



# INPAG Exposure Draft 1

## Latin America & Caribbean Roundtable

7 February 2023

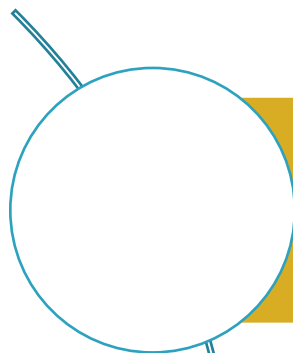




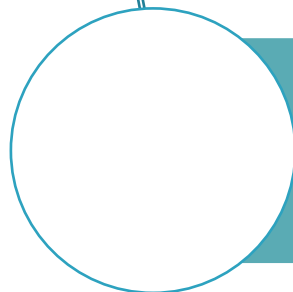
# Agenda

Time	Description
08:30	Welcome and introduction
09:30	<b>1 - Reporting entity</b> Framing, perspectives, discussion, feedback
10:40	Tea break
11:10	<b>2 - Concepts and pervasive principles</b> Framing, perspectives, discussion, feedback
12:30	Lunch
13:45	<b>3 - Financial statements</b> Framing, perspectives, discussion, feedback
14:55	Tea break
15:15	<b>4 - Narrative reporting</b> Framing, perspectives, discussion, feedback
16:25	<b>Next Steps</b> Framing, discussion
16:45	Closing remarks
17:00	End

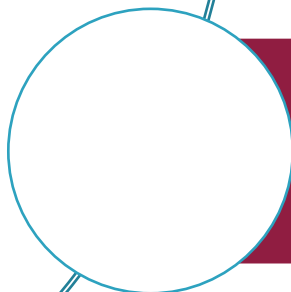
# Welcome



Welcome (Event chair)



Opening remarks



Recap and introduction

# Opening Remarks



**José Enoc Cano  
Mora**  
President COLCES



**Héctor Jaime Correa  
Pinzón**  
President AIC



**Jorge José Gil**  
Ex presidente /  
GLENIF



# Why INPAG?

*Only a few countries benefit from their own national standards.  
Existing international standards do not meet the unique needs  
of NPOs.*

**INPAG**  
(International  
Non-profit  
Accounting  
Guidance)

## Future Outcomes

- ✓ NPOs able to demonstrate capacity and attract funds
- ✓ Improved usefulness, transparency and consistency of NPO financial reports
- ✓ Reduced duplication of effort
- ✓ Simplified audit assurance provision

**Efficiency  
Equity  
Accountability**



# Project partners and stakeholders

Non Profit  
Organisations



- Membership Association (285), NPO sector convener and advocate
- Advocacy, insights & influence, roundtables, conferences, training, member community
- Convenes **Practitioner Advisory Group** ~ NPOs, donors, auditors, and academics ~ 15 countries

Donors

Civil society  
groups



- Only professional accountancy organization in world exclusively dedicated to public finance
- Unique standard setter roles for local government and charities in UK
- Convenes **Technical Advisory Group** ~ 13 national and international standard setters

Standard  
setters  
internationally

Accounting  
and audit  
community

Regulators

*“By the sector for the sector”*

# Project Community



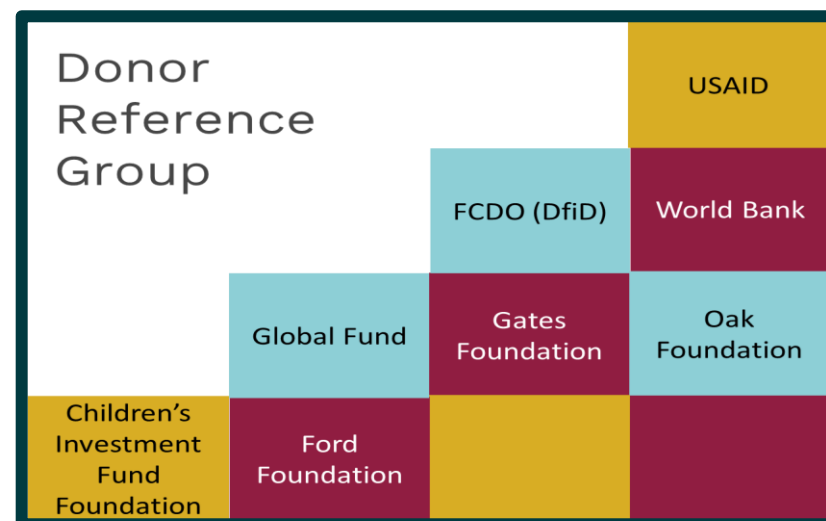
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## Country Champions



## Donor Reference Group





# Stakeholder engagement



# National working groups

National working groups are active in Ethiopia, Malaysia, Colombia, Nigeria, Bangladesh, Senegal

## Why

- National focus
- Consider INPAG EDs - Submit organisational responses
- In time – adoption task force

## Who

- 5-10 people
- Chair Country Champion or Govt official
- NPO, PAO, Regulator, Standard setter, auditor, training provider, software developer etc



# Guidance Objectives

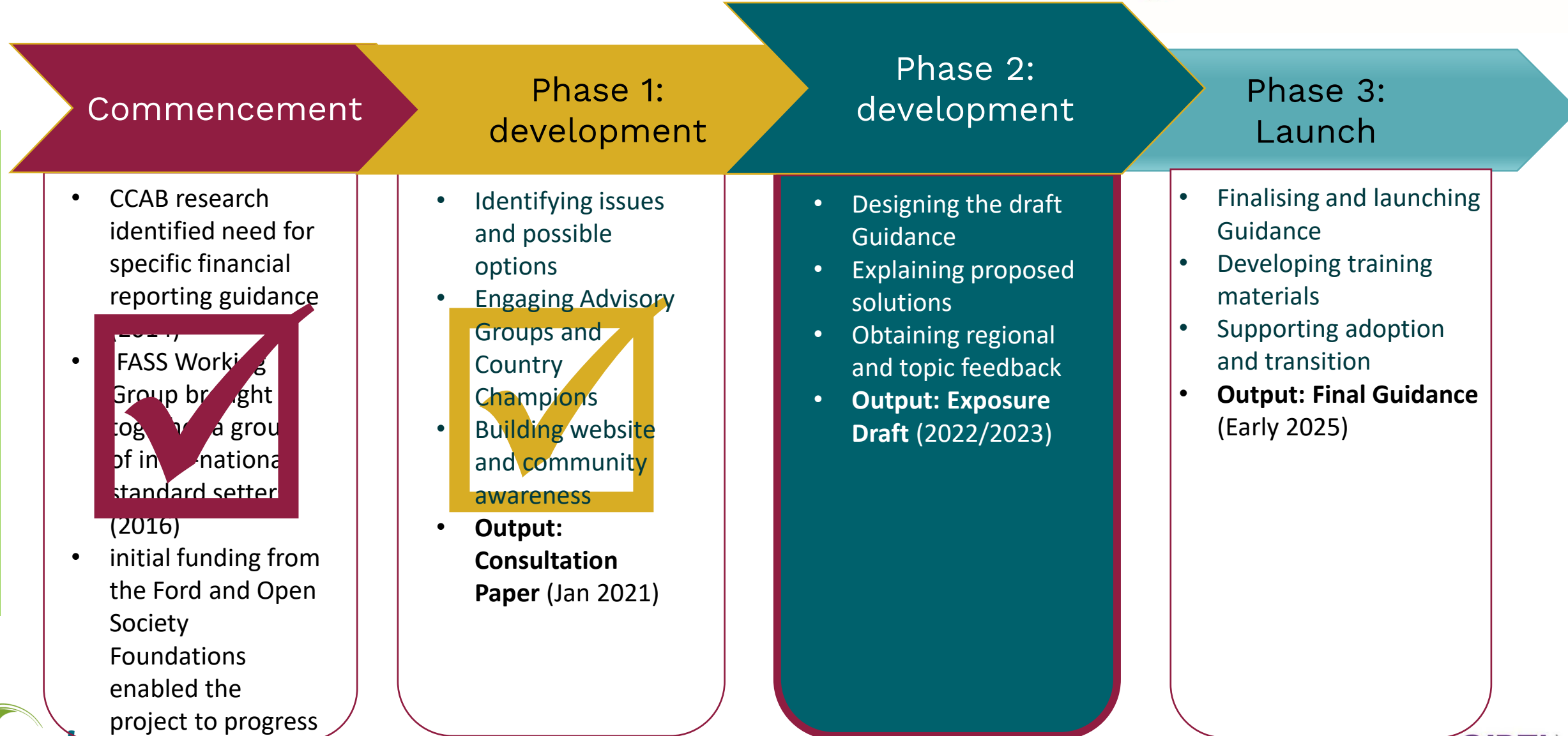
1. To improve the quality, transparency and credibility of NPO financial reports.

2. To support the provision of NPO financial information that is useful for decision making and accountability, balancing the needs of preparers and users.

3. To address specific NPO issues, which will promote increased comparability of NPO financial reports.



# Annex 1 - Stages of development



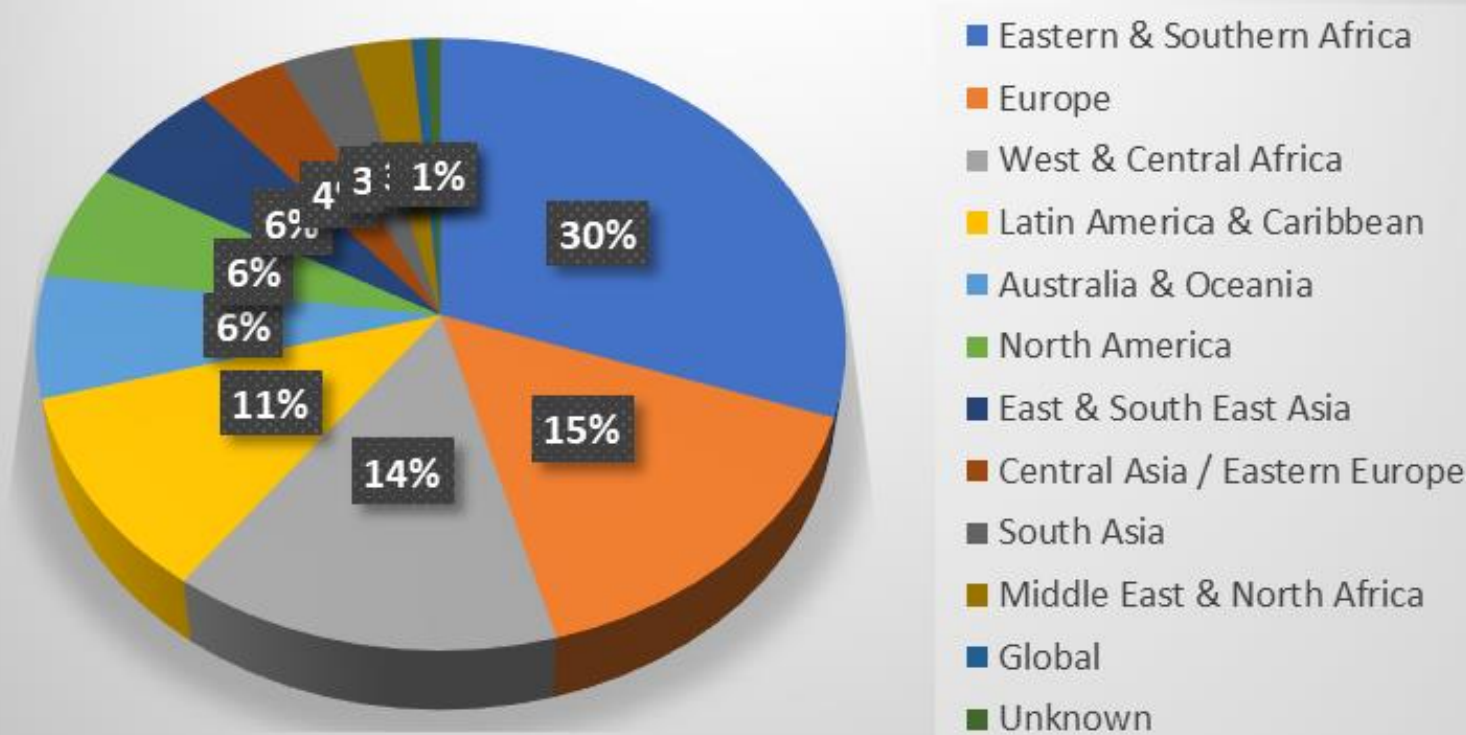
# Overall engagement and responses

Events: 1000  
people from  
96 countries



Responses:  
28

Consultation Paper responses

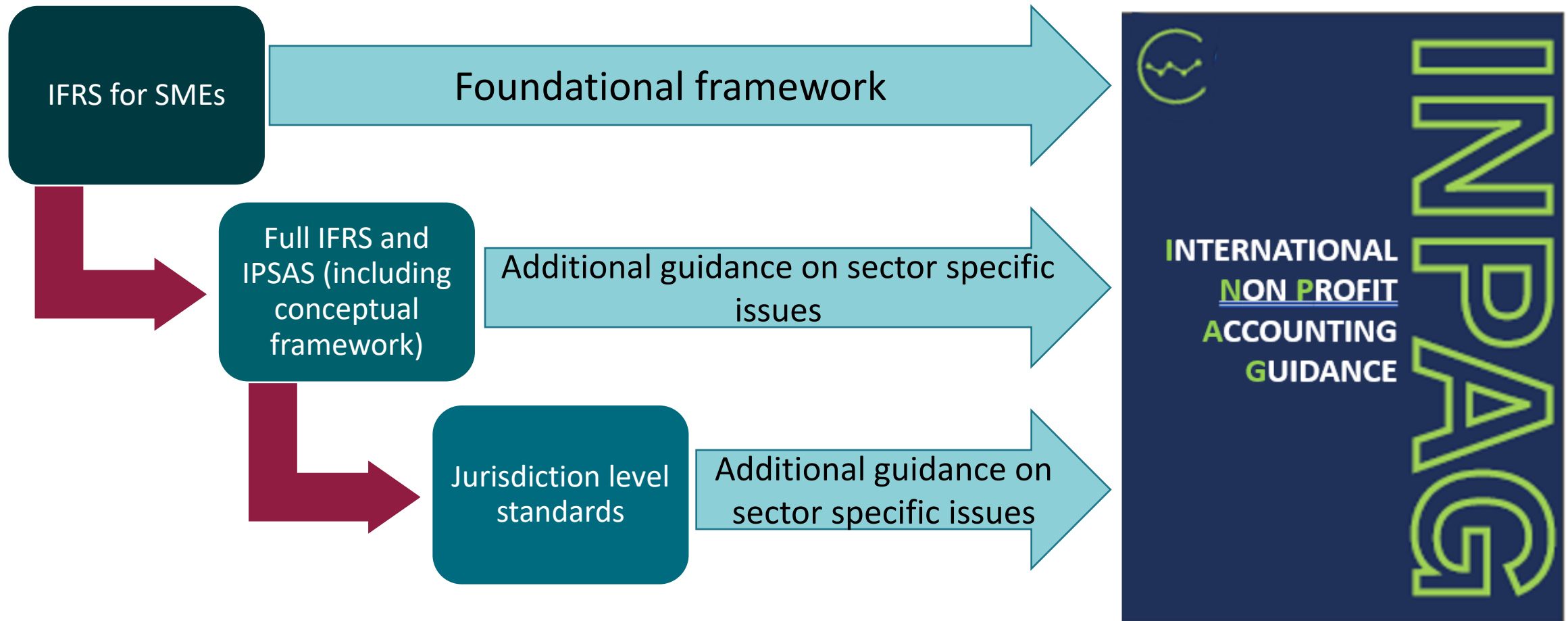


# Responding to the Consultation





# Relationship with international guidance



# Guidance development model

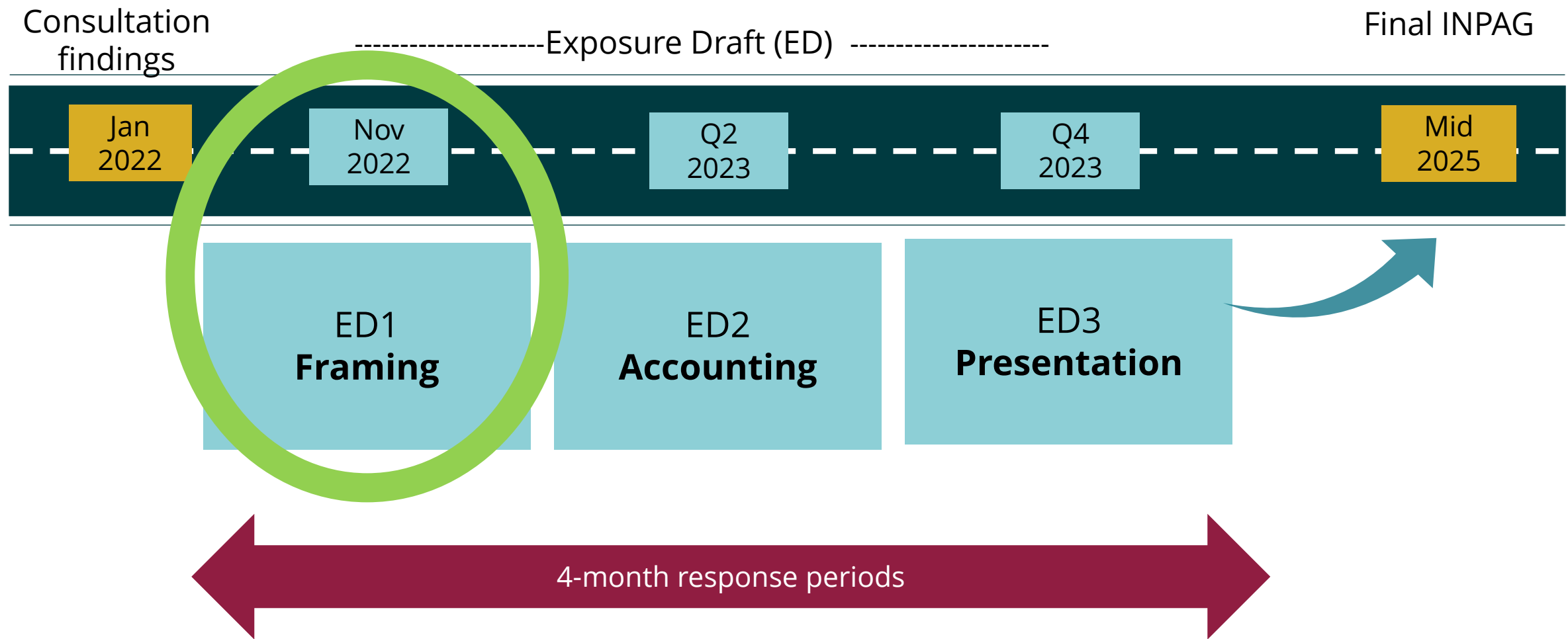
*IFRS for  
SMEs*  
Accounting  
Standard  
(36 sections)

Section status	Description
Modified	Fully updated to reflect NPO requirements.
Aligned	Updated to align with modified Sections, but not in itself fully reviewed
Unchanged	Updated for terminology changes only
New	Developed specifically for NPOs.



