



# Staff Guidance For small charities

Reporting Categories for Cash Received and Cash Paid

A guide for small (Tier 4) charities



August 2023



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# Who is this guidance for and what can you expect from it?

## Introduction

This guide will help you report your cash received and cash paid using the Tier 4 (NFP) Standard. We will show you some examples of common cash transactions and where they belong in the report. You can use this guide to make your financial reporting easier and clearer.

This guide is not a complete manual, and it may not cover everything. The main thing is to show your organisation's financial activities honestly and accurately, even if some transactions are hard to categorise.

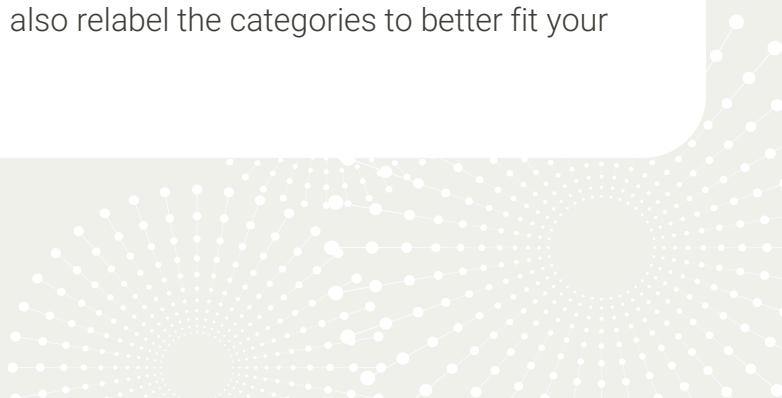
We hope this guide is useful for you. If you have further questions or need more help a list of other resources is included at the back of this guide.

## 1. Cash Received from Operating Activities

When we talk about "Cash Received from Operating Activities", we mean the money that your organisation brings in through its main activities. This is the cash that you receive as a direct result of doing what your organisation is set up to do. For not-for-profit organisations, this might include things like donations, grants, or income from selling goods or services.

### Important note

Before we dive into the categories, it is important to note that you only need to use the categories that apply to your organisation. If a category does not apply, you can simply leave it out. You can also relabel the categories to better fit your organisation's activities.



**Table 1: Categories of cash received from operating activities**

Category	Explanation	Examples
Donations, Koha, Bequests, and Other Fundraising	This includes any cash received from fundraising activities, donations from individuals or organisations, and bequests left in wills.	<ul style="list-style-type: none"><li>• Donations from individuals through a street collection</li><li>• Fundraising: Quiz nights, cake stands, raffles, sponsorship</li></ul>
General Grants Received	This includes any cash received from grants that are not linked to providing specific goods or services.	<ul style="list-style-type: none"><li>• A grant from a funder to cover general costs for operating a community health clinic.</li></ul>
Service Delivery Grants/Contracts	This includes cash received from grants or contracts that are linked to providing specific goods or services.	<ul style="list-style-type: none"><li>• Funding provided by a local council based on the number of meals provided to the elderly in the community.</li><li>• Funding provided by a ministry for each patient seen in a community health clinic</li></ul>
Membership Fees or Subscriptions	This includes cash received from members of the organisation in the form of fees or subscriptions.	<ul style="list-style-type: none"><li>• Annual membership fees paid by members of a sports club.</li></ul>
Sale of Goods and Services (Commercial Activities)	This includes cash received from the sale of goods or services as part of a commercial or business activity.	<ul style="list-style-type: none"><li>• Sales from a café owned by a charity</li><li>• Fees for a sports club's professional coaching services</li></ul>
Interest or Dividends Received	This includes cash received in the form of interest or dividends from investments.	<ul style="list-style-type: none"><li>• Interest received from a bank account or term deposit</li><li>• Dividends received from shares held by the charity</li></ul>
Other Cash Received	This includes any other cash received that does not fit into the above categories.	





## 2. Cash Paid for Operating Activities

"Cash Paid for Operating Activities" refers to the money that your organisation spends as part of carrying out its main activities. This could include costs like salaries for staff, expenses for fundraising events, or payments for goods or services that your organisation uses.

### Important note

Just like with cash received, you only need to use the categories that apply to your organisation. If a category does not apply, you can simply leave it out. You can also relabel the categories to better fit your organisation's activities.

