

Lunchtime CHARITIES SERVICES
WEBINAR SERIES

MINIMUM CATEGORIES FOR TIER 3 & 4 CHARITIES

The webinar will begin shortly.

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

CHARITIES SERVICES
Nga Rāroanga Kaupapa Atawhai

INTERNAL AFFAIRS
Te Kaitiaki Take Kōwhiri

CHARITIES SERVICES
Nga Rāroanga Kaupapa Atawhai

INTRODUCTION



WELCOME

Francesca Ephraim will present the webinar on Minimum Categories today.

Francesca is a Regional Advisor in the Capability team at Charities Services. She also worked for the Charities Commission and has extensive experience in the not-for-profit sector.

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

DO I NEED TO USE THE CATEGORIES?

- Tier 3 and 4 – use the categories
- Tier 1 and 2 – do not need to use the categories

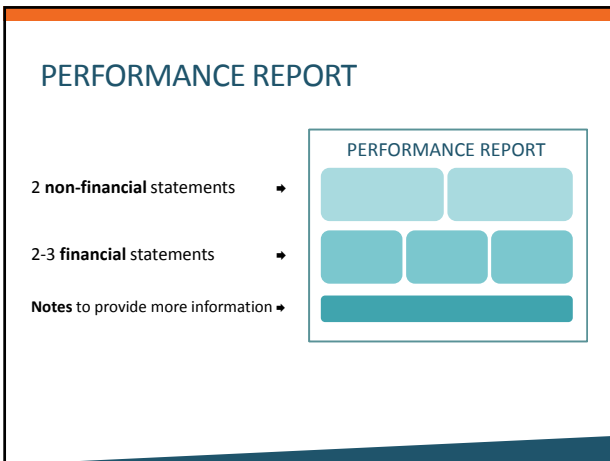
OVERVIEW

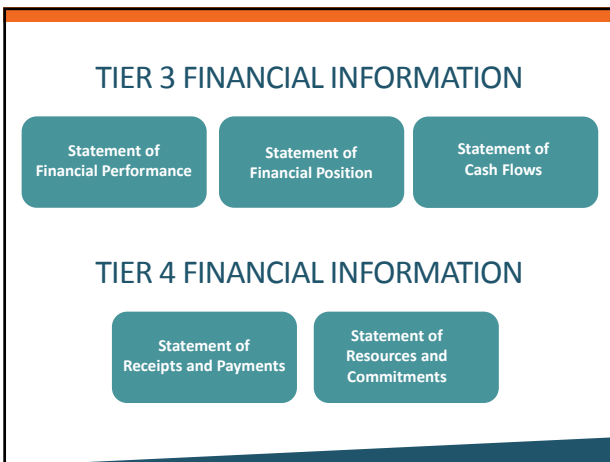
- What are Minimum Categories?
- Tier 3 Minimum Categories
 - Statement of Financial Performance
 - Statement of Financial Position
 - Statement of Cash Flows
- Tier 4 Minimum Categories
 - Statement of Receipts and Payments
 - Statement of Resources and Commitments
- Questions



WHAT ARE MINIMUM CATEGORIES?

- Transactions must be grouped under certain headings
- High level overview – a detailed list of all the transactions is not required
- Helps to tell a charity's story - readers can quickly understand where money came from and where it was spent
- Mandatory for Tiers 3 and 4





TIER 3 Statement of Financial Performance	TIER 4 Statement of Receipts and Payments
Revenue Categories	Operating Receipts
<ul style="list-style-type: none"> Donations, fundraising and other similar revenue 	<ul style="list-style-type: none"> Donations, fundraising and other similar receipts
<ul style="list-style-type: none"> Fees, subscriptions and other revenue from members 	<ul style="list-style-type: none"> Fees, subscriptions and other receipts from members
<ul style="list-style-type: none"> Revenue from providing goods or services 	<ul style="list-style-type: none"> Receipts from providing goods or services
<ul style="list-style-type: none"> Interest, dividends and other investment revenue 	<ul style="list-style-type: none"> Interest, dividends and other investment income receipts
<ul style="list-style-type: none"> Other revenue 	<ul style="list-style-type: none"> Other operating receipts

RECORDING GRANT INCOME

- No separate category for grants – must record the grant within the category that best matches the purpose of the grant.
- General operation (including capital items) – “Fundraising, donations and other similar revenue”.
- Delivering a service, goods, a project or a programme – ‘Revenue from providing goods or services’.

