

Lunchtime CHARITIES SERVICES
WEBINAR SERIES

STATEMENT OF CASH FLOWS FOR TIER 1, 2 AND 3 CHARITIES

The webinar will begin shortly.

- Make sure your computer is un-muted
- We recommend using headphones for better sound quality

CHARITIES SERVICES
Ngā Rātonga Kaupapa Atawhai

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INTRODUCTION



WELCOME

Julia Fletcher will present the webinar on the Statement of Cash Flows for Tier 1, 2 and 3 charities.

Julia is a Chartered Accountant with a background in audit and business advisory at Deloitte. One of her roles is to help charities and the sector get to grips with the new reporting standards. Julia has a strong interest in the not-for profit sector including research at university and volunteering for several different charitable organisations as treasurer.

www.charities.govt.nz
www.facebook.com/CharitiesServices

LOGISTICS

Can you hear us?

- Make sure your computer is un-muted (bottom right hand side of your screen)
- Make sure Go To Webinar is unmuted
- If you experience too much echoing or distortion, try using headphones, or you can watch the recording of the webinar later
- Occasionally the sound drops out depending on your internet connection. Wait and see if it comes back, or watch the recording later
- View our website: www.charities.govt.nz
- Email us: NRS.charities@dia.govt.nz

Overview

- What's the purpose of the Statement of Cash Flows?
- How we do it
- Example
- Questions

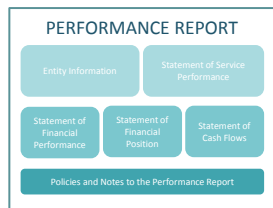


Do I need to do a Statement of Cash Flows?

- The Statement of Cash Flows is mandatory for Tiers 1, 2 and 3
- This webinar will focus on the format of a Statement of Cash Flows for **Tier 3**
- Although we will use the format of a Tier 3 cash flow, the principles of calculation will also apply to Tiers 1 and 2
- If you are Tier 4, you do not need to do a Statement of Cash Flows. Your Statement of Receipts and Payments covers this.

TIER 3 PERFORMANCE REPORT

- 2 **non-financial** statements →
- 3 **financial** statements →
- Notes to provide more information →



FINANCIAL INFORMATION

The diagram consists of three teal rounded rectangular boxes arranged horizontally. The first box on the left contains the text 'Statement of Financial Performance'. The middle box contains 'Statement of Financial Position'. The third box on the right contains 'Statement of Cash Flows'. The boxes are connected by thin lines, suggesting they are interrelated components of financial information.

What's the purpose of the Statement of Cash Flows?

- To show how much actual cash went through the charity
- Removes non-cash accounting entries e.g. depreciation
- Accounting surplus vs. cash at bank
- The Statement of Cash Flows will clearly show whether more cash was received or spent for the year

How do we do it?

- In Tier 3, there are minimum categories that cash receipts (money paid into the bank), and cash payments (money paid out of the bank) must be sorted into
- We recommend using the optional template to make sure you get the format correct
- The objective is to get the cash receipts and the cash payments, to reconcile to the closing bank balance

Optional Template

	Actual* This Year \$
Cash Flows from Operating Activities*	
Cash was received from:	
Donations, fundraising and other similar receipts*	
Fees, subscriptions and other receipts from members*	
Receipts from providing goods or services*	
Interest, dividends and other investment receipts*	
Net GST	
Cash was applied to:	
Payments to suppliers and employees*	
Donations or grants paid*	
Net Cash Flows from Operating Activities*	
Cash Flows from Investing and Financing Activities*	
Cash was received from:	
Receipts from the sale of property, plant and equipment*	
Receipts from the sale of investments*	
Proceeds from loans borrowed from other parties*	
Capital contributed from owners or members*	
Cash was applied to:	
Payments to acquire property, plant and equipment*	
Payments to purchase investments*	
Repayments of loans borrowed from other parties*	
Capital repaid to owners or members*	
Net Cash Flows from Investing and Financing Activities*	
Net increase / (decrease) in Cash*	
Opening Cash*	
Closing Cash*	
This is represented by:	
Bank Accounts and Cash*	

Optional Template – Operating Activities

	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
Cash Flows from Operating Activities*			
Cash was received from:			
Donations, fundraising and other similar receipts*			
Fees, subscriptions and other receipts from members*			
Receipts from providing goods or services*			
Interest, dividends and other investment receipts*			
Net GST			
Cash was applied to:			
Payments to suppliers and employees*			
Donations or grants paid*			
Net Cash Flows from Operating Activities*			

Optional Template – Investing and Financing Activities

	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
Cash flows from Investing and Financing Activities*			
Cash was received from:			
Receipts from the sale of property, plant and equipment*			
Receipts from the sale of investments*			
Proceeds from loans borrowed from other parties*			
Capital contributed from owners or members*			
Cash was applied to:			
Payments to acquire property, plant and equipment*			
Payments to purchase investments*			
Repayments of loans borrowed from other parties*			
Capital repaid to owners or members*			
Net Cash Flows from Investing and Financing Activities*			

Optional Template – Reconciliation of Opening and Closing Bank Balances

	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
Net Increase / (Decrease) in Cash*			
Opening Cash*			
Closing Cash*			
This is represented by: Bank Accounts and Cash*			

How do we do it?

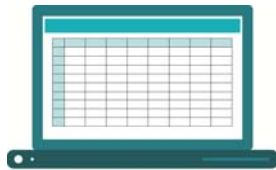
You do not need to go back through the bank statements, there is an easier way...

Amount recorded in the Statement of Financial Performance
PLUS
Movements in the Statement of Financial Position
MINUS
Non-cash movements (e.g. depreciation)
EQUALS
Cash Flows

Example

XYZ Charity
Tier 3 Performance Report
31 March 2016

Follow along with me now!



Helpful Links

- **Link to our blog posts** http://bit.ly/charities_blog
- **New Reporting Standards** http://bit.ly/charities_NRS
- **E-mail** NRS.charities@dia.govt.nz



QUESTIONS?

Ask us now or email us on nrs.charities@dia.govt.nz