



Project:	Not-for-Profit Private Sector Financial Reporting Framework	Meeting:	M208
Topic:	Cover memo and project update	Agenda Item:	3.1
		Date:	20 August 2024
Contact(s):	Maggie Man mman@asb.gov.au Fridrich Housa fhousa@asb.gov.au	Project Priority:	High
		Decision-Making:	High
		Project Status:	Developing Exposure Draft

Objective of this agenda item

- The objective of this agenda item is for the Board to:
 - firstly, consider** in Agenda Paper 3.3, which contains two alternative drafting approaches for the notable relationships, consolidated and separate financial statements and transitional provisions. The Board will also consider whether to include an impracticability exemption for changes in accounting policies or correction of prior period accounting standards (see paragraph 9 for further information);
 - secondly, consider** the draft of the Tier 3 Exposure in Agenda Paper 3.2 which includes the remaining sections reviewed by the Subcommittee, and **consider** any sweep and other issues (see paragraph 8 for further information);
 - thirdly**, ask the Board **to delegate** the finalisation of and approval to issue the Exposure Draft ED 3XX *General Purpose Financial Statements: Not-for-Profit Private Sector Tier 3 Entities* to the Chair with Subcommittee after the Board considers the remaining sweep and other issues ; and
 - receive** an update on the Not-for-Profit Private Sector Financial Reporting Framework (NFP FRF) project, including interaction with cross-cutting projects and other developments and consider the outreach plan (this Agenda Paper).
- In the Agenda Item 5 for this meeting, the Board will also be asked to consider the staff analysis and recommendations regarding related Not-for-Profit Conceptual Framework project, including the draft of the Exposure Draft ED 3XY *Limiting the Ability of Not-for-Profit entities to Prepare Special Purpose Financial Statements* regarding the *Conceptual Framework for Financial Reporting* amendments for not-for-profit (NFP) entities and SAC 1 *Definition of the Reporting Entity* amendments and resulting removal of the ability of certain NFP entities to prepare special purpose financial statements (SPFS). Staff will be seeking the Board to consider:
 - the amendments to AASB 1057 *Application of Australian Accounting Standards*, to revise the cohort of NFP entities to which the Australian Accounting Standards (AAS) apply; and
 - amendments to AASB 1053 *Application of Tiers of Australian Accounting Standards*, that:
 - no additional transitional provisions, beyond those in AASB 1, are necessary to assist NFP entities currently preparing SPFS to prepare Tier 1 GPFS; and

- (ii) to propose early application relief for a NFP entity currently preparing SPFS that will prepare, for the first time, Tier 2 GPFS following implementation of the Board’s proposals, with an optional exemption from:
 - (A) restating the comparative financial statements;
 - (B) providing certain comparative note disclosures; and
 - (C) distinguishing corrections of errors and changes in accounting policies.

Staff are also seeking the Board to decide whether paragraph 9A of AASB 1054 *Australian Additional Disclosures* should apply to NFP private sector entities that will be able to continue to prepare SPFS following the completion of the NFP FRF project.

Attachments

3 Papers for this agenda item are:

- (a) Agenda Paper 3.2 Draft AASB Exposure Draft EX 3XX – *General Purpose Financial Statements: Not-for-Profit Private Sector Tier 3 Entities*
- (b) Agenda Paper 3.3 Staff paper: Alternative drafting for notable relationships, transition provisions and staff analysis of impracticability exemption
- (c) Agenda Paper 3.4 Summary of the ED Tier 3 proposals and extent of simplifications against Tier 2 reporting requirements

The following papers are presented in the Supplementary Folder:

- (d) Agenda Paper 3.5 Tier 3 – staff analysis and application of the drafting approach to changes in accounting policies, estimates and errors (Board only);
- (e) Agenda Paper 3.6 Tier 3 – staff analysis and application of the drafting approach to employee benefits (Board only);
- (f) Agenda Paper 3.7 Tier 3 – staff analysis and application of the drafting approach to investment property (Board only);
- (g) Agenda Paper 3.8 Tier 3 – staff analysis and application of the drafting approach to primary financial statements (Board only);
- (h) Agenda Paper 3.9 Tier 3 – staff analysis and application of the drafting approach to intangible assets (Board only);
- (i) Agenda Paper 3.10 Tier 3 – staff analysis and application of the drafting approach to entity combinations (Board only); and
- (j) Agenda Paper 3.11 Tier 3 – staff analysis and application of the drafting approach to transition provisions (Board only).
- (k) Agenda Paper 3.12 Draft AASB Exposure Draft EX 3XX – *General Purpose Financial Statements: Not-for-Profit Private Sector Tier 3 Entities* (with supplementary notes to Board members)

