

Email and website comments received on the Tier 3 and Tier 4 Consultation Documents

Respondent Name	Feedback	Form of submission
Wharenui School PTA (Karen McNaught)	<p>Why is the threshold for small Tier 4 organisations so low @ \$10,000?</p> <p>The gap between \$10,001 and \$140,000 is still massive.</p> <p>We as an organisation turning over approx \$20,000 still do ALL our work with volunteers.</p> <p>We are still in a whole different league to those even over \$60 ,000!</p> <p>At a quick glance I don't think it will make much difference to us at all. Still lots of work and stress.</p> <p>It would be helpful if you wrote the proposed amendments in plain English, please.</p> <p>PS, we also have limited recourses and find it difficult to attract and retain volunteers who understand and have the time to do the Annual Reporting Standards.</p>	Email
Sustainable Whanganui Trust (Graham Pearson)	Great to read that Tier 4 being made simpler, accounting language taken out and a special category for small cash groups	Email
Peter Robinson	<p>Good afternoon</p> <p>I act for a number of charitable trusts and am a trustee in some.</p> <p>I have looked through the drafts and proposed changes.</p> <p>My comment is I feel the \$10,000.00 figure is outdated and too low as a trigger point. I suggest \$25,000.00 would allow the sort of low-end compliance simplicity that seems appropriate without adversely affecting the underlying intention of having more public transparency.</p> <p>A \$10,000.00 trigger could see one off activities resulting in small charities finding themselves dragged into the higher levels of reporting with all the time, cost and responsibilities that involves. Examples would be a fund raiser to assist with travel and uniform costs for a youth sports team to attend a national tournament. Or to buy replacement instruments for a school brass band. Or for some new playground equipment at the local kindergarten. These days you do not get much for \$10,000.00 in these areas.</p>	Email
Cliff Wilson	As volunteer treasurer for 2 charities, I am happy with the status quo and the changes proposed.	Email

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	I prefer status quo, but amendments are also acceptable.	
Craig Thompson	<p>Hi XRB</p> <p>Just a quick note :)</p> <p>Oh my... I recently had a look at the reporting requirements and wow... a load of work. I guess someone thinks people running small charities (and accounting firms) sit about twiddling their thumbs, watching day TV soaps and drinking tea all day and launder loads of cash for unsavoury organisations.</p> <p>My partner and I work 7 days a week and are both on "salaries" that are below minimum wage. A large amount of my time is spent applying for little sums of money here and there and then having to account for every cent and report this back to funders... if it's not up to standard we won't get another round of funding. It's bad enough having to deal with funders saying "too many pages in the application" or someone else nitpicking because it was too vague, the budget was too complex, opinions about the viability of projects in the area.... grumpy committee members with hangovers maybe?</p> <p>I have started a review of the reporting and I don't think we could get by with Tier 4... anyway Tier 4 does not seem much different to Tier 3 reporting requirements and we do practice accrual rather than cash for most things... especially with Grant payments arriving after the approval dates and allowing us to use them before rather than later.</p> <p>So given Tier 3 is up to 2 million, I guess these groups have the staff available for full time reporting? Unfortunately for smaller groups like us it's just me doing a lot.</p> <p>Why is it that a standard End of Year report from our accountants is not sufficient?7</p> <p>Thanks for my opportunity for a rant/ramble...</p>	Email
Waikanae Christian Holiday Park	<p>I find it interesting that the tier levels have not changed in about 7-8 yrs and yet obviously inflation has increased significantly over that time. I don't understand why the levels have not moved up on a scale system like most Govt Departments seem to do. So for us as tier 3 we need expenses under \$2M which is fine except all expenses have gone up significantly. I feel it unfair that it is not adjusted each year and personally I feel our tier 3 expenses should be \$160k- \$2.3M now just based on inflation and cost increases over the past 7-8 yrs.</p> <p>Come on Charities Services, it's time to review this and put a structure in place for the future.</p>	Website
Paul Franken	Anything that makes feedback simpler and easier is good for charity such as us, FAB cc38610. The less confusion the better.	Email

