



INTERNATIONAL FINANCIAL REPORTING
FOR NON PROFIT ORGANISATIONS

Project report

to 30 September 2021

www.ifr4npo.org

*Growing
momentum*



Report of the Chair



As chair of the Steering Group of the IFR4NPO Project I am delighted to present this annual report of the IFR4NPO Project.

Despite another challenging period impacted by the COVID pandemic, this has been a very successful year for the project.

The overarching theme for this year has been **growing momentum**, in terms of developing non-profit financial reporting **guidance**, growing a diverse and engaged set of **stakeholders**, and securing **funding** to move forwards with confidence.

It has been a pleasure to see the synergy of the partnership between Humentum and CIPFA at work. I wish to acknowledge the commitment and successful efforts of the staff to keep the project on track.



Pamela Monroe-Ellis

Chair, Steering Group

Developing the Guidance



The first key project milestone was achieved on schedule and on budget with the finalisation and of the Consultation Paper in January 2021. This 280 page document presented proposals and asked questions on the following sector specific accounting issues:

Part 1 (landscape level)

- ▶ Who are NPOs?
- ▶ Who are the users of NPO financial statements and what are their needs
- ▶ Should the Guidance be accrual – basis and include non-financial information?
- ▶ Proposed development model, using *IFRS for SME* as a foundation.

Part 2 (specific topics)

1. Reporting entity and control
2. NPOs acting on behalf of others
3. Non-exchange revenue
4. Grant expenses
5. Measurement of assets
6. Inventory held for use or distribution
7. Financial statement presentation
8. Classification of expenses
9. Fundraising costs
10. Narrative reporting

Launching the Consultation

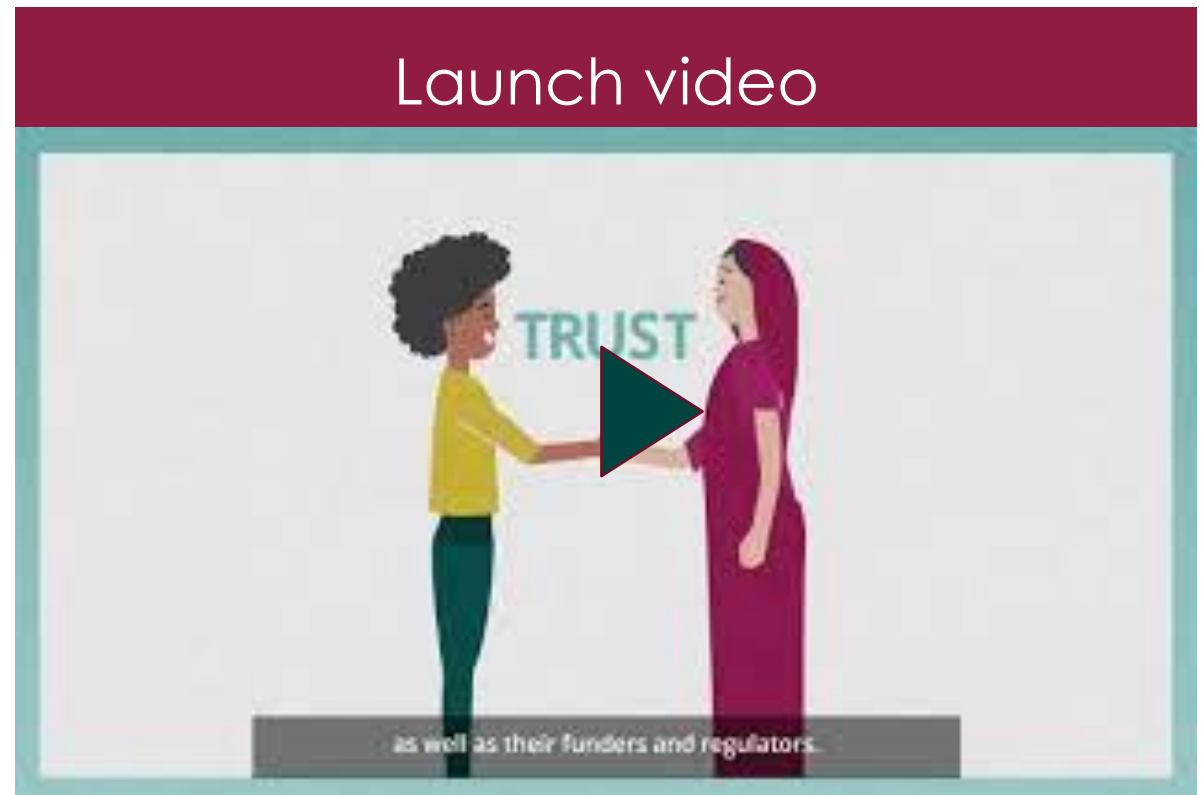


In January 2021, we developed a campaign to ensure that stakeholders around the world were aware of the Consultation Paper, and motivated to engage and respond to it.