Background

4 At its 20 – 21 February 2021 meeting, the Board decided to develop a further reporting Tier (Tier 3) for application by not-for-profit (NFP) private sector entities. The Board approved the

Discussion Paper (DP) in August 2022,¹ issued in September 2022, with a six-month consultation period to 31 March 2023.

- 5 After consideration of the preliminary analysis of the feedback on the DP at its 4 May 2023 meeting, the Board decided to proceed with the development of an Exposure Draft on:
 - (a) a Tier 3 Accounting Standard with simplified accounting requirements for smaller NFP private sector entities; and
 - (b) removing the ability of certain NFP entities to prepare special purpose financial statements under Australian Accounting Standards.
- 6 [The Not-for-Profit Private Sector Financial Reporting Framework Project Summary](#) provides an overview of the Board’s decisions to date regarding the project based on – ‘*Approach to simplification*’ adopted by the Board at its August 2021 meeting.²
- 7 At its May 2023 meeting, the Board decided, to the extent consistent with the project object to develop simplified and proportionate requirements for smaller NFP private sector entities and in line with the principles the Board applies in this regard, its approach to drafting the Tier 3 Standard illustrated in Appendix B – *Approach to drafting the Tier 3 Standard*, which sets out the approach to drafting the recognition and measurement requirements³ and the disclosure requirements.⁴

Draft of Exposure Draft ED 3XX – General Purpose Financial Statements: Not-for-Profit Private Sector Tier 3 Entities (Agenda Papers 3.2 – 3.4 and supporting documents Agenda Papers 3.5 – 3.12)

- 8 [Agenda Paper 3.2](#) provides a draft of the Exposure Draft ED 3XX *General Purpose Financial Statements: Not-for-Profit Private Sector Tier 3 Entities* (Tier 3 Exposure Draft) containing staff recommendations regarding:
 - (a) the remaining topics that were not included in the draft of the Exposure Draft presented at the March 2024 Board meeting of the following:
 - (i) Sections 2 – 7: consisting of primary financial statements including presentation requirements;
 - (ii) Section 9: Accounting policies and estimates and correction of prior period accounting errors;
 - (iii) Section 14: Investment Property;
 - (iv) Section 16: Intangible assets;
 - (v) Section 17: Entity combinations;
 - (vi) Section 24: Employee benefits; and
 - (vii) Section 29: Transition to the Tier 3 General Purpose Financial Statements: Simplified Accounting; and
 - (b) the Specific Matters for Comments and General Matters for Comments;
 - (c) the non-mandatory Illustrative examples;
 - (d) the Basis for conclusions; and
 - (e) proposed consequential amendments to other AAS consisting of:
 - (i) AASB 1053 to include Tier 3 General Purpose Financial Statements: Simplified Accounting as an AAS and to reflect the transitional requirements that apply when

1 [Minutes of the 189th meeting of the AASB](#)

2 [Minutes of the 182nd meeting of the AASB](#)

3 Refer to [Action Alert No: 222](#)

4 [Minutes of the 188th meeting of the AASB](#)

NFP entities prepare Tier 3 either on first-time adoption, recommending adoption, or transitioning out from Tier 3 to other tiers; and

- (ii) AASB 1057 to include the cohort of NFP entities that would apply the Tier 3 Standard and the AASs that would not apply for entities that apply the Tier 3 Standard.

In this paper, staff will ask the Board to delegate the finalisation of and approval to issue the Exposure Draft to the Chair with Subcommittee after the Board considers the remaining sweep and other issues.

For Board members' reference, staff have also presented Agenda Paper 3.12 which is a copy of Agenda Paper 3.2 with staff comments in the margin providing details of marked-up changes (both in response to changes to respond to Subcommittee members' comments to Agenda Papers 3.5-3.11 and staff suggested changes to improve readability or clarifying in nature).

