Public Interest Oversight Board

FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AT DECEMBER 31ST, 2024

TOGETHER WITH INDEPENDENT AUDITOR´S REPORT

PIOB

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PUBLIC INTEREST OVERSIGHT BOARD FOUNDATION

Independent Auditor´s Report on the Financial Statements

Financial Statements for the year ended at December 31st, 2024

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Independent Auditor's Report on the Financial Statements

To the Board of Trustees of
PUBLIC INTEREST OVERSIGHT BOARD FOUNDATION

Opinion

We have audited the financial statements of **PUBLIC INTEREST OVERSIGHT BOARD FOUNDATION (the PIOB)**, which comprise the statement of financial position as at December 31st, 2024, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PIOB as at December 31st, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the PIOB in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Material uncertainty related to the going concern principle

Attention is drawn to note 2 to the accompanying financial statements, which indicates that in December 2024, the Monitoring Group approved the PIOB's 2025 Budget as submitted, with a EUR 0.7 million funding shortfall. The approval was made with encouragement to pursue further cost savings and an acknowledgement of the need for additional funding for the PIOB.

During the first few months of 2025 the Board of Trustees implemented a cost-reduction plan to significantly minimise expenses, as it became evident that filling the 2025 budgeted funding shortfall will most likely be much more difficult than in prior years. The plan entails no in-person PIOB Board meetings nor PIOB member observations of the Standard-Setting Boards' meetings for the remainder of 2025, as well as the reduction of other operating expenses to the extent compatible with the delivery of the PIOB's remit. This plan brought the 2025 funding shortfall down from the originally budgeted EUR 0.7 million to EUR 0.5 million.

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As a result of these cost savings, cash flow projections indicate that the Foundation will, however, by September 2025 reach its minimum cash levels required to cover its estimated legal obligations in the instance of windup. This has resulted in numerous discussions with the Monitoring Group and the International Foundation for Ethics and Audit (IFEA), to address this concern and avoid disruption to the PIOB's activities and thereby the functioning of the international standard-setting system as a whole.

Discussions are underway to fill the 2025 shortfall via a funding contribution from IFEA, subject to specific conditions relating to the exploration of options for the evolution, simplification and consolidation of the standard-setting structure and the establishment of a sustainable and diverse funding model. An IFEA resolution was adopted on 23 June 2025, proposing in principle the provision of a conditional funding contribution to the PIOB, to fill its 2025 funding shortfall, as well as providing a funding guarantee for liabilities on liquidation, hence addressing the po tential personal liability risk of PIOB Trustees.

As of the date of approval of these financial statements, the envisaged funding contributions conditions are being agreed and, while there are adequate grounds to consider that this will be successfully concluded, we cannot ensure this outcome will be reached. The detailed conditions will be considered for acceptance by the PIOB. In the meantime, the PIOB also continues to seek additional funding from other stakeholders.

PIOB´s management recognizes that the current circumstances point to the existence of a material uncertainty that casts significant doubt on the ability of the Foundation to continue as a going concern. However, on the basis of the progress mentioned above and the fact that all options are to be explored for the evolution of the structure, including the continued functioning of the Foundation in an evolved structure over the medium term, management considers the organization to be able to continue as a going concern, and has prepared these financial statements accordingly.

As mentioned in note 2, these events or conditions point to the existence of a material uncertainty that could cast significant doubts on the capacity of the PIOB to continue as going concern. Our opinion has not been modified in relation to this matter.

Other Matter

This independent auditor's report and the accompanying financial statements prepared and presented in accordance with IFRS should not be understood as a statutory auditor's report and statutory financial statements as defined by Spanish Accounts' Auditing Law.

Responsibilities of Secretary General and Audit Committee for the Financial Statements

Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as issued by the International Accounting Standards Board (IASB), and for such internal control as Secretary General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Secretary General is responsible for assessing the PIOB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Secretary General either intends to liquidate the PIOB or to cease operations, or has no realistic alternative but to do so.

