Delivering on Our Global Advantage
About the 2013 Annual Review

The International Federation of Accountants® (IFAC®) advocates high-quality reporting that demonstrates organizational value and incorporates the principles of integrated reporting, as set out in the International Integrated Reporting Council (IIRC)’s International Integrated Reporting Framework.

This 2013 Annual Review outlines IFAC’s strategic objectives, governance arrangements, and financial highlights, and communicates our position in the international economy and how we’re implementing initiatives to effectively support member organizations and the global accountancy profession.

The Review is part of our suite of reporting for 2013, which also includes our Financial Statements and Service Delivery Report for the year ended December 31, 2013, both available on the IFAC website: www.ifac.org.
Highlights and Priorities

Financial

- Total revenue: $27.9 million
- Total expenses: $25.5 million
- Surplus: $2.4 million

2013 Performance Highlights

- Welcomed 10 new members, associates, and affiliates and one new acknowledged accountancy grouping
- Defined the new operating lines and introduced a new organizational structure to ensure our team is nimble, efficient, and responsive to emerging needs and opportunities
- Developed the Global Knowledge Gateway™—a global platform to share knowledge and leverage the expertise of members and stakeholders
- Designed a program to collaborate with partners to promote public sector transparency and accountability
- Prudently managed IFAC resources, resulting in $2.4 million surplus for the year

Strategic Priorities for the Future

- Speaking out in areas we are uniquely positioned to address, including promoting greater government transparency and accountability through high-quality accounting practices and financial reporting
- Deepening our engagement with development agencies to catalyze funding for capacity building and initiatives to improve the quality of financial management in emerging economies
- Focusing relentlessly on stakeholders to support the profession worldwide
- Diversifying our funding and adapting processes and systems to be fit for purpose and sustainable
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From the President

It is a privilege to serve you as IFAC President, and I would like to acknowledge the legacy of Göran Tidström and Ian Ball as Past President and Chief Executive Officer (CEO), respectively, and thank them for their leadership in strengthening the foundations of our global accountancy body.

During 2013, with the input of the IFAC Board and member organizations, we have developed a fresh equation for IFAC’s success. I am pleased to report that IFAC is going from strong to stronger as it evolves under new leadership, a renewed operating model, and a sharpened strategic direction.

As Chair of the IFAC Board, I am confident that our revised governance platform, including recommendations around our Constitution, Bylaws, and funding model, will enable IFAC to be more effective in fulfilling its mandate. Going forward, we will have an enhanced decision-making and accountability framework that supports the appropriate stewardship of resources.

In my first year as President, I have had the opportunity to meet many individuals and groups within IFAC’s network, including national and regional professional accountancy organizations, as well as public and private sector stakeholders and the international donor community. In part, this reflects IFAC’s renewed focus on stakeholder engagement, and I am encouraged to see this leading to new and enhanced relationships and the potential for additional mutually beneficial initiatives and partnerships.

I am proud of the progress IFAC has made during 2013, which would not have been possible without the commitment and support of our member organizations and the tireless dedication of our volunteers.

On behalf of the IFAC Board, I also acknowledge IFAC’S diligent, competent team, who, under the excellent leadership of CEO Fayez Choudhury, work around the world-clock to achieve our goals. It has been a real pleasure to work alongside Fayez in his first year as IFAC’s CEO. His energy, professionalism, and vision are tangible assets for IFAC’s continued progress. The management and staff team at IFAC are dedicated to our strategy and are committed to a level of service our organization can be proud of.

Warren Allen
President
From the CEO

The priority in my first year as Chief Executive Officer has been to orchestrate the strategic and operational rejuvenation of IFAC—with the aim of capitalizing on our comparative advantage in a targeted way, and to leverage our substantial staff talent and experience to the greatest extent possible.

While we continue to work to the objectives in IFAC’s Strategic Plan for 2013-2016, during 2013 we developed a new document—our Strategy Implementation Plan–2014—which captures our shifts in emphasis and priority and outlines how we will achieve these aims in the coming year. However, while this new part of our journey has just begun, we made notable strides during the year.

This Annual Review highlights the first steps of IFAC’s realignment under this plan, which is based on four distinct operating lines:

- supporting standards development;
- quality and capacity;
- supporting the global accountancy profession; and
- global representation and advocacy.

These operating lines—described more fully later in this Review—provide focus to our efforts to serve member organizations and the accountancy profession and support the evolving global economy. To sharpen our delivery in these operational areas, we are focusing on three “enablers”—streamlining our organizational structure and processes, diversifying our funding, and having a relentless stakeholder focus.

This Review outlines the interrelated work of IFAC and our committees, and tells our story of value creation in the public interest.

The narrative incorporates service delivery outputs and our financial status, which, going forward, will be measured by key performance indicators to be approved by the IFAC Board in 2014.

It has been a busy and exciting year of assessment, adaptation, and delivery. We continue to capitalize on IFAC’s position at the center of a global profession that is vital to economic growth.

I am very pleased to be part of the IFAC community. Our accomplishments stem from the tireless work of the volunteers on our committees and on the independent standard-setting boards; the active contributions of our member organizations and the Forum of Firms; and, of course, our staff, who work together around the world as a high-energy, cohesive team—perhaps the most talented, and certainly the most hard-working, group I have had the pleasure of working with.

Fayez Choudhury
Chief Executive Officer
Our Purpose
Strengthening Organizations, Advancing Economies

Vision
IFAC’s vision is for the global accountancy profession to be recognized as a valued leader in the development of strong and sustainable organizations, financial markets, and economies.

Value
IFAC’s value lies in delivering on its global advantage to strengthen the accountancy profession—a profession that underpins the financial integrity of the world economy in both the private and public sectors. We draw on the knowledge and insights of our Board, committees, volunteers, and our broad membership—a total of 179 professional accountancy organizations across 130 countries.

We deliver value by:

- Supporting the development of high-quality international standards, and promoting their adoption and implementation around the world.
- Strengthening the capacity of the accountancy profession and improving the quality of accounting in both the private and public sectors and across developed and emerging economies.
- Leveraging the diverse knowledge and expertise from across IFAC’s global network of members and stakeholders for the benefit of the broader profession, and promoting the value of professional accountants worldwide.
- Capitalizing on IFAC’s connectivity across governments, businesses, and markets to convene topical debates and, importantly, to sustain discussions on trends and emerging issues that are in the public interest.
Our Approach to Delivering Value
A Complex and Changing Environment

Due to economic, social, and technological forces, we operate in an increasingly globalized environment. Yet at the same time, national priorities are often in conflict with global convergence. The regulatory landscape is shifting: national regulatory requirements are increasing in volume and complexity, global regulatory convergence is slow and political, and implementation is occurring slower than actual rule making. The profession is continuously subject to political scrutiny as regulatory responses to accounting matters become more politicized. We are affected by the accelerated impact of trends and innovation, including information technology and human capital issues. And, we are challenged by longstanding issues, such as the need for improved public sector financial management, alongside emerging issues, such as the demand for more efficient and transparent global taxation systems.

IFAC has a formidable mandate: to represent, support, and advocate for the global accountancy profession while serving the public interest. We also have a diverse and segmented constituency whose specific needs and priorities—often competing—we need to respond to and balance: large, public enterprises and large accounting firms alongside small- and medium-sized entities and practices; professional accountants providing many different services in public practice alongside professional accountants in business, governments, and academia; professional accountancy organizations that vary significantly by stage of development, financial and human resource capacity, and legal status and authority; and developed, mature economies with low economic growth alongside developing economies, including the BRICS (Brazil, Russia, India, China, and South Africa) and MINT (Malaysia, Indonesia, Nigeria, and Turkey) countries, and other economies.

