



Focus Group - 4

Primary Users of General Purpose Financial Reports & Membership Organisations

23 October 2024



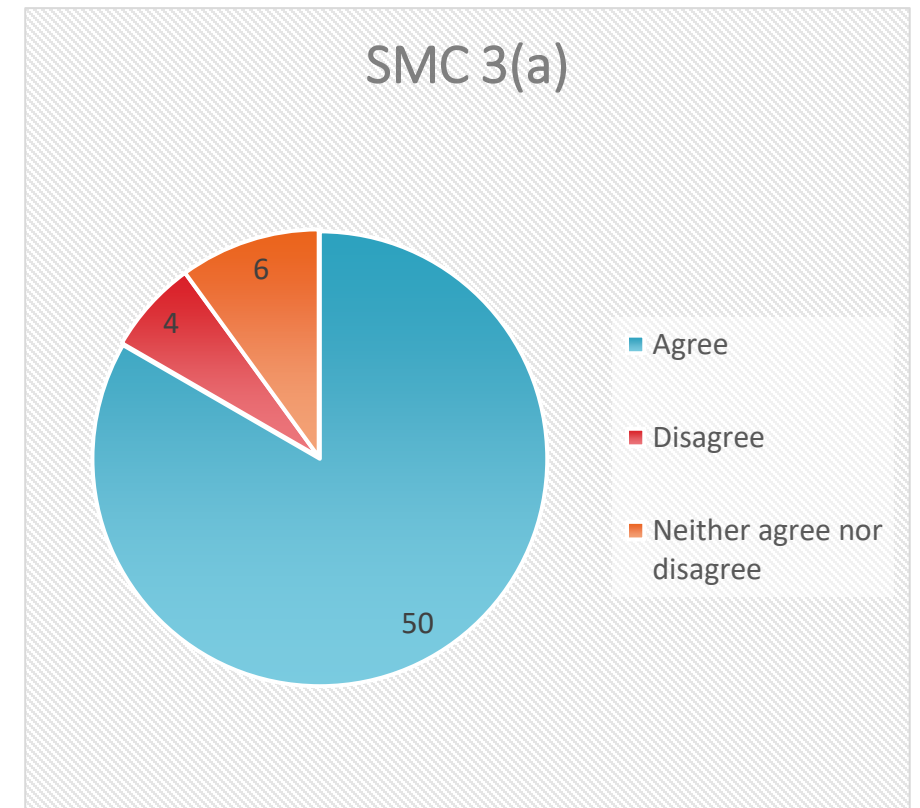


Agenda

Topic	Time
Welcome	00.00 – 00.05
Primary users	00.05 – 00:30
Membership organisations	00.30 – 00.50
Summary	00:50 – 00.60

Primary user feedback to Exposure Draft 1

SMC 3(a) Do you agree with the range of primary users and the description of their needs? If not, what would you propose and why?	Response	Number	% of those who responded (58)
	Agree	50	83%
	Disagree	4	7%
	Neither agree nor disagree	6	10%
	No Response	9	-
		69	100%



