

Approved by the IFAC Board on  
March 4, 2022

*International Federation of Accountants®*

---

## 2021 Financial Statements





This document was approved in March 2022 by the Board of the International Federation of Accountants® (IFAC®).

Copyright © March 2022 by the International Federation of Accountants® (IFAC®). For copyright, trademark, and permissions information, please see page 29.

# 2021 FINANCIAL STATEMENTS

## CONTENTS

---

	Page
Statement of Financial Performance.....	4
Statement of Changes in Net Assets/Equity .....	5
Statement of Financial Position.....	6
Statement of Cash Flows .....	7
Statement of Accounting Policies .....	8
Notes to the Financial Statements .....	12
Independent Auditor's Report .....	28

---

IFAC 2021 FINANCIAL STATEMENTS

**Statement of Financial Performance**

**For the year ended December 31, 2021**

Amounts in U.S. Dollars	Note	2021	2020
<b>Revenue</b>			
<i>From exchange transactions:</i>			
Membership dues, net		\$18,148,000	\$19,745,100
Forum of Firms	16	12,033,343	12,025,437
Royalties and licensing		355,073	384,331
Foreign exchange gains	14	74,122	329,341
Other revenue		31,071	30,615
Interest income		6,836	15,466
Publications		4,401	18,946
Gain on Pension Settlement	11	-	185,630
<i>From non-exchange transactions:</i>			
Other	3	551,210	586,173
DFID grant	3	-	1,264,198
<b>Total revenue</b>		<b>\$31,204,056</b>	<b>\$34,585,237</b>
<b>Expenses</b>			
Employee compensation and related expenses	4, 13	\$20,116,958	\$19,662,568
Consultants	5	2,105,791	3,899,295
Funding provided to the Public Interest Oversight Board	2	1,361,512	1,289,230
Occupancy and maintenance		1,278,184	1,348,279
Communications and publicity		840,085	891,329
Technology		807,717	766,823
Legal and other professional fees		520,238	359,858
Other		452,743	393,464
Depreciation and amortization	7, 8	424,513	390,833
Travel and meeting		354,925	775,517
Recruitment and relocation		181,515	314,474
Foreign exchange loss	14	171,321	81,164
Insurance		129,725	143,637
Telephone		120,383	149,318
Printing, distribution and postage		114,565	61,480
Auditor remuneration			
Audit of financial statements		112,280	108,850
Tax and other services		49,268	36,495
Loss on disposal of assets		39,143	-
Bad debt expense (recovery), net		(1,356)	66,857
<b>Total expenses</b>		<b>\$29,179,510</b>	<b>\$30,739,471</b>
<b>Surplus for the year</b>		<b>\$2,024,546</b>	<b>\$3,845,766</b>

**See accompanying notes to financial statements.**

**Statement of Changes in Net Assets/Equity****For the year ended December 31, 2021**

Amounts in U.S. Dollars		2021	2020
	<b>Note</b>		
<b>Net assets/equity at beginning of year</b>			
Accumulated surpluses		<b>\$14,156,804</b>	<b>\$10,542,491</b>
Surplus for the year		2,024,546	3,845,766
Loss on re-measurement of defined benefit obligation	11	-	(231,453)
<b>Net assets/equity at end of year</b>		<b>\$16,181,350</b>	<b>\$14,156,804</b>