Audit Committee is, according to the Terms of reference of the PIOB Audit Committee, responsible for overseeing the PIOB's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the internal control of PIOB.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and the related disclosures made by the Secretary General.

- Conclude on the appropriateness of the Secretary General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of PIOB to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PIOB to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Secretary General and the Audit Committee of PIOB regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Secretary General of PIOB, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe these risks in our auditor's report unless laws or regulation preclude public disclosure about the matter.

Madrid, 26th June 2025

Forvis Mazars Auditores, S.L.P.
ROAC N. º S1189

Juan Antonio Giménez Miró
ROAC N. º 15.588

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

FORVIS MAZARS AUDITORES, S.L.P.

2025 Núm. 01/25/08900
SELLO CORPORATIVO: 96,00 EUR

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024 (in Euros)

	2024	2023
INCOME		
International Federation of Accountants Funding (note 3)	650,000	950,000
Audit profession Funding	500,000	-
European Commission Funding (note 3)	350,000	350,000
International Organization of Securities Commissions Funding	175,000	150,000
International Forum of Independent Audit Regulators Funding	59,027	66,062
Bank for International Settlements Funding (*)	5,000	10,000
Financial Reporting Council Funding	-	20,000
Swiss Federal Audit Oversight Authority Funding	10,000	10,000
Financial Supervisory Commission Funding	10,000	10,000
US Securities Exchange Commission Funding	178,306	180,803
International Foundation for Ethics and Audit Funding	-	116,172
External Reporting Board from New Zealand Funding	54,984	55,675
Financial Services and Markets Authority Funding	50,000	50,000
Collége de Supervision Des Réviseurs D'Enterprises Funding	50,000	50,000
CFA Institute Funding	45,001	45,181
Dutch Authority for the Financial Markets Funding	15,000	15,000
Haute Autorité de l'audit Funding	20,000	10,000
Commissione Nazionale per le Società e la Borsa Funding	15,000	15,000
Financial Services Agency Funding	59,453	-
A contribution arising from a national audit inspection scheme Funding	27,592	-
Accounting and Corporate Regulatory Authority Funding	10,000	-
	2,284,363	2,103,893
Carried-over surplus	-	-
In-kind contribution from Spanish authorities (note 3)	199,928	192,659
Total Income	2,484,291	2,296,552
EXPENSES		
Employee costs (note 8)	888,797	982,440
Travel and meeting costs of Technical and SSB Nominations Committees	371,745	263,680
Technical and SSB Nominations Committees stipends (note 9)	484,375	495,603
Annual report	5,390	3,769
Occupancy (note 6)	49,706	56,401
Telephone	6,275	6,248
Legal and other professional fees (note 10)	137,446	227,947
Auditor´s fees (note 16)	8,470	8,470
Depreciation and amortization (notes 3, 12 and 13)	213,769	209,936
IT support	113,951	103,000
Other expenses	39,231	38,211
Total Expenses	2,319,155	2,395,705
Surplus/(Deficit) for the year	165,136	(99,153)
Taxation (note 3)	-	-
Surplus/(Deficit) for the year after tax	165,136	(99,153)
Total comprehensive Surplus/(Deficit) for the year net of tax	165,136	(99,153)

(*) In 2024 and 2023 provided through FSB, BCBS and IAIS.

The accompanying notes are an integral part of the financial statements

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STATEMENT OF FINANCIAL POSITION
at 31 December 2024 and 31 December 2023 (in Euros)

