

A QUICK GUIDE TO



The simple Tier 4 reporting template

Note: The performance report needs to be completed using one of the official languages of New Zealand.

As a registered charity you must file an annual return form and a performance report that meets current reporting standards. These are due no later than six months after the end of your financial year.

The External Reporting Board have created a simpler template for small tier 4 charities. This guide is intended to be read alongside that template, providing definitions and examples for the key items.

This simple reporting template is made for small Tier 4 charities. You may have:

- ▶ a single bank account;
- ▶ few or no other significant resources (the things you own such as cars, land or buildings);
- ▶ few or no significant commitments (the things you owe such as bank loans); and
- ▶ not entered into other complex transactions (such as multi-year grants or controlling businesses).

Charities that wish to include additional information in their reports (e.g. if requested by funders) can still use the full Tier 4 Reporting Template to report optional information.

As the simple reporting template is a lot shorter than the full reporting template, we have taken the key concepts from our Tier 4 Guide and put them here for your reference. If you are stuck on anything, refer to our full guide for further help.

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Statement of Receipts and Payments

The purpose of the Statement of Receipts and Payments is to report all the money received (receipts) and paid out (payments) by your charity for all its activities during the financial year. This statement also shows how much money your charity had at the beginning and the end of the financial year.

An easy way to think about it is that the statement of receipts and payments is a summary of your charity's bank statements for the year.

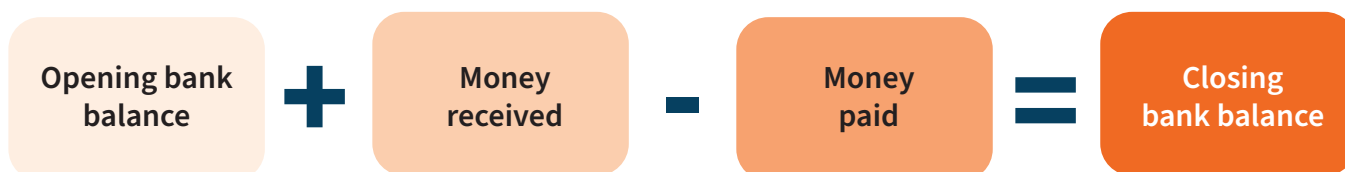
Your charity needs to group its receipts and payments into the categories below.

Category	Explanation	Examples
Operating receipts		
Donations, fundraising and other similar receipts	<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 20.</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 receipts, include the total of any money raised through fundraising activities.</p>	<ul style="list-style-type: none"> - <i>Donations: Money donated to you by an external sponsor, etc.</i> - <i>Fundraising receipts: Annual appeals, bingo/quiz nights, cake stalls, sausage sizzles, raffles, fundraising dinners, galas/fairs, car boot sales, sponsorship, sporting events, etc.</i>
Fees, subscriptions and other receipts from members	If your charity has a membership base, include here the total amount received from your members.	<i>Membership fees, subscription fees, donations/koha and fundraising received from members, or money received from your members for goods or services provided.</i>
Receipts from selling goods or providing services	The total amount received from selling goods or providing services.	<ul style="list-style-type: none"> - <i>Income from the hiring out of children's car seats.</i> - <i>Grants that are a contract for the delivery of goods or services.</i>
Bank account interest and other investment income	Total money received from investments that your charity has.	<i>Interest from the bank or dividends from investments.</i>
Other receipts	<p>The total of other money received.</p> <p>If your charity is registered for GST and the information you're entering in this section is GST exclusive, you will need to record the net GST here.</p>	<i>Insurance payout, royalties, GST (if registered for GST and recording information as GST exclusive).</i>

Section	Explanation	Examples
Operating payments		
Fundraising costs	Total payments made to cover costs for fundraising activities.	Venue hire, promotion and marketing, koha for equipment borrowed, cost of prizes, fees or commissions paid to third party fundraisers, cost of sausage sizzle supplies (sausages, sauces, bread, etc).
Payments to employees and volunteers	If your charity employs staff or has volunteers, enter the total of all related payments to them here.	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.
Payments related to providing goods or services	Total payments made that relate to providing goods or services by your charity.	Utilities (rent, rates, power, telephone), IT (computer) costs, insurances, repairs, maintenance, stationery, photocopying, printing, postage/courier costs, software costs, cleaning.
Grants and donations paid	If your charity distributes funds through paying grants or donations, enter the total of these here.	Grants paid, scholarships paid, donations made, contributions made, other philanthropic giving.
Other payments	The total of any other payments you made that don't fit into the categories above.	Interest payments, affiliation fees, audit fees, bank fees.

Balancing your Statement of Receipts and Payments

The Statement of Receipts and Payments should reflect the movement in your charity's bank balance for the year. Your charity's opening bank balance plus receipts less payments will be equal to your closing bank balance.



We have provided an Example below:

Statement of Receipts and Payments			
For the Year Ended: 31 December 2020			
Operating Receipts		Current Year	Last Year
Donations, fundraising and grants		70	110
Fees and other receipts from members		200	300
Receipts from selling goods or providing services		-	130
Bank account interest and other investment income		5	10
Other receipts		0	-
Total Operating Receipts	Money received	275	550
Operating Payments			
Fundraising costs		50	50
Payments to employees and volunteers		-	-
Payments related to providing goods or services		75	100
Grants and donations paid		100	-
Other payments		150	150
Total Operating Payments	Money paid	375	300
Operating surplus/(deficit) for the year		-	100
Plus opening total of all bank accounts and cash on hand	Opening bank balance	350	200
Closing total of all bank account balances and cash on hand	Closing bank balance	250	350

Statement of Resources and Commitments

The purpose of the Statement of Resources and Commitments is to provide a snapshot of your charity's significant resources and commitments at the end of your financial year.

What is "significant"?

You only need to record resources and commitments that are **significant**.

Significant is an accounting term that means you need to use some judgement. A resource or commitment is significant if including or excluding it from your performance report could change a reader's overall understanding of your charity. What is 'significant' will be different for each charity. For example something that is significant for a small charity may not be significant for a larger charity.

What are Resources and Commitments?

Resources are what your charity owns and what is owing to it. Commitments are obligations to others and what the charity owes at the end of its financial year.

Schedule	Type	Examples
Resources	Bank Accounts and cash	<i>Cheque account, savings account.</i>
	Money held on behalf of others	<i>If you have partnered with another organisation to work on a joint project and you are holding the funds.</i>
	Money owed to the entity	<i>Unpaid invoices, interest due, grants promised but not yet received, GST refunds.</i>
	Tangible resources	<i>Land and buildings, motor vehicles, computers, software, furniture, office equipment, stock/inventory.</i>
	Investments	<i>Shares, bonds, etc.</i>
Commitments	Money payable by the entity	<i>Rent payable, rates payable, utility accounts, wages and salaries payable, payments owing to IRD, interest payable, grants payable by your charity that have been approved but not yet paid, loans payable.</i>
	Other commitments	<i>Lease or rental agreement that you have committed to pay, commitment to provide loans or grants, cash received for a future event.</i>
	Guarantees	<i>A charity acts as a guarantor for a loan.</i>

Related party transactions

The Tier 4 standard requires charities to report 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.

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).

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).

Example of related party transaction

Describe related party	Describe transaction	This year	Last year
Hemi Tamihaua is a member of the governing body and also owns ABC Training Ltd.	ABC Training Limited was involved with the oversight of a new training programme for the charity.	\$2,000	\$0