**See accompanying notes to financial statements.**

IFAC 2021 FINANCIAL STATEMENTS

## Statement of Financial Position

As of December 31, 2021

	Note	2021	2020
Amounts in U.S. Dollars			
<b>Current assets</b>			
Cash and cash equivalents	14	\$18,886,784	\$18,778,609
Receivables from exchange transactions:			
Receivables from IFAC members, net	6	-	-
Receivable from the Forum of Firms	16	3,059,285	160,451
Other receivables		49,737	139,101
Prepaid expenses		721,890	438,184
<b>Total current assets</b>		<b>\$22,717,696</b>	<b>\$19,516,345</b>
<b>Non-current assets</b>			
Property and equipment, net	7	\$1,293,863	\$1,428,965
Intangible assets, net	8	512,108	459,551
Advances and deposits	10, 15	402,968	376,646
<b>Total non-current assets</b>		<b>\$2,208,939</b>	<b>\$2,265,162</b>
<b>TOTAL ASSETS</b>		<b>\$24,926,635</b>	<b>\$21,781,507</b>
<b>Current liabilities</b>			
Accounts payable and accrued expenses		\$864,921	\$1,089,408
Employee entitlements	4	1,634,347	1,539,523
Deferred revenue	9	237,779	277,960
PPP Loan Payable	19, 20	2,062,767	-
Pension Note Payable	11	666,503	666,503
<b>Total current liabilities</b>		<b>\$5,466,317</b>	<b>\$3,573,394</b>
<b>Non-current liabilities</b>			
Deferred rent	10	1,405,946	1,593,863
Pension Note Payable - net	11	1,873,022	2,457,446
<b>Total non-current liabilities</b>		<b>\$3,278,968</b>	<b>\$4,051,309</b>
<b>TOTAL LIABILITIES</b>		<b>\$8,745,285</b>	<b>\$7,624,703</b>
<b>Net assets/equity</b>			
IFAC members		\$16,181,350	\$14,156,804
<b>Total net assets/equity</b>		<b>\$16,181,350</b>	<b>\$14,156,804</b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>		<b>\$24,926,635</b>	<b>\$21,781,507</b>

See accompanying notes to financial statements.

## Statement of Cash Flows

For the year ended December 31, 2021

Amounts in U.S. Dollars	Note	2021	2020
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Membership dues		\$18,184,360	\$19,774,307
Forum of Firms		9,134,509	12,109,193
Royalties and licensing		381,386	333,464
Interest income		6,836	15,466
Publications		4,401	18,946
Non-exchange transactions		505,742	2,554,538
		<b>\$28,217,234</b>	<b>\$34,805,914</b>
<i>Cash was applied to:</i>			
Employee compensation and related expenses		(\$20,022,135)	(\$19,994,917)
Other payments		(9,126,100)	(10,564,437)
Interest on pension note payable	11	82,079	-
		<b>(\$29,066,156)</b>	<b>(\$30,559,354)</b>
<b>Net cash (outflow) inflow from operating activities</b>	12	<b>(\$848,922)</b>	<b>\$4,246,560</b>
<b>Cash flows from investing activities</b>			
<i>Cash was applied to:</i>			
Purchase of property and equipment	7	(\$240,235)	(\$242,811)
Purchase of intangible assets	8	(101,733)	(467,250)
<b>Net cash outflow from investing activities</b>		<b>(\$341,968)</b>	<b>(\$710,061)</b>
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from PPP loan payable	19, 20	\$2,062,767	\$-
		<b>\$2,062,767</b>	<b>\$-</b>
<i>Cash was applied to:</i>			
Payment on pension note payable	11	(\$666,503)	\$-
		<b>(\$666,503)</b>	<b>\$-</b>
<b>Net cash inflow from financing activities</b>		<b>\$1,396,264</b>	<b>\$-</b>
<b>Net increase in cash and cash equivalents</b>		<b>\$205,374</b>	<b>\$3,536,499</b>
Cash and cash equivalents at beginning of year		\$18,778,609	\$14,993,933
Effect of exchange rate change on foreign currency balances		(97,199)	248,177
<b>Balance of cash and cash equivalents at end of year</b>		<b>\$18,886,784</b>	<b>\$18,778,609</b>

See accompanying notes to financial statements.

## **Statement of Accounting Policies**

**For the year ended December 31, 2021**

### **Basis of Preparation**

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

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

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

### **Estimates and Assumptions**

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

### **Significant Accounting Policies**

#### **A. Accounting Standards Update**

New IPSAS standards issued during 2021 have been considered and are not expected to have a material impact on IFAC's financial statements.

#### **B. Revenue Recognition**

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

#### **Membership dues**

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

#### **Forum of Firms revenue**

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



### **Other sources of funding**

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

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

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

### **Publications revenue**

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

### **Interest income**

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

### **Services in-kind**

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

## **C. Employee Entitlements**

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

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

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

## **D. Property and Equipment**

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

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

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

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

### **E. Intangible Assets**

Intangible assets consist of software licenses and website development expenditures.

