



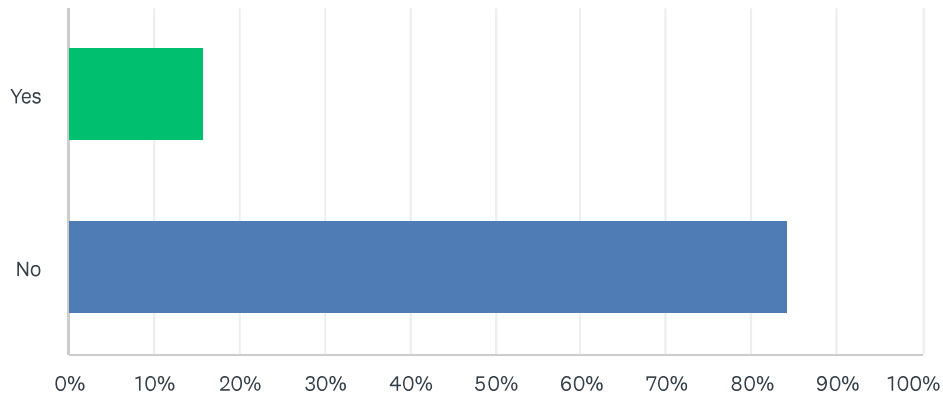
Project:	Conceptual Framework: Not-for-Profit Amendments	Meeting:	M212
Topic:	ED 334 Survey responses	Agenda Item:	3.4
		Date:	15 April 2025
Contact(s):	Evelyn Ling eling@asb.gov.au Maggie Man mman@asb.gov.au	Project Priority:	High
		Decision-Making:	High
		Project Status:	Project redeliberations

Objective of this agenda paper

- 1 This agenda paper presents a report of the feedback received from the ED 334 online survey. The survey comprised 33 questions, with Questions 2 – 18 relating to the ED 334 Matters for Comment.
- 2 Questions 19 –33 concerned the demographics of the respondents and their organisations to help provide context to the feedback received. Few respondents provided this information; and some of whom requested that their identifying information be kept confidential. Given the limited information collected, staff have excluded pages 22 – 41 of the report from this agenda paper. These pages can be made available to Board members on request.

Q1 Do you intend to provide a comment letter to the AASB regarding ED 334 Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements?*If you intend to provide a comment letter, please disregard this survey because we can only consider your response once.

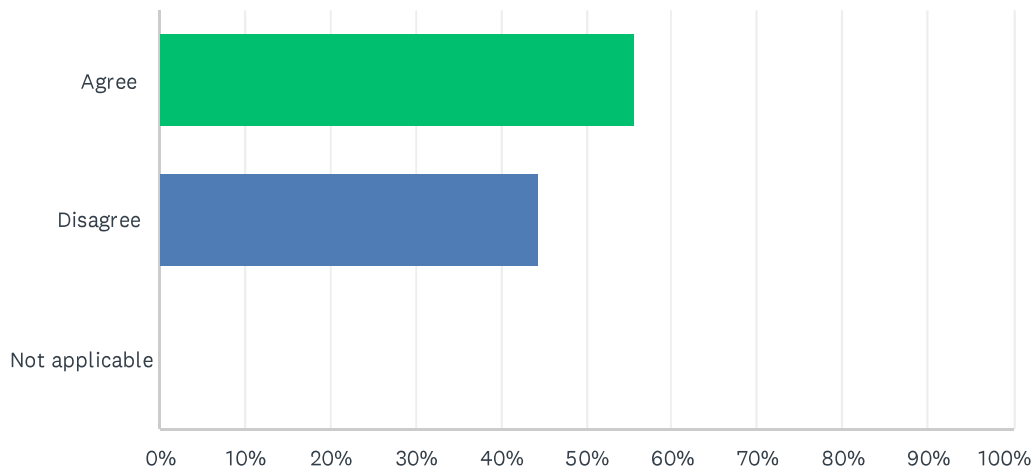
Answered: 19 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	15.79%	3
No	84.21%	16
TOTAL		19

Q2 Do you agree with the proposed amendments to extend the application of the Conceptual Framework to not-for-profit entities, including the proposed amendments to the Framework for the Preparation and Presentation of Financial Statements and SAC 1? If you disagree, please explain why. (This question is Question 1 in ED 334.)

Answered: 9 Skipped: 10



ANSWER CHOICES	RESPONSES	
Agree	55.56%	5
Disagree	44.44%	4
Not applicable	0.00%	0
TOTAL		9

#	PLEASE PROVIDE COMMENTS:	DATE
1	,,,	2/25/2025 8:11 PM
2	The transition from special purpose financial statements to general purpose financial statements would be a significant undertaking, leading to increased accounting and auditing fees. Many not-for-profits are already facing financial challenges, and this additional burden could further strain their resources. Given that annual reports are not widely read, I do not believe this change provides meaningful benefits to the readers of financial statements. The costs far outweigh the benefits, placing unnecessary stress and financial pressure on charities.	2/14/2025 3:51 PM
3	Would only agree if ED335 proposal for tier 3 GPFS is adopted.	2/4/2025 11:15 AM
4	While I agree for consistency and alignment by charities with for profits in its reporting, I would say NO for the following reasons. Disproportionate Reporting Requirements: The proposal to require charities, especially those with a turnover of \$3M, to comply with General Purpose Financial Reporting (GPFR) is disproportionate when compared to for-profit entities with significantly larger turnovers, such as \$50 million. This will create an unfair burden on while considered medium-large charities, are in fact very very small entities on the for profit plane. And it is usually the charities that are the ones struggling with itght margins and compliance with current reporting requirements. Resource Constraints: Charities typically operate with	12/13/2024 10:22 AM

