



# Not-for-Profit definition and guidance

## Project summary

The objective of this project is to:

- replace the current definition of not-for-profit entity in Australian accounting standards with the definition used for public benefit entities in New Zealand (but retaining the term NFP entity); and
- provide guidance to assist an entity that prepares general purpose financial statements (GPFS) to determine whether it is a for-profit entity or an NFP entity for the purpose of applying the accounting standards.

## Project contacts

Peter Loukas  
*Practice Fellow*  
ploukas@asb.gov.au

Clark Anstis  
*Technical Principal*  
canstis@asb.gov.au

**Project priority: High**

## Issued Documents

- n/a

## Project status

- Draft ED is currently in preparation
- The Board decided that an ED will be issued at its meeting on 19 February 2019

## Other

- [Link to NZASB project page](#)

## AASB Outreach

- n/a

## Board deliberations

- AASB Action Alert Update and Board Papers (see below)

## AASB Communications

- n/a

## Latest project news

### Date

### News

21 February 2019

[February 2019 Action Alert](#)

15 February 2018

[February 2018 Action Alert](#)

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

## AASB Action Alert Update, Minutes and Board Papers

Meeting Date	Update
--------------	--------

Feb 2019

### Not-for-Profit definition and guidance

The Board decided to issue an Exposure Draft proposing to:

- (a) replace the current definition of NFP entity based on the definition of public benefit entity in New Zealand; and
- (b) provide guidance to assist an entity that prepares general purpose financial statements to determine whether it is a for-profit entity or an NFP entity for the purpose of applying the accounting standards.

The ED will propose including the definition and guidance in AASB 1057 *Application of Australian Accounting Standards* and permitting early adoption. The ED will be open for a 90-day comment period. The ED addresses issues raised in submissions in previous consultations and is important given the proposals at this stage for for-profit entities.

[6.1](#) Not-for-profit (NFP)/Public Benefit Definition

[6.2](#) Draft Exposure Draft Not-for-profit Definition and Guidance

Feb 2018

### Standard Setting Frameworks

The Board considered the submissions received from stakeholders in respect of Invitation to Comment ITC 37 *The AASB's Standard-Setting Frameworks for For-Profit and Not-for-Profit Entities*. The Board decided to finalise the frameworks out of session, with amendments to address in particular:

- (a) the objective and purpose of the Standard-setting frameworks;
- (b) how the Standards relate to special purpose financial reporting; and
- (c) external reporting beyond financial reporting.

The Board took the view that 'not-for-profit' should be retained as a significant term for accounting purposes, but decided to consider at a later time amending the definition and guidance through monitoring the New Zealand Accounting Standards Board's project on its definition of 'public benefit entity'.

[11.1](#) For-profit and not-for profit Standard-setting frameworks: Review of responses to ITC 37