Approved by the IFAC Board on
February 28, 2020

International Federation of Accountants®

2019 Financial Statements

International Federation of Accountants®

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

IFAC's Purpose

IFAC, with its member organizations, serves the public interest by enhancing the relevance, reputation, and value of the global accountancy profession.

IFAC's Purpose and public interest focus are achieved through three Strategic Objectives:

- Contributing to and promoting the development, adoption, and implementation of high-quality international standards;
- Preparing a future-ready profession; and
- Speaking out as the voice for the global profession.

2019 FINANCIAL STATEMENTS

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Statement of Financial Performance

For the year ended December 31, 2019

Amounts in U.S. Dollars	Note	2019	2018
Revenue			
From exchange transactions:			
Membership dues, net		$20,213,700	$20,680,500
Forum of Firms	15	12,434,676	12,221,043
Foreign exchange gains	13	63,690	110,885
Publications		58,913	25,553
Royalties and licensing		309,844	282,344
Interest income		34,065	46,995
Other revenue		17,607	248,009
From non-exchange transactions:			
DFID grant	3	1,176,899	1,418,788
Other	3	934,364	785,148
Total revenue		**$35,243,758**	**$35,819,265**
Expenses			
Employee costs	4, 12	$18,928,688	$19,006,594
Consultants	5	3,624,374	4,116,290
Travel and meeting costs		4,742,091	5,792,777
Occupancy and maintenance		1,390,633	1,297,956
Funding provided to the Public Interest Oversight Board	2	1,253,256	1,167,626
Depreciation and amortization	7	472,463	562,563
IT support		707,914	709,112
Legal and other professional fees		173,574	354,582
Recruitment and relocation costs		441,334	596,933
Foreign exchange loss	13	153,270	466,509
Communications and publicity		1,172,295	1,037,876
Telephone		181,422	189,957
Auditor remuneration			
Audit of financial statements		105,772	98,471
Tax and other services		33,121	56,415
Printing, distribution and postage		65,122	66,990
Insurance		140,452	147,216
Bad debt expense		74,865	28,950
Other expenses		415,585	395,894
Total expenses		**$34,076,231**	**$36,092,711**
Surplus (Deficit) for the year		**$1,167,527**	**($273,446)**

See accompanying notes to financial statements.

Statement of Changes in Net Assets/Equity

For the year ended December 31, 2019

Amounts in U.S. Dollars		2019	2018
Net assets/equity at beginning of year			
Accumulated surpluses		**$10,339,453**	**$9,831,185**
Surplus (deficit) for the year		1,167,527	(273,446)
Gain (Loss) on re-measurement of defined benefit obligation	10	(964,489)	781,714
Net assets/equity at end of year		**$10,542,491**	**$10,339,453**

See accompanying notes to financial statements.

Statement of Financial Position

As at December 31, 2019

Amounts in U.S. Dollars	Note	2019	2018
Current assets			
Cash and cash equivalents	13	$14,993,933	$15,177,981
Receivables from exchange transactions:			
Receivables from IFAC members, net	6	-	-
Receivable from the Forum of Firms	15	244,207	227,634
Other receivables		83,396	182,237
Receivables from non-exchange transactions			
Receivables from other sources of funding	3	559,586	113,730
Prepaid expenses		611,516	665,171
Total current assets		**$16,492,638**	**$16,366,753**
Non-current assets			
Property and equipment, net	7	$1,569,287	$1,909,349
Advances and deposits	9,14	589,464	588,364
Total non-current assets		**$2,158,751**	**$2,497,713**
TOTAL ASSETS		**$18,651,389**	**$18,864,466**
Current liabilities			
Accounts payable and accrued expenses		$1,448,555	$1,458,594
Employee entitlements	4	1,571,427	2,221,332
Deferred revenue	8	134,788	633,960
Total current liabilities		**$3,154,770**	**$4,313,886**
Non-current liabilities			
Accrued pension obligation	10	$3,192,942	$2,282,618
Deferred rent	9	1,761,186	1,928,509
Total non-current liabilities		**$4,954,128**	**$4,211,127**
TOTAL LIABILITIES		**$8,108,898**	**$8,525,013**
Net assets/equity			
IFAC members		$10,542,491	$10,339,453
Total net assets/equity		**$10,542,491**	**$10,339,453**
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**$18,651,389**	**$18,864,466**

See accompanying notes to financial statements.

