

# Additional Financial Reporting Disclosures for Charities from 2016 (Tiers 1-3)

From Financial Years ending 31 March 2016 onwards registered Charities are required by the Charities Act to comply with Financial Reporting Standards issued by the External Reporting Board.

Your organisation will need to decide which Tier to report under. The lowest possible Tier you can report under with expenditure of \$125,000 or more is Tier 3.

At the moment your Financial Statements are showing:

- An accrual-based **Statement of Funding** (also called Statement of Financial Performance, Income Statement or similar).
- An accrual-based **Statement of Reserves** (also called Statement of Financial Position or Balance Sheet).
- **Notes**

In some cases they may also show the following:

- Statement of Accounting Policies (in future required for all Tiers).
- Statement of Changes in Equity (in future only required for Tier 1 +2).
- Entity directory (probably not compliant with any Tier in future).

In addition to the Statement of Funding and Statement of Reserves, the following **additional information** is needed for future audits or when putting together your Statements from next year onwards:



- **Statement of Cash Flows**
- **Statement of Changes in Equity (Tier 1 and 2 only)**
- **Entity Information (Tier 3 only):**
  - Your purpose (e.g. from your Trust Deed or Rules)
  - Description of how you operate (including governance).
  - Main method of how you raise funds
  - Your reliance on volunteers (perhaps an estimate of weekly hours)
  - Note: the '**entity directory**' prepared by some accountants and organisations at the moment is **not sufficient**.
- **Outputs (Tier 3 only):**
  - Quantifiable outputs, such as number of workshops/events held; number of participants; trees planted etc. **Only if the information is 'practicable' to obtain.**
  - **Outcomes (Tier 3 only):**
    - A description of achievements that relate to your organisation's mission.
- **Related Party Transactions:**
  - Related parties are any person or organisation that potentially has influence over your operations, such as Board/Committee members and their spouses or children; 'parent' bodies; employees or volunteers, or similar. Transactions between related parties and the organisation **must be disclosed** if (a) they are significant or (b) they are below 'market value' (significant or not). This includes gifting of time for professional services by such persons.
- **Donated Assets, Goods or Services**
  - Information about any significant donated assets for which you have no reliable dollar-value.
- **Details about Unexpended Grants**
  - In addition to a dollar value for each grant you received which is not fully expended at the end of the year, a description of what the balance has to be spent on is also required.

## Further Information

The list on the previous page is information that CCA will need in addition to what you already supply us with each year. [It is not a full list of all the disclosures required.](#)

CCA will publish information regularly in its newsletter and on its web site as March 2016 approaches. Remember, we are here to help you.

The full Financial Reporting Standards are available from the XRB web site: [www.xrb.govt.nz](http://www.xrb.govt.nz)

The web site also has a template for Tier 3 reports. CCA does not recommend using this template, but it may be helpful if you are preparing your Statements yourself.