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	<p>Just an example is on page 3 of the proposed amendments (At a glance tier 4)" These requirements marked with a square cross symbol are not mandatory". Could at least read: 'those requirements marked with a triangle symbol are not mandatory'. And does that have to be a forbidding red? Green or orange would be more appropriate.</p> <p>Thanks</p>	
David Preston	<p>Dear Charities Services,</p> <p>You have asked for input on accounting standards for Tier 3 and Tier 4 charities.</p> <p>As someone involved in reporting for a tier 4 charity (a church congregation) I note that a problem is the low level at which tier 4 turns into the more complex tier 3 requirements. Tier 3 requirements are too complex for many people. It becomes a source of worry if your expenditures are approaching the edge of the transition from level 4 to level 3. This transition approaches rapidly in a high inflation period like the present.</p> <p>The problem for many small groups such as ours is that they rely on people without accounting qualifications to act as Treasurers. Consequently, the accounting system need to be kept simple (and also at a level the ordinary members can understand). This is mostly about the level and composition of receipts and spending, and the assets and liabilities of the entity.</p> <p>Hence, I would propose</p> <p>1). The level for transition from tier 4 to 3 be set at \$200, 000 operational expenditure.</p> <p>2). It be indexed to the CPI and reviewed annually.</p>	Charities Services
James Hill	<p>I wish to make a submission regarding the need for a Review or Audit for "expenses" in excess of \$550,000 in any two successive years.</p> <p>Expenses include donations made for charitable purposes and this gives distorted behaviours. We have to load one year and then reduce normal giving for the next year to ensure that we do not incur added costs. Such costs reduce the funds available for charitable purposes. The standard has always been based on poor logic for this reason.</p> <p>Audits and Reviews should not be imposed on the basis of the amount of charitable giving.</p> <p>Our charitable trust does not raise any funds from the public or from any external sources (no government or other such grants etc.).</p>	Email

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Renewal Trust	<p>Whatever is the final demands by Charities Services on small charities for reporting, I am not at all confident, it should decrease the amount of time needed to do what they want.</p> <p>With no resources, oily rags are the normal.</p> <p>So keep the demands low and the reports short and sweet.</p>	Website
Peninsula Club Residents Association	It was a very easy process.	Website
NZ Society of Genealogists (Kilbirnie Branch)	<p>We are small community organisation which operates from members' annual subs and a small amount of interest on bank accounts. Turnover is much less than \$10,000 pa.</p> <p>Any simplification to our reporting obligations is greatly appreciated, as there is minimal value to other parties from our operations.</p>	Website
Southland Mangaia Club Incorporated	It is a good idea	Website
Wallath Trust	In regards to "reserves" how are charities meant to distinguish between endowments, where the capital sum and possibly some retained income, are not to be spent so as to provide a steady stream of annual income on into the future, and current funds, which will be spent reasonably quickly?	Website
Don Hargrave	<p>As a retired accountant, I prepare 2 x Tier 4 Reports and review or audit two more.</p> <p>While yielding a lot of desirable information, the Performance Reports are incomprehensible to many non-financial people who are involved in operating these entities. I've seen totally inadequate accounts presented and, in fact, minutes of AGM's held with NO financial information presented.</p> <p>Suggestions:</p> <ol style="list-style-type: none"> 1. A set of Financial Statements as presented to and approved by the entity at its Annual General Meeting, and certified as such, be a filing requirement. 	Charities Services

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	<p>2. A positive Statement signed by all the Committee, Trustees, etc certifying as to all or any benefits received by them, or any associate or relative, from the entity during the period under review.</p> <p>3. Charities Services should do some monitoring. I reckon a blank sheet of paper could be filed and no-one would query it. I've seen Accounts filed with "Suspense" items on the "Balance Sheet".</p> <p>From newspaper reports, there is a lot of money going missing and unaccounted for. Your reporting standards to not highlight this problem.</p>	
Age Concern Marlborough Inc	<p>Agree with removal of outputs and outcomes, that seems to be the biggest confusion for many I talk to.</p> <p>Also agree with proposed separation of grants and contract income as this will provide more clarity to readers of reports. With most entities using accounting packages now, this reporting will not require any additional skill base.</p>	Website
Fred Dryburgh	<p>Dear XRB People</p> <p>Overall, I think the suggestions for simplified reporting put forward by XRB make sense and I appreciate the pragmatic approach taken.</p> <p>Certainly, I appreciate that there are many small tier 4 entities in the country with many volunteers having to meet those requirements and achieving a balance in terms of compliance & meaningful standards is difficult</p> <p>So hats off I think the changes are good 😊</p> <p>Only one thing that challenges my puritanical mind is removing the need for a statement of Resources & Commitments. I think such a statement is useful in providing a picture of the position of the entity. The existing template the XRB supplies is quite straight forward and put in simple easy to follow language.</p> <p>Being a registered Charity should be seen as a privilege or a certain status so having some requirements around reporting does not seem unfair. As acknowledged in your presentation any changes to reporting requirements need to synch in with Charities commission annual return requirements to keep the compliance burden as light as possible for this sector</p> <p>By way of disclosure most of my professional life I have worked in accounting so perhaps I underestimate how much burden the requirement for a statement of resources & commitments places on volunteers...</p>	Email
Allister Campbell	<p>For feedback for the Tier 4 reporting standards. I have found them very thorough and helpful.</p>	Email

