

CHARITIES  
SERVICES

Ngā Ratonga Kaupapa Atawhai



# Annual Reporting to Charities Services

A guide for Tier 3 charities



Te Tari Taiwhenua  
Internal Affairs

New Zealand Government

## Are you a Tier 3 charity?

Charities have to use the reporting standards which are organised into tiers. This guide has been prepared **specifically for Tier 3 charities**.

You can report using Tier 3 if:

- ▶ your charity's annual expenses are under \$2 million, and
- ▶ your charity has no public accountability (i.e. your main activity isn't holding cash or assets for people. For example, your charity doesn't offer financial services, budgeting services, life insurance, credit union, superannuation, etc.), and
- ▶ your charity uses accrual-based accounting (as opposed to cash-based accounting).

If you're unsure on the above or require more explanation, please refer to page 7 of this guide for detailed information.

Note: You may choose to report under Tier 3 if your annual expenses are under \$125,000 (the threshold for using the Tier 4 standards) but your charity prefers to use accrual accounting.

### Before you begin...

Please check that you have the following information for your charity. This will come in handy as you follow this guide.

Item/Action	Enter the details here
<b>Your charity's full name</b>	
<b>Your charity's registration number (CC number)</b> <i>You can find this number in your charity's listing on the Charities Register: <a href="http://bit.ly/searchregister">bit.ly/searchregister</a></i>	CC
<b>Login details for your charity's account</b> (accessed from <a href="http://bit.ly/charitiesaccount">bit.ly/charitiesaccount</a> ) <i>You can use your charity's CC registration number for the username</i>	Username:  Do you know the password?
<b>Your charity's balance (end of year financial) date</b> See page 6 for details.	
<b>The due date to file your annual return</b> See page 6 for details.	
<b>Financial information from the previous year</b> (e.g. financial statements, annual report, bank statements)	
<b>Financial information for the year you're reporting for</b> (e.g. spreadsheets, cashbook, bank statements, software reports)	
<b>A copy of your charity's rules</b> (e.g. your constitution, trust deed, governing documents, etc.) <i>Available in your charity's listing on the Charities Register: <a href="http://bit.ly/searchregister">bit.ly/searchregister</a></i>	
<b>Check if you require an audit or review.</b> See page 36 for details.	

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## About Charities Services

Charities Services, Ngā Ratonga Kaupapa Atawhai, is part of the Department of Internal Affairs, Te Tari Taiwhenua, and administers the Charities Act 2005. We strive to be a modern, responsive, risk-based regulator focused on promoting public trust and confidence in the charitable sector and encouraging the effective use of charitable resources.

Our vision is that our work contributes to a well-governed, transparent and thriving charitable sector with strong public support. We do this by registering and monitoring charities and processing annual returns. We also encourage good governance and management practices by providing educational support, advice and materials.

# Introduction

This guide helps **Tier 3 charities** understand the requirements of reporting each year to Charities Services.

Registered charities report to Charities Services every year and in April 2015, new reporting standards came into effect that change the way charities do this.

In this guide, we'll explain the process and how charities will report using the reporting requirements.



To help you prepare your charity's annual reporting, this how-to-guide has room for you to add your charity's information.

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## What are the reporting standards and why were they introduced?

The Charities Act 2005 **requires that all registered charities submit a report each year that complies with reporting standards** written by the External Reporting Board (XRB), the independent Crown Entity responsible for writing accounting standards. The standards have been developed:

- to **improve** the **quality** and **consistency** of the information provided by charities
- for charities to have a **clearer overview** of how they are doing year by year
- to make it **easier for readers** to get the information they need from charities.

The reporting standards determine the information charities need to provide as part of their annual reporting. This is a legal requirement for all registered charities.

Your charity **needs to submit a performance report with the yearly annual return** to Charities Services.

The performance report includes financial and non-financial information about your charity. You'll need to collect and prepare the information for this report and compile it so that it meets the requirements of the reporting standards.

## When does your charity need to report?

Charities file their annual return along with their performance report **within six months of their balance date**.



The balance date is the date that your charity's financial year ends.

	Your charity's balance date (financial year end)	Date 6 months after your balance date	Deadline to submit your charity's annual return with performance report (one day after the 6 months)
<b>Example 1:</b>	31 March 2021	30 September 2021	1 October 2021
<b>Example 2:</b>	30 June 2021	31 December 2021	1 January 2022
<b>Your charity:</b>			

## How to report to Charities Services

Each step is explained in detail in this guide.

### STEP 1 Confirm your charity's tier

Reporting to Charities Services uses a tiered system **based on your charity's annual expenses**. Refer to page 7 to check what tier your charity needs to use.

Note that this guide has been created for Tier 3 charities.



### STEP 2 Prepare your charity's performance report

As part of the annual return process, your charity must submit a **performance report**.

Refer to page 10 for detailed information on how to prepare your charity's performance report.



### STEP 3 Complete your charity's annual return

There is some additional information required in the annual return.

Refer to page 37 for more details on what you need to gather.



### STEP 4 Finalise your charity's annual reporting

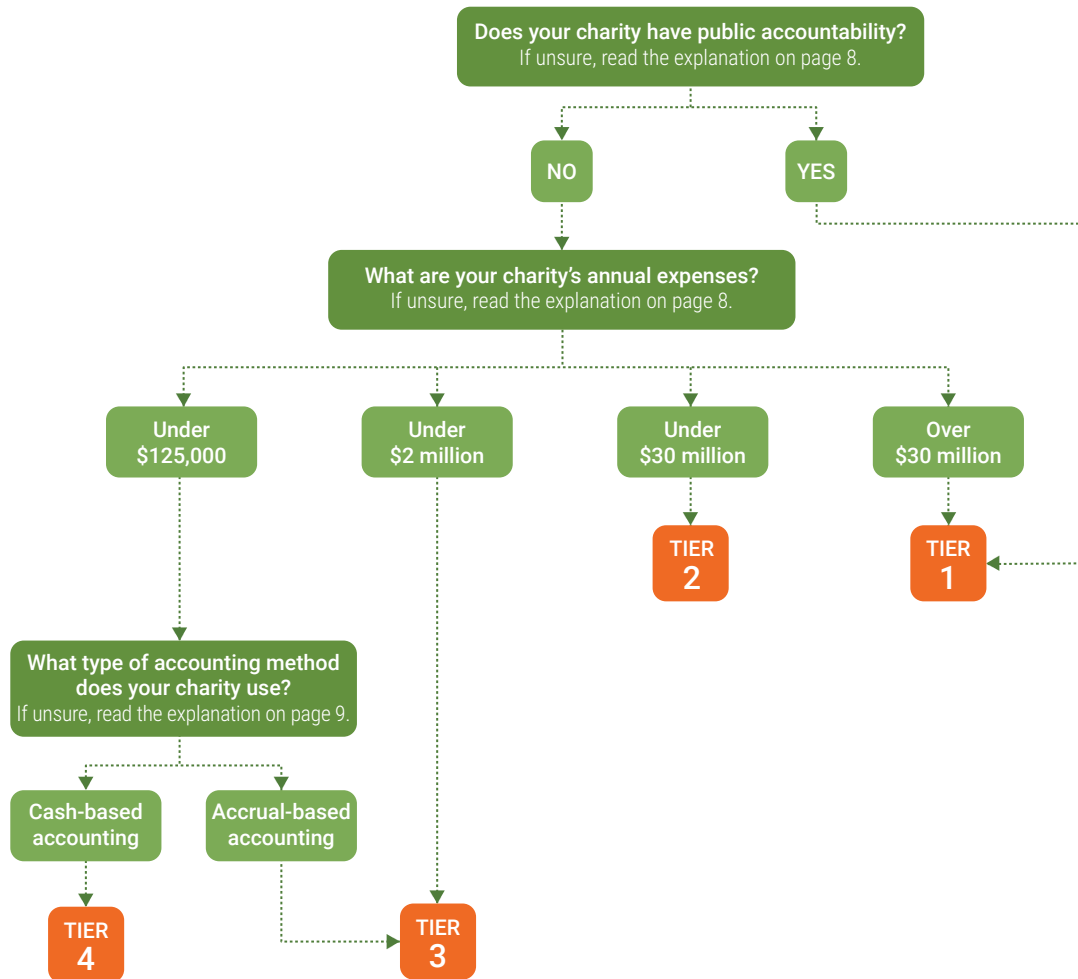
Complete your annual return form and attach your performance report.

Refer to page 40 for details on how to do this.

# STEP 1

## Confirm your charity's tier

It's important to check which tier your charity can use as the reporting requirements vary depending on the tier.



Although your charity can report using a higher tier, we recommend you choose the tier that best fits your charity. The higher the tier, the greater the reporting requirements.



See more explanation on the following pages to make sure you have considered all factors before selecting a tier.

This guide has been prepared for Tier 3 charities. If your charity isn't Tier 3, refer to the Tier 4 guide, or the resources on our website ([bit.ly/Tier4info](http://bit.ly/Tier4info)).



## Public accountability

If your charity's main activity is holding cash or assets for people (e.g. you offer financial services, budgeting services, life insurance, credit union, superannuation, etc.), then your charity has public accountability and **must** report using Tier 1.

## Annual expenses (day-to-day expenses for the year)

Your annual expenses will be your charity's day-to-day expenses for the year. A capital expense is money spent on an asset, such as equipment and buildings, and these expenses **shouldn't be included when calculating your charity's tier**.

Below are examples of day-to-day expenses and capital expenses:

Example of Day-to-Day Expenses	Example of Capital Expenses
Accounting fees Advertising Audit fees Building maintenance and repairs Fundraising costs Grants/donations made Insurance Legal fees Motor vehicle repair Office supplies Petrol Power Printing Rent Salaries and wages Stationery Training for staff Travel expenses	Buildings Computers Furniture Land Motor vehicles Office equipment Shares Bonds Unit trusts
	
The annual total of these expenses will be used to calculate which tier your charity can use. Refer to the diagram on page 7.	<b>Do not</b> include the total of these expenses when calculating which tier your charity can use.

Some charities have levels of annual expenses which fluctuate from one year to the next. **To determine your annual expenses threshold, you must look back at your charity's annual expenses for the previous two years.** Look at your charity's last two financial statements for this information. If your charity had annual expenses above \$2 million for two consecutive years, then you must report using Tier 2. If, however, one of those years is above \$2 million and one is below, then you may use Tier 3.

### Example

An arts charity holds a festival every second year. In the first year, their annual expenses were \$550,000. The following year when they held the festival, the annual expenses increased to \$2,550,000. As their annual expenses were not over the Tier 3 threshold of \$2 million for two consecutive years, they can continue reporting under Tier 3. However, if they decide that the festival should be held yearly and their annual expenses are likely to remain at \$2,550,000 annually, they would need to report in Tier 2.



## Cash accounting and accrual accounting

The main difference between cash and accrual accounting is the timing of when revenue (money coming into your charity) and expenses (money paid out by your charity) are recorded.

Cash accounting	Accrual accounting
Revenue (money coming in) is recorded on the date payment is received rather than the date it was invoiced.	Revenue (money coming in) is recorded on the date you issued the invoice rather than on the date it was received.
Expenses (money going out) are recorded when the money leaves the bank. <i>e.g. Your charity records a payment it made for electricity on the date it was paid, and not on the date of the bill.</i>	Expenses (money going out) are recorded when incurred. <i>e.g. Your charity records a payment it made for electricity on the date of the bill, and not on the date when it was actually paid.</i>
Often used by smaller charities	Often used by larger charities
Small number of transactions	Significant number of transactions
May use a cash book (paper-based or Excel spreadsheet)	Often uses accounting software such as MYOB or Xero
	Depreciation is recorded
	Records accounts receivable and accounts payable (debtors and creditors)

**Tier 3 uses accrual accounting.**

If your charity's annual expenses are less than \$125,000, choose the tier according to the accounting method your charity uses. Choose Tier 4 for cash-based accounting, and Tier 3 for accrual-based accounting. Refer to the diagram on page 7.

## Does your charity control other organisations?

The reporting standards use the word 'control' to describe a relationship that a charity has with another organisation for financial reporting purposes. A charity controls another organisation when the charity is exposed, or has rights, to variable benefits from its involvement with the other organisation and has the ability to affect the nature or amount of those benefits through its power over the other organisation. In simple terms, a charity controls another organisation when it has:

- power over the other organisation,
- access to benefits from being involved with the other organisation, and
- the ability to influence the nature or amount of these benefits.

Assessing whether a charity has control over another organisation can be complex and subjective. A thorough assessment of the facts and circumstances is required in each case.

Charities need to include information about the organisations they control by providing a consolidated performance report. In such cases, the combined expenditure of the charity and the organisation/s they have a control relationship with could mean that the charity needs to report in a higher tier. Combined expenditure does not include transactions between organisations within the reporting entity.

For example, a charity's annual expenses are \$1.5 million (thereby qualifying for Tier 3), the annual expenses of a separate organisation they control are \$1 million, and they calculate the expense transactions between the two organisations were \$300,000. The combined expenditure would be \$2.2 million and the charity would need to report in Tier 2.

If your charity determines that it controls other organisations and therefore needs to prepare a consolidated performance report, you must follow the processes for consolidation of the Tier 2 Standard "PBE IPSAS 35: Consolidated Financial Statements", even if you are still eligible to prepare your performance report in accordance with the Tier 3 standard. You must disclose that you have applied this standard. Refer to the External Reporting Board's website ([www.xrb.govt.nz](http://www.xrb.govt.nz)) to download this standard.

## More information

For more information on the tiers, please refer to our website ([bit.ly/whichtier](http://bit.ly/whichtier)).

## STEP 2

# Prepare your charity's performance report

## What is a performance report?

A performance report is a **summary of your charity's past year and includes both financial and non-financial information**. Its objective is to **"tell your charity's story"** for the year. The performance report is a **requirement of the reporting standards** and Tier 3 charities need to prepare this report each year.

It standardises the information required so that all charities are reporting in the same way and in a format that allows people to easily understand how your charity is doing year by year.

Your charity may continue to produce its own financial statements or other types of financial reports that are useful for its internal reporting. **These are not required by Charities Services**. An audit or review may be required by your charity's governing documents (constitution, rules, trust deed, etc.). Make sure it is the performance report that is audited or reviewed.

## Using the performance report template

A template has been created to assist charities with the performance report. It's an optional template, but **we strongly recommend you use this template to create your report**, at least the first time you report under the new standards. It will help you to understand what is being asked of your charity. The template is available in Excel and PDF formats. We've also provided a copy of the template on page 59 of this guide that you can detach or photocopy, and fill in to create a draft version of your charity's performance report while following the explanations in this guide. Once you've completed the draft version, you may then choose to transfer the information to the Excel template.

This guide is based on the template and explains how to complete each part.