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

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

### **F. Impairment**

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

### **G. Financial Instruments**

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

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

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

### **H. Operating Leases**

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

difference between rent expense and the amount paid is recognized in deferred rent in the accompanying statement of financial position.

**I. Taxation**

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

**J. Foreign Currencies**

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

**K. Paycheck Protection Program Loan**

As disclosed in Note 19, IFAC has chosen to account for the Paycheck Protection Program Loan ("PPP Loan") as debt. No imputed interest is recorded as the below market interest rate applied to this loan is governmentally prescribed. The loan amount used for qualifying expenses will be recognized as a gain upon extinguishment.

## Notes to the Financial Statements

For the year ended December 31, 2021

Amounts in U.S. Dollars

### 1. International Federation of Accountants

IFAC is the global organization for the accountancy profession. IFAC is comprised of over 180 Members and Associates organizations in more than 135 countries and jurisdictions, representing more than 3 million 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 operation is New York, New York, United States of America. IFAC operates as a tax-exempt organization under Section 501(c)(6) of the United States Internal Revenue Code.

### 2. International Standard-Setting Boards

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

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

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

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

### Public Interest Oversight Board

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

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

In May 2021 a revised funding agreement was reached between IFAC and the PIOB. For the period from April 1, 2022 to PIOB’s December 31, 2022 fiscal year end, the guarantee will be the lower of two-thirds of PIOB’s budgeted expenses for these 9 months in Euros or Euro 950,000. For PIOB’s December 31, 2023 fiscal year, the guarantee will be the lower of 50% of PIOB’s budgeted expenses for the year in Euros or Euro 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 Euro 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 Euro 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, 2021 and 2020, the PIOB received funding from sources other than IFAC of €565,707 and €555,707, respectively. For the same years, IFAC funding of the PIOB was €1,153,726, or \$1,361,512, and €1,146,702, or \$1,289,230, 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:

	<b>2021</b>	<b>2020</b>
Capacity Building Program	\$ -	\$1,264,198
IPSASB	500,722	459,428
IAASB	50,488	126,745
<b>Total other funding</b>	<b>\$551,210</b>	<b>\$1,850,371</b>

At December 31, 2021 and 2020, there are no receivables from other sources of funding,

*IFAC Capacity Building Program – DFID Agreement*

IFAC was party to an Accountable Grant Agreement (Agreement) with the UK Department for International Development (DFID) to fund the IFAC Capacity Building Program (Program). As of September 2020, DFID was replaced by the Foreign, Commonwealth and Development Office (FCDO) after a merger between two UK government entities, DFID and the Foreign Commonwealth Office. The Program was created and designed to develop the accountancy profession in emerging economies. Under the Agreement, DFID provided a British Pound denominated grant (Grant) in an amount not to exceed £4,935,000 over a seven-year period, ranging from July 1, 2014 through June 30, 2021. The Grant contained conditions that restrict spending of Grant funds to expenses directly associated with the Program. DFID, at its sole discretion, could modify or terminate the Agreement with three months written notice. In August 2020, IFAC received written notice that the Grant would terminate early, as of November 20, 2020.

DFID provided quarterly funding based on IFAC's actual spend for program and implementation fees. Total funding was inclusive of a management fee originally agreed at £500,000 paid to IFAC to manage the Program, which included diagnostic preparation and validation, project mobilization, project launch, and administration. The management fee was paid by DFID and recognized by IFAC in quarterly installments over the term of the Agreement. As part of the early termination of the Grant, the management fee was eliminated and IFAC did not receive management fees from July 1, 2020 through November 20, 2020.

Total revenue recognized under the Agreement is as follows:

	<b>2020</b>
Program and Implementation	\$1,218,748
Management Fees	45,450
	<b>\$1,264,198</b>

At December 31, 2021 (and 2020) IFAC recognized no liability with respect to deferred revenue of Program services performed under the Agreement (Note 9).