In-Ki Joo, IFAC President
Nov. 2018 – Nov. 2020

Kevin Dancey, IFAC CEO
May 2018 - Present

Statement of Cash Flows

For the year ended December 31, 2019

Amounts in U.S. Dollars	Note	2019	2018
Cash flows from operating activities			
Cash was provided from:			
Membership dues		$20,220,154	$20,921,580
Forum of Firms		12,418,103	12,441,286
Other sources of funding		1,177,388	1,817,856
Publications		58,913	25,553
Royalties and licensing		367,877	281,535
Interest received		34,065	46,995
		$34,276,500	$35,534,805
Cash was applied to:			
Employee costs		($19,632,758)	($19,298,243)
Other payments		(14,605,810)	(16,320,696)
		($34,238,568)	($35,618,939)
Net cash inflow (outflow) from operating activities	11	**$37,932**	**($84,134)**
Cash flows from investing activities			
Cash was applied to:			
Purchase of property and equipment	7	($132,400)	($200,096)
Net cash outflow from investing activities		**($132,400)**	**($200,096)**
Net decrease in cash and cash equivalents		**($94,468)**	**($284,230)**
Cash and cash equivalents at beginning of year		$15,177,981	$15,817,834
Effect of exchange rate change on foreign currency balances		($89,580)	($355,623)
Balance of cash and cash equivalents at end of year		**$14,993,933**	**$15,177,981**

See accompanying notes to financial statements.

Statement of Accounting Policies

For the year ended December 31, 2019

Basis of Preparation

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

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

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

Estimates and Assumptions

The preparation of financial statements in accordance with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates and assumptions relate to the measurement of the defined benefit pension plan expense and liability, and the allocation of revenues, expenses, assets, and liabilities for the purposes of segment reporting (see Note 18). Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may significantly differ from those estimates.

Significant Accounting Policies

A. Accounting Standards Update

New IPSAS standards issued during 2019 have been considered and are not applicable to IFAC. New IPSAS standards issued but not yet effective are being considered.

B. Revenue Recognition

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

Membership dues

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

Forum of Firms revenue

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

Other sources of funding

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

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

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

Publications revenue

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

Interest income

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

Services in-kind

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

C. Employee Entitlements

Employee entitlements to salaries, wages, paid time off, retirement benefits, and other benefits are recognized when they are earned. Annual paid time off is calculated on an actual entitlement basis at current rates of pay.

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

IFAC is one of three sponsoring employers that participate in the multiple employer defined benefit pension plan (Plan) of the American Institute of Certified Public Accountants (AICPA) (Note 10). The Plan is partly funded.

The liability or asset recognized in the statement of financial position in respect of the Plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee costs in the statement of financial performance.

Re-measurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly to accumulated surpluses in the statements of net assets/equity. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized in the statement of financial performance as past service costs. There were no such costs in 2019 or 2018.

D. Property and Equipment

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

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

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

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

E. Impairment

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

F. Financial Instruments

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

Cash and cash equivalents

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

Membership dues and other receivables

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

G. Operating Leases

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

H. Taxation

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

I. Foreign Currencies

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

Notes to the Financial Statements

For the year ended December 31, 2019

Amounts in U.S. Dollars

1. International Federation of Accountants

IFAC is the global organization for the accountancy profession. It comprises more than 175 member and associate organizations in 130 countries and jurisdictions, representing nearly 3 million professional accountants.

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

IFAC's purpose, with its member organizations, is to serve the public interest by enhancing the relevance, reputation, and value of the global accountancy profession.

IFAC's Purpose and public interest focus are achieved through three Strategic Objectives:

- Contributing to and promoting the development, adoption, and implementation of high-quality international standards;
- Preparing a future-ready profession; and
- Speaking out as the voice for the global profession.

IFAC is registered in Geneva, Switzerland under Articles 60 through 79 of the Swiss Civil Code and is exempt from Swiss taxes. IFAC's primary base of operation is New York, New York, United States of America. IFAC operates as a tax-exempt organization under Section 501(c)(6) of the United States Internal Revenue Code.

2. International Standard-Setting Boards

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

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

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

In 2019, IFAC implemented a comprehensive, integrated approach to advance accountancy education in the public interest, through the International Accountancy Education Panel. As a result, the International Accountancy Education Standard Board ceased operations in June 2019.

Revenues and expenses associated with the independent standard-setting boards are presented in the Information about Activities (Segments) (see Note 18).

Public Interest Oversight Board

The PIOB was formally established in February 2005 and is based in Madrid, Spain. It is legally constituted as a Spanish Foundation. The establishment of the PIOB is the result of a collaborative effort by IFAC and the international financial regulatory community, in the form of the Monitoring Group (MG), comprised of the Basel Committee on Banking Supervision, European Commission, Financial Stability Board, International Association of Insurance Supervisors, International Forum of Independent Audit Regulators, International Organisation of Securities Commissions, and the World Bank. The PIOB works with IFAC to ensure that the IAASB and IESBA develop standards in a transparent manner that reflects the public interest. The MG initiated a regular review of the standard setting model during 2017 and issued a Consultation Paper titled "Strengthening the Governance and Oversight of the International Audit-Related Standard Setting Boards in the Public Interest" on November 9, 2017. The review continued throughout 2019 and is still underway as of the date of this report.

