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Problems of Accountability in Non-Profit Entities

AUTHOR’S ABSTRACT

**of a dissertation submitted for the award of the educational and scientific degree
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GENERAL CHARACTERISTICS AND STRUCTURE OF THE DISSERTATION

1. Relevance of the problem

In contemporary conditions, non-profit entities perform key public functions in areas such as social services, education, healthcare, culture, environmental protection, and the protection of human rights, thereby contributing to the provision of public goods. Non-profit organisations support local development through their activities, such as creating job opportunities, satisfying society’s needs and encouraging civil participation through the engagement of volunteers.

Non-profit enterprises are a specific group of economic entities that operate in a wide range of legal, organisational, and functional forms, including foundations, associations, community cultural centres, religious institutions, professional and trade union organisations, sectoral and employers’ organisations, as well as other entities established to pursue objectives of public or collective significance. Non-profit entities are voluntary organisations that do not distribute profits among founders, members, or governing bodies, pursue activities in the public or private benefit, and are financed primarily through donations, project-based funding, and membership fees. They are established under various legal forms and operate in accordance with the applicable legislation of the state in which they are registered; in the Republic of Bulgaria, this includes the Non-Profit Legal Entities Act, the Community Cultural Centres Act, the Religious Confessions Act, and other specific statutory instruments.

2. Object and Subject of the Research

The object of the research comprises Bulgarian non-profit entities established in accordance with the Non-Profit Legal Entities Act and operating in various public spheres, including social services, education, culture, healthcare, and others.

The subject of the research comprises the specific characteristics of accountability in non-profit entities, examined in their regulatory, theoretical, and practical aspects.

For the purposes of the present study, accountability is conceptualised as a systematic, normatively determined, and methodologically structured process of identifying, measuring, interpreting, aggregating, and disclosing financial and non-financial information, expressed in appropriate measurement units, which faithfully, objectively, and comprehensively reflects the entity's assets and financial position, operating results, the changes occurred, and the dynamics of development of the non-profit entity over a given reporting period, with a view to providing a relevant and reliable basis for informed, rational, and economically justified decision-making by a broad range of stakeholders.

3. Aim and Objectives of the Dissertation

The purpose of the dissertation is to present the specific features and to analyse the problems of accountability of non-profit legal entities in Bulgaria and, on this basis, to propose solutions to overcome those issues, with a view to enhance the transparency, comparability, and usefulness of accounting information for stakeholders.

In order to achieve this aim, the following main objectives have been formulated:

- To examine the regulatory and methodological framework of financial reporting of non-profit legal entities in Bulgaria.
- To analyse the main issues and practical challenges related to the ongoing accounting processes, the preparation of annual financial statements, and annual activity reports of non-profit legal entities.
- To identify gaps in the existing regulatory framework and to propose solutions to overcome them.
- To systematise and evaluate good international practices in the field of accountability of non-profit entities and the possibilities for their adaptation to the national context.

- To conduct an empirical study through a questionnaire survey among accountants and financial directors of non-profit legal entities in Bulgaria in order to identify problems related to accountability.
- To analyse the content, scope, and completeness of the information disclosed in the annual financial statements and annual activity reports of non-profit entities.
- To develop a model for the structure and content of the annual activity report of non-profit entities with a view to enhance the transparency and usefulness of accountability information for stakeholders, as well as a model for assessing organisational performance and effectiveness and a model for the valuation and disclosure of volunteer labour, which may be applied in the preparation of the annual activity report and in the managerial decision-making.

4. Doctoral Thesis

The main thesis of the author is that the accountability of non-profit entities registered under the Non-Profit Legal Entities Act in Bulgaria is characterised by regulatory, methodological, and organisational problems that limit the quality of information required for decision-making by organisations themselves, donors, funding institutions, supervisory bodies, regulators, and the state.

In the dissertation, the following research hypotheses are formulated and subjected to empirical testing:

Hypothesis 1: A positive relationship exists between the deficiencies of National Accounting Standard No. 9 identified by the author - namely, ambiguity and incompleteness - and the practical difficulties arising in the accountability of non-profit legal entities.

- **Sub-hypothesis 1.1:** A positive relationship exists between the ambiguity of National Accounting Standard No. 9 and the difficulties encountered in the ongoing accounting treatment of specific accounting objects and procedures in non-profit legal entities.
- **Sub-hypothesis 1.2:** A positive relationship exists between the ambiguity of National Accounting Standard No. 9 and the difficulties encountered in the preparation of annual financial statements and activity reports of non-profit legal entities.

Hypothesis 2: The systematic analysis of information disclosed in the annual activity reports of non-profit legal entities enhances users' awareness and partially compensates for the informational limitations inherent in the annual financial statements of non-profit legal entities.

Hypothesis 3: If the differentiation between economic and non-economic activities poses difficulties for non-profit legal entities, then difficulties in the proper and adequate accounting of economic activities are more likely to occur.

Hypothesis 4: If non-profit entities generate higher levels of income from non-economic activities, they disclose more detailed information in their annual financial statements and annual activity reports.

5. Research Methodology

The methodological framework of the dissertation research is established through the combination of systemic, historical, comparative, and functional approaches, as well as through the application of deductive and inductive logical reasoning.

In order to achieve the aim and objectives of the research, a variety of methods have been applied, selected in accordance with its subject, matter and scope. Content analysis has been employed to systematise the academic literature and the regulatory documents governing the accountability of non-profit entities. Through comparative analysis, the national regulatory and methodological framework has been examined in relation to international standards and good practices.

The empirical part of the study is based on:

- a questionnaire survey conducted among practising accountants and financial directors of non-profit organisations, aimed at identifying the accounting practices actually applied and the problems encountered in the implementation of regulatory requirements, carried out during the period September–October 2025, with the participation of 63 respondents;
- an analysis of publicly disclosed information contained in the annual financial statements and annual activity reports of a sample of 12 Bulgarian non-profit legal entities engaged in additional economic activities, covering the period 2020–2024;
- a content analysis of the annual activity reports of 37 Bulgarian non-profit legal entities, aimed at identifying disclosure and presentation practices related to volunteer labour, covering the period 2022–2024.

Statistical methods were applied for the processing, systematisation, and interpretation of quantitative data. The methods of analysis and synthesis, induction and deduction were employed to derive generalised conclusions based on the results of the theoretical and empirical analyses. In addition, the modelling method was applied in the development of the models proposed in the study.

The study is subject to the following limitations:

- The study focuses on accountability in non-profit entities in Bulgaria. The institutional, legal, and cultural specificities of the national context limit the applicability of the findings to other countries and legal regimes.
- Issues related to budgeting, cost calculation, and pricing are not examined. Aspects of auditing and external control over the activities of non-profit organisations are addressed solely at a conceptual and regulatory level.
- The study is limited in terms of its temporal scope.
- Part of the present study is based on publicly available sources, which may be incomplete or subject to delays in publication, thereby creating a risk of incomplete information.
- The regulatory framework and donor requirements are subject to change. Amendments introduced after the data collection may reduce the relevance of certain findings and recommendations.

