April 2014

International Federation of Accountants

2013 Financial Statements

International Federation of Accountants®

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

The mission of the International Federation of Accountants (IFAC) is to serve the public interest by: contributing to the development of high-quality standards and guidance; facilitating the adoption and implementation of high-quality standards and guidance; contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide; and speaking out on public interest issues.

2013 FINANCIAL STATEMENTS

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Statement of Financial Performance

For the year ended December 31, 2013

Amounts in U.S. Dollars	Note	2013	2012
Revenue			
From exchange transactions:			
Membership dues, net	5	$15,657,000	$14,472,000
Forum of Firms	15	10,511,995	10,043,645
Sovereign Debt Crisis Seminar revenue		–	251,250
Foreign exchange gains		278,540	228,855
Publications		151,443	176,041
Royalties and Licensing		188,012	153,186
Rent received	9	192,342	109,785
Interest income		7,870	6,683
Other revenue		121,447	28,099
From non-exchange transactions:			
External funding	3	811,508	984,432
Total revenue		**$27,920,157**	**$26,453,976**
Expenses			
Employee costs	4, 10	$16,041,808	$15,322,326
Travel and meeting costs		3,739,221	4,063,264
Occupancy and maintenance		1,533,118	2,063,352
Funding provided to the Public Interest Oversight Board	2	1,007,161	1,489,443
Depreciation and amortization	6, 7	504,838	437,944
IT support		517,094	388,442
Legal and other professional fees		226,936	378,705
Recruitment and relocation costs		142,396	375,274
Foreign exchange loss		352,128	313,253
Communications and publicity		340,165	267,223
Sovereign Debt Crisis Seminar expenses		3,334	248,458
Consultants		273,609	238,297
Telephone		122,989	171,403
Auditor remuneration			
Audit of financial statements and assurance of service delivery statement		72,753	171,310
Tax and other services		23,364	74,532
Printing, distribution and postage		95,387	115,236
Insurance		139,276	107,086
Bad debt expense		6,558	87,376
Loss on disposal of assets	6	2,260	1,347
Other expenses		371,647	376,352
Total expenses		**$25,516,043**	**$26,690,623**
(Deficit) / surplus for the year		**$2,404,114**	**$(236,647)**

See accompanying notes to financial statements

Statement of Changes in Net Assets/Equity

For the year ended December 31, 2013

	2013	2012
Amounts in U.S. Dollars		
Net assets/equity at beginning of year		
Accumulated surpluses	**$5,703,017**	**$5,939,664**
(Deficit) / surplus for the year	2,404,114	(236,647)
Net assets/equity at end of year	**$8,107,131**	**$5,703,017**

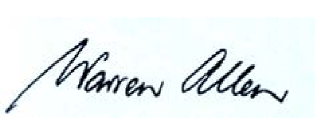
See accompanying notes to financial statements

Statement of Financial Position

As at December 31, 2013

Amounts in U.S. Dollars	Note	2013	2012
Current assets			
Cash and cash equivalents	13	$6,569,888	$5,949,106
Receivables from exchange transactions			
Receivable from IFAC members, net	5	13,500	–
Receivable from the Forum of Firms	15	2,678,177	239,635
Other receivables	9	59,338	301,792
Receivables from non-exchange transactions			
Receivables from external funding	3	204,556	170,177
Other current assets		365,993	313,641
Total current assets		**$9,891,452**	**$6,974,351**
Non-current assets			
Property and equipment, net	6	$3,051,690	$3,248,193
Intangible assets, net	7	63,924	123,884
Prepaid pension cost	10	33,615	–
Advances and deposits	9, 14	588,309	751,437
Total non-current assets		**$3,737,538**	**$4,123,514**
TOTAL ASSETS		**$13,628,990**	**$11,097,865**
Current liabilities			
Accounts payable and accrued expenses		$898,043	$1,260,047
Employee entitlements	4	2,039,714	1,187,627
Revenue received in advance	8	122,750	170,250
Total current liabilities		**$3,060,507**	**$2,617,924**
Non-current liabilities			
Accrued pension costs	10	$–	$248,166
Deferred rent	9	2,461,352	2,528,758
Total non-current liabilities		**$2,461,352**	**$2,776,924**
TOTAL LIABILITIES		**$5,521,859**	**$5,394,848**
Net assets/equity			
IFAC members		$8,107,131	$5,703,017
Total net assets/equity		**$8,107,131**	**$5,703,017**
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**$13,628,990**	**$11,097,865**

