



## Technical Advisory Group

### Issue Paper

AGENDA ITEM: TAGFG06-05

25 February 2025 – Online

## Expenses Classification and Fundraising Costs – Final Guidance

Summary	This paper provides amendments to Section 24 Part II Classification of Expenses and Part III Fundraising Costs, their Implementation Guidance and the Basis for Conclusions following TAG's advice at its January 2025 meeting – see separate Annex.
Purpose/Objective of the paper	The purpose of this paper is to seek the views of TAG members on suggested approaches to the final guidance based on respondents' views and feedback on specific proposals.
Other supporting items	TAGFG05-02
Prepared by	Sarah Sheen
Actions for this meeting	<b>Comment on:</b> <ul style="list-style-type: none"><li>• the approach to the retention of the rebuttable presumption for expenses classification;</li><li>• the location of the expenses classification analysis;</li><li>• disclosures of benefits received by volunteers;</li><li>• the approach to the scope of investment management costs and treasury management costs</li><li>• the approach to the undue cost or effort exemption.</li></ul>

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## Expenses Classification and Fundraising Costs – Final Guidance

### 1. Introduction

- 1.1 This paper provides:
- amendments to Section 24 Part II *Classification of Expenses* and Part III *Fundraising Costs*, their Implementation Guidance and the Basis for Conclusions following TAG's advice at its January 2025 meeting – see separate Annex;
  - tables of concordance that map the changes to Section 30 and the associated Implementation Guidance – see Appendices A and B respectively.

### 2. Background

- 2.1 TAG members considered the feedback from respondents to Exposure Draft 3 (ED3) at its January 2025 meeting. Section 24 Part II is a new section in INPAG. It specifies the requirements for an analysis of expenses. Section 24 Part II requires an NPO to provide an analysis of expenses using a classification based on either the nature of expenses, the function of expenses within the NPO, or a mixed presentation, whichever provides information that is more relevant and reliable to the users of the financial statements.
- 2.2 Whichever expense analysis permissible under Part II of Section 24 is adopted by an NPO, Part III of Section 24 requires that fundraising costs are separately calculated and disclosed, either in the Statement of Income and Expenses or the notes to the financial statements.
- 2.3 A meeting of a focus group convened to look at expense presentation was held on 5 February 2025 to consider support costs and investment management costs. Feedback from the focus group has been included in the relevant sections of the report.
- 2.4 In accordance with the general approach to sections which have been fully reviewed or new sections, the Application Guidance has either been included in the body of the core text, or in a few instances paragraphs have been moved to the Implementation Guidance. These are listed in the relevant sections of this report.

### 3. Rebuttable Presumption

- 3.1 Seventy-eight percent of respondents agreed that a rebuttable presumption of classification of expenses by nature is applied unless this doesn't provide reliable and the most relevant information for the users of the financial statements. TAG members advised that following the support for the rebuttable presumption it should be retained and commentary on its use included in the Basis for Conclusions.

- 3.2 The Secretariat has therefore included commentary in the Basis for Conclusions (see paragraph BC24.62) to clarify that although the rebuttable presumption encourages the use of a by nature analysis, INPAG does not prescribe this form of expenses classification. The Basis for Conclusions confirms that an NPO will require an understanding of users' needs to make decisions about whether the presumption should be rebutted.
- 3.3 A respondent noted that there is an inconsistency between paragraph G24.44 presuming that a by nature analysis is reliable and more relevant and paragraph BC24.59 (now BC24.57) commenting that stakeholders considered a by nature analysis to be "the most simple to prepare". The Secretariat intended the arguments in the Basis for Conclusions to illustrate why a by nature classification was reliable and more relevant information though it has removed this sentence from paragraph BC24.57. Paragraph BC24.62 also underlines the two principal reasons why the rebuttable presumption has been retained.
- 3.4 The Secretariat has moved some of the Application Guidance on determining whether to rebut the presumption in accordance with paragraph G24.44 (now G24.48) into the core text, with the remainder in the Implementation Guidance (IG24.1-IG24.5). These paragraphs are based on paragraph B80 of IFRS 18 *Presentation and Disclosure of Financial Statements* which provides guidance on how to use the characteristics of nature and function to provide the most useful structured summary of expenses in the operating category of the statement of profit or loss.
- 3.5 The Basis for Conclusions also provides a summary of why Part II of Section 24 does not include a requirement to disclose certain by nature expenses where a by function analysis of expenses is chosen (see paragraph BC24.75).