9 Agenda Paper 3.3 presents the staff analysis and recommendation on:

- (a) an alternative drafting to Section 8 which includes locating the guidance on notable relationships within its subsection to separate from requirements on consolidated and separate financial statements;
- (b) an alternative drafting to Section 29 transitional provisions to group the guidance on disclosure requirements within the section and other sweep issues; and
- (c) further consideration to include an impracticability exemption into section 9: Accounting Policies, Estimates and Errors from applying the modified retrospective approach to changes in accounting policies and corrections of prior period errors.

Staff are seeking the Board to consider and decide whether to replace the drafted Sections 8, 9 and 29 with the alternative drafting presented in this paper.

10 Agenda Paper 3.4 summarises the Board's decisions in the Exposure Draft Tier 3 reporting requirements, including the extent of simplification compared with the Tier 2 reporting requirements.

11 In the supplementary folder are Agenda Papers 3.5 – 3.12 containing the staff analysis and recommendations of sections of the draft Tier 3 Exposure Draft and the feedback received from the Subcommittee on the staff drafting of the abovementioned sections in paragraph 8(a). Staff have transferred the comments received from Subcommittee members for each selected section into the draft of the Tier 3 Exposure Draft. As noted in paragraph 8, Agenda Paper 3.12 contains a copy of Agenda Paper 3.2 with detailed supplementary comments to the Board against the marked-up changes in the draft ED.

Project update

Cross-cutting projects and other updates

12 Table 1 below provides an update on the cross-cutting projects and other developments.

Table 1: Update on cross-cutting projects and other developments

Project and other updates	Update
<p>Second comprehensive review of the <i>IFRS for SMEs</i> Standard</p>	<p>In July 2024, the IASB met and discussed the following in relation to IFRS for SMEs ED and tentatively decided:</p> <ul style="list-style-type: none"> • To withdraw its proposal to introduce an expected credit loss model for the impairment of some financial assets; The Board decided the impairment model for Tier 3 is based on the incurred loss model (see para. 10.17 in Agenda Paper 3.2 for this meeting) • To add a requirement for an SME to disclose its analysis of financial assets by due date; The Tier 3 disclosures are drafted based on Tier 2 requirements with further simplification (see para. 10.25 – 10.30 in Agenda Paper 3.2 for this meeting) • For financial guarantee contracts: <ul style="list-style-type: none"> ○ Include intragroup financial guarantee contracts issued at nil consideration in the scope of Section 21 <i>Provisions and Contingences</i>; ○ Keep other issued financial guarantee contracts in the scope of Part II of Section 11 <i>Financial Instruments</i> ○ Add requirement for an SME to disclose about financial guarantee contracts including, but not limited to, the nature and business purpose of an issued intragroup financial guarantee contract; <p>The Board decided that financial guarantee contracts are complex financial instruments and require that entities apply AASB 9 <i>Financial Instruments</i> to account for these instruments (see para 10.3 in Agenda Paper 3.2 for this meeting).</p> • To require that, on initial recognition, an SME measure basic financial instruments that are trade receivables at an amount determined by applying the proposed revised Section 23 <i>Revenue from Contracts with Customers</i> if: <ul style="list-style-type: none"> ○ The contract does not constitute a financing transaction; or ○ The SME applies the exemption proposed in para 23.59 of the ED (i.e. the entity need to adjust promised amount of consideration for the effects of time value of money if the entity expects, at the contract inception, that the period between when the entity transfers the good or service promised to a customer and when the customer pays for that goods or services will be one year or less); The Board decided at its March 2024 Board meeting (see minutes of meeting) to seek feedback whether requirements addressing how to account for a significant financing period provided to a customer, when measuring the amounts of accounts receivables arising from a transfer of goods or services to a customer or beneficiary as drafted in para 20.3 in Agenda Paper 3.2 for this meeting is useful. Staff have drafted SMC 24(b) reflecting the Board’s decision. ○ To add a definition of transaction prices (for a contact with customer) that matches the description of the term proposed in para 23.41 of the ED (i.e. an entity shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring goods or services promised to a customer, excluding amounts collected on behalf of third parties); Staff presented drafting of the requirements for accounts receivable in Agenda Paper 4.3 at the March 2024 Board meeting (which was reviewed by Subcommittee members who agreed with the drafting) that accounts receivable should be required to be measured initially at fair value (along with all other financial assets) with the receivables’ transaction price deemed to represent fair value at that date. Staff’s recommended drafting also refers to the receivable’s ‘transaction price’ to simply refer to as ‘the gross amount of consideration to which the entity expects to be entitled for providing specified

