

24 September 2021

RESOLUTION ON IFR4NPO CONSULTATION PAPER

EMPACTA members welcome the presentation of a consultation paper and would like to give the following feedback :

1. The Association is pleased with the strides made to date in developing internationally applicable financial reporting guidance for non-profits.
2. We believe that this initiative will result in consistency and comparability of NPOs financial reporting, will assist in ensuring funding partner requirements are met and will make the audit of NPOs easier and much more specific.

We are of the opinion that:

3. The IFR4NPO framework should include the interests of beneficiaries such as grassroots organisations and how their interest will be protected.
4. The IFR4NPO needs to highlight the understanding of the interests of NPOs and Auditors within the context of limited resources and volunteer work.
5. The IFR4NPO should include sample templates/ formats of financial reports and the narratives analysis.
6. There should be inclusion on how the IFR4NPO will be enforced globally or in a certain jurisdiction to unify financial reporting. Some countries may not be open to implement international standards of practice.
7. There is a need to discuss how does IFR4NPO will bring convergence with other national reporting standards?
8. There is a perception that funding organisations possess greater power and influence over NPOs and they affect how NPOs will adopt the standard. There is need to include governments, accounting boards and other agencies such as United Nations to contribute on the standard setting.
9. The IFR4NPO should address the area of social impact accounting and its KPIs which is key to NPOs financial reporting in some countries such as the United Kingdom.
10. The IFR4NPO should articulate how the size of NPOs will affect reporting requirements and it might be necessary to stratify NPO reporting requirement by the size of the organisation based on levels of income.
11. IFR4NPO will need to include the Substance over form principle which highlights the fair representation of what happens in the field more than in the books.
12. The IFR4NPO needs to address the issue of sensitivity of some information and how this could be used to persecute or alienate certain segments or groupings.

EMPACTA e.V.

Board: Jamal Abu Farha, David Wortham (Chairmen), Frank Fabel (Secretary), Regina Kolesnikova (Treasurer)

Registered in Berlin, VR 33086 B, tax №27/664/56771

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Thielallee 113, 14195 Berlin, Germany, www.empacta.org Tel. +49 30 84 31 68 44, Tel. +355 67 20 66 161

Fax: +49 89 84 00 23 17 e-mail: dhano@empacta.org

Bank account: Commerzbank IBAN DE 53 1004 0048 0433 4769 00, BIC: COBADEFFXXX



13. The adoption of IFR4NPO will result in complex reporting which will make it difficult for users in the NPOs sector to understand the jargon of reporting. There is need for workshops and seminars to educate the NPOs stakeholders and this can cause a rise in reporting costs to the NPOs.

The members also passed a resolution that given an opportunity by IFR4NPO team they are willing and available to work with IFR4NPO and contribute to the achievement of implementation of the framework.

The members have authorised that Mr. Kudzai Midzi who is a member of EMPACTA will submit the resolution on behalf of the organisation.

Signed By:

A handwritten signature in black ink that reads "Kudzai Midzi". The signature is written in a cursive style and is positioned above a horizontal line.

Kudzai Midzi
EMPACTA ® Emissary
Tel.: +263 242 306315
Mobil: +263 772 216 842

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