**Question 1:** Do TAG Members agree with the approach to the rebuttable presumption in Section 24 Part II, including the commentary provided in the Basis for Conclusions (see paragraphs BC24.58–BC24.62)?

#### 4. Location of the Classification of Expenses

- 4.1 A respondent raised the issue of whether there should be an analysis of expenses on the face of the Statement of Income and Expenses (SOIE) as ED3 provided choice over the location of the classification of expenses. This respondent noted that the reporting of fundraising costs may further reduce clarity.
- 4.2 The options for the location of the classification of expenses were consistent with the Exposure Draft for the third edition of the *IFRS for SMEs* Accounting Standard, which permitted this to be on the face of the Statement of Income and Expenses or in the notes to the financial statements.

- 4.3 At TAG's January 2025 meeting a TAG member provided advice that at its October meeting the IASB tentatively decided to withdraw the proposal in the Exposure Draft to add a sentence to paragraph 5.11 of the *IFRS for SMEs* Accounting Standard about providing further information about expenses by nature or function.
- 4.4 The Secretariat understands that most IASB members preferred not to make changes to paragraph 5.11 of the standard but defer the changes to the next comprehensive review when considering IFRS 18 *Presentation and Disclosure in Financial Statements*.
- 4.5 TAG members requested that the Secretariat consider whether a minimal analysis on face of the Statement of Income and Expenses would be better than an option to not require any analysis and whether there would be a reason to depart from the anticipated approach (ie the tentative decision of the IASB) in the *IFRS for SMEs* Accounting Standard for NPO-specific reasons.
- 4.6 The Secretariat is of the view that there are advantages to reporting the minimum line analysis on the statement of Statement of Income and Expenses as this will be a simpler statement and more easily accessible to users. However, whichever classification is provided, presenting it on the face of the Statement of Income and Expenses is likely to encourage transparency and accountability and provide information which is more immediately accessible to the users of the financial statements. Where a by nature analysis is provided it will also encourage consistency and comparability.
- 4.7 The Secretariat is also of the view that there are no NPO specific reasons not to follow the decisions made for the *IFRS for SMEs* Accounting Standard, which will need to consider the impact of IFRS 18 following the next comprehensive review.
- 4.8 Despite the sentence allowing optionality for the location of the classification of expenses, the drafting in Section 24 Part II in ED3, already gave the appearance of prioritising the reporting of the expense analysis in the Statement of Income and Expenses.
- 4.9 The Secretariat has therefore removed the sentence providing a choice for the presentation of the expense classification either on the face of the Statement of Income and Expenses or the notes from paragraph G24.43 and replaced it with a requirement to present the analysis in the Statement of Income and Expenses.
- 4.10 In addition, the Secretariat proposes that the following amended paragraph is required to paragraph G5.11 to align with the IASB's tentative decision.

*An NPO shall present an analysis of expenses that provides information that is reliable and more relevant. This analysis may be presented either in accordance with Section 24 Part II Classification of Expenses the Statement of Income and Expenses or in the notes.*

**Question 2:** Are TAG members content that Section 24 Part II follows the *IFRS for SMEs* Accounting Standard’s approach to the presentation of the classification of expenses in the Statement of Income and Expenses (see paragraphs G5.11 and G24.43)?

## 5. Expense Disclosure Requirements

- 5.1 There were various comments across the disclosure requirements for expenses for each of the different expense disclosure proposals. Overall, the approach was supported by respondents.
- 5.2 A respondent was concerned about the approach to losses, write-offs and special payments and was of the view that the term “special” did not support the analysis. The Secretariat has made changes to paragraphs G24.56 and G24.61-G24.64 replacing the description of “special” with “unusual”.
- 5.3 The responses to ED 3 provided several comments on benefits received by volunteers the approach to the amendments have been summarised in the table below.

