

# Charities – a guide to financial reporting and assurance requirements

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A person wearing a green sweater is pointing at a document on a table. The document appears to be a financial statement or report, with various columns and numbers visible. The background is slightly blurred, showing other people in a professional setting.

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# Overview

Charities registered with the Australian Charities and Not-for-profits Commission (ACNC) are required to comply with financial reporting and audit/assurance obligations under the following legislation:

- **Australian Charities and Not-for-profits Commission Act 2012** (the ACNC Act),
- **Australian Charities and Not-for-profits Commission (Consequential and Transitional) Act 2012** (the ACNC Consequential and Transitional Act)
- **Australian Charities and Not-for-profits Commission Regulation 2013**
- **Australian Charities and Not-for-profits Commission (Consequential and Transitional) Regulation 2016;**
- **Charities Act 2013,**
- **Charities (Consequential Amendments and Transitional Provisions) Act 2013,**
- **Charities (Definition of Government Entity) Instrument 2013.**

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**In addition, there may be other Commonwealth or state/territory based legislation that charities may need to comply with, depending on the structure of the charity (e.g. indigenous corporation, incorporated association) and whether the charity fundraises and is subject to fundraising legislation.**

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The focus of Part 1 of this guide is the statutory financial reporting and assurance obligations applicable to registered charities, as set out in the ACNC Act and the ACNC Consequential and Transitional Act and the accompanying financial reporting regulations. The remainder of this section provides an overview of the ACNC and some other relevant considerations applicable to charities.

Flowcharts providing a graphic representation of the financial reporting and audit/review requirements are provided in the appendices. A checklist (Appendix IV) is appended to this guide to assist registered charities ascertain financial reporting and audit/review requirements by the legal structures they may have in addition to those required by the ACNC Act. Additional fundraising legislation guidance (Appendix V) is also appended to this guide to assist charities understand the different fundraising reporting and auditing regimes across Australia that may be in addition to those required by the ACNC Act.

Part 2 looks at several key future developments which may impact certain charities in the near future.

Part 3 provides guidance on the relevant requirements applicable to CPA Australia members involved in the preparation of charity financial reports or those members involved in the conduct of audit/review of charity financial reports.

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Part 1 –  
The reporting  
and audit/review  
regime for charities

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# Introduction

Charity size (based on annual revenue)	Reporting requirements	Audit/review requirements
<b>Small</b> Annual revenue less than \$500k	Annual information statement	None
<b>Medium</b> Annual revenue \$500k and above but less than \$3m	Annual Information Statement Annual Financial Report	Audit or review of financial report
<b>Large</b> Annual revenue \$3m and above	Annual Information Statement Annual Financial Report	Audit of financial report

Charities are divided into three tiers for financial reporting and audit/review purposes. Charities with an annual revenue below \$500,000 are classified as small and are not required to prepare or submit financial reports to the ACNC. Medium charities (annual revenue of \$500,000 and above but less than \$3 million) and large charities (annual revenue of \$3 million and above) are required to prepare financial reports that comply with Australian Accounting Standards and are subject to external audit or review, and to then submit the reports to the ACNC.

Large charities require an external audit whilst medium charities can choose to have an external audit or review of their financial reports.

Audits must be conducted by a registered company auditor (RCA), or a firm with at least one member who is a RCA who is ordinarily resident in Australia, or an authorised audit company (AAC). The terms RCA and AAC are discussed further in the section on audit/review of charity financial reports.

Reviews must be conducted by a RCA, or a firm with at least one member who is a RCA, or an AAC, or members of one of the Professional Accountancy Bodies (CPA Australia, Chartered Accountants Australia and New Zealand and Institute of Public Accountants).

Charities of all sizes are required to complete and lodge an Annual Information Statement (AIS) with the ACNC (except for basic religious charities who are exempt from providing financial information in an AIS and charities regulated by the Office of the Registrar of Indigenous Corporations (ORIC) who are exempt from submitting an AIS). The AIS includes questions about the charity, its activities, basic financial information and other questions to assist the ACNC understand the charity sector and reduce the sector's overall reporting burden. Some questions are mandatory, others are optional.

Medium and large charities - those with total annual revenue of \$500,000 or above - must submit an Annual Financial Report along with their AIS. Small charities may choose to submit an Annual Financial Report, but it is optional. If a small charity's own governing document requires it to submit financial statements, it must do so.

As a minimum, medium and large charities must provide the ACNC with the following information when submitting their financial report:

- a statement of profit or loss and other comprehensive income
- a statement of financial position
- a statement of changes in equity
- a statement of cash flows
- notes to the financial statements
- a signed and dated Responsible Persons' declaration about the statements and notes
- for medium sized charities, a signed and dated reviewer's report or auditor's report. For large charities a signed and dated auditor's report.

A charity's financial report must be either a General Purpose Financial Report (GPFR) or a Special Purpose Financial Report (SPFR) (although this may change in future as discussed in Part 2). The type of financial statements a charity must prepare depends on whether it is classed as a reporting entity or not. Refer to the section on Financial Reports in Part 1 of this guide for further details.

The financial statements and notes must be prepared in accordance with Australian Accounting Standards that give a true and fair view of the financial position and performance of the charity. A signed and dated Responsible Persons' declaration must detail whether in the opinion of the Responsible Persons, the entity is able to pay its debts as and when they fall due, and that the financial statements and notes are prepared in accordance with the requirements of the ACNC Act.

Generally, all charities must submit their AIS within six months from the end of their reporting period.

The two most common reporting deadlines are:

**31 December**

for charities reporting to a regular financial year  
(1 July to 30 June)

**30 June**

for charities using a calendar year reporting period  
(1 January to 31 December).

Financial reports and AISs submitted to the ACNC are made publicly available through the ACNC website unless a request is made to withhold the information and the request is approved.

# The Australian Charities and Not-for-profits Commission (ACNC)

## Laws and regulations

The powers of the ACNC and much of the regulatory framework applicable to the financial reporting and assurance requirements for registered charities are set out in the ACNC Act and the ACNC Consequential and Transitional Act.

There is no obligation for charities to register with the ACNC, but registration is a prerequisite for charities seeking access to certain Commonwealth tax concessions, which are discussed further in the taxation section below. Registration applications by new charities to the ACNC will include an application to the ATO for tax concessions.

The ACNC presently relies on the statutory definition of charity as set out in the Charities Act 2013 to decide whether an organisation is a charity. Once the ACNC has assessed and registered a charity, the tax concessions application is passed on to the ATO, as the ATO is responsible for the granting of tax concessions to charities.

The role of the ACNC is to achieve the following three objectives set out in the ACNC Act:

- to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

In order to achieve these objects, the ACNC:

- registers organisations as charities
- helps charities understand and meet their obligations through information, guidance, advice and other support
- helps the public understand the work of the not-for profit sector through information, guidance, advice and other support
- maintains a free and searchable public register so that anyone can look up information about registered charities

- works with state and territory governments (as well as federal, state and territory government agencies) to develop a 'report-once, use-often' reporting framework for charities.

Many of the ACNC registered charities (such as incorporated associations) are also registered with state and territory based regulators, with additional reporting, governance and other obligations.

## Interaction with current laws and regulations – commonwealth and state/territories

The ACNC is the Commonwealth regulator with primary responsibility for overseeing the charity sector as articulated above, but some aspects of regulation remain outside the scope of the ACNC. For example, a charity may be incorporated as a company limited by guarantee under the Corporations Act 2001, and the responsibility for the incorporation process rests with the Australian Securities and Investments Commission (ASIC). Similarly, the endorsement of a charity for tax concessions remains the responsibility of the ATO.

The ACNC Charity Register currently exceeds 56,000 and is growing at almost 4% annually based on new charity registration requests. Table 1 provides information on the different types of charities registered with the ACNC, and some of their current financial reporting obligations.

The checklist accompanying this guide (Appendix IV) addresses many of the current financial reporting obligations and provides a step-by-step approach for registered charities to determine any additional financial reporting obligations that may apply, depending on the entity type.

Additionally, Appendix V to this guide provides an overview of the different fundraising reporting and auditing requirements in relation to fundraising laws across Australia, which may impose requirements that are in addition to those required by the ACNC Act.

**Table 1: Different types of charities registered with the ACNC**

Type	Non-ACNC statutory financial reporting obligations (not intended as an exhaustive list, but an indicative list of some common reporting obligations arising from other legislation and regulations)
Incorporated associations	Varying reporting obligations dependent on the state/territory of incorporation (see Table 2 on page no.13 for links to state/territory regulators). The checklist included in Appendix IV to this guide and the fundraising legislation guidance in Appendix V to this guide provide information on the additional reporting and auditing obligations that will apply to registered charities that are also incorporated associations in their relevant jurisdictions.
Unincorporated associations	The fundraising legislation guidance in Appendix V to this guide provides information on additional reporting and auditing obligations that will apply to registered charities that are also unincorporated associations in their relevant jurisdictions.
Charitable trusts	<p>Trusts include private ancillary funds and public ancillary funds, with reporting requirements set out in the <b>Private ancillary fund guidelines</b> and <b>Public ancillary fund guidelines respectively</b>.</p> <p>The checklists in Appendix IV provides information on additional reporting and auditing obligations that will apply to private ancillary funds and public ancillary funds. The fundraising legislation guidance in Appendix V to this guide provides information on additional reporting and auditing obligations that will apply to registered charities that are also charitable trusts in their relevant jurisdictions.</p>
Companies limited by guarantee	The fundraising legislation guidance in Appendix V to this guide provides information on additional reporting and auditing obligations that will apply to registered charities that are also companies limited by guarantee in their relevant jurisdictions.
Cooperatives	<p>A uniform set of national laws for cooperatives has been introduced across all states and territories in Australia and all states and territories have adopted the Cooperatives National Law.</p> <p>The fundraising legislation guidance in Appendix V to this guide provides information on additional reporting and auditing obligations that will apply to registered charities that are also cooperatives in their relevant jurisdictions.</p>
Indigenous corporations	<p>Reporting obligations under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 are regulated by ORIC.</p> <p>The fundraising legislation guidance in Appendix V to this guide provides information on additional reporting and auditing obligations that will apply to registered charities that are also indigenous corporations in their relevant jurisdictions.</p>
Other bodies	<p>Entities include statutory corporations and entities established under royal charter or letters patent, with varying reporting obligations that may apply under the relevant statute.</p> <p>The fundraising legislation guidance in Appendix V to this guide provides information on additional reporting and auditing obligations that will apply to registered charities that are also other bodies in their relevant jurisdictions.</p>

## ACNC and red tape reduction associated with other commonwealth bodies

A key objective of the ACNC is to 'promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector'.

One area where the ACNC has reduced red tape is the streamlining of reporting for charities regulated by other Commonwealth bodies. The following streamlined reporting arrangements exist for charities regulated by other Commonwealth bodies:

- Office of the Registrar of Indigenous Corporations (ORIC) – Indigenous Corporations are not required to lodge an AIS or financial reports with the ACNC. The ACNC will accept financial reports lodged with ORIC as meeting the ACNC Act requirements.
- Department of Education, Skills and Employment (DESE) – Non-government schools (or representative entities) that submit a financial questionnaire to the DESE do not have to provide financial reports to the ACNC for the 2014 to 2024 reporting periods.

The ACNC's work on reducing red tape associated with state and territory laws is examined below.

## Taxation and the ACNC

As stated above, the ATO continues to have administrative oversight of the taxation aspects of charities. Charities seeking tax concessions will still need to apply to the ATO through the ACNC, but they are able to do so through a single application when registering for the first time with the ACNC.

The ACNC will pass on the parts of the application that relate to taxation over to the ATO for consideration once it has registered the entity as a charity.

It should be noted that a charity cannot apply for charitable tax concessions with the ATO without first registering with the ACNC. Since 2016, public and private ancillary funds that lodge an AIS and financial reports with the ACNC are not required to lodge financial information with the ATO (see sections 10 and 11 of Appendix IV for more information on the exemptions).

In relation to the **Deductible Gift Recipient (DGR)** system, any charities with DGR endorsement can receive donations which the donor is permitted to deduct from their taxable income. The majority of charities with DGR endorsement must also be charities registered with the ACNC. However, not all charities are entitled to DGR endorsement. To be eligible, charities must satisfy certain criteria. In addition, there are certain DGR categories that require pre-approval by another government department. The ATO has **published details on these criteria** which should be referred to by any charity seeking DGR endorsement.

## ASIC and the ACNC

Companies limited by guarantee under the *Corporations Act 2001* register with ASIC. Other entities such as incorporated associations that undertake activities in more than one state or territory or a foreign company conducting its business in Australia are also required to be registered with ASIC.

Entities registered with the ACNC and with ASIC do not have financial reporting obligations to ASIC.

Instead, they are required to comply with the ACNC's financial reporting requirements.

Some other common notifications (such as change of name) first need to be made through ASIC. Once ASIC has changed the name, the ACNC needs to be informed of the change by the charity.

Many director duties set out in the *Corporations Act 2001* do not apply. Instead, registered charities have to comply with the requirements of the ACNC legislation, including the governance standards set out therein. However, criminal offences arising due to a breach of directors' duties set out under section 184 of the *Corporations Act 2001* continue to apply under that legislation.

More information can be obtained from the ACNC. **ASIC, ORIC and other regulators.**

## State/territory based regulators and the ACNC

Each state and territory has its own regulator that administers the affairs of the not-for-profit sector, including the charities sector, with differences in the legislative and regulatory obligations that apply to charities. Many charities take the legal form of incorporated associations (under state/territory legislation).

The checklist (Appendix IV) and the fundraising guidance (Appendix V) accompanying this guide provide more information on the reporting and auditing obligations that apply to incorporated associations in different states and territories.

Guidance for charities on state or territory based reporting and auditing requirements for fundraising have also been addressed in this guide (Appendix V).

The thresholds that determine the reporting and auditing requirements for registered charities have been increased (refer to the introduction to Part I of this Guide on page 7) for accounting periods ending 30 June 2022 onwards. We understand the revised ACNC thresholds were determined in conjunction with state and territory lawmakers and regulators.

As at the publication date of this updated Guide, some states and territories are currently in the process of amending their respective regulatory requirements which is not yet reflected in this Guide. Whilst we will endeavour to update the Guide to reflect such changes as they occur, we refer readers to the relevant state/territory regulator identified below to ensure they are across the most updated financial reporting and assurance requirements.