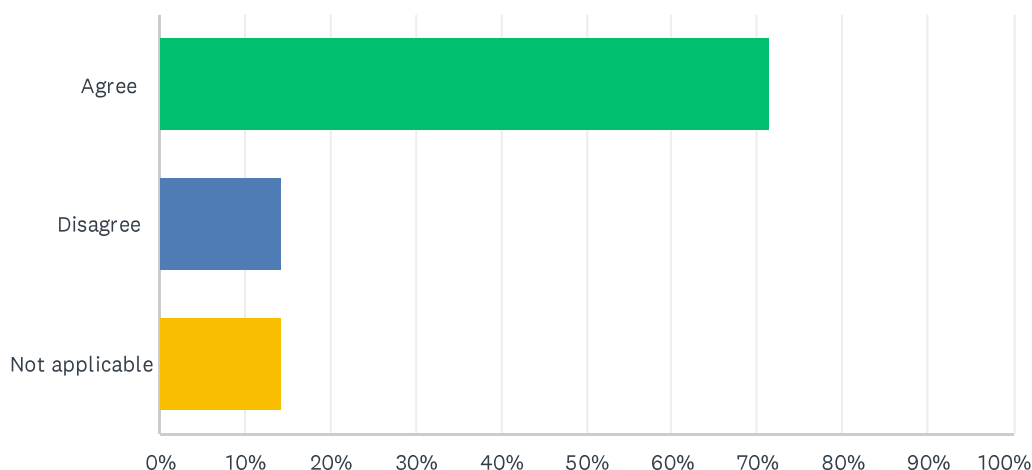
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limited resources, and the increased complexity of GPFR would necessitate costly investments in accounting systems, additional staffing, and training. This diverts funds and focus from essential services and programs that benefit the community. Expertise and Compliance Challenges: Many charities lack the financial expertise required to meet GPFR standards, leading to potential non-compliance and increased reliance on external consultants with significant added costs. This could jeopardize their operational effectiveness and sustainability. Limited User Base for SPFR: Mandating GPFR for all charities overlooks the fact that SPFR users generally don't need the same level of detailed reporting, potentially leading to unnecessary complexity and cost for organizations. There is already a requirement for charities that have dependent users to comply with GPFR standards. Why then the need to enforce GPFR for all charities? This just reminds me of when AASB16 was intended to be compulsory for even charities to comply with causing an unnecessary burden on charities, and which the position has now been revised. Some of the charities I was involved with decided not to adopt that, which is what they were able to do at that time, being a wise decision in hindsight to avoid a waste of resource. I feel more work needs to be done here.

5	Need to consider both ED 335 and ED 334 together as whilst ED 334 is getting rid of Special Purpose Framework, ED335 is the replacement to make life easier for the same preparers. The key issue is - if the disclosures or costs increase by adopting ED335 compared to what you have in special purpose, you end up defeating the purpose of bringing in Tier 3. They will become meaningless to the very user this is directed to.	11/7/2024 1:10 PM
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Q3 Do you agree with the proposed 'Aus' paragraphs to be added to Chapter 1 The objective of general purpose financial reporting and Chapter 2 Qualitative characteristics of useful financial information of the Conceptual Framework, including the amendments to:(a) distinguish donors from other funders (see proposed paragraph Aus1.2.1);(b) clarify that transactions in equity instruments and distributions to investors typically do not occur in not-for-profit entities (see proposed paragraph Aus1.15.1);(c) clarify that information about a not-for-profit entity's past financial performance and how its management discharged its stewardship responsibilities is usually helpful for predicting the volume and cost of future services and the sustainability of future service delivery (see proposed paragraph Aus1.16.1); and(d) delink, for not-for-profit entities, the results of confident, more informed user decision making and more efficient functioning of capital markets and a lower cost of capital (see proposed paragraph Aus2.41.1)?If you disagree, please explain why. (This question is Question 2(a) in ED 334.)

Answered: 7 Skipped: 12



ANSWER CHOICES	RESPONSES	
Agree	71.43%	5
Disagree	14.29%	1
Not applicable	14.29%	1
TOTAL		7

#	PLEASE PROVIDE COMMENTS:	DATE
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AASB Exposure Draft ED 334 Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements

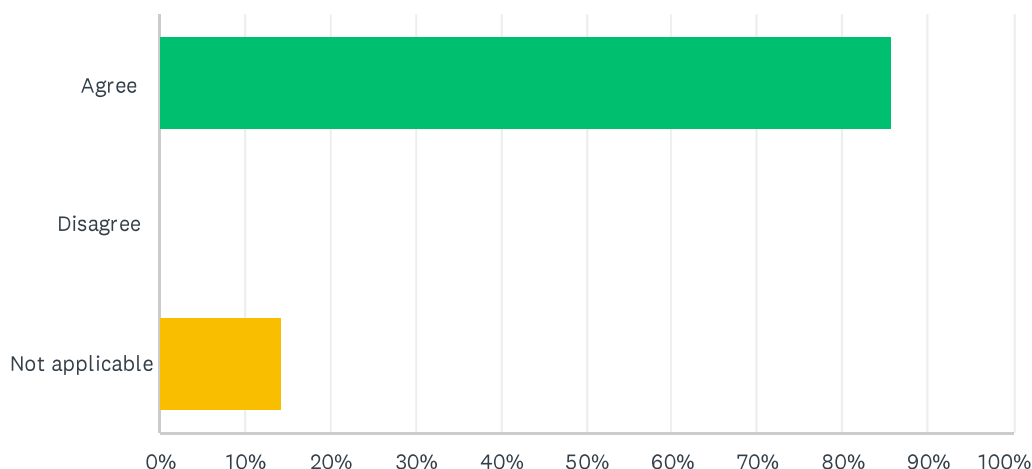
1

No, I do not agree with these amendments. Once again, they place an additional burden on accountants and CEOs, requiring them to prepare more detailed financial information. The performance of a not-for-profit is already discussed in depth at the AGM, providing an opportunity to explain financial results and any changes if needed. This added requirement is unnecessary and only increases the administrative workload without delivering significant benefits.