*IPSASB*

The IPSASB received other sources of funding from the Canadian government, New Zealand government, Asian Development Bank 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 is in the process of winding down. For the years ended December 31, 2021 and 2020, IFAC recognized revenue from this grant in the amount of \$50,488 and \$126,745, respectively. At December 31, 2021 and 2020, IFAC also recognized a liability of \$186,147 and

\$236,635, respectively, with respect to deferred revenue for services being performed under the WBCSD Agreement (Note 9).

#### 4. Employee Compensation and Related Expenses

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

	<u>2021</u>	<u>2020</u>
Compensation expenses	\$15,272,293	\$14,919,325
Payroll taxes and benefits	3,390,960	3,204,460
Retirement benefits (Note 11)	1,080,671	1,169,971
Temporary staff	4,896	69,508
Other	368,138	299,304
<b>Total Employee Compensation and Related Expenses</b>	<b>\$20,116,958</b>	<b>\$19,662,568</b>

Included in compensation expenses are the following employee entitlements:

	<u>2021</u>	<u>2020</u>
Performance based remuneration	\$1,567,559	\$1,489,641
Accrued salary and benefit cost	66,788	49,882
<b>Total employee entitlements</b>	<b>\$1,634,347</b>	<b>\$1,539,523</b>

#### 5. Consultants

	<u>2021</u>	<u>2020</u>
Consultants – standards development	\$2,046,718	\$2,104,703
Partner organizations / consultants – DFID (see Note 3)	-	1,320,445
Consultants - other	59,073	474,147
<b>Total Consultants</b>	<b>\$2,105,791</b>	<b>\$3,899,295</b>

#### 6. Receivables from IFAC Members

	<u>2021</u>	<u>2020</u>
Membership dues receivable	\$54,600	\$99,800
Allowance for uncollectible dues	(54,600)	(99,800)
<b>Net dues/assessment receivable</b>	<b>\$ -</b>	<b>\$ -</b>

IFAC 2021 FINANCIAL STATEMENTS

At December 31, 2021 and 2020, adjustments and discounts to membership dues amounted to \$192,300 and \$91,600, respectively.

## 7. Property and Equipment

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening net carrying value	\$218,305	\$209,693	\$19,108	\$14,073	\$1,191,552	\$1,345,521	\$1,428,965	\$1,569,287
Additions	279,078	168,100	300	15,882	-	58,880	279,378	242,862
Disposals	(7,131)	(50)	-	-	(32,012)	-	(39,143)	(50)
Depreciation	(157,774)	(159,438)	(8,668)	(10,847)	(208,895)	(212,849)	(375,337)	(383,134)
Closing net carrying value	\$332,478	\$218,305	\$10,740	\$19,108	\$950,645	\$1,191,552	\$1,293,863	\$1,428,965

  

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Cost	\$1,317,863	\$1,210,815	\$771,519	\$771,220	\$2,950,846	\$3,047,985	\$5,040,228	\$5,030,020
Accumulated depreciation	(985,385)	(992,511)	(760,779)	(752,112)	(2,000,201)	(1,856,433)	(3,746,365)	(3,601,056)
Net carrying value	\$332,478	\$218,304	\$10,740	\$19,108	\$950,645	\$1,191,552	\$1,293,863	\$1,428,964

## 8. Intangible Assets

	Software Licenses & Development	
	2021	2020
Opening net carrying value	\$459,551	\$ -
Additions	101,733	\$467,250
Amortization	(49,176)	(7,699)
<b>Closing net carrying value</b>	<b>\$512,108</b>	<b>\$459,551</b>
Cost	\$811,674	\$777,458
Accumulated amortization	(299,566)	(317,907)
<b>Net carrying value</b>	<b>\$512,108</b>	<b>\$459,551</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:

	<u>2021</u>	<u>2020</u>
WBCSD grant	\$186,147	\$236,635
Treasury Board Secretariat	41,345	36,325
Member dues	10,287	5,000
<b>Total Deferred Revenue</b>	<b><u>\$237,779</u></b>	<b><u>\$277,960</u></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:

	<u>2021</u>	<u>2020</u>
Not later than one year	\$1,256,213	\$1,235,619
Later than one year and not later than five years	\$6,569,374	6,692,936
Later than five years	-	1,132,651
<b>Total operating lease obligations</b>	<b><u>\$7,825,587</u></b>	<b><u>\$9,061,206</u></b>

For the years ended December 31, 2021 and 2020, operating lease payments were recognized as expense in the amounts of \$1,162,949 and \$1,191,745, respectively.

