

Question 1: General comments

a) Is INPAG's structure useful? If not, how could it be improved?

In my opinion, to date it is appropriate, although there may be changes due to updates during development and implementation.

b) Do you have any other comments (including regulatory, assurance or cost/benefit) related to this Draft INPAG Guide? If yes, please explain the rationale for the points you wish to make.

None

Question 2: Description of NPOs and INPAG Users

a) Do you agree with the description of the general characteristics of NPOs? Does the term "provide a benefit to the public" include all entities that could be NPOs? If not, what would you propose and why?

Obviously, I share the opinion that the NPO has certain characteristics of benefit to the public of social welfare to the unprotected population. However, it must be differentiated from the "State, Government of a Country", which also fulfills in its mandate of the population the common welfare, living well, which is established in its Political Constitution of the State (CPE).

As an example: In the Plurinational State of Bolivia, its Political Constitution of the State establishes the following as a priority:

Article 8.

I. The State assumes and promotes as ethical-moral principles of the plural society: ama qhilla, ama llulla, ama suwa (do not be lazy, do not be a liar or a thief), suma qamaña (live well), ñandereko (harmonious life), teko kavi (good life), ivi maraei (land without evil) and qhapaj ñan (noble path or life).

II. The State is based on the values of unity, equality, inclusion, dignity, freedom, solidarity, reciprocity, respect, complementarity, harmony, transparency, balance, equal opportunities, social and gender equity in participation, common welfare, responsibility, social justice, distribution and redistribution of social products and goods, in order to live well.

Article 9.

The essential purposes and functions of the State, in addition to those established by the Constitution and the law, are the following:

1. To constitute a just and harmonious society, founded on decolonization, without discrimination or exploitation, with full social justice, to consolidate plurinational identities. To ensure the well-being, development, security, safety, and equal protection and dignity of individuals, nations, peoples, and communities, and to promote mutual respect and intracultural, intercultural, and multilingual dialogue.
3. To reaffirm and consolidate the unity of the country, and preserve the plurinational diversity as a historical and human heritage.

4. To guarantee compliance with the principles, values, rights and duties recognized and enshrined in this Constitution.
5. To guarantee people's access to education, health and work.
6. Promote and guarantee the responsible and planned use of natural resources, and promote their industrialization, through the development and strengthening of the productive base in its different dimensions and levels, as well as the conservation of the environment, for the well-being of current and future generations. (Reservados & Oficial De Bolivia, 2009)

b) Does Section 1, together with the Foreword, provide clear guidance on which NPOs should benefit from the use of INPAG? If not, what would be more useful?

In my opinion, there is clear guidance on the use of INPAG, in NPOs.

Question 3: Fundamental concepts and principles

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

Yes I agree, with the primary users according to the description of their needs; under the theoretical framework, the INPAG Guide, which states:

"The identification of primary users is important for the accountability and decision making needs of these users to be met. Fundamental to the development of INPAG is the premise that general purpose financial reporting that includes non-financial information is necessary to meet the broader needs and expectations of users. The needs of primary users are being reflected in the development of all sections of INPAG" (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

However, by way of example the Plurinational State of Bolivia, it is considered that the resources received from international cooperation, may be subject to subsequent external control, i.e. "Post economic transaction", where the Comptroller General of the Plurinational State of Bolivia, has powers to conduct examinations of the resources that are received on behalf of Bolivia, to benefit impoverished or vulnerable sectors. We quote:

Article 13º.- Governmental Control shall aim to improve the efficiency in the collection and use of public resources and in the operations of the State; the reliability of the information generated thereon; the procedures for all authorities and executives to render timely account of the results of their management; and the administrative capacity to prevent or identify and verify the improper management of State resources. Governmental Control shall be applied to the operation of the systems for the administration of public resources and shall be composed of:

(a) The Internal Control System, which shall comprise the prior and subsequent control instruments incorporated in the organizational plan and in the regulations and procedure manuals of each entity, and internal auditing; and.

b) The Subsequent External Control System, which will be applied through the external audit of the operations already executed (Honorable National Congress of Bolivia, 1999).

