Approved by the Board of Trustees of the International Foundation for Ethics and Audit on June 26, 2026

International Foundation for Ethics and Audit®

2025 and 2024 Financial Statements

IFEA™

International Foundation for Ethics and Audit

CONTENTS

Statement of Comprehensive Income

For the years ended December 31, 2025 and December 31, 2024

Amounts in U.S. Dollars

	Note	2025 $	2024 $
Income			
Contributed revenue	2, 8	17,200,000	19,303,915
Other revenue		53,448	4,993
		17,253,448	**19,308,908**
Operating expenses			
Standard-Setting Boards (SSB) costs	3		
Project delivery costs		(8,118,549)	(7,321,957)
Board and program management		(3,797,478)	(3,692,816)
Board and advisory group operations		(1,495,404)	(1,529,115)
Outreach and engagement		(547,755)	(466,996)
Other technical costs		(64,172)	(63,033)
Total SSB costs		(14,023,358)	(13,073,917)
Corporate services	4	(3,656,359)	(3,745,304)
Grant to Public Interest Oversight Board	8	(582,339)	-
		(18,262,056)	**(16,819,221)**
Net operating (loss) income		**(1,008,608)**	**2,489,687**
Interest income	5, 6	106,033	70,172
(Loss) Income before tax		(902,575)	2,559,859
Net Investment Income Tax		(1,500)	(1,600)
Net (loss) income for the year after tax		**(904,075)**	**2,558,259**
Other comprehensive income (OCI)			
OCI, net		-	-
Comprehensive (loss) income for the year		**(904,075)**	**2,558,259**

See accompanying notes to financial statements.

Statement of Changes in Retained Surplus

For the years ended December 31, 2025 and December 31, 2024

Amounts in U.S. Dollars

	2025 $	2024 $
Retained surplus at the beginning of the year	**5,244,805**	**2,686,546**
Comprehensive (loss) income for the year	(904,075)	2,558,259
Retained surplus at the end of the year	**4,340,730**	**5,244,805**

See accompanying notes to financial statements.

Statement of Financial Position

As of December 31, 2025 and December 31, 2024

Amounts in U.S. Dollars

	Note	2025 $	2024 $
Assets			
Current assets			
Prepaid expenses		254,717	69,804
Other receivables	8	1,295	26,734
Advances and deposits		18,545	70,746
Cash and cash equivalents	5	6,427,488	7,551,977
Total current assets		**6,702,045**	**7,719,261**
Total assets		**6,702,045**	**7,719,261**
Liabilities	9		
Current liabilities			
Payable to the International Federation of Accountants (IFAC)	2, 8	1,097,491	1,425,131
Accrued salary and benefits		785,663	656,331
Accrued expenses		177,713	84,100
Other payables		300,448	308,894
Total current liabilities		**2,361,315**	**2,474,456**
Total liabilities		**2,361,315**	**2,474,456**
Retained surplus ***(Net Assets)***		**4,340,730**	**5,244,805**
Total liabilities and retained surplus		**6,702,045**	**7,719,261**

See accompanying notes to financial statements.

Statement of Cash Flows

For the years ended December 31, 2025 and December 31, 2024

Amounts in U.S. Dollars

	Note	2025 $	2024 $
Cash flows from operating activities			
Cash was provided from:			
Contributions		17,200,000	19,303,915
Interest income		106,033	70,172
Other revenue		44,617	2,500
		17,350,650	19,376,587
Cash was applied to:			
Standard Setting Board Costs		(13,887,134)	(10,901,478)
Corporate Services		(4,005,666)	(5,267,356)
Grant to Public Interest Oversight Board		(582,339)	-
		(18,475,139)	(16,168,834)
Net cash (outflow) inflow from operating activities	10	**(1,124,489)**	**3,207,753**
Net (decrease) increase in cash and cash equivalents		**(1,124,489)**	**3,207,753**
Cash and cash equivalents at beginning of year		7,551,977	4,344,224
Balance of cash and cash equivalents at end of year		**6,427,488**	**7,551,977**

See accompanying notes to financial statements.

Notes to the Financial Statements

For the years ended December 31, 2025 and December 31, 2024

Amounts in U.S. Dollars

The financial statements of International Foundation for Ethics and Audit® (IFEA®) were approved for issue by the Board of Trustees on June 26, 2026.