IFRS, IPSAS &  
National  
standards

# Roadmap for Exposure Draft



Plan is subject to change

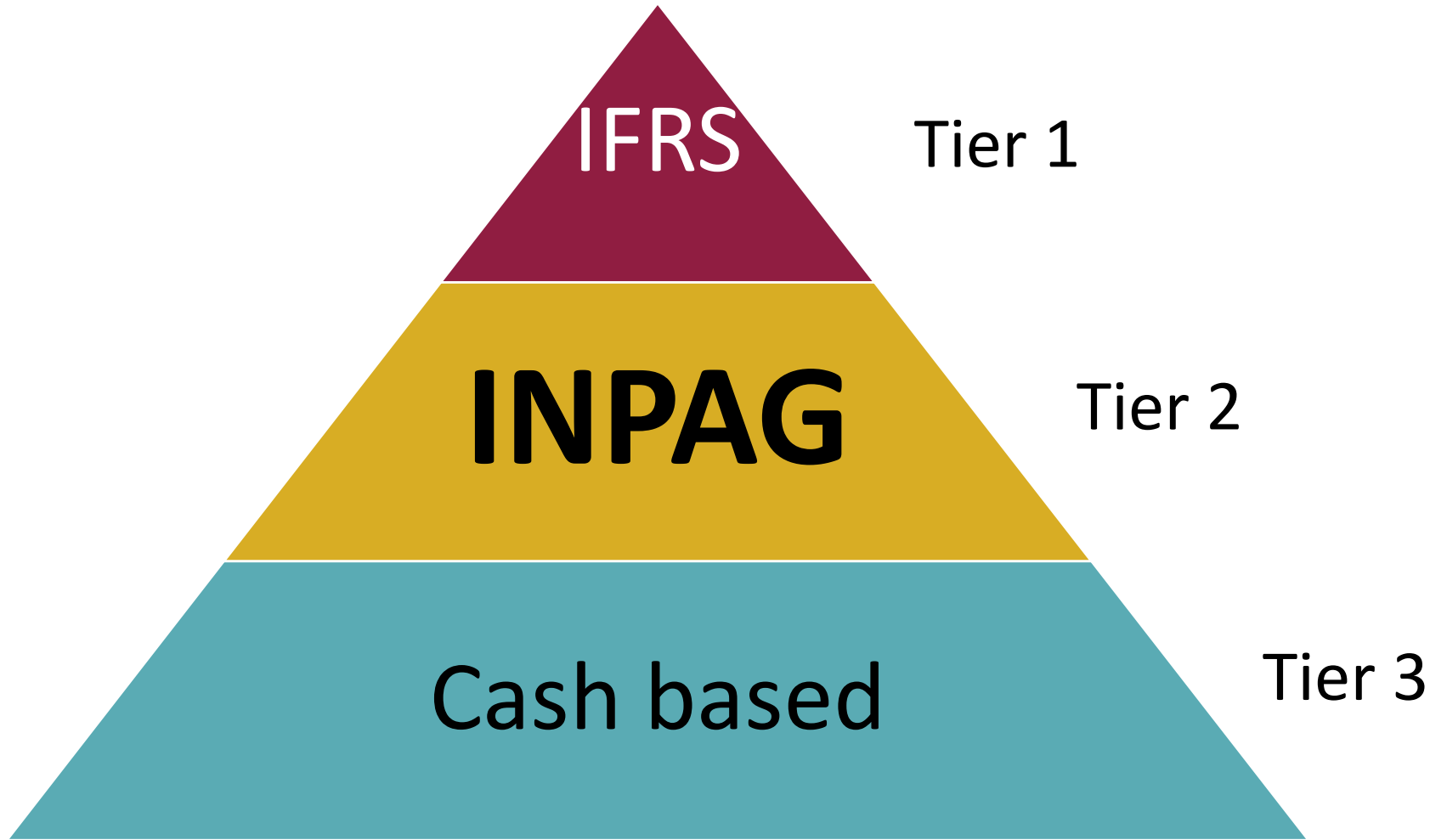
# Annex 2 - What is in each ED

ED1		ED2		ED3	
1	NPOs	23a	Non-exchange revenue	13	Inventories
2	Concepts and pervasive principles	23b	Exchange revenue	24b	Classification of expenses
3	Financial statement presentation	24a	Grant expenses	24c	Fundraising costs
4	Statement of financial position	30	Foreign currency translation	36	Transition to the Guidance
5	Statement of income and expenses				
6	Statement of changes in net assets				
7	Statement of cashflows				
8	Notes to the financial statements				
9	Consolidated and separate financial statements				
10	Accounting policies, estimates and errors				
35	Narrative reporting				

# Main Adaptations



# INPAG Target audience



# INPAG Structure

**ED1 Invitation to comment**  
Including Summary and Questions.  
In English, Spanish, French and Arabic

INPAG Volumes (in English only)	Paragraph numbers
Authoritative Guidance in 36 sections	G1, G1.1, G2...
Application Guidance	AG1, ...
Basis for Conclusions	BC1, ...
Implementation Guidance & Illustrative Examples	IG1, ...

# Any questions?



# Ice breaker

- **Introduce yourself**
  - Name
  - Organisation
  - Country
- **Why are you attending today's event?**
- **What do you hope to get out of it?**

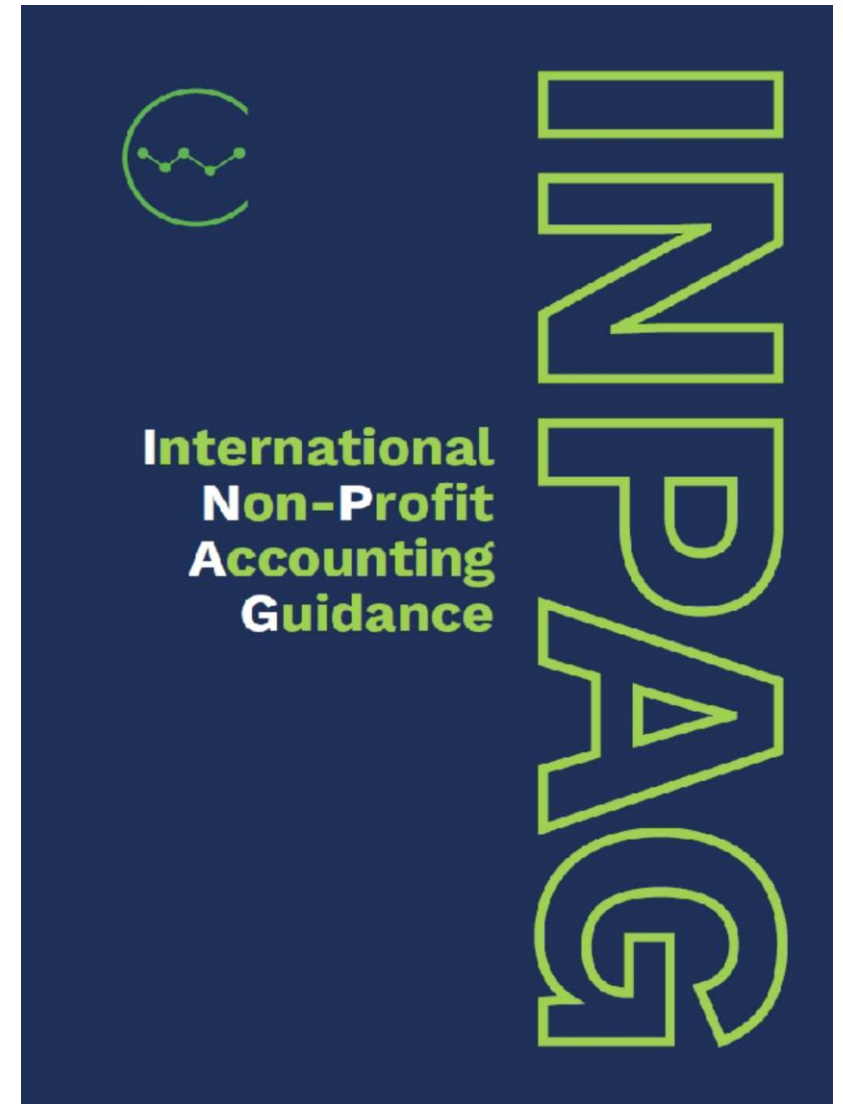


# INPAG Exposure Draft 1

## Latin America Roundtable

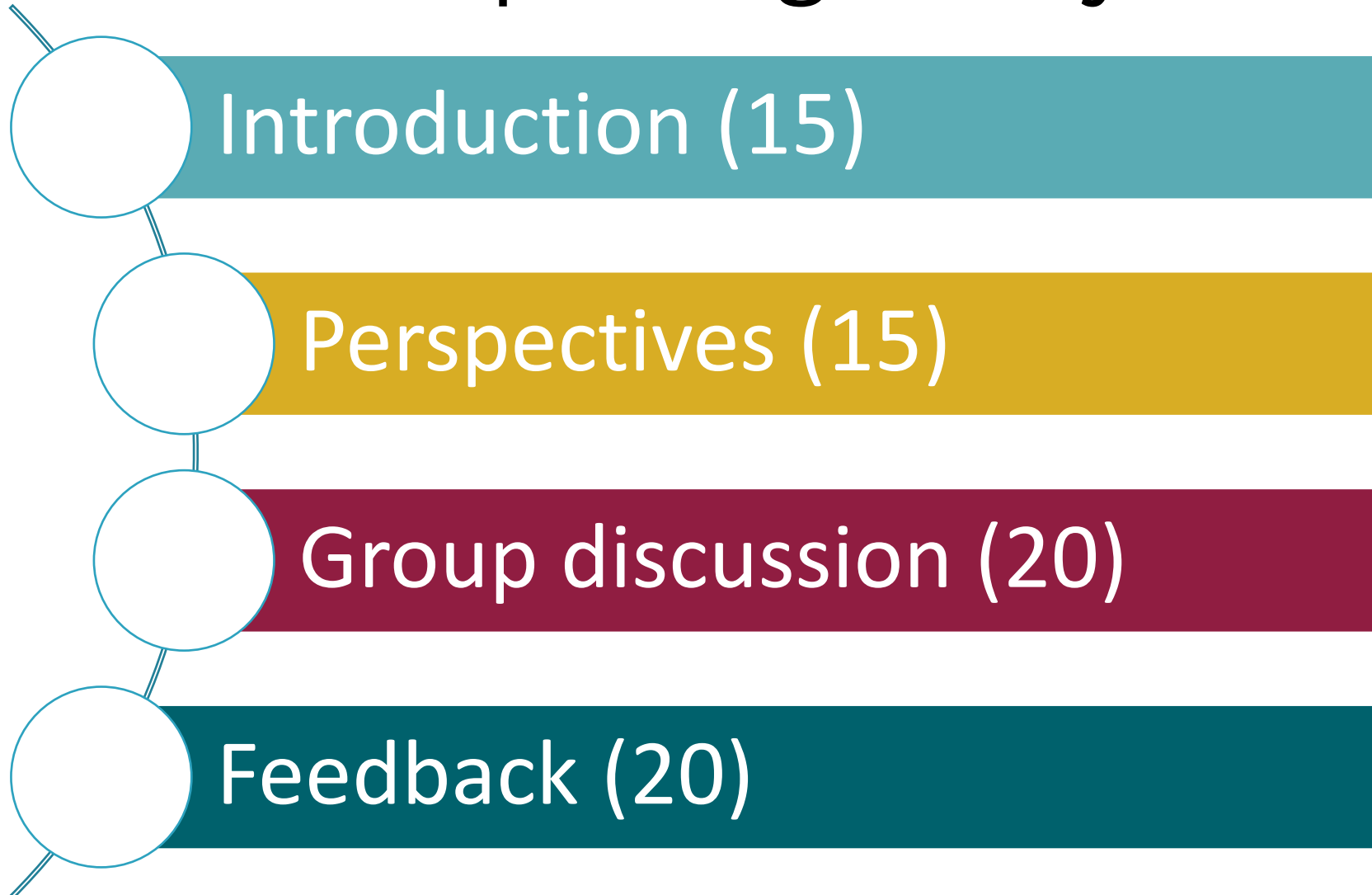
### Topic 1 – Reporting NPO

7 February 2023





# Session 1 – Reporting entity



# Broad characteristics

Primary objective of providing a benefit to the public



Direct surpluses for benefit of the public



Not government or public sector entities

# Indicators

## Indicators

- Absence of rights to financial returns from surpluses
- Requirement to transfer residual net assets upon dissolution
- Receiving or providing voluntary funding
- Holding and using assets for the benefit of the public

# Difficult areas

## Multiple objectives

- Entity may have multiple objectives not all of which are aimed at providing a benefit to the public

## Public that benefits is restricted

- The section of the public that benefits from the entity's purpose may be just a small section of society or even members of the entity

## Surpluses are distributed for private benefit

- Important to examine quantum and nature of benefits – may or may not be incidental to public benefit objective

# Definition of a reporting NPO

An NPO that is required or chooses to prepare general purpose financial reports



Financial statements with supporting financial and non-financial information

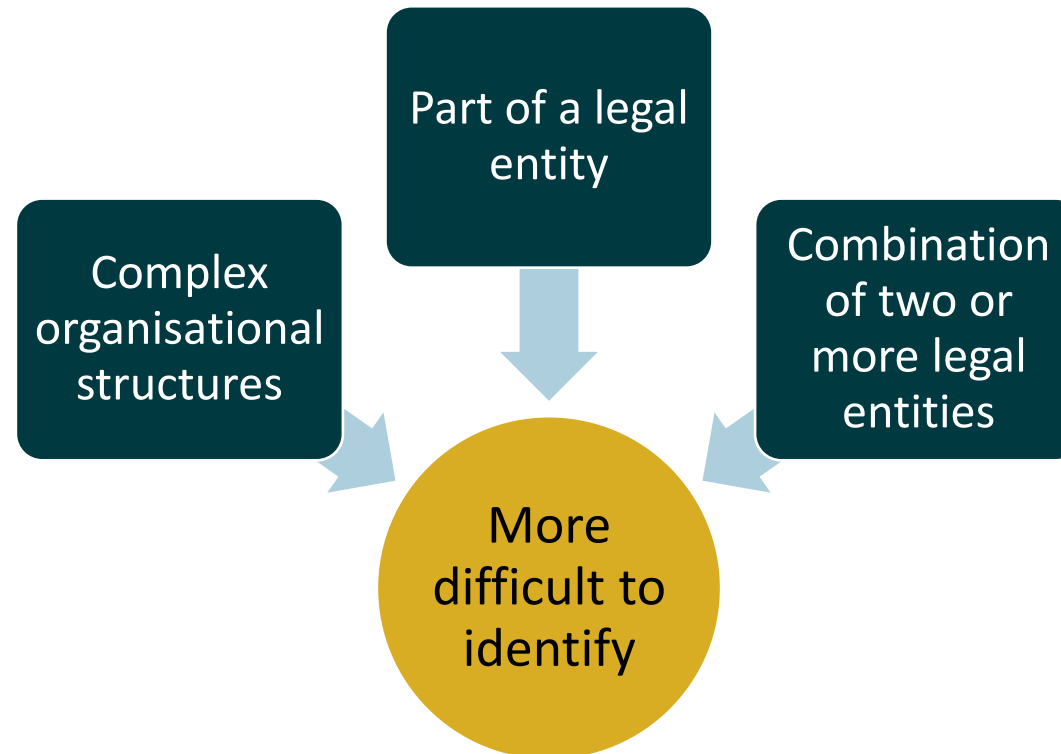
Information useful for primary users – not tailored to any specific individual user

Present the reporting NPO as a single economic entity



# Identification of the reporting NPO

Easier when a single legal entity with simple operational structure but there can be challenges when...



# Indicators of being a branch

Operational  
arrangements to help  
with administration of  
the NPO



Examples include  
supporters groups,  
members groups,  
location offices



An internal branch will  
be included in the  
general purpose financial  
report of the reporting  
NPO

Indicators that  
an operational  
structure is an  
internal branch  
include:



- Not a separate legal structure
- Not required to produce separate general purpose financial reports
- Uses the name of the reporting NPO
- Raises funds solely for the reporting NPO
- Presents itself as a representative of the reporting NPO
- Receives support, instruction and advice from the reporting NPO

# Terminology proposed

## Controlling NPO

- An NPO that controls another entity
- Replaces term 'parent'

## Controlled entity

- An entity that is controlled by a controlling NPO
- Replaces term 'subsidiary'

## Beneficial interest

- Interest held by an NPO in the net assets of another entity that arises other than through equity ownership
- Replaces term 'investment'

# Principles of control

Why control another entity? – to provide services and goods, create a trading entity, invest to support wider activities....

Power over the other entity

Exposure, or right, to variable returns

Ability to use power to affect returns

# Application of control principles for NPOs - power



# Application of control principles for NPOs - returns

Control requires a return or benefit as well as power

Could be financial such as transfer of profits....



but for NPOs may also be non-financial such as fulfilment of purpose

Must be continuous rather than one off

Returns must be linked to power – no control arises in voluntary agreements or coincidence of activities

# Rebuttable presumption

Control assumed to exist where reporting NPO:

Has power over more than half of  
voting rights

Has power to govern financial and  
operating policies

Owens the majority  
of voting rights

Has power to appoint or remove  
majority of members of Board

Has power to cast majority of votes  
at the Board



# #1: What is a public Benefit?



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The public benefit, in general terms, can be understood as the search for well-being and the improvement of people's quality of life.