See accompanying notes to financial statements



Warren Allen, IFAC President

Fayez Choudhury, IFAC CEO

Statement of Cash Flows

For the year ended December 31, 2013

Amounts in U.S. Dollars	Note	2013	2012
Cash flows from operating activities			
Cash was provided from:			
Membership dues		$15,717,447	$14,556,190
Forum of Firms		8,073,453	9,950,750
Special assessment		–	388,000
External funding		777,129	896,228
Sovereign Debt Crisis Seminar		–	251,250
Rental income		199,646	102,483
Publications		159,878	166,338
Royalties and licensing		254,860	80,840
Interest received		7,870	6,683
		$25,190,283	$26,398,762
Cash was applied to:			
Employee costs		$(15,471,502)	$(15,427,068)
Other payments		(8,773,775)	(8,965,705)
		$(24,245,277)	$(24,392,773)
Net cash inflow from operating activities	11	**$945,006**	**$2,005,989**
Cash flows from investing activities			
Cash was applied to:			
Purchase of property and equipment		$(244,835)	$(1,423,723)
Purchase of intangible assets		(5,800)	–
Net cash outflow from investing activities		**$(250,635)**	**$(1,423,723)**
Net increase in cash and cash equivalents		**$694,371**	**$582,266**
Cash and cash equivalents at beginning of year		$5,949,106	$5,451,239
Effect of exchange rate change on foreign currency balances		(73,589)	(84,399)
Balance of cash and cash equivalents at end of year		**$6,569,888**	**$5,949,106**

See accompanying notes to financial statements

Statement of Accounting Policies

For the year ended December 31, 2013

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.

Recent Pronouncements

IFAC adopted the provisions *of Improvements to IPSASs 2011,* which became effective for annual financial statements for periods beginning on or after January 1, 2013. The adoption of the improvements did not have a material impact on these financial statements. In addition, IFAC adopted IPSAS 29, *Financial Instruments: Recognition and Measurement* and IPSAS 30, *Financial Instruments: Disclosures* for the year ending December 31, 2013. The adoption of these standards did not have a material impact on the financial statements.

During fiscal 2012, IFAC adopted IPSAS 31*, Intangibles*. IPSAS 31 requires an entity to recognize an intangible asset only if specified criteria are met; provides guidance on how to measure the carrying amount of intangible assets; and requires specified disclosures about intangible assets. The adoption of this standard did not affect the financial statements.

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 differ from those estimates.

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.

Significant Accounting Policies

A. 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

Payments of 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 recognized when it is receivable. 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 activity during the reporting period.

External funding

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

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

External funding is 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. External 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.

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.

B. Employee Entitlements

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

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

IFAC participates in a multiple employer defined benefit plan. IFAC is one of three sponsoring employers. The plan is wholly or partly funded. The direct and indirect obligations arise from existing pensions as well as future pension and retirement obligations. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined annually by an independent actuary.

The amount recognized as the defined benefit liability is the net total of the present value of the defined benefit obligation, plus any unrecognized actuarial gains or less any unrecognized actuarial losses, less any unrecognized past service cost, and less the fair value of plan assets out of which the obligations are to be settled directly.

Actuarial gains and losses are recognized if they exceed the greater of 10% of the present value of the defined benefit obligation or of the fair value of plan assets. The amounts exceeding 10% are amortized over the average remaining service lives of the employees beginning in the following year. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested.

IFAC froze participation in the defined benefit plan effective January 31, 2013. This means that employees hired after that date will not participate in the plan. Current participants' benefits are frozen as of January 31, 2013, however, staff that are currently participating, but who have not vested, will continue to accrue service for vesting purposes only. Because of this decision, IFAC recognized a curtailment of the plan in the financial statements for the year ended December 31, 2012.

C. Property and Equipment

Property and equipment are carried at cost, and are depreciated 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 disposal 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.

D. Intangible Assets

Intangible assets consist of software licenses and website development costs.

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

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

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 its carrying amount, its carrying amount is reduced to its 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 a bank, 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 written off when identified.

G. Operating Lease

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 at the reporting date, denominated in foreign currencies, are translated at the rates of exchange prevailing at that date. The resulting gains or losses are recognized in the statement of financial performance.

J. Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the current period presentation. The reclassifications had no effect on the previously reported deficit.

Notes to the Financial Statements

For the year ended December 31, 2013

Amounts in U.S. Dollars

1. International Federation of Accountants

IFAC is the global organization for the accountancy profession. Founded in 1977, it comprises of 179 accountancy organizations in 130 countries and jurisdictions as at December 31, 2013. These accountancy organizations represent approximately 2.5 million accountants in commerce and industry, education, the not-for-profit sector, public practice, and the public sector.

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

The mission statement of IFAC is to service the public interest by:

- Contributing to the development of high-quality standards and guidance
- Facilitating the adoption and implementation of high-quality standards and guidance
- Contributing to the development of strong professional accountancy organizations and accounting firms and to high-quality practices by professional accountants, and promoting the value of professional accountants worldwide
- Speaking out on public interest issues

IFAC is registered in Geneva, Switzerland under Articles 60 through 79 of the Swiss Civil Code. 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 IRC.

