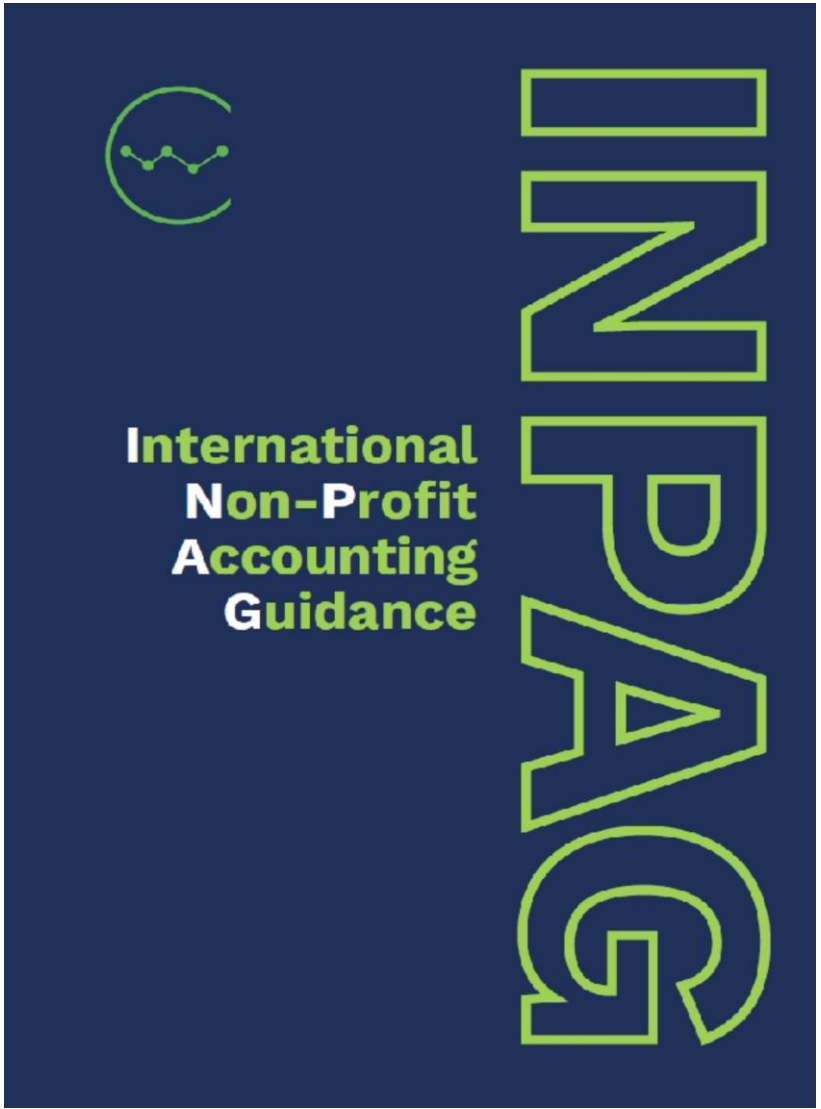




Focus Group - 1

Grant Expenses

11 December 2024

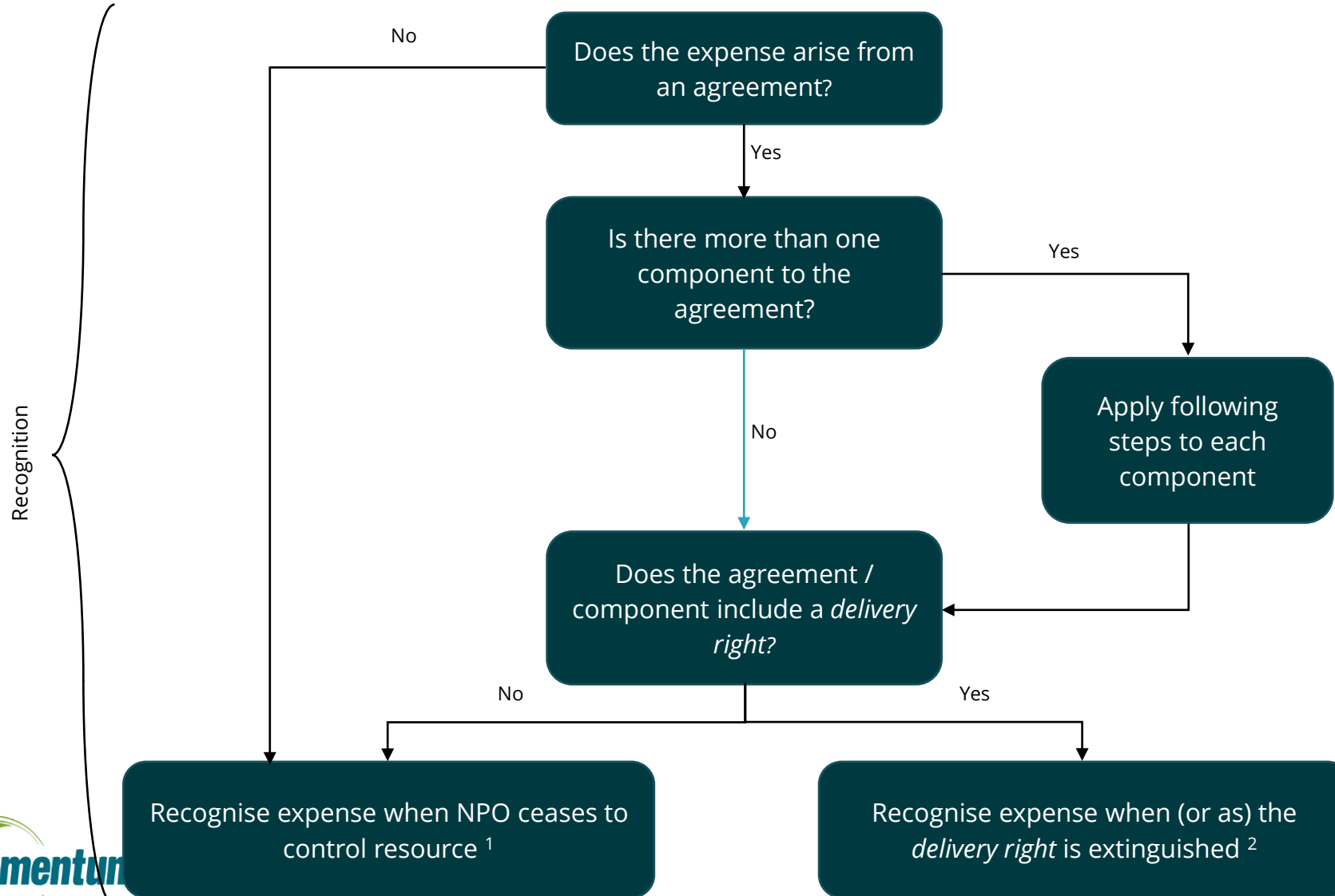




Agenda

Topic	Time
Welcome	00.00 – 00.05
Quick reminder recognition elements of the decision tree grant expenses	00.05 – 00:10
Constructive obligations	00.10 – 00:25
Delivery/fulfilment rights	00.25 – 00.40
Grants without delivery/fulfilment rights	00.40 – 00.55
Summary	00:55 – 00.60

Grant-model decision tree – grant expenses [*reminder and extract*]



Footnotes:

- ¹ A grant-providing NPO will need to consider whether the substance of any circumstances (for example, a match funding requirement) affect the point at which it loses control of a resource.
- ² A grant-providing NPO will need to consider whether the substance of any grant agreement terms (for example, a requirement to obtain regulatory approval) affect the timing of when the NPO's right is extinguished or its obligation to transfer a resource arises.