**Table 2: State/territory regulators for incorporated associations and cooperatives**

State/territory	Regulator	Web Address
Australian Capital Territory	Access Canberra	<a href="http://accesscanberra.act.gov.au">accesscanberra.act.gov.au</a>
New South Wales	NSW Fair Trading	<a href="http://fairtrading.nsw.gov.au">fairtrading.nsw.gov.au</a>
Northern Territory	Licensing NT	<a href="http://nt.gov.au">nt.gov.au</a>
Queensland	Office of Fair Trading	<a href="http://qld.gov.au/law/fair-trading">qld.gov.au/law/fair-trading</a>
South Australia	Consumer and Business Services	<a href="http://cbs.sa.gov.au">cbs.sa.gov.au</a>
Tasmania	Consumer, Building and Occupational Services	<a href="http://cbos.tas.gov.au">cbos.tas.gov.au</a>
Victoria	Consumer Affairs Victoria	<a href="http://consumer.vic.gov.au">consumer.vic.gov.au</a>
Western Australia	Consumer Protection Division of the Department of Mines, Industry Regulation and Safety	<a href="http://commerce.wa.gov.au">commerce.wa.gov.au</a>

## ACNC and red tape reduction with state and territory governments

In addition to streamlining reporting for charities regulated by other Commonwealth bodies as discussed above, the ACNC has been working on reducing red tape, including harmonising ACNC regulatory requirements with the numerous state and territory laws that cover charities.

To date, the ACNC has been successful in harmonising many state not-for-profit legislative requirements (applicable to charities) so they are aligned with the requirements of the ACNC.

In relation to incorporated associations, all state and territory governments except Queensland have amended their legislation so that incorporated associations are required to report only once to the ACNC, and are no longer required to report also to the respective state/territory regulator.

In addition, the ACNC has also been successful in harmonising not-for-profit legislation applying to fundraising requirements for entities (excluding gaming activities such as running raffles) that fundraise in all state and territory governments except Queensland, noting that the Northern Territory doesn't have any fundraising requirements other than in relation to gaming activities. This means that entities that fundraise in these states/territories are required to report only once to the ACNC, and are no longer required to report also to the respective state fundraising authority.

The ACNC legislation provides transitional arrangements where negotiations to streamlined reporting are still ongoing with some state/territory regulators. Where no streamlined reporting arrangements are in place with a state/territory regulator, charities that currently prepare and lodge financial reports with a state/territory regulator can submit the same financial report to the ACNC. These transitional arrangements are in place until the 30 June 2024 reporting period.

Further information is contained at [acnc.gov.au/about/red-tape-reduction](https://acnc.gov.au/about/red-tape-reduction).

## Existing and new charities – registration considerations

Registered charities that are companies limited by guarantee were the first to benefit from the removal of regulatory duplication in regards to reporting and governance through amendments to the *Corporations Act 2001*.

Charities seeking to be incorporated as companies limited by guarantee incur incorporation costs.

Registered charities as at 30 June 2018 are exempt from ASIC's industry funding levy. Other regulatory fees, such as those charged for notifying changes or for lodging annual returns and financial reports, are not charged by the ACNC.

Companies limited by guarantee provide rigor and structure to registered charities along with the veil of incorporation. The universal recognition of the legal form of a company limited by guarantee across Australia could also prove beneficial for charities seeking to engage in fundraising or other charitable activities across state and territory borders.

Of course, individual circumstances may differ, and these have to be assessed in determining the best legal form for the charity to operate through. For example, a small charity operating exclusively within one geographical location within a state or territory and with minimal or no financial reporting or other obligations may find that becoming an incorporated association is the most suitable approach.

# Financial Reports

As discussed in the Introduction, medium and large charities preparing financial reports are required to follow Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

A registered charity (medium or large) will need to decide whether it is classified as a reporting entity required to prepare General Purpose Financial Reports (GPFR) or a non-reporting entity that can prepare Special Purpose Financial Reports (SPFR).

The ACNC Act requires charities to keep adequate financial records that will enable the preparation of true and fair financial statements.

The ACNC Act also includes governance standards that apply to all registered charities (except basic religious charities, discussed below) regardless of their size. While these standards do not incorporate any financial reporting obligations, Governance Standard 2: *Accountability to members* suggests that the steps a registered charity may take to ensure it is accountable to its members could include providing members with an annual report that explains a charity's financial position.

Additionally, Governance Standard 5: *Duties of responsible persons* requires that the "financial affairs of the charity are managed responsibly".

Registered charities which are reporting entities preparing GPFR can make simplified disclosures in accordance with AASB 1060 Simplified Disclosures (SD) for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060).

AASB 1060 is designed to reduce the disclosure burden for qualifying entities (including registered charities) that would arise from the application of the full version of Australian Accounting Standards.

The flowchart included in Appendix II provides a step-by-step approach for charities to determine which financial reporting requirements apply.

The checklist attached to this guide in Appendix IV provides information to assist charities determine any additional statutory financial reporting requirements under other legislation or regulations by legal structure.

The fundraising legislation guidance in Appendix V also provides information to assist charities understand the different fundraising reporting and auditing regimes across Australia that may impose requirements that are in addition to those required by the ACNC Act.

## Reporting and non-reporting entities

A reporting entity will normally prepare GPFR that comply with all Australian Accounting Standards (noting the option to comply with the simplified disclosure requirements of AASB 1060), whilst a non-reporting entity can prepare SPFR, which must comply with selected Australian Accounting Standards.

Statement of Accounting Concept 1 Definition of the Reporting Entity (SAC 1), issued by the AASB, sets out the detailed considerations in determining whether an entity is a reporting entity. It should be noted that the considerations are only indicative of whether an entity is a reporting entity. Table 3 provides a summary of applicable considerations and other information relevant to reporting and non-reporting entities.

Table 3: Reporting entity – Some considerations

Type	Summary of considerations	Standards that apply
<p><b>Reporting entity</b></p> <p>Definition: An entity (including an economic entity) in respect of which it is reasonable to expect the existence of users dependent on GPFR for information which will be useful to them for making and evaluating decisions about the allocation of scarce resources.</p>	<ul style="list-style-type: none"> <li>• The greater the spread of membership and the greater the extent of the separation between management and members or others with an economic interest in the entity, the more likely it is that there will exist users dependent on GPFR.</li> <li>• The ability of an entity to make a significant impact on the welfare of external parties, or the greater the economic or political importance of an entity, the more likely it is that there will exist users dependent on GPFR.</li> <li>• The larger the size (based on for example, revenue or assets, or number of employees or customers, and not the total annual revenue per the ACNC classification of size detailed in the Introduction above) or the greater the indebtedness of an entity or resources allocated to it, the more likely it is that there will exist users dependent on GPFR.</li> </ul>	<p>All Australian Accounting Standards must be applied in the preparation of GPFR, noting the option to comply with SD.</p>
<p><b>Non-reporting entity</b></p>	<p>Entities that do not possess the characteristics of a reporting entity as discussed above would normally be considered a non-reporting entity.</p> <p>Registered charities that are incorporated as companies limited by guarantee should be aware of ASIC <b>Regulatory Guide 85: Reporting requirements for non-reporting entities</b>. This guide provides guidance on application of the reporting entity test and the reporting obligations for non-reporting entities.</p> <p>The guide also discusses the obligations of directors and auditors to carefully consider whether an entity should be classified as a reporting entity or a non-reporting entity and when consolidated financial reports must be prepared..</p>	<p>If SPFR are being prepared (instead of GPFR) in accordance with the ACNC financial reporting regulations, the following Australian Accounting Standards must be applied as a minimum:</p> <ul style="list-style-type: none"> <li>• AASB 101 <i>Presentation of Financial Statements</i></li> <li>• AASB 107 <i>Cash Flow Statements</i></li> <li>• AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i></li> <li>• AASB 1048 <i>Interpretation and Application of Standards</i></li> <li>• AASB 1054 <i>Australian Additional Disclosures</i></li> <li>• AASB 124 <i>Related Party Disclosures</i> or equivalent requirements in AASB 1060 (see note below for more details on applicability)</li> </ul> <p>Note For accounting periods ending 30 June 2022 and beyond, large charities preparing SPFR and with more than one person who meets the definition of "key management personnel" under AASB 124 is required to disclose remuneration paid to such key management personnel, in accordance with AASB 124 (or the equivalent disclosures under AASB 1060 paragraphs 193-196). See the ACNC <b>guidance</b> on this topic for more information.</p> <p>For accounting periods ending 30 June 2023 onwards, medium and large charities are required to disclose related party transactions in accordance with AASB 124 or AASB 1060. Small charities will also be required to disclose material related party transactions prescribed by the ACNC in the AIS. See the ACNC <b>guidance</b> on this topic for more information.</p>

Type	Summary of considerations	Standards that apply
<b>Non-reporting entity (Continued)</b>		<p>For accounting periods ending on or after 30 June 2020, a charity preparing SPFS must comply with the additional requirements of paragraph 9 of AASB 1054 <i>Australian Additional Disclosures</i> and disclose:</p> <ol style="list-style-type: none"> <li>a) the basis of the decision to prepare SPFS</li> <li>b) information about whether it has assessed if any interests in other entities would require application of the consolidation or equity accounting standards and, if so, whether these standards have or have not been applied and why</li> <li>c) an explanation of how its material accounting policies differ from those required by the accounting standards, unless it has not made such an assessment which then must also be disclosed</li> <li>d) an overall statement as to whether the financial statements do or do not comply with the recognition and measurement requirements of AAS.</li> </ol> <p>In addition, the entity should select any additional relevant Australian Accounting Standards that are necessary for an appropriate financial representation of its activities for the period, and to ensure the financial statements present a true and fair view of the entity's financial position and performance.</p> <p>As detailed in Regulatory Guide 85, ASIC is of the view that non-reporting entities which are required to prepare financial reports in accordance with Chapter 2M of the <i>Corporations Act 2001 (Act)</i>, should comply with the recognition and measurement requirements of Australian Accounting Standards, i.e. the numbers recorded in the financial statements should be in accordance with Australian Accounting Standards, with the option of non-compliance with Standards relating to disclosure requirements only.</p>

It should be noted that a charity's determination of whether it is classified as a reporting entity or non-reporting entity is not entirely dependent on its size (medium or large), although this could be one of the factors in making that determination.

Charities should annually assess their status of whether they should be classified as a reporting entity or non-reporting entity through consideration of the stakeholders who rely on the financial reports that they produce, with the assistance of the criteria set out above.

Part 2 of this guide looks at likely changes to SPFR as a result of the AASB's project to remove Special Purpose Financial Statements for all entities that prepare financial statements in accordance Australian Accounting Standards.

## Joint/collective reporting

The ability to prepare joint or collective reports is a unique feature of the ACNC Act. Under its provisions, groups of charities that meet certain criteria can apply to the ACNC to prepare a combined set of financial reports that incorporate all the financial activities of a group of charities.

*Joint reporting* – Two or more charities that form a reporting group are allowed to prepare and lodge a single financial report and a single AIS for the financial year.

*Collective reporting* – Two or more charities that form a reporting group are allowed to prepare and lodge one or more single financial reports or a single AIS in relation to the reporting group for a financial year on a basis other than an entity by entity basis. For example, a reporting group of affiliated charities that advance religion and relieve poverty may be allowed to prepare and lodge two financial reports, one report in relation to the reporting group's religious functions and one in relation to the reporting group's welfare functions.

Charity groups meeting the conditions and wishing to access these provisions must make an application in the approved form to the ACNC outlining their reasons for doing so. The ACNC will consider the application against the below criteria set out in the ACNC Act in making its decision:

- the public interest in the transparency and accountability of charities, including the public's understanding of the activities of a charity, the information provided by it and the public's ability to rely on it;
- ACNC's ability to assess compliance with on-going obligations under the ACNC Act;
- whether the charities which form part of the group have access to the same or different tax concessions;
- whether the altered reporting arrangements would affect the ATO's ability to assess a registered charity's compliance with taxation law;
- the compliance and administrative costs of the reporting group;
- the relationships between the charities in the reporting group;
- the objects of the ACNC Act; and other relevant factors.

## Basic religious charities

The ACNC Act exempts basic religious charities from the requirement to prepare and lodge financial reports and from having to provide financial information in the AIS. To qualify, a basic religious charity must meet all of the following requirements:

- it is registered as a subtype of charity for the advancement of religion;
- it cannot be registered as any other subtype;
- it is not a body corporate registered under the Corporations Act 2001, an Indigenous corporation under the Corporations (Aboriginal and Torres Strait Islander) Act 2006, a corporation registered under the Companies Act 1985 of Norfolk Island, or an incorporated association in any state or territory (including an entity incorporated under Associations Incorporation Act 2005 of Norfolk Island);
- it is not endorsed as a Deductible Gift Recipient (DGR) itself (however, it can be endorsed to operate DGR funds, institutions or authorities as long as their total revenue is less than \$250,000 for the particular financial year);
- the ACNC has not allowed it to report as part of a reporting group; and
- it has not received more than \$100,000 in grants from Australian government agencies in the current financial year or either of the previous two financial years.
- from 17 March 2021, it has joined the National Redress Scheme for Institutional Child Sexual Abuse (Redress Scheme) if it has been identified as being involved in the abuse of a person either:
  - in an application for redress under section 19 of the National Redress Scheme for Institutional Child Sexual Abuse Act 2018 (Cth)(Redress Act) or
  - in response to a request for information from the National Redress Scheme Operator (Secretary of the Department of Social Services) under section 24 or 25 of the Redress Act.

Basic religious charities that choose to prepare and submit a financial report to the ACNC must comply with the financial reporting requirements of the ACNC Act. They are also exempt from the governance standards, but will be required to complete and lodge non-financial information in an Annual Information Statement.

## External conduct standards

Any charity's work overseas will be subject to standards of governance: External Conduct Standards. These standards apply to all registered charities and are a set of standards that govern how a registered charity must manage its activities and resources outside Australia. These standards cover a range of activities, including sending funds overseas from Australia, and are intended to provide a minimum level of assurance that charities meet appropriate standards of governance and behaviour when operating outside Australia. The standards also apply to basic religious charities that are otherwise exempt from other governance standards.

Charities that do not operate outside Australia are not subject to the External Conduct Standards. However, these charities still must comply with the ACNC's Governance Standards.

The external conduct standards cover:

- Activities and control of resources (including funds)
- Annual review of overseas activities and recordkeeping
- Anti-fraud and anti-corruption; and
- Protection of vulnerable individuals.

The External Conduct Standards apply in addition to the existing **ACNC Governance Standards**.

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**Note that operating outside Australia is not limited to major programs or projects, but also includes charities which have overseas activities as just a small part of their work, or where they just send a small amount of money overseas, including if conducted through a third party.**

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## Charity subtypes

When the ACNC registers an organisation as a charity, they also register it with one or more charity 'subtypes'. These subtypes are categories that reflect the charity's charitable purpose, for example 'advancing education' or 'advancing health'. A charity's purpose is the reason it has been set up, or what its activities work towards achieving.

