

Update

INTERNAL AFFAIRS



Te Tari Taiwhenua

CHARITIES

March 2013

Quick index

- A good hearing
- Seminars Up and Running!
- New factsheet gives the gen on financial reporting
- ‘Holding out’ sentencing a first
- A legal view to check out
- A time to be neighbourly!
- Creative New Zealand Chair appointed
- Be a fundraising early bird
- It’s time to Mix and Mash
- Revised proposals on auditing for larger charities
- Non government sector visits for Minister
- Social bond seminars for Christchurch and Dunedin
- Your charity and tax

A good hearing



Hello everyone

In February Charities went before the Social Services Select Committee to discuss our work. They gave us a good hearing.

This was our first time appearing as a Department of Internal Affairs business division, as previously we reported to them on behalf of the Charities Commission which no longer exists.

Members of the [Select Committee](#) were particularly interested in hearing how Charities operates now it sits within the Department and our upcoming work programme to further support all of you in the charities sector. The committee was pleased to hear the transition is going well and we are making the most of the opportunities of being in a larger organisation.

We are now working more closely with people in Community Operations as we have a great deal in common; both of us geared towards assisting people and organisations working in the charity and not-for-profit sectors across New Zealand. This means that there are some overlaps where we can and have been working together to be more efficient and customer centric.

As well as pooling resources we can also draw on the expertise of the Department in other areas such as HR, finance and legal. We are working with the regulatory compliance teams across the Department to adopt a consistent compliance framework. We have also eliminated the registration back log, which is a major win for all of us.

Being in the Department has also allowed us to have a closer relationship with Ethnic Affairs, particularly in Christchurch with 22 February being the second anniversary of the devastating earthquake there reminding us of the important role charities continue to have as the city rebuilds.

February was also the month when sentencing was handed out in the 'holding out' case won by Charities last year. This is an important decision for the sector as it shows the public can have trust and confidence in charities, as those that purport to be a registered charity, and are not, are liable to a fine of up-to \$30,000.

Both Charities and the judiciary take the matter of 'holding out' very seriously. This is somewhat of a land mark case being the first time we have taken action for this type of offence.

Greater transparency and raising trust and confidence across the sector is behind the proposed new financial reporting standards for not-for-profits. After 1 April 2015 New Zealand charities will be required to complete their annual financial report to new specified standards.

Financial accountability is important to any organisation and particularly so in the charity sector which depends on the public's good will to carry out much of its work. The proposed new standards will make it easier for you to tell the story about your charity – what you do, how you do it and who benefits as a result.

A nationwide programme of seminars is currently underway giving you the opportunity to find out more about the standards, how you can provide feedback and make a [submission](#). We are working in collaboration with the Association of Non-Government Organisations of Aotearoa (ANGOA) and the External Reporting Board (XRB) on these.

More information about the seminars is in this newsletter and on our [website](#).

Brendon

Nāku noa, na, cheers

Brendon Ward

General manager, Charities

Seminars up and running!



nar."

"Great seminar."

"For our marae using the templates will make it so much easier to file our accounts."

"As a non accountant this will be easy to follow."

"Thank you to all you organisations coming together to bring us this semi-

"Excellent! About time! Highly necessary."

These are just a few of the comments from people attending one of 24 free consultative seminars being run up and down the country to update them on the proposed new financial reporting requirements for charities and not for profits.

The proposed new accounting standards are designed to assist charities tell their story in a clear and transparent way using both financial and non-financial information, says Tony Dale, Chief Executive of the External Reporting Board (XRB).

“While the requirements for the standards don’t take effect until 1 April 2015 feedback is wanted by 28 June this year,” he said. “We are keen to hear what people think about the proposed simple format reporting standard, including whether they are easy to follow and understand.

“We are encouraging people to make submissions on the proposed changes and the more they know the easier this process will be.

“We are running seminars nationwide at 16 locations from Invercargill to Whangarei, aiming to reach a wide cross section of charities. Some sessions are already fully subscribed so I urge those who are thinking about coming along to [book online](#) as soon as possible.”