The Excel and PDF versions of this template are available on our website [bit.ly/Tier3template](https://bit.ly/Tier3template). If you decide to use the Excel template, we recommend watching the video tutorial first ([bit.ly/T3excel](https://bit.ly/T3excel)) to understand how to use the template. The Excel template populates information and calculates totals where appropriate.

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Remember, the template we use in this guide is optional. However, if you fill out the template correctly, you can be assured that you have met all the requirements for the Tier 3 standard. You may have a format that you prefer to use, or use software that can produce a performance report. You may find it useful to compare the optional template to your own format to ensure everything that is required has been included.

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## Example performance report

On page 43 of this guide, you will find an example performance report for a fictional charity that uses the optional template. You'll see in the example the seven parts described below. Refer to this example report if you need more examples of the type of information required for your performance report.

## Parts of the performance report

The information in the performance report contains **seven main parts**. Each of these parts is explained in detail in this chapter.



An example performance report is included at the back of this guide.



The following sections are organised according to the template. It may be helpful to have a copy of the template (p. 59) open as you work through the sections.

## Part 1 Entity Information

### Who are we? Why do we exist?

The purpose of the Entity Information is to **provide a summary of your charity, what it does and how it's organised**. The level of detail you provide will depend on the size and complexity of your charity.

Below are the sections in the template (p. 59) with an explanation about the information required and examples.

The sections that must be completed are marked with an asterisk (\*).



A copy of your charity's rules (constitution, trust deed, governing documents, etc.) can be found in your listing on the Charities Register. Go to [bit.ly/searchregister](http://bit.ly/searchregister) and search for your charity.

Section	Explanation	Examples
Legal name of entity*	The name of your charity as it appears on the Charities Register.	–
Other name of entity (if any)	Any other name your charity is known by.	–
Type of entity and legal basis (if any) *	Your charity's entity type(s), e.g. trust, incorporated society, company, registered charity, etc.	<i>Registered charity and incorporated society</i>
Registration number	Your charity's registration number (CC number). You can find this by searching for your charity on the Charities Register - <a href="http://bit.ly/searchregister">bit.ly/searchregister</a> . You can also include your incorporated society or charitable trust registration number if applicable ( <a href="http://www.companiesoffice.govt.nz">www.companiesoffice.govt.nz</a> )	<i>CC12345</i>
Entity's purpose or mission*	Your charity's mission statement or the purpose it was set up for. This information may be found in your charity's rules (constitution, trust deed or other founding document). It's a broad statement about what your charity is seeking to achieve.	<ul style="list-style-type: none"> <li>- <i>Reducing the incidence and impact of cancer in New Zealand.</i></li> <li>- <i>Providing health services to the homeless in the greater Wellington area.</i></li> </ul>
Entity structure*	<p>Explanation of how your charity is structured.</p> <p>You can describe the governance structure of your charity and its relationship to any other organisation.</p> <p>You may choose to insert your charity's organisational chart here.</p>	<ul style="list-style-type: none"> <li>- <i>Members elect a committee, which includes President, Treasurer and Secretary. It employs one full time coordinator.</i></li> <li>- <i>There are six trustees on the Board, three paid staff and 10 volunteers.</i></li> </ul>

Section	Explanation	Examples
Main sources of the entity's cash and resources*	Your charity's main funding sources.	<ul style="list-style-type: none"> <li>- Our charity's activities are funded by grants from our local community trust. Our administration costs are covered by membership fees. Money raised through fundraising is used to acquire new equipment.</li> <li>- Our main source of funding comes from a Lotteries grant from the Department of Internal Affairs.</li> </ul>
Main methods used by the entity to raise funds*	Your charity's main methods to raise funds. You can include here whether your charity uses a third party for its fundraising, whether your charity holds a fundraiser every year, etc.	<ul style="list-style-type: none"> <li>- The main fundraising activity is the book fair we hold every year. Money raised from this event is used to purchase new books for our library.</li> <li>- We hire out the local theatre twice a year and sell movie tickets to raise additional funds.</li> </ul>
Entity's reliance on volunteers and donated goods or services*	If your charity relies on volunteers and donated goods or services, describe them here.	<ul style="list-style-type: none"> <li>- Our charity relies on volunteers to run our charity.</li> <li>- Our governing body is made up of volunteers, and our activities are also run by volunteers.</li> <li>- We receive donated food and clothing from the public, which we then distribute to people in need.</li> <li>- We receive donated baked goods for our quarterly bake sale, which we then on-sell to other clubs to raise funds for our charity.</li> </ul>
Additional information	Other information that you think would be useful for people to understand what your charity does.	<i>This is our first year of operation. We anticipate we will receive more funds in the following years.</i>
Contact details	Your charity's contact details. Consider entering information such as your charity's address, contact numbers, email, website and social media addresses. This will enable people to contact you or learn more about your charity.	—



Have a look at the Entity Information in the example performance report on page 44 of this guide.

## Part 2 Statement of Service Performance

### What did we do? When did we do it?

The purpose of the Statement of Service Performance is to **provide non-financial information to help readers understand what your charity did during the financial year**. It allows your charity to tell its story which helps readers to understand what your charity has been set up to do. Many charities find this statement very valuable as it tells a far richer story than reporting on the finances alone. Your charity can use pictures, tables, charts or graphs to represent its achievements and to enhance a reader's understanding of your charity's work.

The Statement of Service Performance is also a great way to show your members what you did, and as it's displayed on the public Charities Register, it can be read by potential funders and the public. It's worth taking some time to create this statement as it will showcase the great work your charity does.

Below are the sections in the template (p. 59) with an explanation about the information required and examples.

The sections that must be completed are marked with an asterisk (\*).

Section	Explanation	Examples
Description of the entity's outcomes* (required)	Describe what your charity is seeking to achieve or influence through the delivery of goods or services.  This is likely to be closely related to your charity's mission/purpose, although it should be more specific and focused on what your charity is seeking to achieve in the short to medium term.  See also "Reporting outcomes" on page 15.	- If a charity's mission statement is: "Providing health services to the homeless in the greater Wellington area", then an example of an outcome is: "To improve the health and wellbeing of homeless people."  - A tennis club's outcomes might be "To improve the health of the public by encouraging participation in playing tennis."
Description and quantification (to the extent practicable) of the entity's outputs* (required)	Describe and quantify (where practicable) the goods and services delivered by your charity in the past financial year.  The measure is usually the number of services or goods delivered or number of people helped, and is not a dollar figure.  Note that the "Budget" column in the template is optional.	See examples for this section in "Reporting outputs" on page 15 of this guide.
Additional output measures (optional)	Any other relevant information about your charity's outputs. For example, you could provide: <ul style="list-style-type: none"> <li>• quality measures of the goods or services delivered</li> <li>• a measure of the timeliness of delivery of the goods or services</li> <li>• the contribution of volunteers and/or paid staff in terms of hours</li> <li>• Images, newspaper articles, videos, links to website or to other success stories</li> </ul>	Class feedback: "The course was excellent and I feel truly prepared to know what to do once my baby arrives."

Section	Explanation	Examples
Additional information (optional)	Any explanation of what your charity actually achieved against what it had planned to achieve (budget column). There may be factors that contributed to this result.	<ul style="list-style-type: none"> <li>- Guide Dog puppies bred – the budget was exceeded due to the very generous donation of 5 puppies from Mr Frank</li> <li>- New work placement – the budget was not achieved due to the economic conditions and more competition for grants.</li> </ul>



Have a look at the Statement of Service Performance in the example performance report on page 45 of this guide.

### Reporting outcomes

The Statement of Service Performance requires your charity to describe the outcomes it is seeking to influence through the delivery of its outputs. For example, the outcome statement for a tennis club could be "Improving the health of the public by encouraging participation in playing tennis". Usually outcomes will be linked very closely with the charity's mission statement or charitable purposes. Outcomes are specific and are focused on what the charity seeks to achieve in the short to medium term. Outputs are more linked to the things the charity did during the year.

#### Outcome examples

These are examples for the section "Description of the entity's outcomes" on page 14.

- To enhance the quality of life of people with impaired vision by providing them with a fully trained guide dog.
- To increase the employment in our region by providing education to youth.
- To reduce the incidence of children going to school without lunch.

### Reporting outputs

The Statement of Service Performance requires your charity to describe its outputs over the past year. Outputs are simply what the charity did during the year. For example, goods or services your charity provided, or how many people you have assisted. The examples below show that reporting on outputs is brief and is designed to give an overview of the work you have been busy doing.

#### Output examples

These are examples for the section "Description and quantification (to the extent practicable) of the charity's outputs" on page 14.

Description*	Actual this year* (what you delivered this financial year)	Budget this year (what you planned to deliver this year)	Actual last year* (what you delivered last financial year)
Guide dogs – puppies bred	50	45	40
New work placements	1,652 jobs	3,500 jobs	3,200 jobs
Number of residents provided with food	5,000	4,500	0
Number of children provided with lessons	200	100	0
Number of grants given to organisations	110	100	90



Tips for writing a great Statement of Service Performance:

- Know what purpose your charity was set up for. Use your rules document to check what your charitable purposes are as it will help you to write an outcomes statement.
- Link your outputs and your outcomes with your strategic plan.
- Communicating outcomes is useful for your charity and for the public to understand the change in society you're seeking to influence.
- Report only the outputs that are significant to your charity.

## Part 3 Statement of Financial Performance

### *What did it cost? How was it funded?*

The purpose of the Statement of Financial Performance is to **report all revenue and expenses of your charity for all its activities during the financial year**. This statement also shows how much surplus or deficit your charity had in the last financial year.

In this part, your charity reports all the money earned (revenue) and costs incurred (expenses) during the financial year. Your charity **reports this information using minimum (compulsory) categories**. See page 19 for more information on these categories.



Revenue includes all money actually received by the charity as well as any money that has been earned but not yet received. An example of money earned and not received is an invoice you have sent to another organisation for a service you provided but that has not yet been paid. Money received from the sale of your charity's assets (e.g. a motor vehicle) or from loans taken out by your charity are not revenue, and should not be recorded in your Statement of Financial Performance.

Expenses include all money actually paid by the charity as well as any money owed at the end of the financial year, such as a bill for electricity that relates to the financial year but has not yet been paid.

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Your charity needs to summarise transactions and report the total in the minimum (compulsory) categories. A detailed list of all the transactions throughout the year is **not required**. It is designed as a **high level overview** that readers can easily follow. If your charity wishes to give more detailed information, you can do so by including details of items separately in "Part 7 Notes to the Performance Report" on page 29.



- Before you start, ensure that you've completed your year end processes, such as reconciling the bank balances and making any end of year accrual adjustments. Then, class each revenue/expense item into the minimum (compulsory) categories as per the template (p. 59).
  - In the first year of applying the Tier 3 standard, you do not need to provide numbers for last year.
  - The Budget column is optional.
- 

On the next page are the sections in the template (p. 59) with an explanation of the information required and examples.

**The minimum categories that must be completed are marked with an asterisk (\*).** If a category doesn't apply to your charity and there's nothing to report, simply enter "0".



Section	Explanation	Examples
<b>Revenue</b>		
Donations, fundraising and other similar revenue*	<p>Include here the total money received from grants and donations/koha that has not been received from providing goods or services. See the additional information on page 19.</p> <p>This section doesn't include donations made by members of your charity (if it has a membership base). This information is recorded in the next category.</p> <p>For fundraising revenue, include the total of any money raised through fundraising activities.</p> <p>You can provide a breakdown of these items in the "Notes" section (p. 29).</p>	<p>- <i>Donations: Money donated to you by an external sponsor, etc.</i></p> <p>- <i>Fundraising revenue: Annual appeals, bingo/quiz nights, cake stalls, movie nights, raffles, fundraising dinners, galas/fairs, car boot sales, sponsorship, sporting events, sale of goods, etc.</i></p>
Fees, subscriptions and other revenue from members*	<p>If your charity has a membership base, include here the total amount received from your members.</p> <p>You can provide a breakdown of these items in the "Notes" section (p. 29).</p>	<p><i>Membership fees, subscription fees, donations/koha and fundraising received from members, or money received from your members for goods or services provided</i></p>
Revenue from providing goods or services*	<p>The total amount received from providing goods or services.</p> <p>You can provide a breakdown of these items in the "Notes" section (p. 29).</p>	<p>- <i>Income from the hiring out of children's car seats</i></p> <p>- <i>Grants that are a contract for the delivery of goods or services</i></p>
Interest, dividends and other investment revenue*	<p>Total money received from investments that your charity has.</p> <p>You can provide a breakdown of these items in the "Notes" section (p. 29).</p>	<p><i>Money paid to the charity – i.e. interest from the bank or dividends from investments</i></p>
Other revenue	<p>The total of other revenue received.</p> <p>You can provide a breakdown of these items in the "Notes" section (p. 29).</p>	<p><i>Insurance payout, royalties, gain on sale/disposal of assets</i></p>
Total revenue	The total of all the revenue categories above.	–

Section	Explanation	Examples
<b>Expenses</b>		
Expenses related to public fundraising*	Total expenses to cover costs for fundraising activities. You can provide a breakdown of these items in the "Notes" section (p. 30).	Venue hire, promotion and marketing, koha for equipment borrowed, cost of prizes, fees or commissions paid to third party fundraisers, cost of appeal week (campaign, advertising, posters, stickers, etc.)
Volunteer and employee related costs*	If your charity employs staff or has volunteers, enter the total of all related payments to them here. You can provide a breakdown of these items in the "Notes" section (p. 30).	Salaries and wages including temporary staff, contractors for general work, honoraria for board member duties, PAYE, KiwiSaver contributions, ACC levies, staff training and professional development, staff recruitment
Costs related to providing goods or services*	Total expenses that relate to providing goods or services by your charity. You can provide a breakdown of these items in the "Notes" section (p. 30).	Utilities (rent, rates, power, telephone), IT (computer) costs, insurances, repairs, maintenance, stationery, photocopying, printing, postage/courier costs, software costs, cleaning
Grants and donations made*	If your charity distributes funds through making grants or donations, enter the total of these here. You can provide a breakdown of these items in the "Notes" section (p. 30).	Grants paid, scholarships paid, donations made, contributions made, other philanthropic giving
Other expenses	The total of any other expenses that don't fit into the categories above. You can provide a breakdown of these items in the "Notes" section (p. 30).	Interest payments, affiliation fees, audit fees, bank fees, depreciation
Total expenses	The total of all the operating expenses above.	—

### Surplus/(Deficit) for the year

Subtract the amount entered in "Total expenses" from the amount entered in "Total revenue" and enter the amount here.



Have a look at the Statement of Financial Performance in the example performance report on page 46 of this guide.