Within this global context, IFAC has a unique set of attributes that define our comparative advantage and enable us to respond to the needs of our varied constituencies. We can spearhead initiatives that demand a global reach, have freedom from commercial and political interests, and are able to create dialogue and debate. Our strong connections with other international organizations, demonstrated ability to align the needs of the profession and the public, and track record of raising awareness, advocacy, and engagement support the value we provide to our member organizations and stakeholders.

We are cognizant of the environment in which we operate and are focused on developing our strengths and leveraging our comparative advantage to maximize our value proposition. Our equation for IFAC’s success is laid out in a revised business model developed this year, which consists of four operating lines: supporting standards development, quality and capacity, supporting the global accountancy profession, and global representation and advocacy. Reporting within this new framework, this 2013 Annual Review discusses our operating environment, explains our strategic response and future direction, and demonstrates our performance through highlights of initiatives from our 2013 Service Delivery Report.
1. Supporting Standard Setting for A Globalizing World

IFAC is a leader in supporting the operation and continuous development of international standard setting. We aim to build confidence in the standards, in the standard-setting process, and in the role of standards in strengthening our global financial system. We actively support the process of developing and enhancing robust, effective standards with strong public interest safeguards, and facilitate their adoption and implementation in jurisdictions around the world.

Making a Difference

We live in a global economy with increasingly interconnected markets. Even small- and medium-sized entities work across borders and geographies. Countries, regions, and governments are more interdependent.

High-quality international standards increase the comparability, consistency, clarity, credibility, and transparency of financial information. And, high-quality financial information, in turn, increases the stability of our global financial infrastructure. It contributes to economic growth and helps maintain fair, orderly, and efficient capital markets. It fosters confidence in the markets of emerging nations, which encourages international investment.

As of year-end 2013, over 90 jurisdictions are using or in the process of adopting the International Auditing and Assurance Standards Board’s (IAASB’s) clarified International Standards on Auditing (ISAs), or using them as a basis for preparing national standards. And, over 120 jurisdictions are using or are in the process of adopting the Code of Ethics for Professional Accountants, or basing their national ethics standards on it. Through our member organizations, we work to ensure that International Education Standards are used to train future generations of accountants. And, through the Forum of Firms, member firms are required to deliver audits that are International Standard on Quality Control 1-compliant.

Number of jurisdictions/entities that have adopted or are in the process of adopting or converging to the international standards

<table>
<thead>
<tr>
<th>Standards</th>
<th>Number</th>
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<tbody>
<tr>
<td>IPSASs</td>
<td>80+</td>
</tr>
<tr>
<td>ISAs</td>
<td>90+</td>
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<tr>
<td>IESBA CODE OF ETHICS</td>
<td>120+</td>
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IFAC is a lead advocate for the adoption and implementation of International Public Sector Accounting Standards (IPSASs) and, as of year-end 2013, more than 80 governments and public sector entities are planning to or have adopted these standards.

Accurate, high-quality translations are critical to ensuring the consistent implementation of international standards. As of year-end 2013, IFAC has facilitated the translation of standards and guidance published by IFAC into 48 languages.

Who We Work with

IFAC provides support to the IAASB, International Accounting Education Standards Board (IAESB), International Ethics Standards Board for Accountants (IESBA), and International Public Sector Accounting Standards Board (IPSASB), including facilitating the nominations and selection process, and providing human resources, administrative support, facilities management, and financing.

Consultative Advisory Groups provide technical and strategic advice to the IAASB, IAESB, and IESBA, all of which are overseen by the Public Interest Oversight Board (PIOB). The PIOB is
overseen by the Monitoring Group, which is a collaborative effort by IFAC and the international financial regulatory community to ensure that international auditing and assurance, ethics, and education standards for the accountancy profession are set in a transparent manner that reflects the public interest (see the “Letter from the PIOB” below). As of December 31, 2013, we are collaborating in the development of International Standard Setting in the Public Interest—Audit and Assurance, Accounting Education, and Ethics—Roles and Responsibilities, to clarify the roles and responsibilities of each of the organizations involved in this standard-setting structure, and developing service level agreements between IFAC and the independent standard-setting boards.

We are also working with organizations including the World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, and others to establish public interest oversight for the IPSASB.

IFAC’s remit includes a strong focus on promoting the international adoption of standards in the accountancy profession. Indeed, adoption and implementation of international standards is required in IFAC’s Statements of Membership Obligations, discussed further on page 14.

To achieve our remit, we collaborate with professional accountancy organizations, governments, national and international standard setters, regulators, and other influencers to increase adoption and implementation. We also work with a range of stakeholders, including the International Accounting Standards Board (IASB). Through a Memorandum of Understanding with the International Financial Reporting Standards (IFRS) Foundation, IFAC and the IASB are working on strengthening ties and cooperation between standard-setting authorities and promoting greater consistency in standard-setting activities. We also have formal agreements with other international bodies, such as the International Organisation of Supreme Audit Institutions, Institute of Internal Auditors, International Valuation Standards Council, International Integrated Reporting Council, and United Nations Conference on Trade and Development.

In addition, we engage with organizations such as the G-20, European Commission, International Organization of Securities Commissions, International Forum of Independent Audit Regulators, and national governments to discuss the role of international standards in producing high-quality financial reporting and supporting financial stability.

High-quality international standards increase the comparability, consistency, clarity, credibility, and transparency of financial information.
Service Delivery Highlights 2013

- Signed 200 translation/reproduction agreements for standards and other materials published by IFAC
- Published new and updated implementation guides on ISAs, quality control, and review engagements
- Contributed to the International Integrated Reporting Council (IIRC)’s IR Framework, issued in December 2013, and applied relevant principles to this Annual Review
- Convened the global public sector leaders from the six largest international accountancy networks to promote adoption and implementation of high-quality accrual-based public sector accounting standards

On the Horizon in 2014

- Continue to work vigorously to promote global adoption and advocate for the implementation of high-quality standards globally
- Continue working to establish public interest oversight for the IPSASB, in order to further enhance its credibility
- Maintain our commitment to the advancement and direction of integrated reporting, in accordance with the IIRC’s IR Framework
The three independent standard-setting boards that fall under the oversight of the Public Interest Oversight Board—the International Auditing and Assurance Standards Board (IAASB), International Ethics Standards Board for Accountants (IESBA), and International Accounting Education Standards Board (IAESB)—develop standards at the international level in the areas of auditing, ethical conduct, and accounting education, respectively. Global professional standard setting in these areas is of major importance for the functioning of our increasingly complex and global economic and financial systems and activity. Globally recognized and applicable standards are the foundation for building trust in the financial statements and other accounting documents of the organizations in both the private and public sectors.

The macroeconomic dimension of these standards is two-fold: on one hand, they form the framework that defines the roles and responsibilities of all parties concerned—management, shareholders, markets, employees; and, on the other, they contribute to generating the necessary confidence in financial markets, which ensures their stability.

Developing global standards is a unique venture that is the result of considerable and continuous effort of all the parties involved. Standard-setting boards, composed of the best minds in their class, graciously dedicating their time and efforts to the common enterprise, an efficient administrative team that deals with a unique international context, expert advisory panels, and the PIOB, which ensures the public interest is respected through independent oversight, have worked together in 2013 to reinforce this global system. The result of this joint effort is a body of standards, interpretations, guidance, and other instruments that have been developed in a way that is responsive to the public interest.