Project and other updates	Update
	<p>goods and services to beneficiaries or customers' (see para. 20.5 in Agenda Paper 3.2 for this meeting).</p> <ul style="list-style-type: none"> ○ To require that an SME use its expectation for the products that will be returned to account for sales with right of return; The Tier 3 ED includes guidance that accounts receivable be measured at the most likely amount of any variable consideration receivable but only to the extent it is highly probable that the variable amount will become due when the uncertainty associated with it is subsequently resolved (see para. 20.5(a)(ii) in Agenda Paper 3.2 for this meeting). ○ Not include guidance from the Q&As developed by the SME Implementation Group in the IFRS for SMEs Accounting Standard. The Board decided the approach to develop non-mandatory illustrative examples at its March 2024 Board meeting (see minutes). <p>The IASB also tentatively decided to set an effective date of 1 January 2017 for the third edition of the Standard. The IASB also decided to not re-expose the IASB's tentative revisions to the prospective amendments. The IASB will discuss feedback on the ED Addendum to the Exposure Draft in September 2024, expecting to issue the third edition of the Standard in the first half of 2025.</p> <p>Staff will seek the Board's feedback on the draft Tier 3 ED ahead of a Board vote to delegate to a Subcommittee, the finalisation of, and approval to issue the ED, in question 14 of Agenda Paper 3.2 for this meeting.</p>
INPAG consultation Exposure Drafts	<p>The INPAG Technical Advisory Group (TAG) met on 17 July 2024 to discuss the following:</p> <p>Common grant model (both received and awarded)</p> <ul style="list-style-type: none"> ● While the majority of respondents to their ED agreed with the common grant model and the classification of grants a either enforceable grant arrangements (EGAs) or other funding arrangements (OFAs) but some disagreements were received including, for example: <ul style="list-style-type: none"> ▪ The definition of EGAs and OFA may be difficult and distinguishing the correct classification may be difficult for some existing grant documentation. In particular, targets or objectives in written documentation may differ from mutual expectations that both parties adhered to. In addition, a grant arrangement may have elements of both enforceable grant obligations (EGOs) and other elements without EGOs. ▪ Relationship between grant arrangements and presentation of grant arrangements as with/without restrictions; ▪ Enforceability particularly with equivalent means can be difficult as written grant agreement may specify targets to be met, whereas the customary practice understood and accepted by both parties, is that the targets are not firm; <p>The INPAG Secretariat consider distinguishing factor from a revenue recognition perspective is whether a requirement or an obligation in a grant arrangement creates a present obligation on grant recipient. Therefore, the Secretariat will consider whether to frame the model around the requirements or obligations in a grant arrangement, rather than a classification of the grant arrangement.</p> <ul style="list-style-type: none"> ● Other matters discussed by the Secretariat were not to change the application of the model for grant expenses which aligns with the IPSAS 48 <i>Transfer Expenses</i> model where enforceable rights to the grant recipient's future performance satisfied the definition of an asset in the IPSASB Conceptual Framework and therefore, is consistent with INPAG's Section 2, <i>Conceptual and pervasive principles</i>. ● Some respondents raised practical issues, especially the complexity of applying grant models for smaller NGOs. The Secretariat noted that INPAG is not developed for the smallest NFPs and that there is a risk that introducing simplifications could result in inappropriate use by larger NPOs, with financial statements not reflecting the economic substance of the grant transactions. The Secretariat will review the practical issues identified by respondents and discuss these with a Focus Group to determine who they might be addressed. <p><i>The Tier 3 ED has a single revenue recognition model which covers grants revenue without the distinction whether a grant is enforceable or not. Rather the Tier 3 revenue</i></p>