2/14/2025 3:55 PM

Q4 Do you agree with the proposed 'Aus' paragraphs to be added to Chapter 4 The elements of financial statements, including the amendments to:(a) clarify, for a not-for-profit entity, the relationship between the potential to produce economic benefits and service potential (see proposed paragraph Aus4.4.1);(b) clarify, for a not-for-profit entity, the relationship between cash inflows and the definition of an asset (see proposed paragraphs Aus4.16.1 and Aus4.16.2); and(c) explain how references in the Conceptual Framework to an equity claim should be interpreted, because a not-for-profit entity would not typically have equity claims on its assets (see proposed paragraph Aus4.67.1)?If you disagree, please explain why. (This question is Question 2(b) in ED 334.)

Answered: 7 Skipped: 12

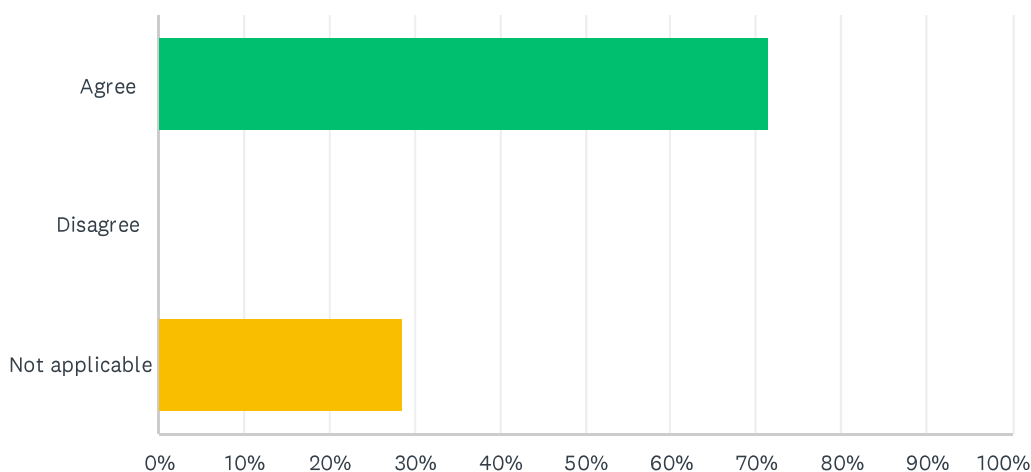


ANSWER CHOICES		RESPONSES
Agree		85.71% 6
Disagree		0.00% 0
Not applicable		14.29% 1
TOTAL		7

#	PLEASE PROVIDE COMMENTS:	DATE
	There are no responses.	

Q5 Do you agree with the proposed 'Aus' paragraphs to be added to Chapter 6 Measurement, including the amendments to:(a) clarify that, for a not-for-profit entity, the predictive value of historical cost information and current cost information is not limited to predicting future margins (see proposed paragraphs Aus6.30.1 and Aus6.41.1); and(b) clarify that the selection of an appropriate measurement basis for non-financial assets held by a not-for-profit entity for their service potential rather than their potential to generate cash inflows is not necessarily informed by how those cash inflows are generated (see proposed paragraph Aus6.56.1)?If you disagree, please explain why. (This question is Question 2(c) in ED 334.)

Answered: 7 Skipped: 12

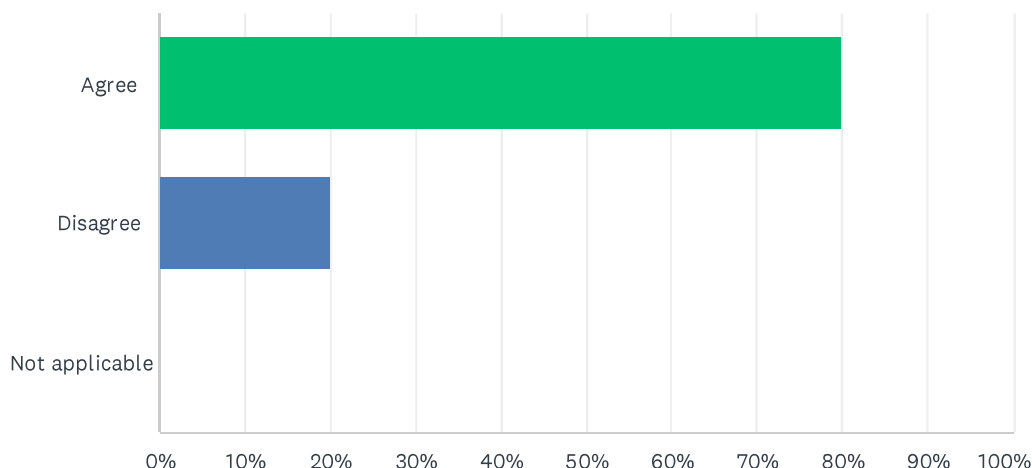


ANSWER CHOICES		RESPONSES	
Agree		71.43%	5
Disagree		0.00%	0
Not applicable		28.57%	2
TOTAL			7

#	PLEASE PROVIDE COMMENTS:	DATE
	There are no responses.	

Q6 Do you agree, overall, with the limited proposed amendments to the Conceptual Framework? If you disagree, please explain why. (This question is Question 2(d) in ED 334.)