CONTENT OF THE DISSERTATION

The dissertation is structured into an introduction, three chapters, a conclusion, a bibliography, and appendices. Chapter One examines the theoretical and methodological foundations of accountability in non-profit entities. **Chapter Two** presents the specific features and problems related to the accounting treatment of specific accounting items in non-profit legal entities, as well as the preparation of the annual financial statements and the annual activity report. **Chapter Three** presents the results of the empirical research conducted, based on a questionnaire survey and an analysis of annual financial statements and activity reports of Bulgarian non-profit legal entities. **The conclusion** summarises the main findings of the study and formulates proposals and recommendations.

INTRODUCTION

In the introductory part of the dissertation, the object, subject, purpose, and specific research objectives of the study are defined. The scientific and practical topicality of the research problem is substantiated, arising from the increasing role and significance of non-profit legal entities in socio-economic development and from the heightened requirements for transparency, accountability, and public responsibility in the management of the resources entrusted to them. The introduction defines the research approaches and methods employed to achieve the main objective of the study and outlines the logic of the empirical part, which is based on a questionnaire survey and an analysis of publicly disclosed information from the annual financial statements and annual activity reports of non-profit legal entities in Bulgaria.

The research hypotheses to be examined in the empirical part are formulated, as well as the limitations of the study arising from the national institutional and regulatory context, the publicly available information sources used, and the temporal scope of the research.

CHAPTER ONE. THEORETICAL AND REGULATORY FOUNDATIONS OF ACCOUNTABILITY IN NON-PROFIT ENTITIES

In Chapter One of the dissertation, the theoretical–methodological and regulatory foundations of accountability in non-profit entities are examined. The analysis is directed towards clarifying the nature and specific characteristics of non-profit entities arising from their legal form, goal orientation, and public function.

The accountability of non-profit entities is characterised by specific features and challenges, stemming from the fact that their primary objective is not the generation of profit but the achievement of objectives of public benefit or collective significance.

1. Legal and Organisational Specificities of Non-Profit Entities

In Section 1, the non-profit sector is analysed as a specific group of economic entities in which legal status, organisational characteristics, and the resource model determine the organisation of accountability and the content of the financial and non-financial information provided to stakeholders.

In Subsection 1.1, Regulatory Framework Governing the Activities of Non-Profit Entities, the current regulatory framework governing the activities of non-profit entities in

Bulgaria is examined, with primary emphasis placed on the **Non-Profit Legal Entities Act** as the fundamental statutory instrument defining the legal status, organisational forms, and reporting obligations of entities operating within the non-profit sector.

The regulation of additional economic activities is analysed, with emphasis on the requirement that such activities must be subordinated to the primary non-profit purpose. It is highlighted that the Non-Profit Legal Entities Act allows for the generation of income from economic activities but prohibits its distribution among founders and members, which gives rise to specific accounting problems related to the differentiation between economic and non-economic activities, their tax treatment, and the proper presentation of the results thereof.

In Subsection 1.2, Classification of Non-Profit Entities, the main classification criteria according to which non-profit entities may be grouped are examined, and their diversity in terms of legal, organisational, and functional characteristics is presented.

The classification is examined primarily from a legal perspective, based on the existing regulatory framework. The Non-Profit Legal Entities Act regulates the two main organisational and legal forms—associations and foundations - and introduces a distinction between activities carried out in the public benefit and those carried out in the private benefit.

Classification approaches based on the field of activity, social function, and mode of establishment of organisations, as developed in the national academic literature, are presented, along with functional classifications applied in statistical practice and in international studies of the non-profit sector.

On the basis of the legal, organisational, and functional characteristics examined, in Subsection 1.2 a systematising classification table of non-profit entities is proposed.

2. Characteristics, Purpose, and Users of Accounting Information in Non-Profit Entities

In Section 2, are analysed the characteristics of accounting information in non-profit entities, taking into account their public-benefit mission, specific resource model, and the diversity of stakeholders.

The distinctive characteristics of non-profit organisations in comparison with commercial companies are presented, along with the specific features of the organisation of the accounting process arising from these characteristics.

The main groups of users of accounting information and their specific information needs are examined, with emphasis placed on the role of accountability as an instrument for transparency and public legitimisation of the activities of non-profit entities.

It is emphasised that, due to the specific nature of funding sources (donations, grants, subsidies, membership fees, and other non-market sources), accounting information should ensure a high degree of traceability of inflows and their targeted utilisation.

It is highlighted that the information needs of internal and external users are broader in scope and are not limited solely to the financial aspects of organisational activities.

Particular attention is devoted to the relationship between accounting information and the annual activity report, arguing that the integration of financial and non-financial information helps to overcome certain informational limitations of the annual financial statements.

3. Regulatory Framework of Accountability in Non-Profit Entities in Bulgaria

In Section 3 is analysed the existing regulatory framework governing the accountability of non-profit entities in Bulgaria.

For the accounting regulation of non-profit organisations in Bulgaria, National Accounting Standard No. 9 (NAS 9), Presentation of Financial Statements of Non-Profit Entities, has been developed.

NAS 9 is a specific national accounting standard that governs the procedures for the preparation, form, and content of the financial statements of non-profit legal entities. The standard aims to ensure comparability, transparency, and reliability of the accountability of these entities, while taking into account the specific characteristics of their activities.

An in-depth analysis of NAS 9 is conducted as the principal specialised regulatory instrument governing the accountability of non-profit legal entities.

The requirements of NAS 9 concerning ongoing accounting recognition, the development of accounting policies, and the necessity of an individual chart of accounts with separate accounting for economic and non-economic activities are examined; the treatment of property contributions as an element of equity; the distinction between unconditional donations and membership fees (recognised as current income) and conditional donations (accounted for as funding in accordance with NAS 20); as well as the accounting treatment of depreciable assets.

The requirements of NAS 9 concerning the preparation and presentation of the annual financial statements of non-profit entities are analysed, demonstrating that the balance sheet is prepared in accordance with NAS 1, while specific formats are prescribed for the statements of income and expenses from non-economic and economic activities. The requirements for the preparation of the statement of cash flows are also examined, in accordance with Annex No. 4 to NAS 9 and the provisions of NAS 7, Statements of Cash Flows.

Particular attention is drawn to the fact that NAS 9 has not been updated since 2007, as a result of which it does not reflect subsequent amendments to other national accounting standards. The analysis of NAS 9 indicates that the standard is characterised by regulatory ambiguity and incompleteness, stemming from the absence of a comprehensive conceptual framework aligned with the specific characteristics of the non-profit sector.

Ambiguities have been identified with regard to the content and structure of the elements of the financial statements, the differentiation between economic and non-economic activities, as well as the accounting treatment of specific accounting items characteristic of non-profit entities. The standard does not provide sufficient methodological guidance concerning the disclosure of financial and non-financial information.