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	<p>The only suggestion is that rounding variance be taken into account. The amounts are rounded to the nearest dollar so the calculated amount in R&P 18 could differ by a few dollars from the actual amount in R&P 20 and the check will pick this up. A line for rounding variance could allow for this.</p>	
Whanganui Creative Space	<p>Just some comments as requested on the Tier 4 proposed reporting amendments. Please be careful when using jargon that it will be intelligible to volunteers such as myself who are running charities. Untangling "Outputs" and "Outcomes" was enough to set the brain spinning, so pleased those terms are going. How about "Performance Report", my brain can't cope with that either, why not simply "End of year report to Charities".</p> <p>Also I have no idea what "cash based standards" are, no one uses cash, are we using cash based standards?? Perhaps you could get a non accountant, elderly charities volunteer to vet the wording in future. When I log in to the site for our Charity, the yearly return is there waiting to be filled in but does not include a page headed Statement of Service Plan. When I queried this I was emailed the whole 5 part return again including the SSSP. Of course this sent the whole return awry as I didn't know how I should add the SSSP to my otherwise completed return. In the end I didn't manage to add it at all and it disappeared completely. Please make the whole return simple for volunteers such as myself who are not necessarily very computer literate.</p>	Website
Bayswater SeniorNet	<p><u>On behalf of Bayswater SeniorNet. (C22747) Tier 4.</u></p> <p>From a read of the summary of proposed changes, it makes good sense to simplify the reporting commitments of Tier 4 entities - particularly the reduction of reporting for entities with payments less than \$10,000.00 per year.</p> <p>The comment about small Tier 4 entities often having difficulty in sourcing volunteers to complete the reports is very apt.</p> <p>However I personally have become sufficiently familiar with the current Tier 4 requirements that they don't present an issue.</p> <p>Kind Regards, Robert Simmonds. (Committee)</p>	Email
Joe Macky	<p>Hello,</p> <p>I recently completed the report for the charitable trust I am part of. It's only a small charity consisting of an endowment in favour of the Unitarian Church. The activity is the investing of the principle and consulting with the church to plan how the trust can support it in line with the original intent of the settlor.</p> <p>The changes proposed seem fine to me.</p>	Email

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	<p>My frustration with the report arises because I no longer use a desktop/pc. I only have an iPad which works fine for my other, mostly personal, financial processing. But Tier 4 performance reporting doesn't seem to work on the ipad. I had to do some work arounds. Took a lot of time and was very frustrating.</p> <p>Cheers, Joe Macky 027 220 5650 Joemackyccc@gmail.com</p>	
Waikato Farmers Trust	<p>Good afternoon,</p> <p>The Waikato Farmers Trust are in support of the proposed changes to the Tier 3 Public Sector reporting requirements.</p> <p>Kind regards,</p> <p>Lucy Cook Executive Assistant</p> <p>WAIKATO FARMERS TRUST</p>	Email
Rosemary Lister	<p>Good afternoon,</p> <p>I have just finished my Tier 4 Charities Services Annual Return and Performance Reports. I am always pleased to note that the Annual Return shows the figures for last year for comparison purposes. How happy I would be if the Performance Report could as a first choice be combined so there would be just the ONE entering of figures, thus the previous year's information would be magically there too! It would make life so much more straight forward, rather than the present duplicated system. Second choice would be to still send two reports, but both would have the ability to show the previous year's information. It seems to me that all that is happening is that probably two different people are viewing the same figures, when one could be gainfully occupied on other duties.</p> <p>Sincerely Rosemary Lister</p>	Email