Comments by respondents	Secretariat Response
A definition should be provided for benefits received by volunteers (volunteer benefits). A description of what sorts of volunteer benefits should be included. Should INPAG provide illustrations?	A description of benefits provided to volunteers was already included at paragraph G24.58 (now G24.57). Further exemplification has been provided in the Implementation Guidance – see paragraph IG24.12.
Do volunteer benefits include forms of compensation, for example travel and subsistence?	The Secretariat is of the view that this is the case and has added a new paragraph to confirm this – see paragraph G24.58.
Whether the disclosure of benefits provided to volunteers should be provided in aggregate.	The Secretariat considers that this will be a decision for the NPO depending on the needs of users but has included commentary in the Implementation Guidance – see paragraph IG24.15
The proposal is more onerous than the requirements for transactions with members of the governing body proposed in paragraph G33.18(b).	The Secretariat has suggested that there be alignment with the approach to governing body members disclosures in Section 33 <i>Related party transactions</i> – see paragraph G24.60.
Cost benefit considerations to the reporting of volunteer benefits.	This is likely to be addressed by materiality and some illustrative guidance has been included in the Implementation Guidance – see IG24.14.

**Question 3:** Do TAG members agree to the amendments to Section 24 Part II in relation to volunteer benefits (see paragraphs G24.57 – G24.60 and IG24.12-IG24.15)?

## 6. Cost description and identification of the full cost of activities

- 6.1 Eighty-five percent of respondents agreed with the description of direct costs, shared costs and support costs and that these allow the full cost of an activity to be identified. Two respondents commented that the apparent accounting policy choice in G24.49(c) (now G24.51 (c)) may be overlooked by preparers or users. Their view was that this choice will reduce comparability and sought views on whether this was beneficial in reporting terms. A respondent commented that this infers an aggregate or single-line disclosure of support costs.
- 6.2 TAG members requested that the Secretariat consider the guidance on support costs, acknowledging that this is a feature of the proposals for fundraising costs. TAG members also noted the possibility of producing a more rules based practice guide for support cost. This could build on the principles based guidance in INPAG.
- 6.3 Support costs were also considered by the expenses focus group. Focus group members were asked in a poll about their views on the reporting of support costs. Thirty-five percent (six respondents) considered that support costs should be apportioned to other functions, forty-one percent (seven respondents) were of the view that support costs should be reported as a separate function (and not allocated to other functions) and twenty-four percent (four respondents) considered that this should be a decision for the NPO. Consequently, there appeared to be no consensus on which approach to support costs should be taken forward.
- 6.4 The Secretariat has therefore retained the approach in ED3 which offers an accounting policy choice for the NPO and has amended paragraph G24.51 to prioritise and highlight the accounting policy choice for support costs. The Secretariat has also reinforced that this is an accounting policy choice in the Implementation Guidance in paragraph IG24.7.
- 6.5 There was also feedback from a couple of members of this focus group about the term 'shared costs'. They were of the view that these should be called 'direct shared costs' to make clear that these costs are expected to be directly allocated to a function or activity despite being shared. They were also of the view that this could have implications for INPAG Practice Guide 1: *Supplementary statements for donors*. The Secretariat considered the feedback and proposes not to amend 'shared costs' to 'direct shared costs', but has inserted text to make clear that 'shared costs' can be known as 'direct shared costs'.
- 6.6 The Secretariat has also added guidance on the approach to presentation of the classification of expenses (see paragraph G24.54). This guidance requires that an NPO labels what expenses are included in each line item. This is particularly important where

costs have been allocated to functions especially where NPOs use a mixed presentation analysis of expenses. It is based on the requirements in paragraph B82 of IFRS 18.

