



*Te Kāwai Ārahi Pūrongo Mōwaho*  
**EXTERNAL REPORTING BOARD**

Making doing good easy

**The new Tier 4 (NFP) Standard**

**External Reporting Board Webinar**

27 June 2023



# Your presenters today



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# Our Vision



New Zealand prospers through effective decision making informed by high-quality, credible, integrated reporting

## **Not-for-profit (NFP) context**

The wellbeing of New Zealanders, our communities and environment is strengthened by setting minimum reporting requirements that retains trust and confidence across the entire NFP sector



# Introduction



We've made some big improvements to the Tier 3 and Tier 4 Standards

## Tier 4 Standard

- Simple cash-based reporting
- Annual operating payments less than \$140k

## Tier 3 Standard

- Simple accrual-based reporting
- Annual expenses less than \$2m

# Introduction

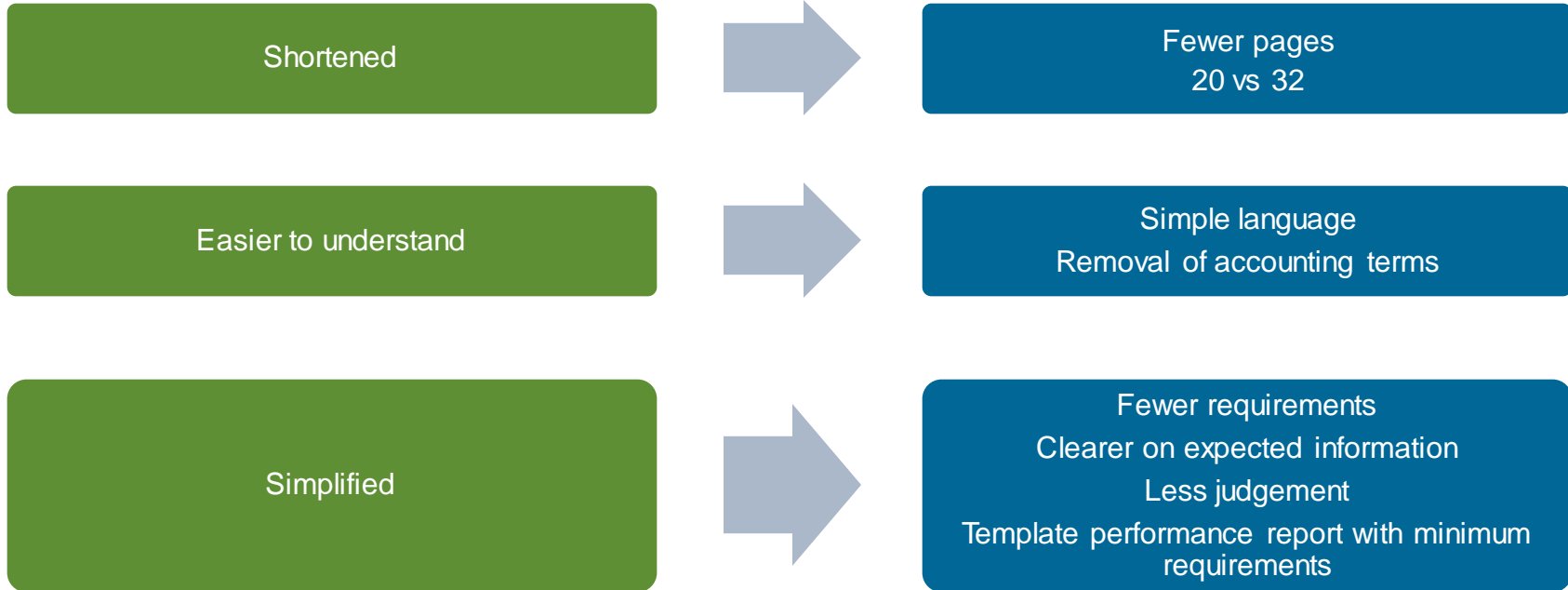
## Presentation overview

- Overview of Tier 4 reporting requirements
- Quick walkthrough of each section:
  - Entity information
  - Service performance information
  - Cash received and cash paid
  - Notes – 4 parts
- Commencement date
- Questions