Answered: 5 Skipped: 14

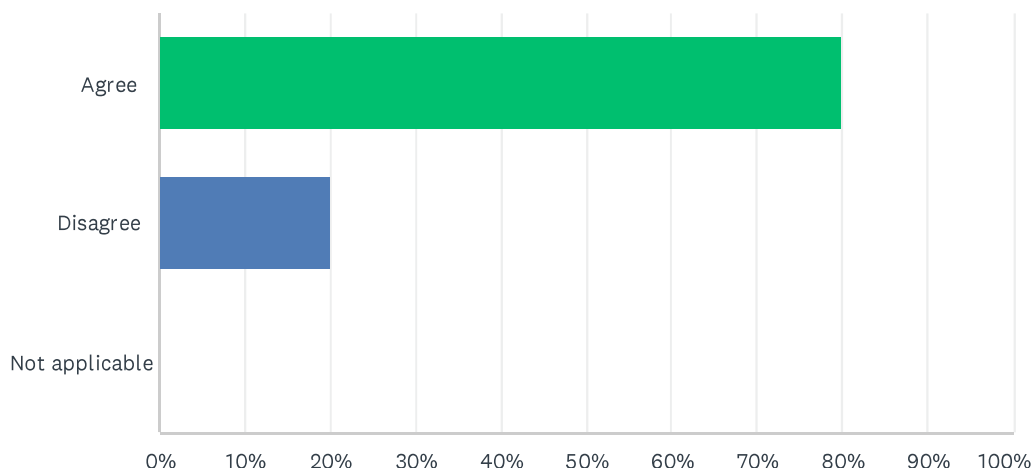


ANSWER CHOICES	RESPONSES	
Agree	80.00%	4
Disagree	20.00%	1
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	I do not believe these amendments are necessary or provide any meaningful benefit. There is no clear issue with how not-for-profits currently present their financials. Most NFPs are already struggling to make ends meet, with donations declining due to the cost-of-living crisis, increasingly stringent grant requirements leading to fewer successful applications, and grants that, when secured, often fail to cover essential costs such as wages. Meanwhile, other expenses—including superannuation and operational costs—continue to rise, creating significant financial stress across the sector. Removing the ability to produce special purpose financial statements will impose an unnecessary and costly burden that many NFPs simply cannot afford. While transparency in financial reporting is important, applying the same stringent requirements as for-profit companies is both impractical and unjustified. People do not engage with charities based on annual reports; they connect with our mission, our impact, and our messaging.	2/14/2025 4:00 PM

**Q7 Do you agree with the AASB's decision to no longer undertake a project that would consider the more significant and complex conceptual issues affecting not-for-profit entities? If you disagree, please explain why.
(This question is Question 3 in ED 334.)**

Answered: 5 Skipped: 14

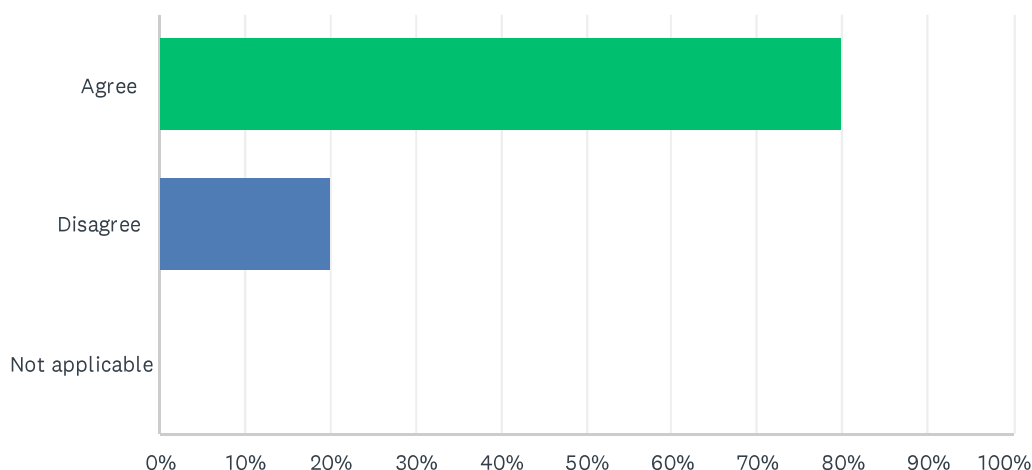


ANSWER CHOICES	RESPONSES	
Agree	80.00%	4
Disagree	20.00%	1
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	If the project would provide more clarity to preparers of Tier 3 financial statements then, AASB should consider undertaking it. If these issues do not ultimately arise in for Tier 3 preparers, then, yes, I agree with not undertaking it.	1/7/2025 9:19 AM

Q8 Do you agree with the proposed amendments to AASB 1057 Application of Australian Accounting Standards to extend the application of Australian Accounting Standards to, in general, not-for-profit entities that are required:(a) by legislation to comply with either Australian Accounting Standards or accounting standards; or(b) only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document is created or amended on or after a specified date;such that these entities are required to prepare general purpose financial statements?If you disagree, please explain what you suggest instead and why. (This question is Question 4 in ED 334.)For the purposes of this question, the specified date would be the first effective date of a Standard resulting from this Exposure Draft. For example, if the effective date of a final Standard is for annual periods beginning on or after 1 January 2029, the specified date would be 1 January 2029.