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 570 Lexington 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[1] paper, *Strengthening the International Audit and Ethics Standard-Setting System*.

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.

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 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.

The members of IFEA and the Trustees are committed to achieving the objectives of the recommendations of the Monitoring Group and to their further evolution. Beginning in 2025 and continuing into 2026, the Trustees, along with the Monitoring Group and the PIOB, engaged targeted stakeholders about their perspectives on the international standards-setting system. On May 15, 2026, IFEA and the PIOB submitted to the Monitoring Group potential actions they intend to pursue to strengthen the current system, and a list of identified options to enhance the standard-setting system to assist Monitoring Group considerations.

[1] 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.

1. **Accounting Policies**

Basis of Preparation

These financial statements 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 during the 12-month period ending December 31, 2026.

As disclosed in Note 11, there have been no events since December 31, 2025, that required an adjustment to the financial statements.

Current Period and Future Changes to the Accounting Policies

In April 2024, IFRS 18*, Presentation and Disclosure in Financial Statements,* was issued, effective for annual reporting periods beginning on or after 1 January 2027. It includes many of the requirements in IAS 1, *Presentation of Financial Statements*, but introduces new requirements, including:

- Two defined subtotals in the statement of profit or loss: operating profit, and profit or loss before financing and income taxes. For the Foundation, operating profit is expected to be broadly consistent with the current presentation of net operating income within the statement of comprehensive income.
- The classification of income and expenses into five categories
- Additional principles relating to the aggregation and disaggregation of information in both the primary financial statements and the accompanying notes.

IFEA does not expect IFRS 18 to affect the recognition or measurement of income or expenses. However, it will result in changes to the presentation and structure of some line items within the statement of comprehensive income and related disclosures. IFEA is currently assessing the detailed presentation and disclosure implications of IFRS 18. Adoption is expected in accordance with its effective date.

IFEA has concluded that no other issued but as yet unapplied IFRS accounting standards or IFRS Interpretations Committee interpretations will have a material financial effect on the financial statements.

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.

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

Revenue Recognition

IFRS Accounting Standards do not contain explicit requirements for philanthropic grant contributions. Management applies IAS 8, *Basis of Preparation of Financial Statements,* in selecting an accounting policy and accounts for contributions by analogy to IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

Contributions are recognized as income in the period designated by the funding provider when IFEA has an enforceable entitlement to the funding and the amount can be measured reliably. Contributions received for use after the reporting date, or before applicable grant conditions are met, are deferred as contributions received in advance. Contributions designated for the reporting period but received after year end are recognized as contributions receivable.

Unconditional contributions are recognized in the period designated by the funding provider when IFEA is entitled to the funding. Conditional grants are recognized only when there is reasonable assurance that IFEA will comply with the related conditions and the funding will be received, and are recognized systematically over the periods in which the related costs are recognized or conditions are satisfied. Amounts received before the designated period or before conditions are satisfied are deferred.

At December 31, 2025, no contributions were received in advance or receivable (2024: Nil and Nil).

Interest Income

Interest income is presented separately from contribution revenue and recognized in accordance with the financial instruments / finance income policy.

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.

Prepaid Expenses

Prepaid expenses represent payments made before the related goods or services are received. Prepaid expenses are measured at cost and recognized as expenses on a systematic basis over the period in which the related benefit is received. Amounts expected to be realized or consumed within 12 months after the reporting date are classified as current assets; any portion expected to be realized or consumed after more than 12 months is classified as non-current or disclosed separately.

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 in the period the impairment is incurred. There was no impairment recognized in 2024 or 2025.

Financial Instruments

Financial assets and financial liabilities are recognized when IFEA becomes a party to the contractual provisions of the instrument. Cash and cash equivalents, contributions receivable and other receivables are measured at amortized cost because they are held to collect contractual cash flows. Their carrying amounts approximate fair value due to their short-term nature. Financial liabilities, including accounts payable and other payables, are initially measured at fair value and subsequently measured at amortized cost when the effect of discounting is material. Subsequently the financial liabilities are measured at amortized cost.

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

IFEA recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost in accordance with IFRS 9, *Financial Instruments*. For contribution receivables and other receivables within the simplified approach scope, the allowance is measured at lifetime expected credit losses using historical credit-loss experience adjusted for current conditions and reasonable and supportable forward-looking information. Receivables are written off when there is no reasonable expectation of recovery. At December 31, 2025 and 2024, expected credit losses were Nil.