The PIOB and its members, conscious of their role in ensuring respect for the public interest, are strongly motivated to contributing to this great objective. The PIOB has been committed throughout the year to strengthening the confidence of all stakeholders in the system and has continued to carry out independent oversight of the standard-setting processes and committees. The importance of high-quality ethics and audit standards in supporting the audited financial statements is unquestionable, and our efforts will continue to ensure that due process and public interest responsiveness are respected. If the PIOB deems that the public interest is not being respected, it will intervene and invite the board to reconsider the matter to ensure that the public interest is fully debated before decisions are taken.

Once approved, the standards are adopted either by the IFAC member organizations, or by national legislators or regulators. The PIOB is especially interested in the effectiveness of this adoption process.

During 2013, 10 standards and changes to the Code of Ethics for Professional Accountants were finalized by the different standard-setting boards. The PIOB postponed approval of one project from the IAESB and referred the extension of the strategy of the IESBA back to the board for further consideration. Other projects are being closely monitored as they continue to progress.

The IAA SB has continued to work on Auditor Reporting and has issued several Exposure Drafts that will result in a more informative auditor’s report. The board’s continuous focus on audit quality materialized with the publication of A Framework for Audit Quality. This initiative will steer the debate on audit quality among stakeholders and promote more and better dialogue.

The IAESB has almost finished the revision of all education standards, a project to be completed by the end of 2014 with the completion of International Education Standard 8. The future role and scope of the IAESB has been a subject of discussion throughout 2013, and these discussions will continue into 2014. The IESBA is engaged in a number of critical projects on which different stakeholders have different expectations.

During 2013, the PIOB continued to progress and to improve the effectiveness of its operations: it refined its oversight methodology, focused on public interest responsiveness of projects in addition to due process oversight, introduced new processes in coordination with IFAC to reinforce its own oversight independence, and strived to respond to stakeholders’ demands. Throughout, it has been strongly committed to ensuring the protection of the public interest.

Eddy Wymeersch
PIOB Chair
2. Building Quality and Capacity to Meet Tomorrow’s Challenges

A core element of our leadership mandate is developing the competence and quality of accounting organizations, firms, and practitioners, to lead to a stronger financial infrastructure and more resilient economies. This is particularly relevant in emerging economies where our capacity-building efforts are central.

IFAC’s Professional Accountancy Organization (PAO) Development Committee and Compliance Advisory Panel drive our efforts in these areas. An important part of this work, our Member Body Compliance Program, comprises seven Statements of Membership Obligations (SMOs) designed to assist PAOs in meeting international standards and best practices, including quality assurance review systems and investigation and discipline mechanisms.

Making a Difference

Strong financial information is necessary to sustain the global financial architecture. This financial information is, in turn, supported by a robust, high-quality accountancy profession. IFAC supports the national and regional organizations that grow, develop, and maintain the profession.

Ifac works closely with PAOs to prepare them for associate or member status. In 2013, we admitted four new members, five new associates, one new affiliate, and one new acknowledged accountancy grouping.

Since they were revised and clarified in 2012, the SMOs are increasingly recognized globally as a framework for developing strong, credible, and high-quality accounting organizations. In 2013, we continued to work with PAOs to develop and measure progress against Action Plans, to encourage and provide a roadmap for their growth and development and improve the quality of accountancy around the world.

In our capacity-building stream, we establish programs to build the capacity of emerging and developing PAOs, including guidance on establishing effective relationships with national governments and regulators, and other resources and tools to improve their connectivity. During 2013, we deepened our engagement with development agencies to support the strengthening of PAOs. We are also working to develop a digital platform to facilitate global knowledge sharing, match development needs and donor community funding, and provide online training.

Who We Work with

IFAC’s PAO Development Committee and Compliance Advisory Panel support our interaction with PAOs and channel our engagement with regional organizations, regulators, policymakers, international donors, and development agencies.

A major multi-stakeholder project is MOSAIC—Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration. MOSAIC outlines how IFAC, international donors, and the international development community work together to increase the capacity of PAOs and improve accounting and financial management in emerging economies.

We are also working with stakeholders such as the leading international accounting firms on initiatives to improve transparency and accountability in the public sector through improved financial reporting, which is based on the adoption and implementation of accrual accounting and International Public Sector Accounting Standards (IPSASs), and public sector capacity building.

IFAC supports the national and regional organizations that grow, develop, and maintain the profession.
On the Horizon in 2014

- Evaluate our 2014 pipeline of six PAOs that have applied for IFAC member or associate status
- Extend our successful donor engagement strategy to develop PAOs and stimulate the flow of development funds for the benefit of the profession as a whole, and the public interest

Service Delivery Highlights 2013

- Finalized and issued the Professional Accountancy Organization Global Development Report, on behalf of MOSAIC, providing an assessment of PAO development worldwide
- Published 110 SMO Action Plans, and held workshops and webinars on the revised SMOs
- Published Establishing Governance: A Guide for PAOs, which focuses specifically on the key elements of a PAO’s governing structure and operations
- Organized the seventh Conference for Accounting and Accountability for Regional Economic Growth, or CReCER (Contabilidad y Responsabilidad para el Crecimiento Económico Regional), along with the World Bank, the Inter-American Development Bank, and the Global Public Policy Committee
- Evaluate our 2014 pipeline of six PAOs that have applied for IFAC member or associate status
- Extend our successful donor engagement strategy to develop PAOs and stimulate the flow of development funds for the benefit of the profession as a whole, and the public interest

IFAC MEMBERS AND ASSOCIATES BY REGION

- Africa/Middle East: 22%
- Asia: 18%
- Australasia-Oceania: 3%
- Europe: 40%
- Latin America: 14%
- North America: 3%
3. Positioning Professional Accountants for Success

Professional accountants touch every aspect of our global economy, providing a broad range of services and operating across public practice, finance and banking, commerce and industry, government and public sector, not-for-profit, and academia. In conjunction with our member organizations, IFAC strives to support these accountants with the resources, tools, and community they need for success.

IFAC’s constituency-focused committees, including the Professional Accountants in Business (PAIB) and Small and Medium Practices (SMP) Committees, provide leadership and guidance on relevant issues, increase awareness of the important roles professional accountants play, and facilitate the communication and sharing of good practices and ideas—all to enhance accountants’ competence, quality, and relevance.

Making a Difference

SMPs are trusted business partners for small- and medium-sized entities, which are the engines of growth and development around the world—accounting for the majority of private sector GDP, employment, and growth in most jurisdictions. SMPs constitute the vast majority of accountancy practices worldwide and, in many jurisdictions, are believed to employ the majority of professional accountants working in practice.

Accountants in business are a diverse constituency, who can be found working in commerce, industry, financial services, education, and the public and not-for-profit sectors. Many are in a position of strategic or functional leadership or otherwise well placed to collaborate with colleagues in other disciplines to help drive their organizations’ long-term sustainable success. Their wide range of job functions includes leadership and management; operational; management accounting and control; and accounting and stakeholder communications.

IFAC’s PAIB and SMP Committees disseminate information and share knowledge to help these groups—along with the entire global accountancy profession—thrive. They develop guidance and tools, information papers, special reports, and surveys, and they organize forums involving experts in key strategic interest areas. In addition, they work to ensure the needs of their sectors are considered by standard setters, regulators, and policy makers, and speak out on behalf of their constituencies to raise awareness of their role and value.

During 2013, IFAC developed the Global Knowledge Gateway, a new platform to enable member organizations to share their valuable knowledge and resources with a broader, global audience of professional accountants, and to help them enhance their service to their members. It will create a single global hub for aggregating news, views, resources, and thought leadership from IFAC, member organizations, and other selected organizations, and provide a global perspective and a portal for users to learn, share, discuss, and engage on a variety of timely and relevant issues. Importantly, it will also leverage IFAC’s position as a facilitator and convener, driving debate and discussion on key topics.