Despite the fact that this concept implies a high social content, people have particular interests that lead to groups marked by differences between what they intend to obtain as well-being and the way in which they can achieve it.

In this way, the public benefit would be subject to groups of people with similar interests who benefit each other through the development of activities aimed at satisfying their needs, from which they can obtain some profit, either economic or social.

From a financial point of view, in turn, the general public benefits from the information provided by these groups, by being accountable for the activities carried out.

**Jairo Cervera**

Consejero

Consejo Técnico de la  
Contaduría Pública

**Colombia**



## #2: What is “return” for an NPO?



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**Fernando Catacora**

Fundador

**RED**Contable.com

**Peru**



## #3: When does an NPO control another entity?



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**C.P Héctor  
Jaime Correa  
Pinzón**

Presidente  
AIC

**Colombia**

# Discussion

## Question 1

Do you agree with the description of the broad characteristics of NPOs? Does the term 'providing a benefit to the public' include all entities that might be NPOs? If not, what would you propose and why?

## Question 2

Is the NPO as a reporting entity clear? Does the process for identifying branches in the Application Guidance support the principles? If not, what would be more useful?

Do you agree with the use of the terms 'controlling NPO', 'controlled entity' and 'beneficial interest' instead of 'parent', 'subsidiary' and 'investment'? If not, what would you propose and why?

## Question 3

Is the Application Guidance to apply the control principles sufficient? If not, what changes or additions would you propose and why?

Do you agree that a rebuttable presumption relating to control should be retained? Is the current drafting sufficient? If not, what would you propose and why?



# Tea Break

## Back at 11.10



# INPAG Exposure Draft 1

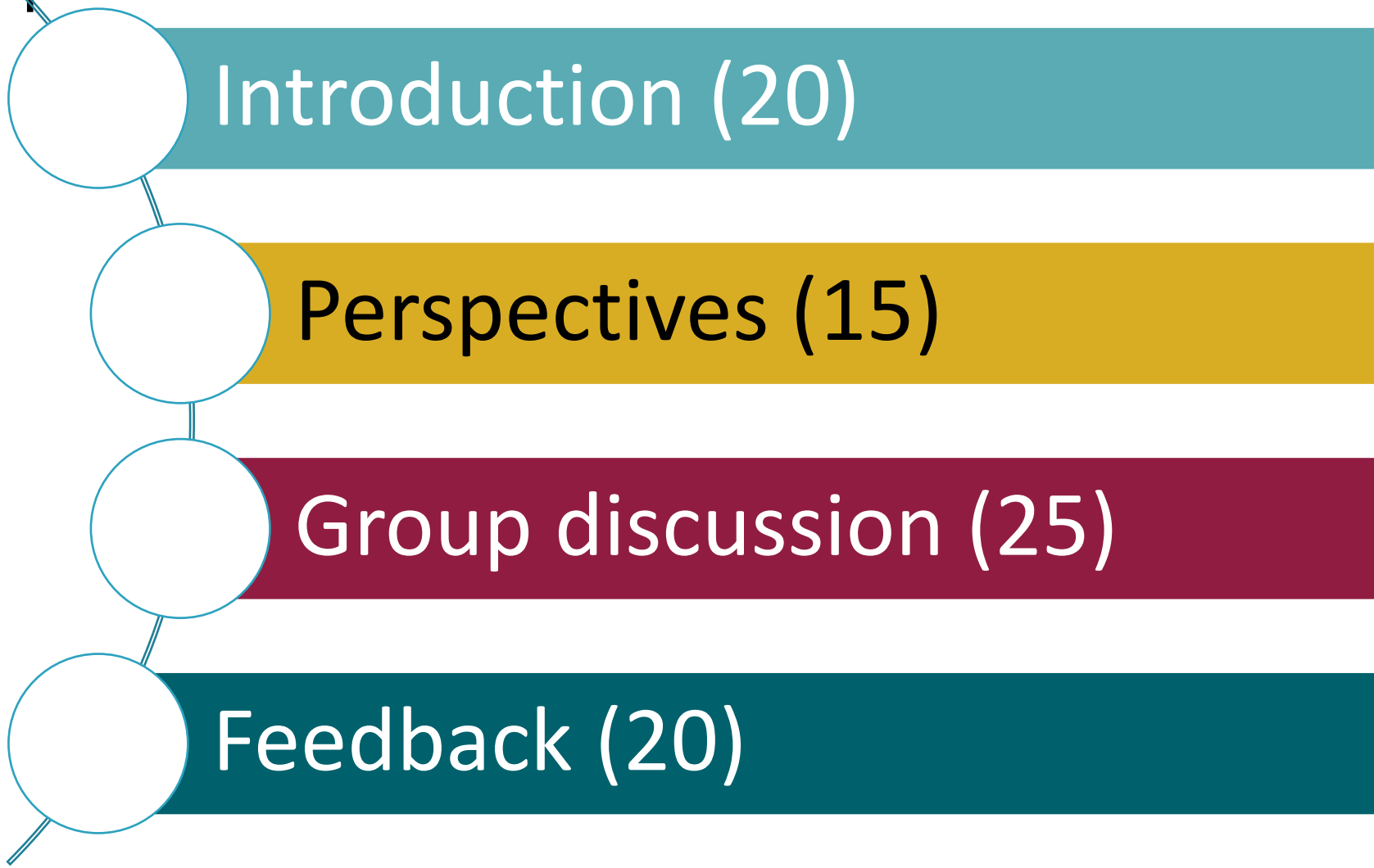
## Latin America Roundtable

### Topic 2 – Concepts and pervasive principles

7 February 2023



# Session 2 – Concepts and pervasive principles



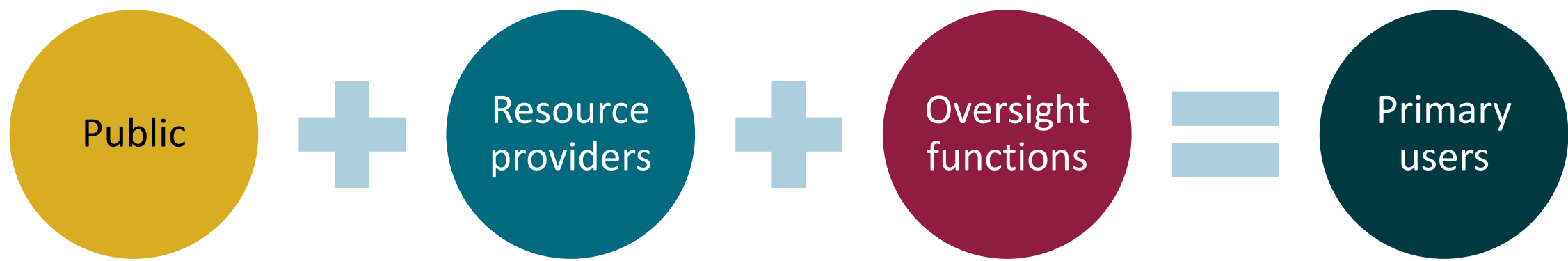
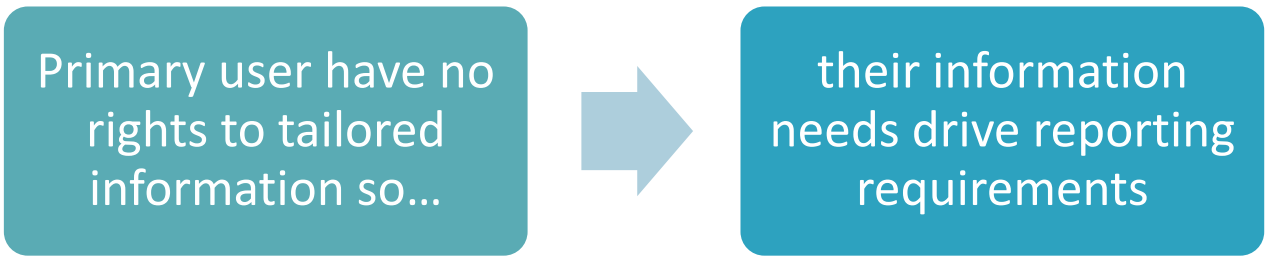
# Purpose of GPFRs – accountability and decision-making

Provide information about the NPO  
that is useful to users for  
accountability and decision-making

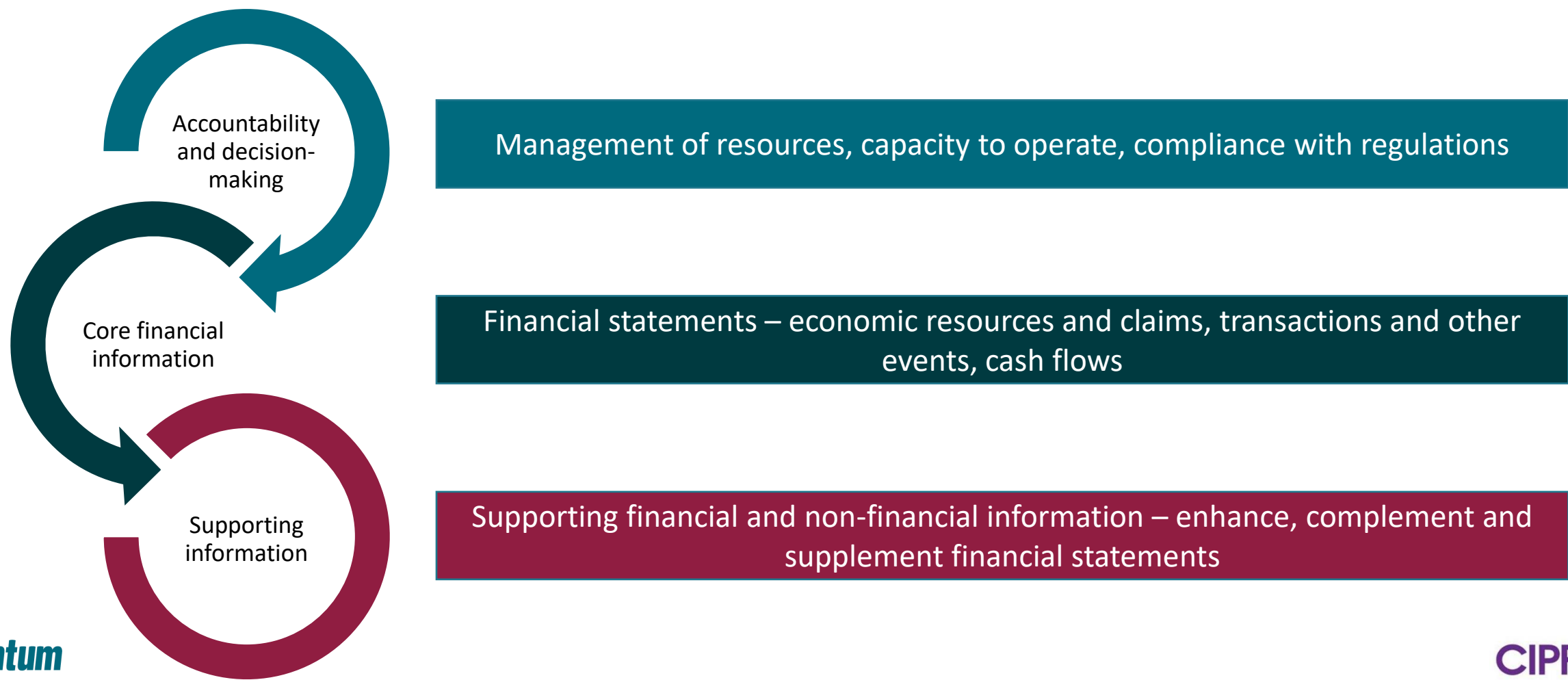


Not developed to respond to  
information needs of any one  
individual

# Proposals for primary users



# Proposals for their information needs



# Proposals for compliance and why needed

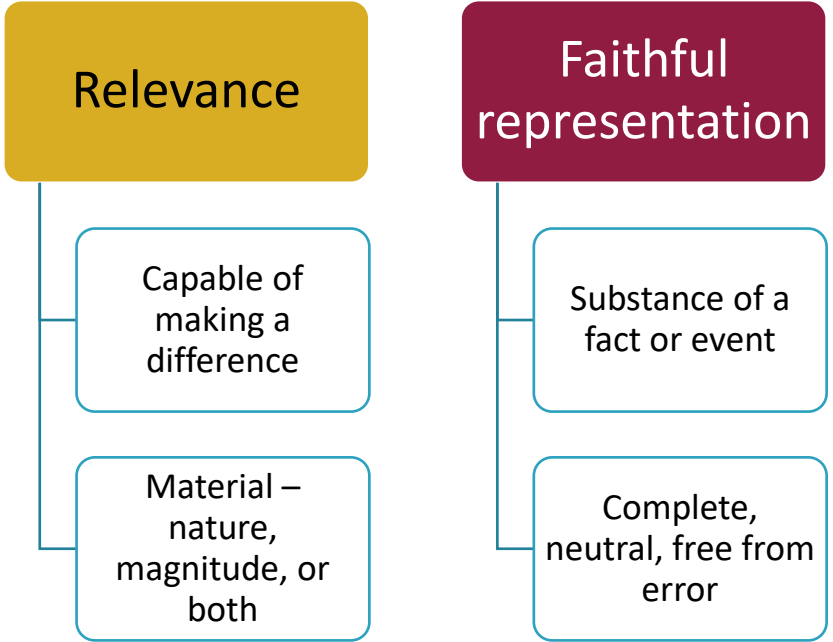
INPAG not designed for entities with public accountability



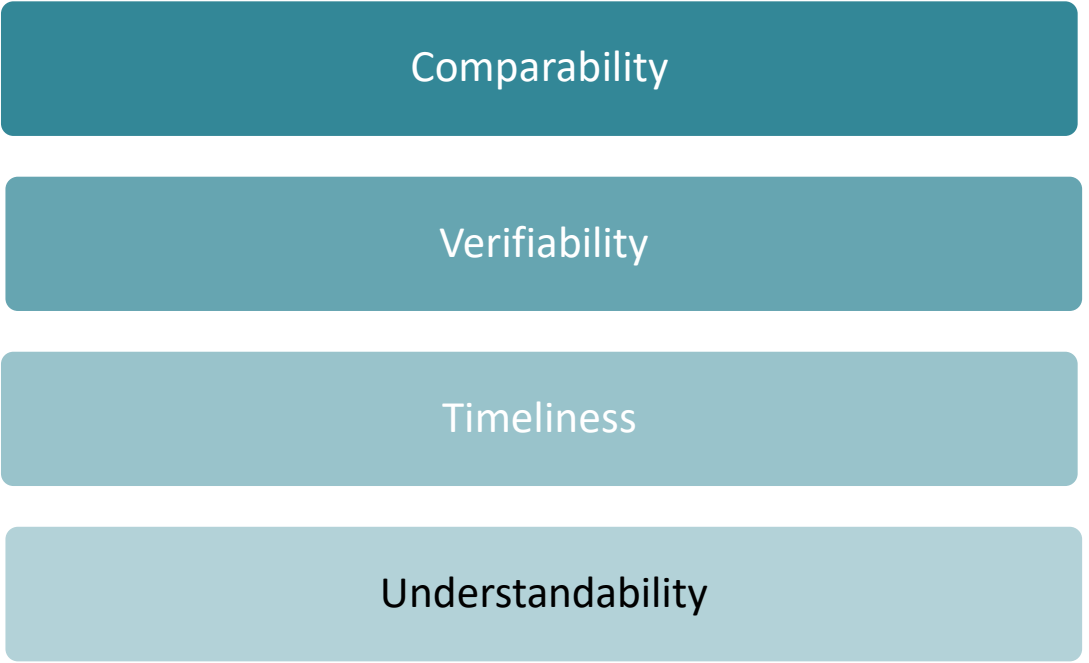
If a publicly accountable entity uses INPAG disclosures required

# Fundamental and enhancing characteristics

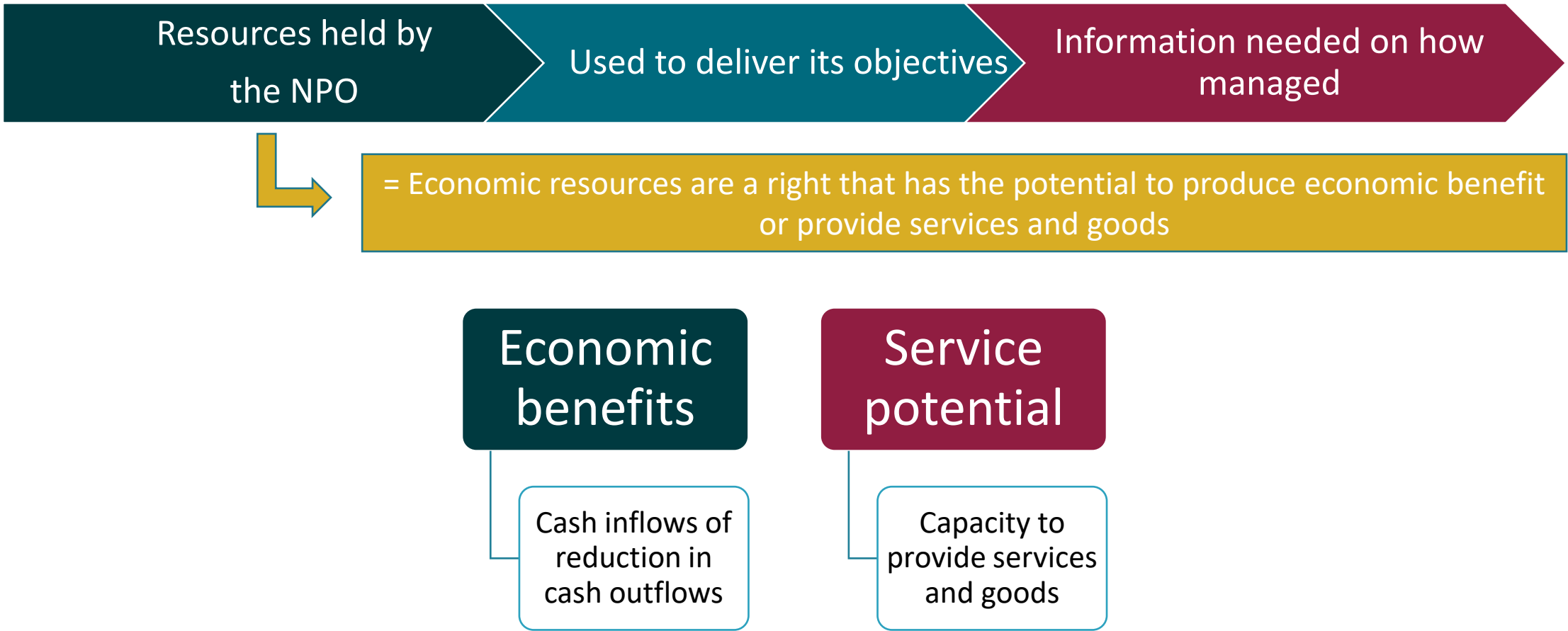
## Fundamental qualitative characteristics of information