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

If yes, what would you change and why? Under the theoretical framework of the "International Accounting Guidance for NPOs", it states:

"The qualitative characteristics of financial and non-financial information (Section 2 Fundamental Concepts and Principles) are those that are likely to be most useful to users in making decisions about NPOs based on the information contained in their general purpose financial reports." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

My considerations: Evidently the financial and non-financial information, which are disclosed and exposed in the financial reports of NPOs, should allow users (State, Supervisory and Audit Bodies, beneficiaries, society, funders, benefactors among others), to be useful in decision making under the accounting and internal control policies and practices of: Relevance, True and Fair Representation, Comparability, Verifiability, Timeliness and Understandability.

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

Yes I agree. However, the following should be considered under the theoretical framework of the INPAG Guide:

"Net assets are a combination of any equity contributed by external parties, if any, and accumulated surpluses and deficits from past recognition of revenues and expenses that are held in funds and are to be used for the purposes of the NPO. These are referred to in INPAG as restricted funds and unrestricted funds (see Adaptation 7. Fund Accounting). Exceptionally, NPOs may also have noncontrolling interests in other entities." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

Clearly, net assets are the result of assets and liabilities, after the determination of restricted and unrestricted funds. I believe that temporarily restricted funds should be considered and included, according to the interpretation of the grant and/or funding agreement, under the criteria of the funding condition.

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

No, the denomination of equity cannot be considered under the accounting concepts and definitions of a NPO. Because it shows the capital contributions of the Partners and the results of the management and past management, with the purpose of distributing the profits proportionally to the capital contributed.

Meanwhile, in the NPO, there are no characteristics of capital contributions and distribution of profits. Consequently, the exposure of the difference of assets and liabilities should be exposed under the criteria of "Condition, Temporality and Restriction".

e) Do you agree with the categorization of funds into restricted and unrestricted when presenting accumulated surpluses and deficits? If not, what would you propose and why?

Yes. Because under the criteria for interpreting grant and/or funding agreements, the following precepts should be considered "Condition, Temporality and Restriction".

f) Do you agree that funds set aside from accumulated surpluses for equity holders can be part of both restricted and unrestricted funds and should be transferred to equity prior to distribution? If not, what would you propose and why?

Yes. Because the legal premise of an NPO, to hold under restriction and not be distributed, is maintained. These results must be reinvested in the same NPO.

g) Do you agree with the introduction of "service potential" in Section 2? If not, why not?

Yes. Under the corporate purpose that NPOs have. As quoted in the IMPAG Guidance, following:

"NPOs typically own assets to provide services and goods in accordance with their objectives, rather than to generate and maximize cash flows. Thus, NPOs own assets for their service potential rather than to generate financial returns." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

h) Do you agree that the "disproportionate cost or effort" provisions used in the IFRS Accounting Standard for SMEs should be retained? If not, why not?

If yes.

i) Is the NPO clear as a reporting entity and does the process of identifying branches in the Application Guidance support the principles? If not, what would be more useful?

Yes.

Question 4: Principles that enable comparability of financial statements.

a) 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?

Yes, because they are appropriate for an NPO.

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

Yes. Under the theoretical framework of the INPAG Guidance.

"These characteristics provide a consistent framework for determining:- the decision usefulness of financial information, - guidance on what to do when qualitative characteristics may be in conflict, and - the overall cost-benefit constraints on reporting."
(The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

c) Do the proposals for expressing compliance with INPAG create unintended consequences? If so, what are your main concerns?

Yes. Under the theoretical framework of the INPAG Guidance, following:

"Users of financial statements need to understand the basis on which an NPO's financial statements have been prepared. This aids comparability. Some NPOs may choose to apply aspects of INPAG but not the full requirements. This could be part of the NPO's plan to fully adopt INPAG, but later than the permitted transitional arrangements. In such cases, transparency about the NPO's compliance process and options is helpful. Alternatively, NPOs that are required to follow an accounting framework other than INPAG may use aspects of INPAG. It would be beneficial for these entities to explain why they selectively use INPAG. In both cases, compliance with INPAG may not be disclosed. What should I comment? An unqualified statement of compliance provides assurance on the standards that have been used in the NPO's financial statements. Jurisdictions may wish to adopt INPAG in stages, which may mean that compliance cannot be declared, even though the transition is in process." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

Question 5: Scope and Presentation of the Statement of Financial Position

a) 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?

Yes. The NPO should establish and define in the accounting model approach, Basis of preparation of financial statements, the accounting policy for the preparation of financial statements and the current and non-current presentation, except when required on a liquidity basis.

b) Do you agree with the proposal that not all categories of asset and liability balances should be split between restricted and unrestricted? If not, which categories of assets and/or liabilities should be split?

