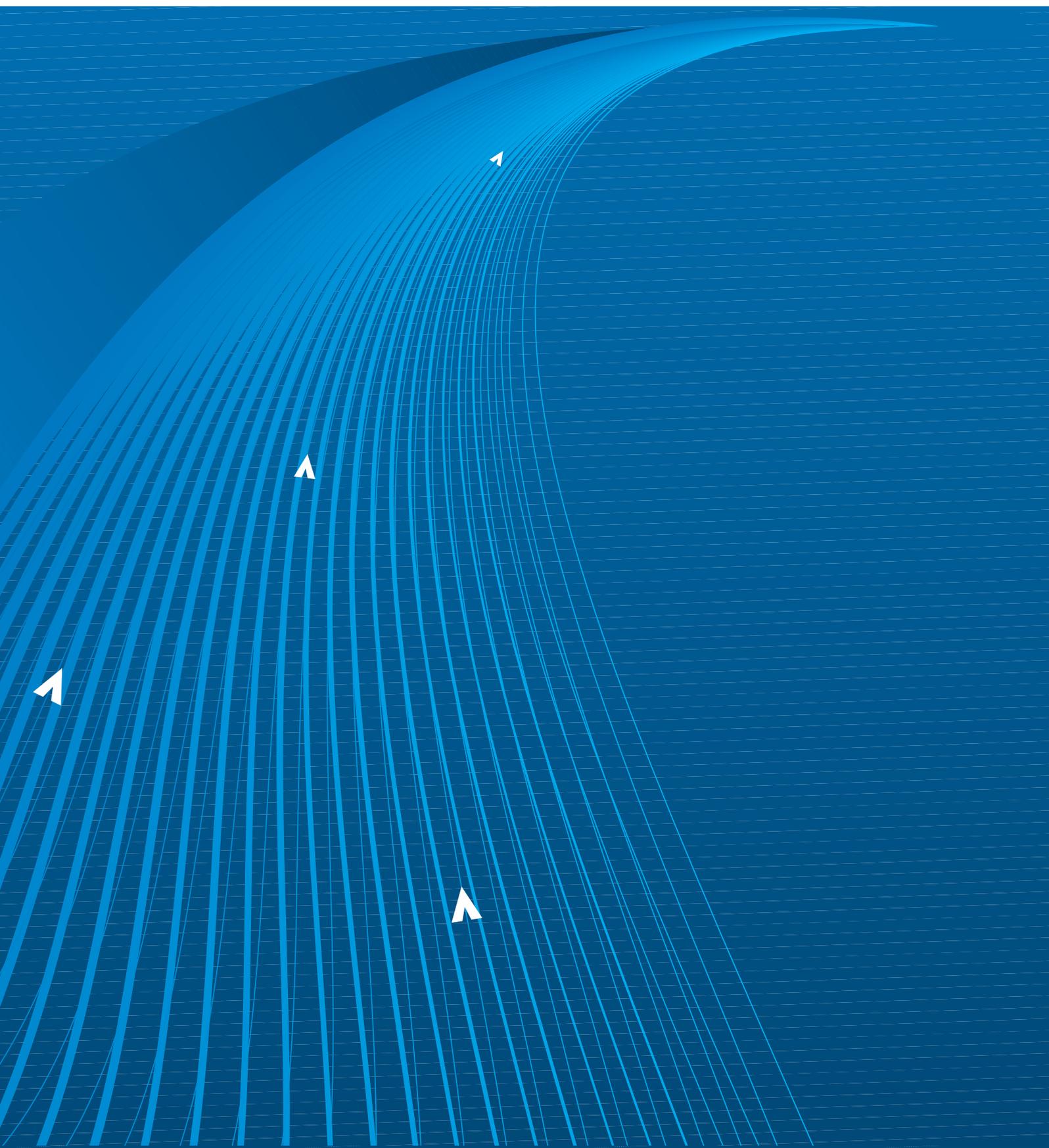




Public Interest Oversight Board

FINANCIAL STATEMENTS 31 DECEMBER 2009





BDO Audiberia
Auditores

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS) and the Bank for International Settlements (BIS)