Project and other updates	Update
	<p><i>would recognize a liability (deferred revenue) if there is a common understanding between the recipient and the resources provider on how the resources should be used.</i></p> <p>Structure and content of INPAG</p> <ul style="list-style-type: none"> • While majority of respondents agreed with the structure of the INPAG, except some feedback related to: <ul style="list-style-type: none"> ▪ Ease of use of the guidance – locating guidance in difference volumes might make the guidance more complex, however all respondents agreed with the Basis for Conclusion should be in a separate volume. <i>The Board decided for the purpose of developing the Tier 3 ED, that non-mandatory illustrative examples should be developed and included in an Appendix of the Standard at the March 2024 Board meeting;</i> ▪ The benefits or otherwise of similarity with IFRS for SMEs – some respondents preferred aligning presentation with the IFRS for SMEs Standard being an international standard. Some respondents preferred that NFO-specific guidance appear earlier in the ordering of the sections in INPAG. <i>The Board considered the working draft of Tier 3 ED at March 2024 which is based on the same order as presented in the IFRS for SMEs Standard; and</i> ▪ Naming conventions – some respondents considered the term non-profit when referring the NGOs was confusing as NPOs would operate to generate profit that can be used to meet their primary objectives. <i>The naming convention and definition of not-for-profit entity in AAS is not proposed to be changed via the Tier 3 ED.</i> <p>Narrative reporting</p> <ul style="list-style-type: none"> • Additional implementation guidance was proposed on reporting of non-financial information including sustainability reporting and programme impact which may consider the longer-term impact of these issues. In particular, TAG members consider NPOs should not be discouraged from including climate or sustainability issues in their narrative report and that INPAG should signpost to current developments on a national and international basis on the INPAG website. <i>Service Performance Reporting will not be included as part of the Tier 3 ED proposals, and the Board is considering such reporting as a separate project.</i> • Transitional period suggested in ED1 (i.e. a period of two years) remains unchanged but further feedback may be sought through ED3. <i>The Board decided to propose in the ED to provide an implementation period prior to the effective date of at least three years when issuing the Tier 3 Standard, together with extending the application of the Conceptual Framework for Financial Reporting to NFP entities.</i> <p>Way forward on financial statements</p> <ul style="list-style-type: none"> • The INPAG ED1 proposals requires a presentation of statement of financial position, statement of income and expenses, statement of changes in net assets, statement of cash flows and notes to the financial statements. Further suggestions include: <ul style="list-style-type: none"> ▪ Additional guidance or revised drafting on ‘operating cycle’; ▪ Providing flexibility in naming of financial statements/terminology; ▪ Clarify OCI items should be presented separately in Statement of changes in net assets; ▪ Whether grants and donations should be separately presented in statement of cash flows or in the notes and whether terms should change for investing and financing activities and to provide both direct and indirect method in present cash from operating activities. <i>The Board decided that, for the purpose of drafting the Tier 3 ED, consistent requirements for primary financial statements with Tier 2 requirements should be required, except there are no requirements to separately present cash flows from investing and financing activities. The Board will consider the drafting of primary financial statements in the final draft of the Tier 3 ED at this meeting.</i>

Project and other updates	Update
ACNC Review of Compliance with Remuneration Reporting	ACNC conducted its review of a selection of 2022 Annual Information Statements (AIS) and Annual Financial Reports (AFR) submitted by charities. The findings from their review indicated that there was generally no material discrepancy between the information reported in the AIS and the figures in the AFR. However, the review found one-third for large charities made a material error in the information provided in their AIS about key management personnel (KMP) remuneration (the 2022 reporting period is the first year large charities are required to report KMP remuneration). Refer to the ACNC website and Agenda Item 9.1 for more information.

