Trust

BUILDING TRUST IN AN EVER-CHANGING LANDSCAPE

ANNUAL REVIEW 2016
ABOUT THIS 2016 ANNUAL REVIEW

IFAC advocates for high-quality reporting that demonstrates how organizations are preserving and creating value over time using integrated reporting principles and concepts, as set out in the International Integrated Reporting Council’s International Integrated Reporting Framework.

This 2016 Annual Review outlines IFAC’s strategic objectives, governance arrangements, and financial highlights. It describes how we strengthen organizations and enhance economies—by supporting and developing our member organizations and the global accountancy profession, advocating on behalf of the public interest, contributing to high-quality information and improved decision making, and spearheading initiatives that demand global reach, freedom from commercial interests, and the ability to spark dialogue and debate.

The Review is part of our 2016 suite of reporting, which also comprises our Financial Statements for the year ended December 31, 2016, available on the IFAC website: www.ifac.org. To learn more about our organization, please visit About IFAC.
2016 HIGHLIGHTS AND PRIORITIES

Financial
Total revenue: **$32.6 million**
Total expenses: **$32.1 million**
Surplus: **$.5 million**

Performance Highlights
- Sparked a conversation on the accountancy profession’s crucial role in building trust in the global economy via our 2016 recommendations to the G20 and the #BuildTrust digital campaign. Our call-to-action highlighted the importance of strengthened governance, international standards, and our 10 principles for good regulation.
- Issued an open letter to His Holiness Pope Francis and launched an accompanying digital campaign responding to the Pope’s call to action to fight fraud and corruption.
- Provided service support to the international standard-setting boards, including recruiting a new Technical Director of the International Auditing and Assurance Standards Board (IAASB).
- Published Member Organization and Country Profiles on the IFAC website, featuring adoption status of the international standards and member organizations’ fulfilment of the Statements of Membership Obligations (SMOs).
- Effectively implemented the IFAC PAO Capacity Building Program, including launching new projects in Kyrgyzstan, Nigeria, and Zimbabwe and three regional projects in Africa using funds from the 2014 UK Department for International Development (DFID) grant. Received an A+, with no significant findings, on the DFID annual review.
- Admitted three existing associates as member organizations: Mauritius Institute of Professional Accountants, Ordem dos Contabilistas Certificados (Portugal), and Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina.
- Participated in the Organisation for Economic Co-Operation and Development (OECD) Anti-Bribery Ministerial meeting to discuss the important roles accountants and the profession play in combating fraud and corruption globally.
- Secured the appointment of two IFAC representatives to B20 task forces.
- Recognized by The Accountant and International Accountancy Bulletin with the 2016 Accountancy Capacity Building Champion of the Year Award, which we dedicated to professional accountants in emerging economies.

Strategic Priorities for the Future
- Expand efforts to leverage the knowledge and resources of our member organizations and other stakeholders to support accounting professionals worldwide.
- Maintain our support for the development, adoption, and implementation of high-quality international standards.
- Continue to serve as a voice for the global accountancy profession by speaking out on the value and relevance of the worldwide profession; combating fraud and corruption; the need for smarter and more effective regulation; stronger governance; and high-quality public sector financial management.
- Increase and deepen our engagement with development agencies to catalyze funding for accountancy capacity building in emerging economies.
- Focus relentlessly on delivering value for our member organizations.
- Continue to adapt and adopt processes and systems to be fit for purpose, flexible, and sustainable.
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This year’s annual review to our member organizations and stakeholders is themed Building Trust. At a time of major social and political upheaval in many parts of the world, the theme reflects the accountancy profession’s central role in building stronger, accountable and transparent businesses and institutions to support a more sustainable and resilient global economy.

Accountancy’s role in the global economy is not a sudden, new invention. Over decades, our profession has called consistently for implementation of global standards; more robust and independent governance structures; higher quality accrual-based public financial management; and a collaborative, evidence-based approach to solving complex regulatory issues.

When global financial markets nearly collapsed in 2008-2009, trust in public institutions fell dramatically. While there was, for a short time, a great deal of interest in global cooperation to prevent the next crisis, as markets calmed and the momentum for internationally consistent regulatory reform decreased, public trust continued to ebb.

The widely respected Edelman Trust Barometer has for years tracked the increasingly dire state of the public’s trust in institutions—its report this year reflected a new low. What is clear is that there is an urgent need to rebuild trust in the global economy, and that our profession has the skills and knowledge to make a major contribution to doing just that.

This year we took some significant steps forward, including revamping the approach to our G20 call to action on the global profession’s behalf, and engaging with Organisation of Economic Co-operation and Development (OECD) Justice Ministers on anticorruption issues. We also welcomed the opportunity to join UK member organizations and their peers throughout the UK legal community in a joint open letter deploiring corruption of all forms. It was a great example of promoting cross-sector collaboration to fight corruption—a significant contributor to loss of public faith in institutions, as well as massive costs to the global economy. In addition, we continued to advocate for smart regulation, build awareness for accrual accounting in the public sector and enhance the profile of the profession and its contributions to society.

IFAC’s relentless focus on supporting our member organizations saw IFAC leadership and staff engaged in multiple ways around the globe. It is always remarkable to visit countries and see the extraordinary work conducted by professional accountancy organizations to support their nation’s growth. We have seen incredible initiatives and accomplishments in our travels—it is a privilege to support each and every organization’s work in meetings with a wide range of stakeholders and key influencers.

The coming year will undoubtedly offer more opportunities and challenges. IFAC will continue to act and speak out in the public interest, partner with our member organizations and stakeholders to maximize the contributions of the global profession, support international standards setting, and, together, maximize our efforts in Building Trust throughout the global economy.
OUR VISION

IFAC’s vision is for the global accountancy profession to be recognized as essential to strong and sustainable organizations, financial markets, and economies.

