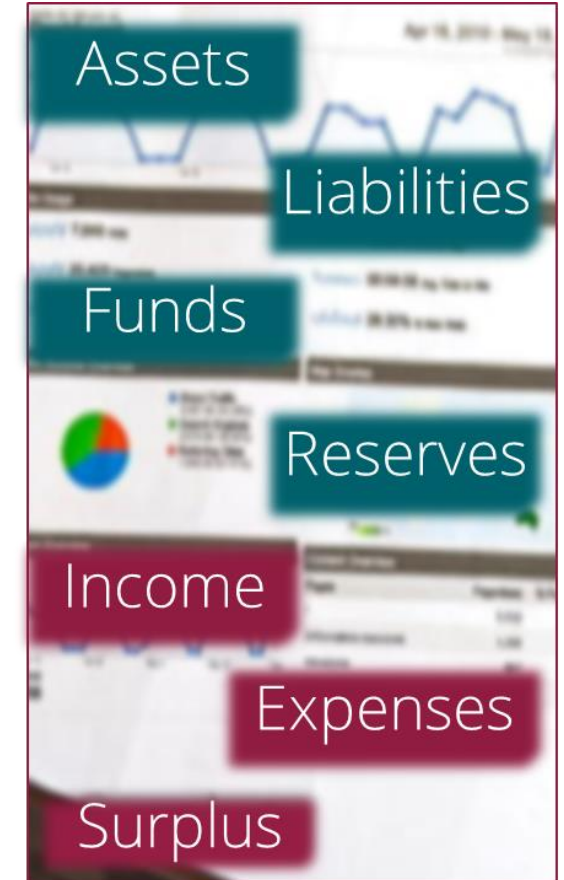


# IFR4NPO Project

Feedback - General matters  
and Introduction



[www.ifr4npo.org](http://www.ifr4npo.org)



# Feedback – General Matters

	Issue	Proposed Way Forward
	General Matters	
1	Terminology <ul style="list-style-type: none"><li>• accrual-based vs accruals-based</li><li>• NPO sector vs not-for-profit sector vs non-profit sector</li><li>• Income statement vs Performance statement</li><li>• Stakeholders vs users</li><li>• Funder vs donor</li></ul>	Terminology proposed used: <ul style="list-style-type: none"><li>• Accrual-based</li><li>• Non-profit sector</li><li>• Financial Performance Statement</li><li>• Both terms may be applicable as they users are a subset of stakeholders</li><li>• Both terms may be applicable, but use 'funder' for larger donors</li></ul>
2	Capacity for NPOs to respond to the Consultation Paper	Continue with plans to issue all parts of the Consultation Paper as a single package but stagger the response period, with a 3 month gap between responses to Part 1 and Part 2.
3	Should the documents be translated into other languages	Obtain views from the PAG and TAG on translation. Establish options for contributions to deliver translation. Which languages should be targeted.
4	Recommend that headings be simplified and acronyms be removed.	Agreed and this will be addressed in the editing process.

# General Matters

- Main points for discussion:
  - Proposed staggering of the consultation period for Part 1 and Part 2?
  - Should all of the Consultation Paper be translated, if so which languages and how might cost be mitigated?
  - Thoughts on the proposals for harmonising terminology

# Feedback –Preface

	Issue	Proposed Way Forward
	Introduction: Section 1	
5	Insert a new section with who the document is aimed at ahead of section 1	This is covered in section 4 but amend the title of the Preface to Introduction to make clearer its purpose
6	Replace current section 1 with the equivalent section from the background material	No change proposed to manage the length of the main parts of the document.
7	Comparability should be added as well amending the wording on trust. 1.3 International guidance would increase the consistency, transparency, credibility and reliability of NPO financial statements. It would support the development of trust in NPO financial statements, and has the potential to reduce compliance costs, releasing funds for front-line activities	NPO guidance that can be applied internationally would improve the consistency, transparency, comparability, credibility and reliability of NPO financial statements. It would support an increase in trust and confidence in NPO financial statements, and has the potential to reduce compliance costs, releasing funds for front-line activities
8	Conflicting views about whether this paragraph should be kept. 1.5 The COVID-19 pandemic has further exposed how the lack of common accounting standards is a barrier to mobilising funding from domestic and international sources for the NPOs that have been in the front lines of the response. As the importance and scale of the role played by NPOs in addressing this pandemic and future crises grows, there is increasing urgency to develop the common standards needed	The COVID-19 pandemic has reinforced the need for change. It has further exposed how the lack of common accounting standards is a barrier to mobilising funding from domestic and international sources for the NPOs that have been in the front lines of the response. As the importance and scale of the role played by NPOs in addressing this pandemic and future crises grows, there is increasing urgency to develop the common, international standards needed

# Feedback –Preface

	Issue	Proposed Way Forward
9	<p>The Guidance should be positioned at accepted rather than applied.</p> <p>1.6 That is why this project, being funded by donations and grants and delivered by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Humentum, both themselves NPOs has been put in place. The International Financial Reporting for Non-Profit Organisation (IFR4NPO) project is intended to respond to the issues summarised above by developing internationally applicable financial reporting Guidance for non-profit organisations ('the Guidance') For further information about the project and the collaboration partners, see Supplementary Information – Project Background and Information.</p>	<p>The International Financial Reporting for Non-Profit Organisations (IFR4NPO) project is intended to respond to the issues summarised above by developing internationally applicable financial reporting guidance for non-profit organisations ('the Guidance'). The project, which is being funded by donations and grants is being delivered by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Humentum, both themselves NPOs.</p>