Answered: 5 Skipped: 14



ANSWER CHOICES		RESPONSES
Agree		80.00% 4
Disagree		20.00% 1
Not applicable		0.00% 0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	No, I do not agree with the proposed amendments to AASB 1057. Extending the application of	2/14/2025 4:03 PM

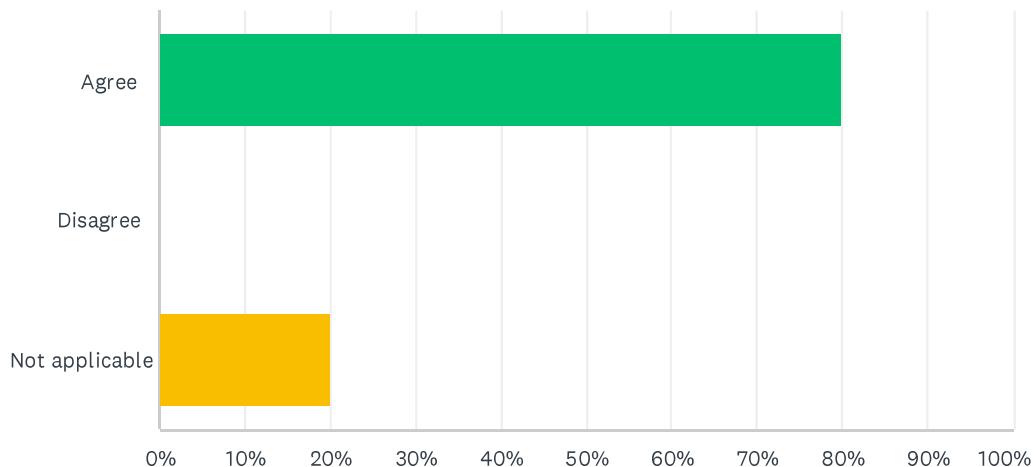
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Australian Accounting Standards to require general purpose financial statements for not-for-profit (NFP) entities, as outlined in (a) and (b), places an unnecessary and costly burden on a sector already under financial strain. Many NFPs are struggling with declining donations due to the cost-of-living crisis, increasingly stringent grant requirements, and rising operational costs. The removal of special purpose financial statements will lead to significantly higher accounting and auditing fees, which many NFPs cannot afford. Furthermore, there is no clear evidence that the current reporting framework is inadequate. The performance of an NFP is already reviewed and discussed in detail at AGMs, providing stakeholders with an opportunity to understand financial results and changes. Unlike for-profit entities, stakeholders do not engage with charities based on financial statements but rather through their mission, impact, and messaging. The costs of these amendments far outweigh the benefits, and imposing for-profit-style reporting requirements on NFPs is neither practical nor justified.

2	Assume	1/7/2025 9:21 AM
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Q9 Do you agree with this proposal? If you disagree, please explain why. (This question is Question 5 in ED 334.)

Answered: 5 Skipped: 14

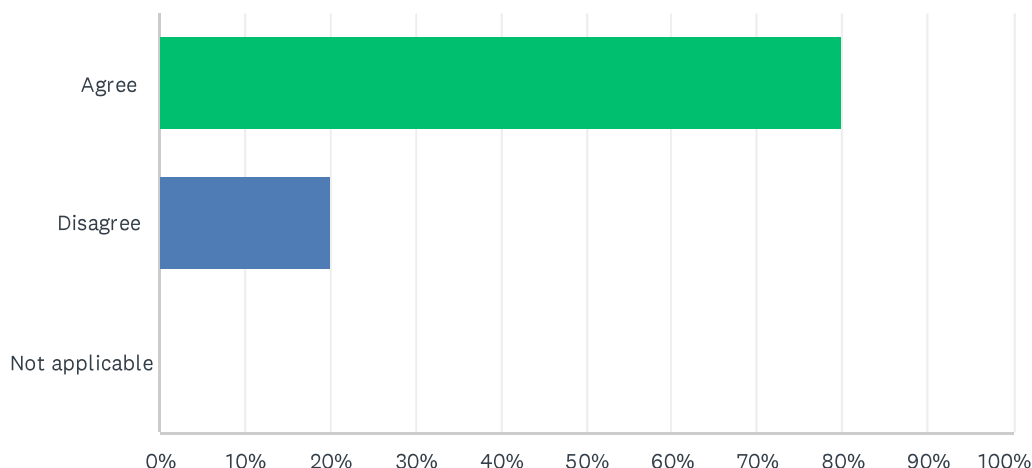


ANSWER CHOICES	RESPONSES	
Agree	80.00%	4
Disagree	0.00%	0
Not applicable	20.00%	1
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
	There are no responses.	

Q10 Do you agree with the proposals set out in Appendix F in AASB 1053 and paragraph Aus12.2 of AASB 1 First-time Adoption of Australian Accounting Standards? If you disagree, please explain why. (This question is Question 6 in ED 334.)