IFAC will provide unconditional guaranteed funding for the operations of the PIOB through March 2022. The funding is denominated in Euros, and is the Euro equivalent of $1.5 million annually, after adjustment for inflation and exchange rate changes, and reduced by funding received from other sources. IFAC accepts the currency risk associated with the guaranteed funding being denominated in Euros and understands that, on this basis, the PIOB will accept the currency risk associated with any operations or expenses of the PIOB incurred in currencies other than Euros. The guaranteed funding is paid on a quarterly basis in advance to the PIOB Foundation, whose trustees allocate the funds to the PIOB.

The PIOB received funding from sources other than IFAC of €478,000 (2018: €546,450). IFAC funding of the PIOB was €1,122,718 or $1,253,256 (2018: €976,352 or $1,167,626).

3. Other Sources of Funding

IFAC receives other sources of funding from governments, donor agencies, firms and other institutions. Other sources of funding are generally in the form of restricted and unrestricted grants, voluntary contributions, and expense reimbursements. Other sources of funding have been recognized as revenue in support of the activities of the following boards, committees, or programs as follows:

	2019	**2018**
Capacity Building Program	$1,176,899	$1,418,788
IPSASB	533,555	490,211
IAASB	255,649	294,937
CReCER	120,000	-
PAODC	25,160	-
Total other funding	**$2,111,263**	**$2,203,936**

As at December 31, 2019, amounts receivable from other sources of funding totaled $559,586 (2018: $113,730).

IFAC Capacity Building Program – DFID Agreement

IFAC is party to an Accountable Grant Agreement (Agreement) with the UK Department for International Development (DFID) to fund the IFAC Capacity Building Program (Program). The Program was created and designed to develop the accountancy profession in emerging economies. Under the Agreement, DFID is providing a British Pound denominated grant (Grant) in an amount not to exceed £4,935,000 over a seven-year period, ranging from July 1, 2014 through June 30, 2021. The Grant contains conditions that restrict spending of Grant funds to costs directly associated with the Program. DFID, at its sole discretion, can modify or terminate the Agreement with three months written notice.

DFID provides quarterly funding based on IFAC's actual spend for program and implementation fees. Total funding is inclusive of a management fee of £500,000 paid to IFAC to manage the Program, which includes diagnostic preparation and validation, project mobilization, project launch, and administration. The management fee is paid by DFID and recognized by IFAC in quarterly installments over the term of the Agreement. Total revenue recognized under the Agreement is as follows:

	2019	2018
Program and Implementation	$1,085,589	$1,324,508
Management Fees	91,310	94,280
	$1,176,899	**$1,418,788**

As at December 31, 2019, IFAC recognized no liability (2018: a liability of $467,350) with respect to deferred revenue of Program services being performed under the Agreement (Note 8).

IPSASB

The IPSASB received other sources of funding from the Canadian government, New Zealand government, Government of Abu Dhabi, Asian Development Bank, and CPA Canada.

IAASB

During 2017, IFAC entered into a grant agreement in the amount of $466,120 with the World Business Council for Sustainable Development (WBCSD Agreement). In March 2019, IFAC signed a phase 2 agreement in the amount of $470,000. The grant contains conditions that restrict spending of grant funds to costs directly associated with the underlying grant activities. The statement of work as stipulated in the WBCSD Agreement commenced in December 2017 and is expected to continue through 2020. IFAC recognized revenue from this grant in the amount of $255,649 (2018: $294,937) for the year ended December 31, 2019. As at December 31, 2019, IFAC also recognized a liability of $128,380 (2018: $149,049) with respect to deferred revenue for services being performed under the WBCSD Agreement (Note 8).

CReCER

In 2019, IFAC received funding totaling $120,000 (2018: nil), from the Global Public Policy Committee in support of the CReCER program.

PAODC

In 2019, IFAC received funding totaling $25,160 (2018: nil), from the Asian Development Bank in support of Developing Accountancy Capacity in Fragile and Conflict States.

4. **Employee Costs**

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

	2019	2018
Compensation costs	$14,307,782	$14,586,893
Payroll taxes and benefits	2,964,933	2,825,544
Retirement benefits (Note 10)	1,151,073	1,098,846
Temporary staff	175,812	170,434
Other	329,088	324,877
Total Employee Costs	**$18,928,688**	**$19,006,594**

Included in compensation costs are the following employee entitlements:

	2019	2018
Performance based remuneration	$ 1,450,658	$1,682,797
Accrued paid time off	20,769	538,535
Accrued salary cost	100,000	-
Total employee entitlements	**$1,571,427**	**$2,221,332**

5. Consultants

	2019	2018
Consultants – standards development	$2,085,820	$2,112,905
Partner organizations / consultants – DFID (see note 3)	1,130,083	1,348,853
Consultants - other	408,471	654,532
Total Consultants	**$3,624,374**	**$4,116,290**

6. Receivables from IFAC Members

	2019	2018
Membership dues receivable	$35,800	$54,900
Allowance for uncollectible dues	(35,800)	(54,900)
Net dues/assessment receivable	**$ -**	**$ -**

In 2019, adjustments and discounts to membership dues amounted to $118,900 (2018: $140,000).

7. Property and Equipment

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Opening net carrying value	$308,150	$403,988	$31,492	$120,008	$1,569,707	$1,747,820	**$1,909,349**	**$2,271,816**
Additions	125,464	138,805	6,937	18,762	-	42,529	**132,401**	**200,096**
Disposals	-	-	-	-	-	-	**-**	**-**
Depreciation	(223,921)	(234,643)	(24,356)	(107,278)	(224,186)	(220,642)	**(472,463)**	**(562,563)**
Closing net carrying value	$209,693	$308,150	$14,073	$31,492	$1,345,521	$1,569,707	**$1,569,287**	**$1,909,349**

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Cost	$1,722,211	$1,596,747	$755,337	$748,400	$2,989,106	$2,989,106	**$5,466,654**	**$5,334,253**
Accumulated depreciation	(1,512,518)	(1,288,597)	(741,264)	(716,908)	(1,643,585)	(1,419,399)	**(3,897,367)**	**(3,424,904)**
Net carrying value	$209,693	$308,150	$14,073	$31,492	$1,345,521	$1,569,707	**$1,569,287**	**$1,909,349**

8. Deferred Revenue

Deferred revenue consists primarily of grant proceeds received in advance of work performed. The following table summarizes deferred revenue as at December 31, 2019 and 2018:

	2019	2018
DFID grant	$ -	$467,350
WBCSD grant	128,380	149,049
Member dues	6,408	17,561
Total Deferred Revenue	**$134,788**	**$633,960**

9. Operating Lease Obligations

IFAC leases office space in New York and Toronto under long-term non-cancelable operating lease agreements, expiring through October 2027. The lease arrangements have varying terms, which may include increases in future minimum annual rent payments based on inflation or other criteria as defined in the agreements. In addition, IFAC leases certain office equipment under contractual arrangements.

Future minimum lease obligations on non-cancelable operating leases are payable as follows:

	2019	2018
Not later than one year	$1,235,619	$1,235,619
Later than one year and not later than five years	6,569,375	6,445,813
Later than five years	2,491,831	3,851,012
Total operating lease obligations	**$10,296,825**	**$11,532,444**

Operating lease payments recognized as expense for the year ended December 31, 2019 totaled $1,222,205 (2018: $1,126,693).

Deferred rent as at December 31, 2019 totaled $1,761,186 (2018: $1,928,509). See Statement of Accounting Policies (G) Operating Leases for further detail.

The security deposit for office space in New York is in the form of a letter of credit in the amount of $514,841 (2018: $514,841), which is collateralized by a certificate of deposit. The security deposit for the office at 277 Wellington Street West, Toronto is in the form of cash of $8,646 (2018: $8,646). The security deposits are included in advances and deposits in the statement of financial position.

10. Retirement Benefit Plans

Defined contribution plan

IFAC operates a defined contribution plan for all employees based in the United States. IFAC makes a discretionary contribution to the defined contribution plan of 6% of each employee's base salary, up to a maximum base salary amount. A portion of this contribution is subject to a vesting schedule, with benefits fully vesting after three years of service. Employees may also elect to contribute an additional amount from their salary up to the maximum prescribed under the United States Internal Revenue Code. These contributions attract a discretionary 35% employer match, and both the employee and employer contributions vest immediately. The Plan is administered by Fidelity Management Trust Company. Matching contributions recognized as an expense totaled $948,639 (2018: $911,382).

In the case of full-time employees based in Canada, IFAC contributes an amount equal to 7% of their annual base salary or the maximum annual amount established under relevant Canadian legislation, whichever is less, to a registered Retirement Savings Plan in the name of each individual employee. For 2019, the contributions recognized as an expense totaled $109,939 (2018: $76,705).

These expenses are included in employee costs in the statement of financial performance (see Note 4).

Defined benefit plan

Plan Description

IFAC is one of three sponsoring employers that participate in the multiple employer defined benefit pension plan of the AICPA. The Plan is a noncontributory defined benefit pension plan that was available to eligible employees through January 30, 2013. Effective January 31, 2013, IFAC froze participation in the Plan, and benefits for participants were frozen as of the effective date. Participants in the Plan at the effective date who had not yet fully vested continue to accrue service for vesting purposes only. Employees hired after the effective date do not participate in the Plan. IFAC makes periodic contributions to the Plan as determined by an actuary. Pension benefits earned are generally based on years of service and final compensation during active employment.

The complete discretionary authority to control and manage the operation, administration and interpretation of the Plan rests with the Pension Committee. The members of the Pension Committee are designated by the Board of Directors of the AICPA.

Risks Associated with Defined Benefit Plans

The Plan is exposed to a number of risks as follows:

I. *Asset Volatility:* Unfavorable developments in capital markets, especially of equity prices and fixed-interest securities, could reduce the fair value. In addition, the Plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Pension Committee adopted an asset allocation strategy, which is intended to reduce volatility with the Plan's funded status as the funded status improves over time. As the Plan's funded status improves, the Pension Committee will increase the target allocation of the Plan's assets in fixed income investments and decrease the overall target allocation of the Plan's assets in equity and other types of investments. The diversification of fund assets, the engagement of asset managers using quantitative and qualitative analyses, and the continual monitoring of performance and risk help to reduce risk associated with asset volatility.

II. *Bond Yields*: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

III. *Life expectancy*: The majority of the Plans' obligations are to provide benefits for the life of the participant, so increases in life expectancy will result in an increase in the plans' liabilities. A primary objective of the Plan's investment policy is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. See the *Composition of Assets* section below for additional information on the Plan's investment strategy.

Because the Plan is frozen, expected long-term wage and salary increases do not have an impact on the amount of the obligation.

Reconciliation of the Net Obligation of the Defined Benefit Plan

The following tables present the change in present value of the defined benefit pension obligation and change in the fair value of plan assets for the twelve-month periods ending December 31, 2019 and 2018.

Present Value of Defined Benefit Obligation:	**2019**	**2018**
Opening balance	$6,173,446	$6,794,678
Interest cost	266,098	250,076
Benefits paid	(245,115)	(254,304)
Actuarial loss / (gain) on obligation	935,406	(617,004)
Closing balance	**$7,129,835**	**$6,173,446**

Fair Value of Defined Benefit Plan Assets:	**2019**	**2018**
Opening balance	$3,890,828	$3,694,156
Expected return on plan assets	168,955	139,318
Contributions by employer	151,308	146,948
Benefits paid	(245,115)	(254,304)
Actuarial (loss) gain on plan assets	(29,083)	164,710
Closing balance	**$3,936,893**	**$3,890,828**

The following tables present the funded status of the plan as at December 31, 2019 and 2018, which is recognized as an asset (liability) in the statement of financial position, and the change in actuarial (gains) losses for the periods ending December 31, 2019 and 2018, which is recognized directly in the statement of Net Assets/Equity:

Funded Status:	**2019**	**2018**
Present value of defined benefit obligation	$(7,129,835)	$(6,173,446)
Fair value of plan assets	3,936,893	3,890,828
Accrued pension obligation	**$(3,192,942)**	**$(2,282,618)**

Change in Actuarial Loss (Gain):	**2019**	**2018**
Net loss (gain) for the period - Obligation	$935,406	$(617,004)
Net loss (gain) for the period - Asset	29,083	(164,710)
Change in Net Assets/Equity	**$964,489**	**$(781,714)**

Pension Cost

The components of pension cost included in the statement of financial performance for the twelve-month periods ending December 31, 2019 and 2018 are as follows:

Pension Cost:	**2019**	**2018**
Interest cost	$266,098	$250,076
Expected return on plan assets	(168,955)	(139,318)
Net periodic pension expense	**$97,143**	**$110,758**

Composition of Plan Assets

The composition of the Plan assets as at December 31, 2019 and 2018 is depicted below, and is presented separately for assets recognized at fair value based on quoted market prices in active markets for identical investments (“Quoted Market Prices”) and those where fair value is based on significant other observable inputs (“Un-Quoted Market Prices”):

	2019			2018		
Equity Securities:	Quoted Market Prices	Un-Quoted Market Prices	Total	Quoted Market Prices	Un-Quoted Market Prices	Total
U.S. Government securities	$1,653,495	$ -	$1,653,495	$1,245,065	$ -	$1,245,065
Corporate bonds	2,283,398	-	2,283,398	2,645,763	-	2,645,763
Fair value of plan assets	**$3,936,893**	**$-**	**$3,936,893**	**$3,890,828**	**$-**	**$3,890,828**

Plan assets and income derived from Plan assets are used solely to pay pension benefits and to administer the Plan. The Plan's investment strategy is to provide for growth of capital with a moderate level of volatility. The expected long-term rate of return for the Plan's assets is based on the expected return of each of the asset categories, weighted based on the median of the target allocation for the class. All investments are chosen with skill, prudence and due diligence with the assistance of an investment consultant.

Performance of each investment manager is reviewed quarterly and interviews of each investment manager are generally conducted within a two-year cycle by an investments committee comprised of AICPA members with investment industry experience. Investment risk is managed in several ways, including, but not limited to, the use of fixed income investments.

Fixed income investments include securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises, as well as corporate bonds from diversified industries and mortgage backed and asset-backed securities.

IFAC does not issue debt securities or net assets/equity securities, nor does it occupy property, or use assets owned by the plan.

Measurement Assumptions

The measurement date is December 31 for the Plan's defined benefit pension obligation and plan assets, and January 1 for the Plan's net periodic pension cost. The principle actuarial assumptions used to calculate the defined benefit obligation as at December 31, 2019 and 2018 are as follows:

	2019	2018
Discount rates	3.40%	4.40%
Expected rates of return on plan assets	4.40%	3.75%
Expected increase in social security wage base	N/A	N/A
Expected increase in compensation and benefit limits	N/A	N/A
Expected rates of salary increases	N/A	N/A

IFAC uses a yield curve methodology to determine the discount rate. This methodology uses a weighted average yield to determine the Plan's discount rate by forecasting the Plan's expected benefit payments by year. The actuarial computation of the defined benefit obligation is based on interest rates that reflect the time value of money. For purposes of determining the time value of money, the rate on high quality corporate bonds is used. The future stream of benefit payments that corresponds to the defined benefit obligation is first determined; then the present value of this payout stream is calculated using both the Aon Hewitt AA Above Median yield curve and the Citigroup Above Median yield curve. A single rate of interest that is equivalent to each yield curve is determined, and these two rates are averaged to determine the discount rate, with the average rounded to the nearest multiple of five basis points.

The mortality assumption at December 31, 2019 is the adjusted PRI-2012 mortality table for white collar employees and healthy annuitants projected with mortality improvement scale MP-2019 on a fully generational basis. The mortality basis at December 31, 2018 is the adjusted RP-2014 mortality table for white collar employees and healthy annuitants projected with mortality improvement scale MP-2018 on a fully generational basis.

The expected return on plan assets reflects the target asset allocation and was derived from historical asset performance and projected long-term returns.

Sensitivity Analysis

As at December 31, 2019 and 2018, an increase or decrease in the discount rate would affect the present value of the defined benefit pension obligations as follows:

Sensitivity for:	**2019**	**2018**
Discount Rates +0.25%	$(301,000)	$(230,000)
Discount Rates - 0.25%	$322,000	$245,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis were applied consistently for both years presented.

Effect on Future Cash Flow

The Plan’s Funding policy is to contribute an amount sufficient to meet the minimum funding requirements under the current pension law. There was no minimum required contribution for both 2018 and 2019. IFAC anticipates making a contribution of approximately $215,696 to the Plan during 2020. The weighted average duration of the defined benefit obligation as at December 31, 2019 was 17.2 years (2018:16.4 years).

11. Reconciliation of Surplus with Net Cash Inflow from Operating Activities

	2019	2018
Surplus (Deficit) for the year	$1,167,527	($273,446)
Add/(less) non-cash items:		
Depreciation and amortization	472,463	562,563
Deferred rent	(167,323)	(167,324)
Non-cash pension gain	(54,166)	(36,186)
Bad debt expense	74,865	28,950
Add/(less) movements in working capital:		
Membership dues receivable	(74,865)	(28,950)
Receivables from non-exchange transactions	(445,856)	(35,495)
Receivable from Forum of Firms	(16,573)	220,243
Other receivables	98,841	(76,218)
Prepaid expenses	53,654	85,452
Advances and deposits	(1,100)	36,334
Accounts payable and accrued expenses	79,542	212,919
Employee entitlements	(649,905)	(255,462)
Deferred revenue	(499,172)	(357,514)
Net cash inflow (outflow) from operating activities	**$37,932**	**($84,134)**

12. Employee and Volunteer Disclosure

As at December 31, 2019, IFAC had 82 full-time employees (2018: 81 full-time employees), and no part-time employees (2018: 1 part-time employees). In addition to these employees, IFAC had 8 contractors (2018: 9 contractors), and 2 secondees (2018: 2 secondees).

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

During 2019, IFAC had approximately 291 volunteers contributing to the work of IFAC and the independent standard setting boards. These volunteers each contributed between 200 and 800 hours to these activities during 2019.

13. Financial Risk Factors

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

Liquidity risk

Liquidity risk results from the potential inability to meet financial obligations, such as payments to suppliers or employees. IFAC manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. IFAC has an available line of credit with a bank (see Note 17). As at December 31, 2019 and 2018, IFAC had no borrowings outstanding under the line of credit.

Credit risk

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

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

As at December 31, 2019, a total of $8,201,253 (2018: $7,967,136) was held with JP Morgan Chase Bank, representing 56 percent (2018: 52 percent) of the total amount of cash. The amount held by JP Morgan Chase excludes a deposit of $514,841 (2018: $514,841) held as collateral for the security deposit in the form of letters of credit for the office in New York City. The deposit is included in advances and deposits in the accompanying statement of financial position. As at December 31, 2019, a total of $5,278,806 (2018: $6,135,702) was held with Citizens Bank; representing 37 percent (2018: 40 percent) of the total amount of cash. As at December 31, 2019, a total of $839,578 (2018: $1,189,143) was held with Scotia Bank; representing 7 percent (2018: 8 percent) of the total amount of cash.

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

The maximum exposure at December 31, 2019 is equal to the total amount of cash and cash equivalents, and receivables disclosed in the statement of financial position. Receivables considered uncollectible have been adequately provided for.

For the year ended December 31, 2019, one IFAC member accounted for 8.4 percent of total revenue (2018: 8.3 percent). There were no amounts due from this member as at December 31, 2019 and 2018.

Currency risk

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

	2019	**2018**
Realized gain	$42,991	$110,885
Unrealized gain	20,699	-
Total foreign exchange gain	**$63,690**	**$110,885**

	2019	2018
Realized loss	$153,270	$80,998
Unrealized loss	-	385,511
Total foreign exchange loss	**$153,270**	**$466,509**

Fair values

As at December 31, 2019 and 2018, the carrying amounts for all financial instruments held by IFAC approximate their fair values.

Restrictions on the use of cash and cash equivalents

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

14. Related Parties

Council

Ultimate governance of IFAC rests with the IFAC Council, which comprises one representative from each IFAC member. The Council meets at least once per year and is responsible for deciding constitutional and strategic matters and electing the Board. Positions on the Council are voluntary and there is no honorarium paid for any position held.

Board

The IFAC Board is comprised of members from various countries who, as representatives of the worldwide accountancy profession, have signed a declaration to act with integrity and in the public interest. The Board is comprised of the President, Deputy President, and twenty-one other individuals nominated by IFAC members. Board members are elected for a term of up to three years, with continuous service limited to six years. The Board governs and oversees the operations of IFAC, which includes oversight of the implementation of initiatives and allocation of resources. During 2019, the Board held four physical meetings (2018: four), and four electronic consultations (2018: five). Positions on the Board are voluntary and there is no honorarium paid for any position held.

Senior management

As at December 31, 2019, senior management (key management personnel) includes the Chief Executive Officer, two Executive Directors, one Managing Director, and nine Directors (2018: Chief Executive Officers, three Executive Directors, one Managing Director, and eight Directors) who are responsible for operating the various activities of the organization. These positions are remunerated by the organization. The aggregate remuneration of key management personnel was $5,966,487 (2018: $6,294,839).

IFAC representatives

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

IFAC member organizations

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

Forum of Firms

The Forum of Firms provides an annual financial contribution (dues) to IFAC for an agreed amount and full reimbursement for Transnational Auditors Committee related expenses (see Note 15).

Employee Advances and Deposits

As part of employee relocation packages, IFAC may offer to provide employees guarantees or deposits to secure rented residences. These amounts are included in advances and deposits in the accompanying statement of financial position. Advances and security deposits are repaid voluntarily or upon termination or relocation of the respective employees. As at December 31, 2019, the balance outstanding of employee advances and deposits was $62,620 (2018: $61,520).

15. Forum of Firms

The objective of the Forum of Firms and its relationship with IFAC are established by the Forum's Constitution. The Forum is legally registered in Geneva, Switzerland under the Swiss Civil Code.

The executive committee of the Forum of Firms is the Transnational Auditors Committee, which by way of the Constitution is also a committee of IFAC. The Transnational Auditors Committee is the operational body of the Forum and has executive authority over the activities of the Forum. The Transnational Auditors Committee is currently staffed by two IFAC employees, each of whom spends part of their time on Transnational Auditors Committee business. The members of the Transnational Auditors Committee are selected by the Forum and are approved by the IFAC Nominating Committee and the IFAC Board.

In 2019, IFAC recognized revenues from the Forum of Firms for amounts invoiced for the annually agreed contribution (dues) of $11,604,749 (2018: $11,604,749), and for expenses incurred by the Transnational Auditors Committee totaling $829,927 (2018: $616,294). These amounts are due to IFAC on a quarterly in arrears basis.

As at December 31, 2019, an amount of $244,207 (2018: $227,634) is receivable from the Forum of Firms for expenses incurred by the Transnational Auditors Committee activity during the reporting periods.

16. Commitments and Contingencies

As at December 31, 2019, IFAC had no outstanding commitments other than those lease obligations identified in Note 9.

17. **Line of Credit**

As at December 31, 2019 and in 2018, IFAC had an available line of credit from a bank in the amount of $2,625,000. The line carries an interest rate of LIBOR plus 2.50% (LIBOR plus 2.56% at December 31, 2018) on used balances and expires on June 2, 2020. IFAC did not access its line of credit during 2019 or 2018. Borrowings under the line of credit, when used, are collateralized by substantially all IFAC assets.

18. Information about Activities (Segments)

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

Allocated Revenue

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

ALLOCATED REVENUE	**External Funding**		**Allocated Revenue**		**Total Allocated Revenue**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
IAASB	$ 255,649	$ 294,937	$ 10,182,728	$ 10,067,320	$ 10,438,377	$ 10,362,257
IAESB			656,593	1,048,373	656,593	1,048,373
IESBA			5,712,660	6,008,314	5,712,660	6,008,314
IPSASB	535,555	490,211	4,010,751	3,573,979	4,546,306	4,064,190
Standards Development	791,204	785,148	20,562,732	20,697,986	21,353,936	21,483,134
Global Representation & Advocacy	-	-	1,766,456	2,570,733	1,766,456	2,570,733
Global Accountancy Profession Support	-	-	4,046,421	3,124,270	4,046,421	3,124,270
Global Accountancy Profession Development	1,202,059	1,418,788	2,507,842	3,961,218	3,709,901	5,380,006
Quality & Membership	120,000	-	3,079,517	3,534,568	3,199,517	3,534,568
Total allocated revenue	**$ 2,113,263**	**$ 2,203,936**	**$ 31,962,968**	**$ 33,888,775**	**$ 34,076,231**	**$ 36,092,711**

Expenses

Expenses are recorded by activity area. For purposes of this note, the cost of the PIOB is allocated to each Public Interest Activity Committee's (PIAC) expenses based on a pro rata share of the total PIACs expenses.

EXPENSES	Employee costs		Travel & meeting costs		Consultants		Other		Funding of PIOB		Total expenses		Total Allocated Revenue		SURPLUS / (DEFICIT)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
IFAC Corporate - Unallocated	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,167,527	$ (273,446)
IAASB	5,088,285	4,554,479	1,750,066	2,083,428	1,147,148	1,284,908	1,770,717	1,846,815	682,161	592,627	10,438,377	10,362,257	10,438,377	10,362,257		
IAESB	368,284	579,590	128,126	223,151	8,571	14,293	108,703	172,339	42,909	59,000	656,593	1,048,373	656,593	1,048,373		
IESBA	2,840,753	2,855,595	1,014,050	1,234,903	589,048	601,076	895,479	977,527	373,330	339,213	5,712,660	6,008,314	5,712,660	6,008,314		
IPSASB	2,621,571	2,362,096	673,134	716,826	510,883	284,839	740,718	700,429	-	-	4,546,306	4,064,190	4,546,306	4,064,190		
Standards Development	10,918,893	10,351,760	3,565,376	4,258,308	2,255,650	2,185,116	3,515,617	3,697,110	1,098,400	990,840	21,353,936	21,483,134	21,353,936	21,483,134	-	-
Global Representation & Advocacy	1,235,178	1,456,190	148,003	328,719	66,534	337,840	316,741	447,984	-	-	1,766,456	2,570,733	1,766,456	2,570,733	-	-
Global Accountancy Profession Support	2,966,422	2,127,048	277,990	342,266	107,364	130,347	694,645	524,609	-	-	4,046,421	3,124,270	4,046,421	3,124,270	-	-
Global Accountancy Profession Development	1,722,266	2,606,053	248,673	476,161	1,167,730	1,432,928	571,232	864,864	-	-	3,709,901	5,380,006	3,709,901	5,380,006	-	-
Quality & Membership	2,085,929	2,465,543	502,049	387,323	27,096	30,059	429,587	474,857	154,856	176,786	3,199,517	3,534,568	3,199,517	3,534,568	-	-
Total expenses	**$ 18,928,688**	**$ 19,006,594**	**$ 4,742,091**	**$ 5,792,777**	**$ 3,624,374**	**$ 4,116,290**	**$ 5,527,822**	**$ 6,009,424**	**$ 1,253,256**	**$ 1,167,626**	**$ 34,076,231**	**$ 36,092,711**	**$ 34,076,231**	**$ 36,092,711**	**$ 1,167,527**	**$ (273,446)**

Other Information

For purposes of this note, all assets and liabilities are attributed to IFAC - Corporate and are therefore not allocated to the activity areas.

OTHER INFORMATION	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
IFAC Corporate - Unallocated	$ 16,492,638	$ 16,366,753	$ 2,158,751	$ 2,497,713	$ 18,651,389	$ 18,864,466	$ 3,154,770	$ 4,313,886	$ 4,954,128	$ 4,211,127	$ 8,108,898	$ 8,525,013
Standards Development	-	-	-	-	-	-	-	-	-	-	-	-
Global Representation & Advocacy	-	-	-	-	-	-	-	-	-	-	-	-
Global Accountancy Profession Support	-	-	-	-	-	-	-	-	-	-	-	-
Global Accountancy Profession Development	-	-	-	-	-	-	-	-	-	-	-	-
Quality & Membership	-	-	-	-	-	-	-	-	-	-	-	-
Total	**$ 16,492,638**	**$ 16,366,753**	**$ 2,158,751**	**$ 2,497,713**	**$ 18,651,389**	**$ 18,864,466**	**$ 3,154,770**	**$ 4,313,886**	**$ 4,954,128**	**$ 4,211,127**	**$ 8,108,898**	**$ 8,525,013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of

International Federation of Accountants, Geneva

Opinion

We have audited the financial statements of International Federation of Accountants (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of financial performance, changes in net assets/ equity and cash flows for the year then ended, and a statement of accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and of its financial performance, changes in net assets/ equity and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Geneva, February 28, 2020

ECHO SA

Clémentine Largeteau Licensed audit expert Auditor in charge	Vladan Vladuljevic Licensed audit expert

Enclosure :

- Financial statements (statement of financial position, statements of financial performance, changes in net assets/ equity and cash flows for the year then ended, and a statement of accounting policies and other explanatory notes)

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