**Table 2: Categories of cash paid for operating activities**

Category	Explanation	Examples
Fundraising Costs	This includes any costs directly associated with fundraising activities.	<ul style="list-style-type: none"><li>• Costs associated with organising a charity event (e.g. venue hire, raffle prizes)</li><li>• Marketing expenses for a fundraising campaign (e.g. brochure design and printing costs)</li></ul>
Employee Remuneration and Other Employee Related Costs	Any costs related to training and paying employees.	<ul style="list-style-type: none"><li>• Salaries of staff</li><li>• Costs of staff training</li></ul>
Volunteer Related Costs	Any costs associated with volunteers.	<ul style="list-style-type: none"><li>• Costs of volunteer training</li><li>• Honoraria</li><li>• Gifts for volunteers</li></ul>
Costs related to sale of goods and services (commercial activities)	This includes any costs directly related to selling goods or services with the intention of making a profit or surplus. It does not include the employee and volunteer related costs included above.	<ul style="list-style-type: none"><li>• Costs of ingredients and supplies used by a café owned by a charity.</li><li>• Rental of a premises for the charity's café.</li><li>• Costs of materials used in providing services (e.g. coaching equipment)</li></ul>
Other costs related to delivery of entity objectives	This includes all other costs (apart from those in previous categories) related to the organisation's charitable activities. General costs for running the charity such as rent, utilities, and office supplies fit into this category.	<ul style="list-style-type: none"><li>• Supplies used by a community health clinic</li><li>• Main office rent</li><li>• Utilities: power, water, or internet bills</li><li>• Office supplies: stationery, printing paper, or printer ink</li></ul>
Other Cash Paid	This includes any other cash paid that does not fit into the above categories.	<ul style="list-style-type: none"><li>• Interest payments on bank overdrafts</li></ul>



### 3. Cash Received and Cash Paid for Other Activities

In addition to the cash received and paid for operating activities, your organisation may also receive and pay cash outside of its ordinary activities. These could include things like taking out loans from a bank, purchasing investments like shares, or buying assets like a car or building. We categorise these as "Other Activities".

#### Important note

As with the earlier categories, you only need to use the categories that apply to your organisation. If a category does not apply, you can simply leave it out. You can also relabel the categories to better fit your organisation's activities.

**Table 3: Categories of cash paid for operating activities**

Category	Explanation	Examples
Cash Received from Other Activities	This includes cash received from activities such as selling assets or receiving loans.	<ul style="list-style-type: none"><li>• Cash received from selling an unused vehicle</li><li>• Cash received from a loan</li></ul>
Cash Paid for Other Activities	This includes cash paid for activities such as buying assets or repaying loans.	<ul style="list-style-type: none"><li>• Cash paid to purchase a club room.</li><li>• Repayments of a loan</li></ul>





## 4. Example



To help you understand how to classify your own transactions, we have created a simple example using a fictional organisation (Silverstream Foodbank).

Below is a list of transactions from the Silverstream Foodbank's bank account. For each transaction below they have checked whether cash was received or paid, allocated it to a category and included an explanation of why it was put into that category.

They have also decided to relabel some categories to better reflect their activities. The main changes are:

- *Donations, koha bequests and other fundraising* – Relabeled to “Donations”
- *Other costs related to delivery of entity objectives* – Relabeled to “General foodbank costs”
- *Grants and donations paid* – Relabeled to “Donations paid”
- *Cash received from loans and borrowings* – Relabeled to “Loan from trustee”
- *Purchase of other assets* – Relabeled to “Foodbank equipment and vehicles”

### Silverstream Foodbank: List of transactions and explanations

Date	Details	Amount (\$)	Balance (\$)	Cash received/ Cash paid	Category	Explanation
1-Jul-22	<b>Opening Balance</b>		<b>10,000</b>			<b>This is the opening bank account balance for the year</b>
15-Jul-22	Upper Hutt City Council - Grant	20,000	30,000	Cash Received	General grants	This grant was received from the Upper Hutt City Council to cover costs of the foodbank and can be used freely. The whole amount was paid in one sum. The grant isn't linked to a particular good or service.
2-Jul-22	Rotary Club - donation	5,000	35,000	Cash Received	Donations	A one-off donation from a local rotary club paid directly into the foodbank's bank account.
7-Jul-22	MSD - Food parcel grant	15,000	50,000	Cash Received	Food parcel delivery grant	This grant was received from the Ministry of Social Development for the 300 food parcels the foodbank provided to members of the community in June. The funding agreement states that the foodbank will be paid \$50 for each food parcel they delivered in the previous month.
5-Aug-22	Loan from trustee	5,000	55,000	Cash Received	Loan from trustee	As this transaction is a loan to the foodbank it is classified into "Cash received from loans and borrowings"
4-Sep-22	Purchase of boxes and bags	- 120	54,880	Cash Paid	General foodbank costs	Purchasing supplies used for delivering food parcels relates to the foodbank's main objectives.
12-Oct-22	Premises rental	- 2,000	52,880	Cash Paid	General foodbank costs	Renting warehouse space to store food donations relates to the foodbank's main objectives.
30-Oct-22	Public donations	1,000	53,880	Cash Received	Donations	Cash deposit after a street collection
20-Nov-22	Wages for Foodbank Manager	- 600	53,280	Cash Paid	Employee wages and other related costs	Payment of wages is part of employee remuneration.
17-Dec-22	Purchase of fridges	- 10,000	43,280	Cash Paid	Foodbank equipment and vehicles	Purchase of a commercial fridge to store perishable food items. As the fridge will be used for several years, it is an asset.
5-Jan-23	Purchase of food	- 2,000	41,280	Cash Paid	General foodbank costs	Purchasing food for food parcels relates to the foodbank's main objectives
24-Jan-23	Purchase of delivery van	- 16,000	25,280	Cash Paid	Foodbank equipment and vehicles	Purchase of a van to deliver food parcels. As the van will be used for several years, it is an asset.
24-Jan-23	Purchase of petrol	- 180	25,100	Cash Paid	General foodbank costs	Petrol used to deliver food parcels relates to the foodbank's main objectives.
7-Feb-23	Church donations	2,000	27,100	Cash Received	Donations	A one-off donation from a local church paid directly into the foodbank's bank account.
18-Mar-23	Donations to Wellington City Mission	- 5,000	22,100	Cash Paid	Donations paid	A donation by the foodbank to the Wellington City Mission.
13-Apr-23	Insurance	- 200	21,900	Cash Paid	General foodbank costs	The cost of insuring the fridge and van relates to the foodbank's main objectives.
3-May-23	Bank fees	- 50	21,850	Cash Paid	Other cash paid	Bank fees do not relate to the foodbank's main objectives or clearly fit into any other category.
30-Jun-23	GST refund	800	22,650	Cash Received	GST refund	GST refunds are reported separately.