Answered: 5 Skipped: 14

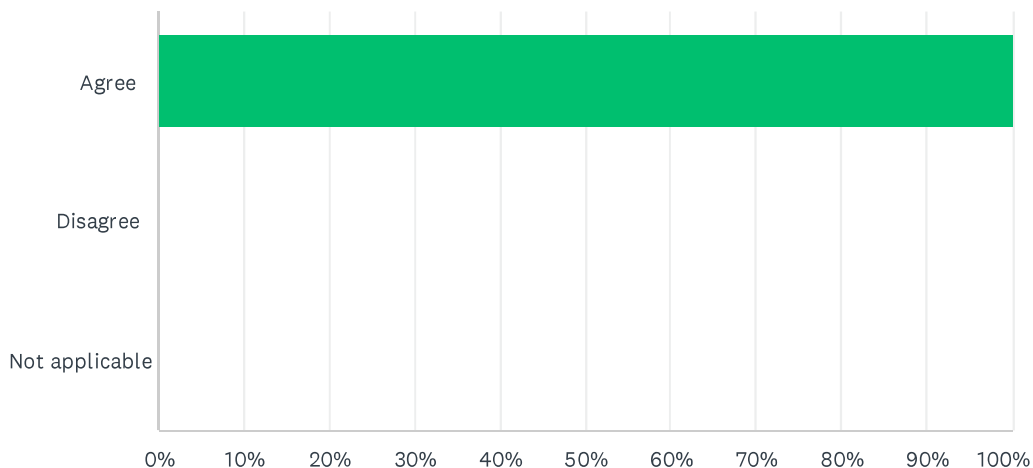


ANSWER CHOICES	RESPONSES	
Agree	80.00%	4
Disagree	20.00%	1
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
	There are no responses.	

Q11 Do you agree with the proposed amendments to paragraph 20A of AASB 1053? If you disagree, please explain why. (This question is Question 7 in ED 334.)

Answered: 5 Skipped: 14

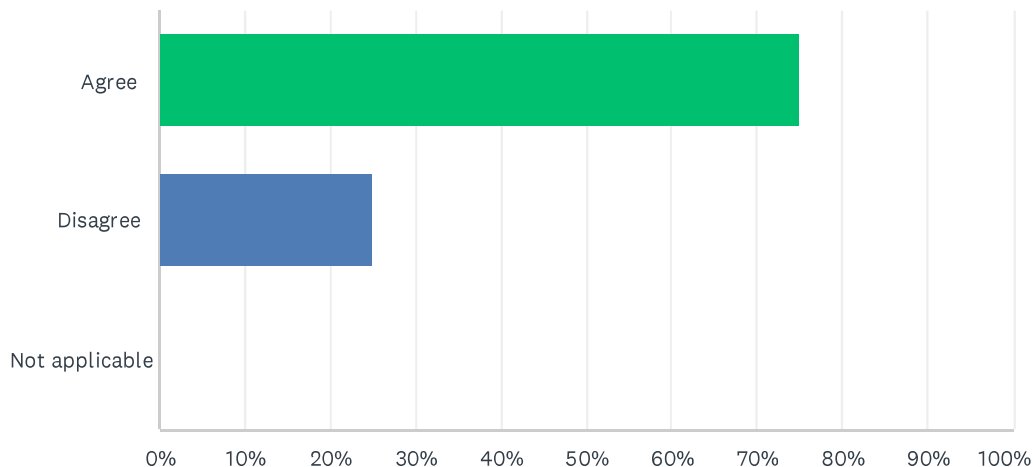


ANSWER CHOICES	RESPONSES	
Agree	100.00%	5
Disagree	0.00%	0
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
	There are no responses.	

Q12 Do you agree with this proposal? If you disagree, please explain why. (This question is Question 8 in ED 334.)

Answered: 4 Skipped: 15

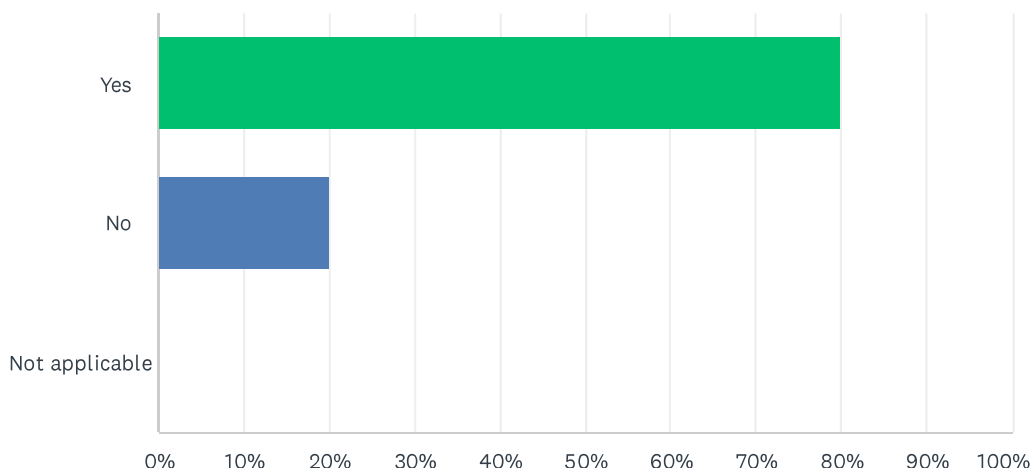


ANSWER CHOICES	RESPONSES	
Agree	75.00%	3
Disagree	25.00%	1
Not applicable	0.00%	0
TOTAL		4

#	PLEASE PROVIDE COMMENTS:	DATE
	There are no responses.	

Q13 Has the AASB Not-for-Profit Entity Standard-Setting Framework been applied appropriately in developing the proposals in this Exposure Draft? (This question is Question 9 in ED 334.)