Running until May the programme kicked-off in Gisborne on Friday 1 March with sessions the following week in Wellington and Lower Hutt. More bookings can be taken for those in Auckland, Whangarei, Napier, Palmerston North, Wanganui and New Plymouth. The [schedule](#) also includes several south island venues.

[ANGOA](#) – the Association of Non-Government Organisations of Aotearoa and DIA Charities have partnered with the [External Reporting Board](#) (XRB), the organisation responsible for setting New Zealand’s financial reporting standards and the [Ministry of Business, Innovation and Employment](#) to run the seminars.

“By working in partnership we have been able to pool our knowledge and resources to deliver these seminars and support the people in the charity and not-for-profit sector,” says Pitsch Leiser, DIA Charities Regional Advisor Capability.

“It’s important for community organisations to understand the pending changes and have the opportunity to ask questions, give their feedback and make a submission.

“The seminars are being run in a dynamic way, giving people the opportunity to ask their questions,” he said.

Geoff Connor, Principal Advisor with the Ministry of Business, Innovation and Employment says all registered charities will need to comply with the new standards, as outlined in the [Financial Reporting Bill 2012](#), when they become law.

“Other not-for-profit organisations will be able to choose whether or not to adopt them,” he says.

“Charities will need to report general information about their entity, including their outcomes, and then provide the financial information such as money in and out, and their assets and liabilities.”

Representing ANGOA Megan Thomas says the proposed new reporting is a real plus for the sector as it provides clarity on what the reporting requirements are for charities.

"We want as many organisations as possible to be represented at the seminars, because while it will be mandatory for those charities which are registered to report to the new standards it could be really beneficial to the wider sector," she says.

"Clarity and lack of duplication around regularity requirements is essential.

"These standards are about charities telling the story of: Who they are? Why they exist? What they do? When they did it? What it cost? How it was funded? And what do we need to continue?

"As well as providing clarity the proposed framework includes guidelines and an easy to use template to help them with the reporting."

ANGOA will also be producing a report on the issues raised at the sessions, as well as writing a submission. When ready these will be published on the [ANGOA website](#), so the information can be used to support your submission.

The development of this new financial reporting framework as an important one for the accountability of not-for-profit entities in New Zealand; we want everyone to be as fully informed as possible and to have a say by making a submission before the 28 June 2013 deadline.

You can find out more on the [Charities website](#), see what's what on [YouTube](#) and make a submission at: submissions@xrb.govt.nz

New factsheet gives the gen on financial reporting

Just exactly how will the proposed new financial reporting standards for not-for-profit- organisations affect your organisation?

A new factsheet put together by the DIA Charities education team in conjunction with the External Reporting Board (XRB), charged with monitoring the proposed changes, will help give you the inside running.

[The proposed new financial reporting standards for not-for-profits: how will they affect registered charities](#)? factsheet covers what will happen when the changes come in after 1 April 2015.

Currently most charities are not required to meet any particularly standard of reporting, but after 1 April 2015, all will be required to complete annual financial reports to a specified format.

While four levels of reporting are proposed most charities on the Charities Register will only need to complete one of the simple format reports. You will have access to a simple template in non-accounting language to assist you with this. You probably want to know whether the changes will affect annual returns. With this in mind DIA Charities are currently looking into the options for changing the online annual returns to reflect the proposed XRB requirements to ensure any additional compliance is kept to a minimum.

Check out the XRB website: www.xrb.govt.nz for more information and pop along to one of the nationwide [seminars](#) to find out more.

'Holding Out'

After pleading guilty to four charges of 'holding out' late last year Charity Barns

sentencing a first

Limited has now been sentenced in the Christchurch District Court. ‘Holding out’ is when a non-registered organisation purposely implies or says that it is a registered charity, misleading people into thinking that it has registered charity status, when it hasn’t. Holding out is prohibited under the Charities Act 2005.

Holding out is a serious offence, reflected by the penalty the Act allows of a fine of up to \$30,000. This is Charities’ second prosecution under the Act and the first for the holding out offence.

