

Hi everyone.

Thanks for joining us today.



There'll be two of us presenting today's webinar: Rebecca Feary Gibb and myself, Maria Marull.



We're both Design and Capability Advisors here at Charities Services, and one of our jobs involves helping registered charities understand how to report annually.

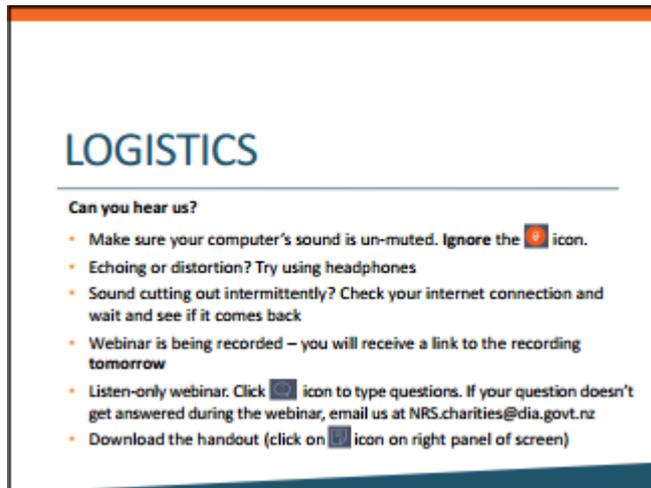
This webinar is part of our lunchtime webinar series that we'll be presenting throughout the year on a variety of topics that are relevant to registered charities.

Some of you may have joined us for our previous webinars, and you can view on our website the schedule of our upcoming ones.

Today's webinar is on the topic of Annual Reporting; specifically for Tier 3 and Tier 4 charities.

If you're a Tier 1 or a Tier 2 charity, there will be some differences, but you may find some parts useful as the Annual Return process is the same for all charities.

Before we get started, we'll just briefly go through the logistics and explain how the webinar will run.



You should be able to hear us through your computer or laptop's speaker.

If you can't hear us properly, try un-muting your sound, or increasing the volume on your computer.

On Windows computers, the volume control is normally found on the bottom right of your screen, and on Apple computers, it's normally on the top right.

You'll see a round orange microphone icon in the panel on the right of your screen, but you can just ignore this as it won't affect anything.

You may also experience some echoing or distortion of the sound. If this happens, try using headphones.

If the sound cuts out intermittently, it may be due to your internet connection, and unfortunately there's nothing we can do at our end to help you with this.

But don't worry too much as we're recording this live webinar, and we'll email you the link to it tomorrow, so that you can watch it at your convenience.

Also, please note that this is a listen-only webinar.

We can't hear you at all, so you won't be able to ask us questions through your microphone.

However, you can type your questions by clicking on the question mark icon in the panel on the right of your screen.

We have our colleagues here with us today, ready to answer your questions during the webinar.

These will be answered privately to you, so other participants won't be able to see them.

We normally get more questions than we can get through, so if by the end of the session your question hasn't been answered, please feel free to e-mail us on nrs.charities@dia.govt.nz

You can download the hand-out which is a copy of the slides by clicking on the little document icon in the panel on the right of your screen.

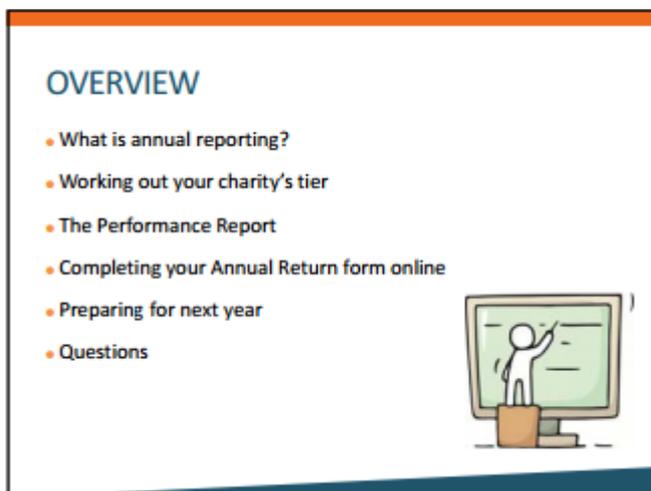
The link to these slides will also be sent to you tomorrow, and we'll include links to other useful resources mentioned in this webinar to help you with your annual reporting.