Next steps

Outreach plan

- 13 Staff plan that both the Tier 3 Exposure Draft and ED 3XY *Limiting the Ability of Not-for-Profit entities to Prepare Special Purpose Financial Statements* should be released together because the Board’s proposal to develop a further reporting tier for NFP private sector entities is interlinked with the Board’s decision to supersede the SAC 1 reporting entity concept for NFP private and public sector entities. In addition, based on the stakeholders’ feedback on the Discussion Paper, stakeholders supported that the timing of the removal of special purpose financial statements should not precede the release of a Tier 3 Standard (refer to [Agenda Paper 3.1.0](#) at the March 2023 Board meeting and [minutes](#) to that meeting).
- 14 Staff are conscious of the release of these Exposure Drafts (depending on the timing of their finalisation), and the ensuing consultation period will likely include December 2024 and January 2025. At the same time staff are also conscious of the upcoming domestic post-implementation review of AASB 1060 which would include not-for-profit private sector entities that may, subject to the Board’s decision in Agenda Paper 6.1 for this meeting, commence in similar timing to the issue of the Exposure Drafts. As such, in staff’s planning of the outreach, staff will consider whether there is any overlap and combine any outreach relating to the PIRs at the same time in Q1 2025, which is likely to be of interest to similar or overlapping stakeholder groups for the key consultation activities in the table in paragraph 18.

Awareness/Education

- 15 Similar to the issue of the DP in September 2022, staff plan utilise various communication channels such as publication of an accounting article in addition to the AASB newsletters to promote and engage with this targeted sector for:
- (a) Tier 3 Exposure Draft will be primarily relevant to smaller NFP private sector entities; and
 - (b) ED 3XY *Limiting the Ability of Not-for-Profit entities to Prepare Special Purpose Financial Statements* will be relevant to both NFP public and private sector entities regardless of their size.
- 16 Staff suggest hosting a webinar session after the publication of the Exposure Drafts to educate stakeholders on the Board’s proposals before conducting any in-person and virtual outreach.
- 17 Given the success of the survey instrument when issuing the Discussion Paper, staff plan to create similar a survey instrument to support the release of the two Exposure Drafts. Staff consider only developing one survey instrument to cover both Exposure Drafts because:
- (a) creating two survey instruments may deter some NFP private sector entities from responding to more than one survey (i.e. if the SMCs on ED 3XY *Limiting the Ability of Not-for-Profit entities to Prepare Special Purpose Financial Statements* were included in a separate survey instrument.); and
 - (b) Survey Monkey (the platform for developing the survey instrument) allows users to skip questions to a specific page.

- 18 Similar to the outreach conducted for the Discussion Paper, staff will focus mainly on conducting mix of in-person and virtual outreach sessions during the comment period.

Consultation Activity	Expected Delivery	Details
Webinar	November 2024	This will be an education session on the Board's proposals
Mix of in-person and virtual outreach	Beginning in November 2024 until the end of the consultation period	Staff envisage a mix of in-person and virtual outreach to be conducted. Consultation will cover both the Tier 3 Exposure Draft and the ED 3XY <i>Limiting the Ability of Not-for-Profit entities to Prepare Special Purpose Financial Statements</i> . In Q1 2024, staff will consider also including consultation of any domestic PIR of AASB 1060.

Targeted outreach focus groups/ meetings

- 19 In addition to the key consultation activities outlined in the Table above, staff will seek to offer meetings with various stakeholders to obtain further feedback on the Exposure Drafts across NFP private and public sectors. Staff will utilise the AASB database as well as the stakeholders that previously engaged with the AASB on the DP, to seek feedback from them on the Exposure Drafts.

Documents to accompany the Exposure Drafts

- 20 In addition to the Exposure Drafts, staff will be developing/presenting the following documents to accompany the Exposure Draft :
- (a) The summary of differences between Exposure Draft proposals on the Tier 3 requirements including extent to simplification compared with Tier 2 requirements as presented in Agenda Paper 3.4; and
 - (b) a survey instrument to collect feedback for the two Exposure Drafts with link accessible from the AASB website.
- 21 Staff expects the Tier 3 Exposure Draft and ED3XY [Limiting the Ability of Not-for-Profit entities to Prepare Special Purpose Financial Statements](#) to be finalised and published by the end of October. As such staff recommend a four month consultation period to commence after the publication of the two Exposure Drafts, that is until end of February 2025, after considering and balancing the following factors:
- (a) The comment period will likely include December 2024 and January 2025 where the availability of stakeholders is likely to be limited;
 - (b) The diversity and the size of the NFP entities which the Tier 3 Exposure Draft is aimed at;
 - (c) As noted in paragraph 13, the Board's proposal to develop a further reporting tier for NFP private sector entities is interlinked with the Board's decision to supersede the SAC 1 reporting entity concept for NFP private and public sector entities and therefore, the two Exposure Drafts should be published together;
 - (d) The majority of the proposals in the Tier 3 Exposure Draft are similar to the proposals in the DP and stakeholders supported the majority of the DP proposals, and
 - (e) The AASB Due Process Framework (paragraph 6.5) specifies that a domestic standard's comment period is generally a 90-day comment.