	At 31 December 2024	At 31 December 2023
ASSETS		
Current Assets		
Cash and bank balances (note 11)	977,166	712,951
Accounts receivable	857,960	379,110
Prepaid expenses	75,741	32,688
Total Current Assets	1,910,867	1,124,749
Non - Current Assets		
Tangible assets (note 12)	11,410	14,559
Intangible assets (note 13)	561,872	164,087
Total Non - Current Assets	573,282	178,646
Total Assets	2,484,149	1,303,395
LIABILITIES		
Current Liabilities		
Accounts Payable (note 5)	213,854	91,396
Accrued Liabilities (note 6)	58,176	64,871
Deferred Income - Current	500,000	-
	772,030	156,267
Non - Current Liabilities		
Deferred Income - Non Current (note 3)	546,647	146,792
Total Liabilities	1,318,677	303,059
EQUITY		
Comprehensive (deficit)/surplus for the year net of tax	165,136	(99,153)
Endowment funds (note 14)	30,000	30,000
Other Reserves	970,336	1,069,489
Total equity	1,165,472	1,000,336
TOTAL LIABILITIES AND EQUITY	2,484,149	1,303,395

The accompanying notes are an integral part of the financial statements

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STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2024 (in Euros)

	Comprehensive income/(deficit)	Other reserves	Endowment funds	Total
Balance, beginning of year 2023	(88,498)	1,157,987	30,000	997,112
Transfers	88,498	(88,498)	-	-
Additions	(99,153)	-	-	190,875
Balance, end of year 2023	(99,153)	1,069,489	30,000	1,000,336
Transfers	99,153	(99,153)	-	-
Additions	165,136	-	-	165,136
Balance, end of year 2024	165,136	970,336	30,000	1,165,472

The accompanying notes are an integral part of the financial statements

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CASH FLOW STATEMENT, for the year ended 31 December 2024 (in Euros)

	2024	2023
OPERATING ACTIVITIES		
Surplus/(Deficit) of income over expenses	165,136	(99,153)
Non-cash items:		
Non-cash income	(199,928)	(192,659)
Depreciation of tangible and intangible assets	213,769	209,936
Decrease/(increase) in working capital items (note 7)	93,860	(499,722)
Net cash generated/(used in) operating activities	**272,837**	**(581,598)**
INVESTING ACTIVITIES		
Capital expenditures	(8,622)	(2,848)
Net cash (used in) investing activities	**(8,622)**	**(2,848)**
Net increase/(reduction) in cash and cash equivalents	**264,215**	**(584,446)**
Cash and bank balances, beginning of year	**712,951**	**1,297,397**
Cash and bank balances, end of year	**977,166**	**712,951**

The accompanying notes are an integral part of the financial statements

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1. Fundación Public Interest Oversight Board

The Fundación Public Interest Oversight Board ("the PIOB or PIOB Foundation") was constituted on December 15, 2005 under the Foundations Law 50/2002, the Spanish law for not-for-profit foundations. Its 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.

The Foundation serves the public interest by appointing members to the International Auditing and Assurance Standards Board (IAASB), International Ethics Standards Board for Accountants (IESBA) (also referred as SSBs) and overseeing their standard-setting. Its mission is to ensure that international standards in auditing and assurance, ethics and independence are responsive to the public interest and thereby enhance confidence in corporate reporting and in the services of professional accountants, auditors and other assurance providers.

On July 14, 2020, the Monitoring Group (MG) published its set of Recommendations to strengthen the international audit and ethics standard-setting system, which re-affirmed and enhanced the PIOB's responsibilities (MG Recommendations). The MG Recommendations set out a model which is implemented via a three-tier governance structure: the MG, the PIOB with responsibility for nominations and oversight and a new entity the International Foundation for Ethics and Audit (IFEA) which houses the SSBs. The objective of the reforms led by the MG is to enhance the independence of the standard-setting system so that no undue influence is wielded by any stakeholder and standard-setting responds to the public interest. In line with the MG Recommendations, the PIOB continues to have the critical role of providing independent oversight of the public interest responsiveness of audit and assurance, and ethics standards.

In terms of the MG Recommendations with regard to responsibility for nominations to the SSBs, in November 2021 the PIOB established an SSB Nominations Committee, which runs the selection process and makes recommendations to the PIOB for the appointment of SSB members and members of the Stakeholder Advisory Council (SAC). The SAC replaced the Consultative Advisory Groups (CAGs) in 2024.