And finally, if we run into any technical difficulties on our side during the webinar, we'll mute the microphone and come back to you once the issues are resolved.

Hopefully this won't happen.

Okay, let's begin!

You may be wondering what exactly we're going to be covering today, so I'll give you an overview now.



We'll come back to this slide during the webinar so you can see where we're at and where we're going to next.

We've got a lot of information to cover in this webinar, but as I mentioned earlier, don't worry if you don't capture it all as we'll be sending you the link to the recording of this webinar tomorrow, and you'll be able to watch it as many times as you need.

The recording will also be up on our website.

So firstly, we're going to start with a quick overview of what annual reporting for registered charities is, how the new reporting standards have changed the way you report, and what's involved.

We'll then talk about the tiers and help you work out what tier your charity needs to report to.

Next, we'll give you an overview of the Performance Report and the different parts.

Once you understand how to tackle the Performance Report, we'll talk about how to complete the Annual Return form online, and what information and documents you'll need to get ready to be able to do this.

And finally, we'll talk about how your charity can prepare for next year's annual reporting to make it easier for you.

If time allows, we'll finish off with answering some of your questions.

So let's get started:



It may be that you've previously completed an Annual Return form for your charity and you're attending this webinar as a refresher or to fill in the gaps, or it may be that this is the first time you've been put in charge by your charity of reporting to Charities Services.

So just to make sure that everyone ends up with the same level of understanding, we're going to start at the very beginning.

Let's begin with a bit of background.

Charities Services works to promote public trust and confidence in the charitable sector, by registering and regulating charities in New Zealand.

Charities Services was previously known as the Charities Commission, but in 2012 it became part of the Department of Internal Affairs and the name changed to its current name, Charities Services.

Charities don't have to be registered with us but many choose to do so, as there are benefits to being registered.

Charities Services is legislated by the Charities Act 2005.

What this means is that we operate in accordance with what is written in the Act.

The Act stipulates that all registered charities must report annually to Charities Services, so it is our job to ensure that charities do this as part of their requirements, and we're here to help you along the way to ensure you're reporting to us correctly.

Remember, all registered charities, regardless of size, activity or income, are required to report annually to Charities Services.

This is one of the obligations of being registered.

In April 2015, new reporting standards came into effect and this changed the way registered charities needed to report to us.



The new reporting standards were written by the External Reporting Board, also known as XRB.

They are an independent Crown Entity responsible for writing accounting standards.

The standards were written to improve the quality and consistency of the information provided by charities, to help charities have a clearer overview of how they are doing year by year, and to make it easier for readers to get the information they need from charities.

The new reporting standards are quite detailed documents and for someone with limited financial knowledge, they can be quite a challenge to understand.



So to help charities come to grips with the new requirements, we've put together two helpful guidebooks to help you understand the standards more easily.

These Guidebooks can be downloaded from our website and we strongly recommend that you use them to help you through the Annual Reporting process.

Just go to the home page and click on Resources. You'll find them there.

As mentioned earlier, we will be emailing you the links to the resources mentioned in this webinar, so don't worry too much at the moment if you miss any of this information.

What we're presenting today is all available in the booklets in more detail, so it's definitely a very useful resource for you and your charity to read and work your way through the steps.

To report to Charities Services, you'll need to complete two components.



Firstly, you'll need to put together a Performance Report.

A Performance Report is a summary of your charity's past year and includes both financial and non-financial information.

The Performance Report now replaces any other type of financial information you previously supplied to Charities Services.

So if you previously provided financial statements to us, this is now replaced by the Performance Report.

There is an optional template available to help you put your charity's Performance Report together.

Once you've completed your Performance Report, you'll need to submit it to us as part of completing the online Annual Return form.

In the Annual Return form, you'll be asked to update your charity's details (if any are necessary), and you'll also be taken through a series of questions about your charity.

Some questions or information may be the same as what's in the Performance Report, so make sure you refer to your completed Performance Report for the answers.

The data you provide through the online Annual Return form will then be used to tell a story about the wider charitable sector in Aotearoa.

And finally, you'll then upload your Performance Report to the online form and submit this to Charities Services.