Similarly, if the Exposure Drafts would be finalised only in November, then staff recommend the consultation period to close at the end of March 2025 to allow at least four months for stakeholders to engage with proposals.

Questions to Board members

- (1) Do Board members have any comments on Agenda Paper 3.4 that staff plans to use as part of the educational material supporting the outreach on the Tier 3 Exposure Draft as per paragraph 20(a)?
- (2) Do Board members agree with the consultation period of at least four months to close at the end of February 2025, if the two Exposure Drafts are released by the end of October?
If not, how long do Board members think the consultation period should be?

Project timeline and milestone

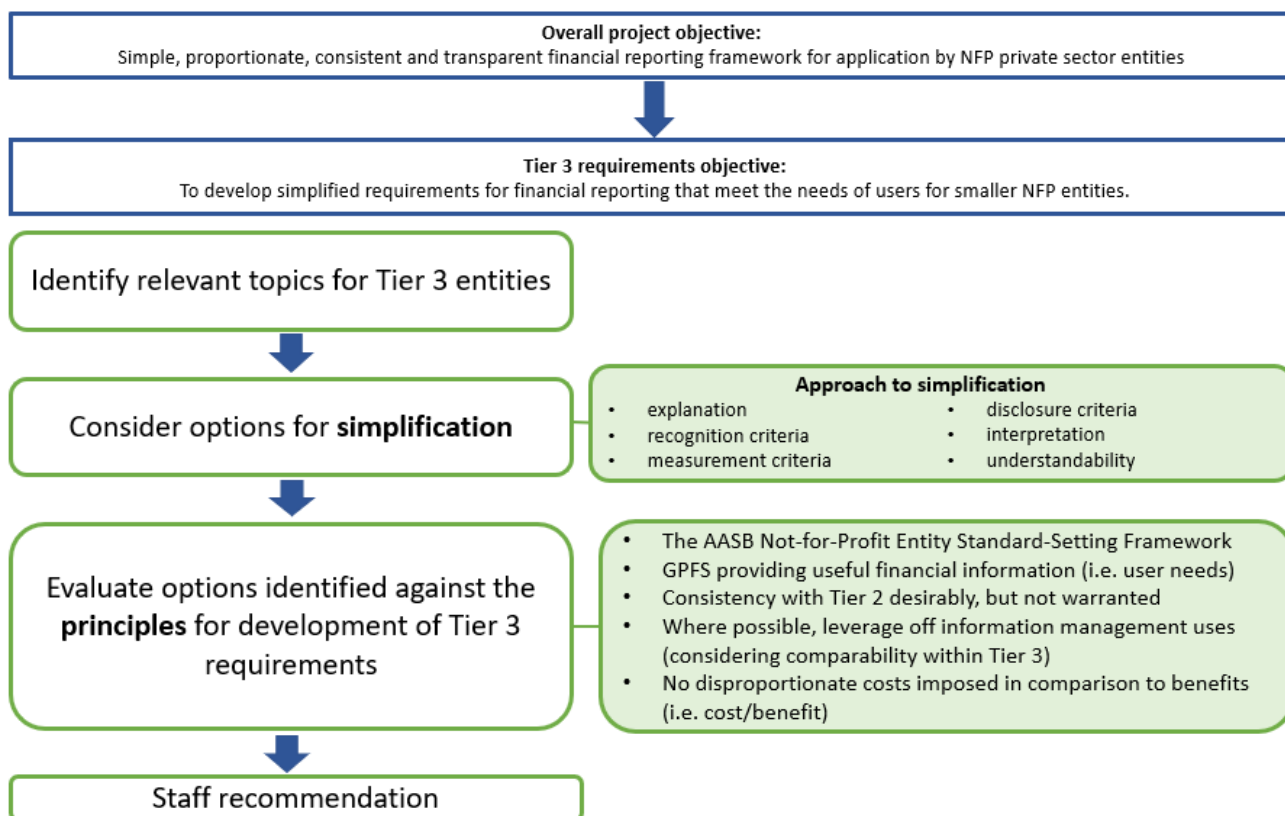
22 There have been no changes to the project timeline and milestones since the June 2024 meeting.

