

Tier 3 Annual Reporting Guide

A resource for registered charities



Internal Affairs
Te Tari Taiwhenua

About Charities Services

Charities Services (Ngā Ratonga Kaupapa Atawhai) is part of the Department of Internal Affairs (Te Tari Taiwhenua). We administer the Charities Act 2005, and strive to be a modern, responsive and risk-based regulator. We aim to promote public trust and confidence in the charitable sector and encourage the effective use of charitable resources.

Our vision is a well-governed, transparent and thriving charitable sector with strong public support. We register and monitor charities, process annual returns, and provide educational support, advice and guidance to encourage good governance and management practices.

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Introduction

This guide helps Tier 3 charities understand their reporting requirements to Charities Services and provides step-by-step guidance for completing a Performance Report.

All registered charities are required to report annually by submitting an Annual Return form and a Performance Report. The report must comply with the financial reporting standards set by the [External Reporting Board](#), the independent Crown Entity responsible for writing accounting standards.

The [Tier 3 \(Not-For-Profit\) Standard](#) has been developed to:

- improve the quality and consistency of the information provided by charities
- give a clearer overview of a charity's performance year by year
- make it easier for readers to access the information they need from charities.

When do charities need to report?

Charities need to file their Annual Return form and Performance Report with Charities Services within six months of their balance date.

	Charity's balance date (financial year end)	Six months from balance date
<i>Example 1:</i>	31 March 2025	30 September 2025
<i>Example 2:</i>	30 June 2025	31 December 2025

How to report to Charities Services

STEP 1 Confirm your charity's tier

Charities report using a tiered system. Your reporting tier depends on your charities' operating payments. You can confirm your charity's tier on the next page (page 6).

STEP 2 Prepare a Performance Report

The Performance Report tells your charity's story for the year and summarises both financial and non-financial information. It must be prepared using the [Tier 3 \(Not-For-Profit\) Standard](#) set by the [External Reporting Board](#). A template and guidance (pages 9 - 44) are available to assist you to meet the requirements.

STEP 3 Prepare an Annual Return form

The Annual Return form ensures that the information about your charity on the Charities Register is accurate and up to date. You can find the form by logging into your [charity's online account](#) on our website.

When completing the form, you will need to re-enter some details from your Performance Report. Additional information will also be requested, including details about your charity's officers.

Please note: Dates of birth and home addresses provided are kept confidential and are not made publicly available.