We have audited the accompanying financial statements of the FUNDACION CONSEJO INTERNACIONAL DE SUPERVISION PUBLICA EN ESTANDARES DE AUDITORIA, ETICA PROFESIONAL Y MATERIAS RELACIONADAS (hereafter "PIOB" or "the Foundation") which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement for the year ended 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Board of Trustees' Responsibility for the Financial Statements

The Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

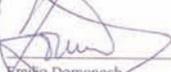
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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 basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Audiberia



Emilio Domenech
Partner

Madrid, March 30, 2009

Organización Internacional BDO

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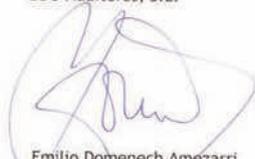
Inscrita en el Registro Oficial de Auditores
de Cuentas nº 51.271



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the FUNDACION CONSEJO INTERNACIONAL DE SUPERVISION PUBLICA EN ESTANDARES DE AUDITORIA, ETICA PROFESIONAL Y MATERIAS RELACIONADAS as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Auditores, S.L.



Emilio Domenech Amezarri
Partner
Madrid, March 31, 2010

BDO Auditores S.L., una sociedad limitada española, es miembro de BDO International Limited, una compañía limitada por garantía del Reino Unido y forma parte de la red internacional BDO de empresas independientes asociadas.

BDO es la marca comercial utilizada por todo la red BDO y para todas las firmas miembros.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009 (in Euros)

	2009	2008
REVENUE		
IFAC Funding	1,306,981	1,216,384
Ordinary exchange gains (note 2)	4,866	-
Interest income from changes in fair value of financial instruments (note 3)	546	-
TOTAL REVENUE	1,312,393	1,216,384
EXPENSES		
Employee costs (note 8)	481,091	499,147
Travel and meeting costs	210,260	209,213
Technical Committee stipends (note 9)	276,053	241,608
Annual report	11,611	16,014
Occupancy (notes 6 and 15)	49,707	45,493
Recruitment costs	37,985	11,768
Telephone	15,263	8,361
Legal and other professional fees	68,906	51,651
Auditor remuneration	5,536	5,536
Depreciation and amortization (note 11)	2,862	916
IT and Web	57,020	7,557
Interest expense from changes in fair value of financial instruments (note 3)	-	546
Other expenses	42,834	11,284
TOTAL EXPENSES	1,259,128	1,109,094
INCOME BEFORE TAX	53,265	107,290
Taxation (note 2)	-	-
INCOME AFTER TAX	53,265	107,290
Cash flow hedge reserve	1,973	(1,973)
COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	55,238	105,317

STATEMENT OF FINANCIAL POSITION

at 31 December 2009 (in Euros)

	2009	2008
ASSETS		
Current Assets		
Cash (note 10)	409,282	373,311
Accounts Receivable	-	-
Prepaid Expenses	7,966	4,453
TOTAL CURRENT ASSETS	417,248	377,764
Capital Assets (note 11)	17,010	2,832
TOTAL ASSETS	434,258	380,596
LIABILITIES		
Current Liabilities		
Accounts Payable (note 5)	65,971	49,611
Accrued Liabilities (note 6)	124,732	93,149
Revenue received in advance (note 12)	53,000	100,000
Derivative financial liabilities (note 3)	-	2,519
TOTAL LIABILITIES	243,703	245,279
EQUITY		
Comprehensive income for the year net of tax	55,238	105,317
Endowment funds (note 13)	30,000	30,000
Other Reserves	105,317	-
TOTAL EQUITY	190,555	135,317
TOTAL LIABILITIES AND EQUITY	434,258	380,596

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009 (in Euros)

				2009	2008
	Comprehensive Income	Other Reserves	Endowment funds	Total	Total
Balance, beginning of year	-	105,317	30,000	135,317	30,000
Comprehensive Income for the year net of tax	55,238	-	-	55,238	105,317
BALANCE, END OF YEAR	55,238	105,317	30,000	190,555	135,317