Yes, the basis of determination should be the source of information which could be the grant funding agreement, which should be interpreted restriction and condition based on temporality.

Question 6: Scope and presentation of the Statement of Income and Expenses

a) Do you agree that the name of the primary statement should be "Statement of Revenues and Expenses"? If not, why not?

Yes. Under the conceptual framework of the INPAG Guidance, following:

"...The adaptations have been made following comments about the most important figures describing the financial activities of an NPO in any reporting period are its revenues, expenses, and surplus or deficit. Stakeholder comments have also expressed a desire to simplify the presentation of the information, and details about unrealized gains and losses are considered less important. Items that the IFRS for SMEs requires to be presented in other comprehensive income are proposed to be presented in the Statement of Changes in Net Assets. This will ensure that other comprehensive income is clearly identifiable to those users who find such information useful." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

b) Do you agree that the terms surplus and deficit should be used instead of profit or loss? If not, why not?

Yes, however, for the Surplus, the term "Surplus" should be considered and evaluated, since it is the result of an arithmetic difference between income and expenses and does not represent a profit or positive results subject to distribution to its partners or owners of the Entity.

c) Do you agree that the amounts of each income and expense line should be divided between those with and without restrictions on the face of the primary statement? If not, what alternative approach would you propose and why?

Yes,

(d) Do you agree that NPOs should be able to choose whether to present revenue or expense items first in order to arrive at a surplus or deficit? If not, what alternative approach would you propose and why?

Yes. Because it is a result of determining an arithmetic difference.

Question 7: Scope and presentation of the Statement of Changes in Net Assets

a) 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?

Yes. Under the theoretical framework of the INPAG Guidance, following:

"Items that IFRS for SMEs require to be presented in other comprehensive income are proposed to be presented in the Statement of Changes in Net Assets. This will ensure that other comprehensive income is clearly identifiable to users who find such information useful" (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

b) Do you agree that funds 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?

Yes. Under the INPAG Guidance theoretical framework, following:

"The Statement of Income and Expense shall include all transactions related to the operating activities of an NPO, including its realized gains and losses. This is to allow the focus of the information contained in the Statement of Income and Expense to be on the excess or deficit of income over expenses rather than unrealized gains and losses arising from revaluations. For now the statement will include unrealized gains and losses that are to be presented as part of the surplus or deficit by INPAG Sections that have not yet been revised." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

Question 8: Scope and Presentation of the Statement of Cash Flows

a) Do you agree with the separate presentation of cash donations and grants on the face of the statement? If not, what alternative approach would you propose and why?

Yes. Under the theoretical framework of the INPAG Guidance, following:

"...The Statement of Cash Flows is potentially of greater importance to NPOs, given that funder reporting requirements often focus on cash-based information. Grants for the purchase of non-current assets (e.g., plant and equipment) are frequently cited as a challenge for NPOs, as the providers of these grants require information showing how the grant received has been spent. Disclosure of grant information in the Statement of Cash Flows and in the notes (where relevant) may contribute to meeting the needs of these stakeholders. Comparative information can make financial statements appear more complex, but it provides information that is useful to users of financial statements..." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

b) Do you agree that donations or grants received for the purchase or creation of property, plant and equipment should be treated as investing activities? If not, what alternative would you propose and why?

Yes. Under the theoretical framework of the INPAG Guidance, following:

"...The Statement of Cash Flows is potentially of greater significance to NPOs, given that funder reporting requirements often focus on cash-based information. Grants for the purchase of non-current assets (e.g., plant and equipment) are frequently cited as a challenge for NPOs, as the providers of these grants require information showing how the grant received has been spent. Disclosure of grant information in the Statement of Cash Flows and in the notes (where relevant) can help meet the needs of these stakeholders. Comparative information can make the financial statements appear more complex, but it provides information that is useful to users of the financial statements..." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

c) Do you agree that both direct and indirect methods should be allowed for the statement of cash flows? If not, why not?

Yes.

Question 9: Principles on which the notes to the financial statements are based

a) Do you agree that there are no specific NPO considerations for this Section? If not, what changes would you propose and why?

Yes, because of the characteristics of the contractual clauses of the grant and/or funding agreements, condition, restriction and temporality. Be disclosed and interpreted in the accounting model of the basis of preparation of the financial statements.