The IFEA legal entity became operational at the end of 2022, when it held its inaugural board meeting with the participation of the IFEA trustees who are appointed by the three Members of IFEA (the MG, the PIOB, and the International Federation of Accountants (IFAC)): four trustees having been nominated by the PIOB and two by IFAC. The Trustees then elect the Chair who must be one of the PIOB-nominated appointees. As required by the Bylaws of IFEA, its Board of Trustees does not duplicate or interfere in the oversight and nominations duties of the PIOB. Neither the PIOB as a member of IFEA nor the Trustees nominated by the PIOB and appointed by the members have a majority vote in IFEA and consensus is required for the adoption of decisions. These individual Financial Statements therefore only correspond to the Fundación Public Interest Oversight Board.

The PIOB´s Foundation Board of Trustees 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, and the SSB Nominations Committee

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manages the selection process to the SSBs. Support for the Board of Trustees, the Technical Committee and the SSB Nominations Committee is provided by the Foundation's Secretariat based in Madrid, Spain.

In addition to meeting local regulatory requirements, the Foundation is operationally and financially accountable to the MG. The MG consists of a forum of international regulators and other public interest bodies. The MG also approves the Foundation's annual budget.

2. Going concern

The matter of applying the going concern basis of accounting has been highlighted in the past three years. Previous financial statements explain that the PIOB started encountering a funding deficit from 2022 with the implementation of the Monitoring Group Recommendations, which required that the majority of PIOB funding should no longer come from the auditing profession. As a result, there has been a progressive reduction of funding from IFAC, while the sustainable diversified funding mechanism envisaged by the Monitoring Group has not been achieved.

Despite the past three years of budgeted funding deficits, the PIOB has been successful in solving the deficit each year. The 2024 PIOB Budget again included a funding shortfall of EUR 0.75 million which, after significant efforts by the Foundation, was addressed, resulting in a surplus of EUR 165K as of December 31, 2024.

In December 2024, the Monitoring Group approved the PIOB's 2025 Budget as submitted, with a EUR 0.7 million funding shortfall. The approval was made with encouragement to pursue further cost savings and an acknowledgement of the need for additional funding for the PIOB.

During the first few months of 2025 the Board of Trustees implemented a cost-reduction plan to significantly minimise expenses, as it became evident that filling the 2025 budgeted funding shortfall will most likely be much more difficult than in prior years. The plan entails no in-person PIOB Board meetings nor PIOB member observations of the Standard-Setting Boards' meetings for the remainder of 2025, as well as the reduction of other operating expenses to the extent compatible with the delivery of the PIOB's remit. This plan brought the 2025 funding shortfall down from the originally budgeted EUR 0.7 million to EUR 0.5 million.

As a result of these cost savings, cash flow projections indicate that the Foundation will, however, by September 2025 reach its minimum cash levels required to cover its estimated legal obligations in the instance of windup. This has resulted in numerous discussions with the Monitoring Group and the International Foundation for Ethics and Audit (IFEA), to address this concern and avoid disruption to the PIOB's activities and thereby the functioning of the international standard-setting system as a whole.

Discussions are underway to fill the 2025 shortfall via a funding contribution from IFEA, subject to specific conditions relating to the exploration of options for the evolution, simplification and consolidation of the standard-setting structure and the establishment of a sustainable and diverse funding model. An IFEA resolution was adopted on 23 June 2025, proposing in principle the provision of a conditional funding contribution to the PIOB, to fill its 2025 funding shortfall, as

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well as providing a funding guarantee for liabilities on liquidation, hence addressing the potential personal liability risk of PIOB Trustees.

As of the date of approval of these financial statements, the envisaged funding contributions conditions are being agreed and, while there are adequate grounds to consider that this will be successfully concluded, we cannot ensure this outcome will be reached. The detailed conditions will be considered for acceptance by the PIOB. In the meantime, the PIOB also continues to seek additional funding from other stakeholders.