4. Comparative Analysis of Foreign Models and Good Practices in the Accountability of Non-Profit Entities

A comparative review of national and international models of accountability in non-profit entities is conducted.

Established frameworks are analysed, including Charities SORP (United Kingdom), PBE FRS 48 (New Zealand), and ASC Topic 958 (United States), which adapt general accounting principles to the mission, funding structures, and public accountability of non-profit organisations.

The review of the international and national regulatory frameworks reveals a pronounced degree of **regulatory fragmentation and conceptual heterogeneity**. Despite the efforts of individual countries to develop their own specialised frameworks, the absence of a universal international standard limits the comparability, transparency, and reliability of the reports of non-profit organisations across different jurisdictions and creates difficulties for non-profit entities, as well as for their donors and funding organisations, in the context of cross-border cooperation.

The analysis of the existing academic literature and published comparative and empirical studies indicates that the application of standards developed primarily for commercial enterprises does not fully meet the information needs and reporting specificities of the non-profit sector. This results in limited usefulness of financial statements for stakeholders and adversely affects public trust.

5. Global Framework for the Harmonisation of Accountability in Non-Profit Entities

In Section 5 are examined the development of the IFR4NPO initiative and the publication of the first international standard for non-profit entities - the **International Non-Profit Accounting Standard (INPAS) - in October 2025.**

The objectives, scope, and conceptual logic of the standard are analysed, with a focus on enhancing transparency, comparability, and trust within the sector. **The comparison between INPAS and the existing NAS 9** reveals significant conceptual and methodological differences.

While NAS 9 has a limited scope and primarily regulates the form and content of financial statements, INPAS represents a comprehensive international framework specifically developed for non-profit entities and oriented towards the accounting treatment of sector-specific transactions and accounting items.

INPAS introduces a clear distinction between conditions for revenue recognition and restrictions on the use of resources, as well as fund-based accounting of net assets, which is absent from NAS 9.

The standard provides for a more detailed classification and disclosure of expenses, including fundraising and programme-related costs, as well as a structured presentation of non-financial information concerning the mission, outcomes, and social impact.

On this basis, it is substantiated that INPAS has the potential to address the identified deficiencies of the national regulatory framework and to serve as a reference point for its future development.

CHAPTER TWO SPECIFIC FEATURES AND CURRENT ISSUES IN THE ACCOUNTABILITY OF NON-PROFIT ENTITIES

1. Specific Features of Accounting Policy and the Individual Chart of Accounts in Non-Profit Entities

In this section of the dissertation, the specific features of accounting policy and the individual chart of accounts in non-profit entities are examined, as determined by the nature of their activities, sources of funding, and regulatory requirements for the differentiation between economic and non-economic activities.

The main elements of accounting policy related to the recognition, measurement, and presentation of specific accounting items characteristic of non-profit legal entities are analysed. Emphasis is placed on the need for the accounting policy and the individual chart of accounts to ensure the possibility of analytical accounting of revenues and expenses by type of activity, as well as the traceability of the targeted use of the resources provided.

2. Specific Features in the Accounting of Particular Accounting Items in Non-Profit Entities

In Section 2 are examined specific accounting items that give rise to methodological differences in comparison with commercial enterprises, as well as the prerequisites for the emergence of problems related to their recognition, classification, presentation, and disclosure.

In Subsection 2.1 Specific Features of the Capital Structure of Non-Profit Entities, are examined the particular characteristics of capital in non-profit entities, arising from the absence of profit distribution and the goal-oriented nature of their activities. The composition and structure of equity, as well as the manner of formation and changes in reserves, are analysed.

In Subsection 2.2 Financial Result – Formation, Presentation, and Accounting Specificities, are examined the mechanism for the formation of the financial result in non-profit entities and its presentation, with emphasis placed on the accounting specificities arising from the differentiation between non-economic activities and additional economic activities.

In Subsection 2.3 Specific Features in the Accounting of Assets in Non-Profit Entities, are examined the particularities of asset accounting and the resulting challenges, including those related to acquisition, measurement, and presentation, depending on the nature of the resources and their intended use in relation to the mission.

Subsection 2.4. Specific Characteristics of Settlements and the Organisation of Their Accounting in Non-Profit Entities, are examined the specific features, organisation, and accounting treatment of settlements.

In **Subsection 2.5 Revenues in Non-Profit Entities – Classification and Accounting Specificities**, are presented the classification of revenues in non-profit entities and the specific features of their accounting treatment.

The main sources of revenue characteristic of the non-profit sector, including donations, membership fees, and other inflows, are analysed, with attention paid to their recognition and presentation in the financial statements. Emphasis is placed on the distinction between unconditional and conditional donations, as well as on the implications of this distinction for the timing of revenue recognition and the manner of their accounting presentation. Particular attention is devoted to the distinction between revenues from non-economic and economic activities and to the necessity of their separate accounting.

In **Subsection 2.6, Expenses in Non-Profit Entities – Classification and Accounting Specificities**, is presented the classification of expenses established in NAS 9, distinguishing between expenses for regulated activities and administrative expenses,. In accounting theory and practice, various alternative approaches to accounting for activity-related and administrative expenses are observed, based on the use of accounts from Group 60 “Expenses by Economic Elements” and Group 61 “Expenses by Activities”. A systematisation of these approaches is proposed in Annex No. 1, and a comparative analysis is conducted.

3. Accounting for the Additional Economic Activities of Non-Profit Entities

This section examines the regulatory and accounting aspects of the additional economic activities of non-profit entities, with emphasis placed on the requirement for accounting separation between economic and non-economic activities.

According to the Non-Profit Legal Entities Act, non-profit legal entities may carry out additional economic activities only insofar as such activities are related to the subject matter of their primary activity for which they are registered, and provided that the income generated therefrom is used to achieve the objectives set out in their statutes or articles of incorporation.

The problems arising from the absence of a statutory definition of the concept of “related activity” and the lack of quantitative or functional indicators of “additionality” are analysed. The tax implications under the Corporate Income Tax Act and the Value Added Tax Act are

examined, along with the issues related to the accounting of so-called “allocable expenses” and the requirements of NAS 9 for the preparation of a separate statement of income and expenses for economic activities.

The potential risks and challenges associated with the accounting of economic activities and their implications for transparency, tax treatment, and the comparability of reporting information are presented, as well as the possibility of conducting economic activities through the establishment of a subsidiary commercial company as an alternative organisational model.

In order to support the accounting separation of economic and non-economic activities, a comparative table has been developed in **Appendix No. 2**, systematising the main differences between them.

4. Annual Financial Statements of Non-Profit Entities: Methodological Specificities and Practical Issues

In this section, the specific features and problems related to the annual accounting closing process, as well as the preparation and presentation of the annual financial statements of non-profit entities, are examined.

The requirements concerning the form and content of the balance sheet, the statement of income and expenses from non-economic activities, the statement of income and expenses from economic activities, the statement of cash flows, and the notes are analysed.