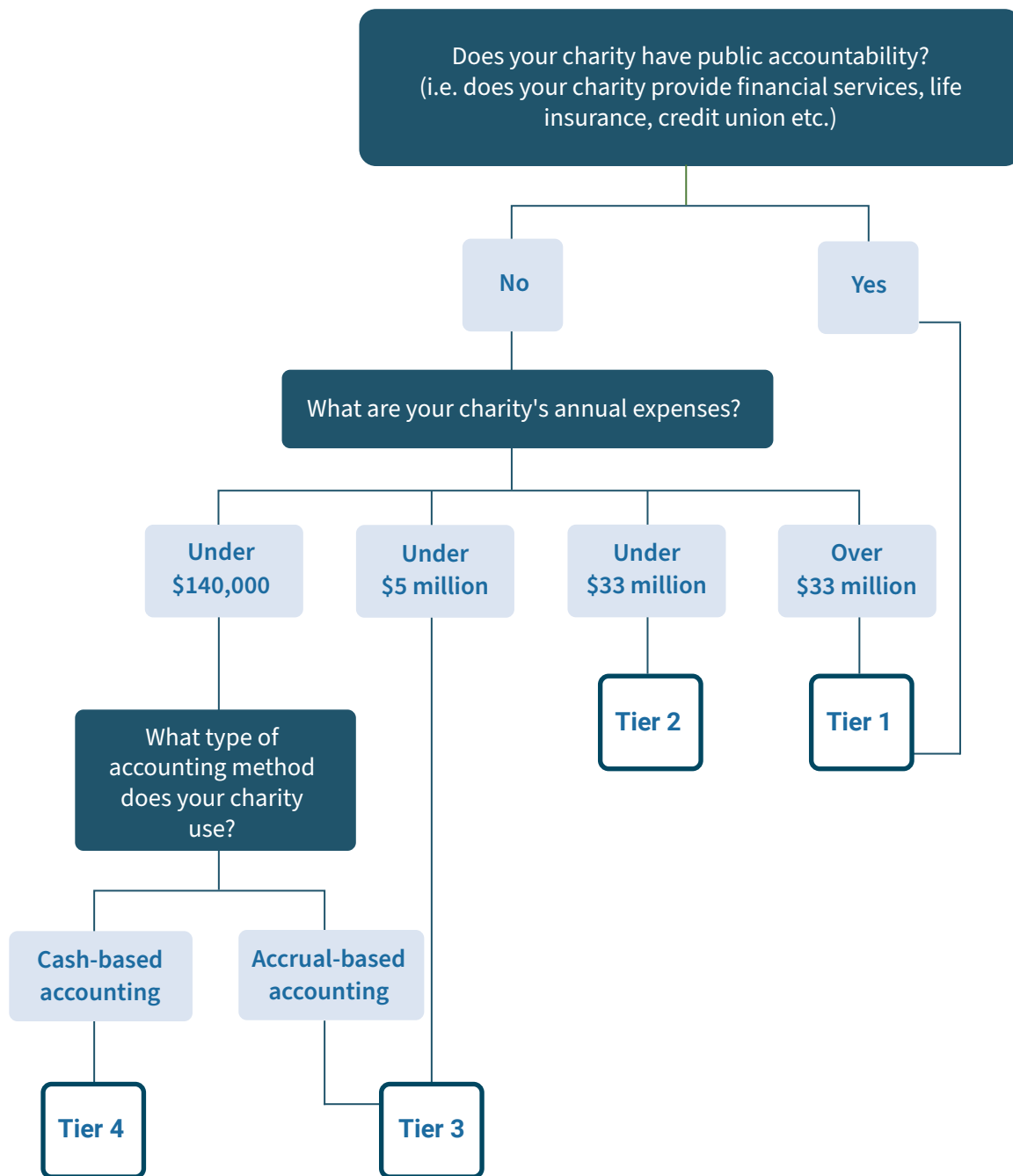
STEP 4 File and pay a filing fee

Submit your completed Annual Return form and Performance Report. The easiest way to do this is by logging in to your [online account](#). Your charity may need to pay a filing fee. You can find out more about filing fees on our website.

Confirming your charity's tier

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

Use the diagram below to confirm the right tier for your charity.



Reporting under Tier 3

You can report under Tier 3 if:

- your charity's annual expenses are over \$140,000 in each of the previous two years, and
- your charity's annual expenses are under \$5 million, and
- your charity does not have public accountability, meaning it doesn't hold money or assets for other people (e.g. financial services, life insurance, credit unions), and
- your charity uses accrual-based accounting not cash-based accounting.

What is the difference between accrual-based and cash-based accounting?

Accrual-based accounting (used by Tiers 1, 2, and 3) records transactions when they occur, regardless of when the cash is actually received or paid. E.g. if a donation is pledged in December, it should be recorded in December, even if the funds are not received until a later date.

Cash-based accounting (used by Tier 4) records transactions when money is actually received or paid. E.g. if a bill is paid in March, it should be recorded in March, even if the bill relates to an earlier month.

Do you require an audit or review?

Before you start preparing your charity's Performance Report, check to see if your report is required to be audited or reviewed. If your total annual expense for each of the previous two financial periods were:

- over \$550,000, your Performance Report must either be audited or reviewed
- over \$1.1 million, your Performance Report must be audited.

Audits and reviews must be completed by a qualified auditor. You can find the [Register of Qualified Auditors](#) on the Chartered Accountants Australia New Zealand website.

Note: Some charities may need an audit or review if their rules require it, even without a statutory obligation. Check your rules to confirm.

What is a Performance Report?

A Performance Report is a summary of your charity's activities for the past financial year. It includes both financial and non-financial information. Its purpose is to "tell your charity's story", helping your members, funders, donors and the public understand the work that you do. Your report must follow the Tier 3 (Not-For-Profit) Standard.

There are seven parts to the Performance Report:

Entity Information

Who are we? What is our purpose?

Statement of Service Performance

What did we do? How much did we do?

Statement of Financial Performance

What did it cost? How was it funded?

Statement of Financial Position

What do we own? What do we owe?

Statement of Cash Flows

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

Statement of Accounting Policies

What accounting policies do we need to disclose?

Notes to the Performance Report

What other information supports our report?

Performance Report guidance

Step-by-step instructions

The following pages will guide you through the Performance Report using the External Reporting Board's [Tier 3 Performance Report template](#).

Accounting terms in the template are explained with examples to help you understand what information to include and how to accurately describe your charity's activities and finances.

We recommend using this guidance as you prepare your report.

Instructional headings

Different parts of the template have different requirements. Red headings indicate whether information is:

- **Required**
- **Optional**
- **Required if applicable**

Template

You can download an Excel [Tier 3 Performance Report template](#) from the External Reporting Board's (XRB) website to assist you. This template helps ensure your report meets the Tier 3 (Not-For-Profit) Standard.

----- **Start of the Performance Report** -----

Enter your charity's name and its end of financial year balance date at the top of the template.

Required

Category	Guidance
Entity or organisation name	The name you commonly use (not necessarily your legal name).
For the year ended	The last day of your charity's accounting year (also known as a balance date) typically covering a 12-month period.
Rounded to	The level of rounding used in preparing this report (the nearest dollar etc).

Entity Information

How to use this section

Provide key details about your charity, including its name, legal structure, mission and governance structure. Below are the template categories with explanations and examples.

Required

Category	Guidance
Name of entity	The name of your charity as it appears on the Charities Register.
Entity identifier (Optional)	You may provide another identifier for your charity if you have one (e.g. your charity's registration number or a New Zealand Business Number).
Type of entity	E.g. Trust, incorporated society, company etc.
Entity's purpose or mission	Provide a broad statement about your charity's mission or the purpose it was set up for. This information may be found in your charity's rules document (constitution, trust deed or other founding document).

Example:

- "Promoting environmental sustainability through community projects".

Entity structure

Briefly describe your charity's structure (e.g. do you operate as a single unit or do you have branches?).

Example:

- "We are a stand-alone charity".

Entity's governance arrangements

Briefly describe the governance of your charity (e.g. who makes the key decisions on behalf of the charity?).

Example:

- "Key decisions for our charity are made by a Board of Trustees. They set the strategic direction, ensure financial stability and oversee its overall operations".

Other entities controlled by the entity

List any other organisations controlled by your charity (if any). Include their legal name and identifier number (e.g. charity's registration number or a New Zealand Business Number).