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

2. Contributed Revenue

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.

Funding Arrangements With IFAC

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

For the years ended December 31, 2025, and 2024, IFAC provided $17,200,000 and $18,971,494 respectively, to IFEA pursuant to the Funding Framework Agreement. On December 31, 2025, Nil (December 31, 2024: $19,693) is payable to IFEA.

In addition, IFAC provides infrastructure and operations support to IFEA through a Service Level Agreement (SLA) (see Note 4). For the years ended December 31, 2025, and 2024, IFEA recognized expenses from the SLA in the amount of $3,319,817 and $3,471,494, respectively. On December 31, 2025, and 2024, amounts of $1,097,491 and $1,425,131, 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.

Other Contributors

In 2024, IFEA received funding of $332,421 (2025: Nil) from the Australian Department of the Treasury in accordance with a grant agreement. The grant was for developing and promoting international auditing and assurance standards in relation to sustainability, with a particular focus on strengthening the capacity of the IAASB to effectively implement those standards and capacity building work to prepare market participants and regulators for engaging with the standards issued by the IAASB. This was recognized as revenue as follows:

	For the Year Ended December 31, 2025	**For the Year Ended December 31, 2024**
Australian Department of the Treasury	-	332,421
Total grant funding	**-**	**332,421**
Applied to IAASB sustainability project		
Staff costs	-	332,421
Total expenses related to grant	**-**	**332,421**

Other Revenue

Other revenue includes $48,730 of support from Ordem dos Contabilistas Certificados for the IESBA's September 2025 board meeting and public conference in Lisbon, Portugal (2024: Nil).

Future Funding Goals

For the calendar year 2026, IFAC will provide cash contributions in the amount of approximately $17 million.

For the calendar year 2027, the IFEA and IFAC intend, based on IFEA's anticipated revenue sources and financial forecasts, for the funding to be similar to current funding levels. The final amounts of such cash contributions will be determined and agreed by IFEA and IFAC in writing on or before October 31, 2026, 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. Consistent with the Monitoring Group's recommendations, the goal of the membership bodies of IFEA is to receive increasing contributions from outside the accounting profession.

For the years ended December 31, 2025, and 2024, all IFAC contributions were in U.S. Dollars.

3. **Standard-Setting Boards Costs**

Expenses by Function

IFEA management directs 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.
- 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, Stakeholder Advisory Council and Jurisdictional 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.

Expenses by Nature

In addition to managing the expenses by the associated activity, management also monitors the expenses by the type of expenditure. Expenses that can be directly identified with a department are charged accordingly, while shared expenses are allocated between the departments based on estimates of time, departmental assignments, and other reasonable allocation methods. In 2025, management adjusted the allocation of certain administration expenses between the SSBs and adjusted the 2024 allocations for consistency.

For years ended December 31, 2025 and 2024, the expenses by nature comprised:

	2025			2024		
	IAASB $	IESBA $	**Total** **$**	IAASB $	IESBA $	**Total** **$**
Human capital and related expenses	6,383,492	5,881,663	**12,265,155**	5,974,515	5,119,772	**11,094,287**
Travel expenses	635,757	805,693	**1,441,450**	875,437	817,835	**1,693,272**
Meetings expenses	107,127	145,454	**252,581**	123,826	99,499	**223,325**
SSB office expenses	19,799	44,373	**64,172**	34,467	28,566	**63,033**
Total SSB expenses	**7,146,175**	**6,877,183**	**14,023,358**	**7,008,245**	**6,065,672**	**13,073,917**
SLA costs			**3,319,817**			**3,471,494**
Professional fees			**1,573**			**5,454**
Legal fees			**83,255**			**60,986**
Audit fee			**62,250**			**70,114**
Foreign Exchange Loss, net			**54,107**			**32,462**
Grant to PIOB			**582,339**			**-**
Other costs			**135,357**	-	-	**104,794**
Total Expenses	-	-	**18,262,056**	-	-	**16,819,221**

Note:

- The SSBs operate a program of international meetings, once each every second year. In 2024, IAASB met in Madrid, Spain and IESBA met in Lisbon, Portugal in 2025.

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 2025 was 34 (2024: 32).