Who We Work with

We work closely with our global network of member organizations to develop the profession and enhance quality, frequently partnering with them to develop guidance, as well as to host forums and events.

In addition, the PAIB and SMP Committees work closely with other international organizations—such as the Committee of Sponsoring Organizations of the Treadway Commission, European Association of Craft, Small and Medium-sized Enterprises, Global Reporting Initiative, and Institute of Internal Auditors—to
Service Delivery Highlights 2013

- Issued guidance developed by the PAIB Committee on project and investment appraisal, improving business reporting processes, and public sector governance, and by the SMP Committee on review engagements.
- Organized the seventh annual IFAC SMP Forum, which was attended by delegates from 30 countries.
- Organized a PAIB Forum, which was attended by approximately 150 delegates and focused on integrated reporting.
- Conducted two SMP Quick Polls in 17 languages to identify and highlight issues affecting SMPs globally.

On the Horizon in 2014

- Launch the Global Knowledge Gateway—a global platform to share knowledge and leverage the expertise of member bodies and other stakeholders.
- Continue to disseminate information and share knowledge via the PAIB and SMP Committees, including guidance and tools, information papers, special reports, surveys, and forums.

For the Global Knowledge Gateway, we interact with a wide array of professional accountants, students, other professionals that are doing accountancy-type work, professionals in related areas (for example, sustainability), and other professionals in the financial reporting supply chain (such as lawyers, employers, regulators, investors).
4. Influencing Policy and the Public Debate

IFAC presents a united, global voice for the profession in advocating for the public interest. Operating at the national and regional level, IFAC’s member organizations represent accountants and leaders who are trusted and valued for their expertise in delivering high-quality services, touching all aspects of business and society. IFAC leverages this body of knowledge and insights on the global stage in support of its vision of strengthening organizations and financial markets, and advancing economies.

Making a Difference
As the global organization for the profession, IFAC is uniquely positioned to speak out on accountancy issues. We unite national and regional voices to interact with global bodies, convene influencers and opinion framers with mutual interests, and provide timely, effective policy input to international decision makers. We develop policy positions and engage in commentary and debates on issues that impact the profession and the public interest, while enhancing recognition of and public confidence in professional accountants as highly skilled, ethical contributors to the global economy.

In a more strategic approach to identifying the issues and topics that impact the profession, we have identified four primary themes for 2013 and beyond:

- Promoting greater public sector transparency and accountability—IFAC supports adoption and implementation of accrual-based International Public Sector Accounting Standards (IPSASs), and other key changes, so that governments can provide a comprehensive picture of their finances and to support the responsible stewardship of public funds.
- Improving the credibility and usability of financial reporting—IFAC aims to stimulate “whole system” thinking to strengthen and bring greater clarity to the financial reporting and analysis supply chain.
- Enhancing organizational reporting—IFAC strongly supports the International Integrated Reporting Council (IIRC) in its efforts to integrate financial and non-financial disclosures and create global consistency, and recognizes the accountancy profession’s important role in reporting and assuring this information.
- Professionalism and belonging to a profession—IFAC believes in principles-based standards, supplemented by rules and guidance only to the extent necessary for consistent implementation.
Who We Work with
Over 36 years, IFAC and its members have developed a network of relationships in government, corporate, investment and finance, international development, not-for-profit, think tanks, research, and academia.

More than 50 external organizations have become strategic partners. Such connectivity ensures we have a seat at the table in important international debates and enables us to facilitate thought leadership and make a significant contribution to global public dialogue.

Service Delivery Highlights 2013

- Co-hosted a symposium on financial reporting with the Global Public Policy Committee and its Regulatory Working Group
- Published a Policy Position Paper on enhancing organizational reporting
- Called on the G-20 to advance the adoption and implementation of IPSASs
- Increased our social media presence on Twitter, Facebook, and LinkedIn to more broadly communicate our news and positions

On the Horizon in 2014

- Continually identify topics and promote ideas worthy of public interest dialogue
- Represent the accountancy profession and emphasize the public interest dimension—raising issues without commercial interests or sovereign priorities
- Focus on sustaining important debates and dialogue so that they continue over and above media cycles and political agendas
Our Business Model

Public Interest Input and Considerations

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

Key Resources

179 members & associates in 130 jurisdictions representing 2.5 million accountants

Accounting firms, affiliates, groups, international standard setters, oversight bodies, donors

70 employees

154 volunteers

Valuable intellectual property

Strong constitutional arrangements; fit-for-purpose processes; head office and conference center in NYC

OUR VALUES

EXPERTISE

INTEGRITY

TRANSPARENCY
Key Value-Adding Activities

Facilitator of:
- International standard-setting
- Adoption and implementation
- Access to knowledge

Collaborate with member organizations, affiliates, other organizations with mutual interests

Convener of experts, decision-makers

Influencer in global public policy dialogue/debates

Intermediary between PAOs, the donor community, firms, and international regulators

Trusted brand

Key Outputs

High-quality international standards and guidance

Programs for strengthening PAOs’ capacity building; increased awareness of and support for these programs

Growing reach and impact of members

Updated actions plans for all member organizations

Global Knowledge Gateway as integral part of IFAC website

Policy positions, opinions, and points of view

Key Outcomes

Confidence in international standards

Reliable, comparable financial and non-financial information and reporting

Strong PAOs & accounting firms

Sufficient supply of professional accountants

Enhanced recognition of professional accountants, and their relevance and value

Policy and regulatory expertise to influence policy making and support 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
Positioning IFAC for a Sustainable Future
Throughout 2013, we sought to sharpen our analysis of our comparative advantage, align our strengths to serve the needs of members and stakeholders, respond to emerging opportunities, and review IFAC’s capacity to deliver outputs and influence outcomes. It has been a process of assessment, adjustment, and delivery.

Organizational Realignment

To achieve our strategic objectives under the four operating lines in the most efficient and effective manner, we have reviewed and adapted our processes, systems, and organizational structure. Our realignment, announced in December, is intended to group activities to enhance synergies, redeploy resources to make sure the right skillsets are brought to bear, and break down silos and establish cross-functional teams to make IFAC more nimble and flexible—all to maximize our impact.

Underpinning the operating lines are three crosscutting themes, or “enablers,” which are critical to our success. The first is making IFAC’s funding more sustainable through a revised funding model, including a program of cost avoidance/recovery, expense management, and potential new revenue sources. In 2013, IFAC had a relentless focus on cost avoidance, recovery, and saving, and received external funding for the International Public Sector Accounting Standards Board; CReCER; the symposium ASEAN Capital Markets—The Importance of a Strong Financial Reporting Environment; and the IFAC Small and Medium Practices Forum.

The second enabler is being even more member and stakeholder focused. The first phase of our stakeholder engagement process, identifying and assessing our key relationships, has been completed. By assigning primary and secondary relationship managers, as well as setting strategic objectives for each key relationship, we aim to enhance our engagement and create an environment for the fluid exchange of ideas.

The third enabler is streamlining our organizational structure and processes so that we maximize efficiency and are “fit for purpose.” An example of this is the development of the Strategy Implementation Plan—2014, which covers the objectives in IFAC’s Strategic Plan for 2013-2016, along with shifts in emphasis and priority, in a shorter, more accessible format. In addition, we took a number of steps in 2013 to strengthen our IT infrastructure, thereby increasing efficiency and availability.
Developing Our People

Our staff is relatively small, particularly when we consider IFAC’s formidable mandate in representing and advocating for the interests of the global accountancy profession and supporting the public interest. Like most professional organizations, IFAC is only as good as its people, and we strive to attract and retain skilled, high-performing employees. IFAC’s approach to salaries and benefits is designed to position us as a competitive employer by this global audience. In 2013, 14 job vacancies were filled, which provides a more robust workforce.