Entity's reliance on volunteers and donated goods or services

Explain whether your charity relies on the contributions of volunteers and donated goods or services to function.

Consider the following:

- How many volunteers are involved in your charity?
- How essential are these volunteers to the operation of your charity?
- How often do you receive donated goods or services and who from?

Example:

- "Our team has 10 volunteers who organise events and help with day-to-day operations. We rely heavily on donations of goods and services from the public and businesses. These contributions range from office supplies to professional services".

Statement of Service Performance

How to use this section

Complete this statement to show your charity's mid to long-term goals and the main activities you do to achieve these goals. This information helps potential funders and the public understand your work beyond its finances.

Below are the categories in the template with explanations and examples.

Required

Description of medium to long term objectives

Describe your charity's goals and what you want to achieve.

Example:

- "Our charity aims to reduce plastic waste in local communities by 50% within the next five years".

Required

Description of significant activities

Describe the main things your charity has done to help it achieve its goals during the financial year. For this statement, record the quantities if the information is easily available.

Example:

Activity	Quantity for current year	Quantity for last year
Collected plastic waste from local parks and beaches	2,000 kg	1,500 kg
Delivered educational workshops in schools	10 workshops	10 workshops

Financial Information

Statement of Financial Performance

How to use this section

Use this statement to summarise your charity's revenue and expenses for the financial year. You don't need to list every transaction, instead provide a high-level overview that readers can understand using the categories provided in the template. This helps explain how your charity's finances performed over the year and shows whether you have a surplus or a deficit.

If your charity wants to provide more detailed information, you can use the 'Notes to the Performance Report' (pages 34 - 44).

What is revenue?

Revenue is the money a charity earns or expects to receive. This includes:

- money that has already been received (e.g. a donation or grant)
- money the charity has earned but not yet received (e.g. an invoice sent to another organisation for services the charity has provided).

[The Tier 3 \(NFP\) Standard](#) has further guidance on how to record different types of revenue (paragraphs A71–A85).

What is an expense?

Expenses are the costs a charity incurs to carry out its work. These include:

- payments that have already been made (e.g. salaries or supplies)
- amounts the charity still owes (e.g. an unpaid electricity bill).

[The Tier 3 \(NFP\) Standard](#) has further guidance on how to record different types of expenses (paragraphs A98–A104).

Below are the categories in the template with explanations and examples. If a category doesn't apply to your charity, you can enter "O" or delete it from the template.

Required

Category	Guidance
Revenue	
Donations, koha, bequests and other general fundraising activities	<p>Revenue your charity received from fundraising activities, donations and bequests left in wills.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Money raised from sausage sizzles, movie nights and gold coin entry fees for events. • Koha given to a marae from visitors in the form of cash.
General grants	<p>Grants given to your charity that are not linked to providing specific goods or services.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity receives a general grant of \$10,000 to support its overall mission. It uses the funds to cover operating costs and purchase stationery supplies.
Capital grants and donations	<p>Grants and donations given to your charity for purchasing or building significant assets like buildings or vehicles.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity is donated \$100,000 for building a training centre which will be used to run teaching programmes over the next ten years.

Government service delivery grants/contracts

Funds from the government given to your charity to provide specific goods or services. It also includes money earned from selling goods or services that are part of a government grant or contract.

Example:

- A charity whose objective is to improve mental health receives funding to offer counselling at discounted rates. The fees received from these counselling services should be included here.

Non-government service delivery, grants/contracts

Funds from non-government sources like private organisations, foundations, or corporate sponsors that help your charity deliver its services or programmes. It also includes money earned from selling goods or services that support your charity's mission but aren't part of a government grant or contract.

Example:

- A charity receives a grant from a private foundation to support a youth mentoring program. Additionally, the charity sells merchandise related to the mentoring program. The revenue from these sales should be included here.

Membership fees and subscriptions

Payments received from members for their membership and money received for goods or services provided on a subscription basis.

Examples:

- A charity charges a fee for access to special events exclusive to members.
- A charity offers a subscription service where members pay monthly to receive a newsletter.

Revenue from commercial activities	<p>Money your charity earns from selling goods or services for the primary purpose of generating a profit. This does not include money from fundraising events.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • Income from running a second-hand store.
Interest, dividends and other investment revenue	<p>Money your charity earns from interest, dividends and other investments.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Interest from the bank. • Dividends from investments.
Other revenue	<p>Sources of revenue not covered in the categories listed above.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Insurance payout. • Gain on sale of an asset.
Total revenue	The total of all the revenue categories above.
Expenses	
Expenses related to fundraising	<p>Money your charity spends directly on fundraising activities.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Venue hire. • Marketing costs.

Employee remuneration and other related expenses	<p>Money your charity spends paying employees and costs associated with their employment.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Salaries and wages. • ACC levies. • Staff training. • Independent contractors.
Volunteer related expenses	<p>Money your charity pays to support its volunteers.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Uniforms. • Petrol vouchers.
Expenses related to commercial activities	<p>Money your charity spends on selling goods or services for the primary purpose of generating a profit.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • Costs of running an op-shop to generate money to fund a charity's operation.
Other expenses related to service delivery	<p>Expenses related to providing goods and services or carrying out activities that support your charity's mission, that are not included in the categories above.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Administrative and operating costs. • Supplies directly related to providing goods or services. • Legal costs.