## Enhancing qualitative characteristics of information



# Accounting for resources and why they are being held





# Service potential and why included



# Undue cost and effort

## Pervasive cost constraint

Cost of reporting must be justified by the benefits

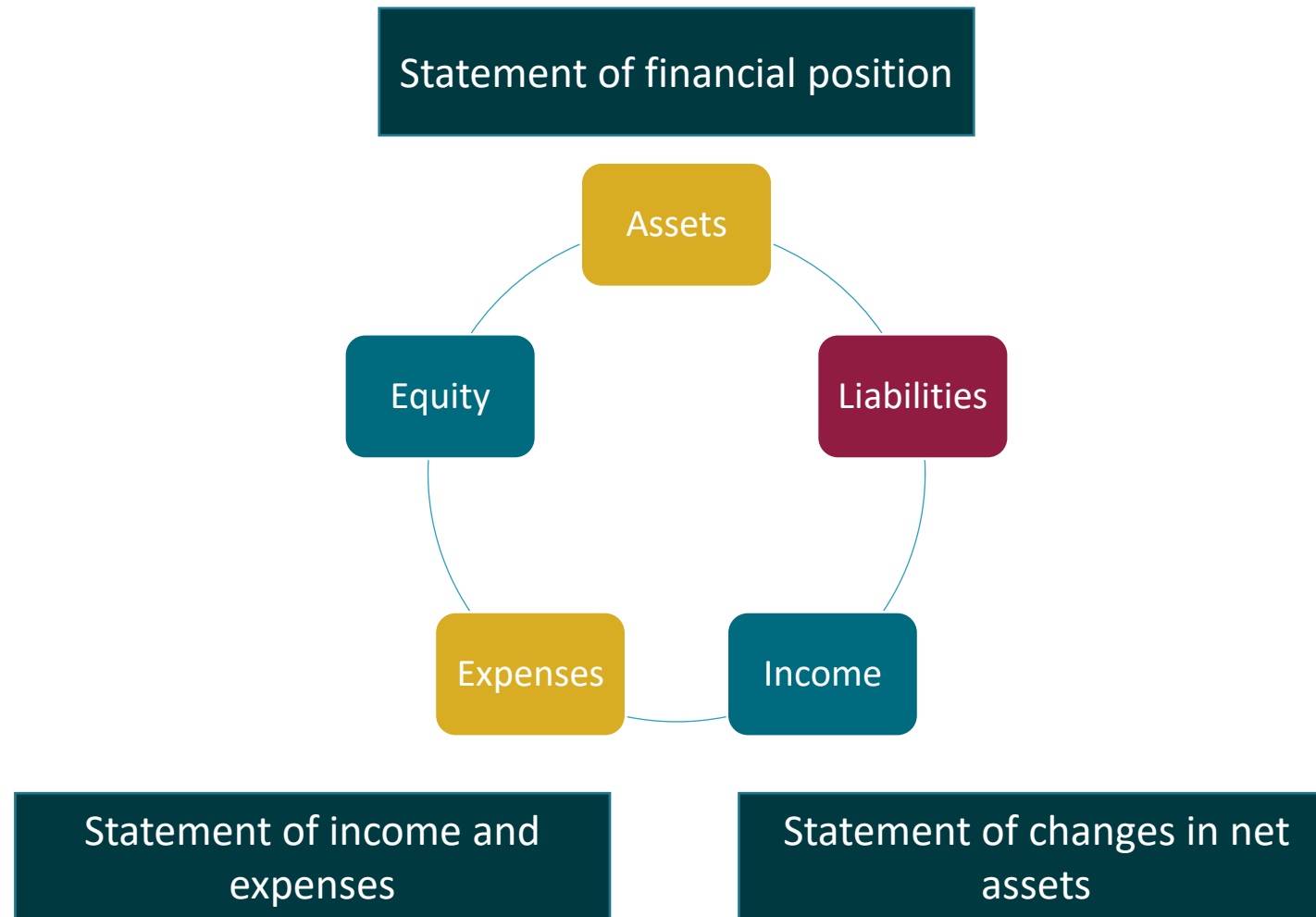


## Undue cost or effort exemption

Specific limited circumstances that permit an NPO to not comply with a requirement



# Elements of financial statements



# Inclusion of equity

An external party's financial interest in the net assets of the NPO

Holders of equity must have an entitlement to distributions of future economic benefits or service potential....



and holders of equity must also be able to sell, exchange, transfer or redeem their equity interest



# Components of net assets

Funds with  
restrictions

Funds without  
restrictions

Equity

Non-  
controlling  
interests



# Fund accounting

## Funds with restrictions

Exist where externally imposed funding or other legal arrangements restrict the use of resources provided

Must be used for the purposes or activities that the external resource provider has restricted them to

## Funds without restrictions

Freely available to be used for any purpose or activity

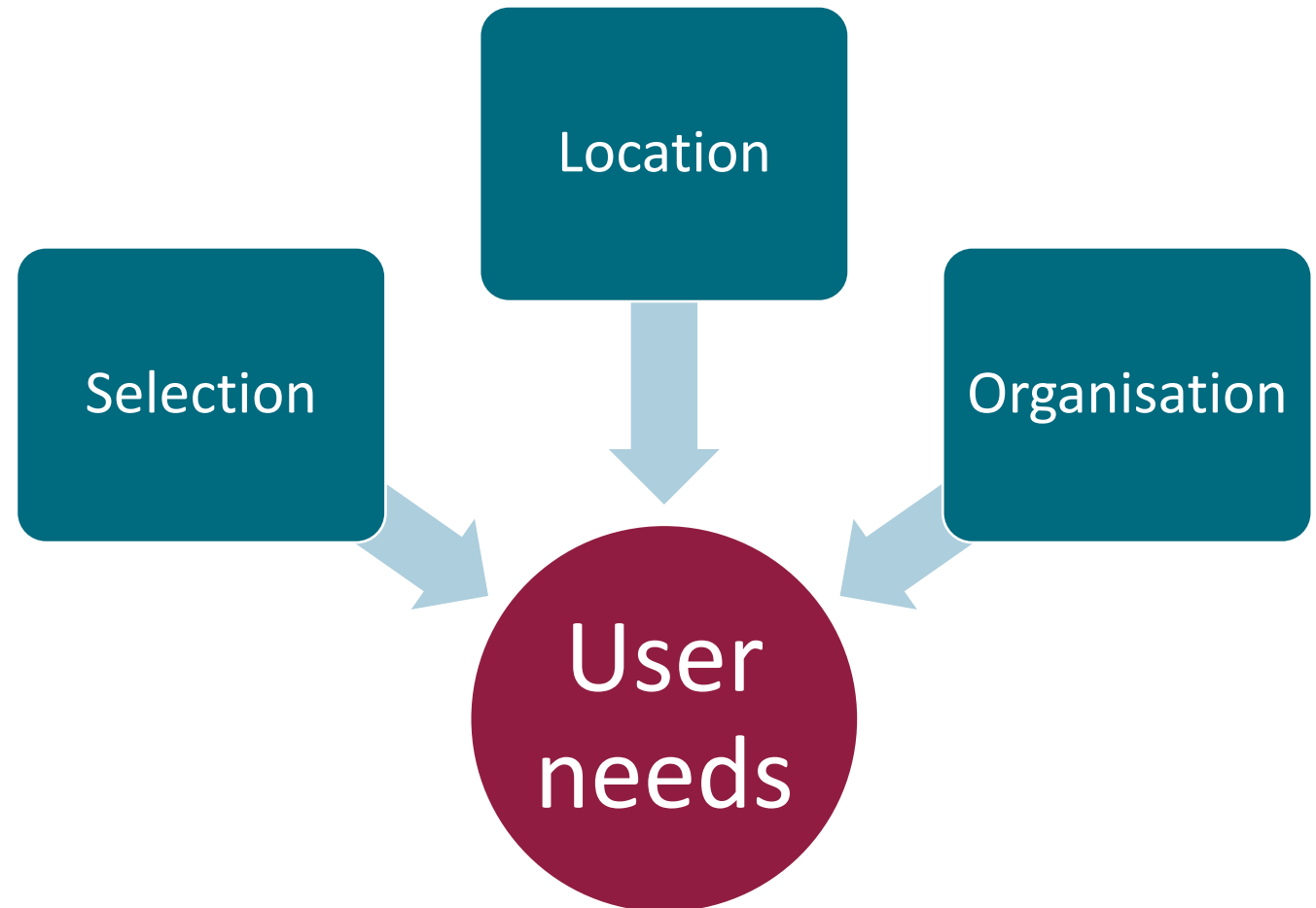
Includes funds that the management may have internally designated for specific purposes or activities but do not have externally imposed restrictions



# Presentation and disclosure

## Effective communication of information

- relevant
- faithful representation
  - understandability
  - comparability





#4: What do donors need from general purpose financial statements?



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**Jaime Tobar**

Pan American Development  
Foundation

**El Salvador**



## #5: What makes useful information?



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**Jorge Gill**

Ex president

GLENIF

**Argentina**



**#6:** What components are needed within the net assets?



**Daniel Sarmiento**

Auditor, SAS

TAG Member

**Colombia**

# What is equity in the IFRS for SMEs?

- Paragraph 22.3. Equity "is the residual interest in the **assets** of an entity after deducting all of its liabilities".
- Sum of:
  - investments made by the owners of an entity
  - + increases in such investments earned through operations
  - reductions in these investments due to unprofitable operations
  - distributions to owners

# Equity is not net assets

- Both concepts correspond to the same formula  
(Assets - Liabilities = Equity; Assets - Liabilities = Net Assets)
- Equity involves an investor's residual interest in assets.
- Net assets do not necessarily imply residual interest.
- The Guide proposes an addition to the definition by also requiring the existence of a "right to such assets".
- That is, upon liquidation of the entity, the investor is entitled to the residue of the asset that it is entitled to.

# Can an NPO have assets?

- It usually does not, because in the event of liquidation, its residual assets are typically handed over to another NPO or to the State.
- However, if any contributors have clauses that allow them to recover some or all of their contributions under certain circumstances (not necessarily on liquidation), there may be equity.
- Equity does not require the existence of returns to the contributor.

# Net assets

- **The proposal is to establish net assets as follows:**

Investments of equity holders

- +/- Changes in these holdings through operations and retained in restricted and unrestricted funds
- - Distributions to owners

In other words, in the rare case of an NPO with equity, net assets include it, together with the other items that are not included in the statement of income and expenses.



## #6: What components are needed within the net assets?



### INPAG proposal:

- Description of an NPO in INPAG: on dissolution the residual net assets are transferred to another NPO, NOT to owners.
- Five elements in the FE: assets, liabilities, income, expenses and equity.
- ESF with 3 sections: assets (DB), minus liabilities (CR) = net assets (CR)

### My view:

- ✓ If there are owners (very rare), equity is valid
- ✓ Where does a typical NPO transfer the surplus or deficit to at the end of the period (NO equity)?
- ✓ An additional element is needed.
- ✓ If there is no equity, can it be called net assets, if it is also liabilities?
- ✓ There should be a sixth element: "Funds".
- ✓ The section in the ESF should be "Funds" (or "Funds and Assets", if available).

### Questions:

- Is the term "net assets" appropriate for an item of a credit nature?
- If there is no sixth element, in which account is the result for the period accumulated?

# Discusison

## Question 1

Do you agree with the range of primary users and the description of their needs? If not, what would you propose and why?

Do proposals to express compliance with INPAG create unintended consequences? If so, what are your main concerns?

## Question 2

Do you agree with the qualitative characteristics of useful information? If not, what would you change and why?

Do you agree that 'service potential' should be introduced into Section 2? If not, why not?

Do you agree that the provisions for 'undue cost and effort' used in IFRS for SMEs should be retained? If not, why not?

## Question 3

Do you agree with the components of net assets? If not, why not?

Do you agree with the inclusion of equity as an element? If not, what would you propose and why? What type of equity might an NPO have?

Do you agree with the categorisation of funds between those with restrictions and those without restrictions in presenting accumulated surpluses and deficits? If not, what would you propose and why?

# Lunch

## Back at 13.45



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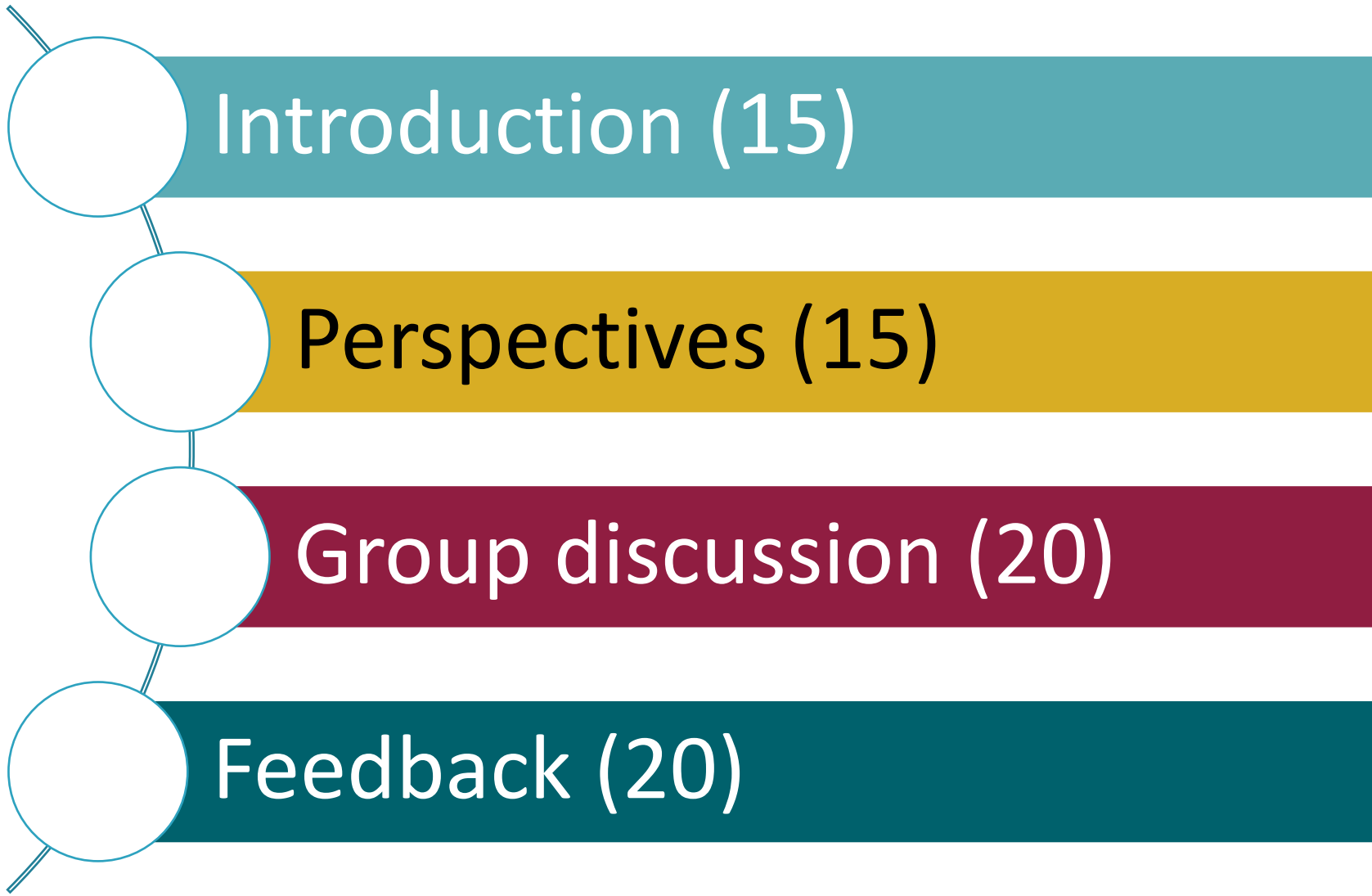
## Latin America Roundtable

