CHARITY PERFORMANCE REPORTING

WHAT'S IT ALL ABOUT?

There is no doubt about it – registered charities perform a critical role in New Zealand society. As we head into the Christmas season, this role is more apparent than ever, with calls for children's Christmas presents, canned goods and voluntary assistance for those who are less able to afford to celebrate the festive season in style. It is a good feeling to be able to help those in need. But how do we determine which charities we dedicate our time, money and Christmas spirit to?

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NEW ZEALAND'S REGISTERED CHARITIES HAVE recently adopted new reporting requirements. For the majority of charities this includes reporting on the goods and services achieved over the past year and what they cost to deliver. This is referred to as 'Performance Reporting'. It is a fantastic way for charities to be able to let funders, volunteers, recipients and the wider community know a bit more about the charity, and to describe why they should be involved.

The New Zealand public sector has been reporting its service performance for a number of years now and is considered to be leading the way internationally. Think of your local council and the information that you can find out about their services from reading their latest annual report. This information can include the number of visitors to the local museum, swimming pool chlorination levels, and the number of building consents issued.

For the first time ever we are now seeing performance information included as part of registered charities annual reporting to Charities Services. This provides a rich array of information to help us determine where to direct our efforts. We can find out things such as the number of meals delivered to new parents or recycled from restaurants and supermarkets, the number of homeless people assisted into finding new homes and community satisfaction with the services provided.

WHAT'S REQUIRED FOR REGISTERED CHARITIES?

The new reporting requirements differ based on the size of the entity, so that smaller charities, who are often more reliant on volunteer time to prepare their financial statements and performance information, have less onerous reporting requirements than larger, and often more complex, charities.

The performance reporting standard for the larger charities, reporting in accordance with Tier 1 and 2, was approved by the New Zealand Accounting Standards Board in November 2017. This standard, PBE FRS 48 Service Performance Reporting, does not take effect until 2021, although charities can elect to apply the standard earlier than this. A summary of registered charity performance reporting requirements is provided below:

<table>
<tr><th></th><th>TIER 1*</th><th>TIER 2*</th><th>TIER 3*</th><th>TIER 4*</th></tr>
<tr><td>Size threshold</td><td>Total expenses over $30 million OR Public accountability</td><td>Total expenses between $2 million and $30 million</td><td>Total expenses less than or equal to $2 million</td><td>Total operating payments less than or equal to $125,000</td></tr>
<tr><td>Longer term performance reporting requirement</td><td colspan="2">Provide users with sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this.</td><td>Outcomes: What the entity is seeking to achieve in terms of its impact on society. These are likely to be closely related to the mission/ purpose reported in the entity information section of the performance report.</td><td>Not required to be reported.</td></tr>
<tr><td>Annual reporting</td><td colspan="2">Provide users with information about what the entity has done during the reporting period in working towards its broader aims and objectives.</td><td colspan="2">Output reporting: The entity should describe, and quantify to the extent practicable, the goods or services the entity has delivered during the year. The statement of service performance need only include the outputs that are significant to the performance of the entity. It is not expected to include a detailed account of everything the entity does.</td></tr>
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All charities default into Tier 1, but may choose to report in another tier if they meet the criteria.

Staples Rodway has extensive expertise in performance reporting and can work with your charity to make sure that you stand out above the rest. When you can demonstrate the value your organisation provides to your community you can attract those with Christmas spirit to reach out and become involved with your charity.

INNOVATIVE PERFORMANCE REPORTING SHOWCASED

The recent Charity Reporting Awards, organised by Chartered Accountants ANZ, showcased those charities that have embraced the new performance reporting and been innovation in the way they communicate their performance to stakeholders.

WINNER
Comprehensive Care PHO

HIGHLY COMMENDED
The Electrical Training Company

WINNER
Royal New Zealand Ballet

HIGHLY COMMENDED
The Fred Hollows Foundation (NZ)

WINNER
Kiwi Community Assistance Charitable Trust

HIGHLY COMMENDED
Toy Library Federation of NZ

WINNER
The Waikato Society of Potters

HIGHLY COMMENDED
ADC Incorporated*

*ADC offers micro loans to skilled, enterprising communities in Myanmar and Malawi