## Minimum (compulsory) categories

The Tier 3 standard sets out minimum (compulsory) categories that must be used to report revenue and expenses. These are:

### Revenue categories

- Donations, fundraising and other similar revenue
- Fees, subscriptions and other revenue from members
- Revenue from providing goods or services
- Interest, dividends and other investment revenue
- Other revenue

### Expenses categories

- Expenses related to public fundraising
- Volunteer and employee related costs
- Costs related to providing goods or services
- Grants and donations made
- Other expenses

**These minimum categories show what must be kept separate in the Statement of Financial Performance.** They are designed to make it simple for readers of your charity's performance report to quickly and easily understand where money came from and where it was spent. Presenting the information in this way helps to tell your charity's story.

## Can we change or delete the categories?

You can't change the type of information that must be reported within each category. However, you can split a category or rename it to make it more meaningful for your charity, or to help readers better understand the information. For example, a charity that provides classes and sells education books, might want to rename the category 'Revenue from providing goods or services' and change it to 'Class fees and book sales'.

A long list of items will make it difficult for readers to understand your overall story, so only make changes which are important and useful to your charity.

If a category doesn't apply to your charity and there is nothing to record, you can simply enter "0". For example, if your charity doesn't have members, the 'Fees, subscriptions and other revenue from members' category will not be relevant and you can simply enter "0".

It is important that any changes you make to the categories are used consistently in the future so that the information can be compared over time.

## Recording grant income

Under the standards, there is no separate category for grants. Instead, your charity must record the grant within the category/categories that best matches the purpose of that grant.

The category/categories you choose to record your grant under will depend on what the grant was given to your charity for. Grants for the general operation of the charity (including grants for capital items) will be recorded under "Fundraising, donations and other similar revenue". Grants for delivering a service, project or programme will be recorded under "Revenue from providing goods or services".

You should record the grant as revenue when you physically receive the money into your bank account.

### Grants with conditions

Some grants come with conditions attached. For example, the money may need to be used for the stated project and if the project changes or there is money left over at the end of the project, then the grant must be returned. This type of condition is known as a "use or return" condition.

It's a good idea to keep track of the spending of grants so that you know how much remains unspent at the end of the financial year. If the grant has a "use or return" condition, then at the end of the financial year, the unspent portion of the grant **must be recorded as a liability** in the Statement of Financial Position. See page 22 for details. If the grant has a condition which is not a "use or return" condition but has not been fulfilled at the end of the financial year, you must disclose this in the performance report. See page 14 of the template at the back of this guidebook.

## Koha

Koha is a payment or receipt of money, similar to a donation. You will need to think about the purpose or reason for which it was given and record this amount in a category that reflects the type of koha it is. For example, a charity runs a community class and asks for koha to attend. This could be considered as payment for the class rather than a donation, and would therefore be recorded under "Revenue from providing goods or services."

Once your charity decides which category to record koha under, the category should be used consistently in future. You may want to record the reasons your charity has decided to record koha in a certain category so that it's clear in years to come, and for the readers of the performance report.

Refer to our website ([bit.ly/4koha](http://bit.ly/4koha)) for some examples on recording koha.

## Recording GST

If your charity is registered for GST, you can choose to record amounts in this section as including GST or excluding GST. Once you decide how your charity will record GST, you'll need to be consistent throughout the performance report, and from each financial year to the next. If your charity isn't registered for GST, record all amounts with the GST included.

**You may find it easier to record all amounts with the GST included even if you are registered for GST because these are the amounts that actually come in and out of your bank account.** This will make preparing the Statement of Cash Flows (p. 25) a bit more straightforward.

You'll need to state in the Statement of Accounting Policies (p. 27) whether you have recorded amounts in the performance report as including or excluding GST.

## Revenue and expenses must be reported separately

If you had a movie night, for instance, you would need to record the money received for ticket sales from the public under "Donations, fundraising and other similar revenue" and the payments for the venue, catering and prizes, etc. under "Expenses related to public fundraising". You cannot record the difference between these two amounts. If you want to show the profit of a particular activity, you can do this in the Notes to the Performance Report (p. 29).

## Member and non-member revenue

In the Statement of Financial Performance, revenue received from members needs to be recorded separately from revenue from non-members.

Where practical, all revenue from members should be recorded in the category "Fees, subscriptions and other revenue from members". This could include:

- Membership fees and subscriptions
- Donations, koha or offerings from members
- Fundraising contributions from members, and
- Revenue from members for goods or services.

### Who are your charity's members?

For some charities, it will be clear if they have members. For example, societies are membership-based and will clearly have members.

There are a few factors that will help you identify if you have members:

- Members are a distinct group of people who are clearly separate from the general public.
- Members may have access to benefits, goods or services that are not available to the general public.
- Members can be involved in decision making. This will often happen at an Annual General Meeting.
- Membership commonly involves some form of contribution towards the charity – for example, membership fees, subscriptions, attendance expectation, or volunteering.

### Example

*A charity holds a quiz night. The event is mainly for the members, but they are encouraged to invite friends and family. The nature of the event makes it difficult to track non-members. Revenue from the quiz night is from gold coin entry and a raffle. On the night, the organisers make a note that about 25% of the attendees are non-members. The charity decides:*

- *25% of revenue will be recorded in the category 'Donations, fundraising and other similar revenue.'*
- *75% of revenue will be recorded in the category 'Fees, subscriptions and other revenue from members.'*
- *The charity will explain in the notes the judgement made about splitting the quiz night revenue: "Revenue from the quiz night was split as follows: 75% from members, 25% from non-members".*

## Recording revenue and expenses

In general, revenue and expenses are recorded when they are earned or incurred and the value is the amount you received or paid. However, there are some transactions that have particular rules to follow because the general rule doesn't make sense in that context. The Tier 3 Standard contains tables that explain when to record the revenue and expenses and at what value. It is worth having a read through these tables to make sure you understand how to account for your revenue and expenses. You can download a copy of the Tier 3 Standard from our website ([bit.ly/Tier3template](http://bit.ly/Tier3template)).

## Part 4 Statement of Financial Position

### What do we own? What do we owe?

The purpose of the Statement of Financial Position is to provide a snapshot of your charity's assets, liabilities and accumulated funds (the difference between assets and liabilities) at the end of the financial year. The assets and liabilities are grouped into minimum (compulsory) categories.

### What are assets and liabilities?

**Assets** are what your charity owns and what is owing to it.

**Liabilities** are obligations to others and what the charity owes at the end of its financial year.

While you have to use the minimum (compulsory) categories and can't change the type of information that must be reported within each category, you can split a category or rename it to make it more meaningful for your charity. For example, under 'Property, plant and equipment' you might break down this information into different classes such as 'building', 'vehicles' and 'office equipment'. You need to make it easy for readers to understand your overall story, so only make changes which are important and useful to your charity.

This statement is not meant to be a long itemised list.



Make sure that any changes you make to the categories are used consistently in the future so that the information can be compared over time. Note this down for the next person who will take over preparing any future performance reports.

Below are the sections in the template (p. 59) with an explanation about the information required and examples.

The minimum categories that must be completed are marked with an asterisk (\*). If a category doesn't apply to your charity and there's nothing to report, simply enter "0".

Section	Explanation	Examples
<b>Assets</b>		
<b>Current assets</b>		
Bank accounts and cash*	This is the total amount that your charity has at the end of the financial year.	–
Debtors and prepayments*	Debtors or accounts receivable are amounts that are owed to the charity by other parties. Prepayments are amounts that have been paid in advance for things that relate to the next financial year.	- Invoices raised during the year but not yet paid, GST receivable - A deposit you have paid for venue hire for an event occurring after your charity's balance date.
Inventory*	Inventory or "stock" is goods that you have purchased with the intention of re-selling. Only record purchased inventory here (not donated goods).	T-shirts made to sell at a fundraising event.
Other current assets*	Any other current assets not included in another category.	Short term deposits with less than 12 months to maturity.

Section	Explanation	Examples
<b>Non-current assets</b>		
Property, plant & equipment*	Physical assets with a life expectation of more than 12 months when they were purchased or donated	<i>Land and buildings, motor vehicles, machinery and equipment, assets that are hired out, office equipment, computer equipment, software, furniture and fittings, etc.</i>
Investments*	Money invested with the intention of earning revenue from it	<i>Stocks, shares and bonds, investment properties, term deposits with maturities of more than 12 months</i>
Other non-current assets	Other non-current assets that do not fall into any of the other categories	<i>Intangible assets such as trademarks or patents</i>
Total assets*	The total of all current and non-current assets above	–
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft*	The balance of any bank accounts that are overdrawn at the end of the financial year.	<i>You have an overdraft facility of \$10,000 and you have overdrawn \$5,500. It is the \$5,500 that is recorded.</i>
Creditors and accrued expenses*	<p>Creditors (accounts payable) are amounts that a charity has been charged or billed for but has not yet paid.</p> <p>Accrued expenses are amounts payable that a charity has not necessarily been billed for yet, but they know are owing and so an estimate has been made.</p>	<ul style="list-style-type: none"> <li>- Invoices for goods purchased, GST payable</li> <li>- An estimate of the power/telephone bill</li> </ul>
Employee costs payable*	Amounts that are owed to employees at the end of the financial year.	<ul style="list-style-type: none"> <li>- Wages payable</li> <li>- ACC, PAYE and Kiwisaver payable</li> <li>- Holiday pay owed</li> </ul>
Unused donations and grants with conditions*	If a grant or donation has a contract that has a specific “use or return” clause which means that any unspent amount of the grant must be repaid, the unspent amount at the end of the financial year must be recorded here.	<i>A charity receives a grant to build a garden shed. The contract states that if the grant is not used up on the garden shed, it must be returned. If at the end of the year \$1,000 is unspent, then the balance is recorded here.</i>
Other current liabilities	Any other current liabilities that are due to be paid within 12 months of the charity’s balance date.	–

Section	Explanation	Examples
<b>Non-current liabilities</b>		
<b>Loans*</b>	Any loans from banks or other members or organisations in a charity's group.	<i>A charity takes out a loan from their bank to build a new facility – Record the amount borrowed plus any interest payable.</i>
<b>Other non-current liabilities*</b>	Include any provisions here. This is a liability of uncertain timing or uncertain amounts.	<i>There is a make-good provision in the lease contract for the premises that a charity rents. The charity is unsure of how much this will cost or when they intend to vacate the premises so the provision is their best estimate at the time.</i>
<b>Total liabilities*</b>	The total of all the liabilities categories.	–
<b>Total assets less Total liabilities (net assets)*</b>	This represents the “accumulated funds” or equity of the charity. It must match the “total accumulated funds” total below.	–
<b>Accumulated funds</b>		
<b>Capital contributed by owners or members*</b>	Any contributions made by owners/ members to set up a financial interest in a charity (less any money returned to them)	<i>A charity establishes a Trust as its legal entity. Upon setting up, each trustee contributes \$10 each.</i>
<b>Accumulated surpluses or (deficits)*</b>	This is the net surplus or deficit for each year of operation added together.	<i>The surplus or deficit for the current year is added to the previous years' totals.</i>
<b>Reserves*</b>	An amount of money that is set aside for a specific purpose.	<i>A charity is putting money aside for a building project.</i>
<b>Total accumulated funds*</b>	The total of the categories above. This total should match the “Total assets less Total liabilities (net assets)” category above.	–



Have a look at the Statement of Financial Position in the example performance report on page 47 of this guide.

### Recording assets

In general, assets and liabilities should be recorded at the dollar value of the transaction.

In some cases, it will not be possible to assign a dollar value to an asset. For example, some charities receive donated items to re-sell. These items would be considered to be inventory, but the Tier 3 Standard only requires you to record inventory that has been purchased. You should include a note in the performance report that inventory was donated.

Some charities own heritage buildings for which appropriate dollar values can be hard to find. If your charity purchased the building, then it should be recorded at the cost paid. If it was donated, you should see if there is a readily available current value, such as the rateable value. If none exists, you are not required to record the asset in the Statement of Financial Position, but must include a description in the notes.

Some liabilities require you to calculate the total amount owing under the contract. For example, if you took out a loan, you would record the loan value plus the interest payable under the terms of the loan.

The Tier 3 Standard explains how and when to record your assets and liabilities, so it's worth having a read through these to make sure you understand how to account for your assets and liabilities. You can download a copy of the Tier 3 Standard from our website ([bit.ly/Tier3template](http://bit.ly/Tier3template)).

## Depreciation

The value of property, plant and equipment usually decreases over time, and this is reflected in the performance report by “depreciating” the asset. To depreciate an asset means to spread the cost of the asset over its useful life. This is done by systematically reducing the value of an asset by a percentage amount over time. As this reduces the value of the asset in the “Statement of Financial Position”, the other side of the accounting entry is recorded as depreciation expense in the “Statement of Financial Performance” in the “Other expenses” category.

## Opting up to Tier 2 for specific types of transactions

Some Tier 3 charities have fixed assets or investments that they may wish to revalue each year. If your charity wishes to do this, then you must opt up to the relevant Tier 2 Standards to revalue all assets of that class.

For example, if you wish to revalue your land and buildings each year, you should use the standard for Property Plant and Equipment (PBE IPSAS 17).

If you want to revalue your investment portfolio, you should use the relevant Tier 2 Standards:

- PBE IPSAS 28: Financial Instruments: Presentation
- PBE IPSAS 29: Financial Instruments: Recognition
- PBE IPSAS 41 Financial Instruments – effective from reporting periods beginning on or after 1 January 2022
- Measurement PBE IPSAS 30: Financial Instruments: Disclosures

You can find these standards on the External Reporting Board’s website ([www.xrb.govt.nz](http://www.xrb.govt.nz)).

Once you’ve revalued the relevant asset or investment, use that value in the Tier 3 performance report template. Include any required disclosures in the Statement of Accounting Policies (p. 27) and the Notes to the Performance Report (p. 29).

If you’re unfamiliar with the higher level accounting standards, we recommend that you seek professional advice.

## Negative assets and negative liabilities

While preparing your performance report, you may find that when adding together the items in the categories on your Statement of Financial Performance, the resulting value is negative. Usually this means that the asset or liability should actually be reported in the other grouping. For example, if at the end of the year you calculate a negative value for GST payable, this would actually be a GST receivable which would instead be reported in current assets.

Before you do this though it’s important to check that you have calculated the value correctly or if it’s possible to have a negative value for that item. If you have calculated a negative value for Debtors and Prepayments, you should check to make sure that you haven’t included any items that belong in Creditors and Accrued Expenses by mistake. Similarly if you have calculated a negative value for Inventory, it’s likely that there has been an error made as inventory cannot have a negative value.

## Approval and issue of performance report

Your governing body or individuals must formally take responsibility for the approval and issue of the final performance report. The template has space for the representatives of the governing body or individuals to date and sign the performance report.



## Part 5 Statement of Cash Flows

### What cash did we receive? What cash did we pay out?

The purpose of the Statement of Cash Flows is to show how much actual cash went through the charity during the financial year by taking out any non-cash accounting entries. This is because accounting entries can disguise the amount of cash used in a charity due to accrual accounting items such as depreciation or other year-end adjustments. It would not be uncommon for a charity to make an accounting surplus, yet have less cash in the bank at the end of the year than at the beginning.