In response to the feedback from staff in our 2012 employee survey, during 2013 we focused on enhancing communication from senior management, through increased digital and face-to-face communications from the executive team to staff. We also increased our focus on professional development and learning opportunities, including providing access to 300+ eLearning courses, to supplement traditional staff training and provide a greater opportunity for skill development. In addition, we organized educational sessions on topics such as setting and achieving SMART (specific, measurable, attainable, realistic, and timely) goals; effective performance and feedback; and encouraging teamwork.

Under our organizational realignment, staff will work in a more cross-functional and project-oriented way, supporting our professional development focus. This is a learning opportunity for employees and resource-smart for the organization. Our aim is for the IFAC team to become more professionally agile, while providing fulfilling roles and challenges.

Our team of 70 people reflects the diversity of the members that IFAC supports. We hail from a wide range of backgrounds and cultures and all bring different experiences and skills to our roles. With such diversity among employees, it is important to continue offering initiatives that foster a cohesive staff culture; during 2013, Human Resources coordinated health and wellness events such as health fairs, yoga classes, flu immunizations, and ergonomics training, and also helped organize other employee gatherings, such as social events, monthly birthday celebrations, and the annual holiday party.

Managing Risk

IFAC operates in a complex and rapidly changing global environment. To accomplish its mission, IFAC pursues opportunities and provides services that may pose external or internal risk. Accordingly, IFAC’s policy is to apply an enterprise risk management framework with clear roles and responsibilities in the identification and management of risk, and to ensure that effective management of risk is a core competency.

Risk management is an integral part of IFAC’s strategic planning process. Management monitors the environment and, in consultation with the Board, uses a systematic process to identify and assess the risks that may cause IFAC not to achieve its mission, and develop and implement actions to mitigate those risks. This risk identification and assessment helps management, in consultation with the Board, select services and allocate resources in order to have the greatest effect on the outcomes IFAC aims to influence.

Management, in consultation with the IFAC Board, has identified the following top six risks:

- **Loss of stakeholder confidence in standard setting**
  IFAC’s principal role remains that of supporting the development of international standards for auditing and assurance, ethics, accounting education, and public sector accounting. During 2013, the independent standard-setting boards continued to develop and issue international standards through a clearly defined,
rigorous due process model with public interest oversight that helps to ensure consistently high-quality standards.

**Failure to identify, prioritize, and render services to meet conflicting demands of members and other stakeholders**

IFAC must balance the needs of a very diverse group of stakeholders with a limited pool of resources. During 2013, IFAC continued to mitigate this risk by working with its member organizations to take an inclusive approach that supports the diverse needs of professional accountants in business (PAIBs), small- and medium-sized practices (SMPs) and their small- and medium-sized entity clients, and the accountancy profession in developing and transitional economies.

**Loss of effectiveness as representative voice of the global profession (failure to be proactive and relevant)**

IFAC collaborated with member organizations to leverage their combined expertise in speaking out on issues affecting the accountancy profession and the public it serves. Specifically, IFAC focused on:

- commenting on issues that directly relate to the accountancy profession;
- developing and maintaining relationships with other organizations as appropriate;
- participating in global, regional, and national forums; and
- developing policy positions that address issues relevant to the global accountancy profession.

**Insufficient funding**

IFAC needs sufficient resources to deliver its services and be able to respond to critical developments. In 2013, IFAC reported a $2.4 million surplus, mainly due to new member organization dues; a relentless focus on cost avoidance, recovery, and saving; unplanned staff vacancies, which also had a positive effect on travel, meetings, and other project-related costs; and greater diversification in funding for the Public Interest Oversight Board. Work on alternative funding strategies that will reduce pressure on current sources of funding also progressed during the year.

**Inability to attract/retain a diverse and highly qualified staff (loss of intellectual resources)**

IFAC needs highly qualified staff and volunteers to deliver the services that make up the strategy. During 2013, IFAC remained committed to the development and retention of staff across all functions. More on this topic can be found under Developing Our People. The Nominating Committee received 161 nominations of highly qualified candidates for positions on the boards and committees in 2014, and recommended 48 candidates for re-appointment or appointment. The committee continued to improve gender balance as well as PAIB and SMP representation on the boards and committees.

**Failure of critical IT systems and capabilities**

IFAC’s IT systems and capabilities are critical for its effective operation. IFAC mitigates this risk of failure by using an efficient and effective outsourcing arrangement, which IFAC actively oversees. During 2013, there was no significant downtime due to IT failures.

More detail on the services delivered can be found in the Service Delivery Report.
Sharpening Our Governance

Founded in 1977, IFAC is a Swiss-registered association with member bodies that are professional accountancy organizations. IFAC’s Constitution and Bylaws detail the responsibilities and authority of IFAC’s Council and Board. They also address IFAC’s mission, membership requirements, and the election/appointment of IFAC officers (President, Deputy President, and CEO).

Constitution Review

As IFAC matures and evolves, our governance arrangements must also evolve in order to ensure efficient operations with robust oversight. During 2013, a Constitution Review was undertaken by a working group of IFAC’s Board and overseen by IFAC’s Deputy President. Recommended enhancements to IFAC’s Constitution and Bylaws were presented to the Council in November, but the necessary two-thirds vote to pass the changes was not achieved. As of December 31, 2013, the Constitution Review Working Group, along with IFAC management, expected to revisit some areas of concern, consult with member bodies, and bring the matter back to Council via electronic vote in early 2014.

The roles and responsibilities below reflect IFAC’s governance structure as of December 31, 2013.

Role of the Council

Ultimate governance of IFAC rests with the Council, which comprises one representative from each member body. The Council usually meets once a year.

Role of the Board

The Board has the power to take all practicable steps to achieve the mission of IFAC, including the power to establish or dissolve such IFAC or Board Groups as it may determine to be necessary for the effective discharge of its duties. Among its many responsibilities, the IFAC Board recommends for approval by the Council the proposed strategic plan and the broad parameters for the organization.

2014 Update

Since the end of 2013, the Constitution Review Working Group, along with IFAC management, have revisited some areas of concern and consulted extensively with member bodies. A revised set of recommended enhancements to IFAC’s Constitution and Bylaws were presented to a Special Council Meeting and approved via electronic vote in February 2014.

2012-2013 IFAC Board:
Standing (left to right): Pamela Monroe Ellis, Norunn Byrkjeland, Masum Turker, Yugui Chen, Ahmadi Hadibroto, Steve Vieweg, Rachel Grimes, Jelil Bouraoui, Robert Hodgkinson, Robert Harris, Ramón Casals Creus, Makoto Shinohara, Marta Rejman, In Ki Joo

Seated (left to right): Carol Bellringer, Jacques Potdevin, Olivia Kirtley (Deputy President), Warren Allen (President), Ana Maria Elorrieta, Japheth Katto, Ganapathy Ramaswamy

Missing from Photo: Russell Loubser
In November 2013, the Governance and Audit Committee was split into two separate committees: the Governance Committee and the Audit Committee.

Membership on the Board reflects the level of member bodies’ financial contributions to IFAC. The organization aims to achieve a diverse composition in terms of gender balance, regional representation, and professional backgrounds. The Board is assisted by various sub-committees.

Board Sub-committees

Governance and Audit Committee
The Governance and Audit Committee monitors IFAC’s governance arrangements and the integrity of IFAC’s financial and non-financial reporting processes and system of internal control, and the independence and performance of the external auditor. It also recommends the appointment of the external auditor to the Council, and provides an avenue of communication between the external auditor, management, and the Board.