Encouraging engagement

- Emails and social media called stakeholders to **'share your voice and shape the future'** of financial reporting in non-profits.
- The website showed details of how submit a response to the consultation questions, via a survey or word template.

Launch video



Explaining the Proposals



To support people to understand the proposals and know that their opinions could shape the Guidance, the project held free online events in 2021. We were delighted with the participation.

Events

- ▶ 19 country level awareness raising meetings were hosted, in 4 languages, attended by 2,247 people from 79 countries.
- ▶ 12 regional roundtable events were held in 4 languages, with 598 people.
- ▶ 5 topic-based webinars were offered, with 1,153 people from 96 countries.

Word cloud from one webinar

In a word or two, What are your hopes for the future of NPO financial statement presentation?





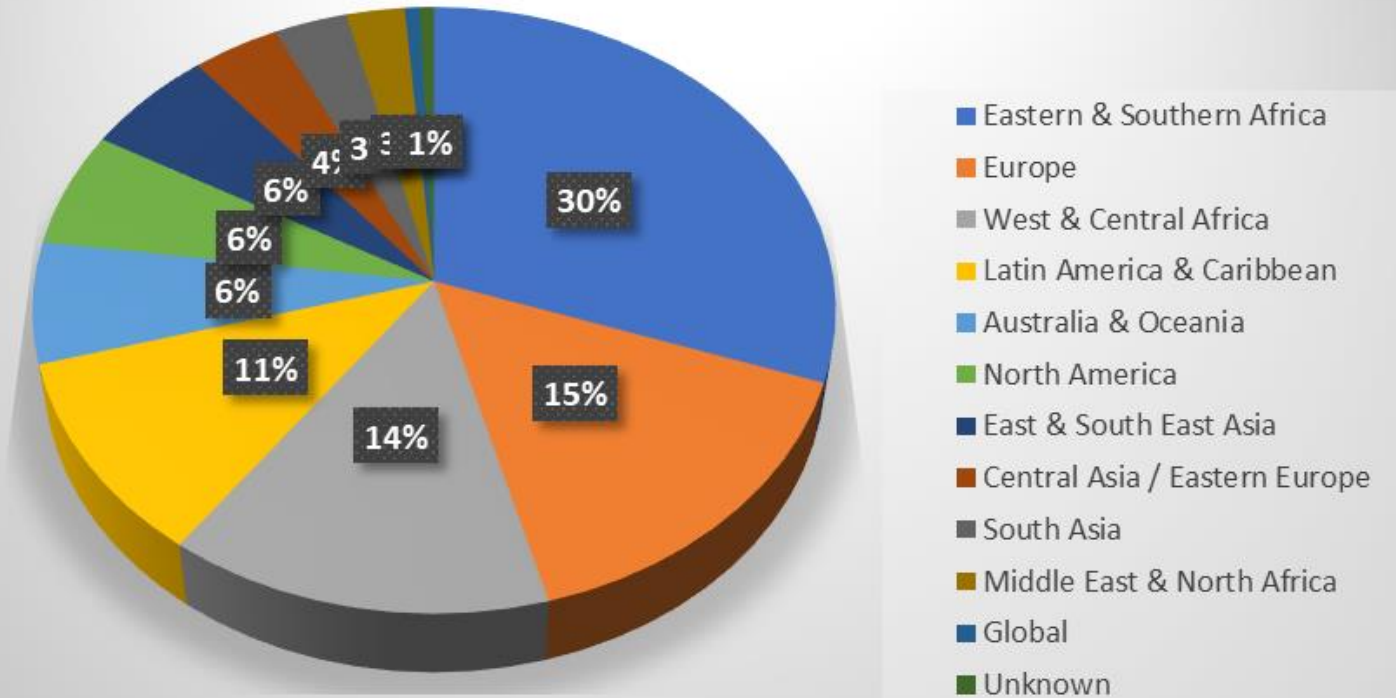
Receiving the Feedback

The Consultation closure was extended by 2 weeks to 7 October 2021, with a strong response rate from diverse stakeholders in all regions of the world.