Public Interest Input and Considerations

Supporting the strength and sustainability of organizations, markets, and economies via the development of the accountancy profession.

Key Resources

Strong, diverse global network: 175+ members & associates in 130 jurisdictions representing almost 3 million accountants

Effective partnerships with accounting firms, affiliates, groups, international standard setters, oversight bodies, donors

Talented employees and expert volunteers

Trusted brands and valuable intellectual property

Strong governance and constitutional arrangements; fit-for-purpose processes

Strong financial foundation

Key Value-Adding Activities

Natural Facilitator: Actively contribute to improving financial and non-financial private and public sector reporting by supporting the development and promoting the adoption and implementation of high-quality international standards.

Trusted Intermediary: Leverage IFAC’s global experience and relationships with key stakeholders and development partners to strengthen the profession through professional accountancy organizations.

Credible Knowledge Convener: Provide a global forum to share, synthesize, and create knowledge to support professional accountants in providing high-quality services to their clients and employers.

Influential Voice: Represent and advocate, in the public interest, on behalf of the accountancy profession and increase awareness of the profession as essential to strong and sustainable organizations, financial markets, and economies.
**Key Outputs**

- High-quality international standards and guidance
- Programs to build capacity of PAOs; increased awareness of and support for these programs
- Programs to enhance transparency and accountability in the public sector
- Dashboard Reports and updated actions plans for all member organizations
- Global Knowledge Gateway, thought leadership, tools, and guidance
- Policy positions, opinions, and points of view

**Key Outcomes**

- Confidence in international standards
- Reliable, comparable financial and non-financial information and reporting
- Strong accountancy profession
- Enhanced recognition of professional accountants, and their relevance and value
- Policy and regulatory expertise to influence policy making and support professional accountancy organizations (PAOs)
- A global exchange of knowledge and ideas
- Enhanced awareness and dialogue regarding important issues among key constituencies

**Societal Benefits**

- Confidence in the global financial system and the integrity and efficiency of the markets
- Enhanced stewardship of social, economic, and environmental resources
- Strong economies and financial stability
- Lower cost of capital
- Reduced corruption
- Reduced poverty
- Responsible and effective governments
- Enhanced public confidence in the accountancy profession
- Improved transparency and accountability of governments, markets, and companies
How IFAC Builds Trust

Trust—in governments, institutions, non-governmental organizations, and the media—has dipped to all-time lows globally. While trust in the accountancy profession remains higher than other professions, accountants have a clear role to play to help improve and restore trust in the institutions, governments, and sectors we work with.

In 2016, IFAC launched a campaign to encourage our members and stakeholders to actively build trust. Professional accountants can improve trust by advocating for accountability and transparency; producing reliable, accurate financial and non-financial information; ensuring stronger governance in business and the public sector; developing smarter regulation globally; and adopting and implementing international standards.

Building strong, credible, and high-quality professional accountancy organizations (PAOs) in the public interest is a critical component of building trust in national economies. Working with our member organizations, IFAC facilitates communication and community, shares resources and tools, and provides leadership and guidance.

Our aim is to foster a highly-skilled global accountancy profession supported by high-quality international standards. The trusted financial and non-financial information provided by professional accountants enables improved decision making—fundamental to sustainable public and private sector organizations, national economies, and the global financial architecture.

Combined with the efforts of our member organizations and stakeholders, this results in societal benefits including lower cost of capital; reduced opportunity for corruption and poverty; and more transparent, accountable, effective public sector governance.

This annual review details how IFAC builds trust by supporting international standards and developing, supporting, and advocating for professional accountants and the accountancy profession.
Globally accepted, high-quality international standards for professional accountants are an essential pillar of the global financial architecture. They improve transparency, accountability, and credibility of governments, companies, and capital and financial markets, which, in turn, contribute to strong economies, financial stability, and building confidence in the global financial system.

The multi-stakeholder, shared public-private governance model under which the standards are developed ensures that the public interest remains the focus of standard setting, takes place without political or commercial interference, and includes checks and balances to ensure that no one stakeholder has undue influence.

IFAC provides financial and operational support to four independent, international standard-setting boards:

- **IAASB**
  - International Auditing and Assurance Standards Board

- **IESBA**
  - International Ethics Standards Board for Accountants

- **IAESB**
  - International Accounting Education Standards Board

- **IPSASB**
  - International Public Sector Accounting Standards Board

IFAC support for the four independent standard-setting boards includes financial, human capital, facilities, administrative, and the nominations and selection process. In 2016, this included more than $18 million in funding, a staff of approximately 24 people, and filling vacant leadership and support staff positions.

Enhancing confidence in the standards and in the standard-setting process is also critical to the standard-setting process, and the loss of stakeholder confidence in standard setting is one of IFAC’s key strategic risks. To mitigate this risk, IFAC facilitates the adoption and implementation of standards around the world, and maintains a dialogue with regulators and other stakeholders on potential enhancements to current governance arrangements.

Accurate, high-quality translations are also critical to ensuring the consistent implementation of international standards, which is a continuing focus for IFAC.
2016 Highlights

- Revised International Public Sector Accounting Standards Board (IPSASB) Terms of Reference approved by the IFAC Board.
- Convened the first meeting of Arabic translating bodies—attended by representatives from 8 PAOs—to enhance collaboration and coverage of Arabic translations of the international standards.
- Met with the Monitoring Group and Public Interest Oversight Board (PIOB) several times to discuss standard-setting governance.
- Responded to the PIOB 2017-2019 Strategy Consultation.
- Signed 285 translation/reproduction agreements for standards and guidance.
- International Standards on Auditing adopted in ten additional jurisdictions, including Russia.