Planning and Finance Committee
The Planning and Finance Committee oversees management’s development, implementation, and monitoring of IFAC’s strategies and the financial activities required to implement those strategies. This includes monitoring IFAC’s risk management.

Public Policy & Regulation Advisory Group
The Public Policy & Regulation Advisory Group provides guidance, input, and expertise to the IFAC Public Policy & Regulation Department for its development of policy positions, research projects, interactions with external organizations, and other initiatives.

1 In November 2013, the Governance and Audit Committee was split into two separate committees: the Governance Committee and the Audit Committee.
Role of Management
The Chief Executive Officer leads management in the development of strategic directions for IFAC, in close consultation with, and for eventual approval by, the IFAC Board. The CEO and management develop and execute detailed operating plans to achieve IFAC’s strategic goals; they are responsible for IFAC’s day-to-day operations and promotion of good governance throughout the organization and provide detailed reports at every Board meeting, and otherwise as required, to report progress and discuss key issues. The President, Deputy President, and Governance and Audit Committee Chair, in consultation with the Past President where appropriate, are responsible for setting the Chief Executive Officer’s performance objectives and reviewing performance and remuneration. The President reports to the Board in this regard.

The Chief Executive Officer is responsible for setting senior management’s (Executive Directors and Directors) performance objectives, and reviewing their performance and remuneration. Senior management is responsible for setting performance objectives for employees and reviewing performance. The Chief Executive Officer, supported by senior management, is responsible for reviewing employee remuneration. The Chief Executive Officer reports to the President with regard to succession planning within the senior management team. The Deputy President and Governance and Audit Committee Chair are included in these discussions.

Committees
Nominating Committee
The Nominating Committee comprises the President and Deputy President ex-officio, and no less than four ordinary members. Ordinary members are members of IFAC member bodies, of whom no more than two may be members of the Board. The Chief Executive Officer is the secretary to the Nominating Committee.
The primary criterion for selection of nominees for all IFAC Groups is the best person for the available position, taking into consideration factors such as leadership ability, experience, and other personal skills and attributes. Notwithstanding the foregoing, the committee also takes into consideration geographic balance, industry balance, size of employer, and gender balance.

The committee seeks to achieve transparency via regular reporting to the Board, Council, and Public Interest Oversight Board (PIOB) regarding its objectives, the process followed during the nominations cycle, and any significant issues that arose as part of that process. A representative of the PIOB observes Nominating Committee discussions regarding selection of nominees for membership of the International Auditing and Assurance Standards Board (IAASB), International Accounting Education Standards Board (IAESB), International Ethics Standards Board for Accountants (IESBA), and Compliance Advisory Panel (CAP). The Council elects the Board, President, and Deputy President, and approves and recommends to the PIOB the non-ex-officio membership of the Nominating Committee.

Compliance Advisory Panel
The Compliance Advisory Panel (CAP) oversees the implementation and operation of the IFAC Member Body Compliance Program, makes recommendations to the Board on revisions to the Statements of Membership Obligations, and advises the staff with respect to membership applications. The CAP falls under the oversight of the PIOB.

Professional Accountants in Business Committee
The Professional Accountants in Business (PAIB) Committee provides leadership and guidance on relevant issues pertaining to professional accountants in business and the business environments in which they work. The PAIB Committee focuses on six key topic areas: the roles, domain, and competencies of PAIBs; governance and ethics; sustainability and corporate responsibility; risk management and control; financial and performance management; and business reporting.

Professional Accountancy Organization Development Committee
The Professional Accountancy Organization (PAO) Development Committee focuses on developing strong, sustainable PAOs around the world—the most effective, efficient, and sustainable source for advancing the accountancy profession. The committee’s work is carried out in diverse ways at the national, regional, and global levels and includes close collaboration with regional organizations and accountancy groupings.

Small and Medium Practices Committee
The Small and Medium Practices (SMP) Committee represents the interests of professional accountants who work in SMPs. The committee develops guidance and tools, and works to ensure the needs of the SMP and small- and medium-sized entity (SME) sectors are considered by standard setters, regulators, and policy makers. The committee also speaks out on behalf of SMPs to raise awareness of their role and value, especially in supporting SMEs, and the importance of the small business sector overall.

Transnational Auditors Committee
The Transnational Auditors Committee is the executive arm of the Forum of Firms (FoF), and provides the official linkage between the FoF and IFAC. The FoF is an international network established in 2002 comprising accounting firms that perform transnational audits. Members of the FoF have committed to adhere to and promote the consistent application of high-quality audit practices worldwide.
IFAC Board
(November 2012 to November 2013)

Warren Allen, President, New Zealand
Olivia Kirtley, Deputy President,
United States
Carol Bellringer, Canada
Jelil Bouraoui, Tunisia
Norunn Byrkjeland, Norway
Ramón Casals Creus, Spain
Yugui Chen, China
Ana Maria Elorrieta, Brazil
Rachel Grimes, Australia
Ahmadi Hadibroto, Indonesia
Robert Harris, United States
Robert Hodgkinson, United Kingdom
In Ki Joo, Republic of Korea
Japheth Katto, Uganda
Russell Loubser, South Africa
Pamela Monroe Ellis, Jamaica
Jacques Potdevin, France
Ganapathy Ramaswamy, India
Marta Rejman, United Kingdom (Poland)
Makoto Shinohara, Japan
Masum Turker, Turkey
Steve Vieweg, Canada

IFAC Committees
(January 2013 to December 2013)

Compliance Advisory Panel
James Dickson, Chair, Australia
Caroline J. Kigen, Deputy Chair, Kenya
Kathryn Byrne, United States
Angelo Casò, Italy
Antonio Flores, Mexico
Hao (Phoebe) Yu, United Kingdom (China)

Nominating Committee
Warren Allen, President, New Zealand
Olivia Kirtley, Deputy President,
United States
Ana Maria Elorrieta, Brazil
Japheth Katto, Uganda
Margaret Parker, Australia
Judy Tsui, Hong Kong (Special
Administrative Region of China)
Sir David Tweedie, United Kingdom

Professional Accountancy Organization Development Committee
Deborah J. Williams, Chair,
United Kingdom
Amarjit Chopra, Deputy Chair, India
Rashid Al-Qenaie, Kuwait
Milton Ayon, Panama
Ardiana Bunjaku, Kosovo
Shahied Daniels, South Africa
Arjuna Herath, Sri Lanka
Aldona Kamela-Sowinska, Poland
Carmen Mataragiu, Romania
Devika Mohotti, United Kingdom
(Australia)

Jean Precourt, Canada
Gary Scopes, United States
Observers
Yoseph Asmelash, UNCTAD
Jennifer Thomson, World Bank

Professional Accountants in Business Committee
Roger Tabor, Chair, United Kingdom
John Cahill, Deputy Chair, Australia
Elena Andrews, United Kingdom
(Australia)
Karyn Brooks, Canada
Susanna Chiu, Hong Kong (Special
Administrative Region of China)
Hugh Evans, United Kingdom
Joyce Evans, Canada
Cristina Maria Ivan, Romania
Alan Johnson, United Kingdom
Henny Kapttein, the Netherlands
Jan Labuschagne, South Africa
Stephen Lugalia, Kenya
Vittorio Lusvarghi, Italy
Athalanallur Natarajan Raman, India
Ian Rushby, United Kingdom
Todd Scalletta, Canada
William Schneider, United States
Yacoob Suttar, Pakistan