#### Example 1

Accounting surplus/deficit could include revenue or expenses which are still outstanding as accounts receivable (debtors) or accounts payable (creditors) for which actual cash has not been received or paid.

#### Example 2

Many charities have property, plant and equipment (fixed assets) which are depreciated throughout the year. Depreciation is an accounting entry and no cash actually changes hands. Therefore, this is excluded from the Statement of Cash Flows.

Below are the sections in the template (p. 59) with an explanation about the information required and examples.

The sections that must be completed are marked with an asterisk (\*). If a category doesn't apply to your charity and there's nothing to report, simply enter "0".

Section	Explanation	Examples
<b>Cash flows from operating activities*</b>		
Cash was received from:		
Donations, fundraising and other similar receipts*	The cash revenue for donations, fundraising and other similar receipts. Excludes any amounts yet to be received.	<ul style="list-style-type: none"> <li>- Donations: Money from grant funders, money donated to you by an external sponsor, etc.</li> <li>- Fundraising revenue: Annual appeals, bingo/quiz nights, cake stalls, movie nights, raffles, fundraising dinners, galas/fairs, car boot sales, sponsorship, sporting events, sale of goods etc.</li> </ul>
Fees, subscriptions and other receipts from members*	The cash receipts for any fees, subscriptions and other receipts from members. Excludes any amounts yet to be received.	Membership fees, subscription fees, donations/koha and fundraising received from members or money received from your members for goods or services provided.
Receipts from providing goods or services*	The cash receipts from providing goods or services. Excludes any invoices that have not yet been paid.	<ul style="list-style-type: none"> <li>- Income from the hiring out of children's car seats.</li> <li>- Grants that are a contract for the delivery of goods or services.</li> </ul>
Interest, dividends and other investment receipts*	The cash received for interest, dividends and other investment receipts. Excludes any accrued interest or dividends declared but not yet received.	Money paid to the charity – i.e. interest from the bank or, dividends from investments.
Net GST	This is the sum of all the GST payments to and receipts from IRD during the year	If a charity is not registered for GST or if you have prepared your report inclusive of GST, there will be no entry here.

Section	Explanation	Examples
<b>Cash was applied to:</b>		
Payments to suppliers and employees*	The cash payments for all of the expense categories in the Statement of Financial Performance apart from "Donations or grants paid". Excludes any amounts payable.	<i>Salaries, wages, cost of inventories</i>
Donations or grants paid*	The cash payments for any donations or grants paid. Excludes any grants/donations that have been advised/accrued but not yet paid out.	<i>Grants paid, scholarships paid, donations made, contributions made, other philanthropic giving</i>
Net cash flows from operating activities*	The total of all the operating cash received and paid out for the year.	–
<b>Cash flows from investing and financing activities*</b>		
<b>Cash was received from:</b>		
Receipts from the sale of property, plant and equipment*	Cash received from selling items of property plant and equipment.	<i>Your charity sells some unused furniture.</i>
Receipts from the sale of investments*	Cash received from selling shares or investments.	<i>Your charity cashes in some of its investments.</i>
Proceeds from loans borrowed from other parties*	Cash received from loans.	<i>Your charity receives money from a lender.</i>
Capital contributed from owners or members*	Cash received from the sale of a company's own shares, or money contributed by owners/members.	<i>When a charity is set up, often trustees, members or shareholders will put some money in as initial capital.</i>
<b>Cash was applied to:</b>		
Payments to acquire property, plant or equipment*	Cash paid to purchase property, plant & equipment.	<i>You buy some new computer equipment.</i>
Payments to purchase investments*	Cash paid to buy shares, bonds, units in investment trusts, money put into term deposit.	<i>Money paid to an investment manager to invest on your behalf.</i>
Repayments of loans borrowed from other parties*	Money paid to lenders to settle a debt.	<i>Any amounts paid back to a lender excluding interest.</i>
Capital repaid to owners or members*	Money repaid to owners from amounts originally recorded as capital.	<i>If a company shareholder sells their shares.</i>
Net cash flows from investing and financing activities*	The total of all the investing and financing cash received and paid out for the year.	–
Net increase/(decrease) in cash*	The sum of the "Net cash flows from operating activities" and the "Net cash flows from financing activities".	–
Opening cash*	The bank balance at the beginning of your financial year.	<i>If your charity's balance date was 31 March, this would be the balance on 1 April of the previous year.</i>
Closing cash*	The bank balance at the end of the financial year. This should be the sum of the "Opening cash" and the "Net increase/(decrease) in cash" above.	<i>If your charity's balance date was 31 March, the balance at the end of that day.</i>

Section	Explanation	Examples
<b>This is represented by:*</b>		
<b>Bank accounts and cash*</b>	This amount should match the “Closing cash” amount above.	<i>If this does not match the calculation above, then some cash receipts or payments may have been missed out, or some non-cash items have been included.</i>



Have a look at the Statement of Cash Flows in the example performance report on page 48 of this guide.

## Part 6 Statement of Accounting Policies

### How did we do our accounting?

The purpose of the Statement of Accounting Policies is to explain to the reader how your charity did its accounting. This is important as it gives meaning to the numbers by providing the reader some insight into how the numbers were arrived at.

There are three main accounting policies that a charity must disclose:

- 1) What standard you applied when preparing your performance report
- 2) Whether you are registered for GST, and whether the report prepared is on a GST inclusive or exclusive basis
- 3) Policies used for any significant transactions or balances.

There is standard wording for the first two policies contained within the performance report templates. The third item on this list is asking you to briefly explain how you measure and record significant items in your performance report. A common policy in charity performance reports would be a donation policy. An example of this would be:

“Donations are recognised as revenue upon receipt and include donations from the general public from our street collections, donations from regular givers, and one-off donations.”

Any policies you have should be consistent with the requirements of the Tier 3 Standard. In some cases, you may have used a Tier 2 Standard for a particular type of transaction. The most common reasons for this would be if you control other entities and need to produce a consolidated report (see page 9), if you wish to revalue your fixed assets, or if you wish to revalue your investments to market value (see page 24). In these cases, you must state the Tier 2 Standard used and to which transaction it has been applied.

If there have been any changes in accounting policy during the year, your charity must state:

- The reason for the change
- A description of the change in policy
- How and from when this change in policy has been applied
- For the current period, for each financial line item affected, the amount as calculated under the previous accounting policy.

If there have been no changes, your charity just needs to state this fact.

Below are the sections in the template (p. 59) with an explanation about the information required and examples.

**The sections that must be completed are marked with an asterisk (\*).** However, if a section doesn't apply to your charity and there's nothing to report, you can delete that section.

Section	Explanation
Basis of preparation* (required)	The following standard statement explains that you used the Tier 3 Standard: <p>“[Your charity’s name] has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the performance report are reported using the accrual basis of accounting. The performance report is prepared under the assumption that the entity will continue to operate in the foreseeable future.”</p>
Goods and Services Tax (GST)* (required)	Enter here one of these three statements depending on whether your charity is registered for GST, and if your numbers are inclusive or exclusive of GST. <p>Enter either:</p> <p>“[Your charity’s name] is registered for GST. Therefore amounts recorded in the performance report are exclusive of GST (if any).”</p> <p>-OR-</p> <p>“[Your charity’s name] is registered for GST. The amounts recorded in the performance report are inclusive of GST (if any).”</p> <p>-OR-</p> <p>“[Your charity’s name] is not registered for GST. Therefore amounts recorded in the performance report are inclusive of GST (if any).”</p>
Income tax	Income tax status: “The entity is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.”
Bank accounts and cash	Enter the following: “Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.”
Specific accounting policy*	Any policies adopted additional to those listed.
Tier 2 PBE accounting standards applied (if any)*	Under the Tier 3 Standard, your charity may choose to apply a provision of the Tier 2 PBE Accounting Standards in place of a requirement in the Tier 3 Standard. Where this is the case, you must state the accounting standard that has been applied.
Changes in accounting policies*	If no changes to accounting policies during the reporting period have been made, enter: “There have been no changes in accounting policies during the financial year (last year - nil).” <p>If there have been changes made to accounting policies, you must provide the following information:</p> <ul style="list-style-type: none"> <li>• Reason for the change</li> <li>• Description of the change in policy</li> <li>• How and from when this change in policy has been applied</li> <li>• For the current period, for each financial line item affected, the amount as calculated under the previous accounting policy</li> </ul>



Have a look at the Statement of Accounting Policies in the example performance report on page 49 of this guide.

## Part 7 Notes to the Performance Report

### What other information supports our performance report?

The purpose of the Notes to the Performance Report is to **expand on information included in the other parts of the performance report** when it is helpful to do so.

There are several compulsory notes but you can also use this section to provide additional details on items of importance or relevance to your charity. You may wish to record individual items, activities or events to provide further information to your charity members or to other readers of the report. If your charity received grants, you can list the funders and details of the grant in this section. You may be building up a fund for a future project and want to explain this to potential funders, for example.

Below are the sections in the template (p. 59) with an explanation about the information required and examples.

The sections that must be completed are marked with an asterisk (\*). However, if a section doesn't apply to your charity and there's nothing to report, you can delete that section.

Section	Explanation	Examples
<b>Note 1: Analysis of revenue (How was it funded)</b>		
Fundraising revenue	A breakdown of the items recorded in the section "Donations, fundraising and other similar revenue" on page 17. This section is optional.	<ul style="list-style-type: none"> <li>- Sausage sizzle</li> <li>- Quiz night</li> <li>- Movie night</li> </ul>
Donations and other similar revenue	A breakdown of the items recorded in the section "Donations, fundraising and other similar revenue" on page 17. This section is optional.	<ul style="list-style-type: none"> <li>- Grants for operating costs</li> <li>- Donations/koha from the public</li> </ul>
Fees, subscriptions and other revenue from members	A breakdown of the items recorded in the section "Fees, subscriptions and other revenue from members" on page 17. This section is optional.	Fees and subscriptions from members; donations, koha or offerings from members; receipts from sales to members
Revenue from providing goods or services	A breakdown of the items recorded in the section "Revenue from providing goods or services" on page 17. This section is optional.	Money received from grants or contracts for service, money from sales to the public, commercial activities, lease or rentals, commission received
Interest, dividends and other investment revenue	A breakdown of the items recorded in the section "Interest, dividends and other investment revenue" on page 17. This section is optional.	Interest, dividends
Other revenue	A breakdown of the items recorded in the section "Other revenue" on page 17. This section is optional.	Insurance payouts, royalties received, net GST

Section	Explanation	Examples
<b>Note 2: Analysis of expenses (What did it cost?)</b>		
Expenses related to public fundraising	A breakdown of the items recorded in the section "Payments related to public fundraising" on page 18. This section is optional.	- Sausage sizzle - Quiz night - Movie night
Volunteer and employee related payments	A breakdown of the items recorded in the section "Volunteer and employee related costs" on page 18. This section is optional.	Salaries and wages, superannuation contributions, ACC payments
Costs related to providing goods or services	A breakdown of the items recorded in the section "Costs related to providing goods or services" on page 18. This section is optional.	Administration and overhead costs, direct costs relating to service delivery, other service delivery costs
Grants and donations made	A breakdown of the items recorded in the section "Grants and donations made" on page 18. This section is optional.	List of recipients of grants/donations
Other expenses	A breakdown of the items recorded in the section "Other expenses" on page 18. This section is optional.	Interest payments, affiliation fees, audit fees
<b>Note 3: Analysis of assets and liabilities</b>		
Bank accounts and cash	A breakdown of the items recorded in the section "Bank accounts and cash" on page 21. This section is optional.	Cheque account, savings account, petty cash, cash floats
Debtors and prepayments	A breakdown of the items recorded in the section "Debtors and prepayments" on page 21. This section is optional.	Accounts receivable, prepayments, GST receivable, accrued interest
Inventory	A breakdown of the items recorded in the section "Inventory" on page 21. This section is optional.	Stock on hand, work in progress, spare parts, maintenance materials
Other current assets	A breakdown of the items recorded in the section "Other current assets" on page 21. This section is optional.	Short term deposit with less than 12 months to maturity
Investments	A breakdown of the items recorded in the section "Investments" on page 22. This section is optional.	Stocks and shares, bonds, investment portfolios
Other non-current assets	A breakdown of the items recorded in the section "Other non-current assets" on page 22. This section is optional.	Trademarks, patents
Creditors and accrued expenses	A breakdown of the items recorded in the section "Creditors and accrued expenses" on page 22. This section is optional.	Creditors, accrued expenses, GST payable
Employee costs payable	A breakdown of the items recorded in the section "Employee costs payable" on page 22. This section is optional.	Wages payable, PAYE, Kiwisaver, holiday pay accrued

Section	Explanation	Examples
Unused donations and grants with conditions	A breakdown of the items recorded in the section "Unused donations with conditions" on page 22. This section is optional.	- Grant from COGS: \$1,000 - Grant from Lotteries: \$5,000
Other current liabilities	A breakdown of the items recorded in the section "Other current liabilities" on page 22. This section is optional.	Money set aside for a specific purpose.
Loans	A breakdown of the items recorded in the section "Loans" on page 23. This section is optional.	Bank loan, loan from trustee
Other non-current liabilities	A breakdown of the items recorded in the section "Other non-current liabilities" on page 23. This section is optional.	Make-good provision for lease of rental property

#### Note 4: Property, plant and equipment (this year and last year)

Land*	<p>Include the following information:</p> <ul style="list-style-type: none"> <li>A description of the asset class e.g. land, buildings, motor vehicles</li> <li>The carrying amount of the asset class at the beginning of the year i.e. its depreciated value at the end of last year</li> <li>The amount of depreciation for the year</li> <li>The carrying amount at the end of the year</li> </ul>	<p>It's easiest to present this in a table as shown in the template.</p>
Buildings*		
Motor vehicles*		
Furniture & fittings*		
Office Equipment*		
Computers (including software)*		
Machinery*		
Heritage assets	<p>For any assets that you have included in property, plant and equipment above that were donated, you need to explain where and when you got the valuation from.</p>	<p>We were donated a heritage building, we have recorded it at the latest rateable value.</p>
Significant donated assets recorded*		
Significant donated assets not recorded*		

#### Note 5: Accumulated funds (this year and last year)

Opening Balance	<p>This is a reconciliation of the movements in your charity's accumulated funds (the difference between your assets and liabilities). You need to record the opening balance (last year's closing balance) and add to it any capital received by or paid back to members/ owners, the surplus or deficit for the year and any transfers to and from reserves. This should equal your closing balance which should match the sum of your assets less liabilities.</p>	<p>It's easiest to present this in a table as shown in the template.</p>
Capital contributed by owners or members*		
Capital returned to owners or members*		
Surplus/(Deficit)*		
Transfer to reserves*		
Transfer from reserves*		
Closing Balance		
Breakdown of reserves*	<p>Reserves are where a charity has put aside a sum of money for a particular purpose. It is a sub component of your accumulated funds. You need to give the name, purpose and amount of each reserve.</p>	<p>Name: Education Fund Nature or purpose: Funds set aside to pay education scholarships Actual this year: \$3,000</p>