2017 Outlook

- Continue the dialogue with the Monitoring Group, PIOB and other global stakeholders to strengthen the standard-setting boards’ governance arrangements and clarify nominations process.
- Maintain support to the independent standard-setting boards and work vigorously to promote adoption and support implementation around the world.
- Continue to strengthen independence—and the perception of independence—of the standard-setting process, provide clarity on how the model works, and speak out on the strength of the current model.
- Continue recruiting to strengthen the standard-setting boards and fill vacancies.
For IFAC, 2016 has been an intense year of activity: the standard-setting boards have been very active in a wide range of topics, many of which will have a long-term impact on the way the accountancy profession serves the public interest. The PIOB oversees the activities of the three standard-setting boards (IAASB, IESBA, and IAESB) and their Consultative Advisory Groups (CAGs) and makes the recommendations it deems appropriate in the public interest, both during the meetings and, where necessary, upon final approval of the standard.

Among the activities that the PIOB considers to be particularly significant is the work being undertaken jointly by the three standard-setting boards regarding professional skepticism, a fundamental attitude underpinning the activity of auditors and professional accountants. The publication of the exposure draft for accounting estimates (International Standard on Auditing 540) is very much welcomed, as this standard is a key element for the application of IFRS 9, which is expected to be a major contributor to long-term financial stability.

The independence of the auditor is widely accepted as a core concept in the overall framework: it has been strengthened by the long association standard, while more guidance could be available under the safeguards standard in the Code of Ethics for Professional Accountants.

The PIOB’s oversight supports the professionalism and objectivity of professional accountants and auditors. Protecting and enhancing public confidence in financial information is in the interest of our societies at-large. Auditors and professional accountants provide essential guarantees in that respect.

The ongoing discussions on enhancements of the standard-setting system have to be viewed from this perspective. While independent standard setting requires on the one hand the input and experience of professional accountants, on the other, external oversight is needed to guarantee that standard setting will continue to respect the public interest by meeting the expectations of numerous stakeholders who rely on the accountants’ knowledge, professionalism, and objectivity.

Eddy Wymeersch
PIOB Chair
ADVOCATING FOR THE ACCOUNTANCY PROFESSION

IFAC advocates for the profession to increase awareness of the importance of professional accountants in the global economy and to support their public interest mission.

As the global organization for the accountancy profession, IFAC is an influential voice representing and advocating on behalf of the profession’s critical public interest mission. We speak out on public interest issues, present global accountancy profession views in current debates, and work to enhance the profession’s reputation and credibility.

IFAC is uniquely positioned to spearhead initiatives that demand a global reach, freedom from commercial and political interests, and the ability to create dialogue and debate.

We particularly focus on promoting initiatives to enhance global economic stability and sustainability. These include:

- The role professional accountants play in economies and societies, and as a foundation of ethics and trust
- Smart regulation
- Public financial management, including public sector transparency and accountably
- Governance
2016 Highlights

- Convened a regulation roundtable in London to address smart regulation globally and engage with influencers and stakeholders.
- Increased positive media coverage of the accountancy profession and IFAC, including a joint op-ed with IFAC President Olivia Kirtley and Madam Feng, President of the Chinese Institute of CPAs for China Daily (online and European and US print editions); articles in the Wall Street Journal, Global Finance, CFO South Africa, CFO Innovation Asia, Financial Times, The Daily Telegraph, The Business Mirror, The Edge, Australian Financial Review, City News International (Dubai), and numerous trade publications; and print and broadcast coverage of Accountability. Now. Nigeria, an IFAC-Institute of Chartered Accountants of Nigeria joint event.
- Addressed the Worshipful Company of Chartered Accountants in England and Wales during its G20 roundtable on international tax, entrepreneurship, and economic growth.
- IFAC President met with senior governmental representative officials in more than 20 countries, including China, India, Nigeria, and the UK.
- Extended the Build Trust digital campaign to the IFAC Council meeting to engage further with member organizations and encourage their participation in the campaign.
- Responded to several consultations, including the UK Inquiry into Government Accounting, Accountancy Europe's The Future of Corporate Reporting, and the OECD's Recommendations of Council on Guidelines on Insurer Governance.
- Issued a joint press release with UK member organizations and the UK legal fraternity in support of UK government's anti-corruption conference.
- Enhanced the IFAC website, including a refreshed Global Knowledge Gateway, enriched Accountability. Now. content, and an improved search function.
- Developed speeches and presentations for IFAC leadership on 43 occasions.

2017 Outlook

- Collaborate with member organizations and key stakeholders to help them leverage and amplify our messages and content.
- Speak out on specific policy issues on behalf of the profession and in the public interest—including on the importance of high-quality public sector financial reporting, the principles underpinning smart regulation, and the value of integrated reporting.
- Issue our 2017 G20 recommendations and call to action focusing on inspiring confidence—in economies, governments, institutions, and beyond.
- Continue to enhance the global perception of the accountancy profession's value and relevance, its importance to the global economy, and its contribution to society.
SUPPORTING THE ACCOUNTANCY PROFESSION

IFAC supports professional accountants worldwide, especially professional accountants in business and small- and medium-sized practices, to contribute to high-quality information and improved decision making.

IFAC works with our member organizations and stakeholders to support practicing accountants. We share resources, source and disseminate thought leadership and guidance, and enhance the competence, quality, and relevancy of professional accountants, including those working in business and in small- and medium-sized practices (SMPs). IFAC ensures the needs of both of these key constituencies, as well as SMPs’ small- and medium-sized entity (SMEs) clients, are considered by standard setters, regulators, and policy makers, as well as our member organizations.

The IFAC Professional Accountants in Business and SMP Committees play crucial roles in shaping our support for the global accountancy profession. By identifying key challenges and opportunities, as well as offering advice and experience, the committees provide strategic input on how to best support these constituencies.