Although annual financial statements constitute the primary source of information on the financial position, results, and resource base of non-profit entities, their informational function often remains limited. In this context, the significant role of the annual activity report becomes increasingly evident.

5. Evaluation of the Activities of Non-Profit Entities in the Context of the Annual Activity Report

The annual activity report constitutes a reporting document distinct from the annual financial statements, through which stakeholders are informed about the various aspects of the activities of a non-profit organisation.

Foundations and associations operating in the public benefit are required, pursuant to Article 40 of the Non-Profit Legal Entities Act, to prepare and publish an annual activity report, which must contain information on the activities carried out, the resources utilised, the results achieved, donations received, and the financial result.

In **Subsection 5.1**, titled “**Content, Purpose, and Significance of the Annual Activity Report of Non-Profit Legal Entities**”, are analysed the content and purpose of the annual activity report, as well as its significance in ensuring transparency, public disclosure, and accountability to stakeholders.

Subsection 5.2 are examined the approaches to assessing the performance and effectiveness of non-profit entities, with emphasis placed on the limitations of financial indicators and the necessity of employing complementary non-financial information. A model framework for the analysis and evaluation of the overall activities of non-profit legal entities is proposed. The purpose of the model is to provide a unified analytical framework that enables the assessment of the financial position and effectiveness of non-profit legal entities, regardless of their size, field of activity, or funding structure.

Subsection 5.3 are examined the problems associated with the disclosure of volunteer labour as a specific organisational resource, as well as the prospects for its more adequate presentation in the annual activity report. The international literature identifies various **approaches to the valuation of volunteer labour**, which are presented in Appendix No. 6.

A model for the valuation of volunteer labour is proposed, based on three approaches - replacement cost, opportunity cost, and internal differentiation - and adapted to the Bulgarian context through the use of publicly available indicators, including the statutory minimum wage, average wage levels, and market rates (see Appendix No. 7).

CHAPTER THREE EMPIRICAL ANALYSIS OF PROBLEMS IN THE ACCOUNTABILITY OF NON-PROFIT ENTITIES IN BULGARIA

1. Analysis of Trends in the Historical Development of Non-Profit Entities in Bulgaria

In Section 1 of Chapter Three, is conducted an analysis of the historical development and evolution of non-profit entities in Bulgaria. The dynamics of the number and types of organisations are examined.

2. Methodology, Advantages, and Limitations of the Empirical Study

In Section 2 is presented the overall methodological framework of the empirical study, including the logic of the research design, the methods employed, and the rationale for the selected analytical approaches.

Subsection 2.1, titled “Research Methodology,” presents the methodology of the empirical study, which is based on the integration of quantitative and qualitative research approaches. The necessity of applying a combination of methods is substantiated in view of the complex nature of accountability in non-profit entities and the diversity of the accounting aspects examined. The selection of the methods employed is aligned with the aim and objectives of the study, as well as with the specific characteristics of the regulatory framework and accounting practice in the non-profit sector.

The following methods were applied:

- *A questionnaire survey conducted among accountants and financial directors of non-profit organisations, aimed at identifying the practical aspects of accountability-related problems.*

The survey was conducted using an online questionnaire comprising both open-ended and closed-ended questions. The questionnaire survey was employed to identify, systematise, and quantitatively assess the problems and difficulties perceived by practising accountants and financial directors in the application of the regulatory and methodological framework of accountability in non-profit entities.

The **63 validly completed questionnaires** were processed using the statistical software IBM SPSS Statistics v.27 and Microsoft Excel 2016, with the processing focused on the systematisation, analysis, and interpretation of the empirical results.

The survey data were analysed using descriptive and correlational statistical methods in order to identify relationships between the level of regulatory clarity, the complexity of accounting objects, and the practical difficulties encountered in the accounting process.

- *Content analysis (systematic analysis of content) of the annual financial statements and annual activity reports of Bulgarian non-profit legal entities, conducted in two main directions:*

- 1) **With the purpose of examining the degree of transparency, completeness, and accessibility of the disclosed information in the context of regulatory requirements and good international practices, as well as analysing the problems related to the differentiation of economic activities,** the annual financial statements and annual activity reports of 12 non-profit legal entities - including their subsidiary entities - for the period 2020-2024 were analysed, based on information published and publicly accessible in the Commercial Register and Register of Non-Profit Legal Entities.

- 2) For the purpose of examining the practices and problems related **to the disclosure of volunteer labour**, the annual activity reports of a total of 37 non-profit legal entities for the period 2022–2024 were analysed, based on information published and publicly accessible in the Commercial Register and Register of Non-Profit Legal Entities.

The presentation of the results of the entire empirical study is structured around the main problem areas of accountability. For each area, a combined methodological approach is applied, integrating the analysis of empirical results obtained through both quantitative and qualitative methods.

In Subsection 2.2, titled “Advantages and Limitations of the Empirical Study” are analysed the strengths and limitations of the applied methodology. Its applicability to the examination of accountability in non-profit legal entities, as well as its inherent limitations, is assessed.

3. Empirical Analysis of Problems Arising from the Regulatory Framework and the Specific Characteristics of Accounting Objects in Non-Profit Entities

In Section 3, an empirical analysis is conducted of the problems arising from the existing regulatory framework and the specific characteristics of accounting objects in non-profit entities. The practical impact of regulatory requirements on accounting recognition, presentation, and disclosure is assessed, and areas of ambiguity, inconsistency, and limited applicability are identified.

In order to identify the practical manifestations of the identified deficiencies and ambiguities in National Accounting Standard No. 9, an empirical analysis was conducted based on the results of the questionnaire survey.

Based on the comparison of the descriptive and correlational analyses, it can be concluded that:

80.9% of the respondents (51 individuals) identify regulatory deficiencies in National Accounting Standard No. 9, with 61.9% indicating the need for partial updating and 19.0% for a comprehensive revision of the standard.

- The accounting objects in which respondents report the highest degree of difficulty are the accounting treatment of funding, the classification and accounting of expenses, and the recognition and accounting of revenues.

- A positive and statistically significant relationship is identified between the level of ambiguity of National Accounting Standard No. 9 and the difficulties encountered in ongoing accounting processes ($\rho = 0.309$; $p = 0.015$).
- A positive and statistically significant relationship is also identified between the level of ambiguity of National Accounting Standard No. 9 and the difficulties encountered in the annual accounting closing process and in the preparation of annual financial statements and activity reports ($\rho = 0.321$; $p = 0.011$).
- The correlational analysis based on the integrated indicator shows that the level of ambiguity of National Accounting Standard No. 9 is statistically significantly associated with difficulties in the accounting treatment of all accounting objects and procedures examined in the questionnaire survey of non-profit legal entities ($\rho = 0.324$; $p = 0.010$).