Section	Explanation	Examples
<b>Note 6: Commitments and Contingencies</b>		
Commitments to lease or rent assets*	An explanation of any lease or rental agreements your charity currently has. You need to include the timing and estimated amount of the commitment.	<i>We have signed a lease commitment for \$5000 per year for the next 3 years expiring 31 March 2022– Total commitment \$15,000.</i>
Commitment to purchase property, plant and equipment*	An explanation of any agreements to purchase property, plant and equipment which are not yet classed as liabilities. You need to include the timing and estimated amount of the commitment.	<i>We have signed an agreement to purchase a piece of equipment which is currently being built for us. This will cost \$6,000 and will be ready in 2023.</i>
Commitments to provide loans or grants*	An explanation of any commitments to provide loans or grants that are not yet classed as liabilities. You need to include the timing and estimated amount of the commitment.	<i>We have agreed to provide a grant to the local school of \$1,000 each year to support their school gala for the next 3 years. Total cost \$3,000.</i>
Contingent liability*	An explanation of any events that might happen in the future that may or may not require the charity to pay some money. You need to include an estimate of the amount, the estimated timing and the possibility of reimbursement.	<i>We are currently in the process of a court hearing. If the result is unfavourable to us, we may have to pay up to \$10,000 reparation and court costs. The case is expected to finish next year and if we have to pay it will be unlikely that we will be reimbursed.</i>
Guarantees provided*	An explanation of any guarantees that the charity has given. You need to include the maximum amount payable and the likelihood of having to pay the guarantee.	<i>We have guaranteed the rent of one of our clients for \$200 per week for the next year. We expect it will be unlikely that we will have to pay this guarantee.</i>
<b>Note 7: Other</b>		
Significant grants and donations with conditions which have not been recorded as a liability*	If there is no “use or return” clause in the grant contract and therefore the grant has been recorded as revenue, but there are other conditions that are yet to be fulfilled at the end of the financial year, record this here. You need to include information on what the unfulfilled conditions are.	<i>We received \$10,000 to restore the toilet block at our marae on the condition that the money is only spent for this purpose. At the end of the year, \$5,000 remains to be spent.</i>
Goods or services provided to the entity in kind*	A description of any significant goods or services provided for free during the year. Include an estimate of the value if you wish.	<i>Our local butcher provided all the sausages for our sausage sizzles during the year for free. This would have been worth \$800.</i>
Assets used as security for liabilities*	A description of any assets used to secure liabilities such as loans. You need to include the nature and amount of the loan and the nature and amount of the asset.	<i>We took out a bank loan during the year and used our building to secure the loan. The loan is for \$100,000 with a variable interest rate and the building is worth \$500,000.</i>
<b>Note 8: Assets held on behalf of others</b>		
Assets held on behalf of others*	If your charity is holding assets on behalf of others, you must provide a description of the assets held and the name of the entity on whose behalf the assets are held.	<i>Next year, we will be working on a project with another organisation. We are holding funds worth \$5,000 for this project.</i>



Section	Explanation	Examples
<b>Note 9: Related party transactions*</b>		
If there were no transactions with related parties during the financial year, simply state this here instead of completing the sections below. Refer to page 34 for more information on related parties.		
Description of the related party relationship*	A description of who the related party is. Refer to page 34 for more information on related parties.	<i>Hemi Tamihau is a member of the governing body and also owns ABC Training Ltd.</i>
Description of the transaction (whether in cash or amount in kind)*	A description of the transaction(s) with the related party and amounts paid, including donated resources.	<i>ABC Training Limited was involved with the oversight of a new training programme for the charity. The total value of all transactions for the financial year was \$2,000.</i>
Value of transactions*	The value and outstanding amounts for the transaction for this year and last year.	\$2,000 \$ NIL
Amount outstanding*		

### Note 10: Events after the balance date

You must record here any significant events, both good and bad, that occurred between the balance date (financial year end) and the date when the performance report was finalised for approval.

If there were no events that occurred after the balance date that would have a significant impact on the performance report, simply state this here instead of completing the sections below.

Nature of the event*	Description of the event.	<ul style="list-style-type: none"> <li>- The week after the end of our financial year, a fire destroyed one of the store rooms where our charity holds stocks of donated products.</li> <li>- Two weeks before the performance report was approved, a water pipe burst and flooded the charity's office area.</li> </ul>
Estimate of financial effect*	Estimate of the financial effect, or state that such an estimate cannot be made.	<i>\$5,000 worth of product was destroyed.</i>
Effect, if any, on the entity's ability to continue operating*	Details of how the event is likely to affect the continuing viability of your charity.	<i>Our charity estimates clean-up of the office will take a month, during which time there will be disruptions to normal services.</i>

### Note 11: Ability to continue operating\*

If your charity intends to stop operating within 12 months from the end of the financial year, you need to state this in the performance report. You need to include the reason why, and the estimated effect of discontinuing on the assets and liabilities.

### Note 12: Correction of errors\*

If your charity corrects a significant error made in a previous year's performance report, enter details of the correction made to the opening cash balance. No adjustment to the past performance report is required.

### Additional information

Additional information that your charity considers necessary to understand the overall operation of your charity.



Have a look at the Notes to the Performance Report in the example performance report on pages 50-55 of this guide.

## Related party transactions

The Tier 3 standard requires charities to disclose related party transactions. A related party transaction is a transfer of money, goods or services between a charity and those who are closely associated and have the ability to influence the charity.

Charities typically rely on volunteers and donated goods or services, especially from related parties such as officeholders and members of the governing group. Therefore, reporting related party transactions is an important requirement to ensure accountability and transparency of transactions between the charity and any related parties. It will also show the level of contribution and support the charity receives from related parties through donated and discounted goods or services.

### Who are related parties?

Related parties can be people or organisations, including:

- people who have significant influence over the strategic and financial decisions of the charity (e.g. officeholders, committee members, managers), and close members of their families (e.g. parent, partner, sibling, or child)
- other organisations that have significant influence over the charity (for example, an organisation that appoints one of the members of the governing group of the charity).

Note: People are not considered to have significant influence if they are involved only in the day-to-day running of the charity and have no involvement in its strategic or financial decisions.

### What are related party transactions?

A related party transaction is a transfer of money, goods or services between a charity and a related party. You must report transactions with a related party that are:

- significant to your charity (in nature or financial value), or
- not on normal terms and conditions (for example, discounted or donated goods, or discounted or volunteered professional services).

What is considered 'significant' will mean different things for different charities. What is considered significant for a small charity may not be significant for a larger charity. Use your best judgement to decide what is significant. Ask yourself, could including or excluding the information change a reader's understanding of your charity and its performance report?

#### **Example 1: Judy – a treasurer who is an accountant**

Judy West, an accountant, is a trustee and the treasurer for a small charity. Judy uses her expertise to manage the charity's finances and prepares financial reports, free of charge.

1. Judy is a related party because she is a member of the governing group.
2. Providing this work for free would be considered not normal terms and conditions, as Judy normally charges for accounting work. Therefore, this transaction should be reported.
3. The services that she provides are typical of services provided by trustees as part of their normal day-to-day role. Therefore, the following general statement could be used to provide information about this and similar transactions:

Description of Related Party Relationship	Description of the transaction (whether in cash or amount in-kind)	This Year	Last Year	This Year	Last Year
		Value of Transactions	Value of Transactions	Amount Outstanding	Amount Outstanding
Trustees	Regularly provided their time and skills to the oversight and operation of the Trust at no charge.				

**Example 2: Paul – a board member’s partner who is employed by the charity**

Kerry O'Brien is a board member of the Little Bay Arts Centre, a Tier 3 charity. Kerry's husband, Paul O'Brien, is employed by the Little Bay Arts Centre as a full-time administrator to look after the day-to-day running of the centre. Paul is the only employee and a large portion of the charity's annual expenses are used to pay his salary, which was \$44,500 this year and \$42,500 the year before.

1. Paul is a related party as his wife is a board member.
2. He is paid a salary which is financially significant to the charity. Therefore, this transaction should be reported.
3. It should be separately reported as it is significant to the charity. For example:

Description of Related Party Relationship	Description of the transaction (whether in cash or amount in-kind)	This Year	Last Year	This Year	Last Year
		Value of Transactions	Value of Transactions	Amount Outstanding	Amount Outstanding
A close family member of a board member	Employed full-time and paid a salary.	\$44,500	\$42,500	0	0

**Example 3: Maraea – a chief executive**

Maraea Paki is employed as the chief executive of Central Community Centre. Maraea is not on the Board, however she does have significant influence over the charity because she's involved in the strategic management of the charity.

1. Maraea is a related party because she has significant influence over the charity.
2. Maraea's salary and any other transactions with her need to be disclosed.

Description of Related Party Relationship	Description of the transaction (whether in cash or amount in-kind)	This Year	Last Year	This Year	Last Year
		Value of Transactions	Value of Transactions	Amount Outstanding	Amount Outstanding
The Chief Executive is a related party to the Community Centre	Employed full-time and paid a salary. Holiday pay is included in the amount payable.	\$70,000	\$68,000	\$2,500	\$2,400

## Audit or review of your performance report

Once your performance report is complete, you may need to get it reviewed or audited. Under the Charities Act 2005:

- Tier 3 charities with operating expenditure of **over \$500,000** in the previous two financial periods must have a **review or an audit**.
- Tier 3 charities with operating expenditure of **over \$1m** in the previous two financial periods must have an **audit**.

If a charity is required to have a review or an audit under the Charities Act 2005, then the auditor must be “qualified”. In this context, qualified means that they are a member of a professional accounting body and have been approved by the body to be a qualified auditor according to their rules. In New Zealand the two accredited bodies able to approve qualified auditors are Chartered Accountants Australia and New Zealand, and CPA Australia. Individual auditors from overseas membership bodies may be approved by the Registrar of Companies. For more details refer to Section 36 of the Financial Reporting Act 2013.

Even if the charity is not required to have an audit or review under the Charities Act, there might be a requirement in your charity’s rules document (constitution, trust deed, founding document, etc.) for your financial information to be audited or reviewed. If this is the case, you’ll need to have your performance report audited or reviewed as you need to follow the requirements of your rules document.

Many small charities go to the expense of an audit or a review, but it may not always be necessary. Have a chat to your funders to see if they require audited or reviewed accounts. Consult also with your governing group about what they see as the purpose of audits/reviews. You may then decide to change your rules to no longer require an audit or review. Note that you must notify Charities Services of any changes to your rules. More information on making these changes can be found on our website [bit.ly/updatecharity](http://bit.ly/updatecharity).



**Remember, it’s the performance report that needs to be audited/reviewed, and not any other financial reports that your charity might use for internal purposes. Provide the audit/review report to Charities Services when you provide your annual return.**

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## Finalising your performance report

Have your performance report approved either through your charity’s governing body (board, committee, etc.) or through its Annual General Meeting.

The performance report will help you complete the annual return and must also be provided to Charities Services.



**You’ll need to attach a copy of your performance report as part of the annual return process (see page 37). Make sure you have an electronic or scanned version of your performance report to do this.**

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## STEP 3

# Complete your charity's annual return

Annual reporting to Charities Services requires submitting:

- a performance report; **and**
- an annual return form.

The annual return form helps to ensure that we have accurate information about your charity on the Charities Register. **Some of the information you've provided in your charity's performance report will also need to be entered as part of the annual return form process.** This information is used to provide valuable information about the charitable sector in New Zealand.

In the annual return form, you're asked to check and update your charity's details and answer a few new questions. Some of these questions relate to the reporting standards.

We will also ask for **information about the officers** of your charity, including their full name, date of birth and home address. This information is used to help us carry out functions under the Charities Act 2005.

We will protect your privacy and assure you that the **date of birth and home address information of officers will not be available to the public.**



If you are providing personal information on behalf of officers of your charity, you must tell them why it's being collected and obtain their consent before you provide the information to Charities Services.

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## Withholding information from public view

All registered charities appear on the Charities Register which can be viewed from our website [bit.ly/searchregister](https://bit.ly/searchregister). The register summarises each charity's purposes, activities, sector and includes their annual return.

In exceptional circumstances, applications can be made for certain information to be withheld from the public register. However, the Charities Act 2005 emphasises transparency and the availability of information about registered charities to "**promote public trust and confidence in the charitable sector**". The Act requires information on the Charities Register to be available to the public, but it also allows Charities Services to prevent the public from seeing information or documents if it is in the "public interest" to do so. **This is a high threshold.** Please refer to "Restricting information" on our website ([bit.ly/restrictinfo1](https://bit.ly/restrictinfo1)) for guidance. Any information or documents will still be subject to requests under the Official Information Act 1982.

## Questions in the annual return form

The following information is required to complete the annual return form. A lot of this information is **available on the Charities Register or in your performance report**. Check that you have this information ready beforehand.

Required information	✓
<b>Charity details</b>	
Your charity's legal and other name (including any trading name)	
The regions or countries where your charity operates	
Your charity's registration number (CC number)	
Your charity's postal and street address	
Your charity's phone number and email address	
Your charity's fax number, website and social media addresses (optional)	
Details of the primary contact at your charity: name, phone number and email address	
Details of an alternative contact at your charity (optional): name, phone number and email address	
End of financial year/balance date	
IRD number	
NZBN number (optional)	
<b>Details for each officer</b>	
Officer's full name	
Officer's date of birth	
Officer's position (e.g. treasurer, secretary, president, etc.)	
Officer's residential address	
If an officer is being removed, the reasons for the removal	
<b>Charity's purpose and structure</b>	
Your charity's purpose or mission	
A description of the structure of your charity, including any trading operations (if applicable)	
Your charity's main activity, sector and beneficiary (collected for statistical purposes)	
<b>Charity relationships</b>	
The name (and charity's registration number, if applicable) of any organisation that your charity controls, and any organisation that controls your charity, for financial reporting purposes	
<b>Charity rules</b>	
If there have been any changes to your charity's rules document	

<b>Your People</b>	
The number of paid full-time and paid part-time employees that work for your charity in an average week, and the approximate number of hours they work	
The approximate number of volunteers that work for you in an average week, month or year, and the average number of hours they work	

<b>Required information</b>	✓
<b>Financial Information</b> You'll need a copy of your performance report to complete the financial information section of the annual return form.	
The tier your charity is reporting under (note that it's important you select Tier 3 here as this affects the financial information questions you'll be asked).	
Indicate whether your charity's performance report has been audited or reviewed	
Indicate if your charity's performance report discloses any related party transactions	
In its ordinary course of business, if your charity lends money to or on behalf of others, or manages money or funds on behalf of others (this is to establish whether your charity has any obligations under the Anti-Money laundering legislation)	
Indicate whether your charity provided goods or services overseas in the last financial year	
Indicate whether your charity has used any business income (e.g. from the sale of goods or services) for charitable purposes overseas in the last financial year	
Indicate whether your charity has received donations and used any of its funds for charitable purposes overseas in the last financial year. (Inland Revenue uses this to establish whether your charity qualifies for donee status.)	

