

**CHARITIES
SERVICES**

Ngā Rātonga Kaupapa Atawhai

Charities Services, n.d.[a]



Annual Reporting to Charities Services

A guide for Tier 3 charities



Are you a Tier 3 charity?

Charities now have to use new reporting standards which are organised into tiers. This guide has been prepared **specifically for Tier 3 charities**.

You can report using Tier 3 if:

- ▶ your charity's annual expenses are under \$2 million, and
- ▶ your charity has no public accountability (i.e. your main activity isn't holding cash or assets for people. For example, your charity doesn't offer financial services, budgeting services, life insurance, credit union, superannuation, etc.), and
- ▶ your charity uses accrual-based accounting (as opposed to cash-based accounting).

If you're unsure on the above or require more explanation, please refer to page 7 of this guide for detailed information.

Note: You may choose to report under Tier 3 if your annual expenses are under \$125,000 (the threshold for using the Tier 4 standards) but your charity prefers to use accrual accounting.

Before you begin...

Please check that you have the following information for your charity. This will come in handy as you follow this guide.

Item/Action	Enter the details here
Your charity's full name	
Your charity's registration number (CC number) <i>You can find this number on the Charities Register. Go to www.charities.govt.nz and click on "Search the Register".</i>	CC
Login details for your charity's account (accessed from the Charities Services website www.charities.govt.nz) <i>You can use your charity's CC registration number for the username.</i>	Username: Do you know the password?
Your charity's balance (end of year financial) date <i>See page 6 for details.</i>	
The due date to file your Annual Return <i>See page 6 for details.</i>	
Financial information from the previous year (e.g. financial statements, annual report, bank statements)	
Financial information for the year you're reporting for (e.g. spreadsheets, cashbook, bank statements, software reports)	
A copy of your charity's rules (e.g. your constitution, trust deed, governing documents, etc.) <i>(Available on the Charities Register. Go to www.charities.govt.nz and click on "Search the Register")</i>	
Check if you require an audit or review. <i>See page 36 for details.</i>	

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About Charities Services

Charities Services, Ngā Rātonga Kaupapa Atawhai, is part of the Department of Internal Affairs and is legislated by the Charities Act 2005. Our role is to promote public trust and confidence in the charitable sector, and to encourage effective use of charitable resources. We do this by registering and monitoring charities, and by requiring registered charities to report annually. We also encourage good governance and management practices by providing educational support, advice and materials.

Introduction

This guide helps **Tier 3 charities** understand the requirements of reporting each year to Charities Services.

Registered charities report to Charities Services every year and in April 2015, new reporting standards came into effect that change the way charities do this.

In this guide, we'll explain the process and how charities will report using the new reporting requirements.



To help you prepare your charity's annual reporting, this how-to-guide has room for you to add your charity's information.

What are the new reporting standards and why have they been introduced?

Not dependent on Tier

The Charities Act 2005 now requires that all registered charities submit a report each year that complies with new reporting standards written by the External Reporting Board (XRB), the independent Crown Entity responsible for writing accounting standards. The standards have been developed:

- to improve the quality and consistency of the information provided by charities
- for charities to have a clearer overview of how they are doing year by year
- to make it easier for readers to get the information they need from charities

The new reporting standards now determine the information charities need to provide as part of their annual reporting. This is a legal requirement for all registered charities.

What's changed?

The main change is that your charity now needs to submit a Performance Report instead of any other type of financial information previously supplied (e.g. financial statements, annual accounts or bank statements) with the yearly Annual Return to Charities Services.

The Performance Report includes financial and non-financial information about your charity. You'll need to collect and prepare the information for this report and compile it so that it meets the requirements of the new reporting standards.

When does your charity need to report?

Charities file their Annual Return along with their Performance Report within six months of their balance date.



The balance date is the date that your charity's financial year ends.

	Your charity's balance date (financial year end)	Date 6 months after your balance date	Deadline to submit your charity's Annual Return with Performance Report (one day after the 6 months)
Example 1:	31 March 2016	30 September 2016	1 October 2016
Example 2:	30 June 2016	31 December 2016	1 January 2017
Your charity:			

How to report to Charities Services

Each step is explained in detail in this guide.

STEP 1 Confirm your charity's tier

Reporting to Charities Services now uses a tiered system based on your charity's annual expenses. Refer to page 7 to check what tier your charity needs to use.

Note that this guide has been created for Tier 3 charities.



STEP 2 Prepare your charity's Performance Report

As part of the Annual Return process, your charity must now submit a Performance Report instead of any previous financial information it provided to Charities Services.

Refer to page 10 for detailed information on how to prepare your charity's Performance Report.



STEP 3 Complete your charity's Annual Return

There is some additional information required in the Annual Return.

Refer to page 37 for more details on what you need to gather.



STEP 4 Finalise your charity's annual reporting

Complete your Annual Return form and attach your Performance Report.

Refer to page 40 for details on how to do this.

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