



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

Jakarta, 16th September 2024

Ref.: 11157/DSAK/IAI/IX/2024

Comment on the International Non-profit Accounting Guidance - Exposure Draft 3

Dear IFR4NPO team,

As part of the Institute of Indonesia Chartered Accountants, the Indonesian Financial Accounting Standards Board (DSAK IAI) is the national accounting standard-setter in Indonesia. On behalf of DSAK IAI, I am writing to comment on the International Non-profit Accounting Guidance Exposure Draft 3 ("ED 3").

Our comments on ED 3 focus on Section 36 on fund accounting, section 24 part II on classification of expenses, and section 24 part III on fundraising costs for non-profit organizations (NPOs).

We agree that fund accounting is crucial for ensuring proper stewardship and transparency and also in tracking the source of funds, whether restricted or unrestricted. Such objective is also aligned with IAS 1 par. 29, which requires entities to present each material class of similar items separately, or with IFRS 18 par. 41-42 which requires entities to disaggregate material items (either in the primary financial statements or on the notes, as applicable) based on characteristics that are not shared.

As for classification of expenses, while acknowledging rebuttable presumption that for most NPOs classification based on nature of expenses would generally provide users with relevant and reliable information, we agree with basic principles of classifying and presenting expenses (by nature, function, or a mixed method) in a way that provides relevant and reliable information to users. The requirements for narrative descriptions in G24.44, G24.46, and AG24.48 would provide users with clarity on why rebutting such presumption is appropriate, and on nature of expenses included in the functional line items. The principles of allowing classification of expenses by either their nature, function and or combination of both, are also consistent with IAS 1 par. 99 and IFRS 18 par. 78, which allow entities to present expenses in a way that offers the most useful structured summary of the statement of profit or loss.

The categorization of fundraising costs into three activities (1) donations, gifts, and similar transfers, (2) commercial trading, and (3) investment management, as outlined in section 24 par. G24.60, aligns with current practices. The key emphasis is on transparency, requiring NPOs to separate these costs from other types of expenses, regardless of the expense classification method adopted. This helps stakeholders assess the efficiency and effectiveness of fundraising activities within the NPO.



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We hope our comments can contribute to your future deliberations. Should you have any questions regarding our comments, please do not hesitate to contact us at dsak@iaiglobal.or.id. Thank you.

Best regards,

A handwritten signature in black ink, appearing to be 'Indra Wijaya', is written over the stamp.

IKATAN AKUNTAN INDONESIA
(Institute of Indonesia Chartered Accountants)

Indra Wijaya

Chairman

The Indonesian Financial Accounting Standards Board
Institute of Indonesia Chartered Accountants