The ACNC Act sets out fourteen charity subtypes. These include the twelve charitable purposes as set out in the *Charities Act 2013* (Cth), as well as the categories Public Benevolent Institution and Health

Promotion Charity. The fourteen subtypes of charities are as follows:

- Entity with a purpose that is the advancement of health
- Entity with a purpose that is the advancement of education
- Entity with a purpose that is the advancement of social or public welfare
- Entity with a purpose that is the advancement of religion
- Entity with a purpose that is the advancement of culture
- Entity whose principal activity is to promote reconciliation, mutual respect and tolerance between groups of individuals that are in Australia
- Entity whose principal activity is to promote or protect human rights
- Entity with a purpose that is the advancement of the security or safety of Australia or the Australian public
- Entity whose principal activity is to prevent or relieve the suffering of animals
- Entity with a purpose that is the advancement of the natural environment
- Entity with another purpose that is beneficial to the general public and analogous to the other charitable purposes
- Entity with a purpose that is the advancement of public debate
- Health Promotion Charity – being Institution whose principal activity is to promote the prevention or the control of diseases in human beings
- Public benevolent institution.

## Audit/review of charity financial reports

As discussed in the Introduction, the financial reports prepared by medium charities must be externally reviewed (or audited, either by choice or if otherwise required), and the financial reports prepared by large charities must be externally audited. Audits must be conducted by one of the following:

- Registered company auditor (RCA) – An RCA is a person registered under Part 9.2 of Corporations Act 2001. To be registered as an RCA a person must satisfy the requirements set out by ASIC in its Regulatory Guide **RG 180 Auditor Registration**.
- A firm with at least one member who is an RCA.
- An authorised audit company (AAC) – An AAC is a company registered under Part 9.2 of Corporations Act 2001. To be registered as an AAC a company must satisfy the requirements set out by ASIC in its regulatory guide **RG 180 Auditor Registration**.

ASIC retains oversight of registered company auditors – the auditors who are required to conduct audits of large charities under the ACNC Act.

Reviews are not required to be conducted by a RCA. Reviews may be conducted by appropriately qualified members of one of the three Professional Accountancy Bodies – CPA Australia (with CPA or FCPA designation), Chartered Accountants Australia and New Zealand (with CA or FCA designation) and Institute of Public Accountants (with FIPA or MIPA designation). Part 3 of this guide sets out some additional considerations and obligations for members of CPA Australia who seek to carry out audits or reviews of financial reports of charities.

The flowchart included in Appendix III provides a step-by-step approach for charities to determine which external audit or review requirements apply.

The checklist attached to this guide in Appendix IV provides a step-by-step guide for determining any additional statutory audit/review requirements under other legislation or regulations.

Additionally, the checklist attached to this guide in Appendix V also provides information to assist charities understanding the different fundraising reporting and auditing regimes across Australia that may impose requirements in addition to those required by the ACNC Act.

## Audit

An audit must be conducted in accordance with **Australian Auditing Standards (ASA)** issued by the Australian Auditing and Assurance Standards Board (AUASB). The auditor must form an opinion whether:

- the financial report satisfies the requirements of Division 60 (Reporting) of the ACNC Act;
- the auditor has been given all information, explanation and assistance necessary for the conduct of the audit;
- the registered entity has kept financial records sufficient to enable a financial report to be prepared and audited; and
- the registered entity has kept other records as required by Part 3-2 (Record keeping and reporting) of the ACNC Act.

If the auditor has formed an opinion that the financial report has not been prepared in accordance with Division 60, the auditor's report is required to state why, and the auditor must, to the extent practicable, quantify the effect of non-compliance on the financial report. If the auditor is unable to fully quantify non-compliance, the audit report must state the reasons for not being able to do so.

The auditor's report must describe any material defect or irregularity in the financial report and any deficiency, failure or shortcoming in respect of the following matters:

- if the auditor has not been given all information, explanation and assistance necessary for the conduct of the audit;
- if the registered entity has not kept financial records sufficient to enable a financial report to be prepared and audited; and
- if the registered entity has not kept other records as required by Part 3-2 (Record keeping and reporting) of the ACNC Act.

The resource links provided in Appendix I include links to example audit reports.

A charity is also required to obtain a written and signed independence declaration from the auditor, which states that to the best of the auditor's knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit, and if there are any such breaches, the written declaration must set out those contraventions.

## Review

A review must be conducted in accordance with Australian Standards for Review Engagements (ASRE) issued by the AUASB. The ASRE relevant for review engagements are:

- **ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity**
- **ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation**

The reviewer must form a conclusion whether:

- on the basis of the review, anything has come to the reviewer's attention that causes the reviewer to believe that the financial report does not satisfy the requirements of Division 60 (Reporting) of the ACNC Act;
- the reviewer has been given all information, explanation and assistance necessary for the conduct of the review;
- the registered entity has kept financial records sufficient to enable a financial report to be prepared and reviewed; and
- the registered entity has kept other records as required by Part 3-2 (Record keeping and reporting) of the ACNC Act.

The resources links provided in Appendix I include links to example review reports.

A charity that is registered as a company limited by guarantee must also obtain a written and signed independence declaration from the reviewer which states that to the best of the reviewer's knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review. If there are any such breaches, the written declaration must set out those contraventions.

## Taxation

There are a number of tax concessions available to non-profit organisations, including charities. Different tax concessions are available to different types of charity. Not all non-profit entities eligible for tax concessions, such as income tax exemptions and deductible gift recipient status, are charities.

As the focus of this guide is primarily on the financial reporting and audit/review considerations for charities, it does not examine tax concessions. More information on tax concessions is provided on the ATO's website.

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# Part 2 – Future developments for charities

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This section looks at key future developments which may impact certain charities in the near future.

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## Changes to special purpose financial reporting

On 29 March 2018, the International Accounting Standards Board issued its revised Conceptual Framework (Framework) which applies to annual periods beginning on or after 1 January 2020. This revised Framework has already been adopted by the AASB in Australia for for-profit entities effective from 1 July 2021 and will be adopted by the AASB in Australia for private and public sector not-for-profit entities in the future. The framework has a different concept of 'reporting entity' than SAC 1 *Definition of the Reporting Entity*.

When the Framework in Australia is adopted for private and public sector not-for-profit entities, the ability of Australian not-for-profit entities to self-assess whether they are reporting or non-reporting entities will be removed.

The proposed withdrawal of SAC1 for not-for-profit entities would mean that there would no longer be the ability for charities to prepare special purpose financial statements. Entities reporting under Australian Accounting Standards would have the option to produce general purpose financial statements (SD) mentioned previously in this guide.

The impact on a charity's financial statements would be dependent on the type of financial statements currently produced. There may be an impact on how a charity accounts for certain items which would result in a change in the figures reported, and there may also be a change in disclosures made.

Charities which are the parent of a group and which currently do not prepare consolidated financial statements may be required to prepare consolidated accounts.

More information on the AASB project is discussed below.

## New accounting standards

As at the time of issue of this guide no new key Accounting Standards have been issued which will impact aspects of accounting for charities beginning on or after 1 January 2022. For more detailed information on all new Accounting Standards refer to the [AASB website](#).

## AASB Projects

The AASB is currently working on a number of projects, which may impact on charities in the future. A list of the key projects is provided below along with a brief summary of each project.

### Not-for-Profit Private Sector Financial Reporting Framework

As part of the AASB's financial reporting framework project it is considering a not-for-profit (NFP) entity's ability to prepare financial statements in accordance with Australian Accounting Standards.

The objective of the AASB project is to develop a reporting framework that is simple, proportionate, consistent, transparent and cost effective for all NFP private sector entities in Australia.

Features of such a framework is expected to include an additional reporting tier with simplified recognition and measurement requirements that are capable of being audited and enforced. The AASB continues to conduct research and outreach on this project and is in the process of consultations with targeted stakeholders and the drafting of discussion papers setting out its proposals.

### Sustainability Reporting

International investors with global investment portfolios are increasingly calling for high quality, transparent, reliable and comparable reporting by companies on climate and other environmental, social and governance (ESG) matters. On 3 November 2021, the IFRS Foundation Trustees announced the creation of a new standard-setting board—the International Sustainability Standards Board (ISSB)—to help meet this demand. In November 2021, the AASB indicated that, at least initially, it intends to develop sustainability reporting requirements for the domestic market.

It has also indicated that this project will initially focus on the for-profit sector and not public sector or the private not-for-profit sector. In February 2022, the AASB formally added the Sustainability Reporting project to its work plan and indicated that this project would be considered a high priority going forward with climate reporting likely to be the first sustainability matter it addresses. The current project status is the development of a project plan.

### Post-implementation Reviews

From 2022, the AASB will be commencing the following post-implementation reviews:

- AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers* Appendix F Australian Implementation Guidance for Not-for-Profit Entities
- AASB 10 Consolidated Financial Statements – Appendix E Australian Implementation Guidance for Not-for-Profit Entities
- AASB 12 Disclosure of Interests in other Entities – Appendix E Australian Implementation Guidance for Not-for-Profit Entities
- AASB 1054 Additional Australian Disclosures – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.

## Related party disclosures (including disclosure of key management personnel remuneration)

Charities that prepare general purpose financial statements (GPFS) are required to include the related party disclosures under either AASB 124 Related Parties (Tier 1 entities) or AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Tier 2 entities).

Until recently, charities preparing special purpose financial statements under the ACNC Act have not been required to disclose transactions with related parties. This is because these charities only had to comply with the five mandatory accounting standards, being:

- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.
- AASB 1048 Interpretations of Standards; and
- AASB 1054 Australian Additional Disclosures.

Following changes made in 2021 to the Australian Charities and Not-for-profits Commission Regulation 2013), AASB 124 has now been added as a mandatory accounting standard that medium and large charities will have to comply with when preparing special purpose financial reports.

For these charities, the Regulations now allow a choice to apply all the disclosure requirements of the six mandatory standards, or the equivalent disclosure requirements contained in AASB 1060. With respect to related party disclosures other than Key Management Personnel remuneration, the disclosure requirements in AASB 124 and AASB 1060 are essentially the same.

Entities that choose to present the disclosures under the Simplified Disclosure requirements contained in AASB 1060 are also required to make the special purpose disclosures required by paragraphs 1 to 6, 9, 9A, 9B and 17 of AASB 1054.

As a result of the changes to the Regulations, large charities that prepare special purpose financial reports will be required to disclose key management personnel remuneration in financial statements for years ending on 30 June 2022 and thereafter, if they have two or more remunerated persons classed as key management personnel.

It should be noted that a large charity with only one individual who meets the definition of key management personnel is exempt from the remuneration disclosure requirements. This exemption however does not extend to a large charity that is provided with key management personnel services by a separate management entity.

Medium and large registered charities that prepare special purpose financial reports will be required to disclose details of related party transactions in financial statements for years ending on 30 June 2023 and thereafter.

The later effective date will allow charities some time to implement processes and systems to capture related party transactions for reporting purposes.

In terms of transition, the Regulations do not provide for any relief in the year of adoption of the new disclosures. However, the ACNC Commissioner has exercised discretion and decided that affected charities do not have to provide comparative information in the first year of adoption.

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# Part 3 – Considerations for CPA Australia Members

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## CPA Australia's requirements for members involved in the preparation of charity financial reports or audit/review of charity financial reports

This section is relevant to all CPA Australia members involved in:

- Preparing financial reports for a registered charity (including as an employee, member of management team or board, or in a voluntary capacity) or as a public practitioner providing accounting services to a registered charity.
- Providing assurance services, either as an auditor or reviewer. Members providing audit, assurance or review services should also ensure that they hold the appropriate registrations required by legislation.

## Professional and ethical standards

Before undertaking any engagement, a member must ensure they have obtained and maintained the appropriate skills at the level required to meet their professional obligations. To understand these obligations and to ensure the audit or review is conducted properly, members are referred to the

Australian Professional and Ethical Standards (APES) issued by the Australian Professional and Ethical Standards Board (APESB). The following may be of particular relevance:

- **APES 110 Code of Ethics for Professional Accountants** contains the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour
- **APES 205 Conformity with Accounting Standards**
- **APES 210 Conformity with Auditing and Assurance Standards**
- **APES 305 Terms of Engagement**
- **APES 310 Client Monies**
- **APES 315 Compilation of Financial Information**
- **APES 320 Quality Control for Firms**
- **APES 325 Risk Management for Firms**

The principle of professional competence and due care imposes the following obligations on members:

- to maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service; and
- to act diligently in accordance with applicable technical and professional standards when providing their services.

APES 110 *Code of Ethics for Professional Accountants* requires members to comply with the principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. The principles of professional behaviour impose an obligation on members to comply with relevant laws and regulations and avoid any action or omissions that may discredit the profession.

Members obligations with respect to Non-Compliance with Laws and Regulations (NoCLAR) are described in Section 260 of APES 110 *Code of Ethics for Professional Accountants*. NoCLAR provides a framework for members to manage instances of NoCLAR including the legal requirements with respect to disclosure and informing Those Charged With Governance (TCWG).

CPA Australia members undertaking audit or review engagements must also comply with Section 400 of APES 110 *Audit and Review Engagements* which examines the concept of independence in the context of audit and review engagements. The Code adopts a conceptual framework that requires the identification and evaluation of threats to independence and the application of safeguards to reduce any threats created to an acceptable level. This approach will be required in addition to any rules adopted in legislation, which are often prescriptive in nature. Accordingly, members and other readers of this Code should recognise that adherence to this Code is not a substitute for legislation but complements any such legislation.

## Competency requirements for assurance practitioners undertaking review engagements

Members undertaking review engagements must ensure they meet the minimum competency requirements set out in the **Competency Requirements for Assurance Practitioners Undertaking Review Engagements**. These competency requirements have been jointly developed by CPA Australia, Chartered Accountants Australia and New Zealand and Institute of Public Accountants, to set minimum standards for those members who undertake review engagements, regardless of whether they are being remunerated for them or not.

## Professional Indemnity Insurance (PII)

Any member providing public accounting services (including audit and review engagements), whether paid or unpaid, is required to hold appropriate levels of professional indemnity insurance.

Public accounting services include, but are not limited to:

- auditing and assurance,
- bookkeeping,
- consumer and commercial credit services,
- financial planning,
- financial reporting activities.
- forensic accounting,
- insolvency and corporate reconstruction,
- management accounting,
- management consultancy,
- taxation,
- transactional accounting and
- valuation services.

However Public Accounting Services do not include the above activities where they are provided by a member:

- (i) for the member personally; or
- (ii) in the capacity of an employee, in the course of the member's employment with his or her employer (in either case excluding an employee who controls the quality of the work performed by his or her employer) or for the employer's own use.

A more detailed description and discussion of Public Accounting Services is provided in Part 9 of CPA Australia's **By-Laws**.

From August 2010, CPA Australia has provided complimentary professional indemnity insurance to any member providing pro-bono and voluntary accounting services, which includes audits and reviews in the community. To access this, members must opt-in to the policy and acknowledge the terms of the policy, via the Manage My Membership pages.