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
	$	$
Compensation expenses	9,008,994	7,985,154
Payroll taxes and benefits	1,950,402	1,630,274
Retirement benefits (see Note 7)	564,612	515,652
Temporary Staff	-	17,000
Consultants	314,652	429,318
Other Employee Related Costs	426,495	516,889
Total human capital and related expenses	12,265,155	11,094,287

Included in compensation expenses are the following employee entitlements:

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
	$	$
Performance based remuneration	707,163	653,342
Accrued paid time off	62,036	-
Accrued salary and benefit costs	16,464	2,989
	785,663	656,331

4. Corporate Services

In December 2022, IFEA and IFAC signed a Service Level Agreement (SLA) for IFAC to provide infrastructure and operations 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 the year ended December 31, 2025 totaled $3,319,817 (2024: $3,471,494).

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, 2025 and 2024, funding from IFAC accounted for the majority of 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 2). IFEA has no borrowings other than a revolving credit card facility.

Credit risk

IFEA's credit risk arises primarily from cash and cash equivalents held with high-quality financial institutions and, where applicable, contributions receivable and other receivables. Management assesses expected credit losses on financial assets measured at amortized cost at each reporting date. Based on the year-end receivable profile, historical credit-loss experience, current conditions and reasonable and supportable forward-looking information, the expected credit loss allowance at December 31, 2025 and 2024 was Nil.

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. On December 31, 2025, and December 31, 2024, 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 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 comprehensive income consist of realized gains and losses as follows:

	For the Year Ended December 31, 2025 $	For the Year Ended December 31, 2024 $
Realized gain	8,831	2,493
Total foreign exchange gain	**8,831**	**2,493**
Realized loss	62,938	34,955
Total foreign exchange loss	**62,938**	**34,955**

Fair values

At December 31, 2025 and 2024, 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

Finance income	For the Year Ended December 31, 2025 $	For the Year Ended December 31, 2024 $
Interest income	106,033	70,172

7. Retirement Benefit Plans

Defined Contribution Plans

IFEA maintains a defined contribution plan for all employees based in the United States. Until November 2024, IFEA participated in a multi-employer plan with IFAC. In November 2024, IFEA commenced operating its own defined contribution plan and exited the previous multi-employer plan.

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 $501,447 in the year ended December 31, 2025 (2024: $451,900).

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 $63,165 in 2025 (2024: $63,752).

These expenses are included in employee compensation and related expenses in the Statement of Comprehensive Income (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 2025 totaled $5,950 (2024: $4,675). All Trustee meetings were held virtually.

Trustees serving during 2025 comprised:

	Date Appointed	Date Resigned
Tshegofatso B. Modise	7/23/2025	
Linda de Beer	10/17/2022	9/30/2025
Robert Buchanan	10/17/2022	7/22/2025
Dave Sullivan	7/17/2023	
Lee White	3/5/2024	
Martin Manuzi	9/1/2024	
Jean Bouquot	12/3/2024	
Mark Smith	12/15/2025	

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.

The total cost of employment for IFEA of the SSB Chairs-Co-CEOs and other key management personnel for the year ended December 31, 2025, inclusive of salary, employer-borne taxes and benefits, was as follows:

	Short-Term Employee Benefits	**Post-Employment Benefits**	**Total Cost of Employment**
	$	**$**	**$**
Gabriela Figueiredo Dias (IESBA Chair, Co-CEO)*	758,633	80,774	839,407
Thomas Seidenstein (IAASB Chair, Co-CEO) ^	816,005	40,406	856,411
James Gunn (Managing Director, Treasurer, Secretary) ^	658,102	64,922	723,024
Ken Siong (IESBA Program and Senior Director) ^	504,402	43,320	547,722
Willem Botha (IAASB Senior Program and Senior Director) ^	470,462	42,837	513,299
Brett James (Chief of Operations) ^	383,042	38,384	421,426
	3,590,646	310,643	3,901,289

* 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 23.6% and are included in the table above.

The total cost of employment of the SSB Chairs-Co-CEOs and other key management personnel for the year ended December 31, 2024, was as follows:

	Short-Term Employee Benefits	Post-Employment Benefits	Total Cost of Employment
	$	$	$
Gabriela Figueiredo Dias (IESBA Chair, Co-CEO)*	689,907	73,324	763,231
Thomas Seidenstein (IAASB Chair, Co-CEO) ^	810,054	39,399	849,453
James Gunn (Managing Director, Treasurer, Secretary) ^	656,523	59,083	715,606
Ken Siong (IESBA Senior Program and Technical Director) ^	489,185	42,247	531,432
Willem Botha (IAASB Senior Program and Technical Director) ^	446,125	40,797	486,922
Brett James (Chief of Operations) ^	374,925	37,359	412,284
	3,466,719	292,209	3,758,928

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 on January 1, 2023. Transactions with IFAC are described in Notes 2 and 4.