TIER 3 – GRANTS WITH CONDITIONS

- Money may need to be used for a stated project. If money is left over at the end of the project, then the grant must be returned – eg has a use or return condition.
- If use or return condition, unspent portion must be recorded as a liability.

TIER 4 – GRANTS WITH CONDITIONS

Grants or donations with conditions attached, which have not been fully met at the end of the financial year?

The charity needs to state:

- The amount of the grant or donation and the amount for which conditions have not been fully met; and
- The purpose and nature of the condition and what portion of the condition(s) has not been met.

MEMBER AND NON-MEMBER REVENUE

Needs to be recorded separately.

A member is:

- Clearly separate from general public (access to benefits, goods or services)
- Can be involved in decision making
- Some form of contribution towards the charity – membership fees, subscriptions, attendance expectation or volunteering

“Fees, subscriptions and other revenue from members”

- Membership fees and subscriptions
- Donations, koha or offerings from members
- Fundraising contributions from members
- Revenue from members for goods and services

QUIZ NIGHT – MEMBERS AND NON-MEMBERS

75% of the money will be recorded in the category ‘Fees, subscriptions and other revenue from members’.



25% of the money will be recorded in the category ‘Donations, fundraising and other similar revenue’.

Notes section:

“Revenue from the quiz night was split as follows: 25% from non- members and 75% from members”.

KOHA AND DONATIONS

- Koha – unconditional gift – similar to a donation
- Stop and think - what is the purpose or reason it was given? Then record this in the category that reflects the type of koha or donation.
- Community class receives koha to attend – considered a payment for the class rather koha – “Revenue from providing goods or services”.
- Use the category consistently in future – can explain why you decided to record koha or donations in a certain category so it is clear to readers.

EXPENSES

TIER 3 Statement of Financial Performance	TIER 4 Statement of Receipts and Payments
Expense Categories	Operating Payments
• Expenses related to public fundraising	• Payments related to public fundraising
• Volunteer and employee related costs	• Volunteer and employee related payments
• Costs related to providing goods or services	• Payments related to providing goods or services
• Grants and donations made	• Grants and donations paid
• Other expenses	• Other operating payments

RECORDING GST

- GST registered – can record amounts as including GST or excluding GST.
- Need to be consistent throughout the Performance Report and from one year to the next.
- Not GST registered – all amounts with GST included.
- Need to state in the Statement of Accounting Policies whether the amounts are recorded including or excluding GST.

CAN WE CHANGE OR DELETE CATEGORIES?

- You can't change the type of information that must be reported within each category.
- You can split a category and rename it to make it more meaningful for your charity
- Example: A charity that provides classes and sells education books, might want to rename the category 'Revenue from providing goods or services' to 'Class fees and book sales'
- If a category doesn't relate to your charity – delete the category!

REVENUE AND EXPENSES **MUST** BE REPORTED SEPARATELY USING THE CATEGORIES

- You cannot record the difference between these two amounts. If you want to show the profit of a particular activity, you can do this in the Notes to the Performance Report.
- If you had a movie night, you would need to record the money received for ticket sales from the public under "Donations fundraising and other similar revenue" and the payments for the venue, catering and prizes etc under "Expenses related to public fundraising".

HELPFUL LINKS

- New Reporting Standards http://bit.ly/charities_NRS
- E-mail – NRS.charities@dia.govt.nz
- Phone – 0508 242 748
- Sign up to our Newsletter & Blog
- Like us on Facebook (@CharitiesServices)



ANNUAL REPORTING GUIDES

- Annual Reporting to Charities Services
- Download a specific guide for Tier 3 and Tier 4



QUESTIONS?

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