At December 31, 2021 and 2020, deferred rent totaled \$1,405,946 and \$1,593,863, 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 2021 and 2020, 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 2021 and 2020. The security deposits are included in advances and deposits in the statement of financial position.

## 11. Retirement Benefit Plans

### Defined contribution plans

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

IFAC makes a discretionary contribution to the defined contribution plan of 6% of each employee's base salary, up to a maximum base salary amount. A portion of this contribution is subject to a vesting schedule, with benefits fully vesting after three years of service. Employees also may elect to contribute an additional amount from their salary up to the maximum prescribed under the United States Internal Revenue Code. These contributions attract a discretionary 35% employer match, and both the employee and employer contributions vest immediately. The Plan is administered by Fidelity Management Trust Company. Matching contributions recognized as an expense totaled \$990,539 in 2021 and \$950,815 in 2020.

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 \$90,132 in 2021 and \$115,181 in 2020.

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, 2021 and 2020, the note balance amounted to \$ 2,666,013 and \$ 3,332,516 and accrued interest amounted to \$ 126,488 and \$ 208,567, respectively and for the year ended December 31, 2021, interest expense on the note amounted to \$82,079. 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.

*Reconciliation of the Net Obligation of the Defined Benefit Plan*

The following tables present the change in present value of the defined benefit pension obligation and change in the fair value of plan assets for the twelve-month period ended December 31, 2020.

<b>Present Value of Defined Benefit Obligation:</b>	<b>2020</b>
Opening balance	\$7,129,835
Interest cost	238,282
Benefits paid	(245,101)
Actuarial loss on obligation	777,952
Settlement	(7,900,968)
<b>Closing balance</b>	<b>\$-</b>

<b>Fair Value of Defined Benefit Plan Assets:</b>	<b>2020</b>
Opening balance	\$3,936,893
Expected return on plan assets	134,306
Contributions by employer	3,342,741
Benefits paid	(245,101)
Settlement	(7,715,338)
Actuarial gain on plan assets	546,499
<b>Closing balance</b>	<b>\$-</b>

The following table presents the change in actuarial (gains) losses for the period ended December 31, 2020, which is recognized directly in the statement of Net Assets/Equity:

<b>Change in Actuarial (Gain):</b>	<b>2020</b>
Net loss for the period - Obligation	\$777,952
Net (gain) for the period - Asset	(546,499)
<b>Change in Net Assets/Equity</b>	<b>\$(231,453)</b>

*Pension Cost and Gain on Pension Settlement*

The components of pension cost and gain on pension settlement included in the statement of financial performance for the twelve-month period ended December 31, 2020 are as follows:

	<u>2020</u>
<b>Pension Cost:</b>	
Interest cost	\$238,282
Expected return on plan assets	(134,306)
<b>Net periodic pension expense</b>	<u><u>\$103,976</u></u>
<b>Gain on Pension Settlement</b>	<u><u>\$185,630</u></u>

*Effect on Future Cash Flow*

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

*Plan Funding Status*

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The funding policy of the Plan is to contribute an amount sufficient to meet the minimum funding requirements under current pension law. The law requires the administrator of the Plan to disclose to participants how well the Plan is funded, using a measure called the "funding target attainment percentage." The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan's Funding Target Attainment Percentage for the Plan Year beginning May 1, 2020 and ending April 30, 2021 and the year beginning May 1, 2019 and ending April 30, 2020 was 128.77% and 122.17%, respectively.

