

Comments on “International Non-Profit Accounting Guidance”:

1. Do you agree that all revenues from grants and donations and all expenses on grants and donations can be classified as an EGA or an OFA?

Ans: Capital contributions shall be categorized as EGA, whereas donations in the form of revenue shall be designated as OFA. Classifying revenue donations as EGO might impede the ultimate benefit of the contribution, potentially undermining the fundamental purpose of the nonprofit organization.

2. Do you agree that donations in-kind (both gifts in-kind and services in-kind) should be measured at fair value?

Ans: Valuation of in-kind donations at their fair value is essential, as it ensures true representation of the received contributions. This approach assures a fair presentation of the donated amounts, aligning with transparency and accuracy in financial reporting. For example, in IndAS 20 if grant in form of asset is received without any condition attached to it, then such asset can be recorded at nominal value. In case of NPO recording such donation at nominal value will not reflect true value of donations received by NPO.

3. Do you agree with the definitions proposed for EGA and EGO and their requirements from a grantor/donor perspective? (Questions 4a and 5a)

- a. EGO definition includes “___Use resources internally for a specified purpose”. It can be changed to “___Use resources internally for specified purposes and in connection of specified purpose”.

Reason:

Frequently, non-profit organizations (NPOs) receive donations designated for specific purposes, and in fulfilling these designated objectives, the NPO incurs various administrative expenses. Therefore, the definition can be revised to encompass these situations.

- b. EGO definition includes “___ transfer of resources to service recipient”. It can be changed to “___ transfer of resources to **specified** service recipient”.

Reason:

Often, non-profit organizations (NPOs) receive donations intended for the benefit of specific groups, such as individuals below the poverty line. In light of this, the definition of service recipients can be defined at the time of granting the donations.