A legal view to check out

Individuals and charities are welcome to check out the fortnightly New Zealand Law magazine, [NZLawyer](#) Online, to check out articles relevant to the charity and not-for profit sector in New Zealand.

Hastings lawyer Mark von Dadelszen’s writes a regular [column](#) on societies and charitable trusts.

A time to be neighbourly

This year’s [Neighbour Day Aotearoa](#) (NDA) is just around the corner with the nationwide programme aimed to turn streets into neighbourhoods all go on the weekend of 23-24 March.

After discovering that planned neighbourhood celebrations were becoming commonplace worldwide, self-confessed community advocate Rebecca Harrington sought to establish a similar annual campaign in New Zealand, one that honoured our diverse and rich cultural heritage.

Initially launched in Auckland in 2009, Neighbours Day Aotearoa became a nationwide initiative in 2011. NDA continues to be a catalyst for thousands of kiwis in getting to know their neighbours.

Anyone can take part with local councils providing information about the day and what’s on in your area.

Creative New Zealand Chair appointed

Dr Richard Grant has been appointed chair of the Arts Council of Creative New Zealand, Minister for Arts, Culture and Heritage Christopher Finlayson has [announced](#).

Dr Grant replaces Alastair Carruthers, who has continued in the role pending new legislation which replaces the current governance structure with a new unitary Arts Council of New Zealand Toi Aotearoa.

Mr Finlayson said Dr Grant’s strong understanding of Crown governance provides leadership to the Council in the transition period. He thanked Alastair Carruthers for his contribution during his many years of service to Creative New Zealand. During this time Creative New Zealand has worked to ensure the stability of key arts infrastructure organisations while also supporting the emergence of new groups.

Dr Richard Grant has had a distinguished diplomatic career for over 40 years working with the New Zealand Ministry of Foreign Affairs and Trade in Europe, Australia, the Pacific, and Asia. With a strong interest in arts and culture, Dr Grant has also been executive director of the Asia New Zealand Foundation.

Be a fundraising early bird

The Fundraising Institute of New Zealand is giving people the opportunity to up-skill and find out more about fund raising in its upcoming Wellington conference.

The conference aims to cover the latest in fund raising innovation and new research that's changing the way not-for-profits operate and bring in funds.

With more than 25 sessions and overseas speakers from the UK, USA and Australia (including the UK's non-profit marketing expert Adrian Sargeant), you'll find out from some of the world's top non-profit experts the latest trends.

The conference is being held from 8-10 May, at the Amora Hotel in Wellington and the early bird rates are open until 22 March. Find out more and register at: www.finz.org.nz/2013con

It's time to Mix and Mash

You and your charity have the opportunity to tell your story by participating in this year's Mix and Mash competition.

[Mix and Mash 2013: The New Storytelling](#) aims to show that great things happen when creative and talented Kiwis get their hands on New Zealand content and data.

The invitation is up for those wanting to find open content and use it to tell stories that are amazing or important, real or unreal. Entries can take any form – be it a new visualisation, a piece of writing, a video or any other creation that shows off striking arguments or imagination.

This year's competition follows on from successful competitions run in [2010](#) and [2011](#). Digital luminaries like Harvard's [Laurence Lessig](#) have praised the initiative. In 2010, Daniel Pietzsch [won](#) with a [terrific site](#) on walking through New Zealand, where you can browse and search for walking tracks and can get information on where a track is, the elevation profile, and includes photos taken on some of the walks.

In 2011, "[a story about a woman](#) who made a difference", reusing Archives New Zealand data, was one of [the winners](#). Professor Lessig said this digital story was: "Simple, clean, unbelievably compelling".

The competition is in three stages with closing dates in May, August and November, with Supreme Awards at the end. The first, themed *Stories about the Past*, is open until May 10.

The [Mix and Mash Content Pools](#) aims to assist people with their ideas and you can find out about the judging criteria [here](#).

Spread the word about your charity and be in to win a Showcase Award of \$500 and a \$2000 Supreme Award at the end of the year.