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 Accounting Education Standards Board (IAESB)
- International Ethics Standards Board for Accountants (IESBA)
- International Public Sector Accounting Standards Board (IPSASB)

The IAASB, IAESB 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 arrangements for the IPSASB are currently under consideration.

Revenues and expenses, and assets and liabilities 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 the international financial regulatory community, in the form of the Monitoring Group, and IFAC. The Monitoring Group works with IFAC to ensure that the standards developed by the independent standard-setting boards in the areas of auditing and assurance, ethics for professional accountants, accounting education, and IFAC's Member Body Compliance Program are operated in a transparent manner that reflects the public interest.

As part of IFAC's agreement with the Monitoring Group, IFAC provides unconditional guaranteed funding for the operations of the PIOB through March 2016. The unconditional guarantee commenced in March 2010. It is denominated in Euros, and is the Euro equivalent of $1.5 million annually after adjustment for inflation and exchange rate changes. 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 2013 budget for the PIOB approved by the Monitoring Group amounted to €1,473,000, and the PIOB received funding from sources other than IFAC of €698,000. IFAC funding of the PIOB amounted to €775,000 or $1,007,161 (2012: $1,489,443).

3. External Funding

IFAC receives funding from external sources in the form of grants, voluntary contributions, and reimbursements to support several of its activities as follows:

	2013	**2012**
International Public Sector Accounting Standards Board	$604,008	$874,432
Professional Accountancy Organization Development Activity	112,500	75,000
Public Policy and Regulation Activity	62,000	–
Small and Medium Practices Activity	33,000	35,000
Total external funding	**$811,508**	**$984,432**

The IPSASB received external funding from the Canadian government, New Zealand government, and World Bank. In addition, CPA Canada supports the IPSASB in the form of funding for one professional staff member. (In 2012, the IPSASB also received external funding from the Global Accounting Alliance.)

The Professional Accountancy Organization Development Activity received external funding for the Conference on Accounting and Accountability for Regional Economic Growth in Latin America and the Caribbean (CReCER). The Public Policy and Regulation Activity received external funding for the symposium ASEAN Capital Markets—The Importance of a Strong Financial Reporting Environment.

The Small and Medium Practices Activity received external funding for the IFAC Small and Medium Practices Forum.

As at December 31, 2013, amounts receivable from external funding sources totaled $204,556 (2012: $170,177).

4. Employee Costs

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

	2013	2012
Compensation costs	$13,131,293	$12,608,835
Payroll taxes and benefits	2,025,403	1,731,322
Retirement benefits (Note 10)	544,775	667,861
Temporary help	132,658	169,969
Other	207,679	144,339
Total Employee Costs	**$16,041,808**	**$15,322,326**

Included in compensation are the following employee entitlements:

	2013	2012
Performance based remuneration	$1,510,501	$746,889
Accrued paid time off	529,213	440,738
Total employee entitlements	**$2,039,714**	**$1,187,627**

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

5. Receivables from IFAC Members

	2013	2012
Membership dues receivable	$75,000	$59,000
Special assessment receivable	–	54,000
Provision for uncollectible dues/assessment	(61,500)	(113,000)
Net dues/assessment receivable	**$13,500**	**$–**

In 2013, adjustments and discounts to membership dues amounted to $93,000 (2012: $93,000).

6. Property and Equipment

	Office Equipment		Furniture & Fittings		Leasehold Alterations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Opening net carrying value	$195,270	$159,976	$563,079	$357,400	$2,489,844	$1,677,872	**$3,248,193**	**$2,195,248**
Additions	204,705	150,696	6,586	290,356	33,544	982,671	**244,835**	**1,423,723**
Loss on disposals	(2,259)	(1,347)	–	–	–	–	**(2,259)**	**(1,347)**
Depreciation	(136,719)	(114,055)	(99,253)	(84,677)	(203,107)	(170,699)	**(439,079)**	**(369,431)**
Closing net carrying value	$260,997	$195,270	$470,412	$563,079	$2,320,281	$2,489,844	**$3,051,690**	**$3,248,193**
Cost	$568,709	$565,345	$669,956	$663,370	$2,713,187	$2,679,643	**$3,951,852**	**$3,908,358**
Accumulated depreciation	(307,712)	(370,075)	(199,544)	(100,291)	(392,906)	(189,799)	**(900,162)**	**(660,165)**
Net carrying value	$260,997	$195,270	$470,412	$563,079	$2,320,281	$2,489,844	**$3,051,690**	**$3,248,193**

7. Intangible Assets

	Software Licenses & Development	
	2013	2012
Opening net carrying value	$123,884	$192,397
Additions	5,799	–
Amortization	(65,759)	(68,513)
Closing net carrying value	**$63,924**	**$123,884**
Cost	$297,038	$291,238
Accumulated amortization	(233,114)	(167,354)
Net carrying value	**$63,924**	**$123,884**

Software licenses and development include the license to operate the database software program that supports IFAC's Member Body Compliance Program, an association database, and the IFAC website (www.ifac.org).