## Complete your charity's annual return form online

We encourage you to complete your charity's annual return form online, which you can do by logging into your charity's online account [bit.ly/charitiesaccount](http://bit.ly/charitiesaccount).

If you don't feel confident completing the annual return form online, watch the video on our website ([bit.ly/Arwalkthrough](http://bit.ly/Arwalkthrough)) that shows you how to log in to your charity's dashboard and navigate your way through the annual return form.

Filing your annual return form online costs less than filing on paper. In addition, it's already partly completed for you using your details from the Charities Register, and you can complete it in stages as the information entered is saved each time.

We can provide you with a paper form if you're unable to complete the form online. Note, however, that this option may be more expensive. Please contact us on 0508 CHARITIES (0508 242 748) to obtain a copy.



- Remember, you'll need to attach a copy of your performance report as part of the annual return process. Make sure you have an electronic or scanned version of your performance report to do this.
- If you start your online annual return but want to complete it at a later stage, simply click the Save button (📌) and all the information you have entered up to that point will be saved.



In the annual return form, please be sure to select Tier 3 when asked what tier you are reporting to. This is important as the questions you will be asked will vary depending on your tier.

## STEP 4

# Finalise your charity's annual reporting

Annual reporting to Charities Services is complete when the annual return has been completed, the performance report has been provided and any fees have been paid.

### Annual return

Check that all information provided in the annual return is correct and has been submitted.

### Performance report

There are three options for providing your charity's performance report to Charities Services:

- Upload and attach a copy to the online annual return; **OR**
- email a copy to [info@charities.govt.nz](mailto:info@charities.govt.nz); **OR**
- post to Charities Services, P.O. Box 12138, Thorndon, Wellington Central, 6011.



It's cheaper to submit your annual return online and upload your performance report than it is to send it by email or post (if a fee applies to your charity). See below for details.

## Fees

Your charity will need to pay a fee to file its annual return. The amount your charity needs to pay will depend on your charity's gross income for the financial year you're reporting on, and whether you're filing the annual return online or on paper. Your annual return will only be complete when the correct fee is received. The table below outlines the fees.

Item	Cost
Annual return if total gross income is under \$10,000	\$00.00
Annual return <b>completed online and</b> supporting documents (including performance report) <b>uploaded during the online process.</b>	\$51.11
Annual return <b>completed online but</b> supporting documents (including performance report) <b>sent to us by post or email</b>	\$76.67
Annual return <b>completed on paper and sent to us by post or email</b> with supporting documents (including performance report)	\$76.67



## How to pay

Please make payment by internet banking.



Please note that we don't issue invoices for this fee.

To pay your charity's annual return fee via online banking, follow these steps:

### 1 Log on to your online banking

### 2 Add payee

Enter the payee name DIA CHARITIES SERVICES. When you start typing, this should "auto select". This makes sure that the payment goes to the right place.

Payee name:

Start typing 'DIA Charities...' and this will auto select

If you can't add a payee, enter the bank account number: 03-0049-0002007-06

### 3 Enter the payment amount

Check the fees table on the previous page for the amount your charity needs to pay.

### 4 Statement details

It's important that you enter the following information so that Charities Services can identify your charity's payment. In the **Details on THEIR statement** section, in the:

- **Particulars** field, enter your charity's registration number (e.g. CC12345)
- **Code** field, enter your charity's name
- **Reference** field, enter your charity's user name (e.g. AGH12345). This field is optional.

**Details on your statement**

Particulars:	Code:	Reference:
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Details on THEIR statement**

Particulars:	Code:	Reference:
<input type="text" value="e.g. CC12345"/>	<input type="text"/>	<input type="text" value="e.g. AGH12345"/>

Your charity's **REGISTRATION** number  
*(Always starts with "CC" and is followed by 5 numbers)*

Your charity's **NAME**

Your charity's **USER NAME**  
*(Optional)*

### 5 Confirm and pay

Check that all the details have been entered correctly, then submit your payment.

A GST receipt will be sent to your charity's primary contact once your payment is processed.



Remember, your annual return won't be completed until we receive the appropriate fee.

# Preparing for next year's annual reporting

Congratulations on completing your charity's performance report and submitting the annual return!

Now that you've gone through the process and understand the information that's required of your charity, it's a good idea to start preparing the information that your charity will need for next year's performance report. Keeping good records of your charity's activities will make this easier. Below are some suggestions on how you can prepare.

## Financial information

In the performance report, your charity is required to report its financial information using minimum (compulsory) categories. Now that you understand how these categories work and how you've grouped your financial information into these categories, it may be a good time for your charity to review how it records its financial information, and decide if any changes are required to your items or coding. For example, you may decide to separate income from members and non-members to make reporting of these easier in your charity's next performance report.

## Tracking grants

To keep track of how much of your grant money your charity has spent and how much is remaining at the end of the financial year, it's useful to keep a record of the amounts spent from the grant during the financial year. You can set up a simple spreadsheet or table to record these as in the example below.

Date	Item	Amount	Balance Remaining
1 March 2021	Grant Received from XYZ for garden shed	\$5,000	\$5,000
20 March 2021	- Timber	(\$1,000)	\$4,000
31 March 2021	- Labour	(\$2,500)	\$1,500

## Outputs log

Keep a log of your outputs that you can add to as your charity completes activities or achieves milestones. This can also be set up as a simple spreadsheet or table as in the example below.

Date	Description	Amount
October 2021	Focus group meetings	3 meetings
Oct 2021 - Feb 2022	Workshops held throughout Wellington	12 workshops
March 2022	Positive workshop feedback received	30 responses

## Assets log

Keep a list of any assets your charity has acquired, whether they have been purchased or donated. This will help you collect the information for the Statement of Financial Position in the performance report.

Date	Item	Amount
November 2021	Computer	\$1,500
December 2021	Office desk	\$500
February 2022	Promotional banner	\$200

## Related party transactions

Keep a record of any related party transactions. This will include who the person is, their relationship to your charity, and any services or goods that were provided. Include as much detail as possible.

Name and description of related party	Description	Value
Joanne Black - Close family member of a committee member	Provided accounting assistance to prepare our accounts.	\$3,000
Mary Brown - Daughter of our club president	Employed part-time as an assistant tutor	\$21,500
Committee members	Provided time and skills to run our charity (accounts, administration, etc) at no charge.	\$0

# Example performance report

On the following pages, you'll find an example performance report for a fictional Tier 3 charity to help you prepare your own.



Sections marked with a red asterisk (\*) must be completed. However, if a section isn't relevant to your charity, you can choose to delete it even if it has an asterisk.

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Entity Information

"Who are we?", "Why do we exist?"

For the year ended  
31 March 2016

Legal Name of Entity:*	Youth Development Aotearoa Charitable Trust
Other name of entity (if any):	Youth Development Aotearoa
Type of Entity and Legal Basis (if any):*	Charitable Trust and Registered Charity
Registration Number:	CC12345

#### Entity's Purpose or Mission: \*

Youth Development Aotearoa works to empower young people in Hamilton to realise their full potential. We do this by:

- providing leadership development opportunities;
- supporting young people to stay in school; and
- developing life skills and work skills that enhance employment opportunities.

#### Entity Structure: \*

**Trust Structure:** Our Trust Deed states that we must have between three and seven Trustees. We currently have five Trustees that constitute our governance board, including three executive officer positions: president, treasurer and secretary. Trustees/governance members may lead sub-committees as determined by our annual work plan and priorities.

**Operational Structure:** Our operations are managed by a team of six paid employees. We employ a manager, an office administrator, two social workers and two community support workers. Volunteers support us with our various activities throughout the year.

#### Main Sources of the Entity's Cash and Resources: \*

Youth Development Aotearoa has received its income from a mixture of government contracts, contracts with secondary schools, donations and grants.

#### Main Methods Used by the Entity to Raise Funds: \*

Fundraising activities include an annual music festival, a quiz night and a street day appeal.

#### Entity's Reliance on Volunteers and Donated Goods or Services: \*

Volunteers contribute to fundraising activities especially collecting in the street day appeal and the running of the music festival.

#### Contact details

<b>Physical Address:</b>	123 Charity Street, Auckland
<b>Postal Address:</b>	PO Box 123, Auckland
<b>Phone:</b>	0800 123 456
<b>Email:</b>	team@youthdevelopmentaotearoa.org.nz
<b>Website:</b>	www.youthdevelopmentaotearoa.org.nz
 :	www.facebook.com/youthdevelopmentaotearoa

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Statement of Service Performance

"What did we do?", When did we do it?"

For the year ended

31 March 2016

#### Description of the Entity's Outcomes\*:

Confident young people who can contribute in their school communities and local communities. Young people who are aware of their options and how to make the most of them.

Description and Quantification (to the extent practicable) of the Entity's Outputs:*	Actual*	Budget	Actual*
	This Year	This Year	Last Year
Leadership course attendees	45		
"Live Life" work skills course attendees (6 sessions per term)	48		
Social support group attendees (20 week course, 2 courses this year)	40		
Annual fundraising concert attendees	1324		
Recipients of our bi-monthly email newsletter	617		

#### Additional Information:

"My son is so much more confident and relaxed. Thank you Youth Development Aotearoa for helping him see the world open up for him." - Mother of a programme participant

"I like the way I feel respected when I come to YDA" - Programme participant

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Statement of Financial Performance

"How was it funded?" and "What did it cost?"

For the year ended

31 March 2016

	Note	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Revenue</b>				
Donations, fundraising and other similar revenue*	1	114,931		
Fees, subscriptions and other revenue from members*		-		
Revenue from providing goods or services*	1	537,847		
Interest, dividends and other investment revenue*	1	3,186		
<b>Total Revenue*</b>		<b>655,964</b>	-	-
<b>Expenses</b>				
Expenses related to public fundraising*	2	9,221		
Volunteer and employee related costs*	2	389,065		
Costs related to providing goods or services*	2	161,106		
Other expenses	2	49,719		
<b>Total Expenses*</b>		<b>609,111</b>	-	-
<b>Surplus/(Deficit) for the Year*</b>		<b>46,853</b>	-	-

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Statement of Financial Position

"What the entity owns?" and "What the entity owes?"

As at  
31 March 2016

	Note	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Assets</b>				
<b>Current Assets</b>				
Bank accounts and cash*	3	57,439		
Debtors and prepayments*	3	5,508		
<b>Total Current Assets</b>		<b>62,947</b>	-	-
<b>Non-Current Assets</b>				
Property, plant and equipment*	4	41,420		
<b>Total Non-Current Assets</b>		<b>41,420</b>	-	-
<b>Total Assets*</b>		<b>104,367</b>	-	-
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and accrued expenses*	3	8,777		
Employee costs payable*	3	18,246		
Unused donations and grants with conditions*	3	18,076		
Other current liabilities	3	4,311		
<b>Total Current Liabilities</b>		<b>49,410</b>	-	-
<b>Total Liabilities*</b>		<b>49,410</b>	-	-
<b>Total Assets less Total Liabilities (Net Assets)*</b>		<b>54,957</b>	-	-
<b>Accumulated Funds</b>				
Capital contributed by owners or members*	5	1,000		
Accumulated surpluses or (deficits)*	5	38,957		
Reserves*	5	15,000		
<b>Total Accumulated Funds*</b>		<b>54,957</b>	-	-

This performance report has been approved by the: \_\_\_\_\_

for and on behalf of \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_ Name \_\_\_\_\_

Position \_\_\_\_\_ Position \_\_\_\_\_

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Statement of Cash Flows

"How the entity has received and used cash"

For the year ended  
31 March 2016

	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Cash Flows from Operating Activities*</b>			
<b>Cash was received from:</b>			
Donations, fundraising and other similar receipts*	114,931		
Fees, subscriptions and other revenue from members*	-		
Receipts from providing goods or services*	495,272		
Interest, dividends and other investment receipts*	3,186		
Net GST	21,315		
<b>Cash was applied to:</b>			
Payments to suppliers and employees*	585,819		
<b>Net Cash Flows from Operating Activities*</b>	<b>48,885</b>	-	-
<b>Cash flows from Investing and Financing Activities*</b>			
<b>Cash was received from:</b>			
Receipts from the sale of property, plant and equipment*	200		
<b>Cash was applied to:</b>			
Payments to acquire property, plant and equipment*	4,500		
<b>Net Cash Flows from Investing and Financing Activities*</b>	<b>(4,300)</b>	-	-
<b>Net Increase / (Decrease) in Cash*</b>	<b>44,585</b>	-	-
<b>Opening Cash*</b>	12,854	-	-
<b>Closing Cash*</b>	57,439	-	-
<b>This is represented by:</b>			
Bank Accounts and Cash*	57,439	-	-



## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Statement of Accounting Policies

"How did we do our accounting?"

For the year ended  
31 March 2016

#### **Basis of Preparation\***

Youth Development Aotearoa has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

#### **Goods and Services Tax (GST)\***

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

#### **Income Tax**

Youth Development Aotearoa is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

#### **Bank Accounts and Cash**

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

#### **Tier 2 PBE Accounting Standards Applied (if any)\***

The Board has not adopted any Tier 2 PBE Accounting Standards in the preparation of these accounts.

#### **Changes in Accounting Policies\***

There have been no changes in accounting policies during the financial year.