CASH FLOW STATEMENT

for the year ended 31 December 2009 (in Euros)

	2009	2008
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	53,265	107,290
Non-cash items		
Depreciation of capital assets	2,862	916
Interest income from changes in fair value of financial instruments (note 3)	(546)	546
Decrease (increase) in working capital items (note 7)	(2,570)	(23,643)
NET CASH GENERATED	53,011	85,109
INVESTING ACTIVITIES		
Capital expenditures	(17,040)	(1,931)
NET CASH USED	(17,040)	(1,931)
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,971	83,178
Cash and cash equivalents, beginning of year	373,311	290,133
CASH AND CASH EQUIVALENTS, END OF YEAR	409,282	373,311
CASH AND CASH EQUIVALENTS		
Cash	409,282	373,311
TOTAL CASH AND CASH EQUIVALENTS	409,282	373,311

1 Fundación Consejo Internacional de Supervisión Pública en Estándares de Auditoría, Ética Profesional y Materias Relacionadas

The Public Interest Oversight Board (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, working with IFAC to ensure that the standards developed by IFAC's boards in the areas of auditing and assurance, education and ethics, and IFAC's Member Body Compliance Program are operated in a transparent manner that reflects the public interest.

The Fundación Consejo Internacional de Supervisión Pública en Estándares de Auditoría, Ética Profesional y Materias Relacionadas ("the Foundation") was legally constituted on 15 December 2005 under "Ley 50/2002, de 27 de diciembre, de Fundaciones", the Spanish law for not-for-profit foundations. Its legal founders were the International Organisation of Securities Commissions, the Bank for International Settlements and the International Association of Insurance Supervisors, three international regulatory groups committed to maintaining the stability of the international financial system and operating in the international public interest.

As described in its by-laws, the objective of the Foundation is to strengthen the international financial reporting system through overseeing the standard-setting activities of designated boards of the International Federation of Accountants ("IFAC") and undertaking any other appropriate programs and projects that will contribute to achieving its objective. The Foundation's Board of Directors is responsible for ensuring that the Foundation operates within its mandate and meets its legal and administrative obligations to the Spanish government. A Technical Committee of the Board is responsible for planning and executing the Foundation's oversight program and related activities. Support for the Board of Directors and the Technical Committee is provided by the Foundation's Secretariat based in Madrid, Spain.

In addition to its local regulatory responsibilities, the Foundation is operationally and financially accountable to the Monitoring Group. This forum of international regulators and other public interest bodies, including two of the Foundation's founding organizations, monitors the progress of a 2003 program of IFAC reforms in which the Foundation's Technical Committee performs a key public oversight role. The Monitoring Group also approves the Foundation's annual budget

2 Accounting policies

Financial statements

The Foundation's financial statements have been prepared in accordance with International Financial Reporting Standards.

Accounting estimates

Preparation of the financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and in the notes to financial statements. These estimates and assumptions are based on management's best knowledge of existing facts and circumstances as well as any current period impact of actions that the Foundation may undertake in the future. Actual results may differ from those estimates.

The financial statements are prepared in Euros.

Measurement Base

The statements of comprehensive income, financial position, changes in equity and cash flows have been prepared on an accrual basis with all assets and liabilities valued at historical cost, with the exception of foreign currency forward contracts acquired for cash flow hedging purposes, which are measured on a fair value basis.

Foreign currency translation

Foreign currency transactions are accounted for in Euros and translated at the rates of exchange prevailing at the transaction date. Exchange gains or losses on subsequent settlement of related balances are recognised in the income statement when they arise.

Financial instruments denominated in foreign currencies at the balance sheet date are translated to their Euro equivalent at the prevailing foreign exchange rate. Foreign exchange differences arising on translation are recognised in the income statement.

Revenue and cost recognition

As part of IFAC's agreement with the Monitoring Group, IFAC provides unconditional guaranteed funding for the operation of the PIOB.