During 2016, the Global Knowledge Gateway continued to be a key means of supporting accountants by providing thought leadership and resources from around the world that assist professional accountants. IFAC also hosted forums and events in partnership with our member organizations and stakeholders to addresses specific areas, such as the issues affecting SMPs and professional accountants in business. In addition, the Integrated Reporting PAO Network continues to offer practical guidance and support for our member organizations and their efforts to promote enhanced reporting in their jurisdictions and by their members.
2016 Highlights

- Published the 2015 IFAC Global SMP Survey, which received 6,725 responses representing 169 countries, and launched the 2016 IFAC Global SMP Survey in 23 languages, which included a focus on technology and personnel/staffing challenges.
- Utilized an innovative and interactive meeting format to facilitate engagement and developed post-meeting reports to enhance knowledge sharing, learnings from committee member experiences, and coordination with member organizations.
- Represented the voice of SMPs and professional accountants in business in the standard-setting process by providing comment letters, feedback, and ongoing interaction on proposed standards. More than 15 comment letters were provided to the international standard-setting boards in advance of their meetings and in response to their proposals, as well as ongoing involvement in key projects.
- Cohosted regional SMP and professional accountants in business forums in Jamaica, India, and Sri Lanka and participated in more than 30 external events & seminars, including the CFO Conference held in Dubai by the Institute of Chartered Accountants Pakistan.
- Published Choosing the Right Service: Comparing Audit, Review, Compilation, and Agreed-Upon Procedure Services on the range of financial reporting services offered by SMPs; the brochure was offered to IFAC member organizations for personalization & rebranding to use with their SMP members.
- Provided the introduction to Mervyn King’s new book, The Chief Value Officer—Accountants Can Save the Planet.
- Collaborated with the Quality & Development team on guidance to PAOs on how to more fully engage with and support their professional accountants in business members.
- Launched the Integrated Reporting PAO Network, including public web page and exclusive resources.
- Developed a snapshot report on the accountancy profession’s engagement with the UN Sustainable Development Goals, detailing those goals seen as most relevant to the accountancy profession and the efforts already underway by IFAC and our members.
- Published two research reports: The Relationship between Accountancy Expertise and Business Performance and The Role of Small and Medium Practices in Providing Business Support to Small- and Medium-sized Enterprises.
- Published more than 160 original articles and videos on the Global Knowledge Gateway, attracting more than 200,000 visitors in 2016. Featured content included the intersection between accountancy and technology, effective practice management, ethics as a foundation of accountancy, and the next steps for integrated reporting.

2017 Outlook

- Maintain our commitment to advancing integrated reporting, in accordance with the International Integrated Reporting Council’s International Integrated Reporting Framework.
- Work to raise the profile and public awareness of the role of SMPs and accountants in business and their importance to the global economy and society.
- Launch a refreshed version of the Global Knowledge Gateway, with an emphasis on GatewayTV and improved navigation.
- Continue to leverage the knowledge and resources of our members and other stakeholders on the Global Knowledge Gateway.
DEVELOPING THE ACCOUNTANCY PROFESSION

IFAC helps build and support strong national and regional professional accountancy organizations, which in turn support economic stability and growth.

A robust and well-functioning accountancy profession, composed of competent professionals and supported by strong PAOs, contributes significantly to the sustainability of small, medium, and large businesses; sound capital markets; effective stewardship of public finances; and—ultimately—economic growth.

The need for strong and effective PAOs remains significant. IFAC estimates that there are more than 150 jurisdictions across the globe where the accountancy profession’s growth is hindered, either because there is no PAO or the one in place has insufficient capacity to function effectively.

The IFAC PAO Capacity Building Program takes a holistic approach to PAO development by focusing on a PAO’s sustainability, stakeholder relevance, and efforts to support and enforce international standards. Fit-for-purpose projects then deliver sustainable solutions, working with partner organizations with specific, expert experience.

The global initiative Accountability. Now. promotes high-quality financial reporting to improve transparency and help strengthen public sector financial management and accountability. Through its global coalition, the initiative helps public sector officials understand the benefits of sound financial reporting, helps PAOs to develop partnerships with key decisions makers, and supports PAO efforts to develop professional accountants to facilitate change in the public sector.

The IFAC Member Compliance Program works with PAOs at various stages of development to continuously improve adoption and implementation of international standards and best practices, including establishing quality assurance and investigation and discipline systems. The Program took a significant step forward in 2016 by publishing member organization and country profiles online. This information, developed by IFAC staff in coordination with PAOs, provides the most comprehensive assessment of national accountancy professions, including the regulatory and legal landscape. Over time, these assessments will provide global and regional situational assessments, as well as a view of change from period to period.
2016 Highlights

- Published 87 assessment reports online.
- Developed the CARE (Communication, Assistance, Review, and Enforcement) framework for the IFAC Member Compliance Program. CARE is an evolution in how IFAC engages with member organizations emphasizing increased two-way dialogue on elements of the Statements of Membership Obligations (SMO) Action Plans and member successes and challenges.
- Co-hosted a strategic dialogue on public sector financial management in The Bahamas to develop closer inter-governmental collaboration and strengthen relationships between public sector leaders and the accountancy profession.
- Published guidance for PAOs, including how to reach and engage professional accountants in business.
- Conducted assessments for three associate organizations; all three later approved by the IFAC Board and Council as full members.
- Commissioned a study on the feasibility of building foundational accountancy skills in the public and private sector in developing economies.
- In collaboration with partners, hosted and participated in roundtables, conferences, and regional events on transparency and accountability in the public sector in Africa, Asia, and the Caribbean and issued reports on the accrual-accounting practices in the Caribbean and OECD countries.
- Participated in the development of, and received recognition for, the OECD report, *Supreme Audit Institutions and Good Governance—Oversight, Insight and Foresight*.