Therefore, **Hypothesis 1** - stating that a positive relationship exists between the deficiencies identified by the author (ambiguity and incompleteness) of National Accounting Standard No. 9 and the practical difficulties in the accountability of non-profit legal entities - **is confirmed.**

This result, based on the professional assessments of 63 respondents responsible for the accounting of a total of 141 non-profit entities, confirms the conclusions that the identified regulatory weaknesses are reflected in accounting practice and are associated with the emergence of practical difficulties in accountability. This substantiates the need for updating and refining the existing accounting standard in order to improve the conditions for its application in practice.

4. Analysis of Problems in the Distinction Between Economic and Non-Economic Activities

In this section, the practical difficulties in the accountability of non-profit entities related to the distinction between economic and non-economic activities are analysed.

Based on the applied methods of frequency analysis of the survey data, combined quantitative–qualitative analysis, and content analysis of open-ended responses, as well as on the results of the documentary analysis of the annual financial statements and activity reports of the non-profit legal entities examined, the aggregated results indicate the following:

- The frequency analysis of responses to Question No. 8 demonstrates that the distinction between economic and non-economic activities constitutes a genuine practical problem: 56% of respondents report experiencing difficulties (32% “sometimes – in specific cases” and 24% “yes, it creates difficulties”).
- The frequency analysis of responses to Question No. 12 demonstrates that the most commonly encountered difficulties in the accounting of economic activities are directly related to the process of distinction: 34 respondents report problems in the allocation and tax treatment of shared costs; 28 respondents (45.2%) indicate difficulties in establishing a clear distinction between economic and non-economic activities; 17 respondents (27%) report issues related to the tax treatment of revenues and expenses; and 15 respondents (24%) indicate difficulties in determining the financial result from economic activities. These results demonstrate that accounting difficulties are concentrated precisely in areas that depend on the correct distinction between economic and non-economic activities.
- The combined quantitative–qualitative analysis of responses to Question No. 12 demonstrates that the difficulties are not isolated but manifest as an interrelated set of problems, whereby unclear distinction leads to difficulties in cost allocation, tax treatment, and the determination of the financial result from economic activities.
- The content analysis of open-ended responses (“other”) reveals the causal mechanism underlying this relationship by identifying specific practical difficulties, including the documentation of economic transactions as donations, “donations” in exchange for participation in events, difficulties related to the sale of assets, and paid advertising activities. These examples demonstrate that problems in establishing a clear distinction give rise to tangible accounting and tax-related issues.
- The documentary analysis of the annual financial statements and activity reports for the period 2020–2024, supplemented by an analysis of the ROE and NPM indicators of subsidiary commercial entities, demonstrates that the problems identified through the questionnaire survey are also manifested at the level of accounting presentation and disclosure. These manifestations include analytically insufficient differentiation of economic activities, limited information on their scale and results, and high variability in the profitability of subsidiary entities, which hinders external assessment of the contribution of economic activities to the non-profit mission.

The presented empirical results **confirm Hypothesis 3**, demonstrating that difficulties in distinguishing between economic and non-economic activities lead to more frequent problems in the proper and adequate accounting of economic activities in non-profit legal entities.

Based on the results of the analysis, it is recommended that non-profit legal entities introduce clearly defined internal rules for distinguishing between economic and non-economic activities, ensure a sufficient level of analytical detail in their individual charts of accounts for the segregation of economic transactions, and expand the scope and level of detail of publicly disclosed information regarding the nature, scale, and results of economic activities, with a view to enhancing clarity, transparency, and the decision-usefulness of information for its users.

5. Analysis of the Financial and Non-Financial Indicators Used

In order to establish the practices in the sector, the questionnaire included a question aimed at determining the frequency of use of key financial and non-financial indicators in non-profit legal entities: “7. To what extent is assessment or analysis carried out in the non-profit legal entities you serve with respect to the following indicators and areas?”

The purpose is to identify which indicators are most frequently applied and to assess the extent to which the need for using analytical indicators in managerial decision-making is recognised.

The data were processed using descriptive (frequency) analysis, which is the most appropriate method for studies aimed at describing the distribution and frequency of observations without seeking statistical relationships between variables. This approach makes it possible to determine which financial and non-financial indicators are applied most frequently and which are used least frequently.

The results of the questionnaire survey conducted among 63 respondents indicate that the analysis of the financial position and activities of non-profit legal entities is applied in a limited and non-systematic manner.

It is established that 54.0% of respondents do not use liquidity indicators, while 52.4% do not apply solvency analysis. Only 15.9% of the respondents regularly use liquidity indicators, and 17.5% use solvency indicators.

With regard to structural indicators, it is found that 57.1% of respondents do not analyse the structure of assets, while 58.7% do not apply analysis of capital structure. In contrast, the analysis of the structure of expenses and revenues is used more frequently: 22.2% of

respondents regularly perform analysis of the expense structure, and 20.6% analyse the revenue structure.

Efficiency indicators are used with low frequency, with 55.6% of respondents not applying indicators of cost efficiency and 57.1% not applying indicators of revenue efficiency. The most frequently used indicator is “Budget/Funding Execution in Relation to Reported Expenditures,” which is applied regularly or on an ad hoc basis by 60.4% of respondents.

Indicators related to economic activities are used to a limited extent: 63.5% of respondents do not analyse the profitability of economic activities, and 58.7% do not calculate the share of economic activities in total revenues. The return on assets (ROA) indicator is regularly used by 11.1% of respondents, while the Balanced Scorecard is the least applied analytical tool, with 76.2% of respondents indicating that they do not use it.

Among non-financial indicators, those used with higher frequency include indicators such as the number of beneficiaries, volunteers, and hours of volunteer labour: 23.8% of respondents apply them on a regular basis, while 38.1% use them when necessary.

The ranking of indicators according to their average frequency of use confirms that analytical practices in the sector are primarily oriented towards monitoring budget execution and accountability to donors, while classical financial indicators and integrated analytical models are applied to a limited extent.

6. Analysis of Disclosures in the Annual Financial Statements and Annual Activity Reports of Bulgarian Non-Profit Legal Entities

In Subsection 6.1, titled “Problems in the Disclosure of Information in Annual Financial Statements and Annual Activity Reports” the main problems related to information disclosure are identified, including incompleteness, formalism, and a lack of comparability, which limit the usefulness of the reports for external users.

The empirical analysis was conducted in stages by combining the results of a questionnaire survey among accountants and financial directors with a subsequent content analysis of actually published annual financial statements and annual activity reports.

At the first stage, the difficulties perceived by practising accountants and financial directors of non-profit legal entities in preparing disclosures in the notes to the annual financial statements were analysed.

The results of the questionnaire survey indicate that problems most frequently arise in the disclosure of project-related expenditures and their financing, donations and funding, as well as transactions and relationships with related parties. These areas stand out as the most

risk-prone from the perspective of incompleteness, interpretative uncertainty, and the need for the application of professional judgement.

Difficulties were identified less frequently in disclosures related to events after the reporting date and to contingent liabilities and provisions. A significant proportion of respondents indicate that the organisations they serve do not prepare notes to the annual financial statements due to their classification as micro-enterprises, which limits the volume of publicly available financial information.