Grants and donations made	<p>Grants, scholarships or donations made by your charity.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Providing scholarships or grants. • Donations to other charities.
Other expenses	<p>Expenses that are not included in the categories above.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Depreciation. • Loss on a sale.
Total expenses	The total of all the operating expenses above.
Surplus/(Deficit)	This shows the financial outcome of a charity's operations over a year. To find this value, subtract 'Total expenses' from 'Total revenue'. Note: a deficit is shown in brackets.

Statement of Financial Position

How to use this section

Use this statement to show a summary of your charity's assets, liabilities, and accumulated funds (the difference between assets and liabilities) at the end of the financial year. This information helps readers understand what your charity owns (assets) and what it owes (liabilities).

You can rename the categories to make your information clearer, e.g. you could change 'property, plant, and equipment' to 'buildings, vehicles, and office equipment' if that better reflects what your charity holds. However, do not create new categories.

Note: [The Tier 3 \(NFP\) Standard](#) has additional guidance on recording specific types of assets (A121-A152).

If a category doesn't apply to your charity and there is nothing to record, you can enter "0" or delete the category from the template.

Required

Category	Guidance
Assets	Resources or items that are expected to provide a future benefit to its owner.
Current assets	Assets that can quickly be turned into cash, sold, or used within 12 months of balance date.
Cash and short-term deposits	Money your charity has and deposits that can be quickly turned into cash (e.g. petty cash and money in a cheque account).

Debtors and prepayments	<p>Debtors (also called accounts receivable) includes amounts owed to a charity by customers or others, such as GST receivables from Inland Revenue.</p> <p>Prepayments are expenses paid before receiving a good or service.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • A charity sent an invoice during the year but hasn't received payment yet. • A charity paid a deposit for a venue to be used the following year.
Inventory	<p>Materials or supplies used to provide goods or services and held for sale or distribution.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Food. • Goods bought for resale or distribution. • Stock held in a charity shop.
Total current assets	The total of all current assets above.
Non-current assets	Assets that your charity expects to hold for more than one year.
Property, plant and equipment	<p>Physical assets with an expected life of more than 12 months at the time they were purchased or donated.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Land and buildings. • Computer equipment and software. • Furniture and fittings.

Investments	<p>Funds your charity has invested with the intention of earning revenue. However, any short-term investments that will mature within 12 months should be listed as current assets.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Shares and bonds. • Term deposits with maturities of more than 12 months.
Total non-current assets	The total of all non-current assets above.
Total assets	The total of all assets above.
Liabilities	Debts or obligations that a charity owes.
Current liabilities	Short-term financial obligations that are due within one year of balance date.
Bank overdraft	<p>The balance of any bank account that is overdrawn at the end of the financial year.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity has an overdraft facility of \$10,000 and is currently overdrawn by \$5,500. This \$5,500 is recorded as a current liability.
Creditors and accrued expenses	<p>Creditors (accounts payable) are amounts your charity has been charged or billed for but has not yet paid.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity receives an invoice from a supplier for office supplies but hasn't paid it yet. <p>Accrued expenses are amounts your charity knows they owe, but have not yet received a bill for.</p>

Example:

- A charity estimates how much it owes for electricity used during the month before the bill arrives.

Employee costs payable	Amounts your charity owes to its employees at the end of the financial year.
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Examples:

- Wages payable.
- ACC, PAYE, Kiwisaver payable.
- Holiday pay owed.

Deferred revenue	Money your charity has received in advance for goods or services it hasn't delivered yet. It's considered a liability because it represents an obligation to provide those goods or services in the future.
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Example:

- A charity sells tickets for a fundraising event that will take place next year. The money received is recorded as deferred revenue until the event occurs.

Total current liabilities	The total of all current liabilities above.
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Non-current liabilities	Obligations and debts that are not expected to be settled within the next 12 months.
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Loans	Amounts your charity has borrowed that are not due to be repaid within the next 12 months. Any loans due within 12 months should be recorded under current liabilities.
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Example:

- A charity borrows money from the bank to build a new facility. It records any part of the loan that doesn't need to be repaid within the next 12 months as a non-current liability. Any amounts due within 12 months, including unpaid interest, are recorded under 'current liabilities'.

Total non-current liabilities	The total of all non-current liabilities above.
Total liabilities	The total of all the liabilities categories.
Net assets (total assets less total liabilities)	The accumulated funds or equity of a charity. This figure must match the 'total accumulated funds' total in the template.

Accumulated funds	The total funds that have been accumulated over time from surpluses (profit) minus any deficits (losses). Note: the XRB template completes this section automatically by entries made in Note 7.
Capital contributed by owners or members	<p>Money that has been invested in a charity by its founders or members.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> A charity is set up as a Trust and when was established, each trustee contributed \$10,000.
Accumulated surpluses or (deficits)	<p>The net surplus (profit) or deficit (loss) for each year of operation added together.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> The surplus or deficit of the current year as shown in the 'Statement of Financial Performance' is added to the previous years' totals.
Restricted reserves and discretionary reserves	<p>Restricted reserves are funds given by a donor for a specific purpose. The charity must use the money as directed.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> A donor gives \$10,000 to be used only for buying a community van.

Discretionary reserves are funds set aside by a charity for future need. The charity decides how to use them, and they aren't tied to any donor instructions.

Example:

- The board sets aside \$20,000 to upgrade IT systems next year.