2017 Outlook

- Identify additional projects under the IFAC PAO Capacity Building Program, including national and regional projects in Africa and Asia.
- Continue engagement with the international development community to increase understanding of the important role the accountancy profession plays in developing economies.
- Prepare membership admission assessments for three applicants and continue to engage other PAOs interested in IFAC membership.
- Conduct regional SMO Workshops to support member organizations and other PAOs with the implementation of SMOs through sharing experiences and leveraging lessons learned.
- Participate and/or co-host strategic regional conferences, including the African Congress of Accountants in Uganda, CReCER (Contabilidad y Responsabilidad para el Crecimiento Económico Regional, or Conference for Accounting and Accountability for Regional Economic Growth), and 2nd Financial Reform for Economic Development (FRED II) Forum in Asia.
- Publish additional PAO development resources as part of the PAO Capacity Building Series.
RESOURCES
IFAC continually optimizes our resources to create value for our members, stakeholders, and employees. We continue to adopt and adapt fit-for-purpose, flexible, and sustainable processes and systems.

IFAC relies on a range of resources:
- A strong, diverse global network, and effective partnerships and stakeholder engagement
- Human capital, including talented employees and expert volunteers
- Intellectual capital
- A strong governance structure

IFAC delivery of our strategy relies on the strength and sustainability of all of these resources.

2016 Highlights
- Enhanced human capital management, including developing a talent management plan, launching the Jobvite recruitment portal, implementing an employee referral policy, and creating Luca, IFAC’s internal communications platform.
- Renewed the Memorandum of Understanding with the Institute of Internal Auditors.
- 285 translation and reproduction agreements signed.
- Materials published in 23 languages.

2017 Outlook
- Implement the talent management plan.
- Actively address 2016 employee engagement survey findings.
- Upgrade audio/visual and communications infrastructure.
- Enhance search for highly-qualified candidates for service on the independent standard-setting boards.
- Further develop Luca as a staff resource.
**Strong, diverse global network and effective partnerships and stakeholder engagement**

IFAC represents, develops, supports, and advocates for a global accountancy profession that encompasses mature and developing economies and PAOs that vary significantly by stage of development, capacity, legal status, and authority. Through our member organizations, our constituencies include: large accounting firms; SMPs; and professional accountants in small and large business, governments, and academia—almost three million worldwide.

Failure to identify, prioritize, or provide services to meet competing demands of member organizations and others is a key risk. During 2016, IFAC continued to work with our member organizations to take an inclusive approach that supports the diverse needs of all our members and stakeholders.

IFAC also maintains robust relationships with accounting firms, international standard setters, oversight bodies, donors and development agencies, and other international organizations. In 2016, we continued to strengthen relationships with our key stakeholder groups to collaborate, coordinate, and identify synergies.

**Human capital: talented employees and expert volunteers**

Highly-qualified staff and volunteers enable IFAC to deliver our strategy, and our ability to attract and retain a diverse, adept, professional staff is a key risk. To further our efforts, 2016 saw the launch of an external recruitment portal, intranet platform, and employee referral program. Each of these initiatives helps deliver IFAC’s human capital strategy and its five critical components: attract, retain, develop, reward, and retirement of talent.

The volunteers on the IFAC Board and committees and the standard-setting boards are equally important to delivering our strategy and each provide hundreds of hours of work per year. The Nominations Committee strives to find the best fit for each vacancy while taking into consideration professional background, technical skills, contributions to the profession, as well as geography, gender, and professional balance.
Intellectual capital: trusted brand and valuable intellectual property

IFAC is a trusted brand—one that is known to accountants, regulators, businesses, and governments. We represent the profession, enhance quality, and work in the public interest—and are recognized for these traits, as are the standard-setting boards. IFAC owns many IFAC and standard-setting board trademarks and products. We strive to make the materials we publish under these brands accessible in support of adoption and implementation of high-quality international standards and high-quality practices. We also maintain strong intellectual property stewardship by devoting resources to publishing copyrighted materials, and developing, maintaining, and implementing policies and processes that ensure high-quality translations and reproductions and protect our intellectual property.
**Strong governance structure**

IFAC’s governance structure and processes are fit-for-purpose, ensuring that we consult the appropriate stakeholders, make and implement good decisions, and deliver on our strategy.

**IFAC Governance Structure**

**KEY**
- Accountability
- Oversight
- Consultation/Advice
- Financial and Administrative Support*

*Checks and balances in place to prevent any undue influence. In particular, PIOB oversees the allocation of financial resources to SSBs under its purview, and the Compliance Advisory Panel.*
MEMBERS

IFAC Members
(As at December 31, 2016)

Albania
- Institute of Authorized Chartered Auditors of Albania

Argentina
- Federación Argentina de Consejos Profesionales de Ciencias Económicas

Australia
- Chartered Accountants Australia and New Zealand (Formerly the Institute of Chartered Accountants in Australia)
- CPA Australia
- Institute of Public Accountants

Austria
- Institut Österreichischer Wirtschaftsprüfer
- Kammer der Wirtschaftstreuhänder

Azerbaijan
- The Chamber of Auditors of Azerbaijan Republic

Bahamas
- The Bahamas Institute of Chartered Accountants

Bangladesh
- The Institute of Chartered Accountants of Bangladesh
- The Institute of Cost and Management Accountants of Bangladesh

Barbados
- The Institute of Chartered Accountants of Barbados

Belgium
- Institut des Experts-comptables et des Conseils Fiscaux—Instituut Van de Accountants en de Belastingkonsulenten
- Instituut van de Bedrijfsevaluators—Institut des Réviseurs d’Entreprises

Bolivia
- Colegio de Auditores de Bolivia

Bosnia and Herzegovina
- Association of Accountants and Auditors of Republic of Srpska

Botswana
- Botswana Institute of Chartered Accountants

Brazil
- Conselho Federal de Contabilidade
- Instituto dos Auditores Independentes do Brasil

