

We will start the meeting on the hour. 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....



# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS



Opening remarks



# The Future of Non-Profit Financial Reporting – Bangladesh stakeholders

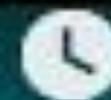
28 Nov 2020

Azahar Ali  
Samantha Musoke





About Us | IFR4NPO



Watch later



Share



# IFR4NPO





# Who is with us today?

✓ **Auditors**

✓ **Chartered Accountants**

✓ **Regulators**

✓ **NPOs**

✓ **Donors**

✓ **Academics**

✓ **Bankers**

✓ **Media**

✓ **IFRS Experts**





# Meeting overview

- Welcome and introductions
- Presentation of Keynote Paper (Part-1)
- Small groups discussion and feedback
- Presentation of Keynote Paper (Part-2)
- Questions and Answers
- Address by the Chief Guest and Session Chairperson
- Next steps



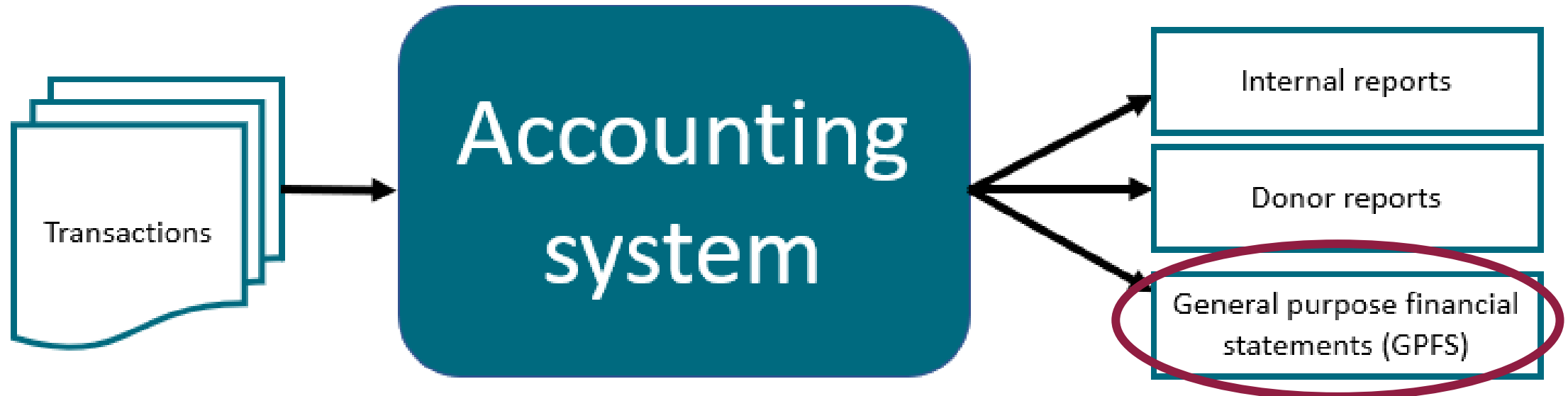


# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS



## About IFR4NPO

# Which financial reports?



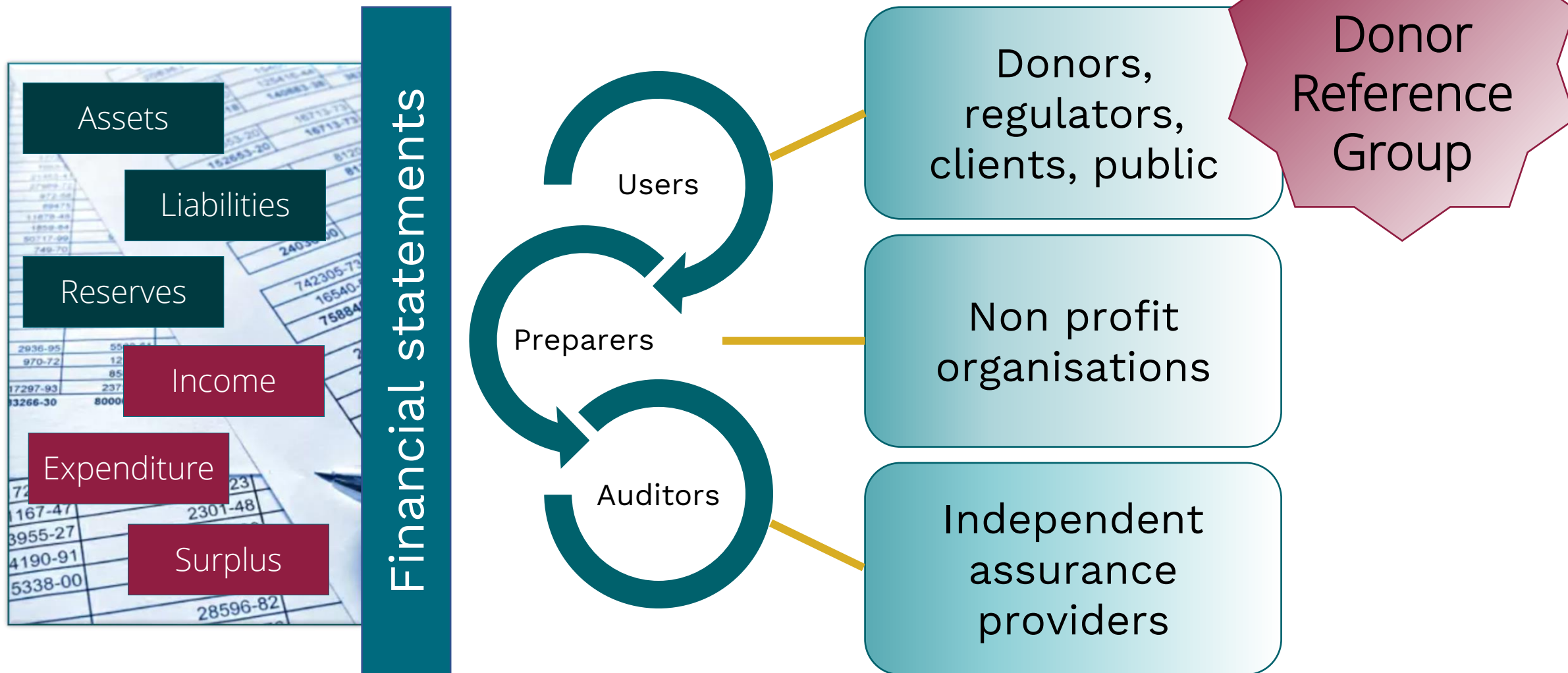
IFR4NPO Project focus is GPFS,  
(and accompanying narrative  
reports)

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



- A global nonprofit advocating for data-driven policies that make the humanitarian and development sector more equitable, accountable, and resilient.