IFAC Volunteers by Region
- Africa/Middle East 11%
- Asia 15%
- Australasia-Oceania 8%
- Europe 38%
- Latin America 5%
- North America 23%
Small and Medium Practices Committee
Giancarlo Attolini, Chair, Italy
Brian Bluhm, Deputy Chair, United States
Abdulwahid Aboo, Kenya
Subodh Kumar Agarwal, India
Albert Au, Hong Kong (Special Administrative Region of China)
Katharine E. Bagshaw, United Kingdom
Stuart Black, Australia
Philip Cowperthwaite, Canada
Christina Foo, Malaysia
Cemal Ibis, Turkey
Chen Longwei, China
Dawn McGeachy-Colby, Canada
Dorothy Ngwira, Malawi
Andrew Nodd, Germany
Nnamdi Okwuadigbo, Nigeria
Mats Olsson, Sweden
Inge Saeyes, Belgium
Florin Toma, Romania

Transnational Auditors Committee
Voting Representatives
David Maxwell, Chair, Grant Thornton International Ltd
Jean-Luc Barlet, Mazars
Kenneth Chatelain, PricewaterhouseCoopers International
Andrew Collier, Kreston International*
Roderick Devlin, KPMG International Cooperative
Karen M. Golz, Ernst & Young Global Limited
Chuck Horstmann, Deloitte Touche Tohmatsu Limited
David Isherwood, BDO
Gill Spaul, Moore Stephens International Limited
Peter Stefanou, Russell Bedford International*
Theodorus Vermaak, PKF International Limited
Wes Williams, Crowe Horwath International Alternates
Marc Biquard, Constantin Associates Network
John Capper, RSM International Limited
Jack Easton, UHY International Limited
Graham Gilmour, PricewaterhouseCoopers International
Gilles Hengoat, Grant Thornton International Ltd
Susan Lister, BDO
Victor Oliveira, Ernst & Young Global Limited
Edelfried Schneider, HLB International
Jens Simonsen, Deloitte Touche Tohmatsu Limited
Sylvia Smith, KPMG International Cooperative
Mohammed Yaqoob, Nexia International* partial year

IFAC Members
(As at December 31, 2013)

Albania
• Institute of Authorized Chartered Auditors of Albania

Argentina
• Federación Argentina de Consejos Profesionales de Ciencias Económicas

Australia
• CPA Australia
• The Institute of Chartered Accountants in 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

Bahrain
• Bahrain Accountants Association

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 Belastingconsulenten
• Instituut van de Bedrijfsrevisoren—Institut des Réviseurs d’Entreprises

Bolivia
• Colegio de Auditores de Bolivia

Bosnia and Herzegovina
• Association of Accountants and Auditors of Republic 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
- The Canadian Institute of Chartered Accountants (Now operating as CPA Canada - effective April 1, 2013)
- Certified General Accountants’ Association of Canada
- CMA Canada (Now operating as CPA Canada - effective April 1, 2013)

Cayman Islands
- Cayman Islands Society 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
- Union of Accountants 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 and Auditors

Estonia
- Estonian Association of Auditors

Fiji
- Fiji Institute of Accountants

Finland
- HTM-tilintarkastajat—GRM-revisorer ry
- KHT-yhdistys—Föreningen CGR 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 Lögginla Endurskodenda

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

Indonesia
- Indonesian Institute of Accountants

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

Italy
- Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili

Ivory Coast
- Ordre des Experts Comptables et Comptables Agrées de Côte d’Ivoire

Jamaica
- The Institute of Chartered Accountants of Jamaica
Japan
- The Japanese Institute of Certified Public Accountants

Jordan
- The International Arab Society of Certified Accountants
- Jordanian Association of Certified Public Accountants

Kazakhstan
- Chamber of Auditors of the Republic of Kazakhstan

Kosovo
- Society of Certified Accountants and Auditors of Kosovo

Kenya
- Institute of Certified Public Accountants of Kenya

Korea, Republic of
- Korean Institute of Certified Public Accountants

Kuwait
- Kuwait Association of Accountants and Auditors

Latvia
- Latvian Association of Certified Auditors

Lebanon
- Lebanese Association of Certified Public Accountants

Lesotho
- Lesotho Institute of Accountants

Liberia
- The Liberian Institute of Certified Public Accountants

Lithuania
- Lithuanian Chamber of Auditors

Luxembourg
- Institut des Réviseurs d'Entreprises

Macedonia, The former Yugoslav Republic of
- Institute of Certified Auditors of the Republic of Macedonia

Madagascar
- Ordre des Experts Comptables et Financiers de Madagascar

Malawi
- The Society of Accountants in Malawi

Malaysia
- Malaysian Institute of Accountants
- The Malaysian Institute of Certified Public Accountants

Malta
- The Malta Institute of Accountants

Mexico
- Instituto Mexicano de Contadores Públicos, A.C.

Moldova, Republic of
- Association of Professional Accountants & Auditors of the Republic of Moldova

Mongolia
- Mongolian Institute of Certified Public Accountants

Morocco
- Ordre des Experts Comptables du Royaume du Maroc

Namibia
- Institute of Chartered Accountants of Namibia

Netherlands
- Nederlandse Beroepsorganisatie van Accountants

New Zealand
- New Zealand Institute of Chartered Accountants

Nicaragua
- Colegio de Contadores Públicos de Nicaragua

Nigeria
- The Institute of Chartered Accountants of Nigeria

Norway
- Den norske Revisorforening

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

Panama
- Colegio de Contadores Públicos Autorizados de Panamá

Paraguay
- Colegio de Contadores de Paraguay

Peru
- Junta de Decanos de Colegios de Contadores Publicos del Peru

Philippines
- Philippine Institute of Certified Public Accountants

Poland
- Accountants Association in Poland
- National Chamber of Statutory Auditors

Portugal
- Ordem dos Revisores Oficiais de Contas

Romania
- The Chamber of Financial Auditors of Romania
- Corpul Expertilor Contabili si Contabililor Autorizati din Romania

Russian Federation
- The Institute of Professional Accountants of Russia
- Russian Collegium of Auditors

Saudi Arabia
- Saudi Organization for Certified Public Accountants

* Admitted by the IFAC Council in November 2013
Admitted by the IFAC Council in November 2013

Serbia
- Serbian Association of Accountants and Auditors

Senegal
- Ordre National des Experts Comptables et Comptables Agréés du Sénégal

Sierra Leone
- The Institute of Chartered Accountants of Sierra Leone

Singapore
- Institute of Singapore Chartered Accountants

Slovakia
- Slovenska Komora Auditorov

Slovenia
- The Slovenian Institute of Auditors

South Africa
- The South African Institute of Certified Accountants
- The South African Institute of Professional Accountants

Spain
- Instituto de Censores Jurados de Cuentas de España

Sri Lanka
- The Institute of Chartered Accountants of Sri Lanka

Swaziland
- Swaziland Institute of Accountants

Sweden
- FAR

Switzerland
- Treuhand-Kammer—Swiss Institute of Certified Accountants and Tax Consultants

Tanzania, United Republic of
- National Board of Accountants and Auditors

Thailand
- Federation of Accounting Professions

Trinidad and Tobago
- The Institute of Chartered Accountants of Trinidad and Tobago

Tunisia
- Ordre des Experts Comptables de Tunisie

Turkey
- Expert Accountants Association of Turkey
- Union of Chambers of Certified Public Accountants of Turkey

Uganda
- Institute of Certified Public Accountants of Uganda

Ukraine
- Ukrainian Federation of Professional Accountants and Auditors

United Kingdom
- The Association of Chartered Certified Accountants
- The Chartered Institute of Management Accountants
- The Chartered Institute of Public Finance and Accountancy
- The Institute of Chartered Accountants in England and Wales
- The Institute of Chartered Accountants of Scotland
- Institute of Financial Accountants
- Association of Accounting Technicians

United States
- American Institute of Certified Public Accountants
- Institute of Management Accountants

