



Community Club Finance Presentation Update: June 2018

TOPICS

- **OVERVIEW - CLUB FINANCIAL MANAGEMENT**
- **CONSUMER AFFAIRS VICTORIA & INCORPORATION**
- **ROLE OF THE TREASURER**
- **FINANCIAL REPORTING**
- **POLICY & PROCEDURES, RISKS, & CASH HANDLING**
- **INSURANCE**
- **TAXATION & COMPLIANCE**
- **RESOURCES**

FINANCIAL HEALTH CHECK – APPLY THE BELOW QUESTIONS TO YOUR CLUB:

- **DOES YOUR CLUB HAVE A BUDGET?**
- **DO ALL FINANCIAL MATTERS/DECISIONS GO THROUGH THE TREASURER? (eg. Total player payments, coaching fees)**
- **DO YOU SEE/PRESENT THE FINANCIALS ON A REGULAR BASIS TO THE COMMITTEE?**
- **DOES YOUR TREASURER PROVIDE FORECAST AND/OR CASH FLOW UPDATES?**
- **HOW MUCH OF YOUR TURNOVER IS CASH vs ELECTRONIC PAYMENTS?**
- **WHO HAS ACCESS TO CASH & ONLINE BANKING AT YOUR CLUB?**

CLUB FINANCIAL MANAGEMENT

WHO IS RESPONSIBLE?

- **The Board (or Committee)**
- **The Treasurer**



- The Treasurer is expected to be capable of understanding the Club's financial affairs and capacity as a minimum.
- Board/Committee Members must ensure that **financial reports** are prepared for the club including a review of the club's operation for the year, details of important changes and any likely developments in the future.
- **Solvency** – do not allow the club to trade while insolvent
- **Timely reporting**
- Aim to adopt best practices, policies and procedures in financial management - **find the right balance**
- **Players /Volunteers** to have an understanding of the financial pressures placed on clubs

STATUTORY REQUIREMENTS – VICTORIA



INCORPORATION STATUTORY REQUIREMENTS

- Club incorporation = legal entity
- Qualify for Insurance
- Constitution – model rules
- Reporting Requirements
 - income and expenditure (Income Statement) for your financial year
 - assets and liabilities (Balance Sheet) at the end of its financial year
- Three tiers of associations
 - Tier 1 - less than \$250,000
 - Tier 2 - \$250,000 to \$1 million
 - Tier 3 - more than \$1 million.
- Record Keeping
 - An incorporated association must keep financial records for seven years.

DOES YOUR CLUB HAVE THE ABOVE IN CORRECT ORDER?

CHECK ONLINE – ABN, CAV, UNCLAIMED MONEY

<https://www.consumer.vic.gov.au>



STATUTORY REQUIREMENTS – QUEENSLAND



INCORPORATED ASSOCIATION REQUIREMENTS

- Club incorporation = legal entity
- Qualify for Insurance
- Constitution or Model Rules
- Reporting Requirements
- Three levels of associations, determine your financial reporting & audit obligations
 - Level 1 – both current assets and revenue are under \$20,000
 - Level 2 - \$20,000 - \$100,000 in current assets or revenue
 - Level 3 - more than \$100,000 in current assets or revenue (full audit)
- Record Keeping
 - An incorporated association must keep financial records for seven years.

DOES YOUR CLUB HAVE THE ABOVE IN CORRECT ORDER?

CHECK ONLINE – ABN, QLD.GOV, UNCLAIMED MONEY



<https://www.qld.gov.au/law/laws-regulated-industries-and-accountability/queensland-laws-and-regulations/associations-charities-and-non-for-profits/incorporated-associations/financial-responsibilities-for-incorporated-associations>

STATUTORY REQUIREMENTS – NORTHERN TERRITORY

INCORPORATED ASSOCIATION REQUIREMENTS

- Club incorporation = legal entity
- Qualify for Insurance
- Constitution or Model Rules – submit to Territory Business Centre
- Reporting Requirements
- Record Keeping

An incorporated association must keep financial records for seven years.

- Three tiers of associations, determine your financial reporting & auditing obligations
 - Tier 1 – net assets under \$50,000 or revenue under \$25,000
 - Tier 2 - net assets \$50,000 - \$500,000 or revenue \$25,000-250,000
 - Tier 3 - net assets over \$500,000 or revenue over \$250,000



DOES YOUR CLUB HAVE THE ABOVE IN CORRECT ORDER?