- 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

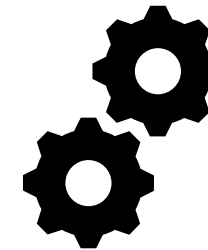
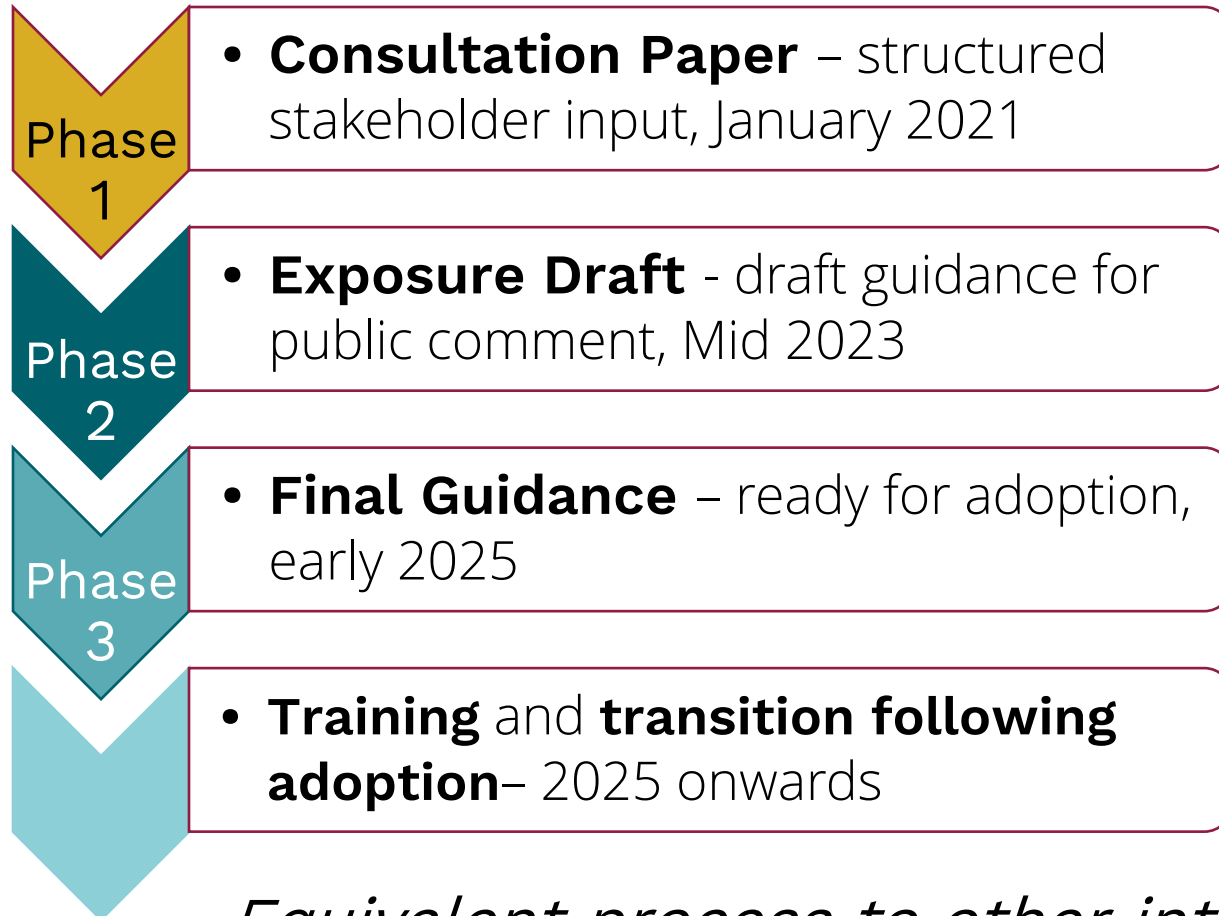
## Technical (TAG)

## Practitioner (PAG)



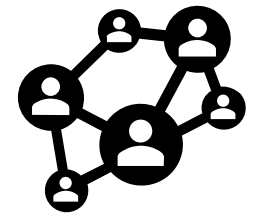


# How and when?



Technical rigour

Stakeholder  
engagement



*Equivalent process to other international accounting standards*







# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS

## Small groups– 20 mins

1. Nominate spokesperson
2. Reactions / Comments / Questions?
3. Benefits?
4. Challenges?

# Feedback from groups

- 
- Two Reactions / Comments / Questions?
  - Two benefits?
  - Two challenges / solutions?



# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS

## 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

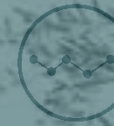


Consultation Paper under  
construction!



# How to participate?

- Consultation Paper launch 28 Jan 2021
- Detailed information will be shared then
- Respond via project website [www.ifr4npo.org](http://www.ifr4npo.org)
- Feedback on Part 1 by 30 July, Part 2 by 24 Sep
- Regional virtual roundtables Mar-May 2021



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



# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS




Open Q&A session



# IFR4NPO

An initiative to develop  
Internationally applicable  
Financial Reporting guidance  
for Non Profit Organisations

Improving accountability, consistency, transparency and  
trust.

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## Next steps?

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







# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS



Closing remarks  
- Session Chairperson  
- Chief Guest



# Thank you!

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