## 4. Example



Below you can see what the Silverstream Foodbank's statement of cash received and cash paid would like for the year using the transactions on the previous page.

In addition to relabeling some categories as we've already mentioned you can see that they have deleted other categories that do not apply to them to make their statement easier to read and understand.

### Silverstream Foodbank: Completed Statement of Cash Received and Cash Paid

<b>Silverstream Foodbank - Performance report for the year ended 30 June 2023</b>	
<b>Statement of cash received and cash paid</b>	<b>Current year (\$)</b>
<b>Opening balance in bank accounts and cash on hand</b>	<b>10,000</b>
<i>Plus cash received from operating activities</i>	
Donations	8,000
General grants received	20,000
Food parcel delivery grant	15,000
<b>Total cash received from operating activities</b>	<b>43,000</b>
<i>Less cash paid for operating activities</i>	
Employee wages and other related costs	600
General foodbank costs	4,500
Donations paid	5,000
Other cash paid	50
<b>Total cash paid for operating activities</b>	<b>10,150</b>
GST refund	800
<b>Cash surplus from operating activities</b>	<b>33,650</b>
<i>Plus: Cash received from other activities</i>	
Loan from trustee	5,000
<b>Total cash received from other activities</b>	<b>5,000</b>
<i>Less: Cash paid for other activities</i>	
Foodbank equipment and vehicles	26,000
<b>Total cash paid for other activities</b>	<b>26,000</b>
<b>Cash deficit from other activities</b>	<b>- 19,000</b>
Income tax paid or refunded	-
<b>Increase in cash for the year</b>	<b>12,650</b>
<b>Closing balance in bank accounts and any cash on hand</b>	<b>22,650</b>
<b>Represented by:</b>	
Closing balance of bank accounts	22,650
<b>Total cash balances held</b>	<b>22,650</b>



## 5. Resources

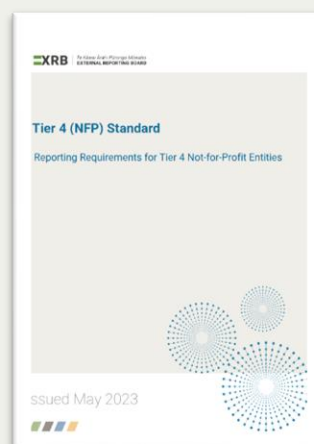


### Tier 4 (NFP) Standard

Reporting requirements for Tier 4 Not-for-Profit Entities

#### Download the standard:

<https://www.xrb.govt.nz/standards/accounting-standards/make-doing-good-easier/tier-4-standard/>



### Tier 4 Reporting Template

To help you, we have created an easy to use reporting template which can be found on our website. This can be used as a guide when filling in your annual reports.

#### Download the template:

<https://www.xrb.govt.nz/standards/accounting-standards/make-doing-good-easier/reporting-templates/>

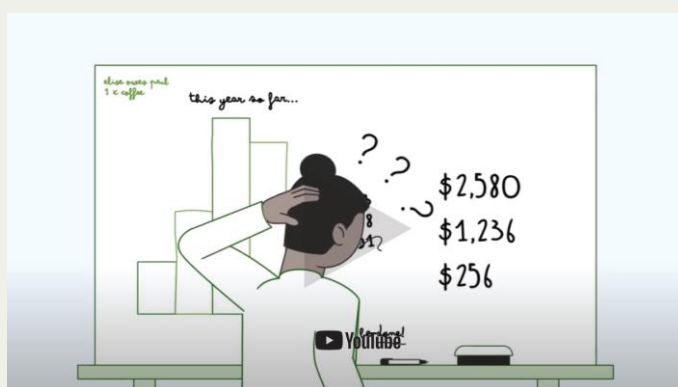


### Making doing good easier video animation

An additional resource is the XRB – Making doing good easier video animation which provides a how to guide on using this template and filling out the categories.

#### Watch the video below:

<https://www.youtube.com/watch?v=yNGTuQRwD8I>



### Charities Services

# CHARITIES SERVICES

Ngā Ratonga Kaupapa Atawhai

### Need further help or information?

Get in contact with Charities Services.

#### Email

[info@charities.govt.nz](mailto:info@charities.govt.nz)

#### Or call

0508 CHARITIES  
0508 242 748



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