Answered: 5 Skipped: 14

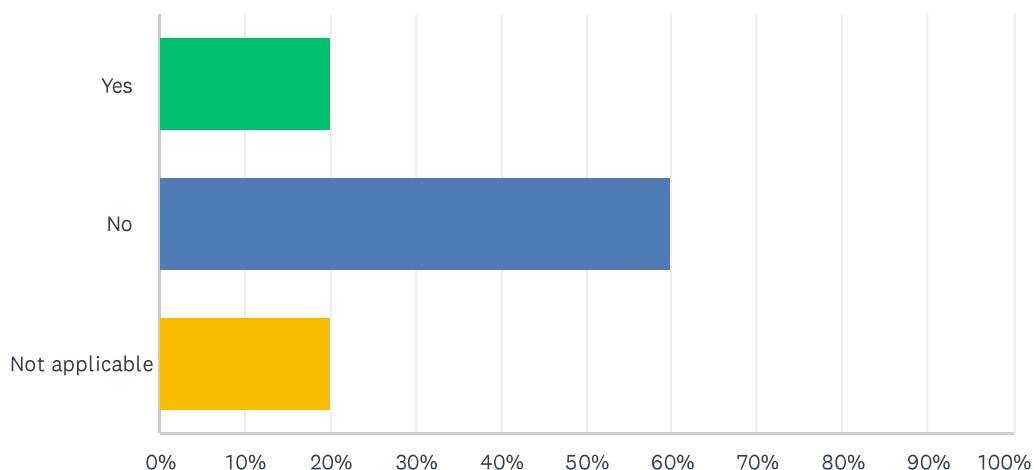


ANSWER CHOICES		RESPONSES	
Yes		80.00%	4
No		20.00%	1
Not applicable		0.00%	0
TOTAL			5

#	PLEASE PROVIDE COMMENTS:	DATE
1	I don't see any evidence of this requirement being met "When there is evidence these assumptions are no longer appropriate for the Australian context, this Framework will be reconsidered"" or this "evidence of undue widespread and significant diversity in accounting practices exists""	2/14/2025 4:10 PM

Q14 Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:(a) not-for-profit entities; and(b) public sector entities, including GAAP/GFS implications? (This question is Question 10 in ED 334.)

Answered: 5 Skipped: 14

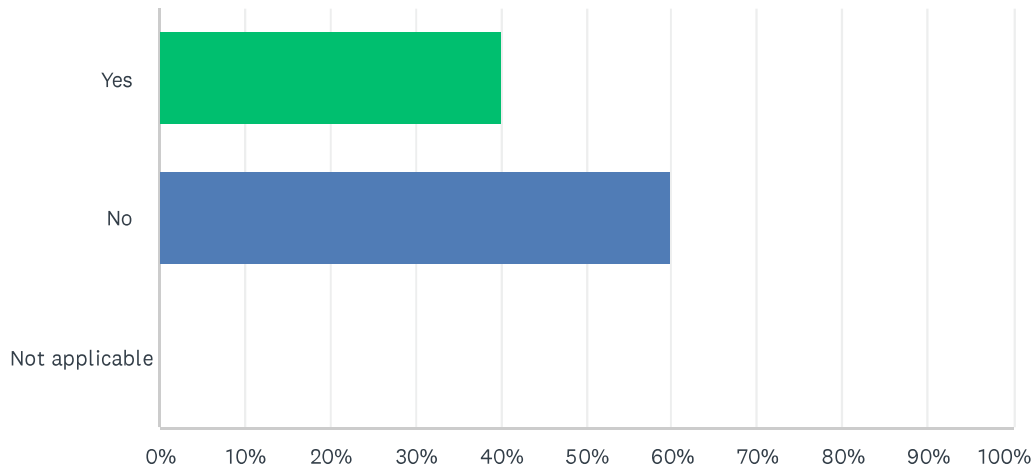


ANSWER CHOICES	RESPONSES	
Yes	20.00%	1
No	60.00%	3
Not applicable	20.00%	1
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	Is the purpose to remove SPFS entirely or just create further confusion with preparers. Is it probable that smaller charities will elect incorrectly to continue to prepare SPFS because it is easier to. Greater harmonisation between state/territory legislative obligations and federal obligations should continue to be a high priority for these changes.	1/7/2025 9:28 AM
2	Not to my knowledge	11/14/2024 11:26 AM

Q15 Do the proposals create any auditing or assurance challenges? If so, please explain those challenges. (This question is Question 11 in ED 334.)