### Topic 3 – Financial Statements

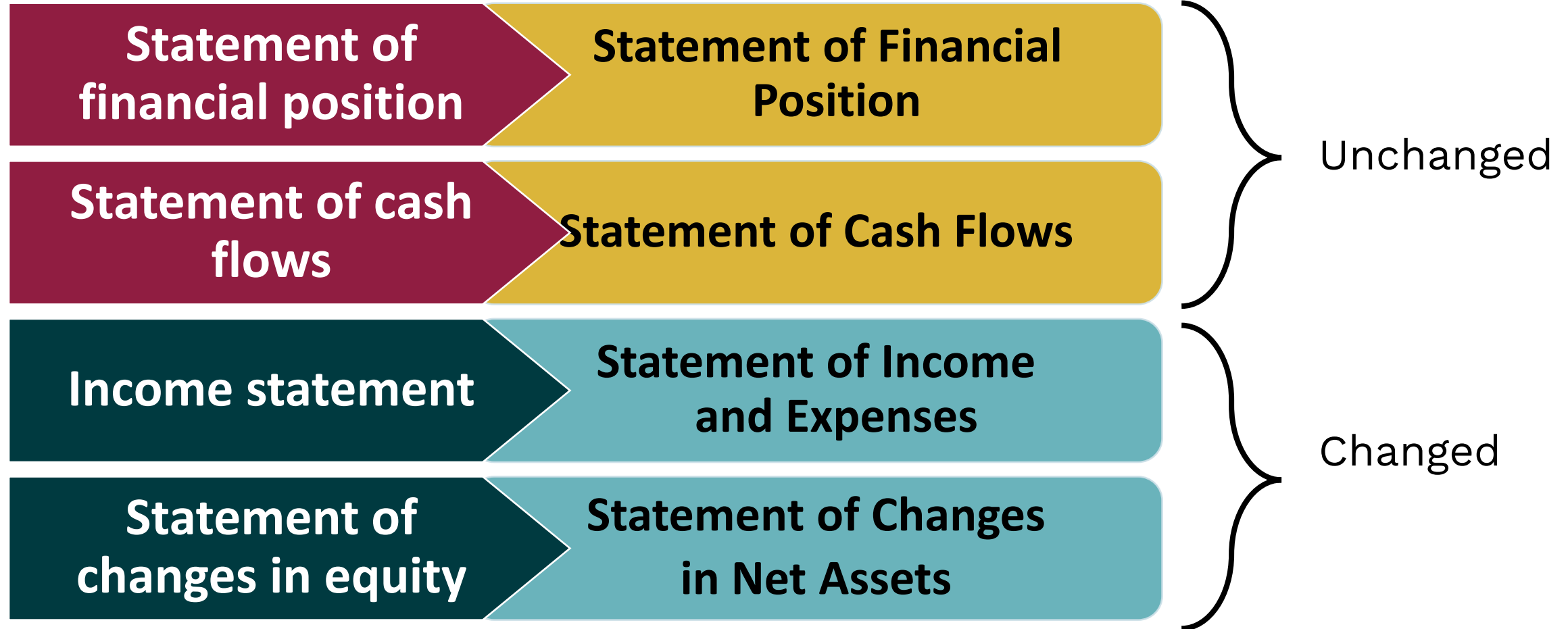
7 February 2023



# Session 3 – Financial statements



# Statement Names





# Terminology

**Profit or loss**

**Surplus or deficit**

**Subsidiary**

**Controlled entity**

**Funds with restrictions**

**Funds without  
restrictions**

# Funds with and without restrictions

	Total
<b>Revenue</b>	
Sales of goods	1,500
Donations	5,700
<b>Total Revenue</b>	<b>7,200</b>
<b>Expenses</b>	
Staff	6,300
Premises	700
<b>Total Expenses</b>	<b>7,000</b>
<b>Surplus or (Deficit)</b>	<b>200</b>

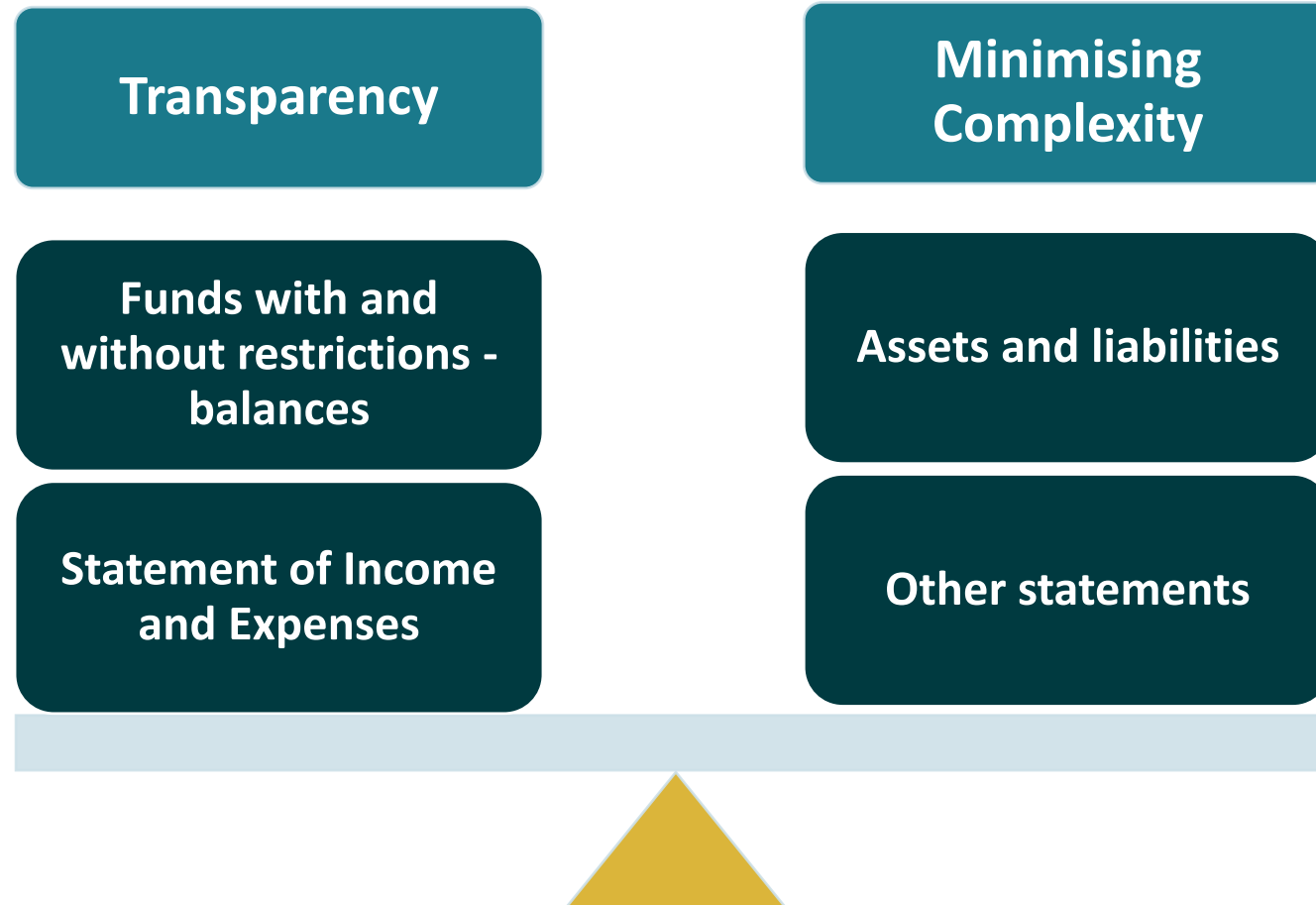


# Funds with and without restrictions

	Funds with restrictions	Funds without restrictions	Total
<b>Revenue</b>			
Sales of goods	0	1,500	1,500
Donations	1,300	4,400	5,700
<b>Total Revenue</b>	<b>1,300</b>	<b>5,900</b>	<b>7,200</b>
<b>Expenses</b>			
Staff	1,200	5,100	6,300
Premises	0	700	700
<b>Total Expenses</b>	<b>1,200</b>	<b>5,800</b>	<b>7,000</b>
<b>Surplus or (Deficit)</b>	<b>100</b>	<b>100</b>	<b>200</b>



# Funds with and without restrictions





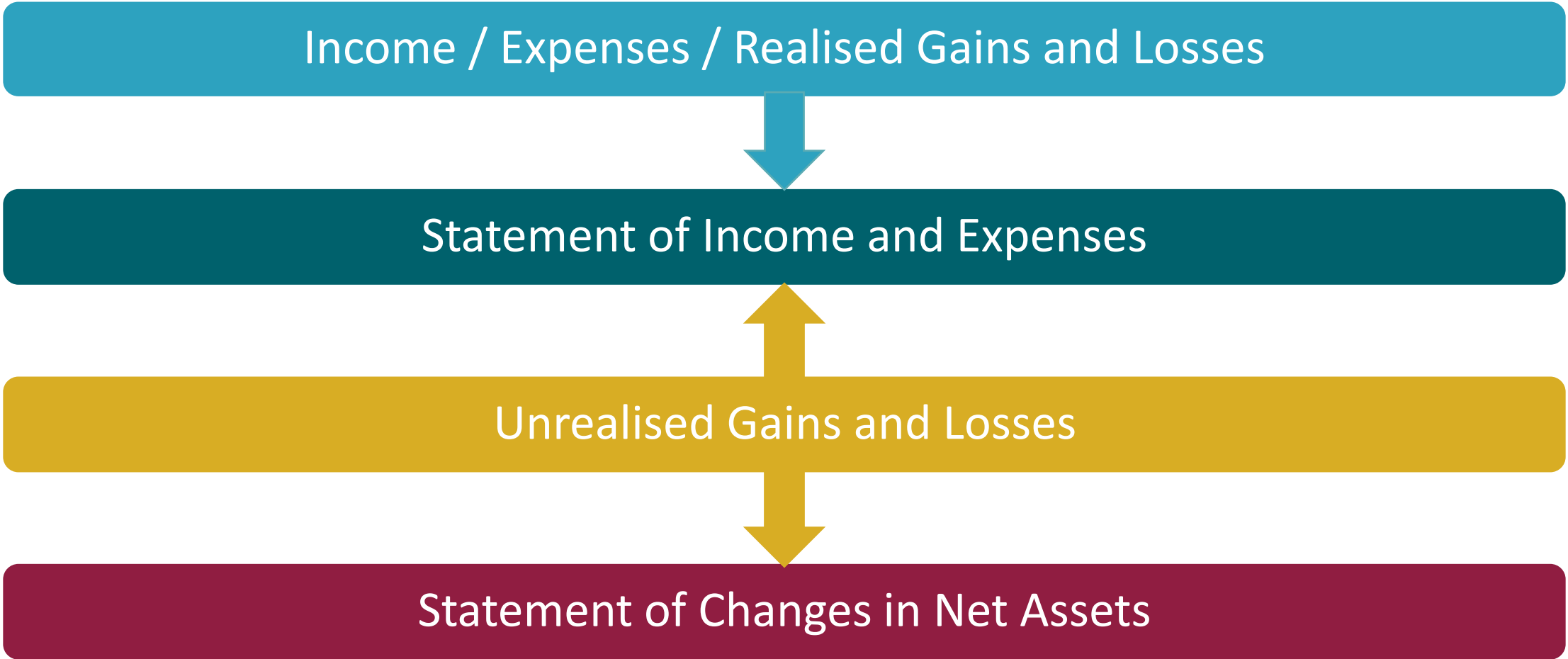
# Financial Statements

Statement of Income  
and Expenses –  
differs from  
*IFRS for SMEs*

## Key figures:

- Income
- Expenses
- Surplus or Deficit

# Financial Statements



# Statement of Income and Expenses



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With  
Restrictions

Without  
Restrictions

TOTAL

Income

Expenses

Surplus or deficit from operating activities

Gains and losses

Surplus or deficit

# Statement of Income and Expenses



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	With Restrictions	Without Restrictions	TOTAL
Income	Grants and donations - general		
Expenses	Grants for and donations of non-current assets		
Surplus or deficit from operating activities	Sales of services and goods		
Gains and losses	Interest income		
Surplus or deficit	Other income		

# Statement of Income and Expenses

	With Restrictions	Without Restrictions	TOTAL
Income	[Analysis of expenses to be determined]		
Expenses	<ul style="list-style-type: none"> <li>By nature?</li> <li>By function?</li> </ul>		
Surplus or deficit from operating activities	Finance costs		
Gains and losses	Other expenses		
Surplus or deficit			

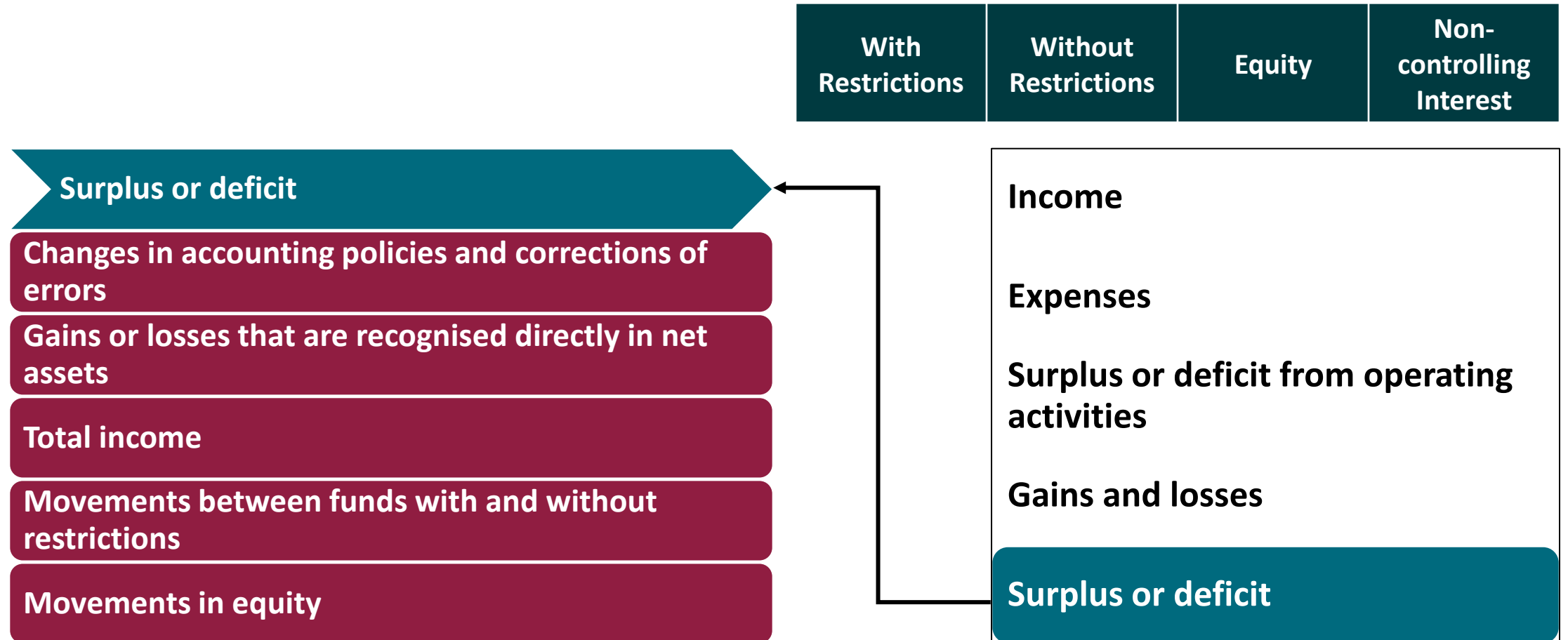
# Statement of Income and Expenses

	With Restrictions	Without Restrictions	TOTAL
Income	Unrealised gains or losses from fair value adjustments:		
Expenses	<ul style="list-style-type: none"> <li>Defined benefit plans</li> </ul>		
Surplus or deficit from operating activities	<ul style="list-style-type: none"> <li>Financial instruments</li> </ul>		
Gains and losses	<ul style="list-style-type: none"> <li>Investment property</li> </ul>		
Surplus or deficit	Share of the gains or losses of associates and jointly controlled entities accounted for using the equity method		



## Movements in equity

# Statement of Changes in Net Assets





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# Statement of Changes in Net Assets

With Restrictions	Without Restrictions	Equity	Non-controlling Interest
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Surplus or deficit

