



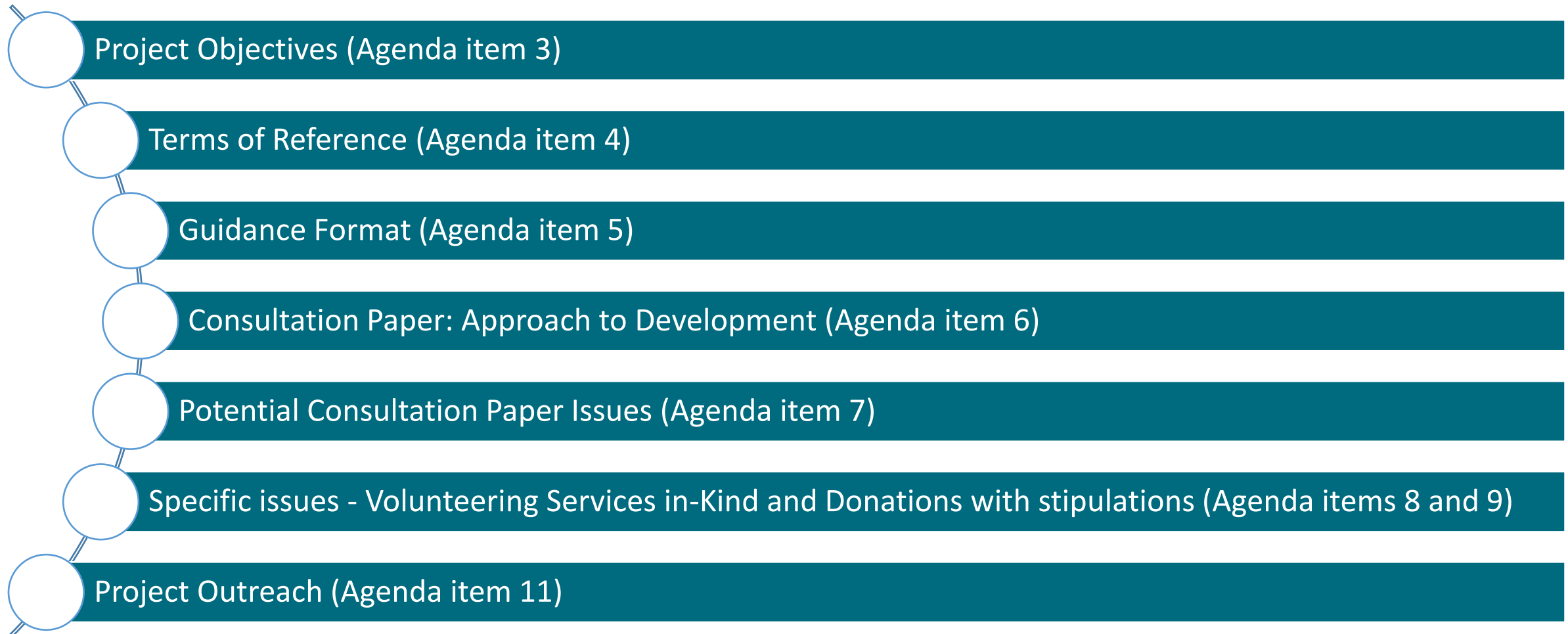
International Financial Reporting
for Non Profit Organizations

Advice and Requests

TAG Meeting 3 and 4 October 2019



Session Outline





Project Objectives (Agenda item 3)

Advice

Be clear on public accountability considerations for the sector.

Identify and focus on sector specific issues – distinguishing between those issues that can be addressed in the short-term and those that can be addressed in the longer term.

Support using a narrative description of NPOs for the scope of the Guidance, with the focus on small (not micro) and medium sized entities.

Identify and articulate the primary users of NPO financial information and their information needs.

Consider how to influence those responsible for establishing financial reporting requirements to adopt the guidance.

IFRS for SMEs could be the basis for the guidance, but the CP needs to seek feedback on the appropriateness of this basis having outlined the pros and cons. Challenges with the frequency of updates to IFRS for SMEs should also be outlined.



Project Objectives (Agenda item 3)

Requests

Provide an update on the Good Financial Grant Practice (GFGP) initiative including any work being carried out on financial reporting.

Provide an explanation of accountability for the sector to frame the issues.

Propose a narrative description of the sector taking account of jurisdictional differences.

Obtain feedback from the PAG on support from the sector for using IFRS for SMEs as the basis for guidance and views on pros and cons. Also obtain feedback on the relative importance of financial reporting and narrative reporting and the relative demand for narrative reporting now.