Uruguay
- Colegio de Contadores, Economistas y Administradores del Uruguay

Vietnam
- Vietnam Accounting Association

Zambia
- Zambia Institute of Chartered Accountants

Zimbabwe
- The Institute of Chartered Accountants of Zimbabwe

Albania
- Instituti i Kontabilistëve të Miratuar

Armenia
- Association of Accountants and Auditors of Armenia

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

Bosnia and Herzegovina
- Union of Accountants, Auditors and Financial Workers of Federation of Bosnia and Herzegovina

Brunei Darussalam
- Brunei Darussalam Institute of Certified Public Accountants

Cambodia
- Kampuchea Institute of Certified Public Accountants and Auditors

Croatia
- Croatian Audit Chamber

El Salvador
- Instituto Salvadoreño de Contadores Públicos

Guatemala
- Colegio de Contadores Públicos y Audtores de Guatemala

Ireland
- Accounting Technicians Ireland

*Admitted by the IFAC Council in November 2013
Kazakhstan
- Chamber of Professional Accountants of the Republic of Kazakhstan

Kyrgyzstan
- Union of Accountants and Auditors

Latvia
- Association of Accountants of the Republic of Latvia

Luxembourg
- Ordre des Experts-Comptables du Luxembourg

Mauritius
- Mauritius Institute of Professional Accountants

Montenegro
- Institute of Accountants and Auditors of Montenegro
- Institute of Certified Accountants of Montenegro

Nigeria
- The Association of National Accountants of Nigeria

Pakistan
- Pakistan Institute of Public Finance Accountants

Palestinian Territory
- Palestinian Association of Certified Public Accountants*

Papua New Guinea
- Certified Practising Accountants Papua New Guinea

Portugal
- Ordem dos Técnicos Oficiais de Contas

Russian Federation
- Audit Chamber of Russia
- The Institute of Professional Accountants
- Moscow Audit Chamber*

Rwanda
- Institute of Certified Public Accountants of Rwanda

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

Sri Lanka
- Association of Accounting Technicians of Sri Lanka
- Institute of Certified Management Accountants of Sri Lanka

Ukraine
- Ukrainian Association of Certified Accountants and Auditors

Uzbekistan
- Chamber of Auditors of Uzbekistan*
- National Association of Accountants and Auditors of Uzbekistan

Affiliates
(As at December 31, 2013)

Netherlands
- Nederlandse Orde van Register EDP-Auditors

United States
- Information Systems Audit and Control Association
- The Institute of Internal Auditors
- National Association of State Boards of Accountancy

United Kingdom
- The Association of Corporate Treasurers

Regional Organizations
(As at December 31, 2013)

- Confederation of Asian and Pacific Accountants
- Fédération des Experts Comptables Européens
- Interamerican Accounting Association
- Pan African Federation of Accountants

Accountancy Groupings
(As at December 31, 2013)

- Association of Accountancy Bodies of West Africa
- Eurasian Council of Certified Accountants and Auditors
- Fédération des Experts-Comptables Méditerranéens
- Fédération Internationale des Experts Comptables Francophones
- Gulf Cooperation Council Accounting and Auditing Organization**
- The Institute of Chartered Accountants of the Caribbean
- South Asian Federation of Accountants

* Admitted by the IFAC Council in November 2013
** Accountancy grouping acknowledged by the IFAC Board in September 2013
Financial Highlights
FAC 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 2013 Financial Statements, which include the independent auditor’s report.

Financial Performance

- IFAC is reporting a surplus of $2.4 million for 2013 (2012: deficit of $237,000). This significant surplus is mainly due to new member organization dues; a relentless focus on cost avoidance, recovery, and saving; unplanned staff vacancies, which also had a positive effect on travel, meetings, and other project-related costs; and greater diversification in funding for the Public Interest Oversight Board (PIOB) (IFAC funding of the PIOB in 2013 amounted to $1 million, a decrease of 32% over 2012).

- Total revenue increased by 6% (2012: 2%) to $27.9 million.

- Membership dues increased by 8%, representing dues from new member organizations in excess of $300,000, as well as a 3.7% increase over 2012 membership dues and before adjustments for minimum contributions.

- Monies received from the Forum of Firms increased by 5%, representing a 3.75% increase over the Forum’s 2012 financial contribution to IFAC, as well as an increase in expenses incurred by the Transnational Auditors Committee and reimbursed by the Forum.

- External funding decreased by 18% mainly due to lower external funding for the IPSASB.

- Publication sales and royalties and license fees increased by 3%, while other revenue decreased by 4%.

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Dues</td>
<td>15,657,000</td>
<td>14,472,000</td>
</tr>
<tr>
<td>Forum of Firms</td>
<td>10,511,995</td>
<td>10,043,645</td>
</tr>
<tr>
<td>External Funding</td>
<td>811,508</td>
<td>984,432</td>
</tr>
<tr>
<td>Publications, Royalties, and</td>
<td>339,455</td>
<td>329,227</td>
</tr>
<tr>
<td>Licensing</td>
<td>600,199</td>
<td>624,672</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>$27,920,157</strong></td>
<td><strong>$26,453,976</strong></td>
</tr>
</tbody>
</table>
Total expenses decreased by 4% (2012: increased by 10%) to $25.5 million.

- Employee costs increased by 5%. The increase was mainly due to the Chief Executive Officer transition, and modest increases in staff remuneration offset by a number of unplanned staff vacancies.

- Travel and meeting costs decreased by 8%, mainly due to cost recovery and saving as well as the effect of staff vacancies.

- Occupancy and maintenance decreased by 26%. The period of double rent ended on July 31, 2013, when the lease on the office at 545 Fifth Avenue, New York, New York, terminated.
## Expense Allocation to Activities

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard-Setting Boards &amp; Compliance Advisory Panel</td>
<td>16,981,296</td>
<td>18,539,652</td>
</tr>
<tr>
<td>IFAC Activities</td>
<td>6,579,310</td>
<td>6,198,210</td>
</tr>
<tr>
<td>Forum of Firms</td>
<td>787,323</td>
<td>803,393</td>
</tr>
<tr>
<td>IFAC Governance and Relations</td>
<td>1,168,115</td>
<td>1,149,368</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$25,516,043</strong></td>
<td><strong>$26,690,623</strong></td>
</tr>
</tbody>
</table>

### 2013 Allocation

- **Standard-Setting Boards & Compliance Advisory Panel** 67%
- **IFAC Activities** 26%
- **Forum of Firms** 3%
- **IFAC Governance and Relations** 5%
Financial Highlights

### NET ASSETS/EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>5,703,017</td>
<td>5,939,664</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>2,404,114</td>
<td>(236,647)</td>
</tr>
<tr>
<td><strong>AT END OF YEAR</strong></td>
<td><strong>$8,107,131</strong></td>
<td><strong>$5,703,017</strong></td>
</tr>
</tbody>
</table>

**Financial Position**

- Total assets increased by 23% (2012: 5%) and total liabilities by 2% (2012: 15%). The surplus had a significant positive effect on total assets.

- At December 31, 2013, based on a discount rate of 5.15% (2012: 4.35%), the funded status of the defined benefit pension plan was negative $1.4 million (2012: $2.3 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.

- In 2013, management agreed to move the annual performance evaluations for all staff from November 2013 to January 2014 to enable performance evaluations based on a 12-month period. In the past, this approach was followed only for senior management, while other staff who qualified received performance-based remuneration at the end of the year for which performance was being evaluated. This has given rise to a significant increase in performance-based remuneration included in employee entitlements at the end of 2013.

- The equity position as at December 31, 2013, was $8.1 million (2012: $5.7 million).