In Subsection 6.2, entitled “**Analysis of the Role of the Annual Activity Report**”, the role of the annual activity report as a document for presenting non-financial information to stakeholders is examined.

The empirical analysis of disclosures in the annual financial statements and annual activity reports is based on an indicator-based model structured into three categories: D1 - disclosures in the annual financial statements; D2-disclosures in the annual activity report; and D3 - disclosures related to economic activities.”

The model builds on established approaches in the accounting literature for the examination of information disclosure and is adapted to the existing regulatory framework and to the specific characteristics of accountability in Bulgarian non-profit legal entities.

For the purposes of the analysis, a working table was developed in MS Excel, applying a combined scoring system tailored to the nature of the information examined. The presence of mandatory reporting forms and documents is assessed using a binary scale, while the degree of disclosure of substantive elements is evaluated using a five-point scale, allowing for differentiation between varying levels of detail and informational content.

Category D1 covers the presentation of the main reporting statements and the content of the notes to the annual financial statements, with a maximum possible score of 80 points. Category D2 assesses the publication and content of the annual activity report, with a focus on activities, resources, results, and non-financial information, with a maximum score of 61 points. Category D3 focuses on the disclosure of economic activities and their relationship with non-economic activities, with a maximum score of 10 points. The overall maximum score for a single organisation is 151 points.

The empirical analysis was carried out through manual content analysis of the published annual financial statements and annual activity reports for the period 2020-2024, which allows for precise identification and classification of information under conditions of significant heterogeneity in the reporting practices of non-profit legal entities.

The study covers a sample of 12 non-profit organisations, identical to that used in the analysis of economic activities, thereby ensuring methodological consistency and comparability of the results.

The analysis confirms the role of the annual activity report as a key instrument for information disclosure to stakeholders, compensating for part of the limitations of the annual financial statements in the non-profit legal entities sector.

The review of the annual activity reports of the examined non-profit legal entities shows that a significant proportion of them contain information on funding sources, donors, donor programmes, economic activities, and volunteers, which complements the information presented in the annual financial statements.

These documents significantly expand the scope of information provided to users. They offer interpretative information through which financial data can be understood in terms of meaning, orientation, and social purpose. Furthermore, by presenting specific quantitative indicators regarding the scope of activities and qualitative descriptions of results and impact, the annual activity reports enable conclusions to be drawn concerning the social outcomes achieved.

The analysis of the annual activity reports shows that they provide information that is either absent or only limitedly presented in the annual financial statements, including information on funding sources, the structure of expenditures, economic activities, as well as the results achieved and the impact of non-economic activities. In this way, the annual activity report performs a complementary function in relation to the financial statements.

Based on the results of the comparative documentary analysis and the application of the indicator-based model for evaluating disclosures, **Hypothesis 2** - stating that the analysis of information from the annual activity reports of non-profit legal entities contributes to better user awareness and partially overcomes the informational deficiencies of the annual financial statements of non-profit legal entities - **is confirmed.**

In Subsection 6.3, titled “Analysis of Disclosures in the Annual Financial Statements and Activity Reports”, a comparative analysis of the content and quality of disclosures in the financial statements and activity reports is conducted.

The detailed analysis of disclosures in the annual financial statements and activity reports reveals a number of problems and limitations in the publicly presented information, which can be summarised as follows:

- Incompleteness or absence of notes to the annual financial statements, including missing disclosures on accounting policies, financial instruments, risks, related parties, personnel, and events after the reporting date;
- The absence of a cash flow statement and a statement of changes in equity in certain cases, which limits the ability to monitor liquidity and changes in net assets;
- The absence of, or merely formal preparation of, the annual activity report, lacking sufficient analytical information on activities, results, and impact;
- Insufficient disclosure of information on economic activities—often lacking a clear description of the nature of the activities, the business model, and the relationship between economic revenues and non-economic objectives;
- Limited disclosures regarding risks and internal control mechanisms, which hampers the assessment of sustainability and management practices;
- Significant heterogeneity in the published annual activity reports - ranging from comprehensively structured documents with substantial analytical and visual information to very brief reports with limited content, in some cases consisting of only one page;
- Limited disclosure of financial indicators, including the absence of systematic quantitative data, analytical comparisons, and key indicators of performance and impact.
- Limited disclosure of non-financial indicators—such as volunteers, beneficiaries, social impact, programme scale, and results—which are presented only partially or in a non-systematic manner.

To examine **the hypothesis concerning the relationship between the level of revenues from non-economic activities and the degree of disclosure**, a comparative analysis of the two indicators was applied, based on their distribution within the sample and structured through a quadrant model.

For each organisation, two average indicators were calculated for the period 2020–2024: (1) *the average level of revenues from non-economic activities*, and (2) *the average level of disclosure*.

The values were calculated as arithmetic means of the five-year observations for each respective organisation. This approach allows for the elimination of year-to-year fluctuations.

The classification of organisations into the four quadrants was carried out by comparing their indicators with the respective median thresholds of the sample. The distribution is based on the following criteria:

- Quadrant I: Average level of revenues from non-economic activities (Avg. NER) > 2430 and Level of Disclosure (LoD) > 88

- Quadrant II: Average level of revenues from non-economic activities (Avg. NER) ≤ 2430 and Level of Disclosure (LoD) > 88

- Quadrant III: Average level of revenues from non-economic activities (Avg. NER) ≤ 2430 and Level of Disclosure (LoD) ≤ 88

- Quadrant IV: Average level of revenues from non-economic activities (Avg. NER) > 2430 and Level of Disclosure (LoD) ≤ 88

Thus, each organisation is positioned in the respective quadrant depending on whether its averaged indicators are above or below the median values for the sample. The resulting distribution is presented in the following table:

Table 1

Relationship Dependence of the Level of Disclosure on Revenue Magnitude

Quadrant	Characteristics (Based on the Two Indicators)	Organisations
I	High average level of revenues from non-economic activities + high level of disclosure	SOS Children’s Villages Bulgaria; Bulgarian Football Union; Teach For Bulgaria Foundation
II	Low average level of revenues from non-economic activities + high level of disclosure	Friedrich Schiller Association; Green Balkans (borderline case: Equilibrium Association)
III	Low average level of revenues from non-economic activities + low level of disclosure	Union of the Blind in Bulgaria; Bulgarian Automobile Union; For the Earth; Chudomir Foundation
IV	High average level of revenues from non-economic activities + low level of disclosure	Bulgarian Society for the Protection of Birds; Bulgarian Volleyball Federation

Source: Author’s own interpretation

The results obtained indicate that organisations with higher levels of revenue may exhibit both high and low levels of disclosure.

The resulting quadrant distribution does not indicate a unidirectional relationship between the average level of revenues from non-economic activities and the average level of disclosure. Organisations with higher revenues and low levels of disclosure are observed, as

well as organisations with lower revenues and relatively high levels of disclosure. A larger volume of revenues from non-economic activities does not automatically imply broader or more comprehensive disclosure in the annual financial statements and annual activity reports.