Mix and Mash 2013 is run jointly by the National Library and Creative Commons Aotearoa New Zealand.

Non-government sector visits for Minister

Community and Voluntary Sector [Minister Jo Goodhew](#) visited a number of North American non-government organisations after attending the United Nations Commission on the Status of Women (CWS) from 4-6 March.

Mrs Goodhew attended meetings with a number of organisations relevant to her Community and Voluntary Sector portfolio in New York, Washington DC and Toronto.

"My focus will be on learning about cutting edge work that is being undertaken in the non-government sector in North America that is relevant to the Government's priorities for the community and voluntary sector, in particular social finance and social enterprise, support for volunteering and government-community relationships," she said.

Mrs Goodhew attended CWS in her capacity as Minister of Women's Affairs.

Revised proposals for auditing for larger charities

In February Commerce Minister Craig Foss released a second discussion document on measures to improve financial accountability in the charities sector.

The document sets out audit and assurance requirements for large and medium-sized charities. It follows a consultation on tentative proposals drafted last year, which ANGOA (the Association of Non-Government Organisations in Aotearoa) facilitated consultation on in several cities throughout New Zealand.

"The consultation showed widespread support for improved auditing and assurance of financial statements and agreement that these measures would increase accountability in the charities sector," said Minister Foss. "However, concerns were raised that the requirements captured too many charities and that these charities were not resourced to meet the new demands."

"These concerns have been taken into account in this discussion document and I look forward to hearing feedback on the revised proposals," says Mr Foss.

Under the proposals, charities with operating expenditure of \$1 million or more would be required to have an audit completed. Those with operating expenditure of \$400,000 to \$1 million could voluntarily obtain an audit or a review.

Check out the Minister's statement: <http://www.beehive.govt.nz/portfolio/commerce> and the Discussion Document: <http://www.med.govt.nz/have-your-say>
See ANGOA's July 2012 [Report following the first round of consultation here](#)

Social Bond seminars for Christchurch and Dunedin

Ministry of Health and Treasury are currently looking at what types of social bond mechanisms the government may like to consider for New Zealand.

Social Bonds are new and innovative ways of funding that move away from traditional grants and contracts. By June 2013 a report will be prepared for Cabinet outlining what social bond mechanisms could be suited to the New Zealand market.

The Social Bond seminar, bought to you by ANGOA (the Association of Non-Government Organisations in Aotearoa) the Ministry of Health and the Treasury,

gives you an opportunity to find out more about social bonds, hear from Ministry of Health and Treasury staff what is currently being considered, ask questions and give your feedback. The seminar is designed for community organisations interested in understanding and exploring social bonds.

Check out the seminar locations and times:

Christchurch: Thursday, 7 March, 1.30 to 4pm:

<http://chchsocialbond.eventbrite.co.nz/>

Dunedin: Friday, 8 March, 9 to 11.30am: <http://dunsocialbond.eventbrite.co.nz/>

As places are limited you need to register; please click on the seminar you would like to attend to be taken to the booking system. For more information contact Megan Thomas at megan@kolthoffthomas.com

The seminar presentation is available from the [ANGOA News page](#) and you can also complete the survey at: <http://www.surveymonkey.com/s/7JF2GGY>

Information about the tax system in New Zealand for not-for-profit organisations is available on the [Inland Revenue website](#).

You can find out about registering to be eligible for [tax concessions](#), whether or not your organisation meets the requirements for [donee status](#) and about the tax rules for [trusts and estates](#).

Find out if you are liable to pay [GST and income tax](#) and whether or not you qualify for an income tax exemption and in the [Not-for-Profit Glossary](#) you can also find out more about the terms and words commonly used.

Your charity and tax

INTERNAL AFFAIRS

Te Tari Taiwhenua

CHARITIES

Update is a regular newsletter of the Department of Internal Affairs.

If you prefer, you can read it on our website: <http://www.charities.govt.nz/news/newsletter/>

If you wish to subscribe or unsubscribe, please add or remove your email address from the Newsletter Group on www.charities.govt.nz