Before taking any pro-bono audit or review engagement, members should undertake an individual risk assessment to ensure that the complimentary policy cover is appropriate for the services they are providing.

This offering is designed for the audit or review of small community organisations and not for the audit or review of larger not-for-profit organisations. CPA Australia recommends that such engagements should only be undertaken by appropriately qualified members who hold a public practice certificate and appropriate professional indemnity cover.

It should be noted that the above PII considerations are in the context of members providing public accounting services under CPA Australia By-Laws. Members working with registered charities either as directors (or equivalent) or employees (paid or pro-bono) are not subject to these considerations. Accordingly, those members should consider whether any PII is needed in their role with the particular registered charity, based on an assessment of the risks associated with their role, and any insurance (including PII) coverage provided by the registered charity for its employees and directors (or equivalent).

## Knowledge members should hold prior to undertaking audits/review

Compliance with the auditing and review standards issued by the Auditing and Assurance Standards Board is mandatory for any CPA Australia member undertaking an audit or review engagement.

Members must also ensure they are familiar with APES 110 *Section 400 Audit and Review Engagements*, with regards to auditor independence before undertaking any audit engagement.

Any member undertaking an audit needs to have obtained and be able to demonstrate competencies in a number of key areas:

- risk assessment,
- audit planning,
- control evaluation and testing,
- substantive testing, and
- forming an opinion.

In order to address these areas adequately the auditor must be familiar with the requirements of the Australian Auditing Standards (ASAs), the Australian standards for review engagements (ASREs) and any other applicable requirements, including the ACNC Act, the ACNC Consequential and Transitional Act, associated regulations and other requirements imposed by the ACNC.

## CPD requirements

Mandatory **CPD requirements** apply to members providing any service to the community including those members on the retired list.

## Quality management for firms

CPA Australia member undertaking an audit, review or other assurance engagement will need to comply with the new quality management standard, ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*. ASQM 1 requires firms to design a system of quality management to manage the quality of engagements performed by the firm.

For members that provide only non-assurance services, APES 320 *Quality Control for Firm* (revised) will continue to apply.

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# Appendix I

- Links to resources

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# Useful external links

## Financial reporting

Australian Accounting Standards Board  
– Accounting Standards

ACNC – Reporting Annually to the ACNC

ACNC – General and Special Purpose Statements

ACNC – Charity size

ACNC – The Annual Information Statement

## Auditing resources

ASA 210 Agreeing the Terms of Audit Engagements  
– Appendix 1 – example audit engagement letter

ASA 580 Written Representations  
– Appendix 2 – illustrative management representation letter

ASA 700 Forming an Opinion and Reporting on a Financial Report  
– Appendix 1 – audit report examples with unmodified opinions (for general purpose financial reports)

ASA 705 Modifications to the Opinion in the Independent Auditor's Report  
– Appendix – audit report examples with modified opinions (for general purpose financial reports)

ASA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report  
– Appendix 3 – audit report examples with emphasis of matter/other matter paragraphs (for general purpose financial reports)

ASA 800 Special Considerations – Audits of Financial Reports Prepared in Accordance With Special Purpose Frameworks  
– Appendix 1 – audit report examples for special purpose financial reports

Guidance Statement GS 019 Auditing Fundraising Revenue of Not-for-Profit Entities

- Appendices 2-3 – audit report examples for not-for-profit entities
- Appendix 4 – review report example for not-for-profit entity

Guidance Statement GS 022 Grant Acquittals and Multi-Scope Engagements

## Review resources

ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity  
– Appendix 1 – example review engagement letter  
– Appendix 1A – example management representation letter  
– Appendix 2 – example review reports (general purpose financial reports)

ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation  
– Appendix 1 – example review engagement report

## Guidance CPA Australia provides to members

CPA Australia offers a range of tools including fact sheets, online tools, forms, guides and templates, as well as auditing and accounting standards via the **Audit and Assurance and Financial Reporting** professional resources.

CPA also publishes a Small Entities Audit Manual (SEAM) annually which is available complimentary to all CPA Australia Public Practice Certificate holders or can also be purchased for a small fee by others.

Additional guidance material includes:

**Auditing small entities – learning manual**

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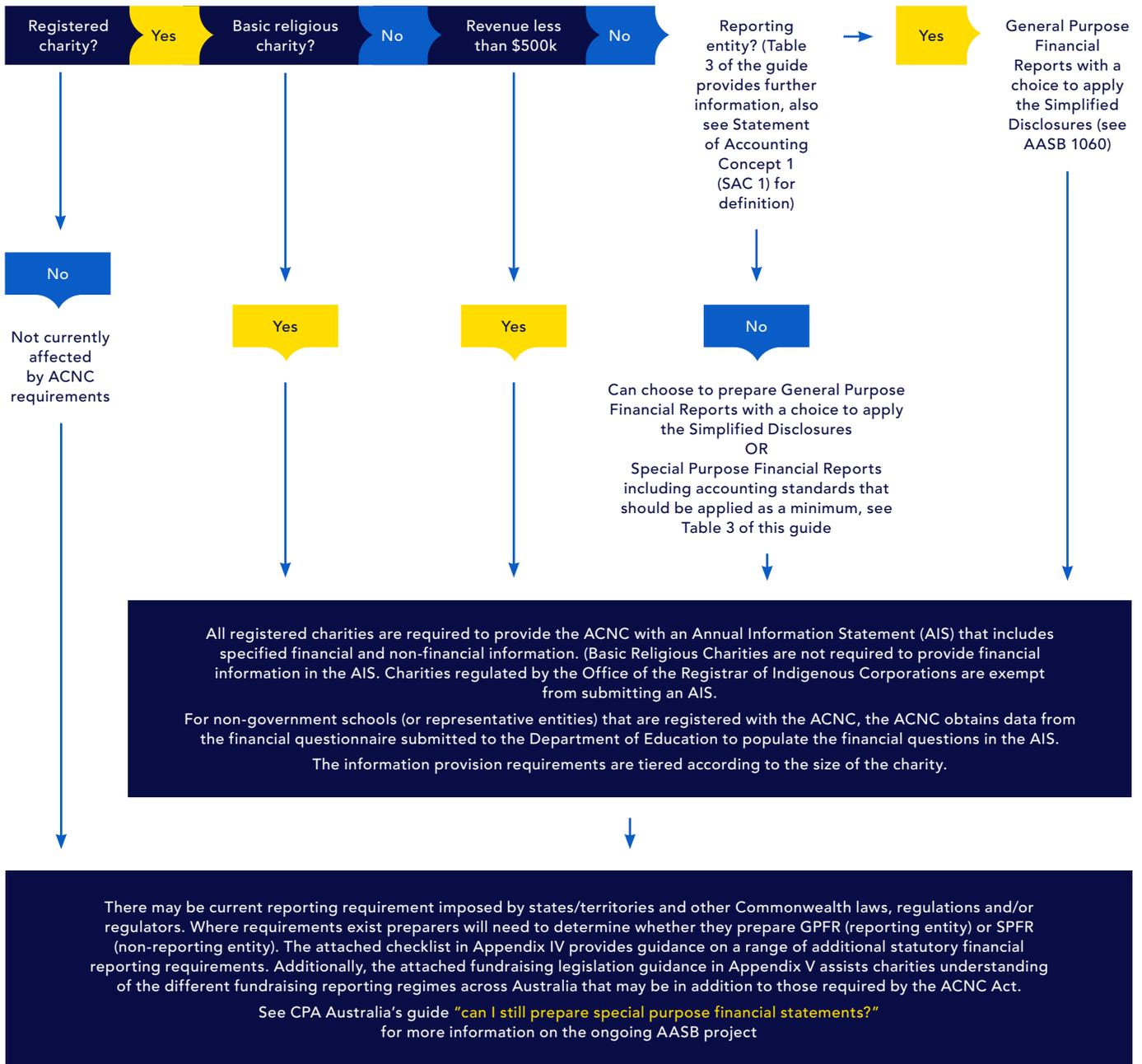
# Appendix II

## – Financial reporting

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# The Australian Charities and Not-for-profit Commission (ACNC)

## Reporting requirements for registered charities



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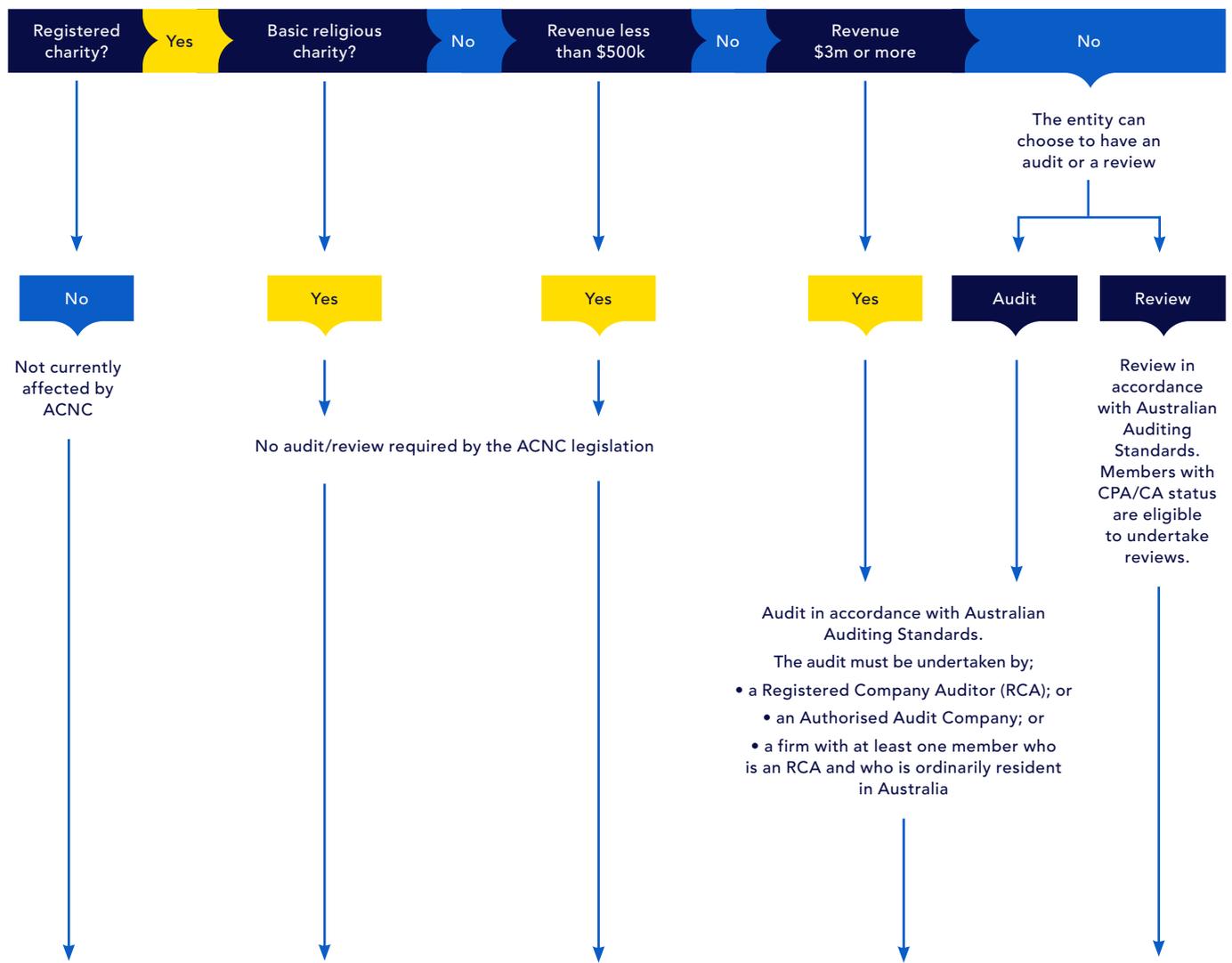
# Appendix III

## – Audit/Review

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# The Australian Charities and Not-for-profit Commission (ACNC)

## Auditing and review requirements for registered charities



There may be current audit/review requirements imposed by states/territories and other Commonwealth laws, regulations and/or regulators.

The attached checklist in Appendix IV provides guidance on a range of additional statutory audit/review requirements. Additionally, the attached fundraising legislation guidance in Appendix V assists charities understanding of the different fundraising auditing regimes across Australia that may be in addition to those required by the ACNC Act.

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# Appendix IV

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# Checklist for additional reporting and audit or review requirements for registered charities by legal structure

## Glossary

**Accounting Standards** Australian Accounting Standards issued by the Australian Accounting Standards Board.

**ACNC** Australian Charities and Not-for-profits Commission.

**CA ANZ** Chartered Accountants Australia and New Zealand.

**IPA** Institute of Public Accountants.

**Member of CPA Australia** Members of CPA Australia with CPA or FCPA designation. Members conducting audit or review engagements must comply with CPA Australia By-Laws, professional and ethical standards.

**RCA** Registered company auditor/ auditor registered under Part 9.2 of the *Corporations Act 2001*.

**Note:** The thresholds that determine the reporting and auditing requirements for registered charities have been increased (refer to the introduction to Part I of this Guide on page 7) for accounting periods ending 30 June 2022 onwards. We understand the revised ACNC thresholds were determined in conjunction with state and territory lawmakers and regulators. As at the publication date of this updated Guide, some states and territories are currently in the process of amending their respective regulatory requirements which is not yet reflected in this Guide. Whilst we will endeavour to update the Guide to reflect such changes as they occur, we refer readers to the relevant state/territory regulator identified below to ensure they are across the most updated financial reporting and assurance requirements.

A charity's legal structure can give rise to specific compliance obligations, including its reporting obligations. This checklist considers the financial reporting and assurance obligations according to a charity's legal structure imposed on registered charities by Commonwealth or state or territory based legislation other than those imposed by ACNC legislation, which is considered in the main guide.

The checklist addresses the majority (more than 90 per cent) of charities registered with the ACNC.

Examples of registered charities or other requirements this checklist does not address include:

- Registered charities that are also cooperatives registered under state or territory legislation, statutory corporations, entities established under royal charter or letters patent. Please consult the relevant legislation or regulator for further information.
- Specific financial reporting or audit or review requirements imposed by grant providers. Please consult with the relevant authority or grant making body to obtain this information.
- Specific financial reporting or audit requirements imposed by fundraising legislation. This is covered in Appendix V Additional Reporting and Audit Requirements for Registered Charities Imposed by Fundraising Legislation.
- Specific financial reporting or audit or review requirements imposed by the registered charity's governing document(s) (such as trust deed) or by other stakeholders (for example members).

Members of CPA Australia are reminded that when conducting audit or review engagements in order to fulfil statutory requirements set out in this Appendix, they must comply with CPA Australia By-Laws, professional and ethical standards.