Responses

- 208 written responses
- from organisations and individuals in 33 countries.
- 84% of respondents supported the core proposals

By region

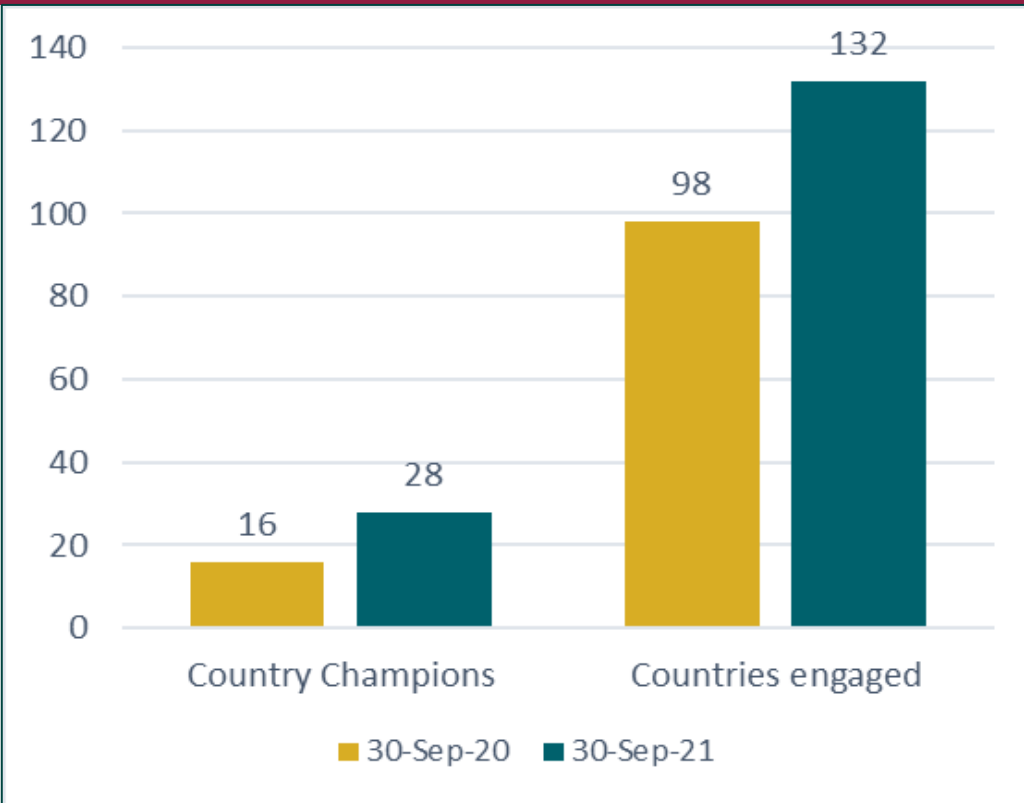


Growing the Community

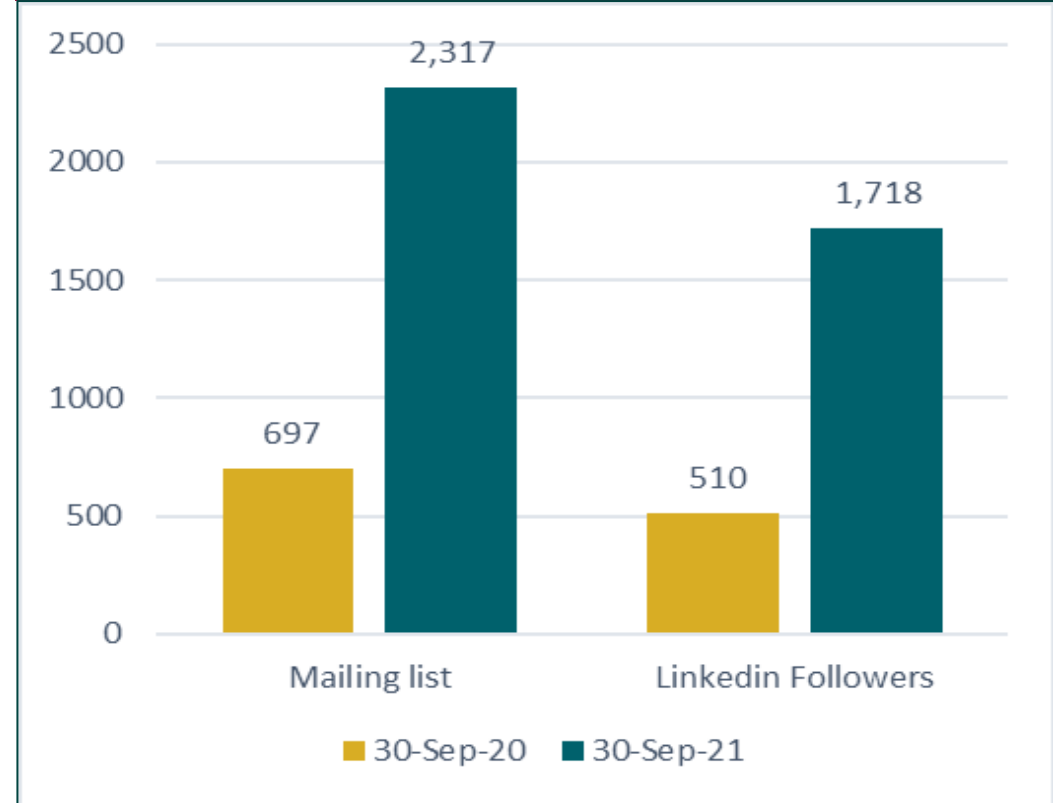