So you may be wondering when exactly your charity needs to report to us, that is submit the Annual Return with the Performance Report.

WHAT IS ANNUAL REPORTING?
WHEN TO REPORT

- Find out your charity's financial year end (balance date)
- Ask your charity's treasurer or person in charge of finances, or check the Charities Register

MARCH						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

6 months

SEPTEMBER						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

You'll need to find out when the end of your charity's financial year end is.

This is also known as the balance date, and we'll refer to it as this throughout the webinar.

If you're unsure when your charity's balance date is, you may want to check with your charity's treasurer or the person in charge of the financial side of your charity.

You can also check on the Charities Register on our website.

Your charity will then need to report to Charities Services within six months of the balance date.

So for example, if your charity's balance date is the 31st of March 2017, then you'll need to file your Annual Return by the 30th of September, which is six months after your balance date.

So next, let's move on to who in your charity should be in charge of reporting to Charities Services.

WHAT IS ANNUAL REPORTING?
WHO IN YOUR CHARITY SHOULD REPORT

- Includes both financial and non-financial information
- Financial information usually prepared by charity's treasurer, financial administrator, or accountant
- Non-financial information: committee or board work together as group to put this information together
- Track your charity's activities throughout the year

As mentioned earlier, annual reporting to Charities Services includes both financial and non-financial information.

The financial information will most likely be prepared by your treasurer or financial administrator.

Your charity may have an accountant who takes care of your charity's accounts and in this case, it may be them who prepares the information you require.

It's still really important though that your committee or board understand how to interpret the financial information of your charity.

If you are using an accountant, make sure you speak to them as soon as possible to ensure they're aware of the changes in reporting for registered charities.

We've found that some accountants are still not very familiar with the changes, so you need to make sure that they are so that your charity can report correctly.

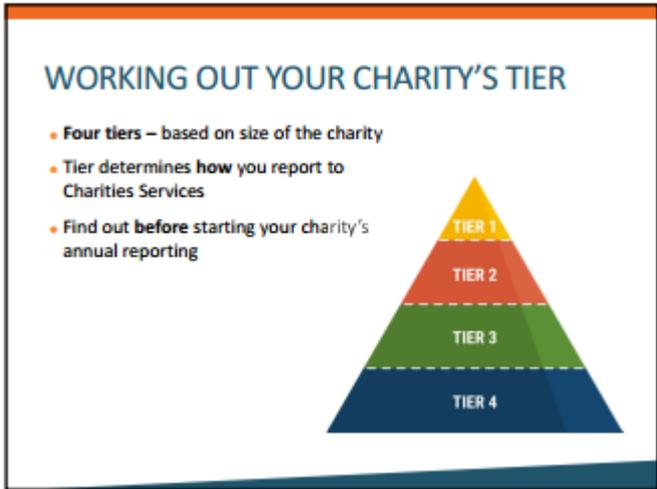
For the non-financial information, we suggest you talk to your committee or board and that you work together as a group to put this information together.

Careful tracking of your charity's activities throughout the year is a good idea, so you may want to find a way with your committee or board of doing this, or making one person responsible for keeping track of this.

I won't go into too much detail about this here, but be sure to join us for our next two upcoming webinars on the Performance Report for Tier 3 and Tier 4 charities, where we'll discuss this in more detail.

So now that we've had a look at what annual reporting is, let's move on to our next section:

How to work out your charity's tier.



Before you begin on any work to report to Charities Services, you'll need to find out what tier your charity needs to report to.

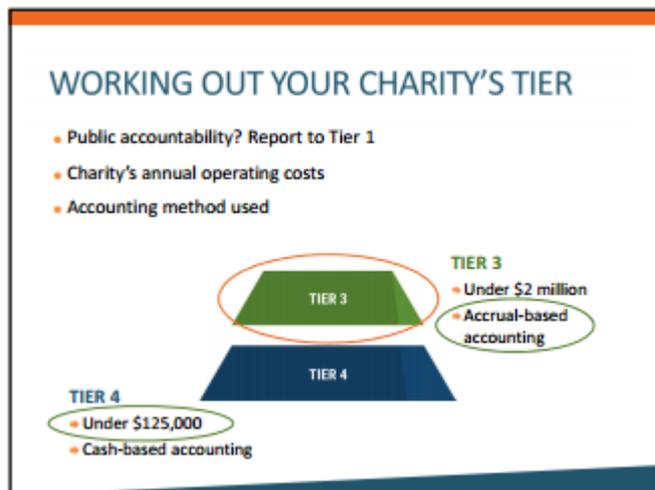
Four tiers have been introduced to ensure that we are capturing the information we need for the size of the charity.