Initially, IFAC agreed to guarantee funding for a five-year period, starting with the establishment of the PIOB in February 2005 (first guarantee period). The initial guaranteed funding was an amount up to 1.5 million United States dollars plus annual inflation and foreign exchange adjustments.

During 2007, IFAC agreed with the Monitoring Group to guarantee funding for a further five-year period, starting March 2010 (second guarantee period).

From January 2007, the denomination of the IFAC guaranteed funding was converted to Euros. The amount of guaranteed funding for 2007 was determined as the Euro equivalent of 1.5 million United States dollars after adjustment for inflation and exchange rate changes since January 2004.

For the remainder of the first guarantee period, and for the second guarantee period, the funding is the 2007 amount adjusted annually for the inflation rate in the Eurozone. This figure amounted up to 1,317,000 in 2008. In 2009, the total figure updated for Eurozone inflation came up to 1,361,000.

Revenue is denominated in Euros.

Operating costs are recognised as an expense when incurred.

Foreign currency forward contracts acquired for future cash flow hedging purposes are subject to hedge effectiveness testing. The effectiveness of the hedging relationship is prospectively tested using the critical terms match method.

Cash and cash equivalents

The Foundation’s policy is to present cash and term investments with a maturity equal or less than three months as cash and cash equivalents.

Capital assets

Capital assets are recorded at cost.

Capital assets are depreciated over their estimated useful lives according to the following methods and annual rates:

	Methods	Rates
Computer equipment		
Computers and Software	Straight-line	25%

Cash Flow Statement

The following are definitions of the terms used in the cash flow statement:

Cash and cash equivalents comprise cash, current bank balances and short term, up to three month deposits.

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition, holding, and disposal of fixed assets and investments.

Taxation

The Law 4/2006, of 29 March, of “adaptación del régimen de las entidades navieras en función del tonelaje a las nuevas directrices comunitarias sobre ayudas del Estado al transporte marítimo y de modificación del régimen económico y fiscal de Canarias”, exempts the Foundation from Spanish income tax.

3 Financial Instruments

The Foundation receives its annual funding in Euros based on an approved Euro-denominated budget. However, certain expense categories, primarily Technical Committee stipends (see Note 10) and to a lesser extent travel costs, are paid in other currencies (US\$, CAN \$). As actual exchange rates at the transaction date may differ from the forecast rates, the Foundation is exposed to foreign currency exchange risk.

In late 2008 the Foundation adopted a formal hedging policy for application to underlying US and Canadian dollar exchange risk exposures in the 2009 Foundation budget. The Foundation entered into a quarterly series of foreign currency forward contracts to fix the Euro cost of these cash outflows for 2009. These contracts were acquired on December 19 2008 for cash flow hedging purposes and at December 31, 2008 were determined to be highly effective.

Foreign currency	Notional Foreign currency Amounts	Exchange rates	Notional Amount (Total, in Euros)	Fair value at 31 December 2008 (Total, in Euros)
US \$	375,500	1.3963 - 1.3911	269,625	267,288
CAD \$	104,000	1.7161 - 1.7020	60,840	60,658
TOTAL IN EUROS			330,465	327,946

By December 31, 2009 all foreign currency forward contracts have matured and have been liquidated, being their respective fair values at maturity dates identical to their fair value at inception date. Temporary changes in valuation that aroused from fluctuations identified in either the spot or the forward transaction rates since inception of the contract have been registered in other comprehensive income. Gains or losses arising from fluctuations in the forward transaction rates prevailing at inception of the contract are recognised in income

Other than the counterparty risk related to settlement of the above transactions, the Foundation was not exposed to any other form of credit, liquidity or market risk at the balance sheet date.

At both December 31, 2009 and December 2008, the fair values of all other financial assets and liabilities were approximately equal to their carrying values.