The information contained in this checklist is correct at 30 June 2022, and does not reflect any changes that have occurred since.

Section	Entity type
1	Company limited by guarantee
2	Incorporated association – Australian Capital Territory
3	Incorporated association – Northern Territory
4	Incorporated association – New South Wales
5	Incorporated association – Queensland
6	Incorporated association – Tasmania
7	Incorporated association – Western Australia
8	Incorporated association – Victoria
9	Public ancillary fund
10	Private ancillary fund
11	Indigenous corporation

**Note:** The thresholds that determine the reporting and auditing requirements for registered charities have been increased (refer to the introduction to Part I of this Guide on page 7) for accounting periods ending 30 June 2022 onwards. We understand the revised ACNC thresholds were determined in conjunction with state and territory lawmakers and regulators. As at the publication date of this updated Guide, some states and territories are currently in the process of amending their respective regulatory requirements which is not yet reflected in this Guide. Whilst we will endeavour to update the Guide to reflect such changes as they occur, we refer readers to the relevant state/territory regulator identified below to ensure they are across the most updated financial reporting and assurance requirements.

## Section 1 Company limited by guarantee

Q			
Legislation		<ul style="list-style-type: none"> <li>• <i>Corporations Act 2001</i></li> <li>• <i>Corporations Regulations 2001</i></li> </ul>	
Regulator		Australian Securities and Investments Commission <a href="http://www.asic.gov.au">www.asic.gov.au</a>	
Criteria	Requirements		
<b>1</b>	Does annual revenue exceed \$1,000,000?#	Y	<p>Must prepare an audited financial report that complies with Chapter 2M of the Corporations Act and a directors' report with specific disclosures as set out in Section 300B of the Corporations Act. The audited financial report must be given to members who elect to receive them and lodged with ASIC.</p> <p>The audit must be conducted by a Registered Company Auditor (RCA), Authorised Audit Company or a firm.</p>
		N	See next question below
<b>2</b>	Does annual revenue exceed \$250,000# but is less than \$1,000,000?#	Y	<p>Must prepare a financial report that complies with Chapter 2M of the Corporations Act and a directors' report with specific disclosures as set out in Section 300B of the Corporations Act. The financial report can be subject to a review instead of an audit. The financial report must be given to members who elect to receive them and lodged with ASIC.</p> <p>The reviewer must be a member of CPA Australia (with CPA or FCPA designation), CA ANZ (with CA or FCA designation), IPA (with FIPA or MIPA designation).</p>
		N	No further annual financial reporting requirements under the legislation

#At the time of publication of this updated guide, the financial reporting thresholds have not been changed for companies limited by guarantee that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 2 Incorporated Association – Australian Capital Territory

### Q

Legislation	<ul style="list-style-type: none"> <li>• <i>Associations Incorporation Act 1991</i></li> <li>• <i>Associations Incorporation Regulation 1991</i></li> </ul>
Regulator	Access Canberra <a href="http://accesscanberra.act.gov.au">accesscanberra.act.gov.au</a>
Criteria	Requirements
1	<p>Financial reporting and audit requirements for associations</p> <p>No additional financial reporting and assurance obligations imposed on registered charities by Access Canberra other than those imposed by ACNC legislation.</p> <p>Associations that are charities registered with the ACNC are exempt from all the requirements outlined in Part V of the <i>Associations Incorporation Act 1991</i> ("the Act") and reporting to Access Canberra.</p> <p>Instead, registered charities are required to meet the requirements under the Commonwealth legislation and report to the ACNC.</p> <p>For financial reporting and audit requirements imposed by the ACNC, refer to the main guide Part 1 – The Reporting and Assurance Regime for Charities.</p>

### Section 3 Incorporated Association – Northern Territory

#### Q

Legislation	<ul style="list-style-type: none"> <li>• <i>Associations Act 2003</i></li> <li>• <i>Associations Regulations</i></li> </ul>		
Regulator	Licensing NT <a href="http://nt.gov.au">nt.gov.au</a>		
Criteria	Requirements		
<b>1</b>	Do any of the following conditions apply?	Y	True and fair accounts that are not misleading and cover the activities of any trust controlled by the entity must be prepared and presented to members at the annual general meeting, and lodged with the Commissioner. The accounts must be prepared in accordance with applicable Australian Accounting Standards.
	<ul style="list-style-type: none"> <li>1. Annual gross receipts exceed \$250,000</li> <li>2. Gross assets exceed \$500,000</li> <li>3. Association performing local government functions</li> </ul>		<p>If conditions 1 or 2 apply, the accounts must be audited by a member of CPA Australia, CA ANZ or IPA who holds a public practice certificate, or a person who is approved by the Commissioner. If condition 3 applies, the audit must be conducted by a RCA.</p> <p>For exemptions, refer to the details provided at the end of Section 3.</p>
		N	See next question below
<b>2</b>	Do any of the following apply?	Y	True and fair accounts that are not misleading and cover the activities of any trust controlled by the entity must be prepared and presented to members at the annual general meeting, and lodged with the Commissioner. The accounts must be prepared in the form specified in Sch4 of the Regulations, or in accordance with applicable Australian Accounting Standards and containing all the information specified in Sch4 (Reg10) of the Associations Regulations.
	<ul style="list-style-type: none"> <li>• Annual gross receipts are between \$25,000 and \$250,000</li> <li>• Gross assets are between \$50,000 to \$500,000</li> <li>• Holds a licence under the Gaming Machine Act</li> </ul>		<p>The accounts must be audited by a member of CPA Australia, CA ANZ, IPA, or a person who is approved by the Commissioner.</p> <p>For exemptions, refer to the details provided at the end of Section 3.</p>
		N	See next question below

### Section 3 Incorporated Association – Northern Territory

#### Q

<b>3</b>	Financial reporting and audit requirements for all other associations	<p>True and fair accounts that are not misleading and cover the activities of any trust controlled by the entity must be prepared and presented to members at the annual general meeting, and lodged with the Commissioner. The accounts must be prepared in the form specified in Sch4 of the Regulations, or in accordance with applicable Australian Accounting Standards and are required to contain all the information specified in Sch4 (Reg10) of the Associations Regulations.</p> <p>The accounts must be audited by a person who is:</p> <ul style="list-style-type: none"> <li>• not a member of the association</li> <li>• not a partner (spouse, de facto or business partner), employer or employee of a member of the association</li> <li>• not a partner (spouse, de facto or business partner) of an employer or employee of a member of the association</li> </ul> <p>For exemptions, refer to the details provided at the end of Section 3.</p>
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#### Exemptions from financial reporting

Registered charities that are incorporated associations in NT (registered under the Associations Act 2003 (NT)) are exempted from the requirement to lodge an annual summary of financial affairs with Licensing NT or pay the annual fee provided the following conditions are met:

- charities provide their incorporated association number issued by Licensing NT
- charities provide annual financial statements (if required) by Licensing NT.

For medium and large charities, this was already a requirement of the ACNC's Annual Information Statement. Small charities that want to take advantage of this arrangement must provide the ACNC with the financial report required under the Associations Act 2003 (NT).

Medium and large charities registered with ACNC must prepare financial statements meeting all the ACNC reporting requirements. Refer to Part 1 – Financial Reports earlier in this guide.

Incorporated associations registered with NT must also comply with the obligations under Division 60 of the ACNC Act 2012.

\*At the time of publication of this updated guide, the financial reporting thresholds have not been changed for Northern Territory incorporated associations that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 4 Incorporated Association – New South Wales

Q			
	Legislation		<ul style="list-style-type: none"> <li>• <i>Associations Incorporation Act 2009</i></li> <li>• <i>Associations Incorporation Regulation 2016</i></li> <li>• <i>Class Order 11/01</i></li> <li>• <i>Exemption Order No. 001/18 Financial reporting requirements</i></li> </ul>
	Regulator		NSW Fair Trading <a href="http://fairtrading.nsw.gov.au">fairtrading.nsw.gov.au</a>
	Criteria		Requirements
1	Total revenue for the financial year \$2,000,000 or more?#	Y	Financial statements must be prepared in accordance with Australian Accounting Standards, including details of any mortgages, charges and other securities affecting any property, and cover the activities of any trust controlled by the entity. The financial statements must be presented to members at the annual general meeting, and lodged with the ACNC*.
		N	See next question below.
2	Do any of the following apply? 1. Gross receipts exceed \$250,000# 2. Current assets exceed \$500,000. Current assets are assets (other than real property) such as buildings, structures or other improvements on land or assets capable of depreciation, including amounts held in financial institutions, stocks and debentures#.	Y	<p>Financial statements must be prepared in accordance with Australian Accounting Standards, including details of any mortgages, charges and other securities affecting any property and cover the activities of any trust controlled by the entity. The financial statements must be presented to members at the annual general meeting, and lodged with the ACNC*.</p> <p>Under an exemption provided by <b>Class Order 11/01</b>, compliance with all Accounting Standards is not required if the entity:</p> <ul style="list-style-type: none"> <li>• prepares a statement of income and expenditure and balance sheet, a statement of movements in equity, and a statement of accounting policies</li> <li>• applies the recognition, measurement and classification requirements of accounting standards, including compliance with AASB 1048</li> <li>• complies with requirements of AASB 108</li> <li>• prepares financial statements for a trust for which the entity acts as a trustee</li> <li>• prepares a consolidated statement of income and expenditure and a consolidated balance sheet which consolidates its investment in any subsidiaries, as defined by AASB 127, except for any trusts for which it acts as a trustee in accordance with the financial reporting requirements for individual associations.</li> </ul> <p>The financial statements must be audited by:</p> <ul style="list-style-type: none"> <li>• a member of CPA Australia, CA ANZ, or IPA who holds a public practice certificate, or by a RCA</li> <li>• the Auditor-General of the Commonwealth or of a state or territory.</li> </ul>
		N	See next question below.

## Section 4 Incorporated Association – New South Wales

### Q

<b>3</b>	Financial reporting and audit requirements for all other associations	<p>True and fair financial statements must be prepared and presented to members at the annual general meeting and lodged with the ACNC*. The financial statements must include:</p> <ul style="list-style-type: none"> <li>• an income and expenditure account</li> <li>• a balance sheet</li> <li>• details of any mortgages, charges and other securities</li> <li>• a separate income and expenditure statement and balance sheet for each trust for which the entity is a trustee.</li> </ul> <p>NSW Fair Trading does not require the financial statements of these associations to be audited however, it may direct an association to conduct an audit and request an auditor's report.</p> <p>An association's constitution or funding arrangements may require an audit.</p>
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### Exemptions from financial reporting

\*Incorporated associations that are also registered with the ACNC are exempted from the requirement to lodge an annual summary of financial affairs with NSW Fair Trading provided the following conditions are met:

- the association must comply with the obligations under Division 60 the *Australian Charities and Not-for-profits Commission Act 2012*
- the association must provide to the ACNC all of the information that it would have been required to provide to Fair Trading under Division 1 or Division 2 of Part 5 of the *Associations Incorporation Act 2009*
- if information is not included on or is removed from the ACNC Register under section 40-10 of the ACNC Act, then the association must lodge relevant financial reports with Fair Trading
- the association must not report to the ACNC as part of a reporting group under subdivision 60-G of the ACNC Act.

Medium and large charities must ensure that the financial reports they provide to the ACNC meet all ACNC reporting requirements. Refer to Part 1 – Financial Reports earlier in this guide.

#At the time of publication of this updated guide, the financial reporting thresholds have not been changed for Western Australian incorporated associations that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 5 Incorporated Association – Queensland

### Q

Legislation	<ul style="list-style-type: none"> <li>• <i>Associations Incorporation Act 1981</i></li> <li>• <i>Associations Incorporation Regulation 1999</i></li> </ul>
Regulator	Office of Fair Trading <a href="http://fairtrading.qld.gov.au">fairtrading.qld.gov.au</a>
Criteria	Requirements
<p><b>1</b></p> <p>Do any of the following conditions apply?</p> <p>1. Total revenue exceeds \$100,000, or current assets exceed \$100,000. Current assets are assets (other than real property) such as buildings, structures or other improvements on land or assets capable of depreciation, including amounts held in financial institutions, stocks and debentures</p> <p>2. Required to have an audit under:</p> <p>a. the Collections Act 1966</p> <p>b. the Gaming Machine Act 1991</p> <p>c. any law for any other purpose</p>	<p>Y</p> <p>A financial statement must contain particulars of the association's income and expenditure, assets and liabilities and the mortgages, charges and securities affecting the association's property.</p> <p>The financial statement must be presented to members at the annual general meeting, and lodged with the Chief Executive c/- the Office of Fair Trading, Queensland within 1 month after presentation to the AGM.</p> <p>If condition 1 applies, the financial statement must be audited by a member of CPA Australia, CA ANZ, or IPA, or by a RCA.</p> <p>If condition 2 applies, the financial statement must be audited by a member of CPA Australia, CA ANZ, or IPA, by a RCA, or by a person approved by the Chief Executive. The auditor must not be:</p> <ul style="list-style-type: none"> <li>• the secretary or a member of the entity's management committee</li> <li>• an employee of the entity</li> <li>• a business partner, employer, or employee of the secretary, or a business partner, employer or employee of a member of the entity's management committee</li> <li>• a spouse of any of the above, or a person wholly or partly dependent on any of the above</li> </ul> <p>Members of CPA Australia are reminded that when conducting the audit they must comply with CPA Australia By-Laws, professional and ethical standards.</p> <p>N</p> <p>See next question below.</p>
<p><b>2</b></p> <p>Do any of the following apply?</p> <p>1. Total revenue exceeds \$20,000 but is less than \$100,000</p> <p>2. Current assets (defined as assets other than real property and capable of depreciation, and including amounts held in financial institutions, stocks and debentures) exceed \$20,000 but are less than \$100,000</p>	<p>Y</p> <p>The financial statement must be presented to members at the annual general meeting, and lodged with the Chief Executive c/- the Office of Fair Trading, Queensland within 1 month after presentation to the AGM.</p> <p>The financial statement must contain a statement signed by an auditor, an accountant, or an approved person that states: (A) the person has sighted the association's financial records; and (B) the association's financial records show that the association has bookkeeping processes in place to adequately record the association's income and expenditure and dealings with its assets and liabilities.</p> <p>For CPA Australia purposes this is a review engagement by a member of CPA Australia, CA ANZ, or IPA, or by a RCA, or by a person approved by the Chief Executive.</p> <p>The verifier must not be:</p> <ul style="list-style-type: none"> <li>• the secretary or a member of the entity's management committee</li> <li>• an employee of the entity</li> <li>• a business partner, employer, or employee of the secretary, or a business partner, employer or employee of a member of the entity's management committee</li> <li>• a spouse of any of the above, or a person wholly or partly dependent on any of the above</li> </ul> <p>N</p> <p>See next question below.</p>