Changes in accounting policies and corrections of errors

Gains or losses that are recognised directly in net assets

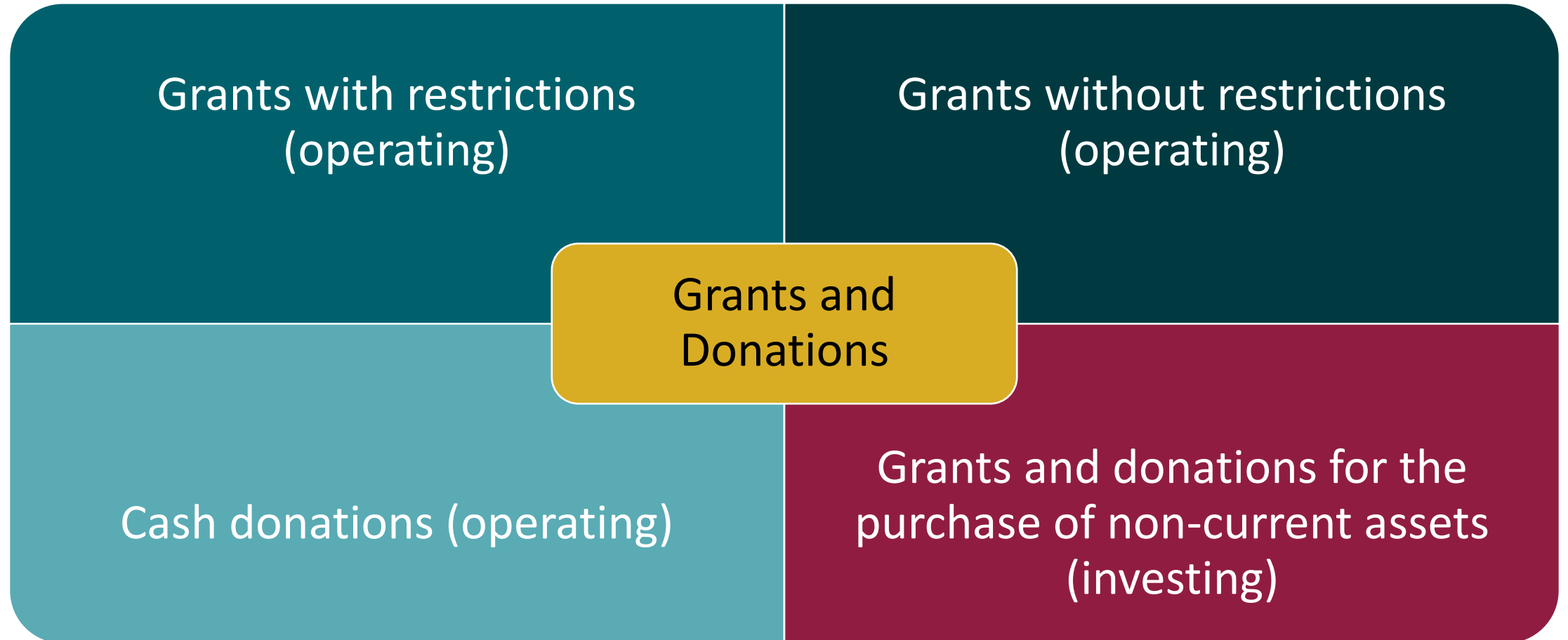
Total income

Movements between funds with and without restrictions

Movements in equity

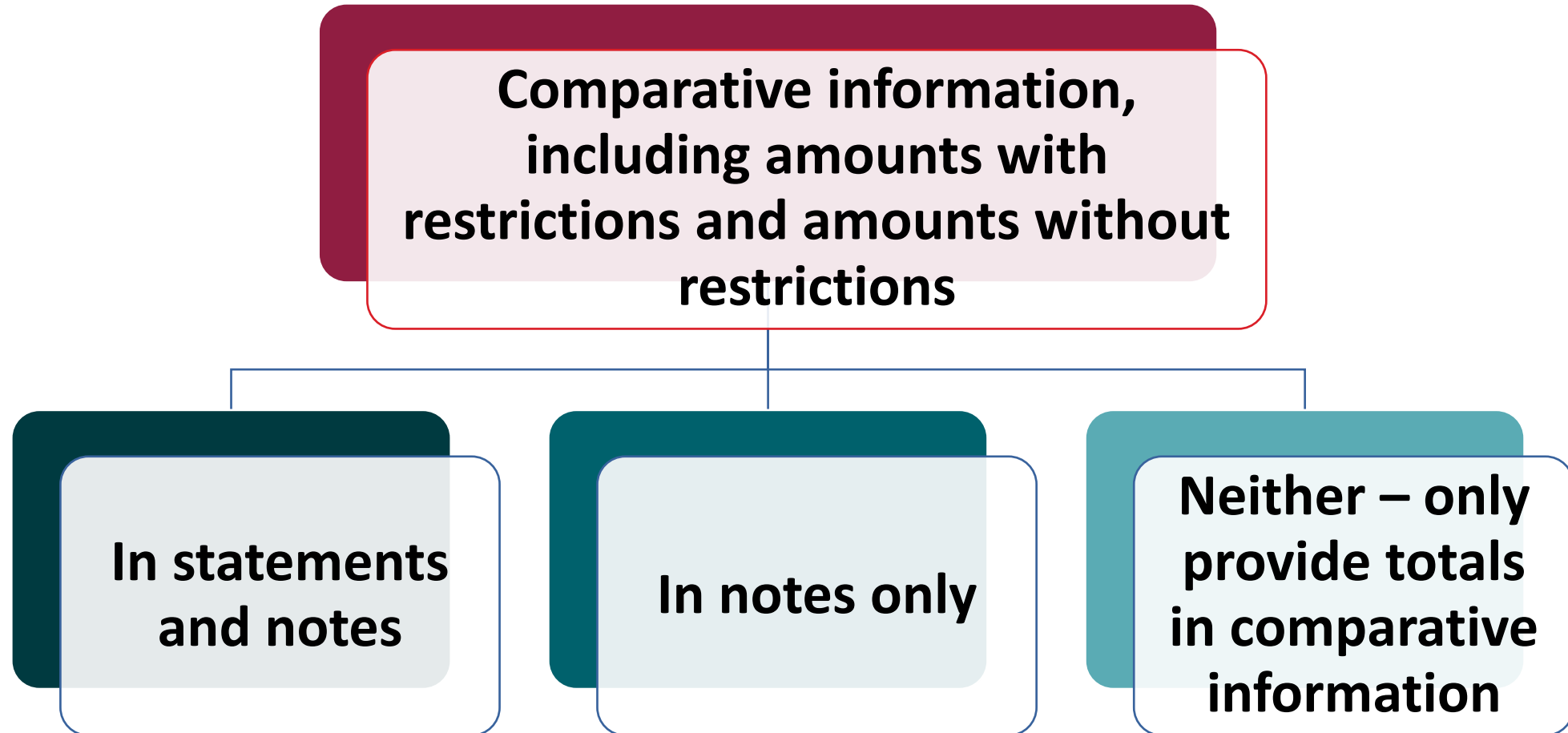
Details of transfers required

# Statement of Cash Flows





# Comparative Information



# Compliance with INPAG





**#7:** Which scope for the Statement of Income and Expenditure provides the most useful information?



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Which scope for the Statement of Income and Expenditure provides the most useful information?

**Hernán Casinelli**

Director

GLENIF

**Colombia**



1 Do you agree that the name of the name of the main statement to be "Statement of Income and Expenditure"?

I agree.

**Reason 1:** The name "Statement of Income and Expenditure" is well known to stakeholders and has the benefit of simplicity (BC5.4).

**Rationale 2:** NPOs shall have the flexibility to use different expressions in their financial statements if any alternative would better explain the financial statement or better comply with local regulations (BC5.5).



2 Do you agree that the expressions "surplus" and "deficit" should be used instead of "profit" and "loss"?

I agree.

**Reason 1:** There is broad support from users of NPO financial statements.

**Rationale 2:** This removes the implication that there is some profit or loss and is more focused on the arithmetic difference between income and expenditure (BC5.6).



**3** Do you agree that restricted and unrestricted items should be opened, "line by line", in the body of the statement?

I disagree.

**Rationale 1:** The primary financial statements should help users to identify key issues in a summarised way and answer big questions (e.g. what surplus is constrained?).

**Reason 2:** Based on my experience, NPO users are interested in restricted information on net surpluses rather than on revenues and related expenditures.

**Suggested approach:** Any restricted net surplus should be presented as a single line item in the income and expenditure statement, and the detail on that line item should be disclosed in the narrative information to the financial statements.



4 Do you agree that NPOs should be able to choose whether to present revenue items or expenditure items first in order to obtain a surplus or a deficit?

Agreed.

**Reason:** The approach seems to be widely understood by users.



# #8: What information is required in financial statements about restricted funds?

Optimally, the resources of a restricted fund should not increase or decrease the result of an ESAL in a given period.

FR 200 Acumulación /Accrual 2per				FR 200 Efectivo /Cash 2per			
ESF p0				ESF p0			
EEE	0			EEE	0		
CC	200		Disburse 100	CC	200		Disburse 100
	ID	200			ID	200	
ESF p1				ESF p1			
EEE	20			EEE	35		
CC	100			CC	100		
	ID	120			CP	15	
					ID	120	
EIG p1				EIG p1			
			I 80				I 80
			G 80				G 80

Presentation  
of Financial  
Statements

Fund  
Accounting

Where does the restricted fund detail add value for third parties?

- EEA (leverage)
- I/E (Portfolio)
- Reservations (if applicable)

Alejandro Molina

Regional Field Financial Manager LAC  
American Bar Association -  
Rule of Law Initiative (ABA ROLI)

Colombia

# Discussion

## Question 1

Do you agree with the proposal that there should be no Other Comprehensive Income (OCI) and that an expanded Statement of Changes in Net Assets would produce an equivalent to OCI? If not, why not?

Do you agree that all asset and liability balances should be split between current and non-current amounts (except where a liquidity-based presentation has been adopted)? If not, why not?

## Question 2

Do you agree with the proposal that not all categories of asset and liability balances should be split between those with and without restrictions? If not, which categories of assets and/or liabilities should be split? Do you agree that the amounts of each income and expense line should be split between those with and without restrictions on the face of the primary statement? If not, what alternative approach would you propose and why?

## Question 3

Do you agree with the proposed changes to the terminology in the *IFRS for SMEs* Accounting Standard? If not, what would you propose and why?

Do you agree that comparatives should be shown in the primary financial statements? In particular, do you agree with the comparatives proposed for the Statement of Income and Expenditure? If not, what would you propose and why?



# Tea break

## Back at 15.15



# INPAG Exposure Draft 1

## Latin America Roundtable

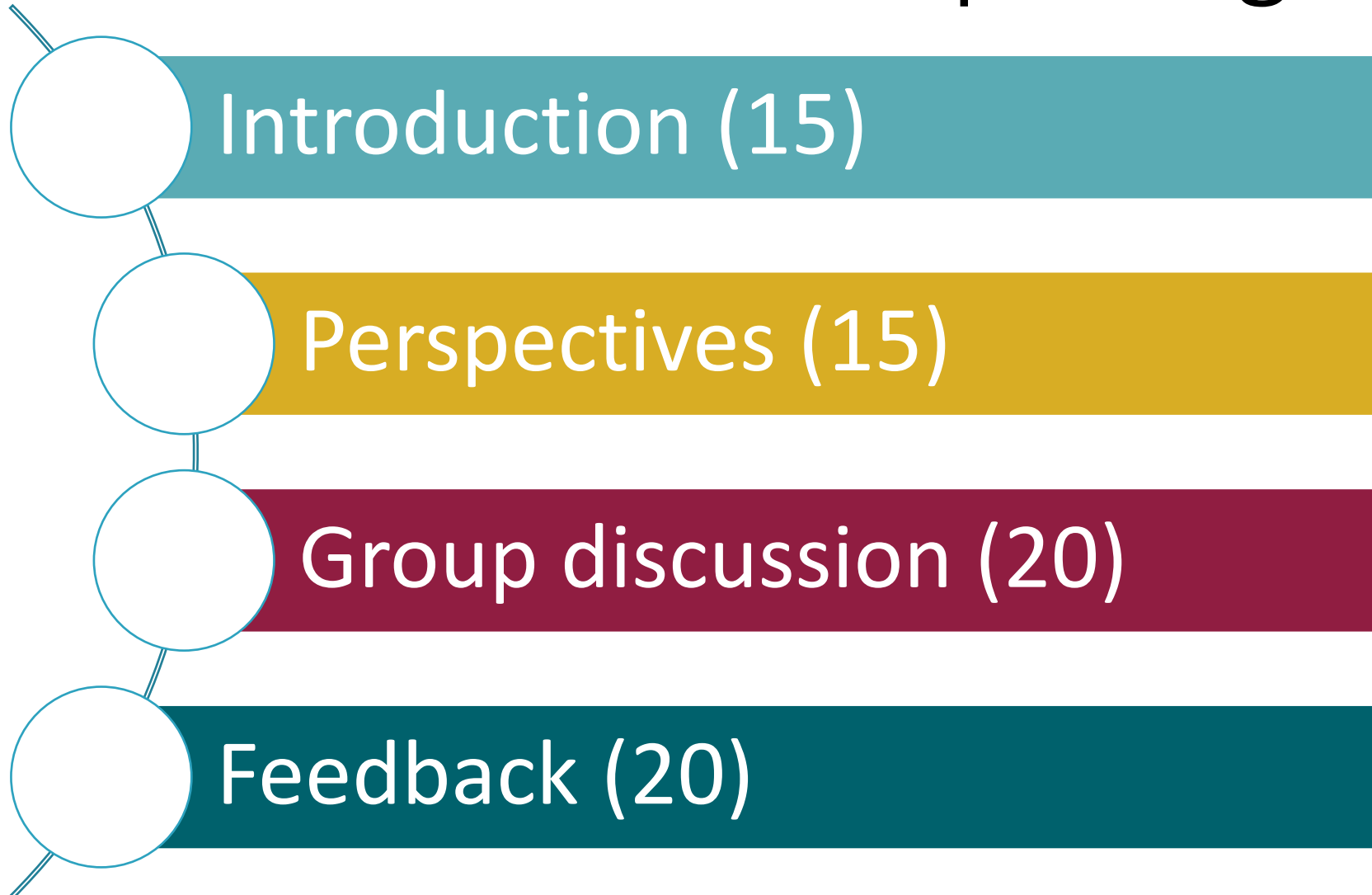
### Topic 4 – Narrative reporting

7 February 2023





# Session 4 – Narrative reporting



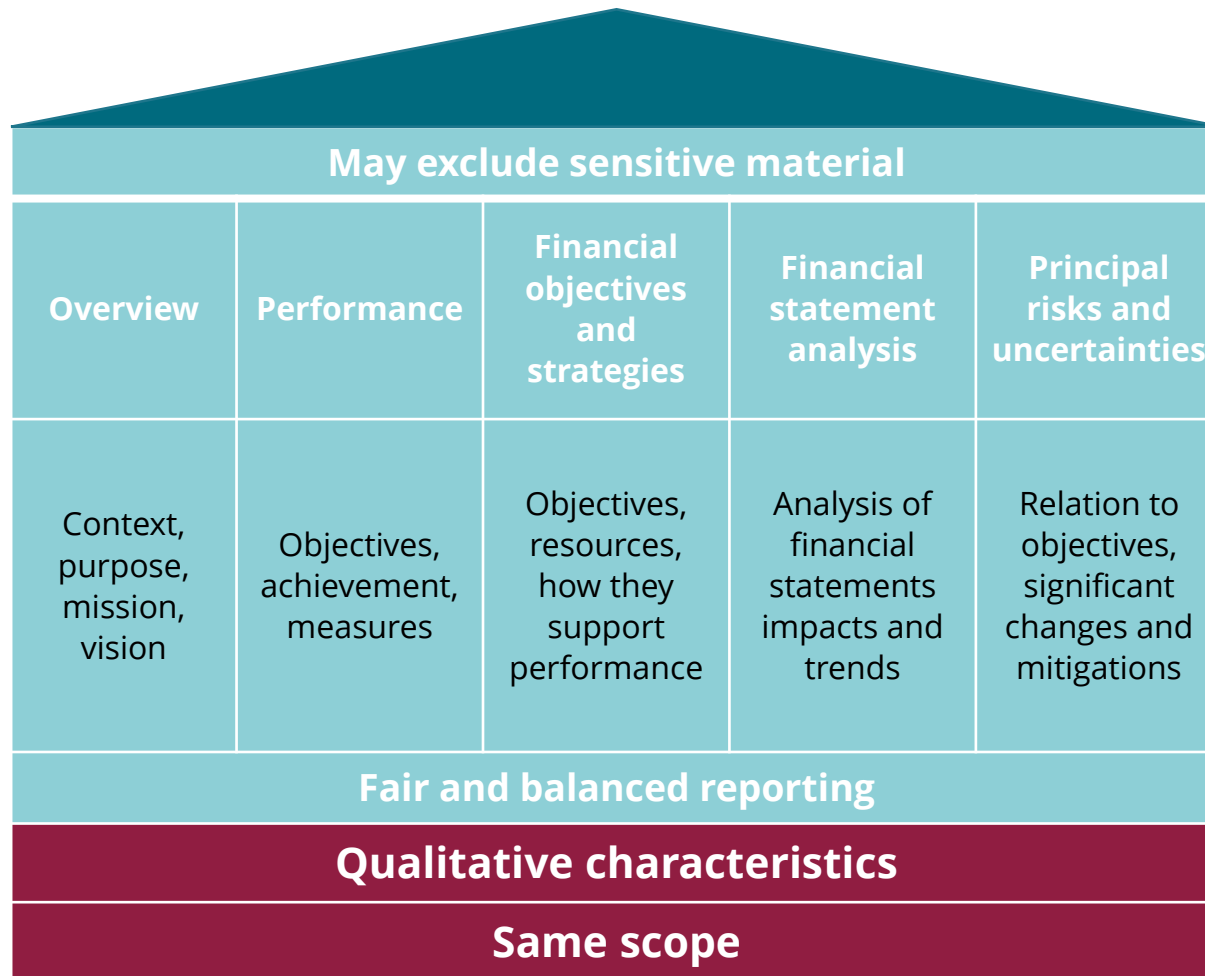
# GPFRs and Narrative Reporting



More fully describe an NPO's performance



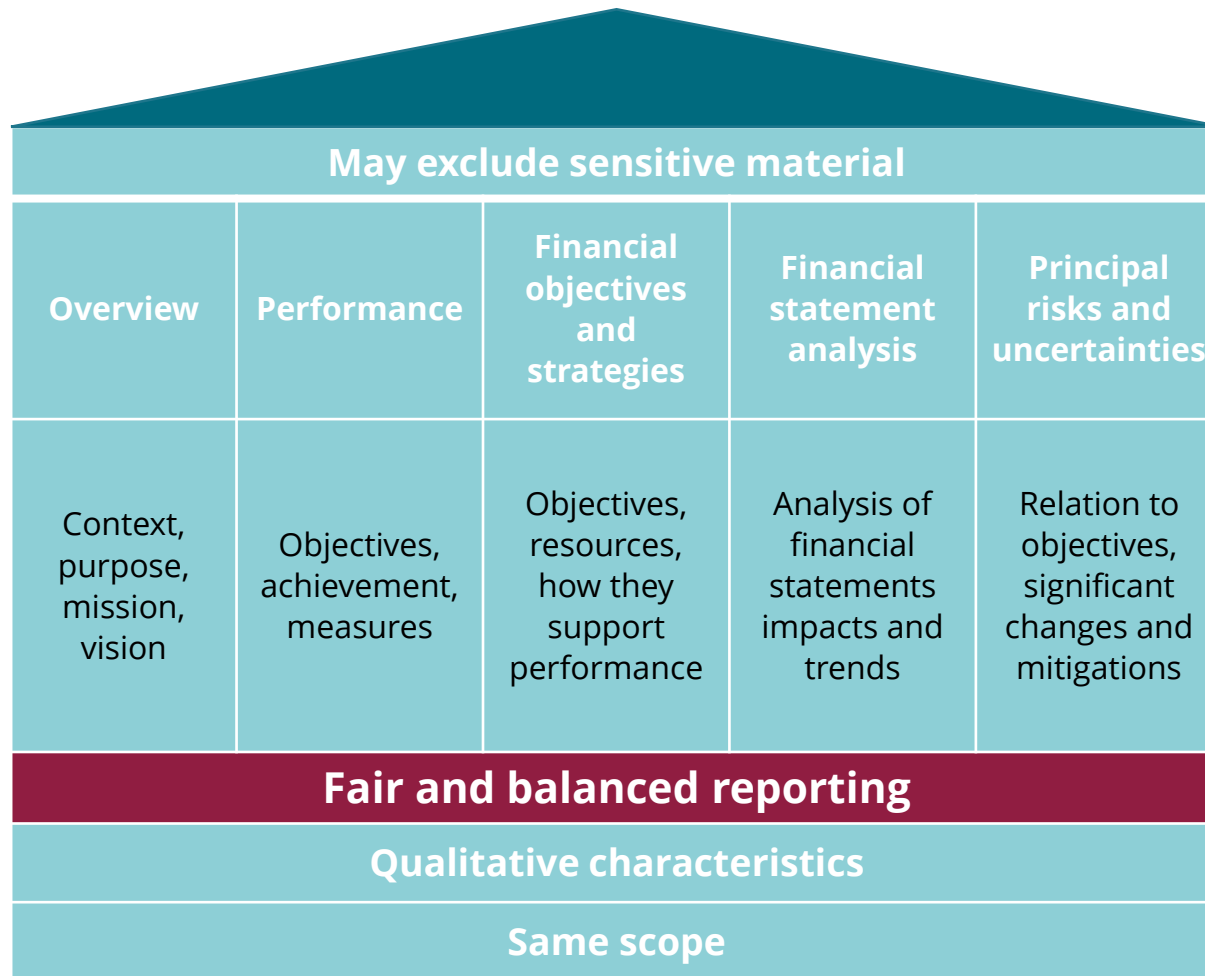
# Principles



Same qualitative characteristics and pervasive constraints applicable to information in the financial statements

