

We will start the meeting at 11am – 1pm. As you wait, please try this....

Thought  
experiment



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



# Shaping the future of non-profit financial reporting: Zimbabwe stakeholders

19 January 2021

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Tafadzwa Murimba



# Meeting overview



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

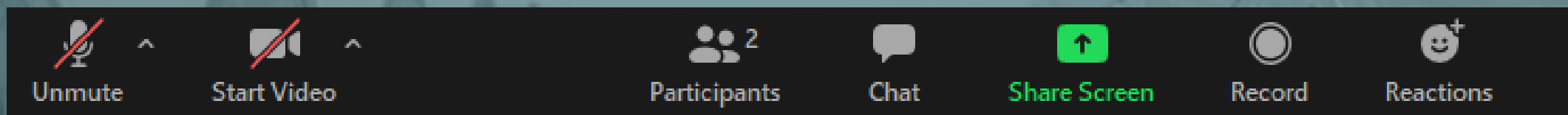


# Zoom tips



## • Speaker view

 Speaker View 



## • Control panel

- Swipe or tap mobile screen
- Hover mouse at the bottom of the computer screen

- Video on if possible
- Use chat and reactions
- Raise hand and unmute to speak during report back



Please  
introduce  
yourself  
in the chat

Name, Role &  
Organisation





# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS



## About IFR4NPO



About Us | IFR4NPO



Watch later



Share



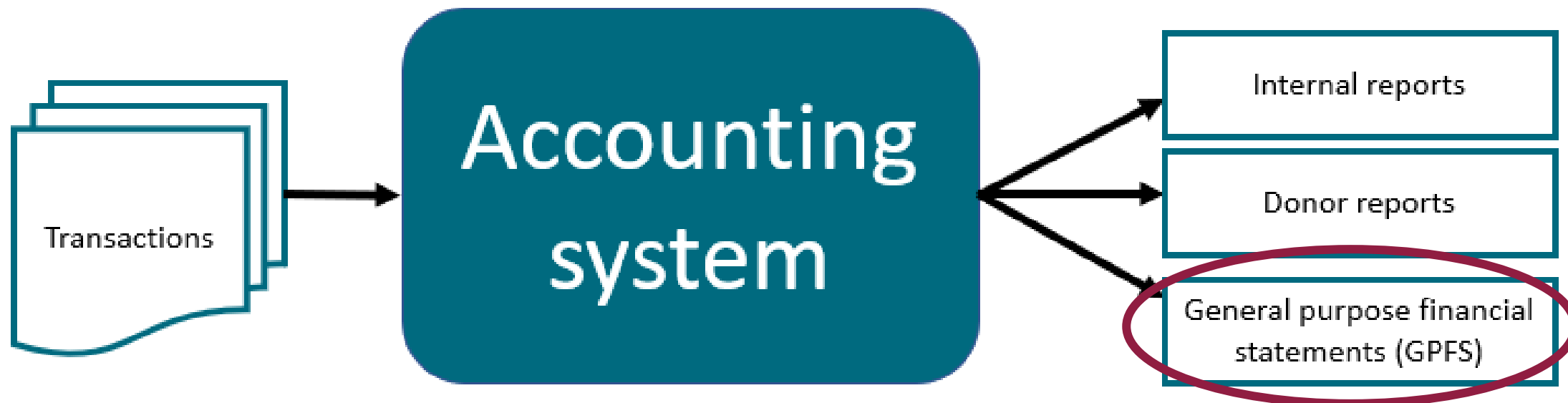
# IFR4NPO



**CIPFA**

The Chartered Institute of  
Public Finance & Accountancy

# Which financial reports?



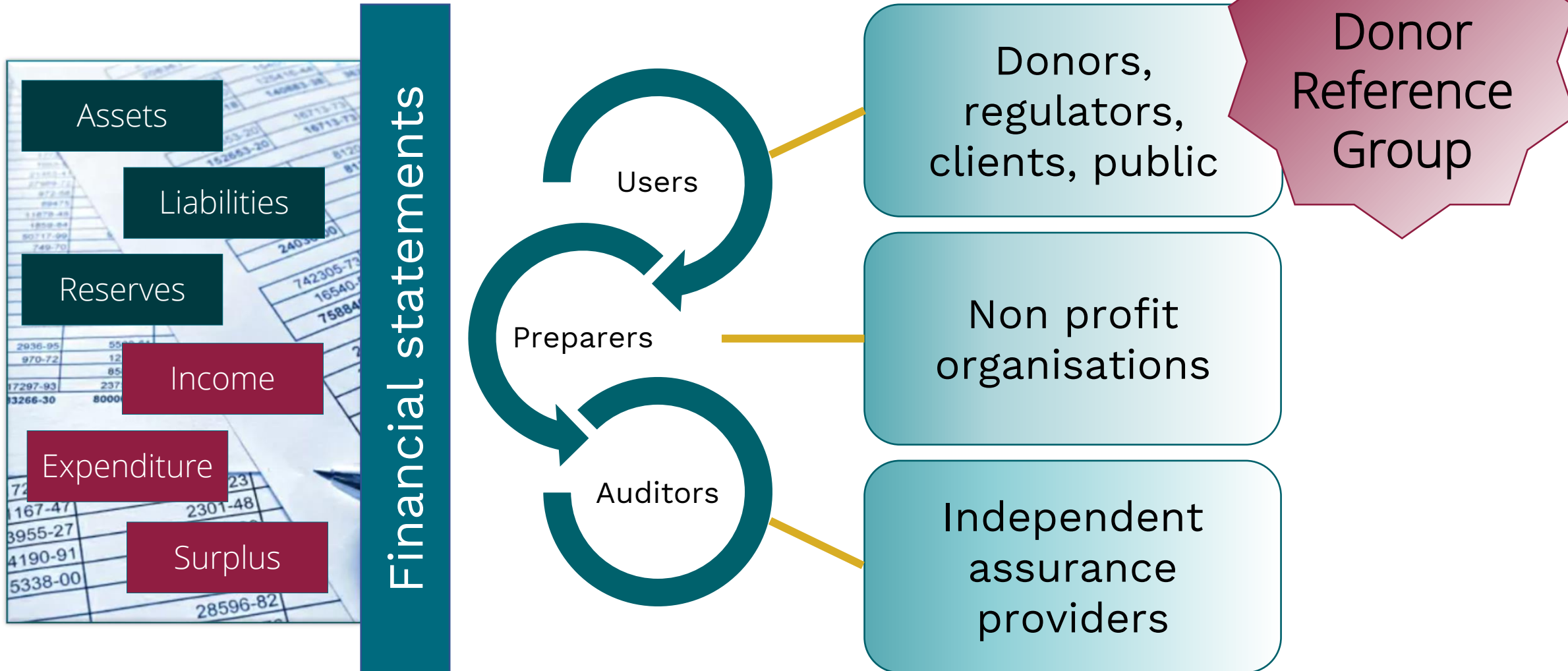
IFR4NPO Project focus is GPFS,  
(and accompanying narrative  
reports)

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



- 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)