PIOB´s management recognizes that the current circumstances point to the existence of a material uncertainty that casts significant doubt on the ability of the Foundation to continue as a going concern. However, on the basis of the progress mentioned above and the fact that all options are to be explored for the evolution of the structure, including the continued functioning of the Foundation in an evolved structure over the medium term, management considers the organization to be able to continue as a going concern, and has prepared these financial statements accordingly.

3. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Foundation also prepares its statutory financial statements as required by the Spanish Law in accordance with the Accounting Plan for Small and medium not-for-profit entities issued by the Resolution of March 26, 2013, of the Spanish Accounting and Auditing Institute (ICAC).

The financial statements are prepared in Euros, which is the Foundation´s functional currency.

These financial statements were prepared by the Secretary General of the Foundation on June, 20, 2025.

Financial statements

The Secretary General is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. 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.

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.

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New Standards and Interpretations issued

The financial statements have been drawn up on the basis of accounting Standards, Interpretations and amendments effective at the beginning of the accounting period on 1 January 2024.

Measurement Basis

The statements of comprehensive income, financial position, changes in equity and cash flows have been prepared on the historical cost and an accrual basis with all assets and liabilities valued at amortized cost, unless otherwise stated in the accounting policies.

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.

Income and cost recognition

On May 12, 2021, IFAC issued a guarantee letter committing to contribute to fund the PIOB budget with a progressive reduction in guaranteed funding until 2025. For 2024, the guarantee was the lower of one-third of PIOB's budgeted expenses for the year in Euros or EUR 650,000. For 2025 fiscal year, the guarantee will be the lower of 25% of PIOB's budgeted expenses for the year in Euros or EUR 500,000. No further funding or guarantee will be provided after December 31, 2025. IFAC paid its 2025 contribution of EUR 500,000 in advance in 2024. This contribution has been recorded under the item Deferred Income – Current of the Statement of Financial Position as of December 31, 2024.

The IFAC guarantee will not apply to funding of any costs associated with the dissolution of the PIOB. In the event that a decision to dissolve the PIOB is taken by the governing entity of the PIOB, any remaining guarantees would cease to be effective with immediate effect, and IFAC would therefore be discharged of any funding obligations towards the PIOB.

Income from IFAC in 2024 represents 26.16% of total income (41.37% in 2023) and is recognized yearly on an accrual basis.

In 2009 and 2014, the European Commission (EC) awarded a grant to the Foundation for each of the years of the period 2010-2013 and 2014-2020, to support the Foundation's work program. In 2021, the EC awarded a new grant to the Foundation for each of the years between 2021-2027, through Regulation (EU) 2021/690 of the European Parliament and of the Council of April 28, 2021, establishing a programme for the internal market, competitiveness of enterprises, including small and medium-sized enterprises, the area of plants, animals, food and feed, and European statistics (Single Market Programme) and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014 and (EU) No 652/2014.

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The contribution for the year 2024 is for a maximum of EUR 350,000 or 30% of the eligible costs of the action (EUR 350,000 or 30% of the eligible costs in 2023). The 2024 Grant agreement with the EC establishes that, if funding by IFAC reaches more than two-thirds of total funding in 2024, the EC shall limit its contribution for 2024 to a maximum amount of EUR 300,000.

This EC income is recognized on an accrual basis.

In addition to the previously mentioned contributions and as an exceptional measure, the audit profession provided a one-off contribution of EUR 500,000. The amount was settled in two instalments, disbursed in March and April 2025.

The Foundation receives the right from the Spanish authorities to use a portion of the premises located at Oquendo 12 for a maximum period of 75 years. This use is free of charge, except for non-structural maintenance expenses. The Foundation renewed the agreement with the Spanish Authorities for consecutive four-year periods starting from September 26, 2007. In 2023, the agreement was renewed for an additional one-year period until September 2024. On June 12, 2024, this additional period was extended until September 2027. The Foundation records the grant as Deferred Income – Non-Current and intangible asset that is recognised in the Statement of Comprehensive Income on a systematic basis during the term of the agreement.

Interest income from financial instruments, if any, is recorded as part of income on an accrual basis.