The tier your charity reports to determines how you complete your Annual Return and Performance Report, so you need to know which tier to use before you start.

Today we're focusing on charities that are in Tier 3 and Tier 4.

If you want more information on the other tiers, please have a look at our website where there's more information on this.

Firstly, you'll need to consider if your charity has public accountability.



It's probably very unlikely that Tier 4 and some Tier 3 charities have public accountability, but what this basically means is that your charity's main activity is holding cash or assets for people.

So for example, if your charity offers financial services, budgeting services, life insurance and so on, it will have public accountability.

If this is the case, then you'll need to report under Tier 1.

Have a look on our website for more information if you're unsure.

We'll assume here that your charity doesn't have public accountability.

The next thing you'll need to check is your charity's annual operating costs.

Just to make it clear - your annual costs are the day to day running costs of your charity over the year.

It doesn't include the purchase of capital items such as equipment for your staff or office.

To qualify to report to Tier 4, your operating costs will need to be under \$125,000.

If they're over \$125,000 but under \$2 million, you'll need to report to Tier 3.

Next, you need to consider the type of accounting method used.

This can be either cash-based accounting or accrual-based accounting.

Ask the person in charge of your charity's finances as they should be able to tell you.

If your charity is using a simple cashbook, you will likely be using cash-based accounting.

Many charities who use accrual accounting will often be using accounting software such as MYOB or Xero.

If your charity is using cash-based accounting, then you will be a Tier 4 charity, and if your charity is accrual-based, then you'll be a Tier 3 charity.

So you may wonder what happens if your charity's operating costs are less than \$125,000 but you use accrual accounting instead of cash accounting.

Well in this case, you would use Tier 3 as you can always opt up a tier.

Alternatively you could move to cash-based accounting, but this would likely require more work to re-set your accounts, so we don't recommend this.

So now that we've had a look at how to work out your charity's tier, we can move on to the Performance Report.

As mentioned earlier, it's really important to find out what tier your charity is reporting to before you start any work on the Performance Report as the requirements for this will vary depending on your tier.

So make sure you find out.

So as mentioned earlier in this webinar, your charity will now need to prepare a Performance Report which is a summary of your charity's financial and non-financial information for the past year.



It will tell the story of your charity, and showcase what a great charity you are through the activities and financial information you provide.

Something we'd like to emphasise here is that the Performance Report now replaces any other type of financial information you may have provided to us as part of your Annual Return.

We no longer accept financial statements, spreadsheets, bank statements or any other type of accounts.

For Tier 3 and Tier 4 charities, the financial information must now be provided in the form of a Performance Report.

Your charity may have decided to continue to produce its own financial statements or other types of financial reports that are useful for its internal reporting, and produce the Performance Report separately to report to us only.

However, we do strongly recommend that your internal reports be replaced as much as possible by the Performance Report, as producing two sets of accounts will likely result in more work for your charity and duplication of essentially the same information, just reported differently.

To move your current financial statements to the new Performance Report format, you'll need to make some changes to the setup of your financial recording in order to be capturing the information as required by the Performance Report.

We suggest you read through the guidebooks mentioned previously so you can see exactly how you need to report, and then make the required changes.

You may also like to consult an accountant or financial specialist to help you through this.

Let's take a closer look at the Performance Report.



The Performance Report is made up of different parts. It consists of a number of statements:

Two non-financial statements, and 2 or 3 financial statements depending on whether your charity is reporting to Tier 3 or Tier 4.