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Matthew Wall	<p>As a CA specialising in the not for profit/charitable sector, I support the majority of proposed changes.</p> <p>I do have one potential suggestion that might further make things clearer for organisations.</p> <p>I feel the addition of a 'small' tier-4, whilst clearly defined, might lead to unintended confusion.</p> <p>Why not just add a Tier-5?</p> <p>Thanks Matt</p>	Website
Phillip Trounson	<p>Hi Anthony</p> <p>Could I please one further contribution concerning the <u>Statement of Cash Flows</u>.</p> <p>What concerns me, based on recent experiences with Tier 3 charities, is the time having to spent on presenting a meaningful Statement of Cash Flows. My concern is only the <u>operating activities</u> part of the cash flows. I can see this could become a major issue if the proposed updates in A158 are implemented.</p> <p>Background – unlike the figures in both the Statement of Financial Performance and Statement of Financial Position, the cash flow figures have to be reconstructed. The figures in both the Statement of Financial Performance and Statement of Financial Position come from mapping the balances from the ledgers (or cash book columns) and can be a relative easy task if the proper columns are set up. Xero, MYOB and other accounting packages can ensure that this process runs smoothly and that the classifications of each ledger account balance in to the proper categories occur for the end of year performance report. However, for cash flow figures, although some accounting packages have a mapping process, the figures derived from this process have to be re-done to provide proper disclosure of cash flows. It is this area that, unfortunately, most Chartered Accountants struggle with and the figures cannot be taken simply from totals already in the accounting records.</p> <p>The proposed expansion of the operating receipts and operating payments in A158 is going to make this exercise harder. Instead of splitting grant funding receipts into separate categories and splitting payments to suppliers, volunteers and employees into separate categories, I am wondering if this area can be left as it is under the existing Tier 3 standard. The extra time effort in splitting the operating receipts and payments further will, I believe, not be worth the potential benefit by providing the additional information. This is especially so since the revenue and expense figures under the required categories already provide the key information to readers in the Statement of Financial Performance.</p>	Email

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	<p>To illustrate the point, I use an example. Typically, to calculate <u>operating payments</u> for <u>payments to suppliers, volunteers and employees</u> it currently involves starting with total expenses shown in the Statement of Financial Performance. From this figure, depreciation is deducted and any other non cash expenses, then deduct any items disclosed separately in the cash flows, adjusting for opening and closing creditors and accruals, prepayments and stock on hand. GST impacts on both opening and closing creditors etc and any creditors that were for asset purchases (investing activities) need to also be factored in. This is already quite an exercise for many charities. The recommendation to split further by showing payments related to volunteers and employees and payments for commercial activities from other payments related to service delivery is going to involve having to analyse components of creditors (at both the beginning of the year and the end of the year) in considerable detail to split them into the appropriate categories. While materiality levels still apply to the cash flow figures, this will be a major exercise for many charities simply to derive the figures. I have to question whether such an effort will be worthwhile.</p> <p>I would be grateful if this matter could also be considered along with our earlier submission.</p> <p>Many thanks</p>	
Gavin Evans	I may be tired as I am currently organising our biggest event on the calendar year - but the proposed new standard and template I looked at seem no different from what I currently use to report?	Website
Susan Sonntag	<p>I made a submission using the form, but thought of something I had missed.</p> <p>In one of the forums I attended there was mention of separating out Capital Grants. I note that there is a separate line proposed for Capital Grants in Statement of Financial Performance.</p> <p>The issue we have is that a grant for a capital project increases revenue to the extent that it will look like a surplus for the year, when in fact there is an operating loss.</p> <p>Serac Ski club is very grateful to Pub Charity for the grant to replace the aging roof on our Whakapapa ski lodge. Due to the very warm winter we have had, we will have quite an operating loss this year, but the \$40k grant will mean we have a surplus in Statement of Financial Performance. While a financial analyst would readily spot that deducting the capital grant would turn the reported surplus into a deficit, and I will certainly point this out in my commentary, none the less, a person looking at the reported bottom line will still see a surplus.</p> <p>Taking a Capital Grant directly to a separate line in the Accumulated Funds section of the Statement of Financial Position would get around this issue.</p>	Email

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	<p data-bbox="465 264 1294 293"><i>After asking about alternative Statement of Financial Performance Format</i></p> <p data-bbox="465 331 1789 391">Yes – that would be perfect. It would enable the operating surplus to be distinguished from the overall surplus in a simple manner. Most readers of our financial statements are not financial analysts.</p> <p data-bbox="465 429 1337 458">I shall watch progress on the proposals with interest. I may be an early adopter.</p>	