Bulgaria
- Institute of Certified Public Accountants of Bulgaria

Cameroon
- The Institute of Chartered Accountants of Cameroon

Canada
- Chartered Professional Accountants Canada

Cayman Islands
- Cayman Islands Institute of Professional Accountants

Chile
- Colegio de Contadores de Chile

China
- The Chinese Institute of Certified Public Accountants

Chinese Taiwan
- Federation of CPA Associations of Chinese Taiwan

Colombia
- Instituto Nacional de Contadores Públicos de Colombia

Costa Rica
- Colegio de Contadores Públicos de Costa Rica

Croatia
- Croatian Association of Accountants and Financial Experts

Cyprus
- The Institute of Certified Public Accountants of Cyprus

Czech Republic
- Chamber of Auditors of the Czech Republic

Denmark
- FSR—danske revisorer

Dominican Republic
- Instituto de Contadores Públicos Autorizados de la República Dominicana

Egypt
- The Egyptian Society of Accountants & Auditors

Estonia
- Estonian Auditors’ Association

Fiji
- Fiji Institute of Accountants

Finland
- Suomen Tilintarkastajat ry

France
- Compagnie Nationale des Commissaires aux Comptes
- Conseil Supérieur de l’Ordre des Experts-Comptables

Georgia
- Georgian Federation of Professional Accountants and Auditors

Germany
- Institut der Wirtschaftsprüfer
- Wirtschaftsprüferkammer

Ghana
- The Institute of Chartered Accountants (Ghana)

Greece
- Institute of Certified Public Accountants of Greece

Guatemala
- Instituto Guatemalteco de Contadores Públicos y Auditores

Guyana
- The Institute of Chartered Accountants of Guyana

Haiti
- Ordre des Comptables Professionnels Agrées d’Haiti

Honduras
- Colegio de Peritos Mercantiles y Contadores Públicos

Hong Kong, Special Administrative Region of China
- Hong Kong Institute of Certified Public Accountants

Hungary
- Chamber of Hungarian Auditors

Iceland
- Félag Löggiltra Endurskodenda

India
- The Institute of Chartered Accountants of India
- The Institute of Cost Accountants of India

Indonesia
- Ikatan Akuntan Indonesia

Iran, Islamic Republic of
- Iranian Association of Certified Public Accountants
- The Iranian Institute of Certified Accountants

Iraq
- Iraqi Union of Accountants and Auditors

Ireland
- Chartered Accountants Ireland
- The Institute of Certified Public Accountants in Ireland

Israel
- Institute of Certified Public Accountants in Israel
<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
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<tr>
<td>Italy</td>
<td>Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili</td>
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<td>Ivory Coast</td>
<td>Ordre des Experts Comptables de Côte d’Ivoire</td>
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<td>Jamaica</td>
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<td>Jordan</td>
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<td>Mauritius</td>
<td>Mauritius Institute of Professional Accountants*</td>
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<td>Mexico</td>
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<td>Moldova, Republic of</td>
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<td>Den norske Revisorforening</td>
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<td>The Chamber of Financial Auditors of Romania</td>
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<td>Russian Collegium of Auditors</td>
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<td>Saudi Organization for Certified Public Accountants</td>
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<td>FAR</td>
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<td>EXPERTsuisse - Swiss Expert Association for Audit, Tax and Fiduciary</td>
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<td>Tanzania, United Republic of</td>
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<td>Thailand</td>
<td>Federation of Accounting Professions</td>
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The Institute of Chartered Accountants of Ukraine Federation of Professional Association of Accountants and Auditors

Institute of Certified Public Accountants

Institute of Accountants and Auditors of Armenia

The Association of Corporate Treasurers

Kampuchea Institute of Certified Public Accountants

Instituto Salvadoreño de Contadores

Confederation of Asian and Pacific National Association of State Boards of Accountancy

Institute of Certified Accountants of Bangladesh

Chartered Institute of Management

Nederlandse Orde van Register EDP-Auditors

Institute of Chartered Accountants in Hungary

Association of Accountants of the Philippines

Institute of Certified Public Accountants of Indonesia

Institute of Certified Public Accountants of Italy

Fédération Internationale des Experts Comptables Agréés du Burundi

Institute of Chartered Accountants of Pakistan

Pan African Federation of Accountants

Vietnam Accounting Association

Russian Union of Auditors (Formerly Russian Union of Certified Public Accountants

Institute of Financial Auditors of Russia

Union of Accountants, Auditors and Accounting Technicians Ireland

The Institute of Internal Auditors

Croatian Audit Chamber

Fédération des Experts-Comptables Francophones des Comptables Agréés du Togo

Fédération Européenne des Comptables Agréés des Comptables Agréés du Bénin

Instituto de Contadores Públicos de Guatemala

Ordre des Experts-Comptables du Luxembourg

Institut Akuntan Publik Indonesia

Association of Accounting Technicians of Zimbabwe

Ordre National des Experts-Comptables et des Comptables Agréés du Bénin

Burkina Faso

Cambodia

Kampuchea Institute of Certified Public Accountants and Auditors

Croatia

Auditor Association Sodruzhestvo

Trinidad and Tobago

As at December 31, 2016

Albania

Armenia

Benin

Bosnia and Herzegovina

Ukraine

United Kingdom

United States

Uruguay

Vietnam

Zambia

Zimbabwe

Associates

Luxembourg

Montenegro

Pakistan

Palestine

Papua New Guinea

Russian Federation

Rwanda

Serbia, Republic of

Sri Lanka

Togo

Uzbekistan

Vietnam

*Admitted by the IFAC Council in November 2016

*Admitted by the IFAC Council in November 2016

Trinidad and Tobago

Tunisia

Turkey

Uganda

Ukraine

United Kingdom

United States

Uruguay

Vietnam

Zambia

Zimbabwe

Netherlands

United Kingdom

United States

Regional Organizations

Affiliates

Accountancy Groupings

Accountancy Europe (Formerly Fédération des Experts Comptables Européens)