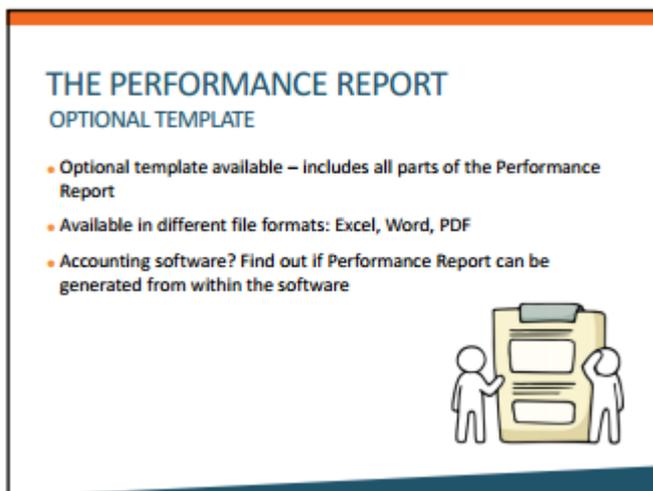
There is also a Notes section available to provide more context to the financial information if it's needed.

Our next two upcoming webinars will give you more information on the Performance Report for Tier 3 and Tier 4 charities, and our previous webinars, which have been recorded and are up on our website, tackle different areas of the Performance Report.

So be sure to refer to these resources in addition to the booklets.

You may be wondering how exactly you'll be putting together the information required for the Performance Report.

Well to help you with this process, there is an optional template available that you can download from our website.



The optional template includes all the different parts of the Performance Report described in the previous slide, and all you need to do is fill it in with the correct information for your charity to fulfil the requirements of the Performance Report.

The optional template is available in different formats: Microsoft Excel, Microsoft Word and also as a PDF document.

If you're a small Tier 4 charity, the Word or PDF version may be all you need, but for larger charities, we recommend you use the Excel template.

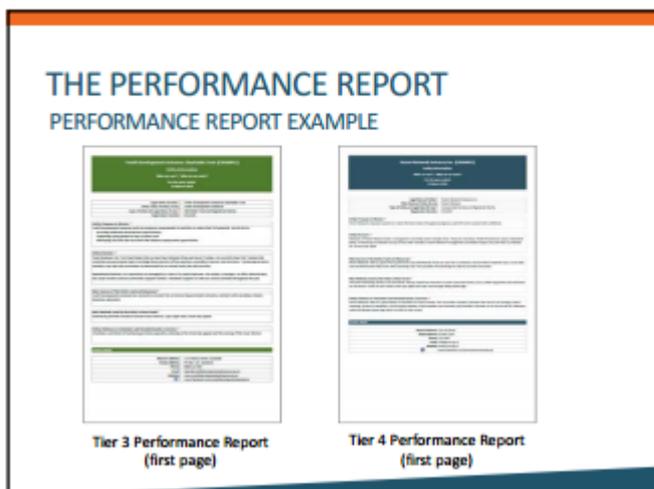
If you've never used an Excel spreadsheet before, it can be quite tricky at first, but don't panic; there are plenty of resources on our website to help you use the template in Excel.

If your charity uses accounting software such as Xero or MYOB, or you have an accountant doing your charity's accounts using accounting software, there may be a function available that automatically generates the Performance Report from within the accounting software.

Contact your software provider or accountant to see if this is available.

If it is, then you won't need to use the optional template as the software will generate the Performance Report for you.

Unfortunately the screen is too small to show you what a Performance Report looks like in detail, but here's the front page of both a Tier 3 and a Tier 4 Performance Report that use the optional template.

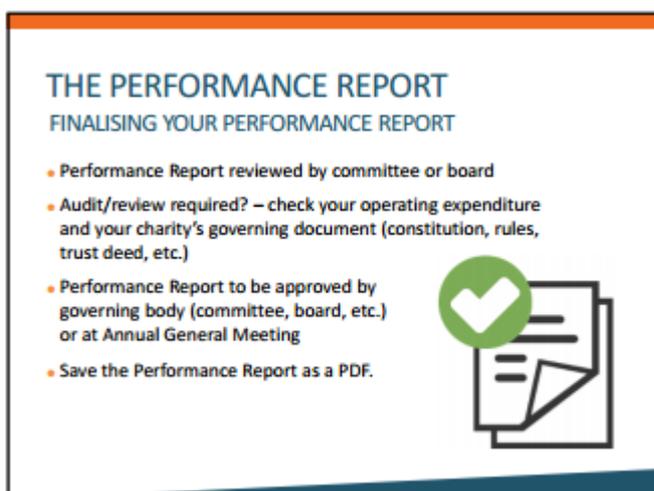


We have some examples on our website of Performance Reports written by charities, so take a look at these to get an idea of how they look.