Property, plant and equipment revaluation reserve	If a charity chooses to revalue its long-term assets (like buildings or equipment) any increase or decrease in the value of the assets needs to be recorded.
Investment revaluation reserves	If a charity chooses to revalue its investments, any increase or decrease in their value must be recorded in the investment revaluation reserve.
Other reserves	<p>This only applies if a charity has used one of the Tier 2 Public Benefit Entities (PBE) Standard in its reporting.</p> <p>These reserves are used to show how transactions affect accumulated funds under Tier 2 accounting standards.</p> <p>See Appendix D of the Tier 3 (NFP) Standard, available on the XRB website.</p>
Total accumulated funds	The total of accumulated funds above.

Performance Report Authorisation

Required

The statement below needs to be signed by a trustee or officer of your charity. It is best practice to have two signatories.

This Performance Report has been approved by those charged with governance.

Date:

Date:

Signature:

Signature:

Name:

Name:

Position:

Position:

Financial Information

Statement of Cash Flows

How to use this section

This statement shows your charity's cash flows during the financial year.

Note: While this statement includes similar categories and examples to the 'Statement of Financial Performance', both statements serve different purposes and provide distinct insights into your charity's finances:

- The Statement of Financial Performance shows how well your charity is doing overall.
- The Statement of Cash Flows shows how cash is being managed.

Below are categories in the template with explanations and examples. If a category doesn't apply to your charity, you can enter "0" or delete the category from the template.

Required

Category	Guidance
Cash flows from operating activities	Money a charity makes or spends from its main activities.
Cash received:	
Donations, koha, bequests and other general fundraising activities	Money a charity received from donations and fundraising activities. It does not include money that has been promised but not yet received, like pledges. <i>Examples:</i> <ul style="list-style-type: none">• Money collected through fundraising buckets, sausage sizzles etc.• Koha given to a marae from visitors in the form of cash.

General grants	<p>Money your charity received from grants not linked to providing specific goods or services.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity receives a general grant of \$10,000 to support your overall mission.
Capital grants and donations	<p>Money your charity received from donations for purchasing or building significant assets.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity receives \$100,000 to build a new training centre.
Government service delivery grants/contracts	<p>Money your charity received from government grants and contracts for delivery of specific goods and services.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Lottery grants. • Contract with a government agency to deliver social or community services.
Non-government service delivery grants/contracts	<p>Money your charity received from grants or contracts from non-government groups for the delivery of specific goods and services.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Private organisations. • Foundations. • Corporate sponsors.

Membership fees and subscriptions	<p>Money your charity received from members for their membership and from subscriptions for goods or services. Only include amounts received during the financial year.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • A charity charges a fee for access to special events exclusive to members. • A charity offers a subscription service where members pay monthly to receive a newsletter.
Gross sales from commercial activities	<p>Money your charity earned from selling goods or services not directly related to its main mission. It does not include money from fundraising events.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • Income from running a second-hand store.
Interest, dividends and other investment receipts	<p>Amounts received in your bank account(s) from interest and dividends during the financial year.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Interest from the bank. • Dividends from investments.
Other cash received	<p>Other amounts that are not included in the categories above.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Cash received from an insurance policy. • Cash received from the sale of an asset.
Total receipts	<p>The total of all receipts above.</p>

Cash payments:

Payments related to public fundraising

Money your charity spent directly on fundraising activities.

Examples:

- Venue hire.
- Marketing costs.

Employee remuneration and other related payments

Money your charity spent on paying employees and costs associated with their employment, as well as payments made to independent contractors.

Examples:

- Salaries and wages.
- Contractors.
- ACC levies.
- Staff recruitment.

Volunteer related payments

Money your charity paid to support its volunteers.

Examples:

- Volunteer training such as first aid certificate course.
- Vouchers purchased for volunteers to recognise their contribution.

Payments related to commercial activities

Money your charity spent on commercial activities, which are intended to make a profit and are not part of its main mission.

Examples:

- Money spent on produce and ingredients for a food truck.
- Money spent on a website hosting a charity's online shop.

Other payments related to service delivery	<p>Money your charity spent on service delivery that's not included in the categories above.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Administration and operating expenses. • Purchasing supplies directly related to goods or services provided. • Legal costs.
Grants and donations paid	<p>Any grants, scholarships or donations made by your charity.</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Providing scholarships. • Giving monetary donations to other charities.
Other payments	<p>Other amounts paid for goods and services that are not included in the categories above.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • Tax expense.
Total payments	The total of payments above.
Net cash flows from operating activities	The total of all the operating cash received and paid out for the year.
Cash flows from other activities	The money a charity earns or spends from activities outside its main charitable operations.
Cash received:	Money your charity received.
Sale of property, plant and equipment	<p>Money your charity received from selling property, plant, and equipment.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity sells its office furniture.

Sale of investments	<p>Money your charity received from selling shares or investments.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity sells shares it previously invested.
Cash received from loans from other parties	<p>Money your charity received from third party loans.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity borrowed \$10,000 from the bank to purchase equipment.
Cash received from owners (capital contributions)	<p>Money your charity receives from contributions made by its owners or members.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • When a charity was first established, the founding members contributed a total of \$20,000 to help get things started.
Cash payments:	
Payments to acquire property, plant and equipment	<p>Money your charity paid to buy property, plant and equipment.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity buys a delivery van and new computer equipment.
Payments to purchase investments	<p>Money that your charity paid to buy shares, bonds and units in investment trusts.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity buys \$50,000 worth of shares in a sustainable energy company.