- 6.7 Using as its inspiration the FASB Accounting Standards Update Not-for-Profit Entities (Topic 958) the Secretariat has introduced a new Illustrative example which features cost allocation and aggregation of fundraising costs and illustrates how support costs relating to the Chief Finance Officer of a CFO would be allocated to other functions.
- 6.8 A respondent noted that there was inconsistency with the terms “allocation” and “attribution” and “apportionment” they suggested that the Secretariat review the various terms, to rationalise and ensure consistency in usage.
- 6.9 The Secretariat considers that the term attribution should be used where direct costs are attributed to functions. Allocation and aggregation are terms used in IFRS 18 where cost allocation refers to the assignment of costs to functions and aggregation is the adding together of expenses to bring together the cost of a function. Apportionment is used in INPAG when costs cannot be directly allocated or attributed. The Secretariat has reviewed the approach across Section 24 Parts I and II including the Implementation Guidance and has made any relevant corrections across Section 24 Parts II and III. These terms will be included in the glossary.

**Question 4:** Do TAG members agree with the Secretariat’s proposals in the final guidance for support costs (see paragraphs G24.51 and IG24.6–IG24.7)?

**Question 5:** Are TAG members content with the descriptions and approach to shared costs and the allocation and aggregation of costs?

## 7. Fundraising activities – the inclusion of commercial and trading activities and investment management costs that generate returns

- 7.1 Eighty percent of respondents agreed that commercial and trading activities that are for the purposes of fundraising and investment management costs associated with a fund whose purpose is to generate future returns are included as fundraising activities. Several respondents raised concerns that they were not fundraising activities in the traditional sense. Their comments are summarised in the Basis for Conclusions (see paragraph BC24.93).
- 7.2 TAG members did not request any change in the approach to fundraising costs and therefore the Secretariat has not made substantial changes to the approach in Section 24 Part III. It has outlined the arguments to support the overall approach to fundraising costs in the Basis for Conclusions (see paragraphs BC24.92–BC24.94).

- 7.3 A respondent raised concerns about the approach to investment management costs particularly whether costs may arise which are not reliant on returns and sought views whether treasury management costs were included in investment management costs.
- 7.4 The Secretariat considered this issue with the expenses focus group and in poll sixty-three percent (ten respondents) agreed, or agreed with caveats, that investment management costs include treasury management costs. Thirty-one percent (five respondents) did not agree, and six percent were unsure. Discussions identified some overlap where treasury management functions were also investment management costs, and some treasury management functions were for an NPO's "own" cash management.
- 7.5 The Secretariat considers that treasury management costs which arise from donated financial assets would likely form a part of fundraising activity costs. However, treasury management of an NPO's own cash management activities are not. It has included this clarification in paragraph G24.74.
- 7.6 The Secretariat sought views from the focus group about whether treasury management costs can be separated from investment management costs. Eighty-one percent of respondents agreed or agreed with caveats that they could be.
- 7.7 Guidance on the separation of treasury management costs from investment management costs is covered by the provisions in paragraphs G27.80–G24.82 and the disclosures at paragraph G24.86–G24.87. The existing undue cost or effort exemption (see paragraph G24.87) will cover circumstances where these costs cannot be separated without undue cost or effort.
- 7.8 A respondent referred to a jurisdictional GAAP which provides a practical exemption where entities are not expected to pro-rate investment management fees charged to a collective investment scheme to identify the notional cost attributable to its own holding in the scheme. They suggested that a similar exemption may be used in INPAG on a cost/benefit basis. The Secretariat considered this at the focus group and while there appeared to be support for this option the Secretariat is not clear that there is sufficient evidence to add a pragmatic exemption at this point.
- 7.9 A respondent was of the view that it may not be desirable to offer a free choice of whether to disclose the fundraising costs in the Statement of Income and Expenses (SOIE) or in the notes. They commented that the former option could make it challenging for users of financial statements to compare different NPOs, particularly given the flexibility already offered in the presentation of expenses. The Secretariat has not changed this approach because the optionality has been removed from the presentation of the classification of expenses. However, it would be difficult for NPOs that present a by nature classification on the face of the SOIE to add a by function analysis. Alternatively, some NPOs might wish to prioritise the reporting of functions and focus on fundraising costs on the face of the SOIE.