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

	<u>2021</u>	<u>2020</u>
Surplus for the year	\$2,024,546	\$3,845,766
<i>Add/(less) non-cash items:</i>		
Depreciation and amortization	424,513	390,833
Deferred rent	(187,917)	(167,323)
Interest on pension note payable	82,079	-
Non-cash pension gain	-	(300,446)
Bad debt expense	(1,356)	66,857
<i>Add/(less) movements in working capital:</i>		
Membership dues receivable	1,356	(66,857)

IFAC 2021 FINANCIAL STATEMENTS

	<u>2021</u>	<u>2020</u>
Receivables from non-exchange transactions	-	559,586
Receivable from Forum of Firms	(2,898,834)	83,756
Other receivables	89,361	(55,705)
Prepaid expenses	(283,705)	173,332
Advances and deposits	(26,321)	212,817
Accounts payable and accrued expenses	(127,286)	(607,324)
Employee entitlements	94,823	(31,904)
Deferred revenue	(40,181)	143,172
<b>Net cash inflow (outflow) from operating activities</b>	<b><u>(\$848,922)</u></b>	<b><u>\$4,246,560</u></b>

### 13. Employee and Volunteer Disclosure

At December 31, 2021 and 2020, IFAC had 80 and 79 full-time employees, respectively, and 2 part-time employees. In addition to these employees, IFAC had 5 contractors in 2021 and 8 contractors in 2020, and 1 secondee in 2021 and 3 secondees in 2020.

The number of contractors does not include the partner organizations and independent consultants procured under the IFAC Professional Accountancy Organization Development Program and funded by the Department for International Development in the UK.

During 2021 and 2020, IFAC had approximately 284 volunteers contributing to the work of IFAC and the independent standard setting boards. These volunteers each contributed between 90 and 800 hours to these activities during 2021 and 2020.

### 14. Financial Risk Factors

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

#### Liquidity risk

Liquidity risk results from the potential inability to meet financial obligations, such as payments to suppliers or employees. IFAC manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. IFAC has an available line of credit with a bank (see Note 18). At December 31, 2021 and 2020, IFAC had no borrowings outstanding under the line of credit.

#### Credit risk

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

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

At December 31, 2021 and 2020, a total of \$12,630,091, or 68 percent, and \$11,235,546, or 61 percent, respectively, of cash was held with JP Morgan Chase Bank. The amount held by JP Morgan Chase excludes a deposit of \$280,805 at December 31, 2021 and 2020, held as collateral for the security deposit in the form of letters of credit for the office in New York City. The deposit is included in advances and deposits in the accompanying statement of financial position. At December 31, 2021 and 2020, a total of \$5,100,669, or 29 percent, and \$5,992,093, or 33 percent, respectively, was held with Citizens Bank. At December 31, 2021 and 2020, a total of \$576,000, or 3 percent, and \$799,187, or 6 percent, respectively, was held with Scotia Bank.

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

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

For the years ended December 31, 2021 and 2020, one IFAC member accounted for 10.41 and 10.95 percent, respectively, of total revenue. There were no amounts due from this member at December 31, 2021 and 2020.

### Currency risk

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

	<b>2021</b>	<b>2020</b>
Realized gain	\$74,122	\$62,115
Unrealized gain	-	267,226
<b>Total foreign exchange gain</b>	<b>\$74,122</b>	<b>\$329,341</b>
Realized loss	\$37,025	\$81,164
Unrealized loss	134,296	-
<b>Total foreign exchange loss</b>	<b>\$171,321</b>	<b>\$81,164</b>
<b>Total foreign exchange (loss) gain</b>	<b>(\$97,199)</b>	<b>\$248,177</b>

**Fair values**

At December 31, 2021 and 2020, the carrying amounts for all financial instruments held by IFAC approximate their fair values.

**Restrictions on the use of cash and cash equivalents**

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

**15. Related Parties****Council**

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

**Board**

The IFAC Board is comprised of members from various countries 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 2021, the number of meetings held by the Board was in excess of the required amount under IFAC's Bylaws. In response to the global pandemic, the Board met virtually multiple times and 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, 2021, senior management (key management personnel) included the Chief Executive Officer, one Executive Director, one Managing Director, and 20 Directors, and for the year ended December 31, 2020 senior management included the Chief Executive Officer, three Executive Directors, one Managing Director, and thirteen Directors. Key management personnel were responsible for operating the various activities of the organization. These positions were remunerated by the organization. The aggregate remuneration of key management personnel was \$8,331,679 in 2021 and \$6,500,136 in 2020.