Repayments of loans from other parties	<p>Money your charity repays to lenders for third party loans it has taken out.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity repays a \$20,000 loan it previously borrowed from the bank.
Capital distributed to owners	<p>Money your charity repaid to owners from amounts originally recorded as capital.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity repays a founding member for funds they had originally given to the charity.
Net cash flows from other activities	The total of all other 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 other activities'.
Opening cash	<p>The bank balance at the beginning of your charity's financial year.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • If a charity's financial year is from 1 April to 31 March, the opening cash is the bank balance on 1 April - the first day of that financial year.
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 the cash' above.

Statement of Accounting Policies

How to use this section

Use this section to outline the accounting policies your charity used to prepare its Performance Report.

Some sections are mandatory, while others are optional or only required if applicable.

Required **Basis of preparation**

Use this statement to disclose the accounting method your charity used to prepare its report. Note that the template already includes the required text, i.e.

“This Performance Report is prepared in accordance with the XRB’s Tier 3 (NFP) Standard. The entity is eligible to apply these requirements as it does not have public accountability and has total annual expenses of less than \$5,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. This Performance Report is prepared under the assumption that the entity will continue to operate for the foreseeable future”.

Required **Treatment of GST**

Use this statement to disclose whether your charity is registered for GST and whether the figures in the Performance Report include or exclude GST.

Examples:

- “All amounts are recorded on a GST inclusive basis”.
- “All amounts are recorded on a GST exclusive basis, except for Debtors and Creditors which are stated inclusive of GST”.

Optional **Income tax**

Use this statement to disclose your income tax status.

Example:

“The entity is exempt from New Zealand income tax, having fully complied with all statutory conditions for this exemption”.

Optional

Cash and short term deposits

Use this statement to disclose which accounts are included in the Statement of Cash Flows and Statement of Financial Position.

Example:

"Cash and short-term deposits in the Statement of Financial Position and the Statement of Cash Flows comprise of cash and bank balances (including short-term deposits) with maturities of 90 days or less"

Required if applicable

[Specific Accounting Policy for the entity's significant transactions or balances]

Use this statement to explain other accounting methods used for significant transactions or balances during the financial year.

Examples:

- Significant estimates.
- Source of valuations.
- How property, plant, and equipment are accounted for.

Required if applicable

Tier 2 PBE accounting standards applied (if any)

Under the Tier 3 Standard, your charity can choose to adopt certain provisions from the Tier 2 Public Benefit Entity (PBE) Accounting Standards. If you have used any part of the Tier 2 (PBE) Accounting Standards, you will need to disclose those provisions.

Required

Changes in accounting policies

If your charity changed any accounting policies during the year, you are required to:

- Explain the reason for the change.
- Provide a description of the change in policy.
- Specify how change was applied and when.
- For each affected line item, disclose the amount as it would have been calculated under the previous accounting policy.

If there were no accounting policy changes, use the following statement: "There have been no changes in accounting policies during the financial year".

Notes to the Performance Report

Notes allow you to add more details explaining the information in other parts of the Performance Report. This can help provide a fuller picture of your charity. Some notes are required, while others are optional or only needed if they apply to your charity.

Below are examples for each note to help you use them correctly. If a note doesn't apply to your charity, you can delete it from the template.

Optional

Note 1: Analysis of revenue

Use this note to explain the items recorded under the 'Revenue' category in the 'Statement of Financial Performance' if you want to.

Example:

	Analysis	Current year \$	Last year \$
General grants	We received \$5,000 from Creative New Zealand, which we used on art supplies for our 'Little Creators' programme	5,000	0

Optional

Note 2: Analysis of expenses

Use this note to explain of the items recorded under the 'Expenses' category in the 'Statement of Financial Performance' when you want to.

Example:

	Analysis	Current year \$	Last year \$
Expenses related to fundraising	Costs to advertise a concert held to raise funds for cancer research	13,000	10,000

Optional

Note 3: Analysis of assets

Use this note to explain the items recorded under 'Assets' category in the 'Statement of Financial Position' when you want to.

Example:

	Analysis	Current year \$	Last year \$
Cash and short-term deposits	Petty cash	1,000	1,000
	Cheque account for fundraising activities	5,800	0
	Total	6,800	1,000

Optional

Note 4: Analysis of liabilities

Use this note to explain the items recorded under the 'Liabilities' category in the 'Statement of Financial Position' when you want.

Example:

	Analysis	Current year \$	Last year \$
Creditors and accrued expenses	Printer servicing fee	1,000	0
	Website hosting service	1,200	0
	Total	3,200	0

Required if applicable

Note 5: Property, plant and equipment

This note is required if your charity has any property, plant or equipment. For each asset, disclose the following information for the prior and current years.

- **Asset class**
A description of the asset class (e.g. buildings, equipment, furniture).
- **Opening carrying amount**
The value of the asset at the start of the reporting period.

- **Purchases**
The cost of new assets bought during the reporting period.
- **Disposals**
The book value of assets sold or disposed of during the reporting period. The book value is defined as the original cost of the asset minus its accumulated depreciation.

Depreciation

The reduction in the value of an asset over time. Depreciation is calculated using the straight line method (that is, the same amount each year) or the diminishing value method.

- **Impairment**
A decrease in the asset's value because the asset is no longer worth as much as it was previously e.g. because the asset has been damaged.
- **Revaluation movements**
Adjustments to the asset's value based on current market conditions.
- **Closing carrying amount**
The asset's carrying amount at the end of the reporting period.