- 7.10 A respondent raised the issue about the approach to paragraph AG24.51 which states that ie '*costs related to each category of fundraising activities shall be disclosed separately unless an individual category is immaterial*'. Their view was that it is not clear how this may be applied in practice setting out several permutations. They questioned if one or more individual categories was immaterial, would fundraising costs simply be disclosed in aggregate? The Secretariat has therefore added clarifications to paragraph G24.83 to provide guidance on the approach to aggregation of categories of fundraising costs.

**Question 6:** Are TAG members content with the overall approach to the final guidance for the three categories of fundraising activities?

**Question 7:** Do TAG members agree with the scope for the reporting for investment management and treasury management costs including the separation of the two activities (see paragraphs G24.74 G27.80–G24.82 and G24.86–G24.87)?

**Question 8:** Do TAG Members agree with the approach to the aggregation of fundraising cost activities (see paragraph G24.83)?

## 8. Undue cost or effort exemption

- 8.1 Seventy-three percent of respondents agreed with the approach to the undue cost or effort exemption which permits that fundraising costs do not need to be split from other costs where the cost of doing so would exceed the information benefit to stakeholders.
- 8.2 Two respondents suggested using a materiality or a threshold based approach to the reporting of the separation of fundraising costs from other costs. NPOs will already be able to take decisions on materiality from the general prescriptions in INPAG. The undue cost or effort exemption specifically considers the resource burden on NPOs of the cost allocation process. This has been reinforced in the new Implementation Guidance (see paragraph IG24.20). The Secretariat has not pursued this option.
- 8.3 A respondent provided detailed/drafting issues; the Secretariat's response is included in the table below:

Comment	Response
Paragraph G24.76 requires an NPO to disclose ' <i>whether costs have been allocated between more than one purpose and/or whether the pragmatic exception ... has been applied</i> '. This is 'and/or' because it is possible to apply the pragmatic exception on an expense-by-expense basis (with	The Secretariat has split paragraph G24.76 (now G24.86 and G24.87) and amended this paragraph to indicate that an NPO is required to disclose whether activities have been allocated to more than one purpose. Paragraph G24.87 indicates that an NPO shall

Comment	Response
some expenses incurred for more than one purpose being split, and others not being split for undue cost or effort reasons). If so, this could be made clearer in paragraph G24.73.	disclose when it has applied the undue cost or effort exemption in paragraph G24.80 and has included a cross-reference to the disclosures for the application of the undue cost or effort exemption in accordance with Section 2 <i>Concepts and pervasive principles</i> .
Paragraph AG24.51 contains both a requirement and the rationale for that requirement (ie each category of fundraising activities shall be disclosed separately unless an individual category is immaterial); the rationale should usually be included in the Basis for Conclusions.	AG24.51 has been moved to G24.83 and the rationale for the requirement has been moved to BC24.101
Paragraph G24.76 does not require an NPO to disclose how costs have been allocated between more than one purpose. This seems inconsistent with the requirement to provide a narrative description of the method of cost allocation and bases of apportionment adopted to calculate fundraising costs (also in paragraph G24.76), and the requirement to disclose the basis used in apportioning shared costs and support costs (G24.50).	The Secretariat is of the view that this is covered by the approach to the allocation of shared costs and the apportionment of support costs.
The respondent also suggested reviewing the syntax and punctuation in paragraph G24.73.	The Secretariat has restructured this sentence now at paragraph G24.81.

- 8.4 A respondent was of the view that where the exemption has been used this must be clearly disclosed in the notes to the financial statements including:
- why resources required to separate costs exceeds the informational benefit
  - describing the benefits of not separating costs, such as reduced administrative burden or simplicity of the financial statements.

- 8.5 The Secretariat is of the view that the requirement to disclose the reasons for applying the undue cost or effort exemption addresses the issue. The Secretariat has also included additional Implementation Guidance in paragraphs IG24.19 to IG24.22 to assist NPOs with their decision-making on applying the undue cost or effort exemption.

