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.
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.

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

By region:
- Eastern & Southern Africa: 30%
- Europe: 14%
- West & Central Africa: 11%
- Latin America & Caribbean: 6%
- Australia & Oceania: 6%
- North America: 4%
- East & South East Asia: 3%
- Central Asia / Eastern Europe: 1%
- South Asia: 1%
- Middle East & North Africa: 6%
- Global: 1%
- Unknown: 1%
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.
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

- FORDFoundation
- Open Society Foundations
- Oak Foundation
- Wellspring Foundation

Total budget

- 44% Raised
- 56% To raise
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, REDcomptable, 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.
The Development phase will be carried out in three tranches of work, each culminating in an Exposure Draft. The Roadmap for Exposure Drafts includes the following:

**Consultation findings**

- **Tranche 1**
  - ED1
  - May 2023
  - Late 2022

- **Tranche 2**
  - ED2
  - May 2023
  - Nov 2023

- **Tranche 3**
  - ED3
  - Nov 2023
  - Mid 2025

**Final Guidance**

- **Jan 2022**
- **Mid 2025**

**Themes**

- **Framing**
  - Who is Guidance for?
  - Concepts & principles
  - Scope
  - Narrative reporting

- **Accounting**
  - Non exchange revenue.
  - Grant expenses.

- **Presentation**
  - Financial statements layout.
  - Classification of expenses.
  - Inventory

**Response periods**

- **4 month Response period**

**Dependencies**

- Updates to IFRS for SMEs Standard and IPSASB standards

**Plan is subject to change**
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

Humentum

Interest from people in 132 countries
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.

<table>
<thead>
<tr>
<th>Event</th>
<th>At 1 Oct 20</th>
<th>During the year</th>
<th>At 30 Sep 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blogs, newsletters and articles published</td>
<td>15</td>
<td>24</td>
<td>39</td>
</tr>
<tr>
<td>Webinars, conferences, events &amp; podcasts</td>
<td>10</td>
<td>52</td>
<td>62</td>
</tr>
<tr>
<td>Meetings of Technical Advisory Group</td>
<td>10</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Meetings of Practitioner Advisory Group</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Meetings of Donor Reference Group</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>