Question 10: Approach to consolidated and separate financial statements

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

Yes. Under the theoretical framework of the INPAG Guidance, following:

"Guidance is provided (Section 9 Consolidated and Separate Financial Statements) on the application of the control principles. It includes a rebuttable presumption that control exists when a majority of the voting rights of another entity are held or in other situations, such as having the power to govern financial and operating policies, or having the power to appoint or remove a majority of the members of a governing body. In this Section, the terminology has also been made more appropriate for NPOs. (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

b) Do you agree that a rebuttable presumption regarding control should be maintained? Is the current wording sufficient? If not, what would you propose and why?

Yes. Under the theoretical framework of the INPAG Guidance, following:

"Guidance is provided (Section 9 Consolidated and Separate Financial Statements) on the application of the principles of control. It includes a rebuttable presumption that control exists when a majority of the voting rights of another entity are held or in other situations, such as having the power to govern financial and operating policies, or having the power to appoint or remove a majority of the members of a governing body. In this Section, the terminology has also been made more appropriate for NPOs. (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

c) Is the Implementation Guide sufficient to implement the key features of faithful representation and relevance for consolidation? If not, what additions would you propose and why?

No. Under the theoretical framework of the INPAG Guidance, following:

"The consolidation requirements have not been revised as they were not prioritized for inclusion in Phase 1. The conceptual basis of consolidated financial statements for NPOs will be reviewed at a later date." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

d) 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?

Yes. Under the theoretical framework of the INPAG Guidance, following:

"A principles-based approach is also relevant to situations where an NPO is deemed to control another entity. In these circumstances, the NPO may need to prepare consolidated financial statements. INPAG describes control as..." Having power over another entity (whether or not that power is used), and. the exposure or rights to variable returns (financial or non-financial) from its involvement with that entity, and.... the ability to use the power it has to affect the returns it obtains from its involvement with the entity.

Question 11: Approach to accounting policies, construction of estimates and accounting for errors

a) Do you agree with the updates to Section 10 and that there are no NPO-specific considerations that need to be addressed in this Section? If not, what changes or additions would you propose and why?

Yes. Because of the interpretive characteristics of the funding or grant agreements, in interpreting the Condition, restriction and temporality. To determine the accounting model and the basis of preparation of the financial statements.

Question 12: Scope and content of the narrative reports

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

Yes. Under the theoretical framework of the INPAG Guidance, following:

"NPOs may use other frameworks as long as the mandatory minimum core content is provided" (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

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

Yes. Under the theoretical framework of the INPAG Guidance, following:

"The mandatory minimum content, based on existing international financial reporting frameworks, has been limited in order to reduce barriers to adoption. Other mandatory areas were considered for inclusion, such as climate and sustainability reporting in general, but no progress was made to maintain the reduced core requirement. Instead, NPOs may choose to expand their narrative reporting to cover additional areas as long as the mandatory topics and elements that are important to users of all NPO general purpose financial reports have been met. NPOs may use other frameworks as long as the mandatory minimum core content is provided." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021)

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

Yes. Under the theoretical framework of the INPAG Guidance, following:

"...In rare cases, mandatory disclosure of narrative reports could lead to a risk of harm to NPO staff or volunteers or to the public. INPAG permits non-disclosure of aspects of performance information and financial statement commentary when an NPO engages in such "sensitive" activities. Therefore, narrative disclosures may be omitted where they may compromise the NPO's activities, e.g., specific human rights programs. NPOs would have to disclose that the narrative report has been prepared in accordance with this exemption, but are not required to provide details of sensitive activities..." (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

d) 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?

Yes. I agree with the transition period. However, do not set a timeframe in years, because activities are harmonized with financial execution, otherwise there would be a mismatch between financial and activity execution.

As the theoretical framework of the INPAG Guidance also states:

"In rare cases, mandatory disclosure of narrative reports could lead to a risk of harm to NPO staff or volunteers or to the public. INPAG permits non-disclosure of aspects of performance information and financial statement commentary when an NPO engages in such "sensitive" activities. Therefore, narrative disclosures may be omitted where they may compromise the NPO's activities, e.g., specific human rights programs. NPOs would have to disclose that the narrative report has been prepared in accordance with this exemption, but are not required to provide details of sensitive activities" (The Chartered Institute of Public Finance & Accountancy & Humentum, 2021).

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