8. Revenue Received in Advance

Revenue received in advance at December 31, 2013 of $122,750 (2012: $170,250) represents membership dues received in advance of $42,750 (2012: $98,250), and membership application fees of $80,000 (2012: $72,000)

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:

	2013	2012
Not later than one year	$1,165,566	$1,532,888
Later than one year and not later than five years	5,914,029	4,673,164
Later than five years	10,296,825	12,768,063
Total operating lease obligations	**$17,376,420**	**$18,974,115**

Operating lease payments recognized as expense for the year ended December 31, 2013 totaled $1,295,522 (2012: $1,862,985).

During 2011, IFAC executed a lease for new office space located at 529 Fifth Avenue, New York, New York for a period of sixteen years commencing November 1, 2011. Lease incentives included a period of free rent as well as a tenant improvement allowance of approximately $1.5 million, which was recognized as a receivable as at December 31, 2011. The new space was occupied effective March 1, 2012. As at December 31, 2013, the balance owed to IFAC for tenant improvement allowances was $Nil (2012: $150,000). The lease incentives have been deferred and will be recognized over the term of the lease arrangement.

The office space located at 545 Fifth Avenue, New York, New York was vacated effective February 28, 2012. The underlying lease arrangements expired on July 31, 2013. During 2012-2013, IFAC sub-leased the office space to two sub-tenants under short-term non-cancellable sub-leases that were co-terminus with the leases that IFAC held over the space. The sub-leases were market-rate leases, taking into account their short-term nature, and the location and condition of the space. During 2013, IFAC received rental income of $192,342 (2012: $109,785) in respect of the sub-leases. All amounts receivable and payable under the lease of 545 Fifth Avenue were received and paid, and the property returned to the landlord on July 31, 2013.

The security deposits for office space in New York, New York are in the form of letters of credit, which are collateralized by certificates of deposit. The total letters of credit are $514,841 (2012: $667,079). The letters of credit for the security deposit over 545 Fifth Avenue expired on October 31, 2013, the certificate of deposit collateralizing this letter of credit was released and the funds made available to IFAC. The letters of credit for the security deposit over 529 Fifth Avenue is $514,841. The security deposit for the office at 277 Wellington St West, Toronto is in the form of cash of $8,645 (2011: $8,645). 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. This contribution is subject to a vesting schedule, with benefits fully vesting after five 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 en expense totaled $256,692 (2012: $187,803).

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 2013, the contributions recognized as an expense totaled $75,135 (2012: $99,635).

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

Defined benefit plan

IFAC participates in the defined benefit pension plan (the Plan) of the American Institute of Certified Public Accountants (AICPA). All full-time employees appointed before January 1, 2013, and based in the United States are eligible to participate in the Plan from age 21. IFAC makes periodic contributions to the Plan as determined by an actuary. Pension benefits earned are generally based on years of service and compensation during active employment. During 2012, the 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 effectively reduced IFAC's liability and expense in respect of the Plan.

The following presents Plan information for the twelve-month periods ending December 31, 2013 and 2012.

Change in the present value of the defined benefit obligation:

For the twelve-month periods ending

	December 31, 2013	**December 31, 2012**
Present value of defined benefit obligation		
Opening balance	$5,241,148	$4,510,059
Interest cost	224,852	217,825
Current service cost	38,142	332,288
Benefits paid	(264,930)	(117,395)
Actuarial (gain) or loss on obligation	(536,522)	615,686
Change in plan provisions	3,922	–
Curtailment	–	(317,315)
Closing balance	**$4,706,612**	**$5,241,148**

Change in the fair value of the defined benefit plan assets:

For the twelve-month periods ending

	December 31, 2013	December 31, 2012
Fair value of defined benefit plan assets		
Opening balance	$2,946,016	$2,340,391
Expected return on plan assets	201,204	165,016
Contributions by employer	494,728	461,922
Benefits paid	(264,930)	(117,395)
Actuarial (gain) loss on plan assets	(91,032)	96,082
Closing balance	**$3,285,986**	**$2,946,016**

IFAC anticipates making a contribution of approximately $215,000 to the plan during 2013. The actual rate of return for the period January 1, 2013 to December 31, 2013 was 3.9% (2012:11.3%).