# Feedback – Preface

	Issue	Proposed Way Forward
	Section 2	
10	Differing views on the aim and content of this paragraph. 2.5 The Guidance also aims to give NPOs the means to demonstrate their financial capacity, reduce the costs of managing grants, provide decision useful information, support fundraising and also reduce the costs for NPOs in managing their finances. Similarly, the project aims to reduce transaction costs for funders and enable funders to be better able to reliably assess the financial health of potential partners.	The Guidance also aims to give NPOs the means to demonstrate their financial capacity, provide useful information for decision makers and support fundraising. The standardisation possible because of the Guidance can also reduce the costs for NPOs in the management of grants and other donations. Similarly, the project aims to reduce costs for funders and enable funders to better assess the financial health of potential partners

# Feedback – Preface

	Issue	Proposed Way Forward
	Section 3	
11	<p>Proposed revision to the objectives and description of the timeframe.</p> <p>3.1 To strengthen governance and financial management the Guidance will be designed to meet the following three objectives over a 5-year time frame:</p> <p><b>Objective 1:</b> To improve the quality, transparency and credibility of NPO financial reports.</p> <p><b>Objective 2:</b> To support the provision of NPO information that is useful for decision making and accountability, balancing the needs of preparers and stakeholders.</p> <p><b>Objective 3:</b> To address key NPO sector specific issues by increasing the comparability of NPO financial reports.</p>	<p>To strengthen the governance and financial management of NPOs the Guidance will be developed over a 5-year time frame to meet the following three objectives:</p> <p><b>Objective 1:</b> To improve the quality, transparency and credibility of NPO financial reports.</p> <p><b>Objective 2:</b> To support the provision of NPO financial information that is useful for decision making and accountability, balancing the needs of preparers and users.</p> <p><b>Objective 3:</b> To address specific NPO issues, which would promote increased comparability of NPO financial reports.</p>

# Feedback –Preface

	Issue	Proposed Way Forward
12	<p>Differing views on how to position who benefits from the Guidance:</p> <p>3.4 All NPOs are expected to benefit from the Guidance. However, the immediate benefits of the Guidance to different NPOs will vary because of the diversity within the sector; from small membership organisations funded by and delivering services to a limited number of people, to large international relief organisations providing a wide range of services in many countries and in receipt of significant donations and commercial revenue streams. (see Part 1: Chapter 5).</p>	<p>All NPOs are expected to benefit from the Guidance from small membership based organisations to large international relief organisations. However, the benefits of the Guidance will vary because of the diversity of organisations within the sector as well as the extent to which there are current national NPO specific requirements and the financial reporting environment. The immediate benefits will be influenced by the differing financial reporting needs across the sector, which themselves will reflect the complexity of NPO business models and operations. Part 1: Chapter 5 provides further information</p>
13	<p>Feedback on how donors might use the Guidance</p> <p>3.6 The idea is that donors will increasingly refer to the guidance in their compliance requirements and request that grantee financial reports are prepared for them on a consistent basis with the Guidance</p>	<p>The aim is that donors increasingly use the Guidance in their compliance and due diligence processes and request that grantee financial reports are prepared on a consistent basis with the Guidance</p>



# Feedback –Preface

	Issue	Proposed Way Forward
	Section 4	
14	There is no explanation of a consultation paper in the Preface	Add new paragraph and reorder existing bullet points: <b>The Consultation Paper is the first step in developing internationally applicable financial reporting guidance for NPOs.</b> The Consultation Paper provides the opportunity for those interested in or affected by NPO financial reporting to engage in how the guidance might be developed. It is designed to generate comment so that members of the NPO community can contribute to the development of a solution for the sector.
15	Make clear that members are appointed in their own right: <b>4.5 The advice of the project's advisory groups has been taken in developing the Consultation Paper.</b> The Technical Advisory Group comprises a number of national standard setters, and The Practitioner Advisory Group comprises individuals from across the NPO community For further information about the TAG and the PAG see Supplementary information: Additional Project Information.	<b>The advice of the project's advisory groups has been taken in developing the Consultation Paper.</b> The Technical Advisory Group comprises a number of national standard setters, and the Practitioner Advisory Group comprises individuals from across the NPO community. Members of these groups have been appointed in their personal and voluntary capacity For further information about the TAG and the PAG see Supplementary information: Additional Project Information.

# Feedback –Preface

	Issue	Proposed Way Forward
	Section 5	
16	Use an infographic to describe the different parts of the Consultation Paper from 5.1	Agreed to add an infographic to describe the main parts of the Consultation Paper and the intended audience of each
17	Terms used in the glossary may be used in later phases: 5.3 A <b>glossary of terms</b> used in the Consultation Paper provides a general meaning for terms used in the Consultation Paper so that readers have a common understanding and are able to engage with the issues and questions raised. The terms used and explained in this glossary are not intended to be used as definitions beyond this Consultation Paper, since many have specific meanings in different jurisdictions and in national and international accounting and other professional frameworks.	A <b>glossary of terms</b> used in the Consultation Paper provides a general meaning for terms used in the Consultation Paper so that readers have a common understanding and are able to engage with the issues and questions raised.

# Preface

- Points for discussion:
  - Do the objectives address previous concerns of the TAG?
  - Are there further opportunities to improve clarity?
  - Is the description of the CP and the audience now clear?