The project has appointed more Country Champions, engaged with individuals in more countries, and seen a strong growth in engagement levels globally.

Country engagement



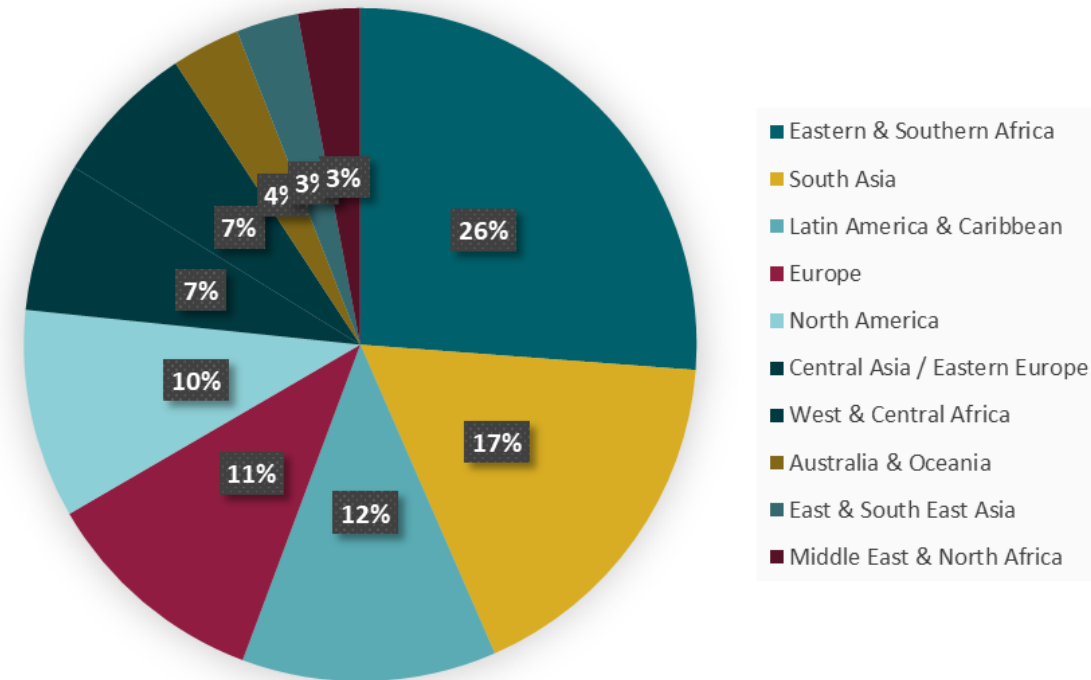
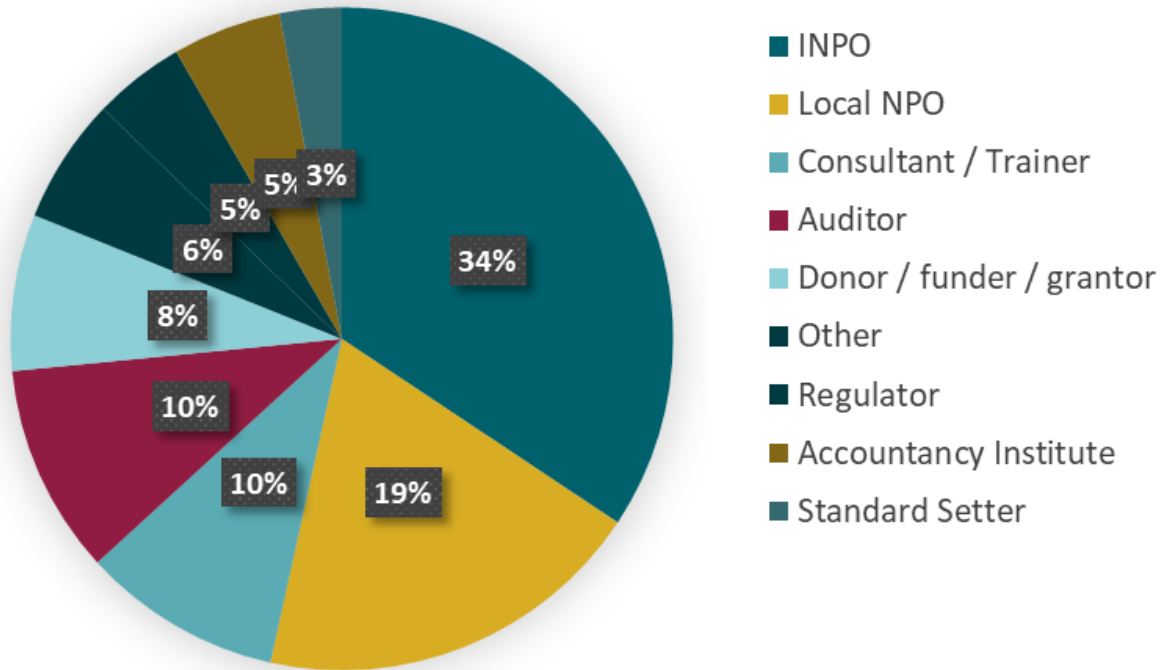
Global engagement