Required if applicable

Source and date of valuation for assets (including significant donated assets recorded at valuation)

Fill this out to provide the required details for any assets listed above using a value other than cost (including any significant donated assets that are recorded at valuation). Include:

- **Description of the asset** (what the asset is, e.g. building or vehicle)
- **Source of the valuation** (who provided the valuation, e.g. registered valuer)
- **Date of the valuation** (when the valuation was carried out)
- **Amount** (the value given to the asset)

Required if applicable

Significant donated assets and heritage assets not recorded

Complete this note if your charity received a significant donated and heritage asset during the year but it wasn't recorded as an asset that your charity owns. This may occur if it was impractical to determine the asset's value.

Example:

Asset	Description
Artwork	Our charity received a generous donation of artworks from a local artist. Due to their one-of-a-kind nature, we were unable to assess their value as there are no comparable market prices

Required if applicable

Note 6: Investments

Complete this note if your charity holds financial investments. For each type of investment, disclose the relevant details below for both the current and prior years. You must also include further information such as the source and date of your valuations.

- **Asset class**
A category of similar assets that are grouped together for reporting purposes (e.g. shares, bonds and term deposits).
- **Valuation method**
The method used to measure the value of the asset class (e.g. current market value).
- **Opening carrying amount**
The total value of the asset class at the beginning of the financial year.
- **Purchases**
The total cost of new assets bought during the financial year that belong to this asset class.
- **(Disposals)**
The total amount received from selling assets in this class during the financial year.
- **Income invested**
Money earned from the asset class during the financial year.
- **Gains/(losses) or impairment**
A drop in value when an asset is no longer worth what it was initially recorded as.
- **Closing carrying amount**
The total value of the asset class at the end of the financial year after all purchases, sales, income and gains or losses have been recorded.
- **Closing carrying amount**
The total value of the asset class at the end of the financial year after all purchases, sales, income and gains or losses have been recorded.

Required if applicable

Source and date of valuation for each class of investment recorded at current market value

For each investment class held at current market value, disclose the source and date of the valuation.

Example:

Asset class	Source of valuation	Date of valuation
Vehicle	Online appraisal by X	23 November 2024

Required

Note 7: Accumulated funds

Complete this note to show how your charity's accumulated funds have changed over the year. For each item recorded, you are required to disclose the following information:

- **Capital contributed by owners**
Money or assets that owners contributed to the charity.
- **Accumulated surpluses or deficits**
The total of all past surpluses and deficits, including the current year's figures. This shows how much money a charity has built up or used over time from its operations.
- **Restricted and discretionary reserves**
Funds that must be used for a specific purpose because of legal or donor-imposed restrictions.
- **Property, plant and equipment revaluation reserve**
Money or assets paid back to owners during the year.
- **Investment revaluation reserves**
Money or assets paid back to owners during the year.
- **Other reserves**
Any other reserves not already listed.
- **Capital returned to owners**
Money or assets paid back to owners during the year

- **Surplus/(deficit)**
The extra money (surplus) or shortfall (deficit) your charity made during the year after all income and expenses are totalled.
- **Distributions paid to owners**
Payments made to owners or members of the charity (if applicable).
- **Transfer to restricted or discretionary reserves**
Money moved to special funds set aside for specific purposes or future use.
- **Revaluation reserves**
Funds allocated to recording changes in the value of assets when they are revalued
- **Transfer from revaluation reserve due to disposal of assets**
Amount moved out of the revaluation reserve because the asset was sold or no longer needed.
- **Other movements recognised directly in accumulated funds**
Any other changes in funds that aren't included in the specific categories above.

Required if applicable

Breakdown of restricted and discretionary reserves

If your charity has set aside funds for specific purposes, these are called restricted or discretionary reserves and form part of your accumulated funds. You must disclose the nature, purpose, and amounts of each reserve, as well as when and how the funds will be used.

Name of reserve	Nature and purpose	Current year \$	Last year \$
Education fund	Our restricted funds are reserved specifically for teaching scholarships. These funds will be granted through an application and review process over the next three years	15,000	13,000

Required if applicable

Note 8: Commitments and Contingencies

If your charity has commitments to large future payments (such as rent or expensive purchases) you are required to disclose the expecting timing of the payments and the estimated amount of those payments.

You must also disclose any known contingencies. These are potential liabilities that may arise depending on the outcome of future events, such as legal disputes or guarantees your charity has made.

Commitment	Explanation
Commitments to lease or rent assets	<p>Provide details on any current lease or rental agreements. Include the date, duration of lease and total cost.</p> <p><i>Example:</i></p> <ul style="list-style-type: none">• “We have a lease for \$5,000 per year for the next 3 years, ending 31 March 2028. Total commitment is \$15,000”.
Commitment to purchase property, plant and equipment	<p>Describe any agreements to purchase property, equipment, or other assets that have not yet been recorded in the financial statements. Include the estimated cost and expected timing.</p> <p><i>Example:</i></p> <ul style="list-style-type: none">• “We have agreed to buy equipment costing \$6,000, which is being manufactured and will be ready in 2026”.
Commitments to provide loans and grants	<p>Detail any commitments to provide loans or grants that have not yet been recorded as liabilities in the financial statements. Include the amount and estimated timing.</p> <p><i>Example:</i></p> <ul style="list-style-type: none">• “We’ve pledged \$1,000 annually for three years to support the local school gala. Total cost is \$3,000”.