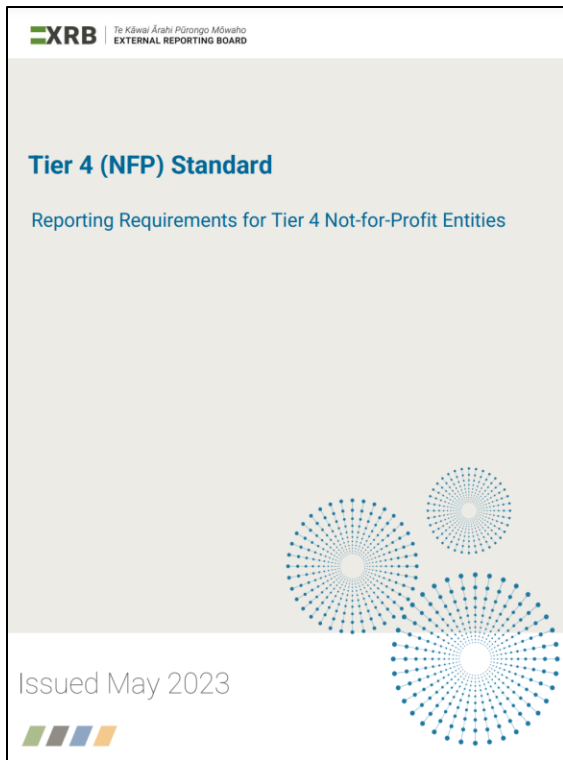
# Focus of changes

A focus on making the reporting requirements easier and simpler to apply, while also ensuring an appropriate level of minimum information is reported



# New Tier 4 (NFP) Requirements

[Make doing good easier » XRB](#)



20  
pages



3  
pages

# Overview of Tier 4 reporting requirements



Four sections

Entity information



Who you are

Service performance information



What you did in the year

Cash received and cash paid



Summary of bank transactions for the year

Notes



Other information

- Significant assets
- Significant liabilities
- Related party transactions
- Correction of errors



# Entity Information

Entity information



Who you are

## Requirements

- Your organisation's legal name
- Legal form of entity

## Sources

- Constitution
- Charities Register

## Example

### ANNUAL PERFORMANCE REPORT

Organisation name Silverstream Food Bank

For the year ended 30 June 2023

### Entity information

Legal name of entity Silverstream Food Bank (2023) Incorporated

Type of entity Incorporated Society and Registered Charity

# Service performance information

## Requirements

- Describe your main activities for the year
- Quantify, if possible

## Sources

- Consider what you have done in the year to achieve your objectives

Service Performance information



What you did in the year

## Example

### Statement of Service Performance

Description of main activities undertaken during the past year	Quantity	
	Current year	Last year
Number of food parcels delivered in the year	1,357	899
Number of free meals provided at soup kitchen	5,894	4,946

# Cash received and cash paid

Cash received and cash paid



Your bank transactions

## Requirements

- To explain :
  - where cash came from; and
  - how it was spent
- Groups transactions into categories

## Sources

- Bank statements
- Other cash transactions

Operating Activities

Other Activities

# Cash received and cash paid

## Cash received

### Key categories:

- General Grants
- Service Delivery Grants/Contracts
- Commercial activities

*Only required to use relevant categories*

*Categories can be renamed*

Cash received  
and cash paid



Your bank  
transactions

### Example

	Current year	Last year
	\$	\$
<b>Opening balance in bank account(s) and cash on hand</b>	3,695	2,567
<b>Plus cash received from operating activities</b>		
Donations, koha, bequests and other fundraising	25,948	26,895
General grants received	5,000	6,000
Service delivery grants/contracts	-	-
Membership fees and subscriptions	-	-
Sale of goods or services (commercial activities)	-	-
Interest or dividends received	95	126
Other cash received	45	80
<b>Total cash received from operating activities</b>	<b>31,088</b>	<b>33,101</b>

# Cash received and cash paid



Cash received and cash paid



Your bank transactions

## Cash paid

### Key categories:

- Employee remuneration
- Commercial activities
- Other costs related to delivery of entity objectives

*Only required to use relevant categories*

*Categories can be renamed*

Example

	Current year	Last year
	\$	\$
<b>Less cash paid for operating activities</b>		
Fundraising costs	250	450
Employee remuneration and other related costs	14,000	16,000
Volunteer related costs	400	364
Costs related to sale of goods or services (commercial activities)	-	-
Other costs related to delivery of entity objectives	12,348	14,693
Grants and donations paid	500	600
Other cash paid	80	120
Total cash paid for operating activities	27,578	32,227
GST paid or refunded in the year	-	-
<b>Cash surplus or (deficit) from operating activities</b>	<b>3,510</b>	<b>874</b>