Liability recognized in the statement of financial position:

	December 31, 2013	December 31, 2012
Present value of defined benefit obligation	$4,706,612	$5,241,148
Fair value of benefit plan assets	3,285,986	2,946,016
Funded status	(1,420,626)	(2,295,132)
Unrecognized net actuarial losses	1,454,241	2,046,966
Accrued (prepaid) pension costs	**$(33,615)**	**$248,166**

Expense recognized in the statement of financial performance:

For the twelve-month periods ending

	December 31, 2013	December 31, 2012
Current service cost	$38,142	$332,288
Interest cost	224,852	217,825
Expected return on plan assets	(201,204)	(165,016)
Amortization of actuarial loss	129,274	113,131
Amortization of prior service cost	3,922	13,172
Settlement	17,962	–
Curtailment	–	(130,977)
Net periodic pension expense	**$212,948**	**$380,423**

Categories of plan assets:

For the twelve-month periods ending

	December 31, 2013	December 31, 2012
U.S. Government obligations	$262,879	$235,681
Corporate bonds	460,038	382,982
Common stocks	230,019	294,602
Mutual funds	2,037,311	1,797,070
Foreign bonds & stocks	131,440	88,380
Investment in partnership	164,299	147,301
Fair value of plan assets	**$3,285,986**	**$2,946,016**

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

Principal actuarial assumptions:

	December 31, 2013	December 31, 2012
Discount rates	5.15%	4.35%
Expected rates of return on plan assets	7.00%	7.25%
Expected increase in social security wage base	N/A	3.50%
Expected increase in compensation and benefit limits	N/A	3.25%
Expected rates of salary increases	N/A	4.00%

The actuarial computation of the defined benefit obligation is based on interest rates that reflect the time value of money, as well as projected salary/wage and pension increases, and staff turnover trends. For purposes of determining the time value of money, the rate on high-quality United States 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 expected return on plan assets reflects the target asset allocation, and was derived from historical asset performance and projected long-term returns.

The mortality assumption is the static mortality table for annuitants and non-annuitants as prescribed by the United States Internal Revenue Service regulation 1.430(h)(3)-1(e). This table is a statutory mortality table for funding valuations under the Pension Protection Act of the United States of America. It reflects future mortality improvements as required by Actuarial Standard of Practice No. 35 for measurement dates on or after June 30, 2011.

Plan trend rates:

	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Present value of defined benefit obligation	$4,706,612	$5,241,148	$4,510,059	$3,411,196	$2,844,349
Fair value of plan assets	3,285,986	2,946,016	2,340,391	1,912,473	1,551,029
Deficit in plan	$(1,420,626)	$(2,295,132)	$ (2,169,668)	$ (1,498,723)	$ (1,293,320)
Experience adjustments arising on					
Plan liabilities	$(536,522)	$615,686	$746,685	$275,835	$422,503
Plan assets	$91,032	96,082	$346	$46,189	$168,511

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

	2013	2012
Net surplus / (deficit) for the period	$2,404,114	$(236,647)
Add/(less) non-cash items:		
Depreciation and amortization	504,837	437,944
Deferred rent	(67,406)	794,496
Net loss on disposal of property and equipment	2,260	1,347
Bad debt expense	6,558	87,376
Add/(less) movements in working capital:		
Membership dues receivable	(20,058)	312,200
Other receivables from non-exchange transactions	(34,379)	(88,204)
Receivable from Forum of Firms	(2,438,542)	(92,895)
Other receivables	242,458	1,237,467
Other current assets	(52,351)	61,180
Non-current receivables	163,128	(516,851)
Accounts payable and accrued expenses	(288,419)	68,802
Employee entitlements	852,087	(23,243)
Revenue received in advance	(47,500)	44,515
Accrued pension costs	(281,781)	(81,498)
Net cash inflow from operating activities	**$945,006**	**$2,005,989**

12. **Employee Disclosure**

As at December 31, 2013, IFAC had 70 full-time employees (2012: 67 full-time employees), three part-time employees (2012: three part-time employees). In addition to these employees, IFAC had one contracted staff member (2012: two contracted staff members), and no secondees (2012: one secondee).

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 its bank (see Note 17). IFAC has no borrowings outstanding under the line of credit or any other outstanding debt.

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, 2013, a total of $5,742,844 (2012: $5,624,970) was held with JP Morgan Chase Bank; representing 57 percent (2012: 81 percent) of the total amount of cash and cash equivalents, receivables and other current assets. The amount held by JP Morgan Chase excludes a deposit of $514,841 (2012: $667,079) 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.

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, 2013 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, 2013, one IFAC member accounted for 11 percent of total revenue (2012: 11 percent). There were no amounts due from this member as at December 31, 2013 (2012: $Nil).

Currency risk

IFAC operates separate bank accounts in Australian dollars, Canadian dollars and Euros. IFAC incurs currency risk as a result of the conversion of foreign currency balances held in these bank accounts to United States dollars at the reporting date. The currency risk associated with these balances is considered minimal and therefore IFAC does not hedge its foreign currency exposure.

Foreign currency transactions are translated to United States currency at exchange rates at the date of the transactions.