Confederation of Asian and Pacific Accountants

Interamerican Accounting Association

Pan African Federation of Accountants

As at December 31, 2016

As at December 31, 2016

As at December 31, 2016
IFAC Board
(November 2015 to November 2016)

Olivia Kirtley, President, United States
Rachel Grimes, Deputy President, Australia
Richard Petty, Australia
Ana Maria Elorrieta, Brazil
Joy Thomas, Canada
Carol Bellringer, Canada
Zhiguo Yang, China
Wienand Schruff, Germany
Raphael Ding, Hong Kong, Special Administrative Region of China
Kumar Raghu, India
Ahmadi Hadibroto, Indonesia
Gail McEvoy, Ireland
Pamela Monroe Ellis, Jamaica
Shinji Someha, Japan
In-Ki Joo, Republic of Korea
Sebastian Owuama, Nigeria
Norunn Byrkjeland, Norway
Terence Nombembe, South Africa
Masum Turker, Turkey
Alan Johnson, United Kingdom (Portugal)
Michael Hathorn, United Kingdom
Bill Balhoff, United States
Robert Harris, United States

2015-2016 IFAC Board:
(L to R) Standing: In-Ki Joo, Carol Bellringer, Bill Balhoff, Masum Turker, Kumar Raghu, Michael Hathorn, Olivia Kirtley, Norunn Byrkjeland, Rachel Grimes, Wienand Schruff, Ahmadi Hadibroto, Zhiguo Yang, Sebastian Owuama, Ana Maria Elorrieta

(L to R) Seated: Gail McEvoy, Robert Harris, Raphael Ding, Alan Johnson, Pamela Monroe Ellis, Shinji Someha, Joy Thomas, Richard Petty, Terence Nombembe
IFAC Committees (January 1, 2016 to December 31, 2016)

Compliance Advisory Panel
Kathryn Byrne, Chair, United States
Antonio Flores, Deputy Chair, Mexico
Khalid Rahman, Pakistan
Derick Nkajja, Uganda
Mousa Sindaha, Jordan
Anna-Clara af Ekenstam, Sweden
Penelope Ann Egan, Australia

Nominating Committee
Olivia Kirtley, Chair, United States
Rachel Grimes, Deputy Chair, Australia
Anne Loveridge, Australia
Ana Maria Elorrieta, Brazil
Jacques Potdevin, France
Patrick Mahonga Mタンge, Kenya
Sujeewa Mdalige, Sri Lanka
Gregory Anton, United States

Professional Accountancy Organization Development Committee
Devika Mohotti, Acting Chair, Australia (United Kingdom)
Jean Precourt, Canada
Ardiana Bunjaku, Kosovo
Clemente Kiss, Romania
Michèle Cartier Le Guérin, France
Freddy Solis, Nicaragua
Priya Iyer, Botswana (United Kingdom)
Arjuna Herath, Sri Lanka
Keto Kayemba, Uganda (United Kingdom)
Alan Edwards, United Kingdom
Ivan Sotomayor, United States

Professional Accountants in Business Committee
Charles Tilley, Chair, United Kingdom
Yacoob Suttar, Deputy Chair, Pakistan
Paul Urquhart, Australia
Laurie Tugman, Canada
Joyce Evans, Canada
Wendy Wen Yee Yung, Hong Kong, Special Administrative Region of China
Administrative Region of China
Pinnamaraju Rao, India
Zaiton Mohd Hassan, Malaysia
Raúl González Lima, Mexico
Daniel Monehin, United Arab Emirates (Nigeria)
Henny Kapteijn, the Netherlands
Sanjay Rughani, Tanzania
Stuart Chaplin, United Kingdom
Stephen Ibbotson, United Kingdom
Patricia Cochran, United States
Larry White, United States
William Schneider, United States
Matts Kunaka, Zimbabwe

Small and Medium Practices Committee
Giancarlo Attolini, Chair, Italy
Monica Foerster, Deputy Chair, Brazil
George Willie, United States
Robyn Erskine, Australia
Dawn McGeachy, Canada
Dequan Yin, China
Klaus Bertram, Germany
Manoj Fadnis, India
Abdulwahid Aboo, Kenya
Nnamdi Okwuadigbo, Nigeria
Berend Van Aswegen, South Africa (United Kingdom)
Antoni Goméz, Spain
Mats Olsson, Sweden
Wassim Khrouf, Tunisia
Cemal Ibis, Turkey
Twaha Kaawaase, Uganda (United Kingdom)
Katharine Bagshaw, United Kingdom

Transnational Auditors Committee
Wallace (Wally) Gregory, Chair, Deloitte Touche Tohmatsu Limited
Roderick Devlin, KPMG International Cooperative
*Don Zimmerman, Ernst & Young Global Limited
David Isherwood, BDO
Sue Almond, Grant Thornton International Ltd.
Paul Ginman, Baker Tilly International Limited
David Chitty, Crowe Horwath International
Andrew Collier, Kreston International
Susana Martinez, RSM International Limited
Kenny Chatelain, PricewaterhouseCoopers International Limited
Jean-Luc Barlet, Mazars
*Karen Golz, Ernst & Young Global Limited

Alternates
Graham Gilmour, PricewaterhouseCoopers International Limited
Gilles Hengoat, Grant Thornton International Ltd.
Victor Oliveira, Ernst & Young Global Limited
Sylvia Smith, KPMG International Cooperative
Mohammed Yaqoob, Nexia International
Wayne Kolins, BDO
Jennifer Haskell, Deloitte Touche Tohmatsu Limited
Sean Lager, PFK International Limited
Alfredo Spilzinger, SFAI
Bettina Cassegrain, HLB International
Gill Spaul, Moore Stephens International Limited

*partial year
IFAC maintains a control environment designed to ensure that the values of integrity, transparency, and expertise are inherent in every aspect of the organization. This environment provides for sound stewardship of the resources provided by member organizations, the Forum of Firms, and other funders, and for a clear decision making and accountability framework.