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Notes to the Performance Report

For the year ended  
31 March 2016

#### Note 1 : Analysis of Revenue

Revenue Item	Analysis	This Year \$	Last Year \$
Fundraising revenue	Annual fundraising concert	26,420	
	Quiz night	1,340	
	Street day appeal	15,463	
	<b>Total</b>	<b>43,223</b>	<b>-</b>
Donations and other similar revenue		\$	\$
	Donations received	5,491	
	Bequests	11,217	
	Grant from P B MacAllister Trust (no conditions)	55,000	
<b>Total</b>		<b>71,708</b>	<b>-</b>
Revenue from providing goods or services		\$	\$
	Contracts for service with central government	294,275	
	Fee for service with schools	158,572	
	Lotteries Grant	85,000	
<b>Total</b>		<b>537,847</b>	<b>-</b>
Interest, dividends and other investment revenue	Interest from term deposit	3,186	
	<b>Total</b>	<b>3,186</b>	<b>-</b>

# Youth Development Aotearoa Charitable Trust (EXAMPLE)

## Notes to the Performance Report

For the year ended  
31 March 2016

### Note 2 : Analysis of Expenses

Expense Item	Analysis	This Year \$	Last Year \$
Expenses related to public fundraising	Annual fundraising concert	8,356	
	Quiz night	498	
	Street day appeal	367	
	<b>Total</b>	<b>9,221</b>	<b>-</b>

Expense Item	Analysis	This Year \$	Last Year \$
Volunteer and employee related costs	Salaries and Wages	370,819	
	Volunteer costs	9,568	
	KiwiSaver contributions	5,502	
	ACC levies	3,176	
<b>Total</b>	<b>389,065</b>	<b>-</b>	

Expense Item	Analysis	This Year \$	Last Year \$
Costs related to providing goods or services	School programmes	84,920	
	Work programmes	35,442	
	Travel costs	7,832	
	Staff training	8,034	
	Resources	24,878	
	<b>Total</b>	<b>161,106</b>	<b>-</b>

Expense Item	Analysis	This Year \$	Last Year \$
Other expenses	Depreciation	9,012	
	Telephone and Internet	1,835	
	Motor vehicle expenses	17,254	
	Office rent	13,052	
	Accounting and audit expenses	5,126	
	Insurance	3,440	
	<b>Total</b>	<b>49,719</b>	<b>-</b>

# Youth Development Aotearoa Charitable Trust (EXAMPLE)

## Notes to the Performance Report

For the year ended

31 March 2016

### Note 3 : Analysis of Assets and Liabilities

Asset Item	Analysis	This Year \$	Last Year \$
Bank accounts and cash	Savings account balance	35,986	
	Cheque account balance	6,453	
	30 Day Term Deposit	15,000	
	<b>Total</b>	<b>57,439</b>	<b>-</b>

Asset Item	Analysis	This Year \$	Last Year \$
Debtors and prepayments	Accounts receivable	5,508	
	<b>Total</b>	<b>5,508</b>	<b>-</b>

Liability Item	Analysis	This Year \$	Last Year \$
Creditors and accrued expenses	Unpaid invoices	3,777	
	Accrued expenses	5,000	
	<b>Total</b>	<b>8,777</b>	<b>-</b>

Liability Item	Analysis	This Year \$	Last Year \$
Employee costs payable	Wages and salaries earned but not yet paid	9,000	
	Holiday pay accrual	3,699	
	ACC contributions owing	1,981	
	PAYE owing	3,113	
	KiwiSaver contributions owing	453	
	<b>Total</b>	<b>18,246</b>	<b>-</b>

Liability Item	Analysis	This Year \$	Last Year \$
Unused donations and grants with conditions	Lottery grant unused at balance date	18,076	
	<b>Total</b>	<b>18,076</b>	<b>-</b>

Liability Item	Analysis	This Year \$	Last Year \$
Other current liabilities	GST Payable	4,311	
	<b>Total</b>	<b>4,311</b>	<b>-</b>

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Notes to the Performance Report

For the year ended  
31 March 2016

#### Note 4 : Property, Plant and Equipment

This Year						Current Valuation*	Source and Date of Valuation*
Asset Class*	Opening Carrying Amount*	Purchases	Sales/ Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*		
Land*	-	-	-	-	-	-	-
Buildings*	-	-	-	-	-	-	-
Motor Vehicles*	27,354	-	-	3,039	24,315	28,500	TradeMe value - 23/09/2013
Furniture and fixtures*	7,113	3,045	-	1,778	8,380	-	-
Office equipment*	8,092	-	-	2,697	5,395	-	-
Computers (including software)*	3,496	1,532	200	1,498	3,330	-	-
<b>Total</b>	<b>46,055</b>	<b>4,577</b>	<b>200</b>	<b>9,012</b>	<b>41,420</b>		

Last Year					
Asset Class*	Opening Carrying Amount*	Purchases	Sales/ Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*
Land*				-	-
Buildings*					-
Motor Vehicles*					-
Furniture and fixtures*					-
Office equipment*					-
Computers (including software)*					-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Notes to the Performance Report

For the year ended  
31 March 2016

#### Note 5: Accumulated Funds

This Year				
Description*	Capital Contributed by Owners or Members*	Accumulated Surpluses or Deficits*	Reserves*	Total*
<b>Opening Balance</b>	1,000	7,104	-	8,104
Capital contributed by owners or members*	-	-	-	-
Capital returned to owners or members*	-	-	-	-
Surplus/(Deficit)*	-	46,853	-	46,853
Distributions paid to owners or members*	-	-	-	-
Transfer to Reserves*	-	(15,000)	15,000	-
Transfer from Reserves*	-	-	-	-
<b>Closing Balance</b>	<b>1,000</b>	<b>38,957</b>	<b>15,000</b>	<b>54,957</b>

Last Year				
Description*	Capital Contributed by Owners or Members*	Accumulated Surpluses or Deficits*	Reserves*	Total*
<b>Opening Balance</b>				-
Capital contributed by owners or members*				-
Capital returned to owners or members*	-			-
Surplus/(Deficit)*		-		-
Distributions paid to owners or members*		-		-
Transfer to Reserves*				-
Transfer from Reserves*		-	-	-
<b>Closing Balance</b>	-	-	-	-

Breakdown of Reserves		Actual*	Actual*
Name*	Nature and Purpose*	This Year	Last Year
		\$	\$
Reserve fund	3 months operating costs	15,000	
	<b>Total</b>	15,000	-

## Youth Development Aotearoa Charitable Trust (EXAMPLE)

### Notes to the Performance Report

For the year ended  
31 March 2016

#### Note 6 : Commitments and Contingencies

<b>Commitment*</b>	<b>Explanation and Timing*</b>	At balance date	At balance date
		<b>This Year*</b>	<b>Last Year*</b>
		\$	\$
Commitments to lease or rent assets*	In the next year	12,000	-

#### **Contingent Liabilities and Guarantees**

There are no contingent liabilities or guarantees as at balance date

#### Notes 7-8

#### **Note 7: Related Party Transactions\***

Description of Related Party Relationship*	Description of the Transaction (whether in cash or amount in kind)*	This Year	Last Year	This Year	Last Year
		\$ Value of Transactions*	\$ Value of Transactions*	\$ Amount Outstanding*	\$ Amount Outstanding*
Mr. J. Sutherland, husband of the Board Secretary	Purchased a surplus computer with a cash payment.	200	-	-	-

#### **Note 8: Events After the Balance Date\***

#### **Events After the Balance Date:**

There were no events that have occurred after the balance date that would have a material impact on the Performance Report.

# Glossary

<b>accountability</b>	Being responsible for all aspects of your organisation. This includes financial and operational accountability, and keeping interested parties clearly informed about what your organisation does.
<b>accounts</b>	A record or statement of financial expenditure and receipts relating to a particular period or purpose.
<b>accounting method</b>	The basic rules and guidelines under which entities keep their financial records and prepare their financial reports. See <i>accrual accounting</i> and <i>cash accounting</i> .
<b>Act</b>	Refers to the Charities Act 2005, unless specified otherwise.
<b>accrual accounting / accrual-based accounting</b>	An accounting method that records income (money coming in) and costs (money going out) on the date they were incurred, rather than on the date the money was exchanged.
<b>annual expenses</b>	The expenses (costs) your charity incurred during its financial year.
<b>annual return</b>	A form that all registered charities must complete each year and give to Charities Services, with their performance report.
<b>asset</b>	Something that a charity has acquired or purchased, and that has money value.
<b>audit</b>	An official inspection of an organisation's accounts, typically by an auditor or independent body.
<b>auditor</b>	An individual who carries out an audit.
<b>balance date</b>	The date that is set as the end of the financial year for your organisation.
<b>body corporate / corporate body</b>	Another term for "incorporated body". See <i>Incorporated/Incorporation</i>
<b>break down</b>	To itemise or divide into parts.
<b>budget</b>	An estimate of costs, income and resources over a specified period of time.
<b>capital expenses</b>	An amount spent to acquire or improve a long-term asset.
<b>capital payments</b>	Outgoing money (payments) for the purchase of fixed assets, shares, bonds or loans.
<b>capital receipts</b>	Incoming money (receipts) from the sale of fixed assets, shares, bonds or loans.
<b>cash accounting / cash-based accounting</b>	An accounting method that records income (money coming in) and costs (money going out) on the date the money was exchanged (rather than on the date they were incurred).
<b>category</b>	An item in financial reporting under which money is grouped.
<b>CC registration number</b>	All registered charities have a CC registration number. You can find this number in the email sent to your charity when it was registered. Call us on 0508 CHARITIES (0508 242 748) if you need help, or search the Charities Register ( <a href="http://bit.ly/searchregister">bit.ly/searchregister</a> ).
<b>Charities Services</b>	Charities Services, Ngā Ratonga Kaupapa Atawhai is part of the Department of Internal Affairs, and is legislated by the Charities Act 2005. Our role is to promote public trust and confidence in the charitable sector and to encourage the effective use of charitable resources. We do this by registering and monitoring charities and processing annual returns. We also encourage good governance and management practices by providing educational support, advice and materials.
<b>charity online account</b>	All registered charities will have an online account where they can update details, file annual returns and view their information (unless it has been withheld).
<b>commitment</b>	Obligations to others and what the charity owes at the end of its financial year.
<b>committee</b>	A group of people appointed by a larger group and typically consisting of members of that group for the purposes of providing governance over the charity.
<b>constitution</b>	See <i>rules</i>
<b>current assets</b>	Cash or other assets that are intended to be converted into cash within 12 months (e.g. short term deposits).
<b>day-to-day expenses</b>	See <i>expenses</i>
<b>deficit</b>	Excess of expenses (money going out) over income (money coming in).



<b>depreciation</b>	The reduction in the value of an asset over time, due in particular to wear and tear.
<b>dividend</b>	A sum of money paid regularly by a company to its shareholders out of its profits or reserves.
<b>donation</b>	Something that is given to a charity, which could be money or goods or services.
<b>due date</b>	The date when your annual return must be filed with Charities Services.
<b>employee</b>	A person employed for wages or salary.
<b>entity</b>	An organisation that has a legal identity. In the context of the Charities Act, entity means the trustees of an unincorporated trust, an incorporated society or trust, a company, an institution or any other group of people who act together. An entity needs to have some rules that govern what it does in order to be registered.
<b>expenses</b>	Money spent or cost incurred by your charity.
<b>External Reporting Board (XRB)</b>	An independent Crown Entity responsible for writing accounting and auditing standards.
<b>financial statements</b>	A formal record of the financial activities and position of your charity.
<b>financial year end</b>	See <i>balance date</i>
<b>fixed asset</b>	Physical resources used in the operation of an organisation. Normally expected to last for more than 12 months when first purchased or acquired. Also called “property, plant and equipment”.
<b>fundraising</b>	The process of gathering contributions of money or other resources by requesting donations from individuals, businesses, charitable foundations or governmental agencies, or by carrying out activities designed to generate money.
<b>goods</b>	Physical items which are bought or sold.
<b>Goods and Services Tax (GST)</b>	A tax on most goods and services in New Zealand. The current tax rate is 15%.
<b>governing body</b>	The group of people who draw up the rules that govern the actions and conduct of a charity, and who ensure that these rules are followed.
<b>governing documents</b>	See <i>rules</i>
<b>grant</b>	Funds disbursed by an organisation (e.g. foundation, trust, government department, council) to a charity.
<b>GST</b>	See <i>Goods and Services Tax</i>
<b>guarantee</b>	A formal agreement to take responsibility for something, such as a payment of someone else’s debt.
<b>honoraria</b>	A small amount of money paid to someone for a service for which no official charge is made.
<b>Incorporated / Incorporation</b>	A group that is “incorporated” has its own legal identity, separate from its individual members, which means that the group can, for example, enter into contracts and own property in its own name. “Incorporation” means the process of becoming incorporated.
<b>Incorporated society</b>	A group of people who have registered and incorporated as a group under the Incorporated Societies Act 1908 so that the group now has a separate legal identity. See incorporated above. Note that a group can incorporate under other Acts, such as the Companies Act 1993 or Charitable Trusts Act 1957.
<b>interest</b>	A fee paid for the use of another party’s money.
<b>koha</b>	A Māori custom which can be translated as gift, present, offering, donation or contribution.
<b>legal name</b>	Formal name of your organisation.
<b>login details</b>	The username and password for your charity to access its online account.
<b>mission statement</b>	A written statement of your charity’s core purpose and focus that normally remains unchanged over time.
<b>non financial information</b>	Information that describes a charity’s purpose, structure and activities.
<b>officer</b>	Officer is defined in section 4 of the Act. It means: <ul style="list-style-type: none"> <li>• in relation to a trust - the trustees; and</li> <li>• in relation to a society or company - a member of the board or governing body of an organisation, and a person in a position to exercise significant influence over the management or administration of the organisation.</li> </ul>
<b>online</b>	Operating from a computer that is connected to the internet.
<b>outcomes</b>	What your charity is seeking to achieve or influence as a result of the delivery of goods or services.
<b>outputs</b>	What your charity did or delivered throughout the financial year.

payment	An amount paid or payable.
performance report	A report produced at the end of a charity's financial year containing financial and non-financial information.
property, plant and equipment	See <i>fixed assets</i>
public accountability	An charity that holds cash or assets for people (e.g. you offer financial services, budgeting services, life insurance, credit union, superannuation, etc.).
purpose	An objective of a charity.
receipt	A written acknowledgement of having received a specified amount of money, goods, etc.
registration number	See <i>CC registration number</i>
related party	A person who has significant influence over the strategic and financial decisions of your charity (e.g. officeholders, committee members, managers), and close members of their families (e.g. parent, partner, sibling, or child). It can also be an organisation that has significant influence over your charity (for example, an organisation that appoints one of the members of the governing group of the charity).
reporting standards	Financial Reporting Standards written by the External Reporting Board (XRB) that prescribe the way a charity must report their finances.
resource	What your charity owns.
revenue	The amount of money your charity actually receives during the financial year. It is the "gross income" from which costs are subtracted to determine net income.
review	An official inspection of an organisation's accounts that provides less assurance than a full audit.
reviewer	An individual who carries out a review.
rules / rules document	Rules establish an organisation, setting out its purposes and how it will be run. The rules may be a trust deed, constitution, a list of rules or other type of formal document.
services	An action, deed or effort performed to satisfy a need or to fulfill a demand.
significant	An accounting term that requires you to use some judgement. Ask yourself if including or excluding the information changes a reader's understanding of your charity and its performance report.
society	A number of people who voluntarily group together for a common purpose. A society may be incorporated under the Incorporated Societies Act 1908 or Charitable Trusts Act 1957, in which case it becomes a separate 'legal' person or body (see Incorporated).
Statement of Service Performance	A section in the performance report where your charity provides non-financial information to help readers understand what your charity did during the financial year.
surplus	Excess of income (money coming in) over costs (money going out).
template	A blank document with a preset format that a charity can use to complete the performance report.
tier	In the reporting standards, charities are divided into four tiers according to certain criteria.
Tier 1 charity	A charity that has annual expenses over \$30 million and/or has public accountability.
Tier 2 charity	A charity that has annual expenses under \$30 million and has no public accountability.
Tier 3 charity	A charity that has annual expenses under \$2 million and has no public accountability.
Tier 4 charity	A charity that has annual payments under \$125,000, has no public accountability, and uses cash-based accounting.
transaction	Transfer of cash or property that occurs between a buyer and a seller, and establishes a legal obligation.
trust	A legally recognised arrangement where the legal title (ownership) to property is held by one or more people (the "trustees") for the benefit of certain people or classes of people (the "beneficiaries") or for a particular charitable purpose.
trust deed	The central document in a trust arrangement, which establishes the trust. The trust deed specifies the trust property, the people who are the trustees, and the people or the purposes that are to benefit from the trust property.
trustee	A person appointed to hold and manage property under a trust deed for the benefit of others (the "beneficiaries") or for a charitable purpose.
volunteer	People who provide their time and services to a charity free of charge.