**IFAC representatives**

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

**IFAC member organizations**

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

**Forum of Firms**

The Forum of Firms provides an annual financial contribution (dues) to IFAC for an agreed amount and full reimbursement for Transnational Auditors Committee related expenses (see Note 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, 2021 and 2020, the balance outstanding of employee advances and deposits was \$113,517 and \$56,190, 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, 2021 and 2020, IFAC recognized revenues from the Forum of Firms for amounts invoiced for the annually agreed contribution (dues) of \$11,604,749. The Forum of Firms also reimbursed IFAC for expenses incurred by the Transnational Auditors Committee during the years ended December 31, 2021 and 2020 in the amounts of \$428,594 and \$420,688, respectively. These amounts are due to IFAC in arrears on a quarterly basis.

At December 31, 2021 and 2020, amounts of \$3,059,285 and \$160,451, respectively, were receivable from the Forum of Firms.

**17. Commitments and Contingencies**

At December 31, 2021, 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, 2021 and 2020, IFAC had an available line of credit from a bank in the amount of \$5,500,000 with interest at LIBOR plus 3.0% in 2021, and LIBOR plus 2.5% in 2020 on used balances. This line expires on June 2, 2022. IFAC did not access its line of credit during 2021 or 2020. Borrowings under the line of credit, when used, are collateralized by substantially all IFAC assets.

## 19. Paycheck Protection Program Loan

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

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

## 20. Subsequent Events

On January 4, 2022, IFAC received forgiveness of the PPP Loan in the amount of \$2,062,767. For year ending December 31, 2022, this forgiveness will be recorded as other income in the Statement of Financial Performance.

On February 9, 2022, the WBCSD determined IFAC would be able to use the remainder of the grant proceeds, in the amount of \$186,147, for indirect expenses incurred by IFAC related to grant work performed. For the year ending December 31, 2022, this amount will be recorded as revenue from non-exchange transactions.