CHECK ONLINE – ABN, NT.GOV, UNCLAIMED MONEY

<https://nt.gov.au/law/rights/incorporated-associations>



NT.GOV.AU

STATUTORY REQUIREMENTS – NEW SOUTH WALES



INCORPORATED ASSOCIATION REQUIREMENTS

- Club incorporation = legal entity
- Qualify for Insurance
- Constitution or Model Rules
- Reporting Requirements
- Record Keeping

An incorporated association must keep financial records for seven years.

- Two tiers of associations, determine your financial reporting & auditing obligations
 - Tier 1 – current assets over \$500,000 or revenue over \$250,000 (audit required)
 - Tier 2 - current assets under \$500,000 or revenue under \$250,000

DOES YOUR CLUB HAVE THE ABOVE IN CORRECT ORDER?

CHECK ONLINE – ABN, FAIRTRADING.NSW.GOV.AU, UNCLAIMED MONEY

http://www.fairtrading.nsw.gov.au/ftw/Cooperatives_and_associations/Running_an_association/Financial_reporting_requirements.page?

STATUTORY REQUIREMENTS – TASMANIA

INCORPORATED ASSOCIATION REQUIREMENTS

- Club incorporation = legal entity
- Qualify for Insurance
- Constitution or Model Rules
- Reporting Requirements
- Record Keeping

An incorporated association must keep financial records for seven years.

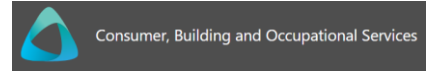
- Two tiers of associations, determine your financial reporting & auditing obligations
 - Tier 1 – revenue over \$250,000 (audit required)
 - Tier 2 - revenue under \$250,000 (no audit requirement)



DOES YOUR CLUB HAVE THE ABOVE IN CORRECT ORDER?

CHECK ONLINE – ABN, CBOS.TAS.GOV.AU, UNCLAIMED MONEY

<https://www.cbos.tas.gov.au/topics/clubs-fundraising/incorporated-associations/lodging-annual-returns>



ROLE OF THE TREASURER

“TO MANAGE THE FINANCIAL ASPECT OF THE CLUB”



Financial management is usually regulated by the treasurer who is responsible for reporting on what has happened to the club's funds.

OBJECTIVE

To ensure that a financial management system and reporting system is put in place and operable so the Club committee has an accurate, true and correct understanding of the financial status of the Club at all times.

ROLE OF THE TREASURER



KEY DUTIES INCLUDE:

- Maintaining up-to-date records of all income & expenditure
- Ensure all money received is recorded and banked promptly
- Prepare and distribute invoices/accounts for services rendered
- Establish a Club Budget
- Maintain the club's cash flow
- Ensure financial policy and procedures are in place and maintained
- Submit reports to the Committee in an accurate and timely manner
- Manage payments for paid employees & honorariums to volunteers
- Submit tax returns (BAS) and income tax payments for employees as required under tax law
- Prepare all necessary financial statements for the annual report
- Prepare financial accounts suitable for auditing and are audited as required (refer to Consumer Affairs requirements slide)

ROLE OF THE TREASURER

KEY REQUIREMENTS INCLUDE:

- Awareness of accounting procedures
- Understanding of GST and related practices
- Timeliness & cash flow (Claims, payments, invoicing etc)
- Ability to keep accurate records
- Honesty
- Attention to detail

<http://www.aflcommunityclub.com.au/>



FINANCIAL REPORTING

ACCOUNTING SYSTEM

BUDGETING AND FORECASTING

- Budget = committee's financial game plan
- Forecast = latest expectation

BASIS OF REPORTING

- Cash or Accrual
- GST

TIMING

- Should report formally on a monthly basis and at the AGM
- Match day reports after weekends should be sent to the committee weekly re gate, bar, canteen and or special event figures to enable efficient and effective decision making
- Helps identify both issues and opportunities
- Annual Reporting requirements – P&L, BS, audits



POLICIES & PROCEDURES

RISK MANAGEMENT



POTENTIAL RISKS:

- Payment of accounts, reimbursements & players/staff in **cash**
- Coach and player **contracts** made without executive approval
- **Workers attitude – eg.** Bar/Canteen of “one for all the hard work done”, Gatekeepers - allowing free admittance and/or understating attendance
- **Emergency procedures** – what does your Club have in place?
- **Secure Data** – where is it kept and is it backed up? Online/USB/Folder
- **Asset control** - Stock for the bar/canteen sold and paid for by the same person, medical supplies, footballs
- **Cash management, handling & banking**
- **Segregation of duties**

POLICIES & PROCEDURES

CASH POLICIES & PROCEDURES

BANK ACCOUNTS & EFTPOS MACHINES:

- **Online Banking** preferred
- Have a **minimum of two account signatories** for payments online and to sign cheques
- Treasurer to **reconcile the bank** account on a monthly basis as a minimum
- **EFTPOS Machines & Online Payments** – less risk, less cash handling
- **Club Credit Card** – used to track the payment of expenses



POLICIES & PROCEDURES

CASH POLICIES & PROCEDURES – THE BIGGEST RISK AT ANY CLUB

CASH ON HAND:

- All clubs should have a secure safe within the Club rooms
- Who has access to the safe?
- Cash should be banked as quickly as possible
- As a general rule clubs should only keep the cash floats in the safe where possible as a minimum.
- When significant amounts of cash are to be taken to be banked we suggest two people go together for safety reasons (over \$10,000).
- Care should be taken when taking cash from the safe to the car, and if taking cash home to bank the next business day

(some Clubs would see this as a safer option than leaving end of day floats in the Club Rooms)



POLICIES & PROCEDURES

CASH POLICIES & PROCEDURES – THE BIGGEST RISK AT ANY CLUB

CASH HANDLING:

Cash Float Management

- Beginning floats should be checked off and agreed
- Sign off sheets should be used when counting end of day balances and reconciling sales less opening floats.
- Sense checks of the sales figures based on the end of day floats to be performed by the Treasurer. It does \$50 in beer sales make sense when we sold 5 slabs of beer?
- Bills paid for during the day out of cash floats
- Separate major income streams in the P&L



POLICIES & PROCEDURES

CASH POLICIES & PROCEDURES – THE BIGGEST RISK AT ANY CLUB

GENERAL RULES:

- Always be sceptical of anyone handling cash for the Club.
- Pay people to do certain roles where there is significant handling of cash to remove the above temptation
- Segregate duties and have multiple shifts where possible
- Make sure all bank accounts held by the club are presented to the committee. E.g., senior account, junior account, social /events account, laddies committee accounts, canteen accounts – also ensure these are reported in the club financial reports.

OTHER POLICIES

- Child protection (WWC)
- Harassment
- Discrimination
- Privacy
- Incident Response (First Aid)
- Contracts



TAXATION COMPLIANCE

Clubs may have obligations for GST, Pay As You Go (PAYG) and Fringe Benefits Tax (FBT). These and other taxes can apply irrespective of whether the organisation is exempt from income tax.

AUSTRALIAN BUSINESS NUMBER (ABN)

- Suppliers must withheld PAYG withholding tax of 49% to non holders of an ABN
- Statement by supplier form – available from ATO website

BUSINESS ACTIVITY STATEMENT (BAS)

GOODS AND SERVICES TAX (GST)

- GST Registration
 - Non-profit bodies must register if their turnover is greater than \$150,000. Can also register if less than this.
 - Other organisations must register if their turnover is greater than \$75,000



TAXATION COMPLIANCE - EMPLOYEES PAY AS YOU GO (PAYG) SYSTEM



REPORTING TAX WITHHELD

SUPERANNUATION

- If you pay an employee \$450 or more (before tax) in a calendar month, you have to pay super guarantee (SG) on top of their wages.

FRINGE BENEFITS TAX (FBT)

PAYROLL TAX

- <https://www.payrolltax.gov.au/harmonisation/payroll-tax-rates-and-thresholds>
- **Check your States annual thresholds and rates**

WORKCOVER

INSURANCE

- **AFL NATIONAL RISK PROTECTION PROGRAM**

- Public liability
- Directors & officers liability
- Professional indemnity
- Asset protect
- Personal accident insurance (non medicare medical)
- Quadriplegia & paraplegia events up to \$1 million



- **OPTIONAL UPGRADES**

- Personal accident
- Loss of income

- **All clubs need to register online at the JLT Website and complete the Risk Management module each year to obtain their Certificate of Currency.**

- https://afl.jltsport.com.au/club_selection.aspx