Measuring the diversity

The 2,317 subscribers at 30 September 2021 are from the stakeholder groups and regions shown below, demonstrating the breadth of engagement.





Securing the Funding

Thank you to our funders! The project received an additional \$400,000 during the year, and secured a further \$800,000. This brings the total raised to 56% of the total \$3.6 million needed to complete the project by 2025. We are actively seeking funding for the remaining \$1.6 million.

Funders



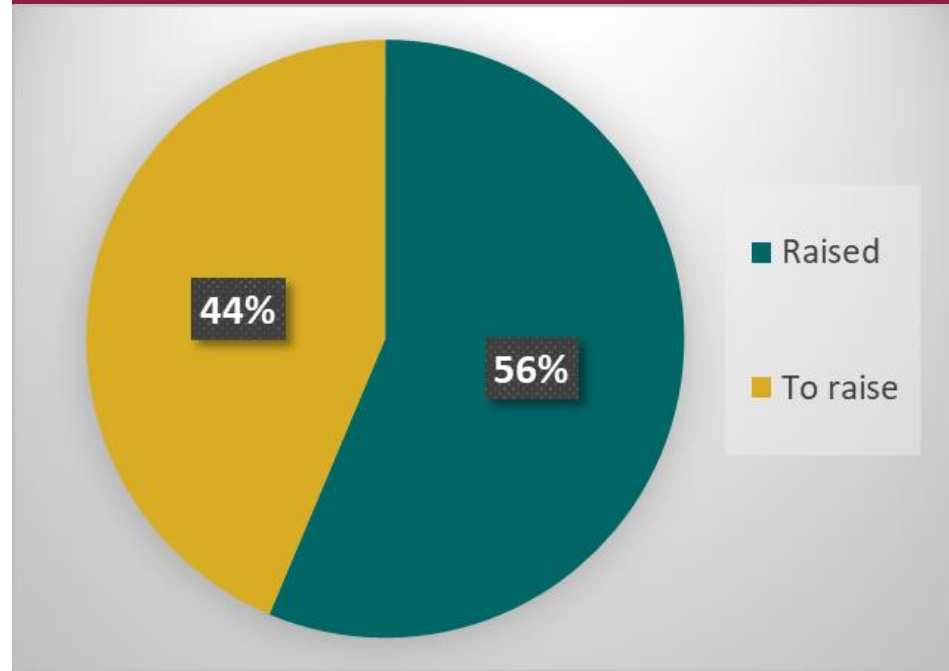
FORD FOUNDATION

**OPEN SOCIETY
FOUNDATIONS**



Wellspring
Foundation

Total budget





Donations-in-kind

In addition to cash grants and contributions, many organisations and individuals have donated professional time preparing for and attending technical meetings, hosting events and translating materials. The time contributed during the year was valued at \$62,490. We are immensely grateful to the following organisations.

