

- Holding bank balances with high-quality credit institutions; and
- Maintaining credit control procedures over accounts receivable.

At times, IFEA's cash and cash equivalents may exceed federally insured limits. At December 31, 2023, and December 31, 2022, substantially all IFEA's cash and cash equivalents were held with one financial institution.

### Currency risk

IFEA holds bank accounts in U.S. Dollars only. IFEA incurs currency risk, as a result of the translating US dollars to foreign currency amounts at exchange rates at the date of the transactions. Foreign exchange gains and losses included in the accompanying statement of financial performance consist of realized gains and losses as follows (see Note 3):

	<b>For the Year Ended December 31, 2023</b>	<b>For the Period from Inception to December 31, 2022</b>
	\$	\$
Realized gain	727	-
<b>Total foreign exchange gain</b>	<b>727</b>	<b>-</b>
Realized loss	17,203	-
<b>Total foreign exchange loss</b>	<b>17,203</b>	<b>-</b>
<b>Total foreign exchange loss</b>	<b>16,476</b>	<b>-</b>

### Fair values

At December 31, 2023 and 2022, the carrying amounts for all financial instruments held by IFEA 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.

**6. Finance Income and Finance Costs**

<b>Finance income</b>	<b>For the Year Ended December 31, 2023</b>	<b>For the Period from Inception to December 31, 2022</b>
	\$	\$
Interest income	6,558	-
	<b>6,558</b>	<b>-</b>

**7. Retirement Benefit Plans**

**Defined Contribution Plans**

IFEA maintains a defined contribution plan for all employees based in the United States.

For US-based employees, IFEA 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 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. Contributions recognized as an expense totaled \$365,798 in 2023 (2022 period: \$0).

In the case of full-time employees based in other jurisdictions, IFEA contributes an amount established under relevant jurisdictions. The contributions recognized as an expense totaled \$62,489 in 2023 (2022: \$0).

These expenses are included in employee compensation and related expenses in the statement of financial performance (Note 3).

**8. Related Parties**

**Trustees**

IFEA’s management and governance is overseen by the Trustees of IFEA, including approving the appointment of auditors and the issuance of financial statements. The Trustees met three times during the year. The Trustees are each eligible to receive a meeting fee of \$425 for meetings of less than four hours, and \$850 for longer meetings, although some choose to waive the fees. Trustee fees for 2023 totaled \$2,125 (2022: \$850). All Trustee meetings were held virtually.

## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

Trustees serving during 2023 comprised:

	<b>Date Appointed</b>	<b>Date Resigned</b>
Linda de Beer	10/17/2022	
Gonzalo Ramos	10/17/2022	7/17/2023
Michael Hafeman	10/17/2022	7/17/2023
Robert Buchanan	10/17/2022	
Alan Johnson	10/17/2022	3/23/2023
Kevin Dancey	10/17/2022	3/5/2024
Asmâa Resmouki	3/23/2023	
Sandra Peters	7/17/2023	
Dave Sullivan	7/17/2023	

Mr. Dancey was replaced by Mr. Lee White as a trustee on March 5, 2024.

### **Key Management Personnel**

Key management personnel comprise the SSB Chairs, who also serve as Co-Chief Executive Officers of IFEA ("SSB Chairs-Co-CEOs"), the Managing Director of IFEA, who also serves as Secretary and Treasurer of IFEA, and other executives occupying key positions in fulfilling the standards-setting mandate of IFEA.

Under the Bylaws, the SSB Chairs-Co-CEOs report primarily to the PIOB in respect of the execution of their SSB strategies and work plans, and the use of resources in executing those plans. The SSB Chairs-Co-CEOs report to both the PIOB and the IFEA Trustees on their overall management and operation of IFEA. The PIOB is responsible for recommending the compensation of the SSB Chairs-Co-CEOs to the IFEA Trustees for approval. The SSB Chairs-Co-CEOs compensation has been determined based on their dual roles, relevant factors of each board, and the full-cost of employment in their country of residence. The full-cost of employment to IFEA is used as the SSB Chairs-Co-CEOs are based in different countries that have differing regimes for employment relationships and benefits, such as medical and pension arrangements and local employment taxes normally borne by the employer. The PIOB and IFEA Trustees review these compensation arrangements annually and upon re-appointment of the SSB Chairs-Co-CEOs.