You actually have a lot of freedom on how you present the information.

As long as you're covering all the different parts of the Performance Report, how you lay it out or format it is completely up to your charity.

Once you've created your Performance Report, you'll need to take it to your committee or Board for review.



An audit or review by a qualified auditor may be required if your charity has operating costs of over \$500,000 in the previous two financial periods.

This obviously doesn't apply to Tier 4 charities whose operating costs are under \$125,000 but you still need to check your charity's governing document, such as its constitution, trust deed or rules document to make sure there is no requirement there.

There is more detailed information about this on our website, or in the guidebooks we've mentioned.

If an audit or review is necessary, then remember that it's the Performance Report that needs to be reviewed or audited, and not any other financial statements your charity may produce for its internal use.

Once you've finalised your Performance Report, it will need to be approved by your charity's governing body, or through its Annual General Meeting.

And then, once it's approved all you need to do is save the electronic version of your Performance Report into a format that can be uploaded when you complete the online Annual Return form.

You can leave it as an Excel or Word document, but we highly recommend that you save it as a PDF document.

If you don't know how to do this, we suggest you Google it, as how you do this will depend on the version of your software and computer system.

There are plenty of tutorials out there.

And now you're ready to move on to the online Annual Return form!

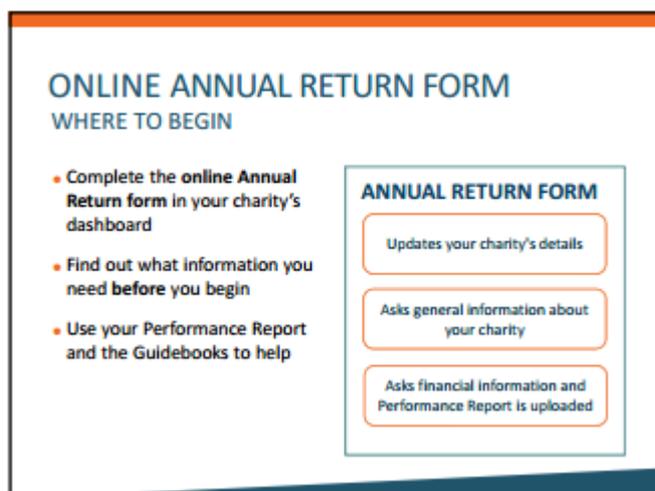
We have two more sections to go through, so hang on in there everyone, we're nearly there.

Our next section is on how to complete your Annual Return form online, and I'll now pass you on to my colleague, Rebecca who will take you through this section.

Kia ora!

As Maria mentioned earlier, Annual Reporting to Charities Services involves two components: completing the Performance Report - which Maria's just taken you through, and submitting an Annual Return, every year.

So now I'm going to walk you through the Annual Return process, the best way to submit one, and what a complete Annual Return looks like to finalise your Annual Reporting with us.



So, first things first: to begin the Annual Return process you need to complete the Annual Return form.

The easiest way to do this is by completing the online Annual Return form.

You can access this form through your charity's dashboard on our website, you just need your charity's login details.

Once you're in, you can select Annual Returns, hit create Annual Return and begin completing the form.

Now, you do have the option of completing the paper version of the Annual Return form, but it's cheaper and easier to do it online.

Some of your information is already entered into the form, from the information we hold about your charity on the Charities Register.

So we've already done some of the work for you if you use the online Annual Return form.

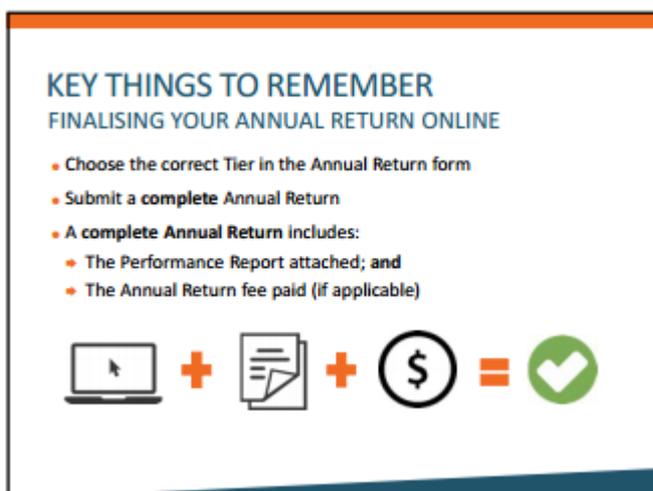
Now, I won't go into too much detail about what's asked in the Annual Return form because you can find all the questions we ask you in the guidebooks and on our website.