NPOs: African Academy of Sciences, Church of England, COLCES, COESL, Concern, GAVI, IFRC, International Needs, International Youth Federation, Jamaica Accountability Meter Portal, JSI, Save the Children, World Council Churches, Young Africa International.

Funders: Centre for Advancement of Philanthropy, Children's Investment Foundation Fund, FCDO, Irish Aid, MEK Foundation, Oak Foundation, The Bill & Melinda Gates Foundation, The World Bank, USAID, U4

Standard Setters: AASB, FASB, FRC, IASB, MASB, NZASB

Professional Accounting Organisations: CAANZ, CPA Australia, ICASL, ICPAK, ICPAR, ICPAU, PAFA

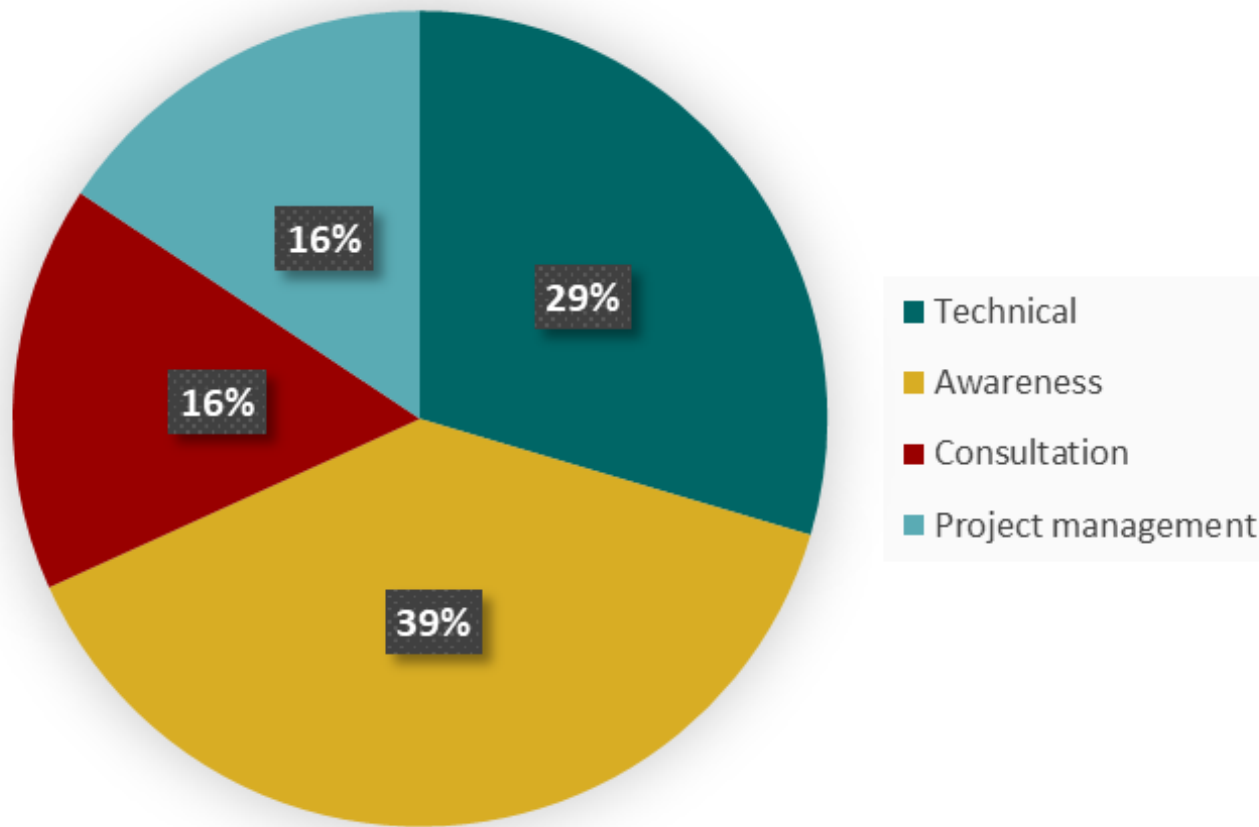
Auditors: AFROSAI-E, BDO, Crowe, KPMG, MHA Mackintyre Hudson, PwC, REDcontable, SMS

