



Wodonga Urban Landcare Network

Connecting People - Connecting Landscapes

PO Box 44
Wodonga, 3689

ABN: 503 453 44 219
Inc. No. A0058884Z

Australian Accounting Standards Board

PO Box 204 Collins Street West

West Victoria 8007 AUSTRALIA

Thursday, 27th February 2025

To Board Members,

RE: Objection to Exposure Drafts ED 334 and ED 335

I am writing on behalf of Wodonga Urban Landcare Network, a small not-for-profit organization providing Landcare services to our community for 12 years. We wish to express our concerns regarding the proposed changes outlined in Exposure Draft 334 "Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements" and Exposure Draft 335 "General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities."

As a small charity with annual revenue just under \$500,000 and limited staffing resources, we rely on volunteer assistance and paid bookkeeping support to fulfill our financial reporting obligations. We currently prepare Special Purpose Financial Statements (SPFS) that appropriately meet the needs of our stakeholders while remaining proportionate to our size and resources. Our revenue is primarily from grant funding arrangements, where we have further reporting obligations and increasingly no provision for financial reporting. Also with any large grant we must independently provide an audited financial acquittal report verifying that the Grant has been spent in accordance with our Agreement.

The proposed removal of SPFS options in ED 334 would impose significant additional reporting requirements that are disproportionate to our size, resources, and the public interest in our financial information should we transition from small to medium size charity. Even with the simplified Tier 3 reporting framework proposed in ED 335, the transition would require:

- Substantial upskilling of our volunteer treasurer and committee members
- Increased reliance on paid professional services, diverting funds from our charitable activities
- A duplication of financial information auditing
- Allocation of limited volunteer time to compliance rather than service delivery

We estimate the proposed changes would increase our annual accounting and reporting costs by approximately \$5,000 - \$8,000. Given our tight operational budget, these additional costs would directly impact our ability to deliver services.

The AASB's Regulatory Impact Statement fails to adequately account for the real-world impact on small to medium charities like ours, where:

- Financial resources are extremely limited
- Financial report users are primarily concerned our general financial viability
- Complex accounting standards add minimal value to our stakeholders' understanding



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We respectfully urge the AASB to consider a more proportionate approach that:

1. Maintains the SPFS option for smaller NFPs under a \$1 million annual revenue
2. Conducts more comprehensive field testing with diverse small NFPs before finalizing changes

While we appreciate the AASB's intent to improve financial reporting consistency, we strongly believe the proposed approach will harm small to medium charities, potentially leading to reduced service delivery. We urge you to reconsider these proposals with proper consideration of the practical realities faced by small charitable organisations.

We would welcome the opportunity to discuss our concerns further or participate in any consultation that specifically addresses the impact on small NFPs.

Yours sincerely,

Kate Sleeman
Acting Chair
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