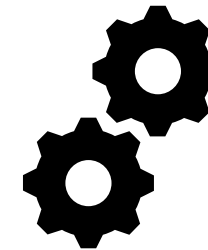
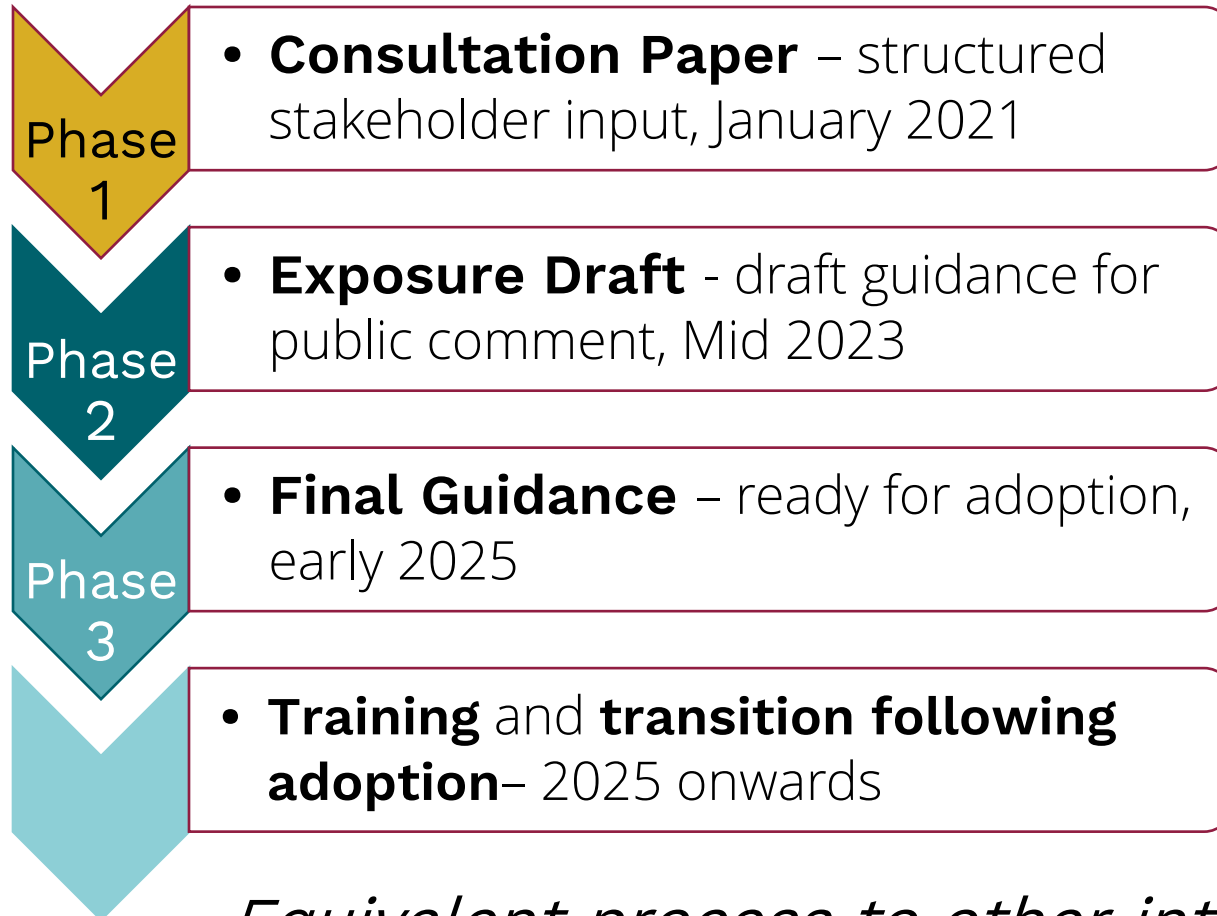


