

We will start the meeting at 11am. As you wait, please try this....

INTERNATIONAL FINANCIAL REPORTING
FOR NON PROFIT ORGANISATIONS

Thought
experiment



Imagine a world where
all NPOs and their stakeholders agreed
a single best practice standard
for financial reporting....



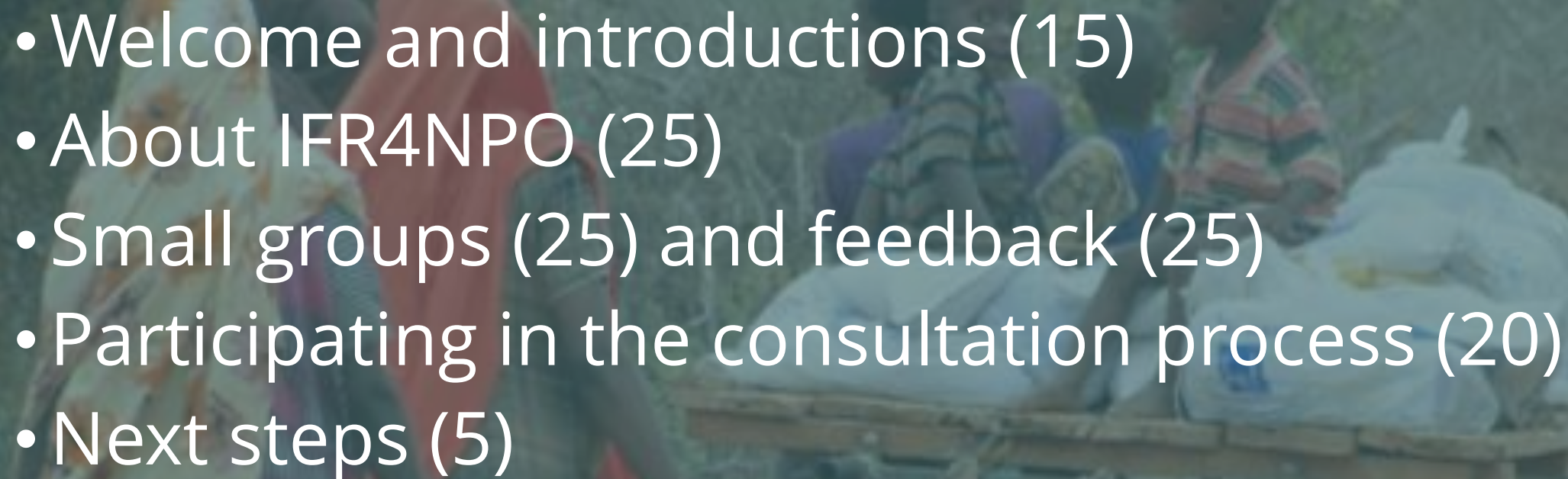
The future of non-profit financial reporting – Kenya stakeholders

15 Oct 2020

Caroline Kariuki
Cliff Nyandoro
Samantha Musoke



Meeting overview

- 
- Welcome and introductions (15)
 - About IFR4NPO (25)
 - Small groups (25) and feedback (25)
 - Participating in the consultation process (20)
 - Next steps (5)