Same general purpose financial report, reporting NPO and reporting period

# Principles



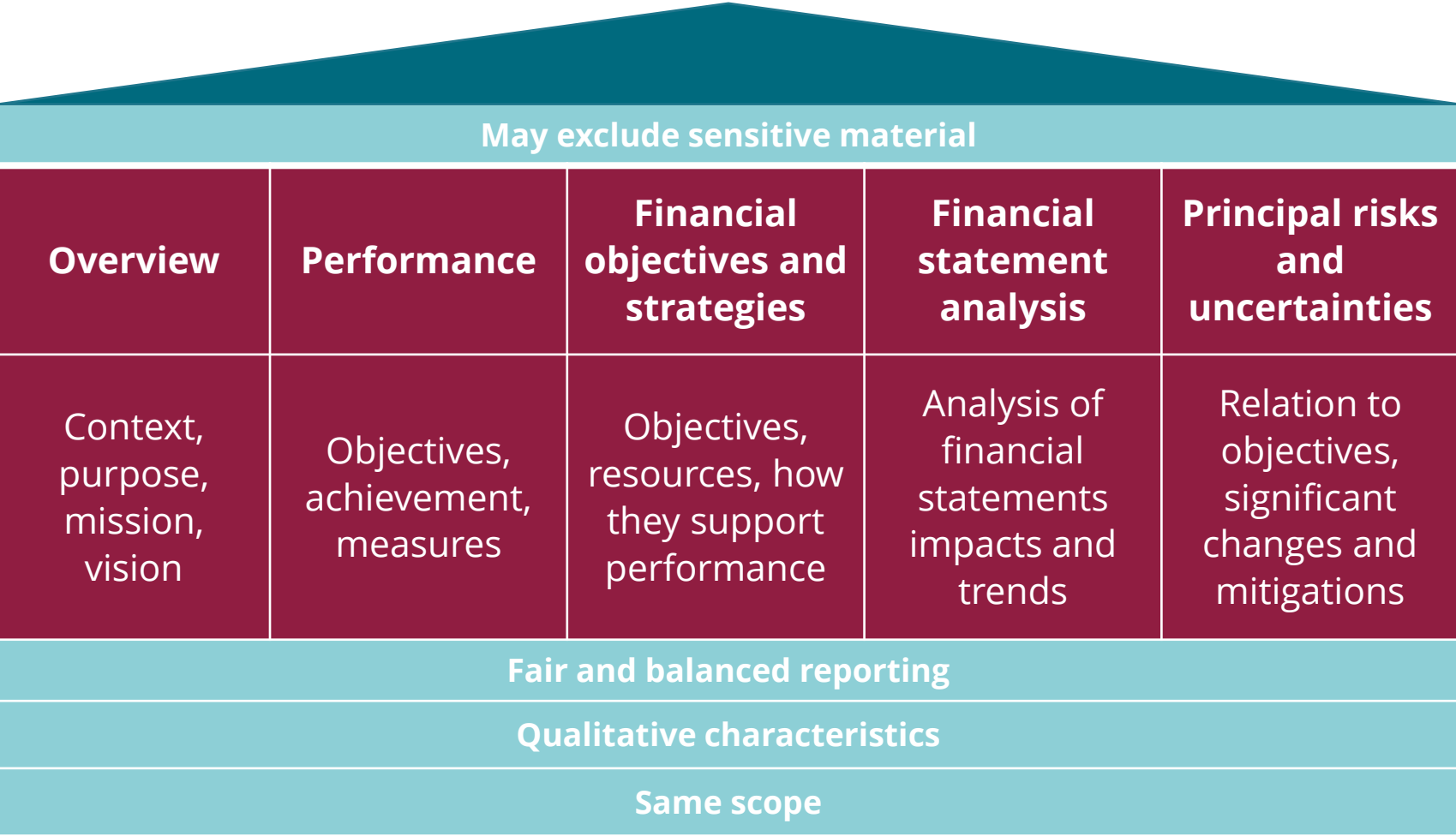
Achievements overstated?

Focus on success only?

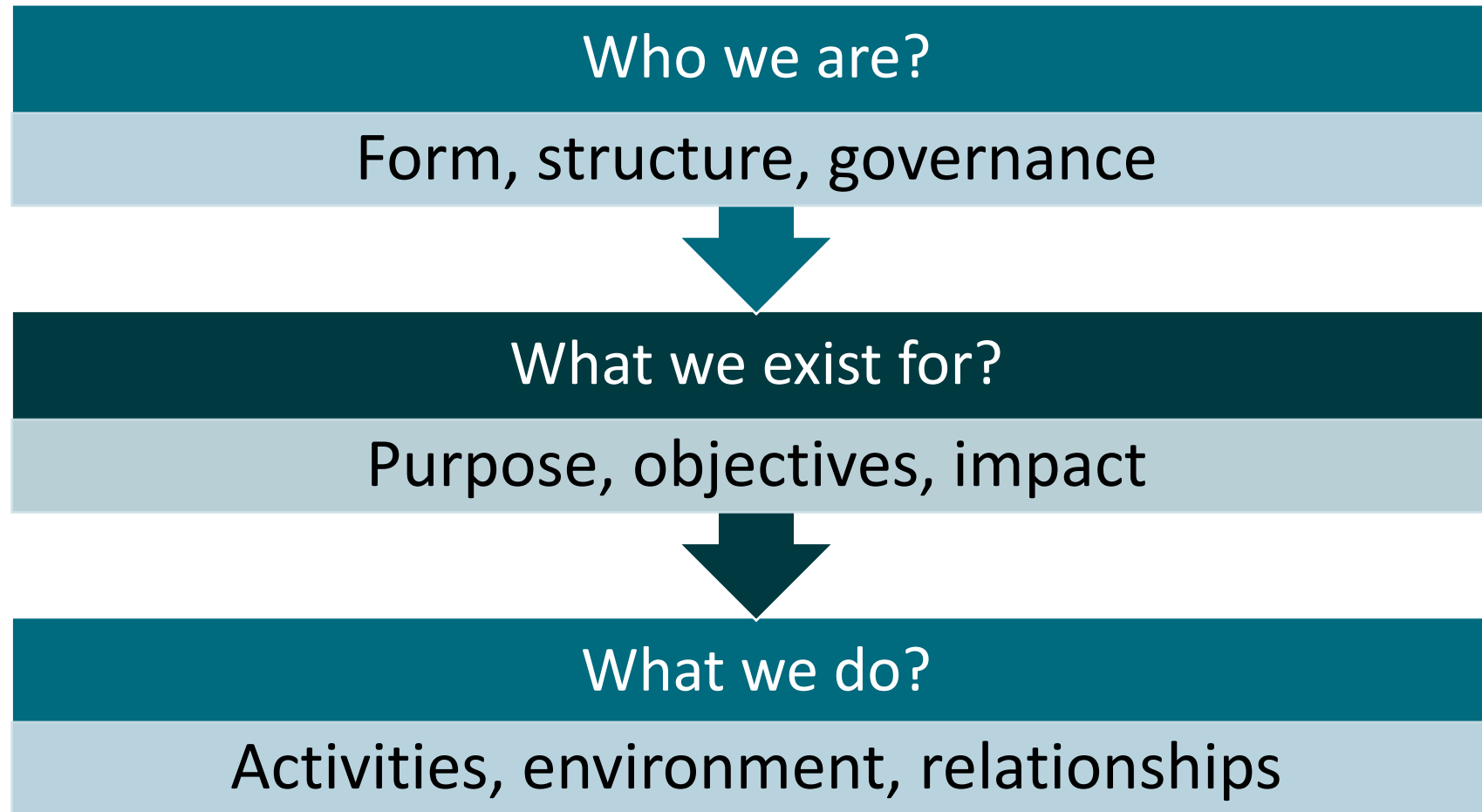
Deliberately selective?

Presented in proper context?

# Performance information and financial statement commentary



# Overview of the NPO



# Performance information

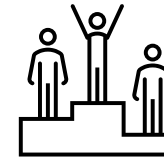
Linked to discussion in the overview of what the NPO exists for



What are the  
performance  
objectives

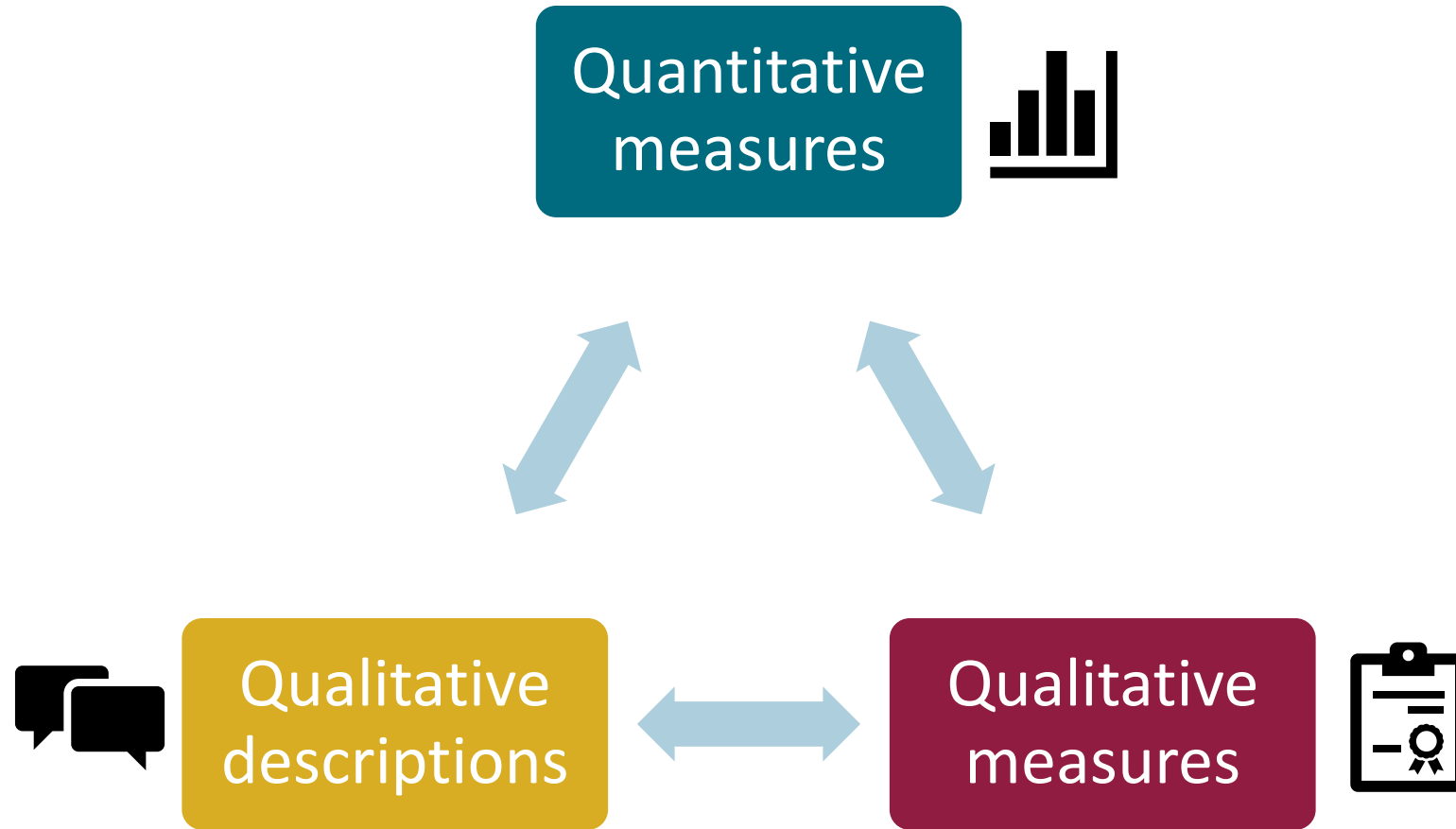


What has  
been done to  
achieve them

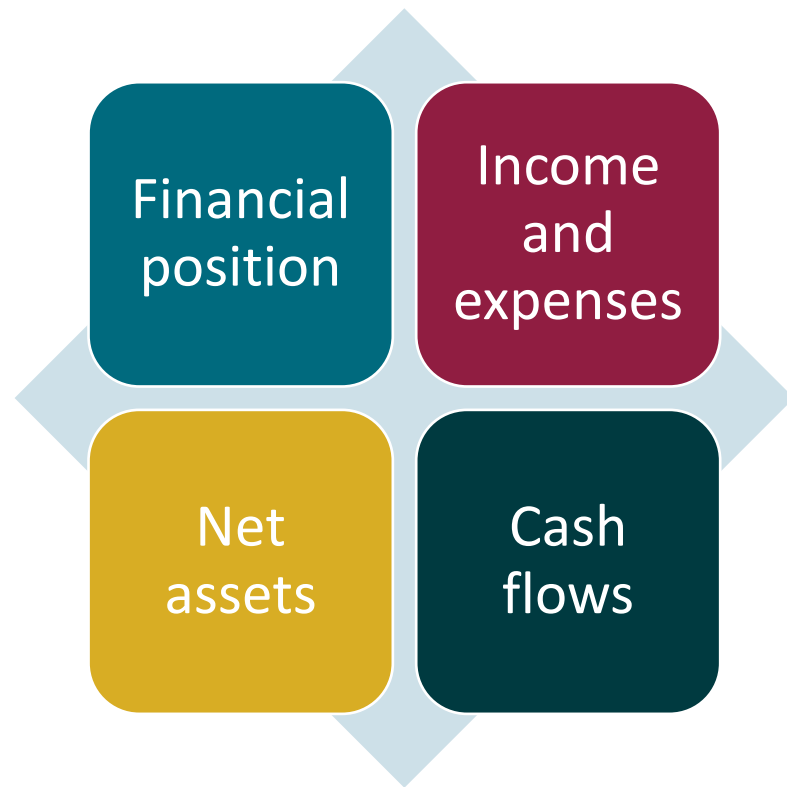


Focused on activities and performance monitored by NPO's management

# Performance information



# Financial objectives and strategies



Financial objectives and strategies

Resources managed to achieve them

How these support performance objectives



# Analysis of the NPOs financial statements

Significant  
changes and  
trends

Judgement

Context

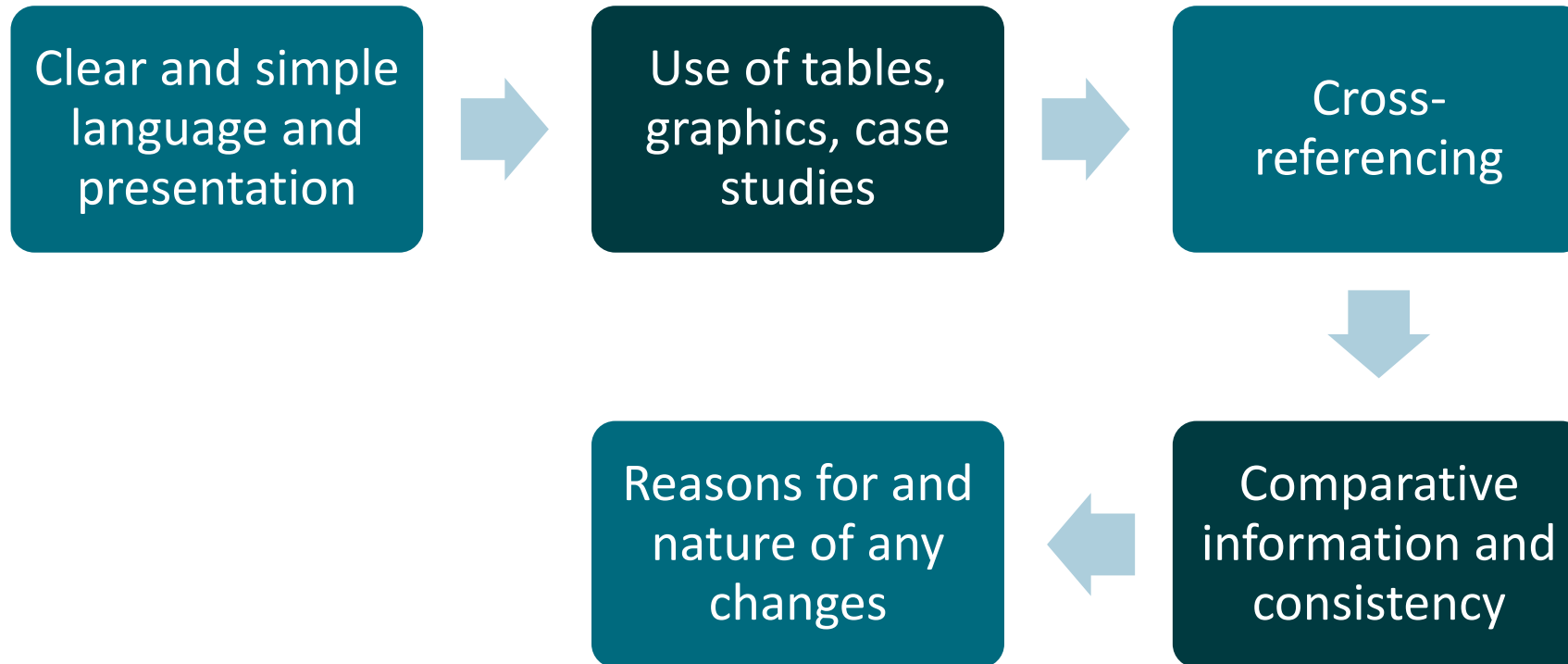
Disclosure of  
adjustments

Impact on  
performance  
objectives

# Risks and uncertainties



# Presentational issues





# Sensitive information

May exclude sensitive material				
Overview	Performance	Financial objectives and strategies	Financial statement analysis	Principal risks and uncertainties
Context, purpose, mission, vision	Objectives, achievement, measures	Objectives, resources, how they support performance	Analysis of financial statements impacts and trends	Relation to objectives, significant changes and mitigations
Fair and balanced reporting				
Qualitative characteristics				
Same scope				