Timeline	Project Milestone
Oct 2024	2 x Exposure Drafts exposed for public comment
Nov 2024 – Feb 2025	Outreach <ul style="list-style-type: none"> - Webinar (November) - In person/Hybrid outreach sessions (December and then from late January)
Q2 2025 onwards	Staff to analyse feedback for the Board to consider

Question 3 to Board members

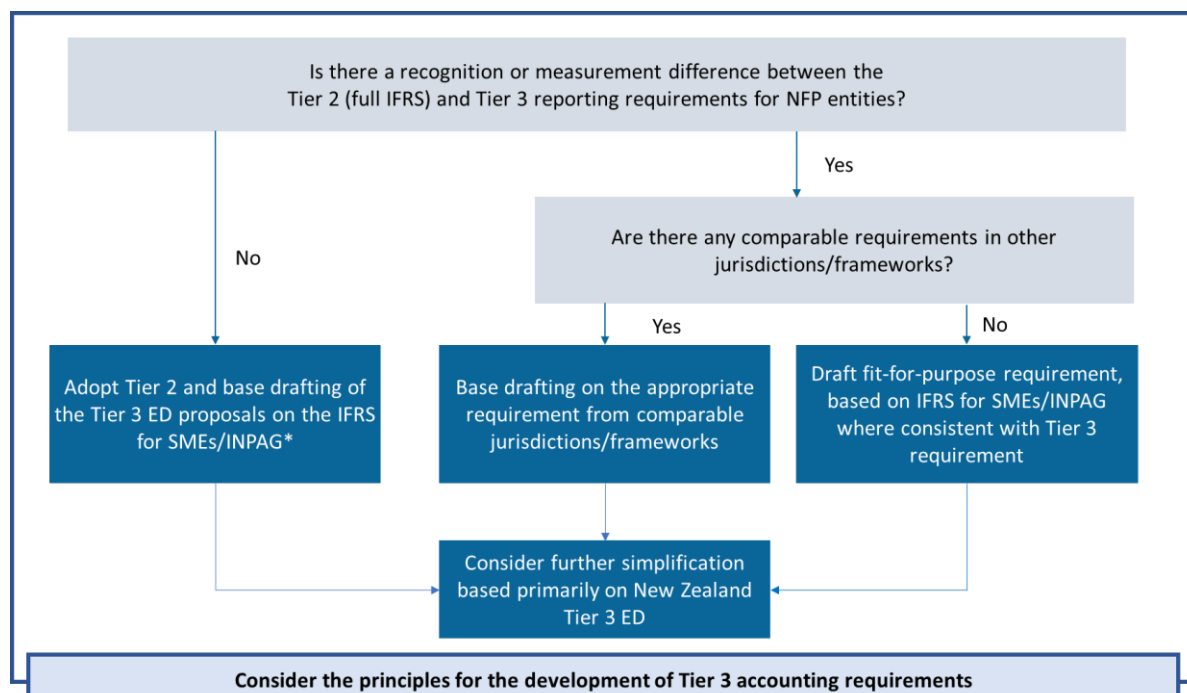
Do Board members have any comments or questions about the project update or outreach plan?

Appendix A – Approach to simplification agreed by the Board at its 4 August 2021 Board meeting



Appendix B – Approach to drafting the Tier 3 Exposure Draft

Approach to drafting recognition and measurement requirements for Tier 3 NFP private sector entities (each topic/issue) agreed by the Board at its 4 May 2023 Board meeting



Approach to developing disclosure requirements for Tier 3 not-for-profit private sector entities for each topic/issue agreed by the Board at its 22 – 23 June 2022 Board meeting