**Question 9:** Do TAG members agree with the approach to the undue cost or benefit exception in relation to the splitting of fundraising costs, subject to the

augmentations proposed by the Secretariat (see paragraphs G24.80–G24.82 and IG24.19–IG24.22)?

## 9. Application Guidance

9.1 In accordance with the approach to new sections in INPAG the Application Guidance has been relocated in accordance with the following table.

Paragraph Number	Location and rationale
AG24.45	Removed as this is duplication.
AG24.46	Moved to paragraph G24.48 as these are important principles establishing an NPOs approach to rebutting the presumption, with supporting information in IG24.1-IG24.5
AG24.48	Moved to paragraph IG24.4 as this paragraph explains the rationale for using a mixed presentation.
AG24.49	Part moved to Implementation Guidance IG24.6. Part moved to G24.51.
AG24.50	First and second sentences removed for duplication. Third and fourth sentences moved to Implementation Guidance paragraph IG24.19.
AG24.51	Moved to G24.83 as a part of the disclosure requirements.

## 10. Basis for conclusions

10.1 The Basis for Conclusions has been updated to confirm agreement with the proposals in the SMCs and to summarise the significant issues raised and decisions taken in response to the SMCs in ED3. It has therefore been amended to include confirmation of the issues reported at TAG's February 2025 meeting including that:

- Retention of the rebuttable presumption that a by nature of expenses classification is a reliable and more relevant presentation.
- INPAG does not require certain by nature expenses to be disclosed when a by function analysis is used.
- The analysis of expenses should be presented in the Statement of Income and Expenses (following the tentative decision of the IASB).
- Retention of the accounting policy choice for support costs.
- Clarifications on the approach to disclosure of volunteer benefits
- Retention of the approach to the reporting of the three categories of fundraising activities.
- Clarification on the treatment of treasury management costs including the approach to reporting where the costs cannot be separated from investment management costs.
- Retention of the approach to the undue cost or effort exemption for activities where there is more than one purpose, with no additional exemptions.



## **11. Next steps**

- 11.1 Subject to the comments made by TAG members in response to this paper, the Secretariat intends to treat the drafts shared alongside this paper as final.
- 11.2 TAG members will next see the updated paragraphs in the full draft of the document that is planned to be circulated in April 2025. This draft will be used to collect final feedback ahead of the version that will be put forward for approval on 3 June 2025.

February 2025

**Amendments to Sections 24 Part I Classification of Expenses and Part II Fundraising Activities**

<b>Paragraph Number</b>	<b>Secretariat Response</b>
G24.42	Added reference to be clear that the scope is for Part II. Heading changed to indicate it is Part II.
G24.43	Changed “natural” and “functional” to terminology consistent with IFRS for SME’s Accounting Standard. Removed optional reference to presentation in the Statement of Income and Expenses.
G24.44	Changed order to “reliable” and “most relevant” for consistency “must” to “shall”. Added “classification” to expenses removed “by way of a note” because disclosure requirement added to the disclosures.
G24.45	Changed order of first sentence, added economic resources for consistency with standards. Removed “or in the notes to the financial statements” as optionality removed. Replaced employee costs with employee benefits for consistency with standards.
G24.46	Changed order of first sentence, changed “combines”, to “aggregates” for consistency with standards. Minor augmentations. Removed disclosure requirement to disclosures section.
G24.47	Removed disclosure requirement to disclosures section
G24.48	Added cross reference changed order of “reliable” and “most relevant for consistency”. Added “general purpose financial statements” to “users”. Minor augmentations.
G24.49	Requires a narrative description of types of expenses by nature that contribute to functional expense lines
G24.50	Changed reference from “activity” to “function” minor augmentations. Added “relevant” to “faithful representation”.
G24.51	Drafting augmentations for clarity. Changed references to “allocation”, “attribution” and “apportionment” as necessary. Changed references “costs” to “expenses”, “salary costs” to “employee benefits”, “activity” to “function” and clarified that shared costs are also direct expenses. Added confirmation that support costs are not directly attributed to functions.
G24.52	Drafting augmentations for clarity added in reference to “relevance”.