Based on the empirical results obtained, **Hypothesis 4** - stating that if non-profit entities generate higher levels of revenues from non-economic activities, they disclose more detailed information in their annual financial statements and annual activity reports - **is not confirmed**.

In **Subsection 6.4, entitled “Analysis of the Disclosure of Volunteer Labour”**, the extent to which this resource is presented in the reports and activity reports is assessed, and problems as well as opportunities for its more adequate disclosure are identified.

The analysis of the disclosure of volunteer labour reveals significant variability in the practices of Bulgarian non-profit legal entities, both with regard to the scope and level of detail of the information presented and with respect to its systematic nature and consistency over time. Volunteer labour is identified as a substantial non-financial resource with high social value, which in the vast majority of cases remains outside the scope of traditional financial and accounting reporting.

The results of the questionnaire survey indicate that in more than half of the organisations examined, volunteer labour is essential to their activities but is not reflected through internal registers or reports. A smaller proportion of organisations maintain internal records of volunteers, typically of an administrative nature, while the valuation of volunteer labour and its public disclosure in annual activity reports are applied in an extremely limited number of cases. This leads to an underestimation of the actual scale of human capital and to an incomplete presentation of the organisations’ social contribution.

The additional content analysis of the annual activity reports of 37 non-profit legal entities for the period 2022–2024 allows for the typologisation of volunteer labour disclosure practices into four categories: absence of information; sporadic mention; partial description with specific examples; and detailed, structured presentation incorporating both quantitative and qualitative elements.

The results of the analysis reveal significant heterogeneity in the approaches to the disclosure of volunteer labour among the organisations examined. Only 16.22% of them (6 out of the 37 non-profit legal entities analysed) provide a structured description that includes qualitative and, in some cases, quantitative elements related to the contribution of volunteers.

The results of the empirical study substantiate the need for the development and implementation of a practically applicable model for the disclosure of volunteer labour, which

would provide reliable, comparable, and relevant information to external stakeholders and contribute to a more comprehensive presentation of the social role and sustainability of non-profit entities.

7. Opportunities for Overcoming Accountability Problems in Non-Profit Entities

In Section 7 are formulated the opportunities and guidelines for overcoming the identified problems in the accountability of non-profit entities. The proposals are based on the results of the empirical study and are aimed at improving the regulatory framework, enhancing methodological clarity, and strengthening practices for financial and non-financial disclosure.

Directions for improving the accountability of non-profit legal entities are systematised, derived from the empirical findings and from the comparative analysis of the regulatory and methodological framework.

The results of the questionnaire survey (n = 63) indicate that the priority factors identified by accountants and financial directors of non-profit legal entities are the enhancement of accountants' professional qualifications (54/63; 85.7%) and the introduction of more detailed, specialised standards for non-profit legal entities (47/63; 74.6%).

This is followed by measures with an accounting and administrative focus, including the introduction of unified forms/templates and guidelines for project reporting (36 respondents), and the harmonisation of requirements between public institutions and donors (34 respondents). These findings empirically confirm the existence of duplication and inconsistency in reporting formats and requirements, which results in increased administrative burden.

Specific guidelines are proposed for the updating and further methodological development of National Accounting Standard No. 9 as an urgent prerequisite for reducing interpretative uncertainty and enhancing the comparability of accounting information.

The main directions for improvement include:

- Clarification of the scope of the standard through clear and unambiguous definition of the categories of organisations falling within its field of application;
- Introduction of unified criteria for distinguishing between economic and non-economic activities, with the purpose of avoiding inconsistencies between accounting and tax treatment;

- Supplementation of the sections related to donations and funding, including illustrative examples of their accounting treatment by analogy with international standards;
- Clear definition of the concepts of “costs of regulated activities” and “administrative expenses”, including criteria for their differentiation and methodologies for their allocation;
- Regulation of mandatory disclosure of information on economic activities in the notes to the annual financial statements and in the annual activity reports, with the aim of clearly distinguishing them from non-economic activities;
- More comprehensive disclosure of funding and donations, volunteer labour, and non-financial information in the notes to the financial statements;
- Updating the appendices to the standard so as to eliminate obsolete categories such as “extraordinary income and expenses”;
- Clarification within National Accounting Standard No. 9 as to whether amortisation should be applied universally or whether differentiated treatment is permissible depending on the source of acquisition and the economic role of the asset;
- Development of a specialised structure of the statement of financial position for non-profit entities within the framework of National Accounting Standard No. 9, designed to reflect the specific characteristics of non-economic activities and the nature of the resources utilised;
- With a view to enhancing the informational and analytical value of the balance sheet of non-profit entities, it is advisable that the item “Other reserves” be structured through the separation of distinct sub-items reflecting the results of non-profit and economic activities, such as “Result from non-profit activity” and “Result from economic activity”.
- Clearer structuring and disclosure of the components of equity in the balance sheet of non-profit legal entities, including their linkage to donations, funding, and restrictions on use.

Based on best practices identified in the literature, a model unified chart of accounts for non-profit legal entities can be developed, aimed at facilitating the work of accounting personnel, as well as ensuring a higher degree of comparability and control.

The preparation of an official methodological guide, or “Guidelines for the Application of NAS 9”, analogous to the UK Charities SORP and the international standard INPAS, is

necessary. Such a document should include illustrative accounting policies, analytical accounting frameworks, and practical case studies covering donations, funding, expenses, volunteer labour, and non-financial information. It is considered that the adoption of such guidance would significantly reduce the difficulties encountered in accounting and reporting practice.

Through the questionnaire survey, the attitudes of accountants and financial directors of non-profit legal entities towards INPAS were examined.

A total of 52 out of 63 respondents stated that they had not heard of the standard, which constitutes empirical evidence of a lack of awareness regarding forthcoming international trends. The second largest group - "I have heard of it, but I am not familiar with its content"- comprises five respondents, indicating a minimal level of awareness that does not allow for the formation of an informed position on the standard.

The results obtained should be interpreted in the context of the fact that INPAS was published in its final form at the end of October 2025. Consequently, the identified low level of awareness is expected and demonstrates that the sector is at an early stage of familiarisation with the standard.

It is particularly noteworthy that six respondents report a good level of familiarity with INPAS. Of these, five consider that the introduction of the standard would facilitate accounting practice, whereas one respondent expresses the opposing view that the new standard would complicate practice.

This section of the dissertation also substantiates the need for an amendment to the **Non-Profit Legal Entities Act**, aimed at: (1) providing **more precise definitions of "economic activity" and "non-profit activity"**, aligned with tax and accounting regulations; and (2) **harmonising the minimum content and structure of the annual activity report** for public benefit organisations, in order to overcome the observed lack of comparability and excessive formalism.