4 Expenses by Activity

(in Euros)	2009	2008
Board related operating costs		
Oversight Program	709,500	644,711
External Relations Program	153,161	215,677
Foundation Board Meetings	54,507	48,462
Other ongoing operating costs	341,960	200,244
TOTAL EXPENSES	1,259,128	1,109,094

5 Accounts Payable

(in Euros)	2009	2008
Professional services	-	-
Taxes and Social Security	23,452	13,556
Occupancy	-	1,235
Other	42,479	34,821
TOTAL ACCOUNTS PAYABLE	65,971	49,612

6 Accrued Liabilities

(in Euros)	2009	2008
Occupancy expenses	38,269	33,600
Professional fees	31,894	20,036
Accrued stipend	-	4,257
Travel and other operating costs	54,569	35,256
TOTAL ACCRUED LIABILITIES	124,732	93,149

7 Information Included in the Cash Flow Statement

The increases (decreases) in working capital items are detailed as follows:

(in Euros)	2009	2008
Prepaid expenses	3,513	3,526
Accounts payable	(16,360)	58,263
Accrued liabilities	(31,583)	45,470
Revenue received in advance	47,000	(83,616)
INCREASES (DECREASES) IN WORKING CAPITAL	2,570	23,643

8 Employee Costs

(in Euros)	2009	2008
Gross Salaries	388,542	428,078
Social security fees	32,057	42,199
Other social benefits	60,492	28,870
TOTAL EMPLOYEE COSTS	481,091	499,147

9 Technical Committee Stipends

Members of the Technical Committee receive fixed annual stipends of US \$25,000 except for the Chairman of the Committee who receives US \$150,000 in recognition of his additional leadership responsibilities. From 1 March 1, 2008, all members other than the Chairman are further entitled to variable remuneration of US \$1,000 per day of attendance at assigned public interest meetings.

Two of these members have elected to waive both fixed and variable stipends.

10 Cash

(in Euros)	2009	2008
Cash in Euros	409,282	373,311
	409,282	373,311

There are no restrictions on the use of cash.

11 Capital Assets

(in Euros)		2009	2008
IT equipment and software		Total	Total
At the lower of recoverable value and cost			
Balance, beginning of year	4,400	4,400	2,469
Additions	17,040	17,040	1,931
Disposals	-	-	-
Balance, end of year	21,440	21,440	4,400
Accumulated depreciation			
Balance, beginning of year	(1,568)	(1,568)	(652)
Depreciation	(2,862)	(2,862)	(916)
Disposals	-	-	-
Balance, end of year	(4,430)	(4,430)	(1,568)
NET, END OF YEAR	17,010	17,010	2,832

12 Revenue received in advance

Revenue received in advance at 31 December 31 2009 of €53,000 (2008 €100,000) represents a share of the IFAC funding received which exceeded the Foundation's 2009 expenses. The remainder of €53,265 (2008 €107,290) has been retained to strengthen the Foundation's capital base over the near term.

13 Endowment funds

To meet the minimum legal capital requirements established by Spanish law, the founders (see note 1) collectively provided an initial endowment of thirty thousand Euros (€30,000).

14 Board

Positions on the Board are voluntary and there is no fee paid for any position held. The following persons were members of the Board during the year:

Dr. Stavros Thomadakis	Chairman
Mr. Antoine Bracchi	Board member
Mr. David A. Brown, Q.C.	Board member
Mr. Fayezul Choudhury	Board member
Mr. Michael Hafeman	Board member
Mr. Toshiharu Kitamura	Board member
Mme. Sylvie Mathérat	Board member
The Hon. Aulana L. Peters	Board member

15 Government Assistance

The Foundation receives from the Spanish authorities the right to use a part of the premises located at Oquendo, 12. This use is free of charge, except for non-structural maintenance expenses (electricity, water, elevator maintenance, etc). Based on the final agreement signed in September 2007 to establish a maximum yearly charge, the limit to allocable expenses has been set at the lower of thirty-three percent of actual costs or €39,955. The latter amount is subject to annual adjustments for changes in the Spanish Consumer Price Index.

16 Subsequent Events

In the opinion of the management there are no significant events that need to be reported.



Public Interest Oversight Board

Public Interest Oversight Board
overseeing international audit, ethics and education standards for the accounting profession

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