

Section 37 Supplementary information

Scope of this Section

- G37.1 This Section shall be applied by an NPO if it prepares and distributes one or more Supplementary statements in accordance with INPAS Practice Guide 1 – *Supplementary statements for donor reporting* (INPAS Practice Guide 1) to discharge accountability to its stakeholders, including donors. An NPO that does not prepare and distribute one or more supplementary statements under INPAS Practice Guide 1 is not required to apply this Section.
- G37.2 An NPO shall disclose whole of NPO supplementary information when paragraph G37.1 applies. Supplementary information is the information not required by this Standard to be presented elsewhere in the **general purpose financial statements** but is information required by the whole of NPO Supplementary statement as prescribed by INPAS Practice Guide 1.
- G37.3 An NPO may adopt the requirements of this Section, including the publication a whole of entity Supplementary statement, that conforms to the format prescribed in INPAS Practice Guide 1 even if it has not produced one or more Supplementary statements in accordance with the INPAS Practice Guide 1.

Reporting Boundary

- G37.4 Supplementary information shall be prepared using the NPO reporting boundary required by paragraph **G9.2** of this Standard.

Recognition and measurement of supplementary information

- G37.5 Supplementary Information to be disclosed in accordance with this Section shall be produced using the relevant recognition and **measurement** principles of this Standard.

Disclosure of Supplementary Information

- G37.6 An NPO shall disclose the amounts for all the classes of **income** and **expenses** that are required by the prescribed format of the Supplementary statement in INPAS Practice Guide 1 where they are not disclosed elsewhere in the financial statements.
- G37.7 Each item of supplementary information may be disclosed individually or as part of a whole of NPO Supplementary statement.
- G37.8 When an NPO discloses supplementary information required by this Section it is not required to repeat the disclosures already made elsewhere in the financial statements. When an NPO adopts this approach, it shall identify in each of the relevant disclosures made in accordance with other Sections of this Standard, the Supplementary statement class of income and/or expenses to which that disclosure relates.
- G37.9 An NPO is encouraged, but not required, to produce a single whole of entity Supplementary statement using the format in INPAS Practice Guide 1. When an NPO

adopts this approach, the information shall be presented in accordance with the format prescribed in the INPAS Practice Guide 1.

- G37.10 When an NPO separately presents support costs in a Supplementary statement produced in accordance with INPAS Practice Guide 1, it shall disclose its total support costs as supplementary information.

Basis of reporting the supplementary information disclosures

- G37.11 An NPO shall disclose supplementary information in accordance with the recognition and measurement requirements of this Standard. Supplementary information shall therefore be prepared and disclosed as follows:
- a) total income shall be consistent with total income presented in the Statement of Income and Expenses;
 - b) total expenses shall be consistent with total expenses as presented in the Statement of Income and Expenses;
 - c) foreign exchange gains and losses shall be consistent either with the amounts presented separately in the Statement of Income and Expenses or the Statement of Changes in Net Assets or both;
 - d) transfers between funds shall sum to zero across the NPO; and
 - e) any other financial movements must equal other amounts presented in the Statement of Income and Expenses or amounts presented in the Statement of Changes in Net Assets that are not included in (a) to (c).
- G37.12 Supplementary information or a whole of NPO Supplementary Statement shall be consistent with the total movement in funds. It shall therefore not disclose movements in equity claims or any other components of net assets that are not part of funds.
- G37.13 Exceptionally, if an NPO produces supplementary information using a reporting boundary that differs from the boundary required by paragraph G9.2 or using recognition and measurement principles which are not consistent with this Standard it shall disclose:
- a) the alternative reporting boundary or recognition and measurement principles used;
 - b) a quantitative and qualitative explanation of any of the differences for each of the items in paragraph G37.11 (a) to (e);
 - c) why it has been necessary to depart from the **reporting NPO** boundary or the recognition and measurement principles prescribed by this Standard.

Inventory and capital costs

- G37.14 An NPO shall only provide a separate disclosure for the supplementary information for capital and inventory costs when it has opted to use the Inventory and Capital costs part of the Supplementary Statement in accordance with the optional approach in INPAS Practice Guide 1.
- G37.15 When an NPO has used the Inventory and Capital Costs section in its Supplementary statements in INPAS Practice Guide 1, it shall disclose the acquisition costs for inventory and capital items for the reporting period.