Ability to deliver mission



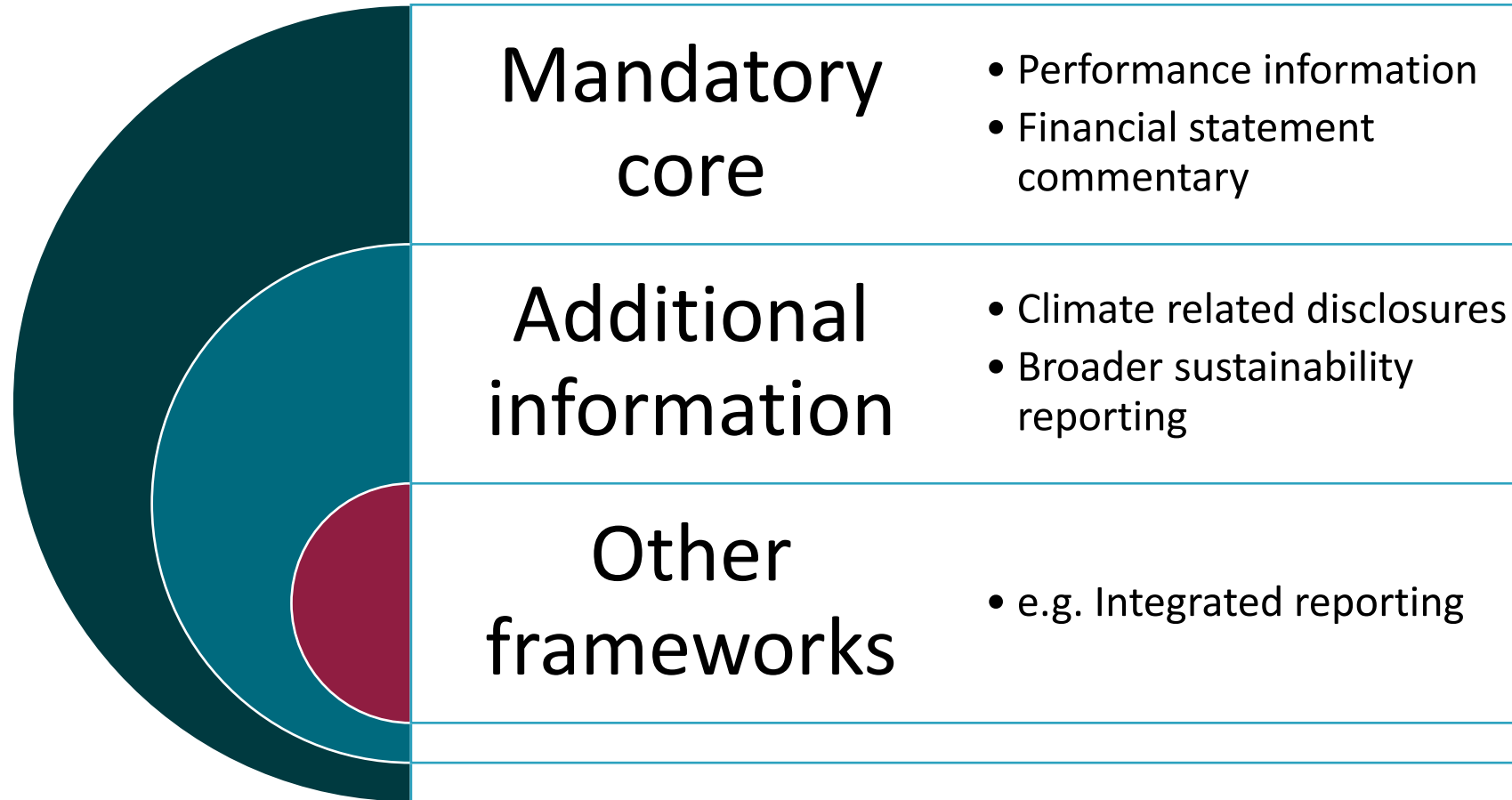
Safety or wellbeing



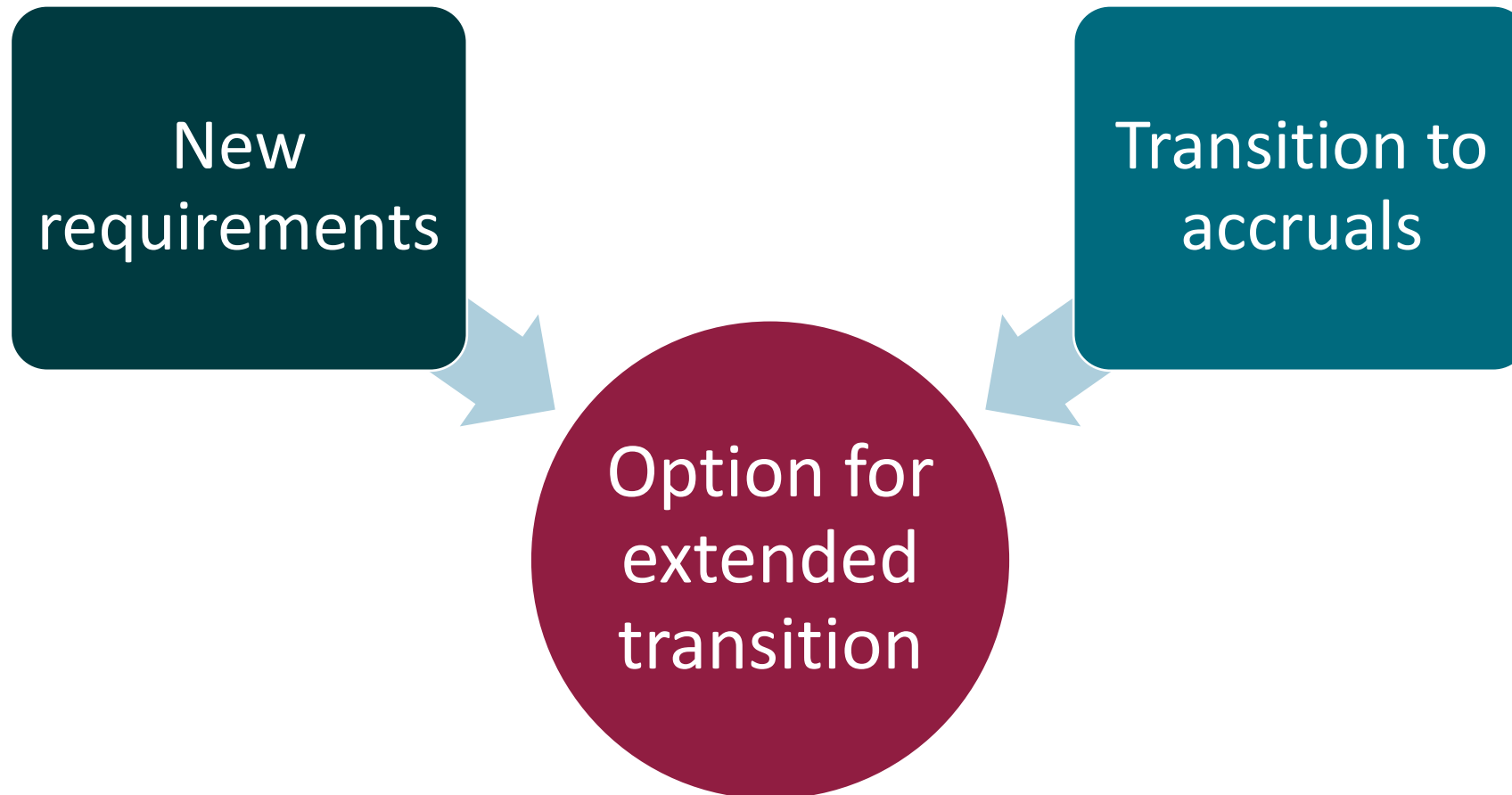
Sensitive information

Use of exception, if noted, retains compliance with INPAG

# Reporting of other information



# Potential barriers to implementation





## #9: What should a good NPO narrative report look like?



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In my view, NPOs for INPAG purposes do have benefits to the community, one of which is the management of the SDGs <https://www.un.org/sustainabledevelopment/es/globalpartnerships/>, which should be included in general purpose financial reporting.

This aspect is not being taken into account and is not stipulated in the regulations of the jurisdictions, especially in LATAM, based on the experience that has been gained in this area, including sustainability (economic, environmental and social). Primary users and resource providers and for those exercising or performing oversight functions.

These reports shall comply with the aspects requested by these entities that provide the reporting process:

UNEP <https://environmentlive.unep.org/>

CERES <https://www.ceres.org/user/login>

CDP <https://www.cdp.net/en/latin-america>

.- CDSB [https://www.cdsb.net/sites/default/files/cdsb\\_framework\\_2019\\_v2.2.pdf](https://www.cdsb.net/sites/default/files/cdsb_framework_2019_v2.2.pdf)

TCFD [https://www.cdsb.net/sites/default/files/cdsb\\_framework\\_2019\\_v2.2.pdf](https://www.cdsb.net/sites/default/files/cdsb_framework_2019_v2.2.pdf)

IIRC <https://www.integratedreporting.org/the-iirc-2/governance-archive/>

SASB <https://www.sasb.org/standards/process/>

.- FSB <https://www.fsb.org>

.- IR <https://www.integratedreporting.org/resource/international-ir-framework/>

Among others.

**Álvaro Fonseca  
Vivas PhD**

Research Professor  
RedContable.com

**Colombia**



**#10:** What should a good NPO narrative report look like?



INTERNATIONAL FINANCIAL REPORTING  
FOR NON PROFIT ORGANISATIONS

**Marcia Brandon**

Founder

COESL

**Barbados**



# #11: What makes a narrative report fair and balanced?



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**Zandra Puertes**

DG

INCP

**Colombia**



## #12: What might prevent the adoption of narrative reporting?



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Annually, the narrative reports are always submitted in an "activity report" format to the state bodies, where the general nature of the project activities, beneficiaries and areas of intervention for non-public use are disclosed.

There would be no impediment to the adoption of narrative reporting from the NPOs' financial statements, as it is somewhat required practice by local government and adopting this practice under the EFs would provide transparency and good reporting practice under the INPAG format.

**Marla Arrazola**

Administrative and  
Finance Manager

WCS

**Honduras**

# Discussion

## Question 1

Do you agree with the proposed principles underpinning narrative reporting? If not, what would you propose to change and why?

## Question 2

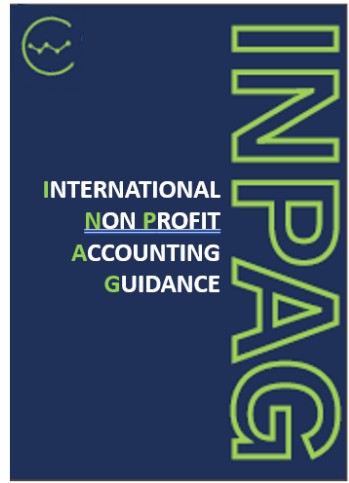
Do you agree with the scope of the mandatory minimum requirement, with additional information, such as sustainability reporting, being optional? If not, what changes should be made and why?

## Question 3

Do you agree with the proposals that sensitive information can be excluded from narrative reports? If not, what alternative would you propose and why?

Should a two-year transition period for narrative reporting be allowed to help overcome any implementation problems? If not, what alternative would you propose and why?

# Next steps



INPAG  
10 topics  
2025

Adoption by  
jurisdictions  
Sustainable  
governance

Remaining  
themes?  
Different  
sizes of  
NPOs?





# List of NPO-specific topics

## Long list (20)

## Short list (10)

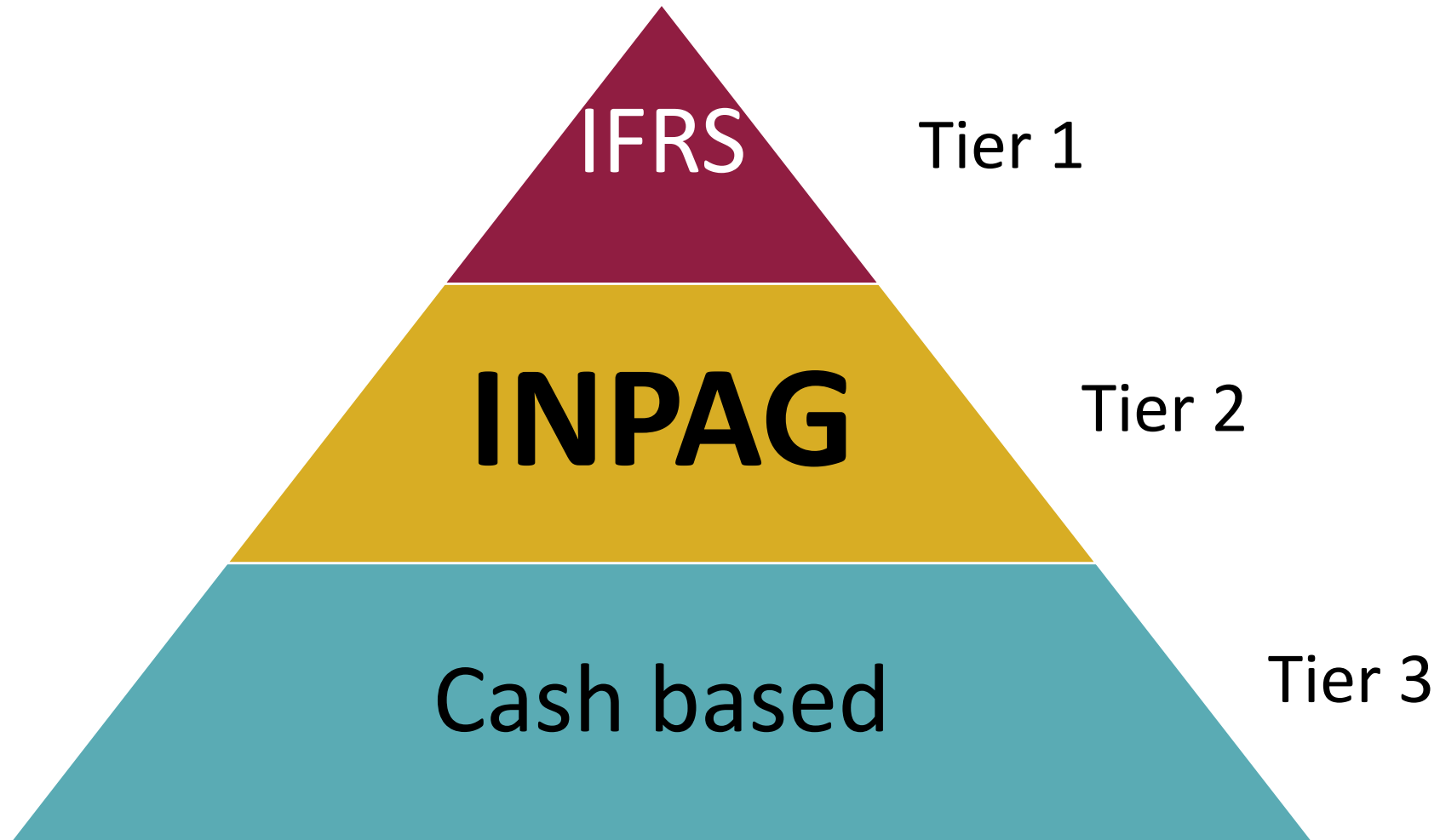
### Criteria

- Predominance
- Consequence
- Demand
- Feasibility

1. Reporting and Controlling Entity
2. NPOs acting on behalf of others
3. Unearned income
4. Scholarship expenses
5. Measurement of assets
6. Inventory held for use or distribution
7. Presentation of the financial statements
8. Classification of expenditure
9. Fundraising costs
10. Narrative report



# INPAG Target audience



# Your feedback

The questions we want feedback on are called 'Specific Matters for Comment' (SMCs).

Answer the ones that are most relevant.



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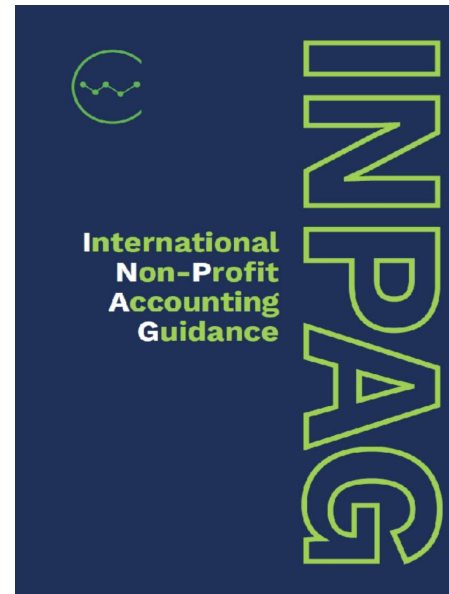
**SMCs**

**37**  
questions

**12**  
headings



# Your feedback matters!

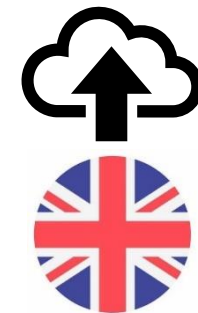
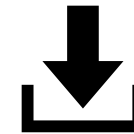


- ✓ Relevant
- ✓ User friendly
- ✓ Credible
- ✓ Fit for purpose



## Share your opinion on INPAG ED1

[www.ifr4npo.org/have-your-say](http://www.ifr4npo.org/have-your-say)



By 31 March 2023



# Thank you!

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



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