# Additional resources

The following is a list of additional resources for Tier 3 charities that are available on our website [www.charities.govt.nz](http://www.charities.govt.nz).

Topic	Website Link
Information on the reporting standards	<a href="http://bit.ly/aboutNRS">bit.ly/aboutNRS</a>
Selecting your reporting tier	<a href="http://bit.ly/whichtier">bit.ly/whichtier</a>
Get started videos for Tier 3 charities	<a href="http://bit.ly/Tier3videos">bit.ly/Tier3videos</a>
Tier 3 standards, guidance notes and templates	<a href="http://bit.ly/Tier3template">bit.ly/Tier3template</a>
How to use the Tier 3 Excel template	<a href="http://bit.ly/T3excel">bit.ly/T3excel</a>
Resources for commonly asked questions	<a href="http://bit.ly/NRSFAQs">bit.ly/NRSFAQs</a>

## Performance report template

The template on the following pages can be detached from this guide or photocopied, and used to prepare your charity's draft performance report as you work your way through this guide. Once you've completed the draft version, you may then choose to transfer the information to the Excel template available on the Charities Services website [bit.ly/Tier3template](http://bit.ly/Tier3template).

Alternatively, you can download the Excel template and complete your first draft directly on the electronic template.



The Excel and PDF versions of this template are available on our website [bit.ly/Tier3template](http://bit.ly/Tier3template). If you decide to use the Excel template, we recommend watching the video tutorial first ([bit.ly/T3excel](http://bit.ly/T3excel)) to understand how to use the template. The Excel template populates information and calculates totals where appropriate. Remember to save your document as you work your way through it.

[Name]

Entity Information

"Who are we?", "Why do we exist?"

For the year ended  
[Financial Year End]

Legal Name of Entity:*	
------------------------	--

Other Name of Entity (if any):	
--------------------------------	--

Type of Entity and Legal Basis (if any):*	
---	--

Registration Number:	
----------------------	--

Entity's Purpose or Mission: *	
--------------------------------	--

Entity Structure: *	
---------------------	--

Main Sources of the Entity's Cash and Resources:*	
---	--

Main Methods Used by the Entity to Raise Funds:*	
--	--

Entity's Reliance on Volunteers and Donated Goods or Services: *	
--	--

Additional Information:*	
--------------------------	--

Contact details

Physical Address:	
-------------------	--

Postal Address:	
-----------------	--

Phone/Fax:	
------------	--

Email/Website:	
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**[Name]**  
**Statement of Service Performance**  
 "What did we do?", When did we do it?"  
 For the year ended  
 [Financial Year End]

Description of the Entity's Outcomes\*:

Description and Quantification (to the extent practicable) of the Entity's Outputs:*	Actual*	Budget	Actual*
	This Year	This Year	Last Year


Additional Output Measures:

Additional Information:



[Name]

Statement of Financial Performance

"How was it funded?" and "What did it cost?"  
For the year ended  
[Financial Year End]

	Note	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Revenue</b>				
Donations, fundraising and other similar revenue*				
Fees, subscriptions and other revenue from members*				
Revenue from providing goods or services*				
Interest, dividends and other investment revenue*				
Other revenue				
<b>Total Revenue*</b>		-	-	-
<b>Expenses</b>				
Expenses related to public fundraising*				
Volunteer and employee related costs*				
Costs related to providing goods or services*				
Grants and donations made*				
Other expenses				
<b>Total Expenses*</b>		-	-	-
<b>Surplus/(Deficit) for the Year*</b>		-	-	-



[Name]

Statement of Financial Position

"What the entity owns?" and "What the entity owes?"

As at  
[Financial Year End]

	Note	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Assets</b>				
<b>Current Assets</b>				
Bank accounts and cash*				
Debtors and prepayments*				
Inventory*				
Other current assets				
<b>Total Current Assets</b>		-	-	-
<b>Non-Current Assets</b>				
Property, plant and equipment*				
Investments*				
Other non-current assets				
<b>Total Non-Current Assets</b>		-	-	-
<b>Total Assets*</b>		-	-	-
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Bank overdraft*				
Creditors and accrued expenses*				
Employee costs payable*				
Unused donations and grants with conditions*				
Other current liabilities				
<b>Total Current Liabilities</b>		-	-	-
<b>Non-Current Liabilities</b>				
Loans*				
Other non-current liabilities				
<b>Total Non-Current liabilities</b>		-	-	-
<b>Total Liabilities*</b>		-	-	-
<b>Total Assets less Total Liabilities (Net Assets)*</b>		-	-	-
<b>Accumulated Funds</b>				
Capital contributed by owners or members*		-		-
Accumulated surpluses or (deficits)*		-		-
Reserves*		-		-
<b>Total Accumulated Funds*</b>		-	-	-

This performance report has been approved by the: \_\_\_\_\_

for and on behalf of \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Signature \_\_\_\_\_

Name \_\_\_\_\_ Name \_\_\_\_\_

Position \_\_\_\_\_ Position \_\_\_\_\_



[Name]

Statement of Cash Flows

"How the entity has received and used cash"

For the year ended  
[Financial Year End]

	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Cash Flows from Operating Activities*</b>			
<b>Cash was received from:</b>			
Donations, fundraising and other similar receipts*			
Fees, subscriptions and other receipts from members*			
Receipts from providing goods or services*			
Interest, dividends and other investment receipts*			
Net GST			
<b>Cash was applied to:</b>			
Payments to suppliers and employees*			
Donations or grants paid*			
<b>Net Cash Flows from Operating Activities*</b>	-	-	-
<b>Cash flows from Investing and Financing Activities*</b>			
<b>Cash was received from:</b>			
Receipts from the sale of property, plant and equipment*			
Receipts from the sale of investments*			
Proceeds from loans borrowed from other parties*			
Capital contributed from owners or members*			
<b>Cash was applied to:</b>			
Payments to acquire property, plant and equipment*			
Payments to purchase investments*			
Repayments of loans borrowed from other parties*			
Capital repaid to owners or members*			
<b>Net Cash Flows from Investing and Financing Activities*</b>	-	-	-
<b>Net Increase / (Decrease) in Cash*</b>	-	-	-
<b>Opening Cash*</b>	-	-	-
<b>Closing Cash*</b>	-	-	-
<b>This is represented by:</b>			
Bank Accounts and Cash*	-	-	-





[Name]

**Statement of Accounting Policies**

**"How did we do our accounting?"**

For the year ended  
[Financial Year End]

**Basis of Preparation\***

[Name] has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

**Goods and Services Tax (GST)\***

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

*OR (Delete one not applicable to the entity)*

**Goods and Services Tax (GST)\***

[Name] is not registered for GST. Therefore amounts recorded in the Performance Report are inclusive of GST (if any).

**Income Tax**

[Name] is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

**Bank Accounts and Cash**

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

**[Name of Specific Accounting Policy]\***

**[Name of Specific Accounting Policy]\***

**Tier 2 PBE Accounting Standards Applied (if any)\***

**Changes in Accounting Policies\***

There have been no changes in accounting policies during the financial year (last year - nil)

*OR (Delete one not applicable to the entity)*

**Changes in Accounting Policies\***



**[Name]**  
**Notes to the Performance Report**  
For the year ended  
**[Financial Year End]**

**Note 1 : Analysis of Revenue**

Revenue Item	Analysis	This Year	Last Year
Fundraising revenue		\$	\$
	<b>Total</b>	-	-

Revenue Item	Analysis	This Year	Last Year
Donations and other similar revenue		\$	\$
	<b>Total</b>	-	-

Revenue Item	Analysis	This Year	Last Year
Fees, subscriptions and other revenue from members		\$	\$
	<b>Total</b>	-	-

Revenue Item	Analysis	This Year	Last Year
Revenue from providing goods or services		\$	\$
	<b>Total</b>	-	-

Revenue Item	Analysis	This Year	Last Year
Interest, dividends and other investment revenue		\$	\$
	<b>Total</b>	-	-



[Name]

Notes to the Performance Report

For the year ended  
[Financial Year End]

Note 2 : Analysis of Expenses

Expense Item	Analysis	This Year	Last Year
Expenses related to public fundraising		\$	\$
<b>Total</b>		-	-

Expense Item	Analysis	This Year	Last Year
Volunteer and employee related costs		\$	\$
<b>Total</b>		-	-

Expense Item	Analysis	This Year	Last Year
Costs related to providing goods or services		\$	\$
<b>Total</b>		-	-

Expense Item	Analysis	This Year	Last Year
Grants and donations made		\$	\$
<b>Total</b>		-	-

Expense Item	Analysis	This Year	Last Year
Other expenses		\$	\$
<b>Total</b>		-	-



**[Name]**  
**Notes to the Performance Report**  
For the year ended  
[Financial Year End]

**Note 3 : Analysis of Assets and Liabilities**

Asset Item	Analysis	This Year \$	Last Year \$
Bank accounts and cash			
<b>Total</b>		-	-

Asset Item	Analysis	This Year \$	Last Year \$
Debtors and prepayments			
<b>Total</b>		-	-

Asset Item	Analysis	This Year \$	Last Year \$
Inventory			
<b>Total</b>		-	-

Asset Item	Analysis	This Year \$	Last Year \$
Other current assets			
<b>Total</b>		-	-

Asset Item	Analysis	This Year \$	Last Year \$
Investments			
<b>Total</b>		-	-

Asset Item	Analysis	This Year \$	Last Year \$
Other non-current assets			
<b>Total</b>		-	-

Liability Item	Analysis	This Year \$	Last Year \$
Creditors and accrued expenses			
<b>Total</b>		-	-

Liability Item	Analysis	This Year \$	Last Year \$
Employee costs payable			
<b>Total</b>		-	-



[Name]

Notes to the Performance Report

For the year ended  
[Financial Year End]

Note 3 : Analysis of Assets and Liabilities

Liability Item	Analysis	This Year \$	Last Year \$
Unused donations and grants with conditions			
	<b>Total</b>	-	-

Liability Item	Analysis	This Year \$	Last Year \$
Other current liabilities			
	<b>Total</b>	-	-

Liability Item	Analysis	This Year \$	Last Year \$
Loans			
	<b>Total</b>	-	-

Liability Item	Analysis	This Year \$	Last Year \$
Other non-current liabilities			
	<b>Total</b>	-	-



[Name]  
**Notes to the Performance Report**  
For the year ended  
[Financial Year End]

Note 4 : Property, Plant and Equipment

This Year	Opening Carrying Amount*	Purchases	Sales/Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*	PP&E - PPE8	Current Valuation*	Source and Date of Valuation*
<b>Asset Class*</b>								
Land*	-			-	-			
Buildings*	-				-			
Motor Vehicles*	-				-			
Furniture and fixtures*	-				-			
Office equipment*	-				-			
Computers (including software)*	-				-			
Machinery*	-				-			
Heritage assets	-				-			
<b>Total</b>	-	-	-	-	-			

Last Year	Opening Carrying Amount*	Purchases	Sales/Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*
<b>Asset Class*</b>					
Land*				-	-
Buildings*					-
Motor Vehicles*					-
Furniture and fixtures*					-
Office equipment*					-
Computers (including software)*					-
Machinery*					-
Heritage assets					-
<b>Total</b>	-	-	-	-	-

Significant Donated Assets Recorded - Source and Date of Valuation\*


Significant Donated Assets - Not Recorded\*






**[Name]**  
**Notes to the Performance Report**  
For the year ended  
**[Financial Year End]**

**Note 6 : Commitments and Contingencies**

Commitment*	Explanation and Timing*	At balance date	At balance date
		This Year*	Last Year*
		\$	\$
Commitments to lease or rent assets*			
Commitment to purchase property, plant and equipment*			
Commitments to provide loans or grants*			

**OR (Delete one not applicable to the entity)**

**Commitments**

There are no commitments as at balance date (Last Year - nil)

Contingency*	Explanation*	At balance date	At balance date
		This Year*	Last Year*
		\$	\$
Contingent liability*			
Guarantees provided*			

**OR (Delete one not applicable to the entity)**

**Contingent Liabilities and Guarantees**

There are no contingent liabilities or guarantees as at balance date (Last Year - nil)





[Name]

Notes to the Performance Report

For the year ended  
[Financial Year End]

Notes 7-12

Note 7: Other

Significant Grants and Donations with Conditions which have not been Recorded as a Liability\*

Description*	Original Amt*	Not Fulfilled Amt*	Purpose and Nature of the Condition(s)*

Goods or Services Provided to the Entity in Kind\*

Description*	Amount*

Assets Used as Security for Liabilities\*

Nature and Amount of Borrowing*	Nature and Amount of Asset Used as Security*

Note 8: Assets Held on Behalf of Others\*

Description of the Assets Held*	Name of Entity of Whose Behalf Assets are Held*

Note 9: Related Party Transactions\*

Description of Related Party Relationship*	Description of the Transaction (whether in cash or amount in kind)*	This Year	Last Year	This Year	Last Year
		\$	\$	\$	\$
		Value of Transactions*	Value of Transactions*	Amount Outstanding*	Amount Outstanding*

OR (Delete one not applicable to the entity)

Related Party Disclosures:

There were no transactions involving related parties during the financial year. (Last Year - Nil)

Note 10: Events After the Balance Date\*

This Year	Estimate of Financial Effect*	Effect, if any on the entity's ability to continue operating*
Nature of Event*		



[Name]

**Notes to the Performance Report**

For the year ended  
[Financial Year End]

**Notes 7-12**


**OR (Delete one not applicable to the entity)**

**Events After the Balance Date:**

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year Nil)

**Note 11: Ability to Continue Operating\***

**Note 12: Correction of Errors\***

**Additional Information**



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