Section 37 – Supplementary information

Scope of this Section

- BC37.1 Providers of grant funding to NPOs frequently require special purpose financial and other reports specific to the activities that they are funding. Feedback during stakeholder outreach throughout the course of the IFR4NPO project has highlighted that the lack of harmonisation of donor reporting formats results in a significant burden to NPOs. Funders and auditors have also commented that the frequent inability of these special-purpose financial reports to be reconciled or cross-referenced to entity level audited financial statements is a significant assurance challenge.
- BC37.2 In September 2022 it was proposed that the IFR4NPO project should develop a standard format for an optional Supplementary Statement that can meet the financial accountability needs of providers of grant funding. Its objective was to present key auditable financial information about a specific project or grant (or projects/grants) in a way that could be useful to the grantor for accountability purposes, as well as meaningful to the primary users of general purpose financial statements.
- BC37.3 A Supplementary Statement Working Group (SSWG), was set up to develop proposals for the Supplementary Statement. It comprised six members drawn from the Donor Reference Group, Practitioner Advisory Group, Technical Advisory Group (TAG) and a Country Champion.
- BC37.4 The output of the SSWG has been used the INPAS Secretariat to produce INPAS Practice Guide 1 – *Supplementary statements for donor reporting* (INPAS Practice Guide 1). INPAS Practice Guide 1 provides guidance for NPOs who wish to prepare one or more Supplementary statements in relation to one or more sets of its activities and use that statement for accountability purposes. It presents financial information on income, expenses, inventory and capital costs for those activities that are based on the audited financial statements.
- BC37.5 Following discussion with stakeholders, the Secretariat determined that guidance for the creation of Supplementary statements should sit outside of INPAS. This view was reached because the numerous permutations of Supplementary statements that could be produced are inconsistent with the principles of general purpose financial reporting, which require that information should be capable of being useful to all users and not to a particular subset.
- BC37.6 The Secretariat did, however, consider that a whole of NPO set of supplementary information could be valuable as part of INPAS. This would provide an audited base from which additional statements (outside of the general purpose financial reporting) could be produced as well as additional information for primary users.
- BC37.7 TAG members noted that this could be a burden if all NPOs were required to produce this information, regardless of whether or not they were also preparing one or more Supplementary statements. The Secretariat agreed and amended the proposals such that the provision of such information would only be required for those NPOs that are

preparing and distributing one or more Supplementary statements using INPAS Practice Guide 1.

BC37.8 The relationship between INPAS Practice Guide 1 and the requirement to produce supplementary information in the financial statements and/or accompanying notes are covered in this new Section of INPAG, Section 37 *Supplementary information*. It is possible that the Supplementary statements prepared in accordance with INPAS Practice Guide 1 are prepared and distributed after the preparation of the financial statements. When an NPO intends to issue such statements, use of Section 37 is strongly encouraged to deliver the benefits of harmonised reporting.

Disclosure of Supplementary information

BC37.9 Section 37 requires an NPO that has prepared one or more Supplementary statements to disclose additional information where it is not already disclosed elsewhere in the financial statements. This is to enable the disclosure of all of the information that would allow a whole of NPO analysis to be prepared using the Supplementary statement classifications.

BC37.10 The preparation of Supplementary statements is not enough to require the disclosure of additional information. The Supplementary statements must be used in a way which is useful to the grantor for accountability purposes, for example, as a part of the assurance processes for the grantor. This Section therefore requires that Supplementary statements are both prepared and distributed to discharge accountability.

BC37.11 Mindful of reducing reporting burdens, the proposals that the Secretariat presented to the TAG did not mandate the presentation of a whole of NPO Supplementary statement where information is already presented elsewhere in the financial statements. A whole of NPO Supplementary statement using the prescribed format included in the INPAS Practice Guide 1 was instead proposed to be encouraged as it is likely to benefit users.

BC37.12 This approach was supported by TAG members. It was also recognised that taken with the proposed reporting requirements of **Section 24 Part II Classification of expenses**, for those NPOs that produce Supplementary statements, over time there could be a convergence of information requirements. NPOs might therefore find it beneficial to produce expense information in accordance with the prescribed format included in INPAS Practice Guide 1.

BC37.13 Respondents to Exposure Draft 3 supported the proposal that a whole-of-NPO supplementary statement need not be presented if the additional information is already in the financial statements and/or notes. Respondents that agreed with this SMC were of the view that a whole of NPO supplementary statement need not be presented because it will avoid duplication and information overload and reduce the reporting burden.

BC37.14 At its December 2024 meeting, TAG members advised that requiring users to assemble whole-of-NPO financial information from across the financial statements can be both burdensome and confusing. TAG members were of the view that a single Supplementary Statement, can enhance clarity, reduce the effort required from users, and ensure that financial data is presented in a more accessible and structured manner. Additional

Implementation Guidance has therefore been added to demonstrate the benefits of a whole-of-NPO supplementary statement.