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About IFR4NPO



About Us | IFR4NPO



Watch later



Share



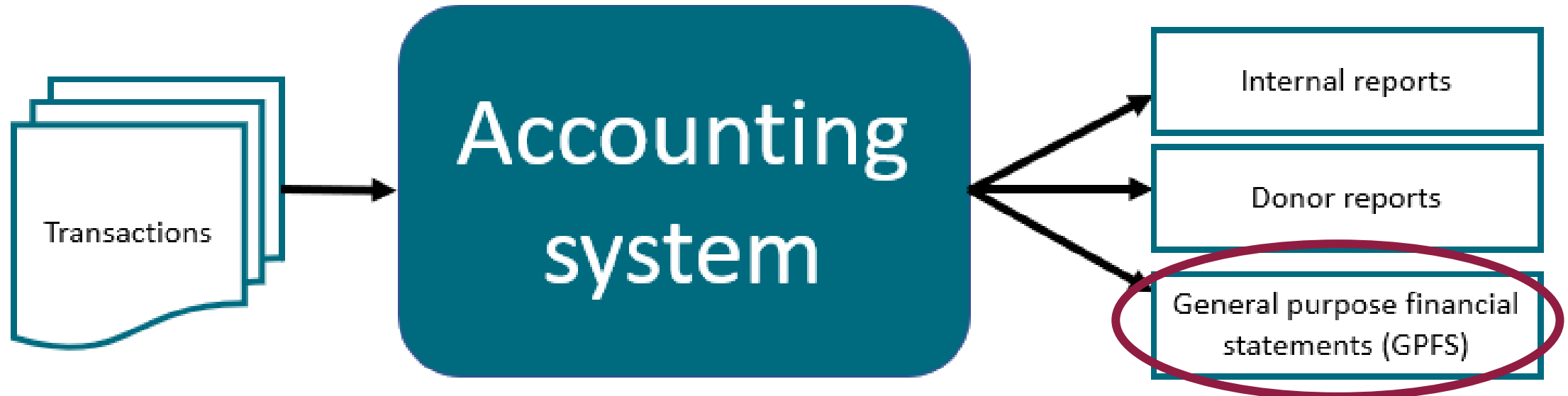
IFR4NPO



CIPFA

The Chartered Institute of
Public Finance & Accountancy

Which financial reports?

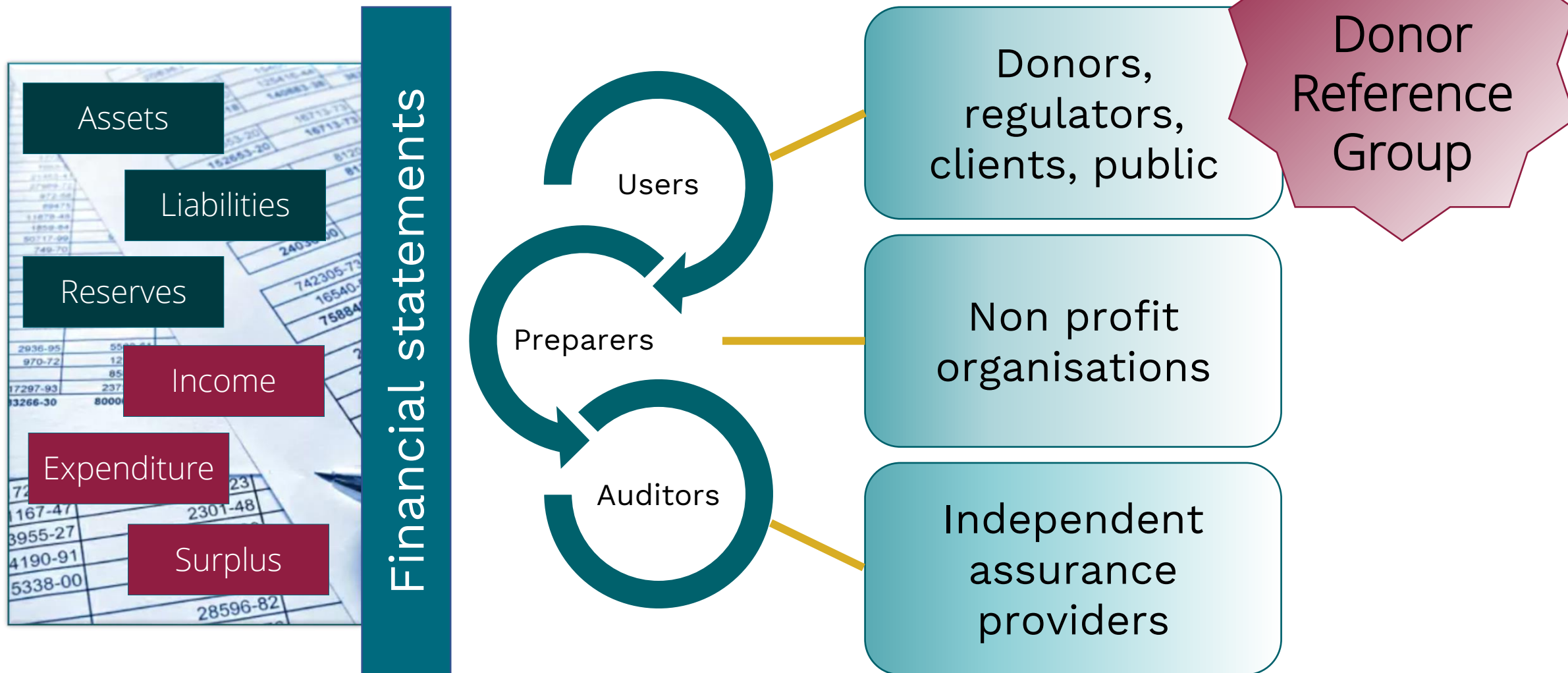


IFR4NPO Project focus is GPFS,
(and accompanying narrative
reports)

Another project is working to
harmonise donor project
report formats



Which stakeholders?