We recommend you look at the questions before you begin so you know exactly what information you need to have on hand to complete the form in one go.

A lot of the information we ask you is available in your Performance Report, so you might need to ask your officers (that's just our name for your trustees or committee members) for a bit more additional information to complete the form.

So just keep this in mind.

You are prompted to go through each section of the online Annual Return form but there are some key things to remember when you're filling it in.



Now you know how to work out your reporting tier, it's really important you select your charity's correct tier on the online form.

It sounds simple, but we get a lot of charities selecting the incorrect tier and this can affect whether we accept your Annual Return. So just double check this before you hit submit.

One of the most important things to remember when you're completing the online Annual Return form is you must submit a complete Annual Return.

That means you must attach your Performance Report to the Annual Return form.

You'll be prompted to do this but it's crucial to remember your Annual Return is incomplete without the Performance Report attached.

As Maria mentioned earlier, if you're using one of the templates, saving it as a PDF makes it easy to upload.

So, finally - to finalise your annual return you must pay the Annual Return fee if your charity's gross (annual) income is over \$10,000.

It's cheapest to pay the fee online and we've got instructions on our website if you need help.

If your charity's income is under \$10,000 then no fee applies.

So let's just quickly recap on what a complete annual return looks like:

First you need to complete all sections of the online Annual Return form, attach your Performance Report and finally pay the Annual Return fee for your Annual Return to be complete.

If any of these steps are missing your Annual Return is incomplete and we can't accept it.

This can have some consequences for example, if you complete the online Annual Return Form, attach your Performance Report but don't pay the Annual Return fee, your Annual Return is incomplete and we won't publish your Performance Report on the Charities Register.

This can hold up funding applications - if funders can't view your Performance Report on the Charities Register, so just keep this in mind.

You might also be surprised at how many charities pay the Annual Return fee but don't actually complete the Annual Return or attach the Performance Report.

Again, we need all three steps completed to accept your Annual Return and finalise your annual reporting.

Once you've submitted your charity's complete Annual Return online, that's it.

Your annual Reporting to Charities Services is complete.

So, let's just quickly go over the steps your charity must take every year to complete its annual reporting obligations.



So now you know Annual Reporting to Charities Services is made up of two components.

Before you even begin the reporting process - you need to know your charity's tier and balance date; then you can launch into the first step - completing the Performance Report.

Remember, we have optional Performance Report templates and the guidebooks to help you through this process.

They are all available on our website, and we'll email you the link afterwards.

The next step to submitting the Annual Return includes attaching the Performance Report and paying the Annual return fee.

The easiest way to do this is by completing the online Annual Return form, which you can access through your charity's dashboard on our website.

Your charity must complete these steps every year to meet its annual reporting obligations as a registered charity.

If you don't, your charity risks being deregistered.

Before this can happen we send you reminder emails - 6 weeks before your Annual Return is due and 2 weeks after it's overdue.

But please remember, if we don't hear from you, we can't help you.

So if you're struggling with any part of the annual return process, please contact us before your due date so we can work together to help you stay registered.

So now you know what's involved in annual reporting to us, what's next I hear you say?

Preparing for next year.



It's never too early to start preparing for next year.

One way to make your end of year reporting easier is to start record keeping now.

Get your charity together, make a plan, put some key dates in the diary so everyone knows what needs to get done, by when.

Dishing out some duties early means everyone is clear about their responsibilities before the year is in full swing.

Once you're familiar with they lay out of the Performance Report start recording the information required in the Performance Report throughout the year, so when your balance date hits, you can just transfer the information across into the Performance Report.

For example, create a simple method of tracking the grants your charity receives as you receive them.

Keep a log of your charity's outputs through the year, like how many workshops your charity holds, as you hold them.

This means you don't have to go back and check when you're compiling the Performance Report at the end of the year.

