



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

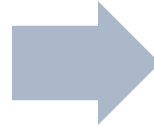
- Overview of Tier 4 reporting requirements
- Quick walkthrough of each section:
 - Entity information
 - Service performance information
 - Cash received and cash paid
 - Notes – 4 parts
- Commencement date
- Questions



Focus of changes

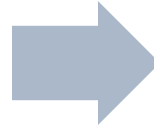
A focus on making the reporting requirements easier and simpler to apply, while also ensuring an appropriate level of minimum information is reported

Shortened



Fewer pages
20 vs 32

Easier to understand



Simple language
Removal of accounting terms

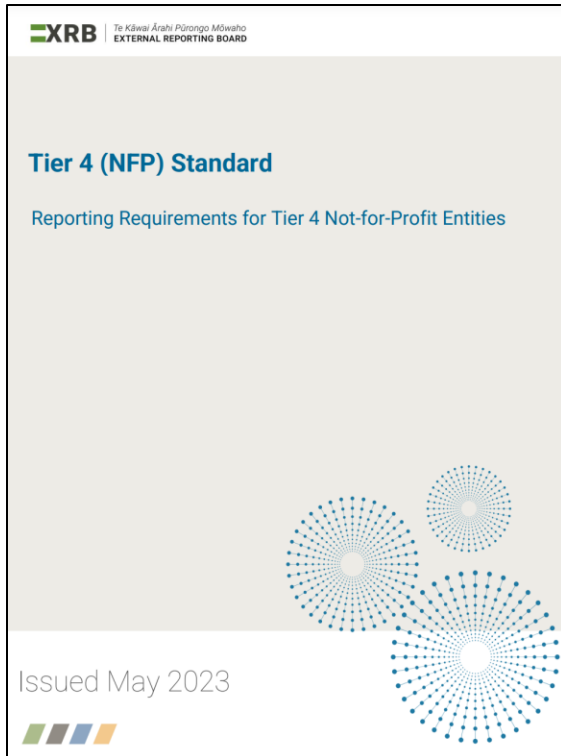
Simplified



Fewer requirements
Clearer on expected information
Less judgement
Template performance report with minimum requirements

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
	\$	\$
Opening balance in bank account(s) and cash on hand	3,695	2,567
Plus cash received from operating activities		
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
Total cash received from operating activities	31,088	33,101

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
	\$	\$
Less cash paid for operating activities		
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	-	-
Cash surplus or (deficit) from operating activities	3,510	874

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
	\$	\$
Plus: Cash received from other activities		
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
Less: Cash paid for other activities		
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
Cash surplus or (deficit) from other activities	(2,800)	254
Income tax paid or refunded (if applicable)	-	-
Increase or (decrease) in cash for the year	710	1,128
Closing balance in bank account(s) and any cash on hand	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)

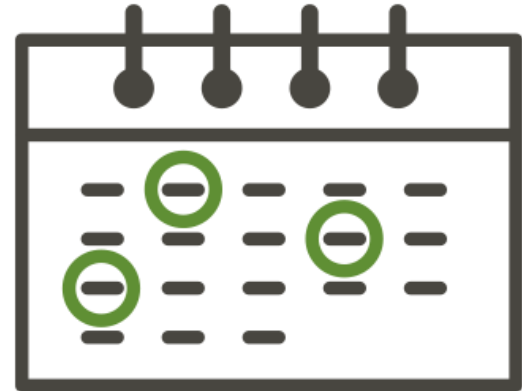
Commencement date

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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