These financial highlights should be read with the 2016 Financial Statements, which include the independent auditor’s report.

Financial Performance
- IFAC is reporting a surplus of $499.5 thousand for 2016 (2015: $173.5 thousand deficit). IFAC had an operating surplus of $515.8 thousand offset by net unrealized foreign exchange losses on foreign currency bank accounts of $16.3 thousand.
- Total revenue increased by 7% (2015: 4%) to $32.6 million.
- Membership dues increased by 5.2% over 2015 as a result of increased dues from existing members and new member organizations.
- Net contributions received from the Forum of Firms increased by 3.97%, including a 3.75% increase over the Forum’s 2015 financial contribution to IFAC, coupled with an increase in expenses incurred by the Transnational Auditors Committee and reimbursed by the Forum.
- External funding doubled mainly due to the DFID grant, offset by a slight decrease in external funding for the IPSASB.
- Publication sales and royalties and license fees increased by 4.7%, while other revenue increased by 43.6%.

### 2016 REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Dues</td>
<td>$18,872,900</td>
<td>$17,932,700</td>
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<tr>
<td>Forum of Firms</td>
<td>11,784,379</td>
<td>11,334,576</td>
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<tr>
<td>External Funding</td>
<td>1,397,995</td>
<td>692,468</td>
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<tr>
<td>Publications, Royalties, and Licensing</td>
<td>387,105</td>
<td>369,720</td>
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<tr>
<td>Other Revenue</td>
<td>164,488</td>
<td>114,550</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>$32,606,867</strong></td>
<td><strong>$30,444,014</strong></td>
</tr>
</tbody>
</table>

- Membership Dues 58%
- Forum of Firms 36%
- External Funding 4%
- Publications, Royalties, and Licensing 1%
- Other Revenue 1%
### 2016 EXPENSES

- **Employee Costs**: 56%
- **Travel and Meeting Costs**: 16%
- **Occupancy and Maintenance**: 4%
- **Funding for the Public Interest Oversight Board**: 3%
- **Depreciation and Amortization**: 2%
- **IT Support**: 2%
- **Other Expenses**: 17%

<table>
<thead>
<tr>
<th>Expense</th>
<th>2016</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Employee Costs</td>
<td>$17,910,739</td>
<td>$16,922,104</td>
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<tr>
<td>Travel and Meeting Costs</td>
<td>5,070,010</td>
<td>4,873,569</td>
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<tr>
<td>Occupancy and Maintenance</td>
<td>1,243,172</td>
<td>1,367,201</td>
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<tr>
<td>Funding for the Public Interest Oversight Board</td>
<td>1,026,840</td>
<td>1,050,244</td>
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<tr>
<td>Depreciation and Amortization</td>
<td>499,565</td>
<td>504,473</td>
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<tr>
<td>IT Support</td>
<td>641,184</td>
<td>665,567</td>
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<tr>
<td>Other Expenses</td>
<td>5,715,895</td>
<td>5,234,307</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$32,107,405</td>
<td>$30,617,465</td>
</tr>
</tbody>
</table>

- Total expenses increased by 4.9% (2015: increased by 10.5%) to $32 million.
  - Employee costs increased by 5.8%. The increase was mainly due to modest increases in staff positions and remuneration offset by unplanned staff vacancies.
  - Travel and meeting costs increased by 4% mainly due to higher levels of activity across the organization.
  - Occupancy and maintenance decreased by 9% due to a one time operating escalation credit.

- IT support decreased by a modest 3.7% due to lower support and maintenance costs.
- Other expenses increased by 9.2% due to use of consultants, additional communication and promotion costs, higher recruitment and relocation costs, offset by lower foreign exchange loss.

### 2016 ALLOCATION

- **Standards Development**: 57%
- **Global Representation & Advocacy**: 6%
- **Global Accountancy Profession Support**: 13%
- **Global Accountancy Profession Development**: 14%
- **Quality & Membership**: 10%

<table>
<thead>
<tr>
<th>Expense</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Standards Development</td>
<td>$18,432,352</td>
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<td>Global Representation &amp; Advocacy</td>
<td>1,888,324</td>
<td>1,990,199</td>
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<td>Global Accountancy Profession Support</td>
<td>4,076,043</td>
<td>4,049,406</td>
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<tr>
<td>Global Accountancy Profession Development</td>
<td>4,393,341</td>
<td>3,537,583</td>
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<td>Quality &amp; Membership</td>
<td>3,317,345</td>
<td>3,608,262</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$32,107,405</td>
<td>$30,617,465</td>
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**NET ASSETS/EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>$9,535,369</td>
<td>$9,708,820</td>
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<tr>
<td>Surplus/(deficit) for the year</td>
<td>499,462</td>
<td>(173,451)</td>
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<tr>
<td><strong>AT END OF YEAR</strong></td>
<td><strong>$10,034,831</strong></td>
<td><strong>$9,535,369</strong></td>
</tr>
</tbody>
</table>

**Financial Position**

- Total assets increased by 4.5% (2015: 4.5%) and total liabilities increased by 3.4% (2015: 15.3%) thereby increasing total net assets by 5.2%.

- At December 31, 2016, based on a discount rate of 4.4% (2015: 4.6%), the funded status of the defined benefit pension plan was negative $2.71 million (2015: negative $2.62 million). To manage the inherent risks and volatility in providing retirement benefits through a defined benefit pension plan in an uncertain economic environment, this plan was amended to provide that no further benefit accruals would occur after January 31, 2013. This amendment has resulted in the recognition of curtailments, which reduced IFAC’s liability and expense in respect of the plan.

- The equity position as at December 31, 2016, was $10 million (2015: $9.5 million).