Income is mainly denominated in Euros.

Operating costs are recognised as an expense when incurred.

Cash and bank balances

The Foundation's policy is to present cash and bank balances together with temporary investments, if any, having a term of three months or less from the acquisition date as cash and cash equivalents.

The Foundation maintains two bank accounts in Euros. The Banks where the Foundation hold 99.9% of its cash and bank balances have been graded at the short-term as A-2 and A-1 financial entities.

Cash Flow Statement

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

Cash and bank balances comprise cash on hand and current bank balances.

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

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

Financial instruments

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Financial instruments are recognized on the trade date at amortized cost and are derecognized at sales date when the rights to receive cash flows from the instrument expire.

Liquidity risk:
The Foundation manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities.

There are no borrowings or outstanding long-term debt as at December 31, 2024.

Credit risk:
As mentioned in Note 3, section "Income and cost recognition" the European Commission decided to award a grant to the Foundation for the periods 2010-2013, 2014-2020 and 2021-2027. The amount that remains in the Balance Sheet is mainly related to the 2024 grant that will be paid in 2025.

The Foundation considers that risks related to collection of grants from the European Commission are not significant.

Currency risk:
There is no currency risk associated with the balances in these bank accounts; therefore, the Foundation did not hedge its foreign currency exposure.

Fair values:
At December 31, 2024, the carrying amounts for all financial instruments held by the Foundation approximate to their fair values.

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

Taxation

On March 29, 2006, the Spanish Parliament passed legislation included within law 4/2006 of 29 March 2006, to specifically exempt the Foundation from Spanish income tax.

Tangible assets

Tangible assets represent the value of computer equipment used for data processing, the related furniture and communications equipment.

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

Tangible assets	Methods	Depreciation rate
Computer equipment	Straight-line	25%
Furniture and fixtures	Straight-line	10% to 20%
Audio and Video Equipment	Straight-line	25%

Repair and maintenance costs for tangible assets are recognized on the income statement in the year incurred. Costs of improvements that increase assets' capacity or efficiency or extend their useful life are recognized as an increase in the value of the assets.

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Intangible assets

Intangible assets comprise the value of computer software used in the administrative and accounting management of the Foundation and the fair value assigned to the right to use the building.

Computer software has been valued at cost of acquisition. The right of use of the building was recognized at fair value, less accumulated amortization, and any impairment allowances. Amortization of computer software is calculated on a straight-line basis over a four-year period. Amortization of the right of use is calculated over a four-year period, in line with the new assignment period.

	Methods	Rates
Intangible asset		
Software	Straight-line	25%
Right to use the building at Oquendo street	Straight-line	25%

4. Expenses allocated by Activity (inclusive of all Board Committees and staff costs)

(in Euros)	2024	2023
Oversight (1)	982,965	851,474
Communications and External Relations (2)	173,712	170,028
MG and MG member meeting costs (3)	119,450	125,146
Foundation Board Meetings (4)	155,845	132,946
Other ongoing operating costs (5)	581,833	598,723
Nominations (6)	305,350	517,388
Total expenses	2,319,155	2,395,705

The description of the Foundation´s activities is as follows:

(1) Through this activity, the PIOB provided independent oversight of the Standard Setting Boards (SSBs) and the Stakeholder Advisory Council (SAC) under its mandate. This activity included the related costs to comply with this mandate.
(2) Includes the cost of attending meetings with stakeholders other than MG members.
(3) Includes all costs allocated in this activity to the MG and MG members.
(4) This activity includes all the necessary operating costs to run the Foundation.
(5) Most significant cost in this activity is the annual amortization (EUR 199,927 in 2024 and EUR 192,659 in 2023) of the 33% right of use of the premises located at Oquendo 12 (Note 3).
(6) This activity included all costs related to the selection process of candidates to the SSBs and of the SAC.