What will IFR4NPO deliver?

Current Problems

- No international financial reporting standards for NPOs
- Inconsistent financial reports
- Don't meet funders' needs
- High costs – funders and grantees
- Lack of transparency
- Double funding fraud

Solution:

The IFR4NPO Guidance

- Country and funder adoption decisions

Future Outcomes

- ✓ Improved usefulness, transparency and consistency of NPO financial reports
- ✓ NPOs able to demonstrate capacity and attract funds
- ✓ Funders better able to reliably assess NPOs
- ✓ Simplified audit assurance provision
- ✓ IFR4NPO Community – global network of NPO stakeholders

**More
resilient
and
accountable
sector**



Who is delivering the project?

Non Profit
Organisations

Funders



- Membership Association (285), NPO sector convener & advocate.
- Financial management is one focus area



- Chartered Institute of Public Finance and Accountancy
- Unique standard setter roles for local government and charities in UK

Standard
setters

Accounting
and audit
community

“By the sector, for the sector”

Advisory Groups

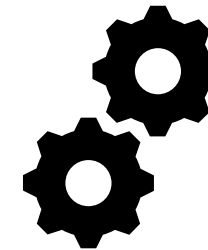
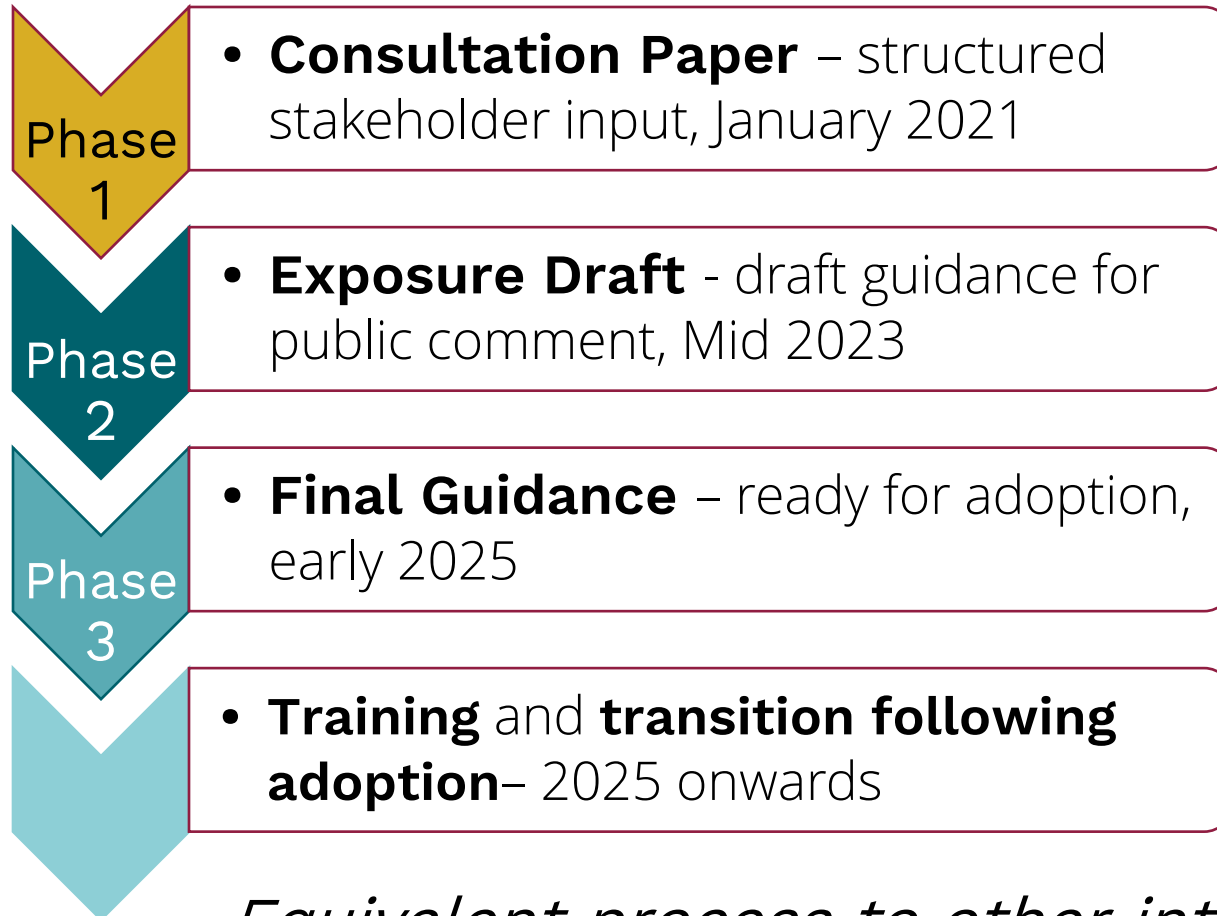
Technical (TAG)