# Cash received and cash paid

## Other activities

### Key categories:

- Purchase or sale of assets
- Cash received from loans or paid to repay loans

*Only required to use relevant categories*

*Categories can be renamed*

### Example

	Current year	Last year
	\$	\$
<b>Plus: Cash received from other activities</b>		
Sale of investments (Auckland Airport Shares)	-	1,200
Sale of other assets (Office equipment)	400	600
Cash received from loans and borrowings	-	-
Total cash received from other activities	400	1,800
<b>Less: Cash paid for other activities</b>		
Purchase of investments (Government Bonds)	2,000	-
Purchase of other assets (Office equipment and computers)	1,200	1,546
Repayment of loans and borrowings	-	-
Total cash paid for other activities	3,200	1,546
<b>Cash surplus or (deficit) from other activities</b>	(2,800)	254
Income tax paid or refunded (if applicable)	-	-
<b>Increase or (decrease) in cash for the year</b>	710	1,128
<b>Closing balance in bank account(s) and any cash on hand</b>	4,405	3,695

# Notes

## Purpose

- Provide other key information about your organisation

Significant assets



Other things your organisation owns

Significant liabilities



Amounts your organisation owes to others

Related party transactions



Transactions with close relationships

Correction of errors



To fix any significant errors from the previous year

# Notes – Significant assets

## Purpose

- Provide information about other assets (things you own)
- Only the categories listed
- Amount, if easily available

## Sources

- Invoice or contract for purchase
- Rateable value for land and building
- Sale price estimate for vehicles
- Investment statements

## Significant assets

Information about significant assets held is required based on applicable lines below.

Description of asset	Current year	Last year
Land and buildings	-	-
Vehicles	-	-
Investments (shares, bonds, units in managed funds)	-	-
Amounts loaned to other organisations or persons	-	-

Note here whether the total monetary amounts included in the current year (and last year) columns are based on the total amount paid or an estimate (best guess) of the current value of assets held. Where an estimate of the asset is provided, disclose what this was based on (e.g. rateable values for buildings).



# Notes – Significant liabilities

## Purpose

- Provide information about amounts your organisation owes to others
- The categories on the right are the only ones required

## Sources

- Bank loan statements
- Other agreements to borrow funds

### Significant liabilities

Information about significant amounts owed to external organisations or individuals is required based on applicable lines below.

Description of significant liabilities	Current year	Last year
Loans and other borrowings	-	-
Amounts borrowed from other organisations or persons	-	-
Money held on behalf of others	-	-

# Notes – Transactions with close relationships

## Close relationships (related parties) include:

- Trustees or board members and their close family members
- Senior management positions (such as general managers) and their close family members
- Any other people or organisations that have the ability to direct and make decisions about what your organisation does

## Requirements

- Required to disclose information about significant transactions with close relationships in the year, including:
  - Nature of relationship
  - Description of transaction(s) entered into during the year
  - Total amount of transactions
  - Outstanding amount at end of the year
- If there were no close relationship transactions, then no information is required to be provided

# Notes – Transactions with close relationships

## Example

Description of close relationship	Description of transaction	Cash received/(paid) during year		Amount owing from/(to) close relationship	
		Current Year	Last Year	End of current year	End of last year
Example: Board member	Payment for building roof repairs	(12,000)	-	(6,000)	-
Example: Close family of Board member	Payment for cleaning services	(7,000)	(5,000)	-	-
Example: Board member	Loan to support establishment of charity	-	20,000	20,000	20,000

Or

There were no transactions involving closing relationships during the year. (Last year - Nil)

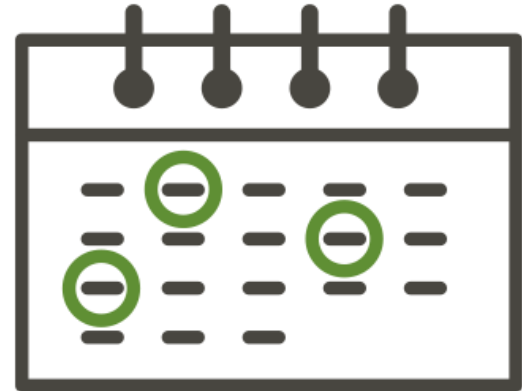
# Commencement date

## Mandatory application date

- First period beginning on or after 1 April 2024
- i.e., periods ending 31 March 2025

## Earlier application permitted

- Periods ending after 15 June 2023





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# Questions?



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