At the end of 2025 Nil (2024: $19,693) is receivable from IFAC.

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.

Indemnification Agreement

IFEA has entered into an indemnification agreement ("the agreement") with the PIOB, under which IFEA has agreed to provide financial support in connection with a potential dissolution or liquidation of the PIOB. The indemnification will expire on July 1, 2026.

Under the terms of the agreement, IFEA may be required to provide financial support to the PIOB for any deficiency arising on liquidation, defined as the excess of PIOB's liabilities over its assets, to the extent that such deficiency would otherwise result in personal liability for members of PIOB's "Patronato" (governing body) under applicable law. The indemnification is capped at a maximum amount of €1,000,000.

IFEA's obligation would be triggered only upon the occurrence of specified events, including a formal decision to liquidate the PIOB, commencement of liquidation procedures in accordance with applicable law, and the determination of a final liquidation balance sheet by an appointed liquidator.

At the reporting date, no such triggering events have occurred, and management has assessed that the likelihood of an outflow of economic resources under the indemnity is not probable. Accordingly, no provision has been recognized in the financial statements.

Management will continue to monitor developments relating to the PIOB and will reassess the need for recognition of a provision at each reporting date.

Grants to the PIOB

In September 2025, IFEA entered into an agreement with the PIOB to provide a grant of $582,339 (€500,000), for working capital purposes. The intention of this grant was to allow the PIOB to continue its mandate for 2025 without the undue and untimely need to trigger liquidation because of a lack of funding. Another benefit of the grant is to allow an orderly transition of the PIOB and the IFEA into an enhanced and simplified standard setting structure, if determined necessary. The grant was conditional on the PIOB's compliance with the terms of the agreement, including preparing jointly with IFEA a plan on the enhancement of the efficiency and simplification of the current standard-setting structure. The grant was paid to the PIOB in September 2025. In December 2025, it was agreed that the PIOB had done all within its power to satisfy the conditions and that the grant monies would not have to be returned. Accordingly, the grant is included in the Statement of Comprehensive Income for 2025.

In December 2025, IFEA entered into a second agreement with the PIOB to provide a further grant of up to $881,250 (€750,000) in 2026 with the intention of allowing the PIOB to continue its mandate through December 31, 2026. Based on a statement of forecasted revenue and expenditure through December 2026 that was provided by the PIOB in accordance with the terms of the agreement, the maximum amount of €750,000 was paid to the PIOB in June 2026. The grant amount will be included in the Statement of Comprehensive Income for 2026.

9. Commitments and Contingencies

At December 31, 2025, IFEA had no outstanding commitments or contingencies other than the obligations related to the service level agreement identified in Notes 2 and 4 and the indemnification agreement and grants disclosed in Note 8.

10. Reconciliation of Net Income to Operating Cash Flows

	For the Year Ended December 31, 2025 $	**For the Year Ended December 31, 2024** $
Net (deficit) surplus for the year	(904,075)	2,558,258
Contributions receivable	-	4,725,000
Payable to IFAC	(327,640)	(4,482,952)
Other receivables	25,439	317,334
Prepaid expenses	(184,913)	4,175
Advances and deposits	52,201	41,271
Accounts payable and accrued expenses	85,167	(28,297)
Employee entitlements	129,332	72,964
Net cash (outflow) inflow from operating activities	**(1,124,489)**	**3,207,753**

11. Events after the reporting period

There have been no events since December 31, 2025, that required an adjustment to the financial statements.

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, 2025, and the related statements of comprehensive income, changes in retained surplus, and cash flows for the year then ended 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, 2025, and of its financial performance and its cash flows for the years then ended 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Prior Period Financial Statements

The financial statements of the Foundation as of December 31, 2024 were audited by other auditors whose report dated July 28, 2025, expressed an unmodified opinion on those statements.

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.
- 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.

Baker Tilly US, LLP

Fort Lauderdale, Florida
June 26, 2026