Basis for the Supplementary information disclosures

BC37.15 Comments from one of the respondents on the location of supplementary information raised questions about what should be included in disclosures (for example, whether some components of net assets should be included in the disclosures). The Secretariat has therefore added a section requiring consistency with the Statement of Income and Expenses and the Statement of Net Assets but excluding components not reported in the movements in funds. This section also included clarification of what to report if, on an exceptional basis, an NPO produced supplementary information which was not consistent with the reporting boundary of an NPO, or the recognition and measurement principles required by the Standard.

Inventory and Capital Acquisition Costs

BC37.16 INPAS Practice Guide 1 allows but does not require an NPO to report on inventory and/or capital costs as part of its supplementary statements. This section of the Supplementary statement is intended for use by NPOs where their stakeholders are seeking accountability for the cash resources provided to purchase or create inventory or capital assets. Section 37 clarifies that this information is only required where an NPO uses this section in one or more of its Supplementary statements in accordance with INPAS Practice Guide 1.

Section 37 – Supplementary information

Scope of this Section

Should Section 37 be used where Supplementary statements haven't been issued, but an NPO intends to do so?

IG37.1 When an NPO routinely prepares and distributes Supplementary statements in accordance with INPAS Practice Guide 1 – *Supplementary statements for donor reporting* (INPAS Practice Guide 1) it applies Section 37. It should do so even if it produces and/or publishes its general purpose financial report before it issues the Supplementary statements.

IG37.2 When an NPO has not yet routinely started to prepare and distribute Supplementary statements, but it plans to do so it would benefit from using Section 37. An NPO should consider using Section 37 for the financial period for which it plans to prepare and distribute its first supplementary statements.

Why should I prepare a whole of NPO Supplementary statement?

IG37.3 Section 37 permits an NPO to identify information already reported in the general purpose financial statements and to rely on these disclosures. Where this approach is taken an NPO will need to disclose any information that is required by the Supplementary statement but not already in the financial statements. This will result in the disclosures being distributed across the financial statements but reduces duplication.

IG37.4 Alternatively, an NPO can present a single whole of NPO supplementary statement using format included in INPAS Practice Guide 1. Preparing a single whole-of-NPO supplementary statement using the prescribed Supplementary Statement format provides several benefits including:

- **enhanced transparency and accountability**, providing a comprehensive financial overview of the activities of the NPO in one location, which more clearly links general purpose financial statements to project-specific or donor-driven reporting;
- **streamlined reporting for users**, reducing fragmented reporting by consolidating key financial information in a structured and accessible format,
- **reliability**, removing the need for users to identify each piece of information to create their own equivalent statement, which may risk misunderstanding or error;
- **improved opportunities for assurance** – a single statement makes it easier to reconcile between general purpose financial statements and donor-specific reports, supporting audit verification and financial integrity;
- **improved comparability**, aligning reporting across multiple grants, projects, and restricted funds, allowing stakeholders to easily compare financial information across different funding sources.

Disclosure of supplementary information

Where does the information for a whole of NPO Supplementary statement come from?

IG37.5 The source of information to produce a whole of entity Supplementary Statement will depend on how an NPO adopts INPAS. Figure IG37.1 provides an illustration of the sources of information to meet the disclosure requirements.

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Figure IG37.1 – Illustration of the sources of information to meet the disclosure requirements for a supplementary statement

	Source
Income	
Grants and donations	Section 23 Part I
Other income (<i>by type</i>)	Section 5, Section 11, Section 23 Part II, Section 37
Total income	
Expenses	
Direct expenses	
Employment	Section 28
Travel and subsistence	Section 37 – if not separately disclosed in accordance with Section 24 Part II
Supplies and materials	Section 37– if not separately disclosed in accordance with Section 24 Part II
Running costs, external services and other	Section 37– if not separately disclosed in accordance with Section 24 Part II
Services in-kind and gifts in-kind	Section 23 Part I
Grants payable	Section 24 Part I
Support costs	Section 37– if not separately disclosed in accordance with Section 24 Part II
Total expenses	
Foreign currency translation gains/losses	Section 5 and Section 30
Transfers	Section 36 and Section 37
Other financial movements	All sections
Change in grant [<i>fund</i>] balance	
Opening balance	Section 36
Closing balance	Section 36
Inventory and Capital Costs (note: only required when used by an NPO in its Supplementary statements)	
Total expenses	Section 24 Part II
Less: inventory expenses	Section 37– if not separately disclosed in accordance with Section 24 Part II
Less: depreciation and/or amortisation charged	Section 17 and 18
Add: inventory costs incurred	Section 13 and Section 37
Add: capital costs incurred	Section 7, Section 17 and Section 37
Expenses, inventory and capital costs	Section 37
Opening balance including inventory and capital costs	Section 37

Closing balance including inventory and capital costs	Section 37
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