Others: AGAR, Avkaash, Chemonics Ltd, MINPAKU, University of Western Australia



Expenditure to date

A total of \$542,002 was spent during the year, and \$1,174,820 since the project began in July 2019. Expenditure to date has been for the following activities:



- **technical** activities relating to drafting the consultation paper and analysing responses,
- building **awareness**, through the website, social media and emails as well as country champions and events,
- receiving input from stakeholders via **consultations**, and
- **managing** the project, including essential activities such as planning, fundraising, IT and financial management.

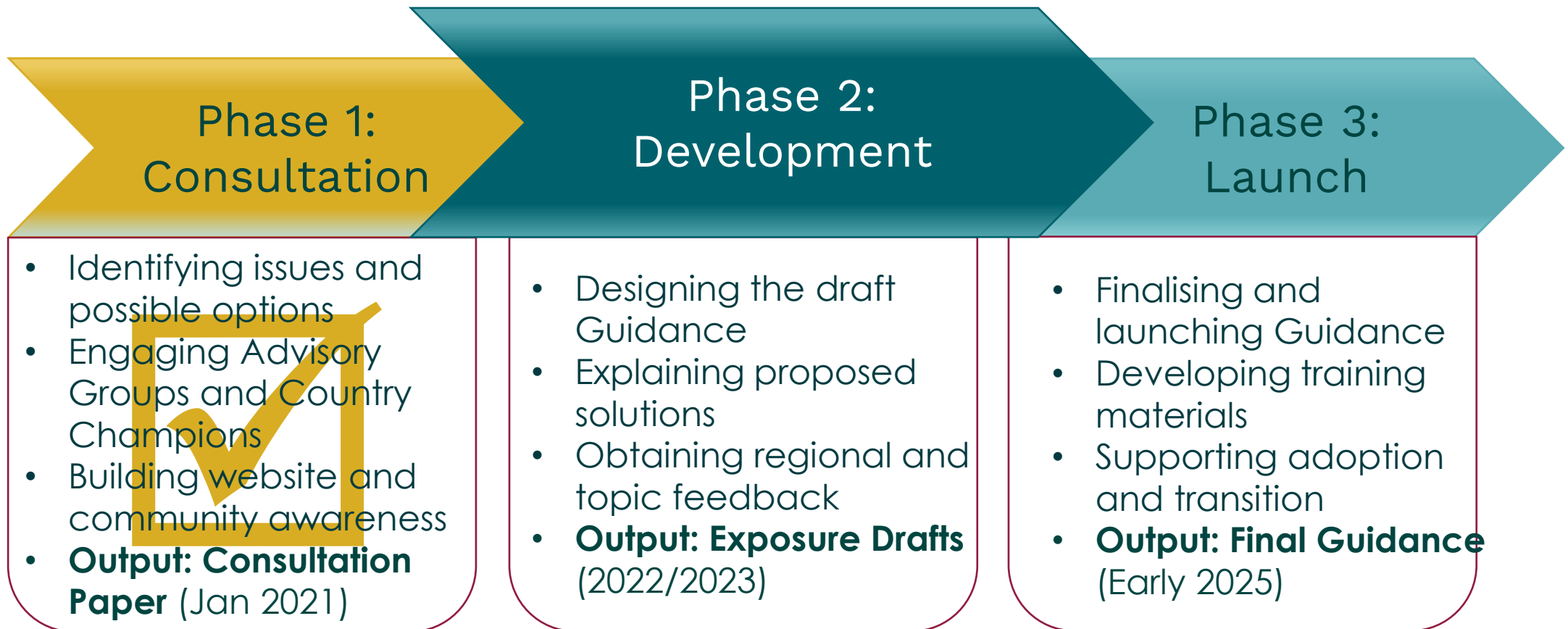
Looking ahead





Developing the Guidance

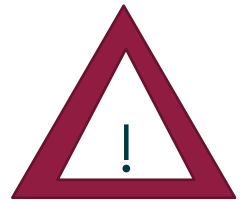
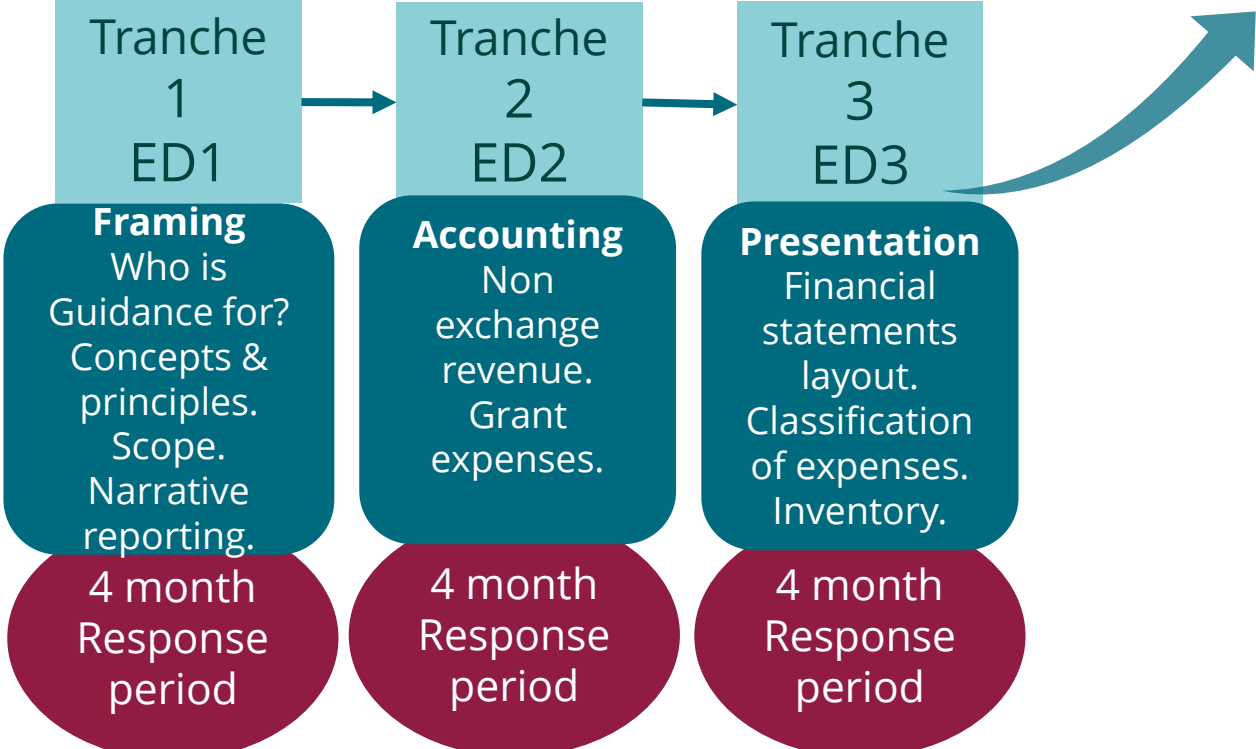
The Guidance is being developed in a three stage process equivalent to all other international accounting standards. Having completed Phase 1 in FY21, the project will now be focussing on the phase 2: development of 'Exposure Drafts' of the Guidance for public comment.





Roadmap for Exposure Drafts

The Development phase will be carried out in three tranches of work, each culminating in an Exposure Draft.



Plan is subject to change

Dependencies on updates to IFRS for SMEs Standard and IPSASB standards



Consultation is key

During the response periods for each tranche of the Exposure Draft, we will engage stakeholders with events and resources to encourage organisations and individuals to share their views.





Additional information



Engaging the Globe



TAG
Technical
Advisory
group

PAG
Practitioner
Advisory
Group



Reaching the Stakeholders

The project successes were a result of consistent effort and activity. The formation and first meeting of the Donor Reference Group is important given their strong influence as users of financial reports.

	At 1 Oct 20	During the year	At 30 Sep 21
Blogs, newsletters and articles published	15	24	39
Webinars, conferences, events & podcasts	10	52	62
Meetings of Technical Advisory Group	10	4	14
Meetings of Practitioner Advisory Group	5	3	8
Meetings of Donor Reference Group	0	1	1