Fair values

As at December 31, 2013 (and 2012), the carrying amounts for all financial instruments held by IFAC approximate their fair values.

Restrictions on the use of cash and cash equivalents

A certificate of deposit for $514,841 (2012: $667,079) collateralizes the letter of credit IFAC's landlord holds as a security deposit. There are no other 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 around the globe 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 other individuals nominated by IFAC members. Board members are elected for up to two three-year terms and are responsible for setting policy and overseeing IFAC operations, the implementation of initiatives, and the allocation of resources to and overseeing the activities of the various boards and committees. During 2013, the Board held four physical meetings (2012: four) and four webinars (2012: Nil). Positions on the Board are voluntary and there is no honorarium paid for any position held.

Senior management

As at December 31, 2013 senior management (key management personnel) includes the Chief Executive Officer, three Executive Directors, and five Directors (2012: Chief Executive Officer, three Executive Directors, and three 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 $4,533,019 (2012: $3,878,772).

There were no loans to key management personnel or their close family members that were not available to other categories of staff. Loans comprise guarantees or deposits to secure rented residences (refer to IFAC employees below), and are repaid upon termination of employment.

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 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).

IFAC employees

As part of employee relocation packages included in individual employment contracts, IFAC offers to provide employees guarantees or deposits to secure rented residences. As at December 31, 2013, the balance outstanding of employee receivables relating to residential security deposits was $64,822 (2012: $75,712). This amount is included in advances and deposits in the accompanying statement of financial position.

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.

For 2013, IFAC recognized revenues from the Forum of Firms for amounts invoiced for the annually agreed contribution (dues) of $10,015,496 (2012: $9,539,000), and for expenses incurred by the Transnational Auditors Committee totaling $496,499 (2012: $504,645). These amounts are due to IFAC on a quarterly in arrears basis.

As at December 31, 2013, an amount of $174,307 (2012: $239,635) is receivable from the Forum of Firms for expenses incurred by the Transnational Auditors Committee activity during the reporting period and for dues of $2,503,870 (2012: $Nil).

16. **Commitments and Contingencies**

As at December 31, 2013, IFAC had no outstanding commitments other than those lease obligations identified in Note 10.

17. **Line of Credit**

As at December 31, 2013, IFAC had an available line of credit from its bank, JP Morgan Chase of $2,250,000 (2012: $2,250,000). The line carries an interest rate of LIBOR +2.22% (2.37% at December 31, 2013) and expires on June 1, 2014. IFAC did not access its line of credit during 2013 and 2012. Borrowings under the line of credit are collateralized by substantially all of IFAC's 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 external parties. 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. Services planned for 2013 for each activity area and the extent to which those services have been delivered are included in IFAC's Service Delivery Statement.

For purposes of this note, revenues directly attributable to an activity, such as external funding, sales of publications, and membership application fees, were allocated to the related activity. Membership dues were prorated based on each activity's expenses as a percentage of the total activities expenses. The prorated amount was reduced by any revenue directly attributable to the activity. The contribution from the Forum of Firms was prorated based on each activity's expenses, excluding the funding of the PIOB. The special assessment was allocated to general activities.

REVENUE	**Dues - Members**		**Dues - FoF**		**External Funding**		**Other**		**Total**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Public Interest Activity Committees & IPSASB	*6,703,201*	*5,905,952*	*4,062,031*	*3,922,775*	*604,008*	*874,432*	*223,443*	*448,893*	*11,592,683*	*11,152,052*
IAASB	2,914,798	3,330,291	1,595,106	1,797,057	-	-	119,631	137,407	4,629,535	5,264,755
IAESB	343,732	436,957	179,350	224,380	-	-		-	523,082	661,337
IESBA	1,612,879	877,191	851,238	459,148	-	-	16,980	16,138	2,481,097	1,352,477
IPSASB	788,481	205,342	852,071	876,248	604,008	874,432	14,832	273,738	2,259,392	2,229,760
Compliance Program	1,043,311	1,056,171	584,266	565,942	-	-	72,000	21,610	1,699,577	1,643,723
IFAC Activities	*2,710,082*	*2,408,730*	*1,701,016*	*1,503,803*	*207,500*	*110,000*	*-*	*-*	*4,618,598*	*4,022,533*
Public Policy & Regulation	607,289	487,779	390,771	290,829	62,000	-	-	-	1,060,060	778,608
Adoption & Implementation	599,632	511,474	348,789	304,956	-	-	-	-	948,421	816,430
Prof. Acc. In Business	612,725	534,498	356,405	318,683	-	-	-	-	969,130	853,181
PAO Development	347,911	398,865	269,619	283,904	112,500	75,000	-	-	730,030	757,769
Small & Medium Practices	542,525	476,114	335,432	305,431	33,000	35,000	-	-	910,957	816,545
Forum of Firms	*-*	*-*	*496,499*	*504,645*	*-*	*-*	*-*	*-*	*496,499*	*504,645*
IFAC Governance & Relations	*530,641*	*467,703*	*308,660*	*278,858*	*-*	*-*	*-*	*-*	*839,301*	*746,561*
Board & Council	399,429	366,143	232,337	218,305	-	-	-	-	631,766	584,448
Member Relations	131,212	101,560	76,323	60,553	-	-	-	-	207,535	162,113
Indirect	*5,713,076*	*5,689,615*	*3,943,789*	*3,833,564*	*-*	*-*	*716,211*	*505,006*	*10,373,076*	*10,028,185*
Nominations	174,657	202,225	101,593	120,573	-	-	-	-	276,250	322,798
Communications	944,448	807,123	549,359	481,231	-	-	-	-	1,493,807	1,288,354
Admin. & Operations	4,593,971	4,680,267	3,292,837	3,231,760	-	-	716,211	505,006	8,603,019	8,417,033
Total revenue	**15,657,000**	**14,472,000**	**10,511,995**	**10,043,645**	**811,508**	**984,432**	**939,654**	**953,899**	**27,920,157**	**26,453,976**