Items in italics
for emphasis
only

Constructive Obligations



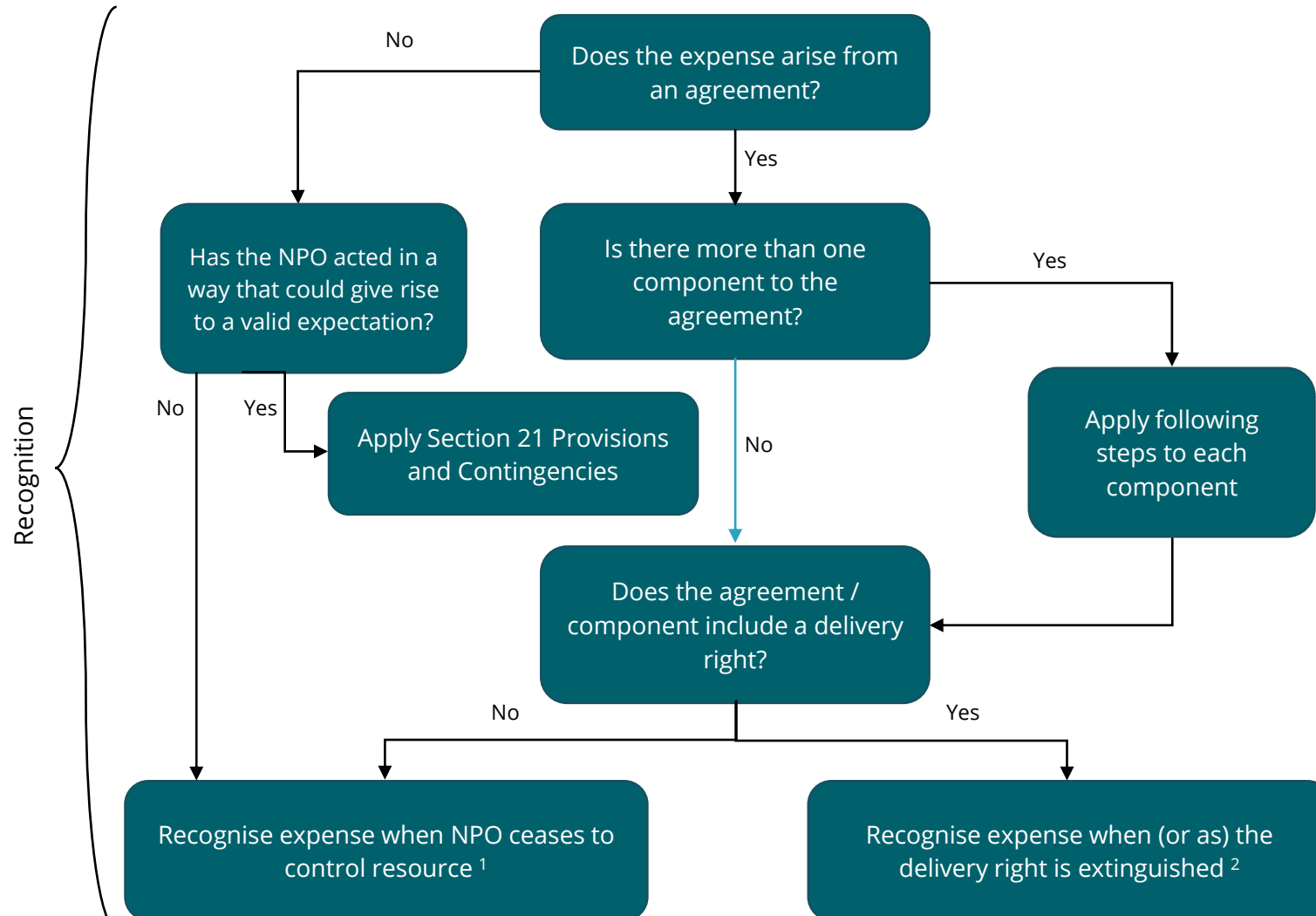
When there are no grant fulfilment rights, grant expenses are recognised when an NPO transfers the resources and its control of the resources ceases
[Left hand side of decision tree]

Legal obligation?
NPO recognises a grant expense at the value of the transferred resources

Constructive obligation?
Recognition of a provision
Grant expense is recognised at the estimated amount of the obligation

Other constructive obligations might arise

Alternative grant expenses with constructive obligations [extract]



Footnotes:

- ¹ A grant-providing NPO will need to consider whether the substance of any circumstances (for example, a match funding requirement) affect the point at which it loses control of a resource.
- ² A grant-providing NPO will need to consider whether the substance of any grant agreement terms (for example, a requirement to obtain regulatory approval) affect the timing of when the NPO's right is extinguished or its obligation to transfer a resource arises.

Poll 1 – Constructive Obligation

Should circumstances where a constructive obligation exists be built into the decision tree?

- Yes
- Yes but...
- No
- Not sure

<https://forms.office.com/e/cMKGN9m2zx>





Discussion – Constructive Obligations

Question 1: What are your views on including constructive obligations in the decision tree?

Delivery Right



Definition - a grant-providing NPO's enforceable right to have the grant recipient satisfy its delivery obligation in a manner specified in the grant agreement, or face the consequences specified in the agreement



Described as grant fulfilment right in ED2



Delivery right – parallel description to delivery obligation for grant revenue



Alternative - fulfilment right



Poll 2 – Terminology “Delivery Right”

Which term best fits the definition (see preceding slide and decision tree) previously described as a grant fulfillment right?

- Grant fulfilment right (maintain status quo)
- Delivery right
- Fulfillment right
- Something else (please describe in the chat).

<https://forms.office.com/e/5DY5KEVWw3>



Discussion – Delivery Right

Question 2: What are your views on the description of the transaction ED2 described as a grant fulfilment right?
Which term best describes the transaction?



Other Funding Arrangement (Original Description in ED2)

ED2 - An arrangement with a grant recipient that is not enforceable through legal or equivalent means and does not give both parties rights and obligations is categorized as an other funding arrangement(OFA).



A grant agreement or a component of that agreement with a grant recipient that does not give both parties both rights and obligations (though there may still be one or the other).



“grants without delivery rights”
something else(?)
Does it need a description?

Transaction on the left-hand side of the decision tree



Poll 3 – Terminology “Grants without delivery rights”



Do you agree with the term “grants without delivery rights”?

- Yes
- Yes but...
- No
- Not sure.

<https://forms.office.com/e/pCvb16beSg>



Discussion –

“grants without delivery rights” (ED2 = OFA)



Question 3: What are your views on the description of the transaction previously described in ED2 as an Other Funding Arrangement?

Thank you for your time and expertise.
Stay connected!



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