Based on the conducted empirical analysis and the synthesised findings regarding deficiencies in the accountability of public benefit organisations, as well as through comparison with foreign standards, the **present study proposes a model annual activity report for non-profit legal entities (see Appendix No. 12)**. The model has been developed on the basis of a comparative analysis between the Non-Profit Legal Entities Act and the UK Charity SORP, relevant academic literature, and the empirical observations derived from the analyses carried out in this dissertation.

Its purpose is to illustrate **the possibilities for addressing the identified shortcomings in the content, structure, and transparency of annual disclosures**, by providing a unified framework for the presentation of key financial and non-financial information.

In view of the empirically established fact that non-profit organisations rarely disclose information on volunteer labour, the dissertation proposes a **recommended model for the disclosure of volunteer labour**.

As potential solutions to address the identified problems, a set of organisational, managerial, and technological measures is proposed, including internal rules on accountability and control, specialised training for accountants and governing bodies, the introduction of KPIs and the Balanced Scorecard, and the strengthening of internal financial control.

From a technological perspective, emphasis is placed on the need for software solutions that support the analytical separation of economic and non-profit activities, the automatic generation of separate income statements, donor and budget execution reports, as well as on the concept of standardised electronic templates and an integrated platform (simultaneously interfacing with the NRA, NSI, and the Commercial Register and Register of Non-Profit Legal Entities) aimed at reducing administrative burden and enhancing the consistency and comparability of data.

CONCLUSION

The conclusion summarises the main theoretical-methodological and practical-applied results of the study on the accountability of non-profit entities, formulates the key findings, and provides an assessment of the research hypotheses. It outlines the principal directions for improving the regulatory and methodological framework of accountability, as well as opportunities for its development in line with international trends. Perspectives for future research are also identified.

STATEMENT OF CONTRIBUTIONS OF THE DISSERTATION

The dissertation contains scientific-theoretical, applied research, and methodological contributions that enrich scholarly research in the field of accountability of non-profit entities and possess practical relevance.

The main contributions may be systematised as follows:

- Based on the conducted theoretical and empirical analysis, regulatory and methodological ambiguities, gaps, and outdated provisions in National Accounting Standard No. 9 “Presentation of Financial Statements of Non-Profit Entities” have been identified and substantiated. Through a comparative analysis between NAS 9 and the International Non-Profit Accounting Standard (INPAS), specific directions for improving the national standard have been delineated, grounded in good practices and the principled solutions embedded in INPAS. The results and conclusions obtained may be utilised by regulatory authorities as a basis for the future revision and updating of NAS 9.
- The problems related to the differentiation between economic and non-economic activities of non-profit legal entities have been examined in detail. A comparative table systematising the main differences between the two types of activities has been proposed, which may be applied in the assessment of hybrid activities, in the development of individual charts of accounts of non-profit organisations, for more adequate analytical accounting, and in managerial decision-making related to the planning and expansion of the activities of non-profit legal entities.
- A model for evaluating the performance and effectiveness of non-profit legal entities is proposed, together with sector-specific key performance indicators (education, healthcare, social services and social inclusion, culture and the arts, environmental protection, and the protection of human rights), enabling an objective, comparable, and systematically structured assessment of the results of their activities.
- A model for the valuation and a model for the disclosure of volunteer labour have been developed, providing a clearer presentation of organisational capacity, the ability to implement activities and projects, as well as the reliability and sustainability of organisations. The information generated through these models may be used both by external stakeholders for comparative analysis and informed decision-making, and by governing bodies in the organisation of activities and in achieving a more efficient allocation of resources within the organisation.
- An illustrative model of an annual activity report has been developed, which would support preparers in its practical preparation and contribute to a more transparent presentation of organisational performance. For external information users, the model would ensure comparability of the information disclosed by different non-

profit organisations and provide a sound basis for informed decision-making regarding the provision of donations, funding, and participation in their activities as volunteers.

- Specific recommendations have been formulated to address and overcome the problems in the accountability of non-profit entities, directed towards: the development of an illustrative national chart of accounts for non-profit legal entities; the preparation of an official methodological guideline for the application of National Accounting Standard No. 9; the updating of the Non-Profit Legal Entities Act; the harmonisation of the content and structure of annual activity reports; as well as the implementation of organisational and technological solutions for digitalisation, aimed at enhancing the adequacy, completeness, and comparability of accountability information.

PUBLICATIONS RELATED TO THE DISSERTATION

- 1) **Gendzh-Salatova, I.** Challenges in the Distinction and Reporting of Business Activities of Non-Profit Legal Entities // *Economics and Computer Science*, 2025, Varna: Knowledge and Business, 11, 2025, 2, 19–30.
- 2) **Gendzh-Salatova, I.** Volunteer Work: Reporting and Valuation in the Absence of a Regulatory Framework // *Human Resource Management: Proceedings of the International Scientific-Practical Conference*. Varna: Science and Economics, University of Economics – Varna, 2025, pp. 114–122. DOI: 10.56065/HRM/2025.1.114.
- 3) **Gendzh-Salatova, I.** Reporting and Disclosure of Volunteer Work in Non-Profit Legal Entities // *Human Resource Management: Proceedings of the International Scientific-Practical Conference*. Varna: Science and Economics, University of Economics – Varna, 2025, pp. 123–131. DOI: 10.56065/HRM/2025.1.123.

OTHER PUBLICATIONS:

- 1) **Gendzh-Salatova, I.** Problems in Measuring the Effectiveness in the Enterprises in Extractive Industry // *Development of the Bulgarian and European Economy – Challenges and Opportunities: Proceedings of the Annual Conference of the Faculty of Economics at “St. Cyril and St. Methodius” University of Veliko Tarnovo*. Veliko

Tarnovo: University Publishing House “St. Cyril and St. Methodius”, 2020, pp. 142–149.

- 2) **Gendzh-Salatova, I.** Non-Financial Information Disclosure Practices in the Mining Enterprises // *Economic Science, Education and the Real Economy: Development and Interactions in the Digital Age: Proceedings of the Jubilee International Scientific Conference Dedicated to the 100th Anniversary of the University of Economics – Varna, Vol. 3.* Varna: Science and Economics, University of Economics – Varna, 2020, pp. 714–724.
- 3) **Gendzh-Salatova, I.** Methods of Analyzing and Evaluating the Profitability of the Enterprises in Extractive Industry // *Accounting, Auditing and Finance in a Changing World: Proceedings of the Scientific and Practical Conference Dedicated to the 95th Anniversary of the Department of Accounting.* Varna: Science and Economics, University of Economics – Varna, 2019, pp. 536–549.

DECLARATION OF ORIGINALITY

I hereby declare that this dissertation is entirely my own original work and that, in its preparation, no publications or works of others have been used in violation of their copyright. I further declare that the information provided by me in connection with participation in the procedure for the award of an academic degree is accurate and has been prepared in compliance with the requirements of the Act on the Development of Academic Staff in the Republic of Bulgaria and the Rules for the Conditions and Procedure for the Award of Academic Degrees and the Occupation of Academic Positions at the University of Economics – Varna.