Contingency	Explanation
<p>Contingent liability:</p>	<p>A potential obligation to pay money if a specific future event occurs.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • “We have organised a fundraising event. If the event is canceled due to unforeseen circumstances, we will have to refund \$10,000 in ticket sales. This potential refund is a contingent liability because it depends on whether the event is cancelled”.
<p>Guarantees provided:</p>	<p>A promise to cover someone else’s debt or obligation if they don’t pay.</p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • A charity guarantees a scholarship for a student. This guarantee means the charity will still pay the student’s tuition even if they don’t complete their scholarship due to unforeseen circumstances.

Required if applicable

Note 9: Deferred revenue

This note is required if your charity has received a significant donation, grant, bequest, or pledge with specific conditions for its use, and the funds are recorded as deferred due to being unused or subject to future expectations.

Describe the item, outlining its purpose and the nature of the expectations regarding how the funds are to be used. Include details on when your charity anticipates meeting these conditions and specify the relevant amounts.

Description	Purpose and nature of the documented expectations over future use	Date	Original amount \$	Current year \$	Last year \$
Donation for building project	Donation received for the construction of a new community centre. The funds can only be used once building permits are approved	30 June 2026	60,000	60,000	0

Required if applicable

Note 10 Goods or services provided in kind to the entity

This note is required if your charity received goods or services free of charge that would otherwise have incurred a cost. These items must be significant and reliably measurable to be recorded.

Description	Amount \$
Legal services provided pro bono	5,000
Venue hire donated for annual fundraising event	2,500

Required if applicable

Note 11 Assets used as security for liabilities

This note is required if your charity pledged assets to secure a loan or other obligation. If the charity fails to meet its obligations, the lender has the right to seize and sell these assets to recover the owed amount.

Description of borrowing	Description of asset used as security	Amount \$ borrowed	Amount of asset used as security
Loan to refurbish a community centre	Land owned by charity	150,000	300,000

Required if applicable

Note 12 Assets held on behalf of others

This note is required if your charity holds assets on behalf of others, e.g. the charity may act as a custodian, managing these assets for another party.

Description of assets held	Name of the entity the assets are held for
Disaster relief equipment to be distributed to affected areas in times of natural disasters	Crisis Aid Network

Required if applicable

Note 13: Related party transactions

Complete this note to provide detailed information about significant transactions with related parties during the financial year. A 'related party' includes any individuals or organisations that have a big influence over your charity's decisions, e.g. board members, managers, or family members.

Even if a transaction with a related party is minor in terms of money or impact, it will still need to be disclosed if the terms and conditions are different from those of similar transactions with unrelated parties.

Example:

If a charity buys inventory from a board member's store at a lower rate than market value, this should be disclosed because the terms are different from what the charity would get from an unrelated supplier.

For each transaction, include:

- a description of the related party relationship
- description of the transaction (e.g. the services provided by a related party)
- the total amount paid to or received from the related party during the financial year
- the balance of any significant amounts owed to or owed by a related party at the end of the financial year (including any loans).

Example:

Description of related party relationship	Description of transaction	Value of transaction		Amount outstanding	
		This year \$	Last year \$	This year \$	Last year \$
John Smith is a member of our governing body and also a lawyer at Smith & Associates Law Firm	Smith & Associates Law Firm provided legal services to our charity for contract review	7,000	5,000	1,000	800

Required if applicable

Note 14: Events after the balance date

If an event or transaction occurs after the charity's financial year ends that significantly changes the information included in the Performance Report, the charity is required to disclose the event and provide an estimate of its financial impact. If an estimate of the impact cannot be made, this must be stated. The charity must also disclose if the event affects its ability to continue operating.

If this doesn't apply to your charity, use the following statement:

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

Example:

Nature of event	Estimate of financial effect	Effect, if any on the entity's ability to continue operating
Flooding	\$5,000 worth of products was destroyed	Clean up will take several weeks. There will be temporary disruption to our services over this time, but we anticipate no affect on our ability to operate long term

Required if applicable

Note 15: Ability to continue operating

If your charity plans to stop operating within 12 months of the financial year, or is likely to stop due to financial or other reasons, you must disclose this. Include the reason and estimate how it will affect the charity's assets and liabilities.

Example:

"Our charity plans to cease operations within 12 months due to financial difficulties. We have experienced significant decreases in donations and funding. We estimate that ceasing operations will result in the liquidation of assets worth approximately \$50,000, which will be used to settle outstanding liabilities totaling \$30,000. The remaining \$20,000 will be distributed to other local charities".

Required if applicable

Note 16: Correction of errors

If you have found and corrected a significant error in an earlier Performance Report, use this note to explain what the mistake was and how you corrected it.

If this doesn't apply to you, use the following statement: "There were no corrections of prior period errors."

You do not need to resubmit the corrected version of your previous report.

----- **End of the Performance Report** -----

Finalising your annual reporting

To complete your annual reporting with Charities Services you must:

- ▶ complete an [Annual Return form](#)
- ▶ provide your Performance Report
- ▶ pay a [filing fee](#)

How to submit your documents

You can submit your documents in one of the following ways:

Online

[Log in to your charity's account](#) at charities.govt.nz

Email

Send your documents to info@charities.govt.nz

Post

Mail them to:

Charities Services

P.O. Box 12138

Thorndon, Wellington Central 6144

Note: Filing online is quicker and costs less than sending your documents by email or post.

Charities Services

Department of Internal Affairs
45 Pipitea Street
Wellington Central 6011

Website

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