<b>Paragraph Number</b>	<b>Secretariat Response</b>
G24.53	Moved disclosure requirement for when the presumption is rebutted to disclosures section.
G24.54	New paragraph on ensuring the line analysis on the classification of expenses is clearly labelled.
G24.55	Expanded introduction to allow for moved disclosures about narrative description of by nature expenses where a by function or mixed presentation of expenses classifications are used.
G24.56	Clarification per respondent's concerns that the disclosure for benefits received by volunteers and losses, write offs and unusual payments are disclosed if not already presented or disclosed elsewhere in the financial statements.
G24.58	New paragraph to confirm that volunteer benefits include forms compensation such as travel and subsistence.
G24.60	New paragraph to align the approach to disclosure of benefits received by volunteers with governing body members.
G24.61	Changed "special payments" to "unusual payments".
G24.63	Changed "special payments" to "unusual payments".
G24.64	Changed "NPOs" to "an NPO", "special payments" to "unusual payments" and drafting augmentations for clarity.
G24.66	Minor drafting augmentation for clarity.
G24.67	Minor clarification.
G24.68	Minor clarification.
G24.69 – G24.72	Drafting augmentations for clarity.
G24.74	New paragraph for the treatment of investment management costs and treasury management costs (see body of main report).
G24.75	Changed "attributing" to "allocating" and aggregating (see body of main report). Added sentence to confirm that fundraising costs should be presented on a full cost basis even if support costs are not apportioned to other functions.
G24.76	Drafting clarifications. Removed "reliable" as this is already included in a faithful representation, added "general purpose to financial statements".



<b>Paragraph Number</b>	<b>Secretariat Response</b>
G24.77	Minor clarifications removed “attribution” as the sentence already refers to “allocation” and “aggregation”.
G24.79	Moved last sentence to the Basis for Conclusions because it includes the rationale for the provision.
G24.80	Moved the description of the need to split of fundraising activities and activities not related to fundraising to the beginning of the paragraph and confirmed that this might also include circumstances where costs of investment management should be split from treasury management.
G24.82	Second sentence moved to Implementation Guidance (see paragraph IG24.11).
G24.83	Moved sentence from application guidance for circumstances where fundraising categories cannot be reported separately (and added more guidance on the approach to aggregation of the categories where categories are individually immaterial.
G24.86	Drafting augmentations for clarity.
G24.87	Drafting augmentations for clarity and cross reference to the other reporting requirements for undue cost or effort exemption.

**Amendments to Sections 24 Part I Classification of Expenses and Part II Fundraising Activities Implementation Guidance**

<b>Paragraph Number</b>	<b>Secretariat Response</b>
IG24.1-1G24.5	Material moved from AG24.46 to explain the indicators or a functional or mixed presentation of expenses might be reliable and more relevant
IG24.6	New paragraph on the description of support costs. Note that comments on the Supplementary Statement indicated that it was useful to clarify that support costs might be indirect costs.
IG24.7	New paragraph to reinforce the accounting policy choice for support costs.
IG24.8 – IG24.11	Explanation about the approach to the apportionment of support costs.
IG24.12 – IG24.15	New paragraphs to illustrate what benefits for volunteers might be, the approach to reporting on a cost benefit basis and how costs might need to be disaggregated (see body of main report).
IG24.16-IG24.18	New paragraphs to explain the overlap and approach to treasury management costs and investment management
IG24.19 – IG24.22	New paragraphs on the undue cost or effort exemption to cross refer to the requirements in Section 2 <i>Concepts and pervasive</i> principles to provide guidance on its use and an explanation of when it might be typically used (see body of main report). IG24.21 is moved from Application Guidance.
Illustrative Examples	Added “background” and “analysis to all the examples. Removed “illustrative” from “examples” for consistency with other sections
Example 1	Minor clarifications.
Example 2	New illustration demonstrating cost aggregation and allocation principles, the reporting of fundraising costs and the apportionment of support costs across functions.
Example 3	Drafting augmentations for clarity and amendments to clarify that this is an unusual payment.