Terms of Reference (Agenda item 4)

Advice

Provide a description of the funding and governance of the TAG and how it fits into the overall project on the project website

Requests

Update the terms of reference to put a limit on the number of members, to include a review point after the issue of the Consultation Paper, clarify role of formal observers vs those in public gallery, and TAG voting arrangements and quorum.

Clarify the relationship with the Practitioner's Advisory Group (PAG) and how the interaction between the PAG and the TAG will work in practice.



Guidance Format (Agenda item 5)

Advice

Present all three options for the Guidance as part of the Consultation Paper, setting out the pros and cons of each option.

Requests

Provide examples of approaches taken by different jurisdictions to the provision of guidance to NPOs.

Seek advice from the PAG on the three options proposed.

Investigate further the licensing and copyright issues associated with using IFRS for SMEs as the basis for the Guidance.



Consultation Paper: Approach to Development (Agenda item 6)

Advice

Provide an evidence base for potential CP respondents that takes account of the standards and guidance provided by national and international standard setters, (both IPSAS and IFRS). Use annexes to provide additional detail and synthesise approaches in the main text.

Provide the pros and cons of options.

Worked examples would be useful at Exposure Draft stage but not at the Consultation Paper stage.

Preliminary views should not be included in the Consultation Paper.

The Consultation Paper should be split into two parts, with the first part addressing bigger picture issues such as defining the scope of the guidance, whether IFRS for SMEs is an appropriate basis, guiding concepts or principles for developing the guidance, users of the guidance and the approach to describe the specific issues in Part 2. Part 2 should address in more detail each of the specific issues.



Consultation Paper: Approach to Development (Agenda item 6)

Advice

Use a standard set of questions relating to specific issues for potential respondents through the Consultation Paper.

Compile resources for issues not being specifically addressed in the Consultation Paper, including references to why they have not been addressed within the current project.

When referencing guidance differentiate between guidance in force and other guidance.

Requests

Future issues papers should set out the extent to which IFRS for SMEs does or doesn't meet the needs of the NPO sector.

Where there are current differences in concepts between IFRS and IFRS for SMEs, factor this into the analysis.

Include why users will benefit from addressing a specific issue in future issues papers.

Develop a template of the Consultation paper and share examples of Consultation Paper presentation from other jurisdictions.



Potential Consultation Paper Issues (Agenda item 7)

Advice

Replace 'urgency' with 'demand' as a criteria for evaluating specific issues.

The focus should be on non-exchange revenue, the implications of restricted funds, financial statement presentation and narrative reporting as the highest areas.

Developing guidance on mergers/acquisitions/consolidation, service concessions and intangibles should be included as tier 2 items, subject to feedback from the PAG.

Consider the use of software to support analysis of responses.

Requests

Develop a position on first time adoption and change in accounting policy for consideration as part of developing the Exposure Draft.

Ask the PAG to review the long list and its prioritisation.



Volunteer Services in-Kind (Agenda item 8)

Advice

Use the core part of the Consultation Paper to describe the issue, who it impacts and why, the options, including the pros and cons of each option. Identify key current points of differences/ideas and use Annexes with links to guidance for further reading.

Reframe the options around 'recognition', 'permission to recognise' and 'disclosure only', with the options better grounded in concepts.

Set out criteria to be met when recognising (for example, services that would otherwise have been paid for).

Articulate whether disclosures are narrative disclosures within the accounts or part of management commentary.

Use 'alternatives' rather than 'options'.

Include measurement, not just recognition in the issues paper.



Volunteer Services in-Kind (Agenda item 8)

Requests

Add in a new section to set out why the issue is important from the perspective of users of financial statements.

Use the Table B type analysis (per paper 9) with embedded links to national and international guidance.

Propose how to communicate the technical quality of alternatives.

Ask the PAG whether there are jurisdictional differences in the approach/ability to reliably measure.



Donations with stipulations (Agenda item 9)

Advice

Separate out donations from cash donated to build a specific asset.

Include in the asset definition problems with measuring the credit relating to conditions.

Requests

Update the paper once the issues list has been finalised, with each issue defined.



Project Outreach (Agenda item 11)

Advice

Country champions should not necessarily be limited to countries with IFRS for SMEs or regulators open to adopting a new framework. The size of the sector and ability to support the initiative should have a higher weighting.

TAG should have its own page on the project website for supporter information.

Requests

None