

Financial reporting requirements for incorporated associations



This guide outlines the basic financial reporting requirements for incorporated associations in Queensland. You can find more details on the Office of Fair Trading (OFT) website. If your club also operates under any other law for any purpose, for example the *Collections Act 1966*, the *Gaming Machine Act 1991* or the *Liquor Act 1992*, the financial reporting requirements of those acts must also be followed.

1. Before your AGM



Prepare your annual financial statements

In Queensland, incorporated associations of different sizes (large, medium, small) with high, medium or low revenues or current assets have distinct financial reporting obligations.

Total revenue is a club's total income during its last financial year before any expenses are deducted.

Current assets include the money in all of your bank accounts, as well as other assets that are easily turned into cash. They include cash itself, canteen and bar stock, accounts receivable and short-term investments. Current assets do not include property or depreciable assets.

Depending on the club's size and revenue, your annual financial statements will either need to be audited or verified. The specific financial reporting requirements for incorporated associations of different sizes can be found on the OFT website.

Your club's financial statements must be audited or verified (as per the requirements appropriate for your club's size) before the annual general meeting (AGM).

2. At the AGM

Your AGM must be held within 6 months after the end of your financial year, and the annual return is to be lodged within 1 month of the AGM.

Financial year

The club's constitution will define your financial year.



Adoption of the financial statements

The management committee must ensure financial statements are prepared and presented to the AGM for adoption.

Adoption means formal acceptance or approval of your audited or verified financial statements. When financial statements are presented to the AGM, it means the management committee is inviting members to review, accept and formally acknowledge them as the official financial records for the past financial year. This process provides transparency and accountability for members.



Appoint an auditor or verifier

The club must appoint an auditor or verifier for the next financial year (as required for the club's size) at the AGM.



3. After the AGM



Annual return

Within one month of the AGM, the club must:

- Complete and lodge the *Associations Incorporation form 12 - Annual return of association* with OFT
- Pay the applicable fee

The annual return must include a copy of the financial statement presented at the AGM, signed and dated by either the President or the Treasurer, including:

- A profit and loss statement (income and expenditure)
- A balance sheet (assets and liabilities)
- All mortgages, charges and securities that affect any of your incorporated association's property at the close of the financial year
- A copy of the accountant or auditor's report, or the verification statement, signed in accordance with your incorporated association's reporting requirements

You can submit your club's annual return online. Alternatively, you can complete and lodge the hard copy form sent to you by OFT. If you do not receive or need another copy of this form, send a request to OFT's Registration Services branch.

Be on Time

Make sure you submit your annual return on time. Otherwise, the secretary, president and treasurer could be fined under the *Associations Incorporation Act (Section 59BA)* and your club could be ineligible for some grants.

4. Throughout the year



Record keeping

Under incorporation legislation, the financial record keeping requirements for your club include maintaining:

- A cash book or statement of amounts received and paid
- A receipt book of receipt forms
- All association bank statements
- A register of assets
- A petty cash book

Bank Accounts and Statements

Your club must hold an account with a financial institution in Queensland and your club's legal name needs to be on the bank statements. Not sure of your club's legal name? Search the Queensland Government charity or association register.

Best practice financial record keeping will also include:

- Records of the invoices the club has issued
- Records of expenses paid and their receipts, especially if the club is registered for GST
- The financial transactions, both payments and receipts, kept up-to-date in the bookkeeping records. Regular (at least monthly) reconciliations should be made between the bookkeeping records and bank statements to ensure all transactions are recorded and reconciled
- A record of liabilities, such as loans and outstanding payments
- Financial reports and statements, including the annual financial statements and audit report or verification statement
- Records of any grants, donations or other funding received, along with terms and conditions
- Minutes of meetings where financial decisions were made or financial reports were presented

The management committee should review the club's financial records regularly to ensure that the club is on track.

Online, cloud-based bookkeeping systems offer the benefits of accessibility, easy reporting, integration with your club's bank accounts and regular backups. They are increasingly being used by clubs as they are relatively inexpensive and can save your treasurer and other committee members many hours of volunteer time. They also allow for an easy handover when your treasurer changes. When deciding to use an online bookkeeping system, consider searching for systems that offer discounts to not-for-profit organisations, including sports clubs. Your auditor or accountant may wish for the club to use a system that they can connect with or already use.

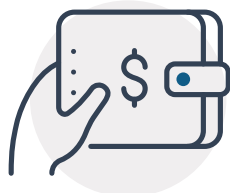
Your records should be easy to find, easy to understand and kept on file for at least seven years.



Approving or ratifying all payments

All payments made by your club need to be either approved or ratified by the management committee. Approval or ratification can occur at management committee meetings, or in between meetings by agreement in writing.

Ratifying means formally approving or confirming a payment that has already been made. When the management committee ratifies a payment that has already been made, such as to purchase a new freezer urgently to stop food spoiling if the old freezer breaks down, they are officially recognising and approving the payment after the fact. It's a process to ensure financial decisions are valid and agreed upon by the committee, without delaying urgent action.



Petty cash

All payments exceeding \$100 must be paid by cheque or electronic funds transfer. Any expenditure less than \$100 can be managed using the club's petty cash. Keep in mind that all disbursements from petty cash are to be noted in the petty cash record book.



Asset register

The asset register serves as a record-keeping system for your club, documenting all assets acquired and held since its establishment. It should contain pertinent information like the date an asset was acquired, its cost, depreciation, location (if applicable) and when and how it was disposed of. Your asset register helps your management committee monitor your club's assets and helps your auditor prepare accurate financial statements. Asset management software can streamline your asset register.



Raffles and other games of chance

Most raffles run by sports clubs in Queensland are classified as Category 1 games under the *Charitable and Non-profit Gaming Act 1999*. Category 1 games are raffles where the gross proceeds are expected to be \$2,000 or less.

If you run such raffles, you must keep:

- Accurate accounting records, correctly recording and explaining the transactions for each game
- A master register of games conducted, including details such as the type of raffles, drawing dates, number of tickets sold, price per ticket and retail prize value
- A ticket register
- A cashbook showing the movement of funds, in and out
- Bank statements and deposit records showing transactions in relation to your raffles
- Receipt books showing receipts for money collected from ticket sales
- A statement of raffle receipts and payments, showing income and expenditure relating to your raffles over a period of time
- Expense records showing where you spent money in relation to raffles
- Copies of advertisements and notices promoting your raffles

Further information about record keeping requirements under the *Charitable and Non-profit Gaming Act 1999*, including for other categories of games, are available via the Queensland Government Department of Justice and Attorney-General website.