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5. Accounts Payable

(in Euros)	2024	2023
Employee Taxes and Social Security	60,600	56,411
Other (1)	153,254	34,985
Total Accounts Payable	213,854	91,396

(1) The increase in the payable item 'Other' is primarily due to variable remuneration and outstanding invoices from a supplier, which were paid in January 2025.

6. Accrued Liabilities

(in Euros)	2024	2023
Occupancy expenses	49,706	56,401
Other accrued liabilities	8,470	8,470
Total Accrued Liabilities	58,176	64,871

7. Information Included in the Cash Flow Statement

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

(in Euros)	2024	2023
Accounts receivable	478,850	14,110
Prepaid expenses	43,053	(4,755)
Accounts payable	(122,458)	48.581
Accrued liabilities	6,695	441,786
Deferred Income - Current	(500,000)	-
Increases/(decreases) in working capital	(93,860)	499,722

The variation in the accounts receivable item is due to exceptional audit profession funding of EUR 500,000. The amount was settled in two instalments, disbursed in March and April 2025.

The variation in 2024 on the accounts payable item is related to explanation (1) in Note 5.

The variation in 2023 on the accrued liabilities item is mainly due to payment of termination benefit of the former Secretary General at the end of his contract, in June 2023.

The variation in the Deferred Income – Current item is due to advance payment in 2024 of IFAC´s 2025 funding.

8. Employee Costs

(in Euros)	2024	2023
Gross salaries	741,562	759,547
Spanish social security fees	76,282	110,746
Other benefits (1)	70,953	65,494
Other long-term employee benefits (2)	-	46,653

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Total Employee Costs	888,797	982,440

(1) Mainly includes pension plans and medical insurance expenses.
(2) Includes annual provision for termination benefit in 2023.

9. Technical Committee and SSB Nominations Committee Stipends

At December 31, 2024, the Technical Committee was made up of ten members inclusive of the Chair (ten members in 2023), six of which are also members of the Board of Trustees` (Note 15).

The Chair of the Technical Committee receives EUR 123,750 in recognition of her additional leadership responsibilities. The rest of Technical Committee members receive annual stipends of EUR 20,625 and a variable amount of EUR 825 per day of attendance at assigned public interest observations. In 2020, the Foundation defined criteria for payment of variable stipends that takes into account the time differences for those meetings held in an online environment. The detailed breakdown of stipends accrued by the PIOB to members of the Technical Committee in 2024 is:

(in Euros)	2024
Mme. Linda de Beer.	123,750
Mr. Robert Buchanan	27,637
Mme. Janine Van Diggelen	28,463
Mme. Begoña Giner	24,750
Mme. Tshegofatso Modise	22,275
Mr. David Sullivan	26,400
Mr. Tomoyuki Furusawa	26,400
Mme. Sandra Peters	21,450
Mr. Philippe Christelle	24,750
Mr. Mark Smith	24,750
Total stipends accrued	350,625

The annual stipend for the Chair of the SSB Nominations Committee is EUR 20,000. Members of the Nominations Committee received a fixed annual stipend of EUR 15,000, each. One member of the SSB Nominations Committee who waived his right to receive stipends in 2023, received stipends for an amount of EUR 8,750 for the period from June to December 2024.

10. Legal and Other Professional Fees

(in Euros)	2024	2023
Legal fees (1)	57,197	40,302
Recruitment fees (2)	-	13,249
External support communications (3)	22,691	57,294
Background check costs of candidates to Standard-Setting Boards (4)	21,901	63,077
Advertisement costs for nominations of candidates to Standard-Setting Boards and SAC (5)	6,171	38,808
Board assessment fees	9,250	-
Miscellaneous	20,236	15,217
Total Legal and Other Professional Fees	137,446	227,947

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(1) In 2024, includes recurrent legal fees and other labour and tax fees not included in the lawyer´s annual proposal.
(2) In 2023, Includes hiring and other related costs of new staff members who joined the Foundation.
(3), (4) and (5) Reduction to a new strategy of an efficient allocation of costs specially on nominations activities, after the first two cycles of nominations of candidates to the SSBs.