## Practitioner (PAG)



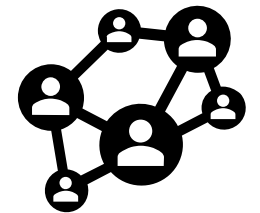


# How and when?



Technical rigour

Stakeholder  
engagement

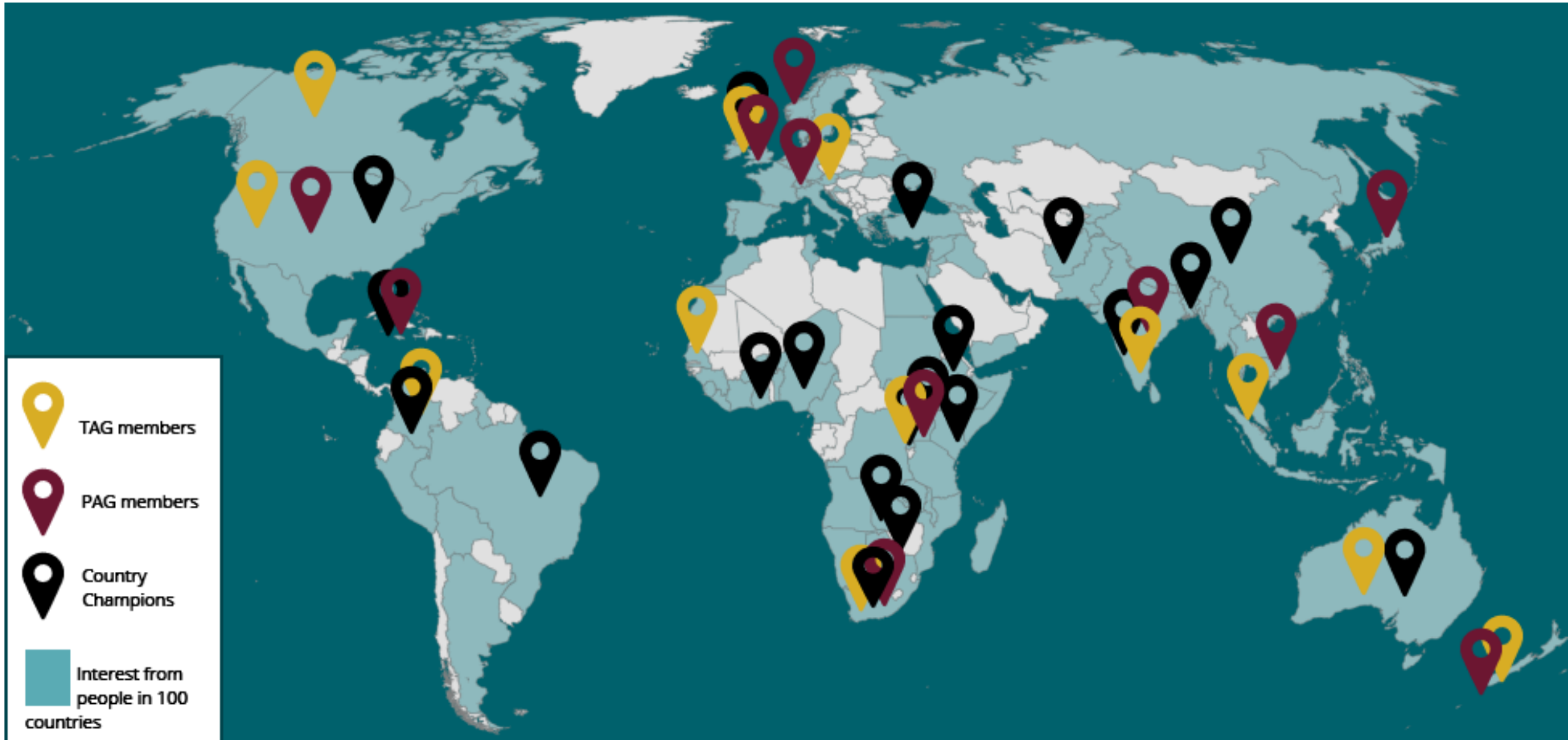


*Equivalent process to other international accounting standards*

# Engagement to 13-Jan-2021



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# INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS

## Small groups– 20 mins

1. Greet each other
2. Reactions / questions?
3. Benefits?
4. Challenges?



# Feedback from groups



Two 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

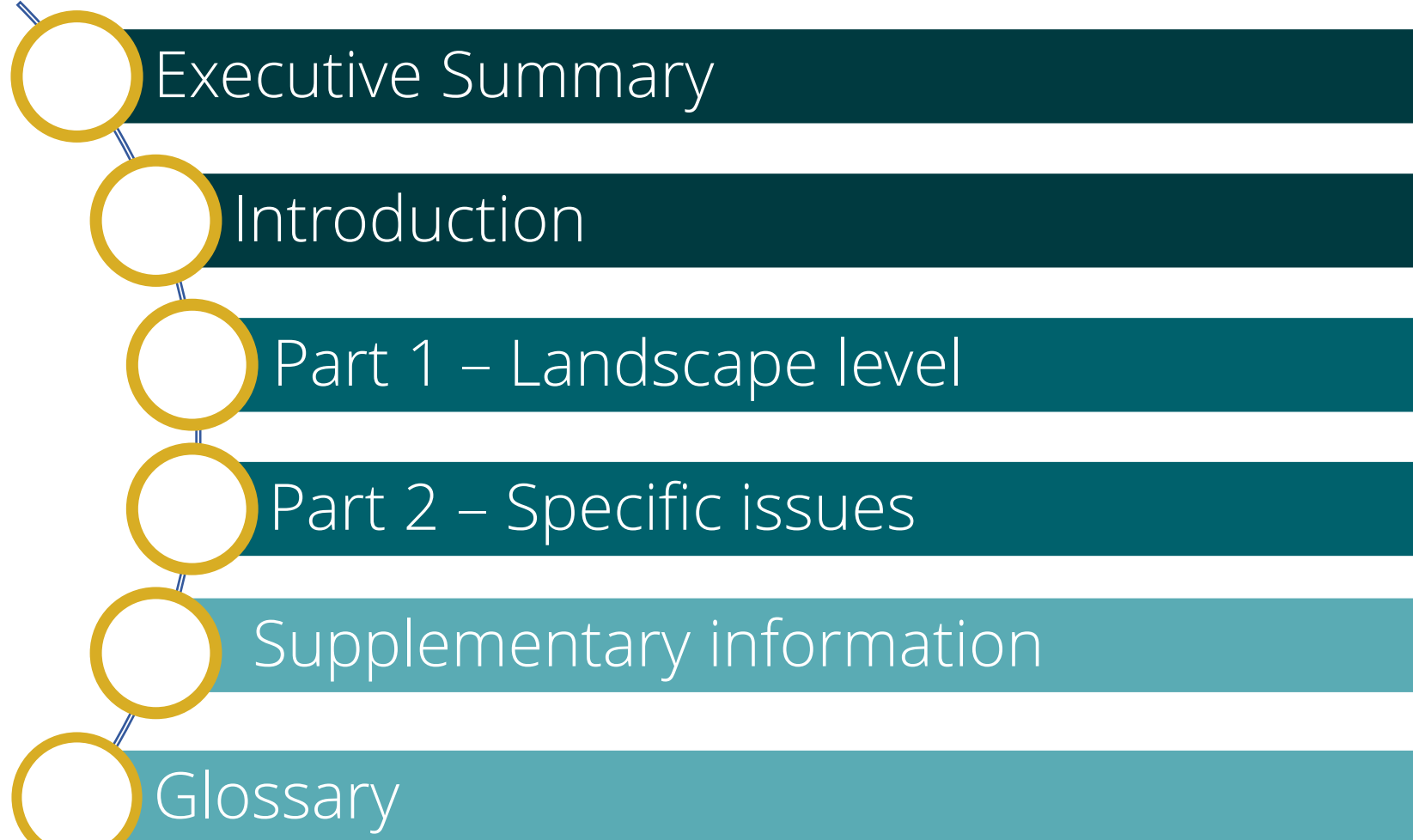
## Why?



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



# What? - Consultation Paper



# 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 (including in-kind donations)
- 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 Jan 2021
  - Detailed information will be shared then
  - Main method: project website [www.ifr4npo.org](http://www.ifr4npo.org)
  - Regional roundtable consultation 30 Mar 2021





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



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FOR NON PROFIT ORGANISATIONS



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](#)





# Thank you!

[www.ifr4npo.org](http://www.ifr4npo.org)  
[info@ifr4npo.org](mailto:info@ifr4npo.org)