## Section 5 Incorporated Association – Queensland

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### Q

<b>3</b>	<p>Financial reporting and audit requirements for all other associations where:</p> <ol style="list-style-type: none"> <li>1. Total revenue is less than \$20,000</li> <li>2. Current assets (defined as assets other than real property and capable of depreciation, and including amounts held in financial institutions, stocks and debentures) is less than \$20,000.</li> </ol>	<p>A financial statement must contain particulars of the association's income and expenditure, assets and liabilities, the mortgages, charges and securities affecting the association's property. The financial statement must be presented to members at the annual general meeting, and lodged with the Chief Executive c/- the Office / of Fair Trading, Queensland.</p> <p>The financial statement must contain a statement signed by the association's president or treasurer that states the association keeps financial records in a way that properly records the association's income and expenditure and dealings with its assets and liabilities.</p>
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## Section 6 Incorporated Association – South Australia

Q Section 6 Incorporated Association – South Australia		
Legislation		<ul style="list-style-type: none"> <li>• <i>Associations Incorporation Act 1985</i></li> <li>• <i>Associations Incorporation Regulations 2008</i></li> </ul>
Regulator		Consumer and Business Services (CBS) <a href="http://cbs.sa.gov.au">cbs.sa.gov.au</a>
Criteria		Requirements
1	Financial reporting and audit requirements for associations	<p>No additional financial reporting and assurance obligations imposed on registered charities by CBS other than those imposed by ACNC legislation.</p> <p>Registered charities are required to meet the requirements under the Commonwealth legislation and report to the ACNC.</p> <p>For financial reporting and audit requirements imposed by the ACNC, refer to the main guide Part 1 – The Reporting and Assurance Regime for Charities.</p>

## Section 7 Incorporated Association – Tasmania

Q		
Legislation		• <i>Associations Incorporation Act 1964</i>
Regulator		Office of Consumer, Building and Occupational Services (CBOS) <a href="http://cbos.tas.gov.au">cbos.tas.gov.au</a>
Criteria		Requirements
1	Does annual revenue exceed \$250,000#?	<p>Y Accounts must be prepared, subjected to audit, and lodged with the ACNC*. The entity must keep accounting records that enable the preparation of true and fair accounts that can be audited.</p> <p>The audit must be conducted by a RCA or another person approved by the Commissioner.</p> <p>N It is optional for accounts to be prepared and lodged with the ACNC*. Accounts are not required to be audited or reviewed.</p>

#ACNC registered charities do not have to submit financial statements to CBOS. The Commissioner can still request a copy of information that has been supplied to the ACNC. The Commissioner would require a charity to comply with the Tasmanian reporting requirements where it failed to lodge a return with the ACNC. Medium and large charities registered with ACNC must prepare financial statements meeting all the ACNC reporting requirements. Refer to Part 1 – Financial Reports earlier in this guide.

\*At the time of publication of this updated guide, the financial reporting thresholds have not been changed for Tasmanian incorporated associations that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 8 Incorporated Association – Western Australia

### Q

Legislation	• <i>Associations Incorporation Act 2015</i>		
Regulator	Consumer Protection Division of the Department of Mines, Industry Regulations and Safety <a href="http://commerce.wa.gov.au">commerce.wa.gov.au</a>		
Criteria	Requirements		
<b>1</b>	<p>Does annual revenue exceed \$1,000,000#? Revenue is calculated in accordance with Australian Accounting Standards and is the income that arises in the course of the ordinary activities of an incorporated association before any allowance is made for any relevant tax liabilities.</p> <p>The following is not included in the calculation of revenue:</p> <ul style="list-style-type: none"> <li>• Gains from sale of non-current assets</li> <li>• Unrealised gains</li> <li>• Amounts collected on behalf of third parties.</li> </ul>	Y	<p>Must prepare an audited financial report that is true and fair and complies with Australian Accounting Standards. The audited financial report must be presented to members at the annual general meeting, and lodged with the ACNC*.</p> <p>The auditor may be a member of CPA Australia, CA ANZ, or IPA, or a RCA or an audit firm.</p>
		N	See next question below.
<b>2</b>	<p>Does annual revenue exceed \$250,000# but is less than \$1,000,000#?</p>	Y	<p>Must prepare a financial report that complies with Australian Accounting Standards. The financial report must contain notes to the financial statements including all disclosures required by the Accounting Standards and information required to give a true and fair view of the financial position.</p> <p>The financial report must be reviewed. However the financial report will need to be audited if:</p> <ul style="list-style-type: none"> <li>• the majority of members at a general meeting pass a resolution that an audit will be completed; or</li> <li>• the association is directed to do so by the Commissioner</li> </ul> <p>The financial report must be presented to members at the annual general meeting, and lodged with the ACNC*.</p> <p>The reviewer may be a member of CPA Australia, CA ANZ, IPA, or a RCA or an audit firm.</p>
		N	See next question below.

## Section 8 Incorporated Association – Western Australia

### Q

<b>3</b>	Financial reporting and audit requirements for all other associations	<p>Accounts must present fairly the results of the operation and can be prepared:</p> <ul style="list-style-type: none"> <li>• on a cash basis (including an account of receipts and payments, a reconciled statement of all bank account balances and a statement of assets and liabilities); or</li> <li>• on an accruals basis (including an account of income and expenditure and a balance sheet).</li> </ul> <p>The accounts must be presented to members at the annual general meeting, and lodged with the ACNC*.</p> <p>An association is not required to complete an audit or review of its accounts unless:</p> <ul style="list-style-type: none"> <li>• it is a requirement of the association's rules that one be completed;</li> <li>• it is a requirement under the terms of the association's funding agreement or licence;</li> <li>• the majority of members at a general meeting pass a resolution that an audit will be completed; or</li> <li>• the association is directed to do so by the Commissioner.</li> </ul> <p>The auditor or reviewer may be a member of CPA Australia, CA ANZ, IPA, or a RCA or an audit firm.</p>
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### Exemptions from financial reporting

\*ACNC registered charities only need to report to the ACNC using the Annual Information Statement. They are not required to submit a separate annual statement to Consumer Protection.

The Annual Information Statement includes additional information that the ACNC collect on behalf of Consumer Protection. To participate in this arrangement, associations must include the following information in the Annual Information Statement:

- their WA incorporated association number (IARN), and
- the date of the Annual General Meeting, and
- confirmation of whether the charity has more than six voting members.

Associations that do not answer these questions will need to continue to submit a separate annual statement to Consumer Protection. Charities that form part of an ACNC approved reporting group will not be able to take part in these arrangements.

\*At the time of publication of this updated guide, the financial reporting thresholds have not been changed for Western Australian incorporated associations that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 9 Incorporated Association – Victoria

Q		
Legislation		<ul style="list-style-type: none"> <li>• <i>Associations Incorporation Reform Act 2012</i></li> <li>• <i>Associations Incorporation Reform Regulations 2012</i></li> </ul>
Regulator		Consumer Affairs Victoria <a href="http://consumer.vic.gov.au">consumer.vic.gov.au</a>
Criteria		Requirements
1	Does total revenue exceed \$1,000,000?#	<p>Y</p> <p>The financial statements must be prepared in accordance with Australian Accounting Standards. Financial statements are required to contain particulars of the association's income and expenditure, assets and liabilities, mortgages, charges and securities affecting the association's property.</p> <p>For trusts where the association is trustee, the financial statements are required to contain particulars of the trust's income and expenditure, assets and liabilities, mortgages, charges and securities affecting the trust's property.</p> <p>The financial statements must be lodged with the ACNC* and presented to members at the annual general meeting.</p> <p>The financial statements must be audited and the audit must be conducted by an independent person who is one of the following:</p> <ul style="list-style-type: none"> <li>• a RCA</li> <li>• a firm of registered company auditors</li> <li>• a member of CPA Australia, CA ANZ, or IPA, who holds a Public Practice Certificate</li> <li>• a person approved by the Registrar.</li> </ul> <p>N</p> <p>See next question below.</p>
2	Financial reporting and audit requirements for all other associations#.	<p>Financial statements must contain particulars of the association's income and expenditure, assets and liabilities, mortgages, charges and securities affecting the association's property.</p> <p>For trusts where the association is trustee, the financial statements are required to contain particulars of the trust's income and expenditure, assets and liabilities, mortgages, charges and securities affecting the trust's property.</p> <p>The financial statements must give a true and fair view of the financial position and performance of the entity. The financial statements may be lodged with the ACNC*, however they must be presented to members at the annual general meeting.</p> <p>If required by a majority of members present at a general meeting of the association, or directed by the Registrar, the financial statements must be reviewed and the review must be conducted by one of the following:</p> <ul style="list-style-type: none"> <li>• a member of CPA Australia, CA ANZ, or IPA, who holds a Public Practice Certificate</li> <li>• a person approved by the Registrar.</li> </ul>

### Exemptions from financial reporting

\*Incorporated associations that are also registered with the ACNC are exempted from the requirement to lodge an annual statement with Consumer Affairs Victoria. Associations only need to report to the ACNC using the Annual Information Statement.

The Annual Information Statement includes additional information that the ACNC collect on behalf of Consumer Affairs Victoria. Charities must answer these additional questions to take advantage of this arrangement. Charities that do not answer these questions will need to submit an annual statement to Consumer Affairs Victoria.

These arrangements do not apply to incorporated associations that form part of a reporting group. Exemptions are not available to charities that have been approved by the ACNC to withhold financial details (for example, revenue) or financial reports from the ACNC Charity Register. Medium and large associations must ensure financial reports they provide to the ACNC meet all the ACNC reporting requirements. Refer to Part 1 – Financial Reports earlier in this guide.

#At the time of publication of this updated guide, the financial reporting thresholds have not been changed for Victorian incorporated associations that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 10 Public Ancillary Funds

Q	
Legislation	• <i>Taxation Administration (Public Ancillary Fund) Guidelines 2022</i>
Regulator	Australian Taxation Office <a href="http://ato.gov.au">ato.gov.au</a>
Criteria	Requirements
1	Are both revenue and assets \$1,000,000 or more <sup>#</sup> ?
	<p>Y</p> <p>Financial statements must be prepared in accordance with Australian Accounting Standards.</p> <p>The financial statements must also be audited in compliance with the Taxation Administration (Public Ancillary Fund) Guidelines 2022.</p> <p>The financial statements and compliance with guidelines must be audited by a RCA (within the meaning of the <i>Corporations Act 2001</i>).</p> <p>The trustee must make the financial statements available to the Commissioner of Taxation upon request, unless the financial statements have already been given to the ACNC.</p> <p>N</p> <p>Financial statements must be prepared in accordance with Australian Accounting Standards.</p> <p>The financial statements must also be reviewed in compliance with the Taxation Administration (Public Ancillary Fund) Guidelines 2022.</p> <p>The financial statements and compliance with guidelines must be reviewed by a RCA (within the meaning of the <i>Corporations Act 2001</i>).</p> <p>The trustee must make the financial statements available to the Commissioner of Taxation upon request, unless the financial statements have already been given to the ACNC.</p>
2	Financial reporting and audit requirements for all other public ancillary funds <sup>#</sup> .
	<p>Financial statements must be prepared in accordance with Australian Accounting Standards.</p> <p>The auditor must also review compliance with the Taxation Administration (Public Ancillary Fund) Guidelines 2022.</p> <p>Unless otherwise required by the Commissioner of Taxation, the financial statements and compliance with guidelines can be reviewed by a member of CPA Australia (with CPA/F CPA status), a member of CA ANZ (with CA/F CA status), or a member of IPA (with MIPA/F IPA status).</p> <p>The trustee must make the financial statements available to the Commissioner of Taxation upon request, unless the financial statements have already been given to the ACNC.</p>

<sup>#</sup>At the time of publication of this updated guide, the financial reporting thresholds have not been changed for public ancillary funds that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 11 Private Ancillary Funds

### Q

Legislation	• <i>Taxation Administration (Private Ancillary Fund) Guidelines 2019</i>		
Regulator	Australian Taxation Office <a href="http://ato.gov.au">ato.gov.au</a>		
Criteria	Requirements		
1	Are both revenue and assets \$1,000,000 or more <sup>#</sup> ?	Y	<p>Financial statements must be prepared in accordance with Australian Accounting Standards.</p> <p>The auditor must also audit compliance with the Taxation Administration (Private Ancillary Fund) Guidelines 2019.</p> <p>The financial statements and compliance with guidelines must be audited by a RCA (within the meaning of the <i>Corporations Act 2001</i>).</p> <p>The trustee must make the financial statements available to the Commissioner of Taxation upon request, unless the financial statements have already been given to the ACNC.</p>
		N	<p>Financial statements must be prepared in accordance with Australian Accounting Standards.</p> <p>The auditor must also review compliance with the Taxation Administration (Private Ancillary Fund) Guidelines 2019.</p> <p>The financial statements and compliance with guidelines must be reviewed by a RCA (within the meaning of the <i>Corporations Act 2001</i>).</p> <p>The trustee must make the financial statements available to the Commissioner of Taxation upon request, unless the financial statements have already been given to the ACNC.</p>
2	Financial reporting and audit requirements for all other public ancillary funds <sup>#</sup> .	<p>Financial statements must be prepared in accordance with Australian Accounting Standards.</p> <p>The auditor must also review compliance with the Taxation Administration (Private Ancillary Fund) Guidelines 2019.</p> <p>Unless otherwise required by the Commissioner of Taxation, the financial statements and compliance with guidelines can be reviewed by a member of CPA Australia (with CPA/F CPA status), a member of CA ANZ (with CA/F CA status), or a member of IPA (with MIPA/F IPA status).</p> <p>The trustee must make the financial statements available to the Commissioner of Taxation upon request, unless the financial statements have already been given to the ACNC.</p>	

<sup>#</sup>At the time of publication of this updated guide, the financial reporting thresholds have not been changed for private ancillary funds that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

## Section 12 Indigenous Corporations

### Q

Legislation	<ul style="list-style-type: none"> <li>• <i>Corporations (Aboriginal and Torres Strait Islander) Act 2006</i></li> <li>• <i>Corporations (Aboriginal and Torres Strait Islander) Regulations 2017</i></li> </ul>
Regulator	Office of the Registrar of Indigenous Corporations (ORIC) <a href="http://oric.gov.au">oric.gov.au</a>
Criteria	Requirements
<p><b>1</b> Do any of the following apply#?</p> <ul style="list-style-type: none"> <li>• Large corporation that satisfies two out of the following three criteria: <ul style="list-style-type: none"> <li>- Consolidated gross operating income more than \$5 million</li> <li>- consolidated gross assets more than \$2.5 million</li> <li>- more than 24 employees.</li> </ul> </li> <li>• Consolidated gross income (gross income of the corporation and any controlled entities) exceeds \$5 million.</li> </ul>	<p>Y</p> <p>A general report in the prescribed form, containing information about the corporation, its members and officers.</p> <p>A financial report including financial statements and notes (prepared in accordance with accounting standards) and a director's declaration.</p> <p>ORIC has issued guidance that indicates that the financial statements should be prepared as general purpose financial statements, with the option of using the simplified disclosure standard (AASB 1060).</p> <p>The financial report must be audited by one of the following:</p> <ul style="list-style-type: none"> <li>• RCA</li> <li>• an audit firm with at least one member who is a RCA</li> <li>• authorised audit company.</li> </ul> <p>The general report, financial report, audit report and directors' report must be lodged with the Registrar*.</p> <p>N See next question below.</p>