11. Cash and bank balances

(in Euros)	2024	2023
Cash and bank balances	977,166	712,951
Total cash and bank balances	977,166	712,951

12. Tangible assets

Details of tangible assets and the related accumulated depreciation at December 31, 2024, as well as movements during the period then ended, are as follows:

	Balance at December 31, 2023	**Additions**	**Balance at December 31, 2024**
Cost:			
IT equipment	63,551	3,848	67,399
Furniture and fixtures	33,728	-	33,728
Communications equipment	87,257	-	87,257
Total cost	**184,536**	**3,848**	**188,384**
Accumulated depreciation:			
IT equipment	(56,479)	(4,775)	(61,254)
Furniture and fixtures	(27,504)	(964)	(28,468)
Communications equipment	(85,994)	(1,258)	(87,252)
Total depreciation	**(169,977)**	**(6,997)**	**(176,974)**
Net, end of year	**14,559**		**11,410**

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13. Intangible assets

Details of intangible assets and the related accumulated amortization at December 31, 2024, as well as movements during the period then ended, are as follows:

	Balance at December 31, 2023	Additions	Balance at December 31, 2024
Cost:			
Software	57,265	4,774	62,039
In-kind contribution Oquendo	199,928	599,783	799,711
Total cost	**257,193**	**604,557**	**861,750**
Accumulated amortization:			
Software	(39,970)	(6,844)	(46,814)
In-kind contribution Oquendo	(53,136)	(199,928)	(253,064)
Total amortization	**(93,106)**	**(206,772)**	**(299,878)**
Net, end of year	**164,087**		**561,872**

Intangible assets reflect the value of computer software and, primarily, the fair value of the right to use the premises located at street Oquendo 12, granted by the CNMV for a four-year period, until September 26, 2027 (see note 3 – section Income as cost recognition).

At December 31, 2024, the Foundation has not identified indications of an impairment in the value of the right of use.

14. Endowment funds and other reserves

To meet the minimum legal capital requirements established by the Foundations' law, the founders of the Foundation (see Note 1) collectively provided an initial endowment for EUR 30,000. Such endowment cannot be used by the Foundation.

Other reserves correspond to contributions in excess of expenses for prior periods. The Board of Trustees can decide on the allocation to these reserves for future years. Also, in the case that the Foundation is dissolved, after the realization of assets and liquidation of liabilities, any remaining balance shall be distributed in accordance with Foundations Law 50/2002. Other reserves at December 31, 2024, amount to EUR 1.2 million.

The objective of the PIOB´s reserves is to strengthen the economic resilience and independence of the Foundation and make it less vulnerable to unexpected expenses. Current internal PIOB reserve policy sets a reserve threshold of six months' worth of current outlays, that is, approximately EUR 1.2 million at the end of 2024.

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15. Board of Trustees

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

16. Auditor´s fees

This note shows the total fees payable (including VAT) by the PIOB to its auditors.

(in Euros)	**2024**	**2023**
Fees payable for the voluntary audit of PIOB´s IFRS and statutory financial statements	6.655	6,655
Fees payable for ISAE 3000 – Assurance engagements on eligibility of costs and funding report provided to the EC	1,815	1,815
Total Auditor´s fees	8,470	8,470

17. Subsequent events

In January 2025, an agreement was signed with the Spanish Authorities granting the temporary transfer of part of the space allocated to the Foundation (Note 3. Income and cost recognition), to the International Organization of Securities Commissions (IOSCO) for a period not exceeding twelve months. As a result, the allocated space is reduced from one-third to one-fifth of the total area of the building where the Foundation is located.

As this constitutes a subsequent event, the Foundation will recalculate the value of the assignment in its 2025 financial statements, accordingly.

Also see note note 2 – Going concern.

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On behalf of the Foundation, I declare that the statements set out in pages 1 to 4 and the accompanying notes set out in pages 5 to 16 constitute the Financial Statements of the Foundation for the year ended December 31, 2024.

Martin Manuzi
Secretary General
June 20, 2025