## 21. Information about Activities (Segments)

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

### *Allocated Revenue*

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

ALLOCATED REVENUE	External Funding		Allocated Revenue		Total Allocated Revenue	
	2021	2020	2021	2020	2021	2020
IAASB	\$ 50,488	\$ 126,745	\$ 8,821,717	\$ 8,387,309	\$ 8,872,205	\$ 8,514,054
IESBA	-	-	5,411,716	5,331,963	5,411,716	5,331,963
IPSASB	500,722	459,428	3,767,163	3,446,297	4,267,885	3,905,725
Standards Development	551,210	586,173	18,000,596	17,165,569	18,551,806	17,751,742
Global Representation & Advocacy	-	-	2,825,076	2,966,199	2,825,076	2,966,199
Global Accountancy Profession Support	-	-	3,050,317	3,148,531	3,050,317	3,148,531
Global Accountancy Profession Development	-	1,264,198	1,781,387	2,892,902	1,781,387	4,157,100
Quality & Membership	-	-	2,970,924	2,715,899	2,970,924	2,715,899
<b>Total allocated revenue</b>	<b>\$ 551,210</b>	<b>\$ 1,850,371</b>	<b>\$ 28,628,300</b>	<b>\$ 28,889,100</b>	<b>\$ 29,179,510</b>	<b>\$ 30,739,471</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)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
IFAC Corporate - Unallocated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,024,546	\$ 3,845,766
IAASB	5,242,989	4,856,998	120,079	288,484	1,081,681	1,171,624	1,581,777	1,404,187	845,679	792,761	8,872,205	8,514,054	8,872,205	8,514,054	-	-
IESBA	3,286,025	3,140,190	116,356	155,395	502,523	634,126	990,979	905,783	515,833	496,469	5,411,716	5,331,963	5,411,716	5,331,963	-	-
IPSASB	3,039,109	2,641,929	20,858	144,783	456,630	447,019	751,288	671,994	-	-	4,267,885	3,905,725	4,267,885	3,905,725	-	-
Standards Development	11,568,123	10,639,117	257,293	588,662	2,040,834	2,252,769	3,324,044	2,981,964	1,361,512	1,289,230	18,551,806	17,751,742	18,551,806	17,751,742	-	-
Global Representation & Advocacy	2,252,395	2,391,688	16,468	43,610	21,028	42,464	535,185	488,437	-	-	2,825,076	2,966,199	2,825,076	2,966,199	-	-
Global Accountancy Profession Support	2,389,953	2,433,722	60,070	50,115	48,344	105,249	551,950	559,445	-	-	3,050,317	3,148,531	3,050,317	3,148,531	-	-
Global Accountancy Profession Development	1,454,607	2,066,371	5,532	58,571	(3,609)	1,358,119	324,857	674,039	-	-	1,781,387	4,157,100	1,781,387	4,157,100	-	-
Quality & Membership	2,451,880	2,131,670	15,562	34,559	(806)	140,694	504,288	408,976	-	-	2,970,924	2,715,899	2,970,924	2,715,899	-	-
<b>Total expenses</b>	<b>\$ 20,116,958</b>	<b>\$ 19,662,568</b>	<b>\$ 354,925</b>	<b>\$ 775,517</b>	<b>\$ 2,105,791</b>	<b>\$ 3,899,295</b>	<b>\$ 5,240,324</b>	<b>\$ 5,112,861</b>	<b>\$ 1,361,512</b>	<b>\$ 1,289,230</b>	<b>\$ 29,179,510</b>	<b>\$ 30,739,471</b>	<b>\$ 29,179,510</b>	<b>\$ 30,739,471</b>	<b>\$ 2,024,546</b>	<b>\$ 3,845,766</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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
IFAC Corporate - Unallocated	\$ 22,717,696	\$ 19,516,345	\$ 2,208,939	\$ 2,158,751	\$ 24,926,635	\$ 21,675,096	\$ 5,466,317	\$ 3,573,394	\$ 3,278,968	\$ 4,051,309	\$ 8,745,285	\$ 7,624,703
Standards Development	-	-	-	-	-	-	-	-	-	-	-	-
Global Representation & Advocacy	-	-	-	-	-	-	-	-	-	-	-	-
Global Accountancy Profession Support	-	-	-	-	-	-	-	-	-	-	-	-
Global Accountancy Profession Development	-	-	-	-	-	-	-	-	-	-	-	-
Quality & Membership	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 22,717,696</b>	<b>\$ 19,516,345</b>	<b>\$ 2,208,939</b>	<b>\$ 2,158,751</b>	<b>\$ 24,926,635</b>	<b>\$ 21,675,096</b>	<b>\$ 5,466,317</b>	<b>\$ 3,573,394</b>	<b>\$ 3,278,968</b>	<b>\$ 4,051,309</b>	<b>\$ 8,745,285</b>	<b>\$ 7,624,703</b>



## INDEPENDENT AUDITOR'S REPORT

To the Board of

**International Federation of Accountants, Geneva**

---

### Opinion

We have audited the financial statements of International Federation of Accountants (the Organization), which comprise the statement of financial position as at December 31, 2021, 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, 2021, and of its financial performance, changes in net assets/ equity and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

### Basis for Opinion

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

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

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

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

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



## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

Geneva, March 4, 2022

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°5180

Exposure Drafts, Consultation Papers, and other IFAC® publications are published by, and copyright of, IFAC.

IFAC does not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The IFAC logo, 'International Federation of Accountants®', and 'IFAC' are registered trademarks and service marks of IFAC.

Copyright © March 2022 by the International Federation of Accountants (IFAC). All rights reserved. Written permission from IFAC is required to reproduce, store, or transmit, or to make other similar uses of, this document, save for where the document is being used for individual, non-commercial use only. Contact [permissions@ifac.org](mailto:permissions@ifac.org).

Published by:

