LEVERAGING OUR GLOBAL ADVANTAGE
ABOUT THIS 2014 ANNUAL REVIEW

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’s Integrated Reporting Framework.

This 2014 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 2014, which also comprises our Financial Statements for the year ended December 31, 2014, available on the IFAC website: www.ifac.org.
2014 HIGHLIGHTS AND PRIORITIES

Financial

- Total revenue: $29.6 million
- Total expenses: $28.0 million
- Surplus: $1.6 million

Performance Highlights

- Approved a revised Constitution and Bylaws and a new funding model
- Implemented new operating lines to leverage IFAC’s global comparative advantage
- Hosted a successful World Congress of Accountants in Rome, Italy, in conjunction with Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili (CNDCEC)
- Welcomed 4 new members and associates; admitted 2 existing associates as members
- Signed a £4.9 million agreement with the UK Department for International Development (DFID) to develop professional accountancy organizations (PAOs) in emerging economies
- Formally launched the Global Knowledge Gateway and the MOSAIC website
- Introduced Accountability. Now. to promote public sector transparency and accountability

Strategic Priorities for the Future

- Continue to support the development, adoption, and implementation of high-quality international standards
- Speak out in areas we are well-positioned to address, including the value and relevance of the accountancy profession worldwide, and the importance of high-quality public sector financial reporting
- Broaden and deepen our engagement with development agencies to catalyze funding for PAO capacity building in emerging economies
- Leverage the knowledge and resources of our members and other stakeholders to support accounting professionals worldwide
- Focus relentlessly on stakeholders
- Continue to adapt and adopt processes and systems to be fit for purpose, flexible, and sustainable
CONTENTS

Report to Member Organizations & Other Stakeholders 4

Vision, Values, & Business Model 6

The Value We Deliver 8

Continuous Improvement for a Sustainable Future 22
  Developing Our People 23
  Managing Risk 24
  Sharpening Our Governance 26
  IFAC Board 30
  IFAC Committees 30
  IFAC Members and Associates 31
  IFAC Affiliates, Regional Organizations, and Accountancy Groupings 35

Financial Highlights 36
REPORT TO MEMBER ORGANIZATIONS & OTHER STAKEHOLDERS
2014 was a year of reinvigoration and renewal.

We deepened our focus on IFAC’s comparative global advantages—what we as an organization are uniquely positioned to do—in order to deliver better value to member organizations and the accountancy profession and support the evolving global economy. We did this through our five operating lines:

- international standards
- quality
- accountancy profession development
- accountancy profession support
- representation and advocacy

We marked successes in many of these areas—from the capacity-building agreement with UK DFID, to the formal launch of the Global Knowledge Gateway, to the introduction of Accountability. Now, to promote public sector transparency and accountability. While notable and gratifying, we expect that these accomplishments are only the beginning and that they lay the foundation for exciting future opportunities.

In addition to the operating lines, we enhanced our focus on three “enablers”—streamlined organizational structure and processes, sustainable funding, and a relentless stakeholder focus—to enhance our impact. During the year, the IFAC Council approved both the revised Constitution and Bylaws as well as a new member dues allocation model; not only do these streamline our organizational structure and processes, they will be instrumental in IFAC’s ability to fulfill its mandate. Our stakeholder focus led to enhanced interaction with member bodies and other key stakeholders. Indeed, we have worked to build, renew, and strengthen relationships with national and regional professional accountancy organizations, regulators, firms, business leaders, and the international donor community.

A particular highlight of the year was the quadrennial World Congress of Accountants, hosted by Consiglio Nazionale dei Dottori Commercialisti e Degli Esperti Contabili (CNDCEC). This year’s successful event, held in Rome, was attended by almost 4,000 accountancy professionals from around the globe. It was preceded by our Council meeting, at which we were proud to see Olivia Kirtley (USA) and Rachel Grimes (Australia) elected as President and Deputy President—marking the first time IFAC has had two women in these positions. Olivia and Rachel are consummate professionals who bring superb accounting and business and industry expertise, as well as experience leading their national professional accountancy organizations; it is outstanding to see the advance of women in our profession reflected within IFAC, and they will be superb ambassadors for aspiring women leaders everywhere.

In what was a very busy year, we are proud of the progress IFAC made during 2014. None of our achievements would have been possible without the commitment and support of the IFAC Board, our member organizations, and the tireless dedication of our volunteers. In addition, we must acknowledge IFAC’s energetic, competent, service-oriented staff, who have turned vision into a reality on many different levels.
OUR 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.

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

- 175+ members & associates in 130 jurisdictions representing 2.5 million accountants
- Accounting firms, affiliates, groups, international standard setters, oversight bodies, donors
- 72 employees
- 250 volunteers
- Valuable intellectual property
- Strong constitutional arrangements; fit-for-purpose processes; head office and conference center in NYC

Key Value-Adding Activities

Facilitate:
- International standard-setting
- Adoption and implementation
- Access to knowledge

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

Convene experts, decision makers

Influence 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
THE VALUE WE DELIVER
IFAC has a formidable mandate: to represent, support, and advocate for the global accountancy profession while serving the public interest.

In today’s increasingly globalized environment, we have a diverse and segmented constituency whose specific needs and priorities—often competing—we need to respond to and balance. There are large, public enterprises and large accounting firms alongside small- and medium-sized entities and practices; professional accountants in public practice providing many different services alongside professional accountants in business, government, and academia; professional accountancy organizations (PAOs) that vary significantly by stage of development, financial and human resource capacity, and legal status and authority; and developed, mature economies alongside emerging economies.

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

IFAC’s value lies in leveraging 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. In providing this value, we draw on the knowledge and insights of our board, committees, volunteers, and our broad membership—a total of more than 175 PAOs across 130 jurisdictions.

We deliver value through our five operating lines:

1. Contributing to the development of high-quality international standards
2. Fostering quality in PAOs and firms
3. Developing the accountancy profession—in particular, building strong national and regional PAOs
4. Leveraging knowledge and expertise from across IFAC’s global network of members and stakeholders for the benefit of the broader profession
5. Capitalizing on IFAC’s connectivity across governments, businesses, and markets to convene topical debates, sustain discussions on trends and emerging issues that are in the public interest, and seek increased awareness of the value of the accountancy profession

These activities strengthen the accountancy profession; engender reliable, comparable, consistent, and transparent financial and non-financial information; contribute to high-quality information and improved decision making; and support economic stability and growth.

This Annual Review discusses the environment within each of these operating lines, demonstrates our 2014 performance, and explains our strategy and future direction.
IFAC is a leader in supporting international standard setting. We aim to build confidence in the standards, in the standard-setting process, and in the role of standards in strengthening the global financial system. We actively support the structures that develop robust, effective standards with strong public interest safeguards, and facilitate their adoption and implementation around the world.

Our Impact
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 than ever.

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 the 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.

IFAC’s remit includes promoting the adoption of standards across the globe. Indeed, supporting adoption and implementation of international standards is required by IFAC’s Statements of Membership Obligations, discussed further on page 14.

In 2014, a further 10 jurisdictions decided to adopt the clarified International Standards on Auditing, or use them as a basis for preparing national standards, taking the total number to more than 100. More than 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. And, through our member organizations, we work to ensure that International Education Standards are used to train future generations of accountants.

High-quality financial reporting also enhances the effective management of public resources. IFAC is a lead advocate for the adoption and implementation of International Public Sector Accounting Standards as a core part of strong and transparent financial management in the public sector and, to date, 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. To date, IFAC has facilitated the translation of standards and guidance published by IFAC into 48 languages.

Who We Work With
IFAC provides support to the International Auditing and Assurance Standards Board (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 (CAGs) 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
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 Public Interest Oversight Board” on page 13). As of December 31, 2014, documents to clarify the roles and responsibilities of each of the organizations involved in this standard-setting structure, as well as service level agreements between IFAC and the independent standard-setting boards, were in progress.

IFAC is also working with highly respected international organizations, including the World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, and others to enhance the IPSASB’s public interest governance arrangements.

We collaborate with professional accountancy organizations, governments, national and international standard setters, regulators, and other influencers to foster adoption and implementation. Through a Memorandum of Understanding with the International Financial Reporting Standards Foundation, IFAC and the International Accounting Standards Board are working toward greater cooperation 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 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.

We actively support the structures that develop robust, effective standards with strong public interest safeguards, and facilitate their adoption and implementation around the world.
Our Areas of Activity

Service Delivery Highlights 2014

- Supported the independent standard-setting boards; during 2014, achievements included:
  - the IAASB approved new auditor reporting standards designed to increase transparency and audit quality, and enhance information value
  - the IAESB completed its clarity project
  - the IPSASB completed and issued its conceptual framework
  - the IESBA launched an electronic version of its Code of Ethics
- Submitted 23 comment letters to international standard-setting boards on behalf of the profession and its Small and Medium Practices and Professional Accountants in Business constituencies, and advocated for global regulatory consistency, including a submission to the G-20.
- Signed 144 translation/reproduction agreements for standards and other materials published by IFAC.

On the Horizon in 2015

- Continue to support the independent standard-setting boards and to work vigorously to promote adoption and support the implementation of the standards around the world.
- Continue to strengthen the independence—and the perception of independence—of the standard-setting boards, provide clarity about how the current model works, and speak out on the strength of the model.
- Work to progress the IPSASB’s public interest governance arrangements, in order to further enhance the credibility and legitimacy of its standards.
In 2014 I again had the pleasure to follow the numerous activities of IFAC. IFAC has become essential in representing professional accountants all over the world. The standard-setting activities, organized in the three standard-setting boards, are widely respected because they allow accountants everywhere to refer to the same standards, values, and concepts with respect to their professional obligations and procedures. Not only do accountants share a largely common language, but they also have easy access to each other’s professional market, which supports labor mobility. The professional terminology used by national professional bodies, once the translation hurdle is overcome, allows references to the same common philosophy.

The existence of this unique set of common concepts, techniques, and ways of conducting the professional activity of accountants should be supported to ensure that they are operational in work environments. As the professional federation of national member bodies, IFAC plays a unique role here as well. Several “transmission channels” exist. In many jurisdictions the standards applicable to professional accountants have been set by law. Legislators sometimes make explicit reference to the standards approved by the standard-setting boards and overseen by the PIOB, and they often use them as a source of inspiration.

In jurisdictions where legislation has not organized the setting of standards in this field, the standards are being adopted by the local professional body, according to its own rules. As is well known, associative mechanisms play an important role in making standards that are of a self-regulatory nature and applicable in jurisdictions where the legal system allows this freedom. This acceptance reflects the profession’s need to apply standards that have been well thought through, respond to the needs of their users, and are widely applied.

IFAC monitors and assists national professional bodies in their adoption and implementation efforts. One of IFAC’s crucial roles is to actively support their worldwide acceptance, with the aim of making the standards similar in as many jurisdictions as possible. This result requires the efforts of the Compliance Advisory Panel (CAP), which the PIOB oversees and supports, to urge national bodies to adopt the standards in their original format.

Another way to facilitate the observance of professional standards and adherence to their supporting philosophy is the action developed by IFAC in the field of education. Up to now, the International Accounting Education Standards Board (IAESB) has established standards in the “area of professional accounting education, prescribing technical competence and professional skills, values, ethics, and attitudes.” It has recently finalized the revision of its suite of eight International Education Standards, which constitute the common basis for the knowledge and technical and practical expertise requested by both new and established accountants. Beyond these foundational standards on education, the need for further professional education, especially in the emerging world, remains formidable. Efforts are called for to support initiatives by IFAC in conjunction with other parties that would help spread the knowledge and expertise on a worldwide basis.

Regarding the work of standard-setting boards, during 2014, three strategies and work plans, new International Standards on Auditing (ISAs) on auditor reporting, and revisions to non-assurance services provisions in the Code of Ethics were finalized by the three standard-setting boards overseen by the PIOB. Other projects are being closely monitored as they continue to progress, including the International Audit and Assurance Standard Setting Board’s work on “Other Information” and on its disclosures and ISA 800 series; the International Ethics Standard Setting Board for Accountants’ “Non-compliance with Laws and Regulations,” “Long Association,” “Part C of the Code,” “Safeguards,” and “Structure of the Code”; and the IAESB’s revision of its “Framework for International Education Standards for Professional Accountants” and new guidance projects on “Learning Outcomes.”

As the PIOB prepares to celebrate its tenth anniversary in 2015, it looks forward to working with incoming President Ms. Olivia Kirtley and Deputy President Ms. Rachel Grimes, and the new chairs of the standard-setting boards and the Consultative Advisory Groups.

Eddy Wymeersch
PIOB Chair
A core element of our mandate is supporting national adoption and implementation of international standards, and fostering the role of professional accountancy organizations (PAOs), primarily through our Member Body Compliance Program. The program comprises seven Statements of Membership Obligations (SMOs) designed to assist PAOs in adoption and implementation of international standards and best practices, including quality assurance review systems and investigation and discipline mechanisms.

**Our Impact**

IFAC works closely with PAOs to prepare them for associate or member status. In 2014, we admitted four new members and associates and admitted two existing associates as members.

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 2014, we continued to work with PAOs to develop and measure progress against action plans, encourage and provide a roadmap for their growth and development, and improve the quality of accountancy around the world.

In addition, IFAC aims to better monitor and report on the status of international standards adoption and the fulfillment of SMO requirements from information gathered by the IFAC Member Body Compliance Program. The project—Dashboard Reporting initiative—includes developing methodology and guidance to assess status, as well as reporting tools to increase the program’s efficiency and reduce the burden on IFAC members and associates in submitting their compliance information. The methodology sets consistent indicators, so that the status of adoption of international standards and fulfillment of SMOs can be tracked over the years and reported for the benefit of IFAC, its membership, stakeholders, and the general public.

**Who We Work With**

IFAC’s Compliance Advisory Panel oversees the Member Body Compliance Program and our interaction with PAOs. We also work with stakeholders such as the leading international accounting firms on initiatives to improve financial reporting in the public sector, through adoption and implementation of accrual accounting and International Public Sector Accounting Standards. And, we work with the Forum of Firms to promote consistent, high-quality financial reporting and auditing practices among transnational auditors worldwide.
### Service Delivery Highlights 2014

- Published 104 SMO Action Plans.
- Launched the Dashboard Reporting initiative to more efficiently assess and report on adoption of international standards and fulfillment of the SMOs.

### On the Horizon in 2015

- Continue to evaluate PAOs that have applied for IFAC member or associate status.
- Launch a public consultation of the Compliance Program’s strategy, areas of focus, and activities.
- Organize the eighth 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.
3. Building Capacity to Meet Tomorrow’s Challenges

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

Our Impact
IFAC has identified the nine components that cover the full spectrum of a professional accounting organization (PAO)’s responsibilities and, when properly addressed, contribute to a successful PAO that serves both the public and private sectors.

The nine components are interdependent but fall into three categories—the building blocks of PAO capacity building:

- Sustainability: appropriate legal foundation(s), governance structure, and operational capacity;
- Standards and enforcement: facilitating the adoption and implementation of standards for accountancy education, ethics, audit, and public sector accounting based on international benchmarks and monitoring compliance;
- Relevance: connectivity between a PAO and its membership base and broader society in order to understand and respond to the needs of both groups across the private and public sectors.

IFAC uses a diagnostic validation and confirmation process, including on-the-ground stakeholder engagement, to identify a PAO’s position in relation to these components and provide clarity regarding the wider environment in which it operates. Together, these aspects provide an indication of the specific circumstances in the country and the level of accountancy profession and PAO development, enabling the design of projects that are fit for purpose.

During 2014, we received a £4.9 million grant from the UK Department of International Development (DFID) to develop PAOs in emerging economies. The funding will be used to strengthen PAOs in at least 10 DFID focal countries in four regions—Asia, the Caribbean, the Middle East and North Africa, and Sub-Saharan Africa—over seven years. IFAC will facilitate, coordinate, and supervise capacity-building programs and technical support, including peer-to-peer support by more established PAOs. These programs will build the developing country PAOs’ capacity so that they can drive improvements in professional and ethical standards.

Toward the end of 2014, IFAC’s Program Oversight Committee approved Ghana, Rwanda, and Uganda as the initial three countries under this agreement. In addition, we received 37 responses to our invitation for Expressions of Interest to become a potential partner organization in implementing the program.

Also in 2014, we launched the MOSAIC website, funded by the World Bank. This digital platform facilitates global knowledge sharing, and in the future will help match development needs with donor community funding.

We are continuing discussions with a number of development agencies in order to stimulate the additional flow of funds for the benefit of the profession as a whole.
Who We Work With
IFAC’s PAO Development Committee provides strategic advice regarding these activities.

MOSAIC—Memorandum of Understanding to Strengthen Accountancy and Improve Collaboration—is a major multi-stakeholder project that 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.

Service Delivery Highlights 2014

- Received a £4.9 million grant from the UK DFID to develop PAOs in emerging economies.
- Identified Ghana, Rwanda, and Uganda as the initial three countries for this program and received 37 Expressions of Interest to work with us to implement the program.
- Launched the MOSAIC website to facilitate global knowledge sharing regarding PAO capacity development.

On the Horizon in 2015

- Enhance the MOSAIC website to showcase past, current, and future development projects and match development needs and donor community funding.
- Finalize project plans for PAOs in Ghana, Rwanda, and Uganda and issue the first request for proposals.
- 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.
In conjunction with our member organizations, IFAC strives to support accountants around the world. We facilitate communication and community, share resources and tools, and provide leadership and guidance on relevant issues—all to enhance accountants’ competence, quality, and relevance.

Our Impact
Small- and medium-sized practices (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—employ the majority of professional accountants working in practice.

Professional accountants in business (PAIBs) are a diverse constituency. Their wide range of job functions includes leadership and management; operations; management accounting and control; and stakeholder communications. Many are in strategic or functional leadership roles and are well positioned to help drive their organizations’ long-term sustainable success.

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

During 2014, IFAC formally launched 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. The Gateway is a single global hub for aggregating news, views, resources, and thought leadership from IFAC, member organizations, and other selected organizations, and providing a global perspective and a portal for users to learn, share, discuss, and engage on a variety of timely and relevant issues.

Who We Work With
The PAIB and SMP Committees provide strategic advice to support our service delivery to these constituencies.

We also work with our global network of member organizations, frequently partnering with them to develop guidance and host forums and events.

In addition, we collaborate 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, Institute of Internal Auditors, International Integrated Reporting Council, and Organisation for Economic Co-operation and Development—to develop papers and reports, organize forums, and conduct advocacy. We submit comment letters to standard-setting boards and regulators and interact through task forces and working groups.

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).
Service Delivery Highlights 2014

- Launched the Global Knowledge Gateway—a global platform to share knowledge and leverage the expertise of member bodies and other stakeholders.
- Conducted the IFAC Global SMP Survey in 21 languages; received 5,083 responses from 135 countries identifying and highlighting issues affecting SMPs globally.
- Issued papers on public sector governance (in conjunction with the Chartered Institute of Public Finance & Accountancy) and developing and reporting supplementary financial measures.
- Develop a publication aimed at SMPs to support marketing and execution of compilation engagements, as well thought papers for PAIBs that examine integrated reporting from a preparer’s perspective and managing risk as an integral part of managing an organization.
- Continue to disseminate information and share knowledge through the Global Knowledge Gateway, as well as via guidance and tools, information papers, special reports, surveys, and forums.
- Maintain our commitment to the advancement and direction of integrated reporting, in accordance with the International Integrated Reporting Council’s IR Framework.

On the Horizon in 2015
Our Areas of Activity

5. Influencing Policy and Public Debate

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. IFAC presents a united, global voice for the profession and advocates for the public interest.

Our Impact
As the global organization for the profession, IFAC is uniquely positioned to speak out on accountancy and related public interest issues. We unite regional and national 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.

In 2014, our primary themes were:

- The many factors involved in the credibility and usability of financial reporting—we aim to stimulate “whole system” thinking to bring greater clarity to the financial reporting supply chain and strengthen the quality of financial reporting.
- The importance of public sector transparency and accountability—IFAC supports adoption and implementation of accrual-based International Public Sector Accounting Standards, and other institutional reforms, to support the responsible stewardship of public funds.
- Enhanced organizational reporting—IFAC supports the International Integrated Reporting Council 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.
- The profession’s valuable role in society—we strive to increase awareness of the important roles professional accountants play and the contributions we make to the global economy.

Who We Work With
Over 37 years, IFAC and its members have developed a network of relationships in government, investment and finance, international development, think tanks, research, academia, and the corporate and not-for-profit sectors.

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 policy advocacy.
Service Delivery Highlights 2014

- Submitted 11 response letters to international, regional, and national consultations on public policy and regulatory matters, as well as recommendations to support global economic growth and resilience to the G-20 Leader’s Summit in Brisbane, Australia.
- Increased our social media presence on Twitter, Facebook, LinkedIn, and other channels to more broadly communicate our news and positions.
- Issued press releases to call attention to issues including global regulatory convergence, EU audit legislation, regulatory fragmentation, the sovereign debt crisis, and public sector transparency and accountability.

On the Horizon in 2015

- Continually identify topics and promote ideas worthy of public interest dialogue; in 2015 these might include a greater emphasis on regulation, corporate governance, the value of the accountancy profession, and the role of accountants in society.
- Represent the accountancy profession and advocate for the public interest—raising issues without commercial interests or sovereign priorities and focusing on sustaining important debates and dialogue so that they continue over and above media cycles and political agendas.
- Collaborate more closely with member bodies and key stakeholders to promote our views and positions.
CONTINUOUS IMPROVEMENT FOR A SUSTAINABLE FUTURE
Throughout 2014, we continued to sharpen 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.

Underpinning the operating lines are three cross-cutting themes, or “enablers,” which are critical to our success. The first enabler is streamlining our organizational structure and processes so that we maximize efficiency and are “fit for purpose.” The most significant change in this area during 2014 was our organizational realignment, which became effective in March. This move grouped activities to enhance synergies, redeployed resources to make sure the right skillsets are brought to bear, and established cross-functional teams to make IFAC more nimble and flexible—all to maximize our impact. From a governance perspective, fit-for-purpose was also considered as part of the Constitution Review. In addition, our Strategy Implementation Plan—which replaces the longer Operating Plan—is part of this initiative.

The second enabler is making IFAC’s funding more sustainable. In 2014, a revised dues allocation was passed by the IFAC Council. In addition, during the year IFAC had a relentless focus on cost avoidance, recovery, and saving, and received external funding for Professional Accountancy Organization (PAO) Capacity Building, the MOSAIC website, and the International Public Sector Accounting Standards Board. IFAC also welcomed secondments from the American Institute of Certified Public Accountants, the Institute of Chartered Accountants in Australia, and the Japanese Institute of Certified Public Accountants. These secondments provided much-needed human resources to IFAC, while offering professional development opportunities for secondees.

The third enabler is being even more member and stakeholder focused. Having identified and assessed our key member and other stakeholder relationships, during 2014 we assigned primary and secondary relationship managers and set strategic objectives for each key relationship, in order to enhance our engagement and create an environment for the fluid exchange of ideas.

Developing Our People

Given IFAC’s formidable mandate to represent the global accountancy profession and advocate for the public interest, IFAC’s headcount of 72 staff is both lean and focused.

We are only as good as our people, and our recruitment and selection processes are designed to attract and retain skilled, high-performing employees for the right roles, and to help mitigate organizational risk.

Our employees represent many nationalities, age groups, backgrounds, and skills that both enrich our organization and bring it new perspectives. To attract them, our approach to salaries and benefits positions our organization as a competitive employer on a global stage. In 2014, 16 of 19 job vacancies were filled, by a combination of permanent staff, temporary assistance, and consultants.

As an equal opportunity employer, we are proud of our record of promoting women into leadership positions. IFAC’s core decision-making group, the Senior Management Team, now comprises two women and two men following the promotion of Sylvia Tsen to Senior Director, Quality & Member Relations.

And in November of this year, Olivia Kirtley (USA) and Rachel Grimes (Australia) were elected President and Deputy President, respectively, marking the first time IFAC'S Board has been led by...
two women. Overall, the IFAC Board is comprised of 8 women and 14 men.

In response to the feedback from staff in our 2012 employee survey, during 2014 we continued our focus on enhancing communication from senior management, through increased digital and face-to-face interactions with staff; we also began developing an intranet site for rollout in 2015. In addition, we organized educational sessions on topics such as setting and achieving SMART (specific, measurable, attainable, realistic, and timely) goals and effective performance and feedback. We conducted a follow-up employee engagement survey—which included additional questions related to 360-degree feedback—in December 2014; the results are being analyzed and compared to the 2012 results and additional action steps are being identified.

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 2014, 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 that are widely accepted throughout the world.
Failure to identify, prioritize, or render services to meet competing demands of member organizations and other stakeholders

IFAC must balance the needs of a very diverse group of stakeholders using a limited pool of resources. During 2014, 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, Small and Medium Practices and their small- and medium-sized entity clients, and the accountancy profession in emerging and transitional economies.

Loss of effectiveness as the representative voice of the global profession

IFAC collaborated with member organizations and other key stakeholders 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
- advocating for policy positions that address issues relevant to the global accountancy profession.

Insufficient funding for financial sustainability

IFAC needs sufficient resources to deliver its services and be able to respond to critical developments. In 2014, IFAC reported a $1.6 million surplus, mainly due to a relentless focus on cost avoidance, recovery, and saving; unplanned staff vacancies, which contributed, along with planning efficiencies, to significant savings in travel and meeting costs for the International Auditing and Assurance Standards Board and International Ethics Standards Board for Accountants (IESBA); and the unplanned vacancy in the IESBA chair position due to the untimely passing of the previous chair. Approval of the new dues formula has bolstered the sustainability of one of IFAC’s key funding sources. Work on alternative funding strategies that will reduce pressure on current sources of funding also progressed during the year, along with successful efforts to obtain grants for development work.

Inability to attract and retain a diverse and highly qualified staff

IFAC needs highly qualified staff to work with our volunteers to deliver the services that make up the strategy. During 2014, IFAC remained committed to the development and retention of staff across all functions. More on this topic can be found under Developing Our People.

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, and by making additional investments in assets where necessary. During 2014, there was no service loss due to IT failures and relatively brief service interruptions due to factors beyond IFAC’s control.
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).

During 2014, the Constitution Review Working Group, along with IFAC management, revisited its proposed changes to the Constitution and Bylaws and consulted extensively with member bodies. A revised set of recommended enhancements were presented to a Special Council Meeting and approved via electronic vote in February 2014.

Role of the Council

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

Role of the Board

The Board is entrusted to take all practicable steps to achieve IFAC’s mission by governing and overseeing the operations of IFAC. The Board works with management to recommend to the Council the strategic course of IFAC with respect to policy-making, major initiatives, and fostering relations with IFAC’s key stakeholders.

The Board consists of the President and not more than 211 members, including the Deputy President. The Nominating Committee aims to achieve a diverse composition of the Board with consideration of members’ financial contributions, as well as gender balance, regional representation, and professional backgrounds. The Board is assisted by the work of its subcommittees.

2013-2014 IFAC Board

Standing (left to right): Sebastian Achulike Owuama, Masum Turker, Carol Bellringer, Rachel Grimes, In-Ki Joo, Russell Loubser, Wienand Schruff, Norunn Byrkjeland, Michael Hathorn, Steve Vieweg, Robert Harris, Marta Rejman, Pamela Monroe-Ellis, Ahmadi Hadibroto

Seated (left to right): Ana Maria Elorrieta, Makoto Shinohara, Ganapathy Ramaswamy, Warren Allen (President), Olivia Kirtley (Deputy President), Jacques Potdevin, Gail McEvoy

Missing: Yugui Chen
Board Subcommittees

**Audit Committee**
The Audit Committee recommends the appointment of the external auditor to the Council, and provides an avenue of communication between the external auditor, management, and the Board. It also monitors IFAC’s risk management.

**Governance Committee**
The Governance Committee oversees the effectiveness of IFAC’s governance and the development and implementation of sound governance policies and procedures, including making recommendations to the Board and management on various governance related matters.

**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.

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

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1 Increased to 22 members as of November 2014.
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 and Council. 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 Audit Committee Chair, in consultation with the Past President where appropriate, are responsible for setting the CEO’s performance objectives and reviewing performance and remuneration. The President reports to the Board in this regard.

The CEO is responsible for setting Executive Directors’ performance objectives, and reviewing their performance and remuneration. Senior management is responsible for setting performance objectives for employees and reviewing performance. The CEO, supported by senior management, is responsible for reviewing employee remuneration. The CEO reports to the President with regard to succession planning within the senior management team. The Deputy President 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 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), as well as non-ex-officio membership of the Nominating Committee, and the PIOB approves the composition of the IAASB, IAESB, IESBA, and CAP. The Council elects the Board, President, and Deputy President, and approves and recommends to the PIOB the appointment of non-ex-officio members of the Nominating Committee.

The primary criterion for selection of nominees for the independent standard-setting boards, IFAC Board, and committees is the best fit for the available position, taking into consideration factors such as professional background, technical skills, past and present contributions to the profession on regional and international levels, and other relevant skills and attributes. Notwithstanding the foregoing, the committee also takes into consideration geographic, gender, and professional balance.

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 multiple topic areas: the roles, domain, and competencies of accountants in business; 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—as part of the IFAC Capacity Building Program. 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 Organizational Structure

* Announced April 28, 2014; effective July 1, 2014
IFAC Board
(November 2013 to November 2014)

Warren Allen, President, New Zealand
Olivia Kirtley, Deputy President, United States
Carol Bellringer, Canada
Norunn Byrkjeland, Norway
Yugui Chen, China
Pamela Monroe Ellis, Jamaica
Ana Maria Elorrieta, Brazil
Rachel Grimes, Australia
Ahmadi Hadibroto, Indonesia
Robert Harris, United States
Michael Hathorn, United Kingdom
In Ki Joo, Republic of Korea
Russell Loubser, South Africa
Gail McEvoy, Ireland
Sebastian Achulike Owuama, Nigeria
Jacques Potdevin, France
Ganapathy Ramaswamy, India
Marta Rejman, United Kingdom (Poland)
Wienand Schruff, Germany
Makoto Shinohara, Japan
Masum Turker, Turkey
Steve Vieweg, Canada

IFAC Committees
(January 2014 to December 2014)

Compliance Advisory Panel
James Dickson, Chair, Australia
Kathryn Byrne, Deputy Chair, United States
Angelo Caso, Italy
Antonio Flores, Mexico
Derick Nkajja, Uganda
Hao (Phoebe) Yu, United Kingdom (China)

Professional Accountancy Organization Development Committee
Caroline Kigen, Chair, Kenya
Devika Mohotti, Deputy Chair, United Kingdom (Australia)
Rashid Al-Qenae, Kuwait
Milton Ayon, Panama
Arjuna Herath, Sri Lanka
Aldona Kamela-Sowinska, Poland
Keto Kayemba, Uganda
Carmen Mataragiu, Romania
Jean Precourt, Canada

Professional Accountants in Business Committee
Charles Tilley, 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
Alan Johnson, United Kingdom (Portugal)
Henny Kapteijn, the Netherlands
Matts Kunaka, Zimbabwe
Jan Labuschagne, South Africa
Raúl González Lima, Mexico
Vittorio Lusvarghi, Italy
Athalanallur Nataraj Raman, India
Ian Rushby, United Kingdom
Todd Scaletta, Canada
William Schneider, United States
Yacoob Suttar, Pakistan

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
Longwei Chen, China
Philip Cowperthwaite, Canada
Monica Foerster, Brazil
Dawn McGeachy, Canada
Dorothy Ngwira, Malawi
Andreas Noodt, Germany
Nnamdi Okwuadigbo, Nigeria
Mats Olsson, Sweden
Inge Saey, Belgium
Florin Toma, Romania

Transnational Auditors Committee

Voting Representatives
David Maxwell, Chair, Grant Thornton International Ltd
Jean-Luc Barlet, Mazars
Kenneth Chatelain, PricewaterhouseCoopers International
Andre Collier, Russell Bedford International

*partial year
IFAC Members
(As at December 31, 2014)

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

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

IFAC Volunteers by Region

IFAC Members and Associates
By Region

- Africa/Middle East 21%
- Asia 15%
- Australasia-Oceania 8%
- Europe 38%
- Latin America 5%
- North America 23%

IFAC Volunteers by Region

- Africa/Middle East 11%
- Asia 15%
- Australasia-Oceania 8%
- Europe 38%
- Latin America 5%
- North America 23%
A list of IFAC Members:

**Canada**
- Canadian Institute of Chartered Accountants (Now CPA Canada – Effective January 1, 2015)
- Certified General Accountants’ Association of Canada (Now CPA Canada – Effective January 1, 2015)
- CMA Canada (Now CPA Canada – Effective January 1, 2015)

**Cayman Islands**
- Cayman Islands Society of Professional Accountants

**China**
- 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

**Cyprus**
- Institute of Certified Public Accountants of Cyprus

**Czech Republic**
- Chamber of Auditors of the Czech Republic

**Denmark**
- FSR—danske revisor

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

**Egypt**
- Egyptian Society of Accountants and Auditors

**Estonia**
- Estonian Association of Auditors

**Fiji**
- Fiji Institute of Accountants

**Finland**
- HTM-tilintarkastajat—GRM-revisorer ry (Now Suomen Tilintarkastajat ry – Effective January 1, 2015)
- KHT-yhdistys—Föreningen CGR ry (Now Suomen Tilintarkastajat ry – Effective January 1, 2015)

**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**
- Institute of Chartered Accountants (Ghana)

**Greece**
- Institute of Certified Public Accountants of Greece

**Guatemala**
- Instituto Guatemalteco de Contadores Públicos y Auditores

**Guyana**
- 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

**Ireland**
- Chartered Accountants Ireland
- 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 Agréés de Côte d’Ivoire

**Japan**
- Japanese Institute of Certified Public Accountants

**Jamaica**
- Institute of Chartered Accountants of Jamaica

**Korea**
- South Korean Institute of Certified Public Accountants

**Kuwait**
- Kuwait Institute of Internal Auditors

**Kyrgyzstan**
- Kyrgyz Institute of Certified Public Accountants

**Lithuania**
- Lithuanian Chamber of Auditors

**Luxembourg**
- Luxembourg Institute of Certified Public Accountants

**Malaysia**
- Malaysian Institute of Accountants

**Mauritius**
- Institute of Certified Public Accountants of Mauritius

**Mexico**
- National Institute of Certified Public Accountants

**Moldova**
- Moldovan Institute of Certified Public Accountants

**Montenegro**
- Montenegrin Institute of Certified Public Accountants

**Netherlands**
- National Institute of Certified Public Accountants

**New Zealand**
- Certified General Accountants’ Association of New Zealand

**Nigeria**
- Institute of Chartered Accountants of Nigeria

**Norway**
- Norwegian Chamber of Auditors

**Oman**
- Omani Institute of Certified Public Accountants

**Pakistan**
- Pakistan Institute of Certified Public Accountants

**Panama**
- National Institute of Certified Public Accountants of Panama

**Peru**
- Peruvian Institute of Certified Public Accountants

**Philippines**
- Philippine Institute of Certified Public Accountants

**Poland**
- Polish Institute of Certified Public Accountants

**Portugal**
- Portuguese Institute of Certified Public Accountants

**Qatar**
- Qatar Institute of Certified Public Accountants

**Romania**
- Romanian Institute of Certified Public Accountants

**Russia**
- Russian Institute of Certified Public Accountants

**Singapore**
- Singapore Institute of Certified Public Accountants

**Slovakia**
- Slovak Chamber of Certified Public Accountants

**Slovenia**
- Slovenian Chamber of Certified Public Accountants

**Spain**
- Royal Spanish Chamber of Certified Public Accountants

**Sweden**
- Swedish Chamber of Certified Public Accountants

**Switzerland**
- Swiss Institute of Certified Public Accountants

**Taiwan Province of China**
- Federation of CPA Associations of Chinese Taiwan

**Thailand**
- Thai Institute of Certified Public Accountants

**Tunisia**
- Tunisian Institute of Certified Public Accountants

**Turkey**
- Turkish Institute of Certified Public Accountants

**United Arab Emirates**
- UAE Institute of Certified Public Accountants

**Ukraine**
- Ukrainian Institute of Certified Public Accountants

**United Kingdom**
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Certified Accountants
- Institute of Certified Public Accountants
- Institute of Certified Public Accountants in Scotland

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

**Uruguay**
- Uruguayan Institute of Certified Public Accountants

**Uzbekistan**
- Uzbek Institute of Certified Public Accountants

**Viet Nam**
- Vietnamese Institute of Certified Public Accountants

**Yemen**
- Yemeni Institute of Certified Public Accountants
Jordan
- International Arab Society of Certified Accountants
- Jordanian Association of Certified Public Accountants

Kazakhstan
- Chamber of Auditors of the Republic of Kazakhstan

Kenya
- Institute of Certified Public Accountants of Kenya

Korea, Republic of
- Korean Institute of Certified Public Accountants

Kosovo
- Society of Certified Accountants and Auditors of Kosovo

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
- Institute of Chartered Accountants in Malawi

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

Malta
- 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

Nepal
- Institute of Chartered Accountants of Nepal

Netherlands
- Netherlands Association of Registered Controllers*
- Nederlandse Beroeporganisatie van Accountants

New Zealand
- New Zealand Institute of Chartered Accountants

Nicaragua
- Colegio de Contadores Públicos de Nicaragua

Nigeria
- Association of National Accountants of Nigeria*
- Institute of Chartered Accountants of Nigeria

Norway
- Den norske Revisorforening

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

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

* Admitted by the IFAC Council in November 2014
Saudi Arabia
- Saudi Organization for Certified Public Accountants

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

Serbia, Republic of
- Serbian Association of Accountants and Auditors

Sierra Leone
- Institute of Chartered Accountants of Sierra Leone

Singapore
- Institute of Singapore Chartered Accountants

Slovakia
- Slovenska Komora Auditorov

Slovenia
- Slovenian Institute of Auditors

South Africa
- South African Institute of Chartered Accountants
- South African Institute of Professional Accountants

Spain
- Instituto de Censores Jurados de Cuentas de España

Sri Lanka
- Institute of Certified Management Accountants of Sri Lanka*
- 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
- 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
- Association of Chartered Certified Accountants
- Chartered Institute of Management Accountants
- Chartered Institute of Public Finance and Accountancy
- Institute of Chartered Accountants in England and Wales
- 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
- Institute of Chartered Accountants of Zimbabwe

* Admitted by the IFAC Council in November 2014

Associates
(As at December 31, 2014)

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

Croatia
- Croatian Audit Chamber

El Salvador
- Instituto Salvadoreño de Contadores Públicos

Guatemala
- Colegio de Contadores Públicos y Auditores de Guatemala

Ireland
- Accounting Technicians Ireland
Indonesia
- Indonesian Institute of Public Accountants*

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

Pakistan
- Pakistan Institute of Public Finance Accountants

Palestinian
- 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
- Auditor Association Sodruzhestvo*
- Institute of Professional Auditors
- Moscow Audit Chamber

Rwanda
- Institute of Certified Public Accountants of Rwanda

Serbia, Republic of
- Chamber of Authorized Auditors of Republic of Serbia*

Sri Lanka
- Association of Accounting Technicians of Sri Lanka

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

Ukraine
- Ukrainian Association of Certified Accountants and Auditors

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

Netherlands
- Nederlandse Orde van Register EDP-Auditors

United Kingdom
- Association of Corporate Treasurers

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

Accountancy Groupings
(As at December 31, 2014)
- 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
- Institute of Chartered Accountants of the Caribbean
- South Asian Federation of Accountants

Regional Organizations
(As at December 31, 2014)
- Confederation of Asian and Pacific Accountants
- Fédération des Experts Comptables Européens
- Interamerican Accounting Association
- Pan African Federation of Accountants

* Admitted by the IFAC Council in November 2014
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 2014 Financial Statements, which include the independent auditor’s report.

Financial Performance

- IFAC is reporting a surplus of $1.6 million for 2014 (2013: $2.4 million). This surplus is mainly due to new member organization dues; a relentless focus on cost avoidance, recovery, and saving; unplanned staff vacancies and lower than anticipated travel and meeting costs.
- Total revenue increased by 6% (2013: 6%) to $29.6 million.
  - Membership dues increased by 8%, as a result of dues from new member organizations, as well as increases over 2013 membership dues for existing members.
  - Monies received from the Forum of Firms increased by 4.2%, including a 3.75% over the Forum’s 2013 financial contribution to IFAC, and an increase in expenses incurred by the Transnational Auditors Committee and reimbursed by the Forum.
  - External funding decreased by 14% mainly due to lower external funding for the IPSASB and non-recurring external funding for special events in 2013.
  - Publication sales and royalties and license fees increased by 22%, while other revenue increased by 4%.

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Dues</td>
<td>$16,952,500</td>
<td>$15,657,000</td>
</tr>
<tr>
<td>Forum of Firms</td>
<td>10,954,824</td>
<td>10,511,995</td>
</tr>
<tr>
<td>External Funding</td>
<td>699,457</td>
<td>811,508</td>
</tr>
<tr>
<td>Publications, Royalties, and Licensing</td>
<td>414,977</td>
<td>339,455</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>622,726</td>
<td>600,199</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>$29,644,484</td>
<td>$27,920,157</td>
</tr>
</tbody>
</table>

2014 REVENUE

- Membership Dues 57%
- Forum of Firms 37%
- External Funding 3%
- Publications, Royalties and Licensing 1%
- Other Revenue 2%
Financial Highlights

**EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Costs</td>
<td>$16,646,031</td>
<td>$16,041,808</td>
</tr>
<tr>
<td>Travel and Meeting Costs</td>
<td>4,434,355</td>
<td>3,739,221</td>
</tr>
<tr>
<td>Occupancy and Maintenance</td>
<td>1,260,542</td>
<td>1,533,118</td>
</tr>
<tr>
<td>Funding for the Public Interest Oversight Board</td>
<td>1,162,678</td>
<td>1,007,161</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>539,939</td>
<td>504,837</td>
</tr>
<tr>
<td>IT Support</td>
<td>505,860</td>
<td>517,094</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>3,493,390</td>
<td>2,172,804</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$28,042,795</td>
<td>$25,516,043</td>
</tr>
</tbody>
</table>

- Total expenses increased by 10% (2013: decreased by 4%) to $28 million.
  - Employee costs increased by 4%. The increase was mainly due to modest increases in staff positions and remuneration offset by unplanned staff vacancies.
  - Travel and meeting costs increased by 19% mainly due to higher levels of activity across the organization.
  - Occupancy and maintenance decreased by 18%. 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.
- Other expenses increased in by 61% due to additional legal fees for international copyright and trademark registrations, use of consultants to compensate for staff vacancies, additional communication and promotion costs with the launch of the Gateway, higher net foreign currency translation losses and higher recruitment and relocation costs due to unplanned staff vacancies.
<table>
<thead>
<tr>
<th>EXPENSE ALLOCATION TO ACTIVITIES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard-Setting Boards &amp; Compliance Advisory Panel</td>
<td>$18,254,442</td>
<td>$17,605,573</td>
</tr>
<tr>
<td>IFAC Activities</td>
<td>7,049,976</td>
<td>5,883,145</td>
</tr>
<tr>
<td>Forum of Firms</td>
<td>859,105</td>
<td>816,267</td>
</tr>
<tr>
<td>IFAC Governance and Relations</td>
<td>1,879,272</td>
<td>1,211,058</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$28,042,795</strong></td>
<td><strong>$25,516,043</strong></td>
</tr>
</tbody>
</table>

### 2014 ALLOCATION

- **Standard-Setting Boards & Compliance Advisory Panel**: 65%
- **IFAC Activities**: 25%
- **Forum of Firms**: 3%
- **IFAC Governance and Relations**: 7%
**Financial Highlights**

### Financial Position

- Total assets increased by 13% (2013: 23%) and total liabilities by 3% (2013: 2%), reflecting the impact of the surplus on total net assets.

- At December 31, 2014, based on a discount rate of 4.2% (2013: 5.15%), the funded status of the defined benefit pension plan was negative $2.75 million (2013: negative $1.4 million). To manage the inherent risks and volatility in providing retirement benefits through a defined benefit pension plan in an uncertain economic environment, this plan was amended to provide that no further benefit accruals would occur after January 31, 2013. This amendment has resulted in the recognition of curtailments, which reduced IFAC’s liability and expense in respect of the plan.

- The equity position as at December 31, 2014, was $9.7 million (2013: $8.1 million).

### NET ASSETS/EQUITY

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>$8,107,131</td>
<td>$5,703,017</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>1,601,689</td>
<td>2,404,114</td>
</tr>
<tr>
<td>AT END OF YEAR</td>
<td>$9,708,820</td>
<td>$8,107,131</td>
</tr>
</tbody>
</table>

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**Financial Position**

- Total assets increased by 13% (2013: 23%) and total liabilities by 3% (2013: 2%), reflecting the impact of the surplus on total net assets.

- At December 31, 2014, based on a discount rate of 4.2% (2013: 5.15%), the funded status of the defined benefit pension plan was negative $2.75 million (2013: negative $1.4 million). To manage the inherent risks and volatility in providing retirement benefits through a defined benefit pension plan in an uncertain economic environment, this plan was amended to provide that no further benefit accruals would occur after January 31, 2013. This amendment has resulted in the recognition of curtailments, which reduced IFAC’s liability and expense in respect of the plan.

- The equity position as at December 31, 2014, was $9.7 million (2013: $8.1 million).