Expenses are recorded by activity area, except for funding of the PIOB. For purposes of this note, funding of the PIOB was prorated based on each Public Interest Activity Committee's (PIAC) expenses as a percentage of the total PIACs expenses. The total expenses for the PIACs and IPSASB in 2013 were significantly lower than the budgeted amounts due to several staff vacancies in these activities.

EXPENSES	**Employee costs**		**Travel & meeting costs**		**Consultants**		**Other**		**Funding of PIOB**		**Total**		**(DEFICIT) / SURPLUS**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Public Interest Activity Committees & IPSASB	*7,246,971*	*6,961,181*	*2,155,526*	*2,626,509*	*70,340*	*48,789*	*228,694*	*519,612*	*1,007,161*	*1,489,443*	*10,708,692*	*11,645,534*	*883,991*	*(493,482)*
IAASB	2,780,336	3,064,335	964,924	1,439,338	11,511	7,589	49,127	141,331	500,482	878,579	4,306,380	5,531,172	323,155	(266,417)
IAESB	280,370	279,388	146,213	252,879	-	41,200	4,175	7,453	56,273	109,699	487,031	690,619	36,051	(29,282)
IESBA	1,329,039	729,238	665,834	437,093	11,645	-	31,205	22,405	267,086	224,477	2,304,809	1,413,213	176,288	(60,736)
IPSASB	1,608,379	1,681,465	256,967	281,684	47,184	-	120,427	305,465	-	-	2,032,957	2,268,614	226,435	(38,854)
Compliance Program	1,248,847	1,206,755	121,588	215,515	-	-	23,760	42,958	183,320	276,688	1,577,515	1,741,916	122,062	(98,193)
IFAC Activities	*3,113,256*	*3,041,695*	*721,526*	*634,161*	*175,464*	*52,837*	*138,778*	*164,663*	*-*	*-*	*4,149,024*	*3,893,356*	*469,574*	*129,177*
Public Policy & Regulation	747,781	635,684	167,416	105,292	47,454	-	33,618	11,981	-	-	996,269	752,957	63,791	25,651
Adoption & Implementation	691,518	625,724	47,219	26,218	58,207	28,568	35,669	109,023	-	-	832,613	789,533	115,808	26,897
Prof. Acc. In Business	722,717	727,377	109,601	88,312	5,540	-	12,334	9,384	-	-	850,192	825,073	118,938	28,108
PAO Development	343,350	433,912	275,333	271,864	11,231	8,265	13,644	20,988	-	-	643,558	735,029	86,472	22,740
Small & Medium Practices	607,890	618,998	121,957	142,475	53,032	16,004	43,513	13,287	-	-	826,392	790,764	84,565	25,781
Forum of Firms	*380,386*	*358,313*	*94,866*	*137,809*	*-*	*-*	*21,247*	*8,523*	*-*	*-*	*496,499*	*504,645*	*-*	*-*
IFAC Governance & Relations	*375,356*	*429,714*	*302,642*	*250,104*	*1,761*	*-*	*56,874*	*42,148*	*-*	*-*	*736,633*	*721,966*	*102,668*	*24,595*
Board & Council	216,412	281,820	285,136	242,114	1,761	-	51,018	41,260	-	-	554,327	565,194	77,439	19,254
Member Relations	158,944	147,894	17,506	7,990	-	-	5,856	888	-	-	182,306	156,772	25,229	5,341
Indirect	*4,925,839*	*4,531,423*	*464,661*	*414,681*	*25,994*	*135,682*	*4,008,701*	*4,843,336*	*-*	*-*	*9,425,195*	*9,925,122*	*947,881*	*103,063*
Nominations	209,077	235,184	29,374	76,544	-	-	4,918	435	-	-	243,369	312,163	32,881	10,635
Communications	881,937	895,950	15,310	17,288	-	-	413,081	332,671	-	-	1,310,328	1,245,909	183,479	42,445
Admin. & Operations	3,834,825	3,400,289	419,977	320,849	25,994	135,682	3,590,702	4,510,230	-	-	7,871,498	8,367,050	731,521	49,983
Total expenses	**16,041,808**	**15,322,326**	**3,739,221**	**4,063,264**	**273,559**	**237,308**	**4,454,294**	**5,578,282**	**1,007,161**	**1,489,443**	**25,516,043**	**26,690,623**	**2,404,114**	**(236,647)**