It's also handy to keep a log of any new assets or equipment your charity acquires and any related party transactions as they happen.

Recording this information during the year will save you time in the long run when it comes to completing your end of year reporting.

You'll able to access this webinar recording and slides on our website from tomorrow so if you've got any new members joining your charity why not email them a link to the webinar as part of their induction.

It's a good place to start before they get stuck into doing all your great work.

You've made it, we're at the end.

How are you feeling out there?



We've given you a lot of information during this webinar and we hope you've found it useful.

If you're a new charity you know what lies ahead, and if you're a veteran, you've got a better understanding of the Annual Reporting process.

If you haven't liked us yet, make sure you follow us on Facebook for quick updates on things your charity needs to know.

We also have a newsletter that goes out regularly, so if you're not already, make sure you sign up for this now on our website.

Finally, we're only a phone call away, so if you're feeling lost, please just give us a call.

Now, I think we've got time for some questions... before I let you get back to your lunch.

I'm just having a look at my colleagues here...

Alright, so I'm getting some wild thumbs up and they're telling me we're looking good as they pass me some questions.

Thank-you Francesca...

Alright so here we go...



So, first up is a question about logging into your charity's online account.

"I've just got on board with my charity; how do I request my login details?"

Okay, so you've asked around and no one in your charity can remember the login details.

We get this a lot.

You can reset your login password online.

You just need your registration number.

If you're not sure what this is, the easiest way to find out is you can just search your charity's name on the Charities Register and it will tell you the registration number.

We send the new password to the person who's listed as your charities primary contact.

Remember we can actually only release information about your charity to your primary contact or one of your certified officers.

If this person has left your charity, you'll need to get a certified officer to email us, requesting your charity's login details

Again you can check the certified officers on the Charities Register as well.

I know it is a bit of a pain, and we know how busy everyone is, but that's why it's really important to keep your primary contact details up to date with us.

It will make your life easier in the long run.

Okay, so the next question we've got... is about the requirement to complete the Performance Report AND the Annual Return every year.

We get this question quite a bit.

"Why do I have to complete an Annual Return AND a Performance Report? Isn't it just doubling up by completing both?"

Well, we hope after listening to this webinar today you're feeling differently.

The Performance Report is part of the Annual Return, so while some of questions are similar, they do cover different information.

We understand the Performance Report is a huge piece of work for your charity, and remember, it's not just to provide to us every year - but it's for YOUR charity.

It's published on the charities register for everyone to see and it showcases all the hard work your charity has done throughout the year.

It's something your charity should be really proud of.

The information you tell us about your charity through your Annual Return is also published on the Charities Register, along with 27,000 other registered charities in New Zealand.

So think of it like the Annual Return is how we capture data about registered charities and we use that to tell a story about the wider charitable sector in New Zealand.

But it's also where we get our stats.

We've just celebrated National Volunteer week and it's through your Annual Return that we were able to say... that kiwis spend over 2 million hours volunteering for registered charities every week.

These numbers are why it's so important that you're as accurate as possible when you're filling in your Annual Return form.

So we can tell your story accurately.

We've got quite a few questions coming in but we've only got time for one more.

Apologies - if we haven't got to your question today, and it's burning, please feel to email the email address above.

Our final question is on reporting tiers.

"How do I know what Tier our charity should report to when our annual costs vary every year?"

This is a great question and you're not probably not alone out there, some charities' annual costs may change which means they may no longer qualify for the tier they've been using.

If you're in this situation you don't need to report at the higher tier until you've have had two consecutive financial years of annual costs above your current tiers threshold.

So if you're hovering around the threshold of the tiers, or you fluctuate, often we see this a lot when charities hold fundraising events that vary each year... if you know or you think it's likely you will exceed the threshold in the future, you might want to consider reporting at the higher tier now to avoid having to change reporting tiers later.

But remember, if you are moving from Tier 4 to Tier 3, you will need to change to accrual-based accounting.

Okay, so, we're officially out of time.

Thanks again for giving up your lunch break to join us.

We hope you got something out of it and please keep an eye out on our website and Facebook page for information about our next webinar in July on the Performance Report in more detail - that's for Tier 4 charities, and Tier 3 will be in August.

We look forward to seeing you then.

Ka kite ano!