## Section 12 Indigenous Corporations

Q			
<b>2</b>	<p>Do any of the following apply#?</p> <ul style="list-style-type: none"> <li>• Medium corporation that satisfies two out of the three following criteria:               <ul style="list-style-type: none"> <li>- Consolidated gross operating income exceeds \$100,000 but is less than \$5 million</li> <li>- consolidated gross assets exceed \$100,000 but are less than \$2.5 million</li> <li>- between 5 and 24 employees.</li> </ul> </li> <li>• Small corporation with a consolidated gross income between \$100,000 and \$5 million.</li> </ul>	Y	<p>A general report in the prescribed form, containing information about the corporation, its members and officers.</p> <p>A financial report including financial statements and notes (prepared in accordance with accounting standards) and a director's declaration.</p> <p>ORIC has issued guidance that indicates that the financial statements should be prepared as general purpose financial statements, with the option of using the simplified disclosure standard (AASB 1060).</p> <p>The financial report must be audited by one of the following:</p> <ul style="list-style-type: none"> <li>• RCA</li> <li>• an audit firm with at least one member who is a RCA</li> <li>• authorised audit company</li> <li>• member of CPA Australia (with CPA/FCPA status) or CA ANZ (member or affiliate)</li> </ul> <p>The general report, financial report and audit report must be lodged with the Registrar*.</p> <p>Exemptions</p> <ol style="list-style-type: none"> <li>1. A small or medium entity that receives public funding can lodge a copy of the reports provided to funding bodies along with any relevant auditor's report, an income and expenditure statement and balance sheet disclosing any details not including in the aforesaid reports, and a directors' declaration if they satisfy these conditions:               <ul style="list-style-type: none"> <li>• gross income between \$100,000 and \$5 million</li> <li>• at least 90% of income from government funding</li> <li>• annual report lodged as part of funding requirements</li> <li>• not required to provide consolidated financial statements.</li> </ul> </li> <li>2. Trust and land information is not required in the general report, and small or medium entities with income less than \$5 million are not required to provide a directors' report.</li> </ol>
		N	See next question below.
<b>3</b>	Financial reporting and audit requirements for all other corporations.		<p>A general report in the prescribed form, containing information about the corporation, its members and officers.</p> <ol style="list-style-type: none"> <li>1. The general report must be lodged with the Registrar*.</li> </ol>

\*Corporations that are registered charities with the ACNC do not need to send any reports to the ACNC.

#At the time of publication of this updated guide, the financial reporting thresholds have not been changed for public ancillary funds that are not ACNC registered charities. We recommend such entities refer to the Regulator's website provided above for any changes to these thresholds.

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# Appendix V

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# Additional reporting and audit or review requirements for registered charities imposed by fundraising legislation

The state and territory fundraising regimes have different reporting and audit requirements. Fundraising reporting is generally required in addition to any reporting to regulators of an organisation's incorporation or, if registered as a charity, to the ACNC. Reporting and auditing requirements under charitable fundraising legislation by state and territory may not necessarily be consistent with the reporting and auditing requirements under the ACNC legislation.

The following guide provides an overview of the different fundraising reporting and auditing regimes across Australia. It is designed to help charities that fundraise in states and territories to navigate the reporting and audit regimes and provides summaries of the various legal requirements that apply.

This guide should not be considered a comprehensive overview of how to comply with fundraising laws applicable to reporting and auditing in every jurisdiction.

Note for the purposes of this guide registered charities means charities registered with the ACNC.

Members of CPA Australia are reminded that when conducting audit or review engagements in order to fulfil statutory requirements set out in this Appendix, they must comply with CPA Australia By-Laws, professional and ethical standards.

## Australian Capital Territory (ACT) Charitable Fundraising

<b>Legislation</b>	<ul style="list-style-type: none"> <li>• <i>Charitable Collections Act 2003</i></li> <li>• <i>Charitable Collections Regulations 2003</i></li> <li>• <i>Lotteries Act 1964</i></li> </ul>	
<b>Regulator</b>	<p>Access Canberra (responsible for registering and regulating organisations that conduct fundraising activities). <a href="http://accesscanberra.act.gov.au">accesscanberra.act.gov.au</a></p> <p>ACT Gambling and Racing Commission (responsible for regulating fundraising activities through raffles, bingo and lotteries). <a href="http://gamblingandracing.act.gov.au/">gamblingandracing.act.gov.au/</a></p>	
<b>Authority to fundraise</b>	<p>In June 2017, the ACT amended the <i>Charitable Collections Act 2003</i> to exempt ACNC registered charities from requiring a license to fundraise in the ACT and from reporting to Access Canberra.</p> <p>Special conditions apply to certain community gaming activities charities conduct as a fundraising activity and a permit is required unless it meets one of the exempt categories.</p>	
Financial Reporting Requirements	Audit Requirements	What the Auditor Reports on in Addition to the ACNC legislation
<p>In addition to the ACNC reporting requirements, annual accounts need to include:</p> <ul style="list-style-type: none"> <li>• the proceeds of the collection (including any amounts realised from benefits received for the purposes of the collection);</li> <li>• the amount of lawful and proper expenses under the Act, section 44 (3) for the collection;</li> <li>• the net proceeds of the collection;</li> <li>• the amount applied for the purposes of the collection.</li> </ul>	<p>If the income from the collection exceeds more than \$50,000 within a 12 month period, the accounts must be audited annually by:</p> <ul style="list-style-type: none"> <li>• a registered company auditor under the Corporations Act 2001 of the Commonwealth; or</li> <li>• an auditor approved in writing by the Director General.</li> </ul>	<p>The auditor reports on:</p> <ol style="list-style-type: none"> <li>a) whether the money (including any proceeds of a benefit) received during, or for the purposes of the collection, has been properly accounted for and applied in accordance with the Act;</li> <li>b) whether the accounts and records for the collection have been properly kept; and</li> <li>c) whether the accounts show a true and fair view of income and expenditure in relation to the collection.</li> </ol>

## Northern Territory Charitable Fundraising

<b>Legislation</b>	<ul style="list-style-type: none"> <li>• <i>Gaming Control Act 1993</i></li> <li>• <i>Gaming Control (Community Gaming) Regulations 2006</i></li> <li>• <i>NT Code of Practice for Responsible Gambling</i></li> </ul>	
<b>Regulator</b>	Licensing NT <a href="http://nt.gov.au">nt.gov.au</a>	
<b>Authority to fundraise</b>	<p>Charities need to be registered as an approved association to legally operate raffles. Charities will also need to apply for permits where raffle ticket sales exceed \$5,000.</p> <p>For instance minor lottery permits are required where the total value of raffle ticket sales is between \$5,000 and \$20,000. A major lottery permit is required where the total value of raffle ticket sales is above \$20,000.</p>	
<b>Financial Reporting Requirements</b>	<b>Audit Requirements</b>	<b>What the Auditor Reports on in Addition to the ACNC legislation</b>
<p>Not later than 2 months after an approved association has held the draw in a major lottery or minor lottery, the association must lodge with the Director-General a statement including the following details:</p> <ul style="list-style-type: none"> <li>• the prizes of the lottery that are unclaimed or have not been awarded, including their value and the name and address of the person who has custody of them;</li> <li>• the money received by or on behalf of the approved association in connection with the lottery, including details of the sources of the money;</li> <li>• all other expenses incurred in the promotion or conduct of the lottery, including payments for services rendered in connection with the lottery.</li> </ul>	<p>An approved association must ensure the financial records relating to all games conducted by the association during the financial year are audited by a RCA or appropriate qualification who is approved by the Director-General.</p>	<p>A RCA or approved person must prepare a statement as to whether the financial records relating to the games conducted during the association's financial year give a true and fair view of the financial matters relating to those games.</p> <p>If the RCA or approved person issues a qualified audit report, the approved association must submit a copy of the report to the Director-General not later than 14 days after the approved association receives the report.</p>

## New South Wales Charitable Fundraising

<p><b>Legislation</b></p>	<ul style="list-style-type: none"> <li>• <i>Charitable Fundraising Act 1991</i></li> <li>• <i>Charitable Fundraising Regulation 2021</i></li> <li>• <i>Lotteries and Art Unions Act 1901</i></li> <li>• <i>Lotteries and Art Unions Regulation 2014</i></li> <li>• <i>Public Lotteries Act 1966</i></li> <li>• <i>Public Lotteries Regulation 2016</i></li> </ul>	
<p><b>Regulator</b></p>	<p>Office of Fair Trading (Responsible for registering and regulating organisations conduct fundraising activities) <a href="http://fairtrading.nsw.gov.au">fairtrading.nsw.gov.au</a></p> <p>Liquor and Gaming NSW (responsible for regulating any fundraising conducted through games, such as raffles) <a href="http://fairtrading.nsw.gov.au/charitable-fundraising/rules-for-fundraising">fairtrading.nsw.gov.au/charitable-fundraising/rules-for-fundraising</a></p>	
<p><b>Authority to fundraise</b></p>	<p>A charity will be required to hold an authority to fundraise if they are looking to fundraise from the public of New South Wales for a charitable purpose, unless they are subject to one of the exemptions. Refer to Office of Fair Trading for more information.</p> <p>Since 1 July 2021, ACNC-registered charities are automatically eligible to apply for and receive an authority to fundraise with NSW Fair Trading.</p> <p>Charities conducting community gaming as a fundraising activity may require a permit from Liquor and Gaming NSW and may need to comply with limits on prize values.</p>	
<p><b>Financial Reporting Requirements</b></p>	<p><b>Audit Requirements</b></p>	<p><b>What the Auditor Reports on in Addition to the ACNC legislation</b></p>
<p>From 1 July 2021, ACNC registered charities who also hold a NSW authority to fundraise can meet their reporting requirements under both regimes by providing an annual return form and statement of compliance with their Annual Information Statement to the ACNC.</p>		
<p>Fundraising charities in New South Wales who are not registered as a charity with the ACNC are subject to the following financial reporting requirements Charities who hold an authority to conduct a fundraising appeal are required to submit financial reports annually, regardless of how much money they raise through an annual return form. They also need to submit a statement of compliance with the Act, Regulation and conditions of the authority as part of the annual return form.</p> <p>Annual accounts must be prepared according to the Australian Accounting Standards and need to include:</p> <ul style="list-style-type: none"> <li>• Income statement (summarising income and expenditure for the financial year)</li> <li>• Balance sheet (summarising assets and liabilities at the end of the financial year)</li> <li>• Statement of cash flows</li> <li>• Notes to accounts where fundraising appeals exceed \$100,000.</li> <li>• Declaration by president or principal officer</li> <li>• Auditor's report if applicable.</li> </ul>	<p>Charities who hold an authority to conduct a fundraising appeal, and its accounts for receipts and expenditure for any appeals must be audited.</p> <p>Exemptions:</p> <ul style="list-style-type: none"> <li>• Receive less than \$250,000 gross in any financial year from any fundraising appeals conducted, and</li> <li>• Not the subject of a direction made by the Minister to be audited.</li> </ul> <p>Must be audited annually by a person qualified to audit accounts for the purposes of the <i>Corporations Act 2001</i> of the Commonwealth or having other qualifications or experience approved by the Minister.</p>	<p>The auditor reports on:</p> <ol style="list-style-type: none"> <li>a) whether the accounts show a true and fair view of the financial result of fundraising appeals for the year to which they relate, and</li> <li>b) whether the accounts and associated records have been properly kept during that year in accordance with this Act and the Regulations, and</li> <li>c) whether money received as a result of fundraising appeals conducted during that year has been properly accounted for and applied in accordance with this Act and the Regulations, and</li> <li>d) the solvency of the person or organisation.</li> </ol>

## New South Wales Charitable Fundraising

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Notes to accounts to include:

- Accounting policies
- Information on material matters i.e. operating loss from fundraising appeals
- Statement that describes how the net surplus or deficit obtained from fundraising appeals was applied
- Details of aggregate gross income and aggregate direct expenditure incurred in appeals in which traders were engaged
- Details of remuneration or benefits received by member of governing body (other reimbursements), including name of recipient. Only disclosed if received as a direct result of holding office as member of governing body.

The president or principal officer must declare the following:

- The organisation can pay all of its debts when they are due
- Income statement and balance sheet are true and fair
- Provisions of Act, Regulations, and conditions of the authority have been complied with
- Internal controls are appropriate and effective in accounting for all income received.

The financial statements must be presented to members at the annual general meeting within 6 months after the conclusion of the financial year. The financial statements need to be lodged with both the ACNC and the Office of Fair Trading.

Unincorporated charities that hold an authority to fundraise will have additional responsibilities in relation to periodic returns.

An unincorporated charity that is an authorised fundraiser must send to the Minister a return referred to in section 23 of the Act:

- (a) if the organisation ceases to conduct appeals, within two months after it ceases to conduct appeals, and
- (b) if in any financial year the gross income obtained from any appeals conducted by it exceeds \$100,000:
  - (i) within three months after the audited financial statements are adopted at its annual general meeting, or
  - (ii) within seven months after the conclusion of the financial year concerned, whichever occurs sooner.

Each such return is to be in a form approved by the Minister and must show:

- (a) the gross amounts received from each appeal, and
- (b) the net amount received after the deduction of expenses.