For purposes of this note, assets and liabilities directly attributable to an activity were allocated to the related activity. All other assets and liabilities are presented as unallocated assets and liabilities.

OTHER INFORMATION	**Current assets**		**Non-current assets**		**Total assets**		**Current liabilities**		**Non-current liabilities**		**Total liabilities**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Public Interest Activity Committees & IPSASB	*257,909*	*215,068*	*46,755*	*50,195*	*304,664*	*265,263*	*1,218,528*	*860,484*	*-*	*-*	*1,218,528*	*860,484*
IAASB	41,473	20,291	23,130	25,945	64,603	46,236	541,042	422,181	-	-	541,042	422,181
IAESB	935	9,833	-	-	935	9,833	60,525	32,807	-	-	60,525	32,807
IESBA	24,616	7,987	3,646	3,646	28,262	11,633	251,467	160,273	-	-	251,467	160,273
IPSASB	178,743	176,023	2,534	3,159	181,277	179,182	233,382	199,238	-	-	233,382	199,238
Compliance Program	12,142	934	17,445	17,445	29,587	18,379	132,112	45,985	-	-	132,112	45,985
IFAC Activities	*60,197*	*116,771*	*11,844*	*3,894*	*72,041*	*120,665*	*505,759*	*368,744*	*-*	*-*	*505,759*	*368,744*
Public Policy & Regulation	9,393	8,346	-	-	9,393	8,346	171,068	59,870	-	-	171,068	59,870
Adoption & Implementation	18,598	94,019	994	994	19,592	95,013	130,337	111,608	-	-	130,337	111,608
Prof. Acc. In Business	31,606	6,440	2,900	2,900	34,506	9,340	75,838	121,013	-	-	75,838	121,013
PAO Development	300	6,843	7,950	-	8,250	6,843	27,775	38,069	-	-	27,775	38,069
Small & Medium Practices	300	1,123	-	-	300	1,123	100,741	38,184	-	-	100,741	38,184
Forum of Firms	*(1,075)*	*240,729*	*2,300*	*2,300*	*1,225*	*243,029*	*73,725*	*40,574*		*-*	*73,725*	*40,574*
IFAC Governance & Relations	*2,125*	*11,511*	*-*	*-*	*2,125*	*11,511*	*95,280*	*30,007*	*-*	*-*	*95,280*	*30,007*
Board & Council	2,125	11,511	-	-	2,125	11,511	56,285	20,125	-	-	56,285	20,125
Member Relations	-	-	-	-	-	-	38,995	9,882	-	-	38,995	9,882
Indirect	*9,572,296*	*6,390,272*	*3,676,639*	*4,067,125*	*13,248,935*	*10,457,397*	*1,167,215*	*1,318,115*	*2,461,352*	*2,776,924*	*3,628,567*	*4,095,039*
Nominations	-	-	-	-	-	-	361	42,509	-	-	361	42,509
Communications	300	16,661	-	-	300	16,661	88,217	64,837	-	-	88,217	64,837
Admin. & Operations	9,571,996	6,373,611	3,676,639	4,067,125	13,248,635	10,440,736	1,078,637	1,210,769	2,461,352	2,776,924	3,539,989	3,987,693
Total	9,891,452	6,974,351	3,737,538	4,123,514	13,628,990	11,097,865	3,060,507	2,617,924	2,461,352	2,776,924	5,521,859	5,394,848

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INDEPENDENT AUDITORS' REPORT

To the Board of the International Federation of Accountants

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the International Federation of Accountants ("IFAC"), which comprise the statement of financial position as at December 31, 2013 and 2012, and the statements of financial performance, changes in net assets/equity and cash flows for the years then ended, and a statement of accounting policies and other explanatory notes. As described in the statement of accounting policies, the accompanying financial statements have been prepared in accordance with International Public Sector Accounting Standards.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing and auditing standards generally accepted in the United States. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of IFAC as of December 31, 2013 and 2012, and of its financial performance, changes in its net assets/equity, and its cash flows for the years then ended in accordance with International Public Sector Accounting Standards.

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS
March 4, 2014

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