

Name:

Judith Miller

Job title (if relevant):

Chief Executive

Organisation (optional):

Northern Masonic Association Trust Board

Location (optional):

Auckland

Email address:

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I am answering:

- As an individual
- On behalf of an entity
- On behalf of several entities

Which of the following best describes your role?

- Chairperson
 - Treasurer
 - Officeholder / Governing Body Member
 - Accountant
 - Auditor
 - Other (please specify)
- Chief Executive

<p>Do you have a background in commerce, finance, or accounting? <i>Including both professional experience and education</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>		
<p>Which standard(s) are you commenting on?</p>	<table border="1"> <tr> <td data-bbox="309 629 518 1025"> <p>Not-for-Profit <input checked="" type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4</p> </td> <td data-bbox="309 190 518 629"> <p>Public Sector <input type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4</p> </td> </tr> </table>	<p>Not-for-Profit <input checked="" type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4</p>	<p>Public Sector <input type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4</p>
<p>Not-for-Profit <input checked="" type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4</p>	<p>Public Sector <input type="checkbox"/> Tier 3 <input type="checkbox"/> Tier 4</p>		

Ref	Question	Response <i>(Please try to give clear reasons to support your feedback.)</i>
1	<p>What is your overall view on how the standards are working?</p> <p>To help you answer this question you might want to consider whether:</p> <ul style="list-style-type: none"> (a) performance reports prepared using the standards provide the right kind of information; (b) any new issues have emerged since the standards were issued; (c) there is anything you think we did not think about or anything we did not get right; and (d) the costs of applying the standards are higher than you expected 	<p>We have concerns with the treatment of donations.</p>

Ref	Question	Response <i>(Please try to give clear reasons to support your feedback.)</i>
3	<p>Are there any specific issues that you have encountered in applying the standards, guidance, or templates?</p> <p>If you can, please outline:</p> <ul style="list-style-type: none"> (a) the specific part of the standard, guidance, or template that you are commenting on (where relevant); (b) the types of entities affected, how many entities are affected (if you know) and the impact the issue has on them; and (c) how the issue should be addressed. 	<p>Please refer to the attached page</p>

The Foundation is a funder that historically made significant multi-year donations primarily in the areas of Research, Education, Community Health and the Arts. The current year's donation would be expensed and the balance of a multi-year donation shown as a Commitment in the Notes. This worked well.

Under Standard A80, grants and donations made are required to be recorded as an expense when the grant or donation has been approved and the recipient advised. Our auditors advised that this required all of a multi-year donation to be expensed in the year it was approved and the recipient advised.

As a result of this, the Foundation stopped funding multi-year donations.

As part of the XRB's Review of Simple Format Reporting Standards, we would like to comment on three areas of concern.

1 When the Foundation made a multi-year donation, a report was required showing satisfactory progress with the project before any additional year funds were remitted.

For a donee, under Standard A62, revenue for grants and donations that have a use or return condition attached is recorded as a liability which is reduced as the condition is met. If they have no use or return condition, it is recorded as revenue when the cash is received.

Given that we had a condition of satisfactory reporting, it would appear that a multi-year donation could potentially be treated differently by the donor and donee in that the donee may only record one year.

2 If all of a multi-year donation is expensed in the year it has been approved and the recipient advised, the figures shown for donations and creditors could be significant.

This may require a change in Tier leading to additional reporting and audit costs. More importantly, it could also result in showing a deficit in the Performance Report as the corresponding income to cover these expected donations is not recorded until some future year. This has the potential to give the wrong impression about the organization's viability to readers of the Performance Report.

3 Not funding multi-year projects has a resulting impact on the donee organizations who are now required to complete year by year applications. This involves staff spending additional time and resources on administration rather than getting on with the job. It also has the potential to lead to a shorter outlook rather than a multi-year development plan.

If the application is for a four-year postdoctoral fellowship or research project with no guarantee of funding for the full period, it is possible they will not be accepted for the fellowship or commit to the research if the full funding is not in place.

Many of the research projects we have funded, while in the name of a University, are undertaken by researchers under contract. Where a project has a timeframe spread over many years, our inability to grant the entire funds creates uncertainty and is not best practice. Previously we were able to grant funds for a multi-year project, subject only to appropriate progress being made year on year. The current practice is now to grant one year's funding and require a new application for future years which goes before our grants committee for consideration. There are unintended administrative consequences on both donor and donee through the application of this Standard and frankly we fail to see any benefit that results.