## Queensland Charitable Fundraising

<b>Legislation</b>	<ul style="list-style-type: none"> <li>• <i>Collections Act 1966</i></li> <li>• <i>Collections Regulations 2008</i></li> <li>• <i>Charitable and Non-Profit Gaming Act 1999</i></li> </ul>	
<b>Regulator</b>	<p>Office of Fair Trading (responsible for registering and regulating all organisations (including charities) conducting fundraising activities)  <a href="http://fairtrading.qld.gov.au">fairtrading.qld.gov.au</a></p> <p>Office of Liquor and Gaming Regulation (responsible for regulating legal gaming, including gaming conducted for a charitable purpose, such as raffles etc).  <a href="http://justice.qld.gov.au/corporate/about-us/services/liquor-gaming">justice.qld.gov.au/corporate/about-us/services/liquor-gaming</a></p>	
<b>Authority to fundraise</b>	<p>A charity will be required to hold an authority to fundraise if they are looking to fundraise from the public of Queensland for a charitable purpose.</p> <p>Organisations whose objects are of a community purpose and not solely charitable can fundraise by getting a sanction from the Office of Fair Trading. A sanctioned appeal can remain in force indefinitely or for a specified period (i.e. a one-off appeal). Refer to Office of Fair Trading for more information.</p> <p>In Queensland, if the fundraising activity consists only of conducting a game (i.e. a raffle) under the <i>Charitable and Non-Profit Gaming Act 1999</i>, the organisation does not need to apply to the Office of Fair Trading for a sanction. However, they may be required to comply with certain rules under the <i>Charitable and Non-Profit Gaming Act 1999</i>. These may include obtaining certain licences and approvals from Office of Liquor and Gaming Regulation.</p>	
<b>Financial Reporting Requirements</b>	<b>Audit Requirements</b>	<b>What the Auditor Reports on in Addition to the ACNC legislation</b>
<p>Financial Statements include:</p> <ul style="list-style-type: none"> <li>• A statement of income and expenditure (or receipts and payments)</li> <li>• Balance sheet</li> <li>• Other financial statements as prescribed.</li> </ul> <p>Registered charities and organisations conducting appeals for sanctioned purposes must lodge an annual return and financial statements within seven months (unless otherwise prescribed) after the end of each financial year with the Office of Fair Trading.</p> <p>For sanctioned one-off appeals, an audited statement of receipts and payments must be lodged with the Office of Fair Trading within one month after the end of the appeal.</p>	<p>Registered charities and those conducting appeals for sanctioned purposes must cause the accounts (incl. the financial statements) to be audited.</p> <p>The accounts must be audited by one of the following:</p> <ul style="list-style-type: none"> <li>• person registered as an auditor under the <i>Corporations Act 2001 of the Commonwealth</i></li> <li>• member of CPA Australia ('CPA' or 'FCPA')</li> <li>• member of Chartered Accountants Australia and New Zealand ('CA' or 'FCA')</li> <li>• member of the Institute of Public Accountants ('MIPA' or 'FIPA')</li> <li>• person who the chief executive considers has appropriate qualifications.</li> </ul>	<p>No additional requirements.</p>

## South Australia Charitable Fundraising

<b>Legislation</b>	• <i>Collections for Charitable Purpose Act 1939 Code of Practice</i>	
<b>Regulator</b>	Consumer and Business Services <a href="http://cbs.sa.gov.au">cbs.sa.gov.au</a>	
<b>Authority to fundraise</b>	Charities are automatically licensed to fundraise for charitable purposes in South Australia if they have registered with the ACNC and have notified Consumer and Business Services.	
Financial Reporting Requirements	Audit Requirements	What the Auditor Reports on in Addition to the ACNC legislation
<p>In 2016, legislation was passed in SA relating to charities that are registered with the ACNC. They must notify Consumer and Business Services of their intent to collect in SA to become licensed, and are exempted from certain reporting provisions within the Act.</p> <p>If Charities are registered with the ACNC and have notified Consumer and Business Services, they don't have to lodge annual fundraising statements or a 'Fundraising Income and Expenditure Statement'.</p> <p>The Minister may at any time, by notice in writing to the holder of a licence, require the holder of the licence to provide to the Minister, within a specified time, a statement setting out specified information relating to money or property collected or received by the holder of the licence for charitable purposes.</p>	<p>Charities who hold a fundraising licence and collect or receive money for a charitable purpose during a financial year must have their annual accounts audited (reporting to either the ACNC or Consumer and Business Services).</p> <p>Exemptions:</p> <ul style="list-style-type: none"> <li>• Registered charities with the ACNC with a reporting period covered by the 2021 Annual Information Statement or earlier who receive less than \$250,000 gross in any financial year from any fundraising appeals conducted</li> <li>• Registered charities with the ACNC with a reporting period covered by the 2022 Annual Information Statement or later who receive less than \$500,000 gross in any financial year from any fundraising appeals conducted</li> <li>• Not the subject of a direction made by the Minister to be audited.</li> </ul> <p>The audit must be conducted by a RCA, a firm of RCAs, a member of CPA Australia or CA ANZ, or a person approved by the Corporate Affairs Commission or a person approved by the Minister (S15(1), <i>Collections for Charitable Purposes Act 1939</i>).</p>	No additional requirements.

## Tasmania Charitable Fundraising

<b>Legislation</b>	<ul style="list-style-type: none"> <li>• <i>Collections for Charities Act 2001</i></li> <li>• <i>Collections for Charities Regulations 2011</i></li> <li>• <i>Gaming Control Act 1993</i></li> </ul>	
<b>Regulator</b>	<p>Office of Consumer, Building and Occupational Services (responsible for registering and regulating organisations conducting fundraising activities) <a href="http://cbos.tas.gov.au">cbos.tas.gov.au</a></p> <p>Tasmanian Gaming Commission (responsible for regulating any fundraising conducted through authorised games, such as raffles) <a href="http://treasury.tas.gov.au/liquor-and-gaming">treasury.tas.gov.au/liquor-and-gaming</a></p>	
<b>Authority to fundraise</b>	<p>Charities will not need an approval to solicit for donations if they are incorporated in Tasmania, or they are a corporation that has its principal office registered in Tasmania. If the charity was not incorporated then generally they would be prohibited from soliciting donations from the public, however, an unincorporated association or community group located within Tasmania can make an Application for Approval to collect Charitable Donations under Form 2. An individual applicant can also apply for an Application for Approval to Collect for Charitable Donations under Form 3. <i>The Collections for Charities Act 2001</i> does not apply to raffles. A permit may be required for certain gaming activities. Many raffles are administered by the Tasmanian Gaming Commission.</p>	
Financial Reporting Requirements	Audit Requirements	What the Auditor Reports on in Addition to the ACNC legislation
<p>There are no standard financial reporting requirements. The Office of Consumer, Building and Occupational Services may compel a charity to report in certain circumstances and may attach certain reporting conditions to an approval for a fundraiser (section 6(2), <i>Collections for Charities Act 2001</i>).</p>	<p>There are no standard auditing requirements. The Office of Consumer, Building and Occupational Services may compel a charity to report in certain circumstances and may attach certain reporting conditions to an approval for a fundraiser (section 6(2), <i>Collections for Charities Act 2001</i>).</p>	<p>No additional requirements.</p>

## Western Australia Charitable Fundraising

<p><b>Legislation</b></p>	<ul style="list-style-type: none"> <li>• <i>Charitable Collections Act 1946</i></li> <li>• <i>Charitable Collections Regulations 1947</i></li> <li>• <i>Street Collections (Regulation) Act 1940</i></li> <li>• <i>Street Collections Regulations 1999</i></li> <li>• <i>Gaming and Wagering Commission Act 1987</i></li> <li>• <i>Liquor Control Act 1988</i></li> <li>• <i>Voluntary Code of Practice</i></li> </ul>	
<p><b>Regulator</b></p>	<p>Consumer Protection Division of the Department of Mines, Industry Regulations and Safety (responsible for registering and regulating organisations conducting fundraising activities under the Charitable Collections Act 1946) <a href="http://commerce.wa.gov.au">commerce.wa.gov.au</a></p> <p>The Department of Local Government, Sport and Cultural Industries (responsible for regulating any fundraising conducted through authorised games, such as raffles) <a href="http://dlgsc.wa.gov.au">dlgsc.wa.gov.au</a></p>	
<p><b>Authority to fundraise</b></p>	<p>A charity that collects money or goods from the public in Western Australia for a “charitable purpose” needs to have an authority to fundraise.</p> <p>Since 1 July 2020, Consumer Protection has issued continuous licences (charities were previously required to renew their license every three years).</p>	
<p><b>Financial Reporting Requirements</b></p> <p>The annual accounts must set out details of all monies and goods collected or received and a statement of particulars of the manner in which they have been dealt. The financial statements must include a balance sheet and income and expense statement.</p> <p>The income section of the income and expense statement must:</p> <ul style="list-style-type: none"> <li>• clearly describe each type of fundraising activity conducted and avoid the use of general terms such as ‘fundraising’; and</li> <li>• list separately each different type of fundraising activity conducted. Do not aggregate the results of different types of fundraising activities. It is acceptable to aggregate the results of identical fundraising activities. For example, the revenue raised from three raffles conducted in a year may be aggregated.</li> <li>• If the organisation receives Grants they should be listed separately to donations.</li> </ul>	<p><b>Audit Requirements</b></p> <p>Whether a charitable organisation licensed under the Charitable Collections Act 1946 (the Act) is required to have their financial report audited will depend on the licence holder’s annual revenue (in line with the ACNC’s thresholds for charities of different sizes). Individuals can be approved to undertake the audit if they:</p> <ul style="list-style-type: none"> <li>• hold a degree or post graduate qualification which is recognised by one of the above professional accounting bodies; or</li> <li>• have been employed for at least five years in the fields of accounting or bookkeeping, or in the banking or finance industries; and</li> <li>• are not otherwise involved in the management of the charity or related to any member of the organisation.</li> </ul>	<p><b>What the Auditor Reports on in Addition to the ACNC legislation</b></p> <p>The auditor reports on:</p> <ol style="list-style-type: none"> <li>a) whether the accounts and associated records have been properly kept during that year in accordance with this Act and the Regulations, and</li> <li>b) whether funds received as a result of fundraising activities conducted during that year have been properly accounted for and applied in accordance with this Act and the Regulations.</li> </ol>

## Western Australia Charitable Fundraising

Financial Reporting Requirements	Audit Requirements	What the Auditor Reports on in Addition to the ACNC legislation
<p>The expense section of the income and expense statement must:</p> <ul style="list-style-type: none"> <li>• separately list the expenses for each type of fundraising activity listed in the income section; and</li> <li>• include all direct costs of fundraising in addition to a fair apportionment of relevant and identifiable indirect costs and overheads.</li> </ul> <p>Details of monies distributed to beneficiaries should also be listed in the notes to the accounts.</p> <p>A Charitable Collections Licence – As part of a streamlined reporting arrangement between the ACNC and Consumer Protection for financial years ending on or after 30 June 2020 – registered charities are not required to submit an annual statement or financial reports to Consumer Protection. To participate in this arrangement, registered charities must provide their WA fundraising license number when submitting the Annual Information Statement to the ACNC.</p> <p>A member of the committee or other governing body must declare the following:</p> <ul style="list-style-type: none"> <li>• Income statement and balance sheet are true and fair</li> <li>• the accounts and associated records have been properly kept during that year in accordance with this Act and the Regulations, and</li> <li>• funds received as a result of fundraising activities conducted during that year have been properly accounted for and applied in accordance with this Act and the Regulations.</li> </ul>	<p>For charities that have a charitable collections licence their accounts must be audited by:</p> <ul style="list-style-type: none"> <li>• a person approved by the Minister (s15(2), Charitable Collections Act 1946).</li> </ul> <p>For charities who have collected money for any charitable purpose (who do not hold a licence) they must be audited by:</p> <ul style="list-style-type: none"> <li>• the Auditor General, or</li> <li>• any officer appointed by the Auditor General or an officer authorised by the Minister for the purpose (s20).</li> </ul> <p>The Minister has approved the following independent persons to conduct an audit under the Act:</p> <ul style="list-style-type: none"> <li>• registered company auditor;</li> <li>• member of Chartered Accountants Australia &amp; New Zealand (CA, FCA);</li> <li>• member of CPA Australia (CPA or FCPA);</li> <li>• member of the IPA;</li> <li>• member of the Association of Taxation and Management Accountants (ATMA); or</li> <li>• person approved by the Department to audit the charity's accounts.</li> </ul>	

## Victoria Charitable Fundraising

<b>Legislation</b>	<ul style="list-style-type: none"> <li>• <i>Fundraising Act 1998</i></li> <li>• <i>Fundraising Regulations 2009</i></li> </ul>	
<b>Regulator</b>	<p>Consumer Affairs Victoria (responsible for registering and regulating organisations conducting fundraising activities) <a href="http://consumer.vic.gov.au">consumer.vic.gov.au</a></p> <p>Victorian Commission for Gambling and Liquor Regulation (responsible for regulating any fundraising conducted through authorised games, such as raffles) <a href="http://vcglr.vic.gov.au/">vcglr.vic.gov.au/</a></p>	
<b>Authority to fundraise</b>	<p>A charity will be required to hold an authority to fundraise in Victoria only if they raise more than \$20,000 per financial year and/or have paid staff. Some organisations are exempt from holding an authority to fundraise.</p> <p>Following a change to Victoria's fundraising law (which came into effect on 1 September 2020), organisations which are already registered with the ACNC no longer need to go through separate steps to register as a fundraiser with Consumer Affairs Victoria (CAV). Instead, they only need to notify CAV of their intention to conduct a fundraising appeal in Victoria in order to be considered a registered fundraiser.</p> <p>Refer to CAV for more information.</p>	
Financial Reporting Requirements	Audit Requirements	What the Auditor Reports on in Addition to the ACNC legislation
<p>Annual accounts need to include a summary details of:</p> <ul style="list-style-type: none"> <li>• all funds and assets received as a result of appeal/s;</li> <li>• what happened to those funds and assets;</li> <li>• the amounts applied to the purposes or objects of the appeal/s and how it was distributed;</li> <li>• any expenditure on assets;</li> <li>• any expenditure on wages, salaries, commissions and other remuneration in relation to the appeal/s;</li> <li>• any other administrative expenses related to the appeal/s;</li> <li>• any other expenditure related to the appeal/s.</li> </ul> <p>Annual accounts to be finalised within 3 months of the financial year end.</p> <p>Following changes to Victoria's fundraising law which came into effect on 1 September 2020, CAV and the ACNC agreed arrangements to remove dual reporting requirements for ACNC-registered charities. Charities which fundraise in Victoria now only need to report annually to the ACNC, and not to CAV provided they continue to be registered.</p>	<p>The Director may direct a person who is conducting, or has conducted, a fundraising appeal to submit to the Director, within the time specified by the Director, an auditor's report on the accounts and records kept in relation to the appeal.</p> <p>Must be audited by a person who is:</p> <ul style="list-style-type: none"> <li>• a registered company auditor within the meaning of the Corporations Act 2001 of the Commonwealth or</li> <li>• a person approved in writing by the Director of Consumer Affairs Victoria (section 32(3), Fundraising Act 1998 (Vic)).</li> </ul> <p>Director means the Director within the meaning of the Australian Consumer Law and Fair Trading Act 2012.</p>	<p>The auditor reports on:</p> <ol style="list-style-type: none"> <li>a) whether the money received as a result of the appeal has been properly accounted for and applied; and</li> <li>b) whether the records and accounts in respect of the appeal have been properly kept in accordance with this Act; and</li> <li>c) whether the accounts show a true and fair view of the income and expenditure relating to the appeal.</li> </ol>