The SSB Chairs-Co-CEOs determine the compensation of all other key management personnel.

No compensation was paid by IFEA for the period from inception to December 31, 2022.

The total cost of employment of the SSB Chairs-Co-CEOs and other key management personnel for 2023, the first year in which they were employees of IFEA, are as follows:



## IFEA 2023 AND 2022 FINANCIAL STATEMENTS

	Short-Term Employee Benefits	Post- Employment Benefits	Total Cost of Employment
	\$	\$	\$
Gabriela Figueiredo Dias (IESBA Chair, Co-CEO)*	662,638	70,336	732,974
Thomas Seidenstein (IAASB Chair, Co-CEO) ^	763,853	37,838	801,691
James Gunn (Managing Director, Treasurer, Secretary) ^	636,538	55,629	692,167
Ken Siong (IESBA Senior Program and Technical Director) ^	468,365	39,799	508,164
Willem Botha (IAASB Program and Technical Director) ^	424,106	38,416	462,522
Brett James (Chief of Operations) ^	363,383	35,565	398,948
	3,318,883	277,583	3,596,466

\* According to Portuguese law, IFEA is legally required to pay 23.75% in addition to salary for public social security contributions for Ms. Dias, covering mandatory public health and pension systems. These social security contributions have been allocated between short term and post-employment benefits in the table above.

^ According to US federal and state laws, IFEA is required to pay various social security and employment related taxes for US-based personnel. IFEA also makes payments for health insurance and defined contribution retirement plans. These payments, combined, result in an average cost for US employees of 23.8% and are included in the table above.

### International Federation of Accountants

IFEA 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 IFEA have entered into a Service Level Agreement whereby IFAC will provide certain corporate support services at cost to IFEA beginning in January 1, 2023. Transactions with IFAC are described in Notes 1, 2 and 4.

At the end of 2023, \$344,068 is receivable from IFAC. This includes balances due relating to reimbursement of \$208,554 in compensation costs for one-time transitional management support provided by IFEA employees to the International Public Sector Accounting Standards Board, reimbursement of \$121,021 for 2022 bonuses paid by IFEA in respect of employees transferred from IFAC on January 1, 2023 and other costs of \$14,492. These amounts are recorded in the Statement of Financial Position as other receivables.

### Public Interest Oversight Board

The PIOB has oversight of the standard-setting activities of the IAASB and the IESBA, as detailed in IFEA's Bylaws. The PIOB is also responsible for selecting members of the IAASB and the IESBA and appointing the Chairs of the Standard-Setting Boards. Transactions with the PIOB are described in Note 3.

## 9. Commitments and Contingencies

At December 31, 2023, IFEA had no outstanding commitments other than the obligations related to the service level agreement identified in Notes 1 and 4.

## 10. Reconciliation of Net Income to Operating Cash Flows

	<b>For the Year Ended December 31, 2023</b>	<b>For the Period from Inception to December 31, 2022</b>
	\$	\$
Net surplus for the year	\$2,830,817	(\$144,271)
Contributions receivable	(4,725,000)	
Receivables from non-exchange transactions		-
Payable to IFAC	5,659,810	248,272
Other receivables	(344,068)	
Contributions received in advance	(4,725,000)	4,725,000
Prepaid expenses	(22,247)	(51,732)
Advances and deposits	29,774	(141,791)
Accounts payable and accrued expenses	413,278	8,015
Employee entitlements	583,367	-
<b>Net cash (outflow) inflow from operating activities</b>	<b>(\$299,269)</b>	<b>\$4,643,493</b>

## 11. Events after the reporting period

There have been no events since December 31, 2023 that required an adjustment to the financial statements, nor any material non-adjusting events.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
International Foundation for Ethics and Audit

### Opinion

We have audited the financial statements of the International Foundation for Ethics and Audit (the "Foundation"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of comprehensive income (loss), changes in retained surplus (deficit), and cash flows for the year ended December 31, 2023 and the period from October 17, 2022 (Inception) to December 31, 2022 and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and of its financial performance and its cash flows for the year ended December 31, 2023 and the period from Inception to December 31, 2022 in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Foundation 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 the United States of America, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### 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 IFRSs as issued by the International Accounting Standards Board, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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.

*Berkowitz Pollack & Bant*

Fort Lauderdale, Florida  
August 30, 2024