Answered: 5 Skipped: 14

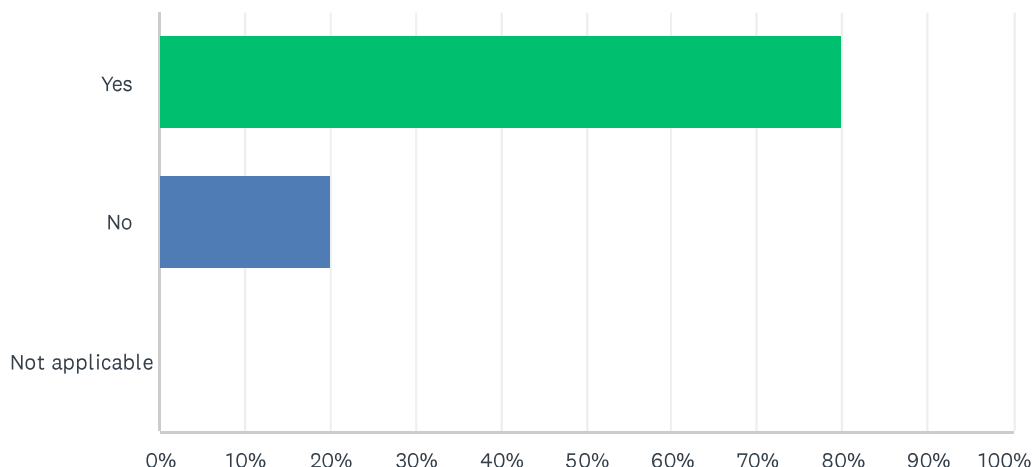


ANSWER CHOICES	RESPONSES	
Yes	40.00%	2
No	60.00%	3
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	Yes, I believe the proposals will create significant auditing and assurance challenges. Requiring not-for-profits (NFPs) to prepare general purpose financial statements will lead to a substantial increase in audit costs, placing further financial pressure on an already strained sector. Many NFPs operate with limited budgets, and the additional compliance burden may divert funds away from mission-driven activities. Additionally, these changes could force NFPs to change auditors, particularly if their current auditor is unwilling or unable to take on the increased requirements. This could disrupt long-standing professional relationships and result in a loss of valuable institutional knowledge. Transitioning to a new auditor may also introduce inefficiencies and further increase costs as the new auditor familiarizes themselves with the organization's operations. Overall, the proposals create unnecessary complexity, increased costs, and potential disruption to the continuity of financial oversight within the sector.	2/14/2025 4:10 PM
2	The proposals shouldn't create challenges, providing early education for auditors and clear guidelines are set.	1/7/2025 9:28 AM
3	It will be easier to audit a proposed tier 3 under the simplified disclosures than tier 2. The ACNC should consider to increase the limit of non-audit of financial statements currently at \$500,000 turnover. The annual increase should be reflected in a way to consider inflation and increased cost of living.	11/15/2024 5:17 PM

Q16 Would the proposals result overall in financial statements that are useful to users? (This question is Question 12 in ED 334.)

Answered: 5 Skipped: 14

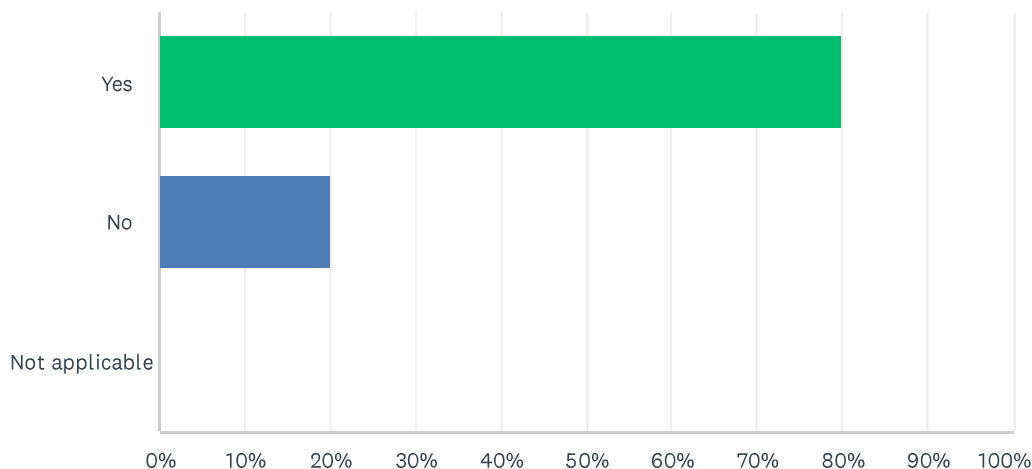


ANSWER CHOICES	RESPONSES	
Yes	80.00%	4
No	20.00%	1
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	I do not believe the proposals would result in financial statements that are significantly more useful to users than the current framework. There is no clear evidence that existing financial statements are inadequate or fail to meet the needs of stakeholders. Not-for-profits (NFPs) already provide financial transparency, and performance is discussed in detail at AGMs, where results can be explained in context. Furthermore, the primary engagement of donors, funders, and supporters with an NFP is through its mission, impact, and messaging—not its financial statements.	2/14/2025 4:12 PM
2	I will add more comments under ED335 - as it is critical that we understand that users for NFP entities are not the same as for listed entities. Need to balance cost and time and resource requirements and impact of this change will have on the NFPs.	11/7/2024 1:32 PM

Q17 Are the proposals in the best interests of the Australian economy? (This question is Question 13 in ED 334.)

Answered: 5 Skipped: 14



ANSWER CHOICES	RESPONSES	
Yes	80.00%	4
No	20.00%	1
Not applicable	0.00%	0
TOTAL		5

#	PLEASE PROVIDE COMMENTS:	DATE
1	No, I do not believe the proposals are in the best interests of the Australian economy. The not-for-profit (NFP) sector plays a vital role in supporting communities and addressing social and environmental challenges. However, many NFPs are already under financial strain due to declining donations, increasingly stringent grant requirements, and rising operational costs. Imposing the requirement to prepare general purpose financial statements will significantly increase compliance costs, diverting limited resources away from service delivery and community impact. Rather than improving economic outcomes, these changes may weaken the sector by forcing some organizations to reduce services, scale back operations, or, in extreme cases, cease functioning altogether. This would place additional pressure on government and other support systems to fill the gaps left by struggling charities. For the broader economy, an overburdened NFP sector could result in reduced employment within the sector, fewer community services, and a decline in the overall social and environmental benefits that these organizations provide. The increased costs associated with these proposals do not translate into meaningful benefits for stakeholders, making them counterproductive to the long-term health of both the sector and the Australian economy.	2/14/2025 4:12 PM
2	Some form of general purpose financial reporting should be implemented when organisations report to members. Entities must provide some form of transparency to its members. That would be the distinction between NFP and private entities.	11/15/2024 10:49 PM

Q18 Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements. (This question is Question 14 in ED 334.)

Answered: 2 Skipped: 17

#	RESPONSES	DATE
1	Would not expect extra costs to be impacted on changes.	11/14/2024 11:28 AM
2	Depending on how advanced the financials were - likely will see between 20 to 40% increase in costs.	11/7/2024 1:32 PM