Practitioner (PAG)

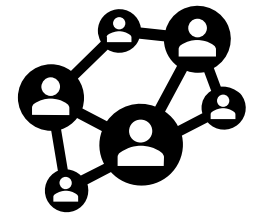


How and when?



Technical rigour

Stakeholder
engagement



Equivalent process to other international accounting standards

Engagement to 30-Sep-20



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Small groups– 20 mins

1. Meet each other
2. Questions?
Then either Q3 or Q4
3. Benefits?
4. Challenges?



Feedback from groups

- 
- Two questions?
 - Two benefits?
 - Two challenges / solutions?



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The Consultation Process

- Who?
- Why?
- What?
- How?



IFR4NPO Consultation Process

Who?



- Regulators
- Auditors
- Funders
- NPOs

Why?



- Cultural context
- Stakeholders' needs
- Shape the future
- Build credibility



What? - Consultation Paper

- Executive Summary
- Preface
- Part 1 – Landscape level
- Part 2 – Specific issues
- Supplementary information
- Glossary

Requesting feedback

Consultation Paper	Audience	Presents	Requests	Basic form of questions
Part 1 – Framework level issues	All stakeholders	Each chapter presents a proposal	General Matters for Comment (GMCs)	Do you agree with the proposal? If not, why not?
Part 2 - Specific accounting issues	More technical – Accountants are more likely to access it meaningfully	Each section presents a description and alternative treatments	Specific Matters for Comment (SMCs)	Do you agree with the description and alternatives? If, not why not? Which alternative do you prefer and why?

Part 1: General Matters for Comment

NPOs – chapter 1

Do you agree with the broad characteristics of NPOs proposed?

If not, why not? Which alternative characteristics would you propose, and why?

Stakeholders – chapter 2

Do you agree that external stakeholders require information on the NPO's achievement of objectives, economy and efficiency, compliance with restrictions and regulations, and longer-term financial health?

If not, why not? What alternative areas would you propose and why?

Guidance – chapter 3

What challenges, if any, do you foresee if the Guidance is accrual-based?

Indicate what other approach or approaches might meet the Guidance objectives and explain why?

Part 1: General Matters for Comment

Existing frameworks - chapter 4

Do you agree with the criteria that have been used to assess the suitability of the frameworks?

If not why not and what other criteria do you believe could be used and why?

Proposal - chapter 5

Do you agree with the model proposed? If not, what alternative do you suggest?

Do you have any concerns about using IFRS for SMEs as the foundation? Of so, what are they?

Consultation Paper – Part 2

Part 2: Specific accounting issues (examples)

- Financial statement presentation – including fund accounting
- Narrative reporting (service reporting / management commentary)
- Classification of expenses – by nature or function?
- Income recognition and measurement
- Fundraising costs
- Grants made - expenses
- Assets held for social benefit
- Inventory held for use or distribution
- Defining the reporting entity
- Acting on behalf of another entity

How to participate?

- Consultation Paper launch Jan 2021
- Detailed information will be shared then
- Main method: project website www.ifr4npo.org
- Country level roundtables mid next year

A group of African children in a classroom, smiling and raising their hands. The image is overlaid with a semi-transparent blue filter.

Take this opportunity!
Use your voice
to shape the future
of non-profit financial reporting



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Questions?

About consultation process

Community Forums

By joining the IFR4NPO forum you can connect with others within the sector, join trending issues and discussions, share your experiences as well as learning from others, and most importantly have your voice heard!

 Search for a keyword

 Search



General

This is the general forum for IFR4NPO.



Accounting Issues

This is the place to discuss technical accounting issues



Private: Technical Advisory Group

This is a forum for members of the of the TAG.



Next steps?

- Subscribe to the [newsletter](#)
- Visit the [website](#)
- Follow ifr4npo on [Linkedin](#) and [twitter](#)
- [Endorse](#) the project aims with your logo





Thank you!

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