Primary Users of NPO General Purpose Financial Reports – ED1



Resource
providers

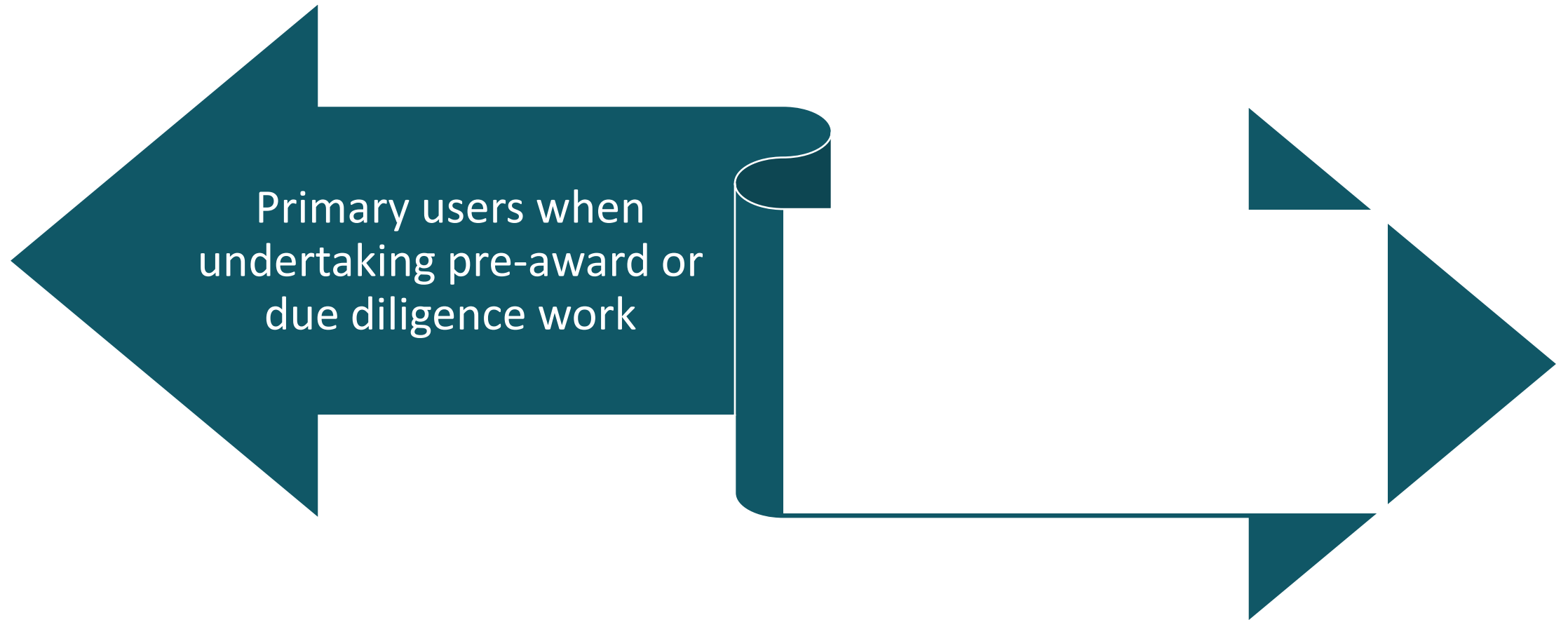
Public that depend
on goods and
services provided
by users

Those fulfilling
oversight roles



Not those who possess the authority to require the NPO to
provide the information they need

Feedback from ED1 – Donors and Other Funders





Those fulfilling oversight roles

Government as regulators – differing views

- Use NPO reports extensively so considered a user (NB this would not be a primary user under international standards)
- Can obtain information from NPOs to meet their needs so not a primary user

Government in other functions

- Representing the needs of resource providers and service users
- Functions where they have an interest but not a primary role

Polls



Polls





Post Feedback – Donors (and other Funders)

Underline the importance of donors and other funders

Donors are primary users when seeking information pre-award such as administrative tasks and due diligence

Donors not primary users when they are seeking to respond to their particular needs

Highlight the importance of INPAG Practice Guide 1
Supplementary Statements

Post Feedback – Those Fulfilling Oversight Functions



Augment approach to more closely follow IPSASB Conceptual Framework



Change description of those fulfilling oversight functions



New description “*representatives* of the interests of resource providers and the public that depend on the goods and services provided by NPOs”



Detail: Individual elected representatives and public officials who have a duty to represent the interests of members of the public that are being provided with services and goods by the NPO or that provide it with financial and other resources

Discussion – Primary users

Question 1: Do you agree with the proposed approach to clarifying when donors are primary users?

Question 2: Do you agree with the proposed approach to those carrying out oversight functions?



ED1 Guidance on Membership Organisations

No Specific Section on Membership Organisations

Description of NPOs (extracted guidance):

- NPOs must have the primary objective of benefiting the public and directing any surpluses towards public benefit.
- Public benefit can range from broad (general public) to narrow (specific groups).
- Private benefits are permissible but must be incidental to public benefit goals.

Feedback on ED1

Concerns Raised:

- Lack of clear guidance on whether membership organisations that serve members while benefiting society qualify as NPOs.
- Ambiguity over whether closed membership organisations that solely benefit their members can still be considered NPOs despite their societal contributions.

Potential conflict with IFRS:

- The preface to IFRS specifies that organisations providing economic benefits to members are classified as profit-oriented.



Extract from INPAG Guidance on Membership Organisations

Membership organisations classified as NPOs must provide a wider public benefit, serving society or a segment of it, beyond their members.

These organisations should focus on societal interests rather than delivering financial returns to their members.

Organisations that provide direct economic or financial returns to members based on fees or ownership are not considered NPOs.

However, membership organisations that serve a public benefit, such as co-operatives supporting community health, may qualify as NPOs if their benefits are not directly tied to financial contributions

Polls



Discussion – Membership Organisations

Question 1: What challenges do you foresee for membership organisations in meeting INPAG's broad characteristics for NPOs?

Question 2: What difficulties are membership organisations likely to face in distinguishing between benefits to the public and economic benefits to members?