

Financial reporting for charities

Legal information for charities

This fact sheet covers:

- the financial reporting required by charities under the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (**ACNC Act**).

This fact sheet sets out financial reporting requirements for charities under the ACNC Act.

Charities registered with the ACNC have to submit an Annual Information Statement (**AIS**) and depending on their size, may also have to submit an annual financial report.

ACNC financial reporting framework

ACNC Act

Charities must provide certain financial information to the ACNC when they register, and on an ongoing basis. The financial reporting requirements are set out in Division 60 of the ACNC Act and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* (Cth) (**ACNC Regulations**). The ACNC Act incorporates reporting requirements based in the Australian Accounting Standards (AAS).

Incorporated associations that are registered charities must report to their state regulators as well as the ACNC (for example, in Victoria, Consumer Affairs Victoria). This is beyond the scope of this fact sheet.

Companies limited by guarantee that are registered charities are not required to provide financial reports to the Australian Securities and Investments Commission (ASIC). Prior to 1 July 2013, companies limited by guarantee had financial reporting obligations with ASIC under the *Corporations Act 2001* (Cth). The introduction of the ACNC meant that the financial reporting obligations that had previously required companies limited by guarantee to report to ASIC were transferred to the ACNC.

RELATED RESOURCES

Read about other types of reporting under the Reporting to Government topic on the Not-for-profit Law Information Hub at www.nfplaw.org.au/reporting.

For further information about the reporting requirements that were “switched off” with ASIC and “switched on” with the ACNC, see ASIC’s information page ‘[Charities registered with the ACNC](#)’.



What financial information needs to be provided to the ACNC?

All registered charities must provide an Annual Information Statement (AIS) to the ACNC each year. For groups of organisations, there are forms that allow groups to report for multiple organisations at once.

The financial information that is required to be provided to the ACNC depends on a charity's size. A charity's size is classified as follows:

- **Small charities** have an annual revenue of less than \$250,000 [[s205-25\(1\)](#)]. Small registered charities are not required to provide annual financial reports to the ACNC but may choose to do so.
- **Medium charities** have an annual revenue of \$250,000 or more but less than \$1 million [[s205-25\(2\)](#)]. Medium registered charities must provide the ACNC with an annual financial report each financial year.
- **Large charities** have annual revenue of \$1 million or more [[s205-25\(3\)](#)]. Large registered charities must provide the ACNC with an annual financial report each financial year.

There is a special “basic religious charity” category for unincorporated charities which advance religion, do not pursue other charitable purposes (e.g. education, relief of poverty), are not deductible gift recipients and annually receive less than \$100,000 in government funding [[s205-35](#)]. Basic religious entities must complete an AIS but do not have to report any financial information.

Charity Reporting Overview Table

Size	Annual Revenue	End of financial year reporting
Basic religious charity	Less than \$250,000 (and less than \$100,000 in government grants)	<ul style="list-style-type: none">• AIS not including financial questions
Small (excluding basic religious charities)	Less than \$250,000	<ul style="list-style-type: none">• AIS including financial questions
Medium	\$250,000 - \$999,999	<ul style="list-style-type: none">• AIS including financial questions• Annual financial report that is reviewed or audited [s60-10(1), s60-20]
Large	\$1 million or more	<ul style="list-style-type: none">• AIS including financial questions• Annual financial report that is audited [s60-25]

NOTE

If a charity is also an incorporated association it may be required by its State regulator to audit its financial report even if classed as a medium size charity. For instance, a Tier 1 incorporated association in NSW must have its financial records audited. Read more about reporting requirements to State and Territory regulators on the Annual Reporting To Government page on the Not-for-profit Law Information Hub at www.nfplaw.org.au/annual-reporting-government.



Annual financial reports

Registered charities that are required to provide an annual financial report (based on the size category they fall into) must prepare that report in line with all relevant accounting standards. We recommend seeking advice from an accountant on these matters.

NOTE

The not-for-profit sector is calling on the Commonwealth Government to overhaul current accounting regulations. On 30 May 2017, Anglicare Australia, together with the ACNC and the Australian Accounting Standards Board (AASB) launched an issues paper on not-for-profit sector reporting and accountability. The paper raises a number of issues for consideration, including whether current reporting standards are meeting the necessary threshold for public accountability in the not-for-profit sector. It is therefore possible that there may be developments in this area in future.



ANNUAL FINANCIAL REPORT CHECKLIST

An annual financial report must contain:

- Financial statements for the year:** these are the financial statements in relation to the registered charity that are required to be prepared by the accounting standards [[rr60.5\(a\)](#), [60.10](#)]
- Notes to the financial statements:** these are the notes required by the accounting standards, and any other information necessary to give a true and fair view of the financial position and performance of the registered charity [[rr60.5\(b\)](#), [60.10](#)]
- A signed declaration: made by the 'responsible entities'** (i.e. the company directors, committee members of an incorporated association, or trustees of a trust), about the financial statements and notes. This must state:
 - (a) whether, in their opinion, there are reasonable grounds to believe that the registered charity is able to pay all of its debts, as and when they become due and payable, and
 - (b) whether, in their opinion, the financial statements and notes satisfy the requirements of the ACNC Act [[r60.15\(1\),\(2\)](#)].
- If you are a medium registered charity, your financial report must also be accompanied by a **signed and dated review's report or auditor's report**.
- If you are a large registered charity, your financial report must also be accompanied by a **signed and dated auditor's report**.

The financial statements and notes must give a true and fair view of the financial position and performance of the registered charity, and must comply with accounting standards.

The required particulars that medium and large registered charities must include in their financial statement include details relating to gross income, expenses, assets and liabilities. These requirements are set out in more detail in [regulation 60.40](#).

Resources

Related Not-for-profit Law Resources

The Not-for-profit Law Information Hub at www.nfplaw.org.au features more resources on the following related topics:

✔ Documents and records - www.nfplaw.org.au/recordkeeping

This page contains resources on record-keeping requirements for incorporated associations in Victoria and NSW.

✔ Tax - www.nfplaw.org.au/tax

The tax page has information about different tax concessions available to charities and not-for-profits.

Legislation

✔ [Australian Charities and Not-for-profits Commission Act 2012 \(Cth\)](#)

✔ [Australian Charities and Not-for-profits Commission Regulation 2013 \(Cth\)](#)

✔ [Corporations Act 2001 \(Cth\)](#)

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

✔ ACNC - www.acnc.gov.au

✔ [ACNC reporting information](#)

This page has information on ACNC reporting obligations for charities.

✔ [ACNC Register](#)

The ACNC Register contains information about the more than 59,000 charities registered with the ACNC.

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