

AFL NSW/ACT CLUB GUIDE TO FINANCIAL MANAGEMENT



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1. INTRODUCTION

Good club financial management involves being able to review financial information, effectively manage funds, implement sound financial practises and understand the club's financial position and obligations.

AFL NSW/ACT has developed this resource to help clubs manage their finances.



2. THE ROLE OF A TREASURER

The role of a treasurer is to manage the financial aspect of the club including regulating financial management and provide reporting on the club's funds.

2.1 OBJECTIVE

The treasurer ensures that a financial management system and reporting system is 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.

2.2 KEY RESPONSIBILITIES

- Establish a club Budget
- 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
- 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

2.3 KEY REQUIREMENTS

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



3. FINANCIAL REPORTING

All football clubs, no matter their size, need sound practices for regulating and recording financial transactions. The treasurer is responsible reporting the financial status of the club to the committee on a regular basis and comparing the financial performance with the budgeted performance.

3.1 BUDGET

A budget provides a club with a structure for planning, provides for greater control over its activities and hence its future, makes the club more accountable to its members, and be viewed as a motivational tool encouraging continued financial growth through results. In effect, the budget for the coming year is an educated estimate of what income and expenditure will be.

The treasurer is responsible for developing a financial plan (or budget) for the club in consultation with the relevant committees.

The club's development or strategic plan should be examined to identify any additional sources of income and major areas of expenditure associated with the coming year. The budget is then drawn up outlining when money can be spent and when it should be held in reserve to cover future payments. The budget should be reported on monthly at committee meetings and annually at the club's AGM.

Below are key sources of club income and expenses.

INCOME	EXPENDITURE
Membership/Registration fees	Ground hire
Gate takings	Insurance
Fundraising	Affiliation
Sponsorship	Events
Grants	Coach/Volunteer training
Uniforms	Footballs/Equipment
Canteen	Uniforms/Apparel

3.2 CASH BOOKS

A cash book is a financial journal that contains all cash receipts and payments, including bank deposits and withdrawals. At the end of each month, figures recorded in the cashbook should be checked against the bank statements. It is also beneficial to summarise what the club owes its creditors and what is owed to the club. The opening cashbook balance for each month is the closing balance from the previous month.

3.3 ANNUAL FINANCIAL REPORT

A statement of income and expenditure and a statement of assets and liabilities are the principal components of the annual financial report to be adopted by members at AGM. These statements show the profitability and financial position, as well as the net worth, of the club after the year's activities and should include comparisons to the previous year's figures to assist the members in determining any area of significant change between periods.

The report is based on the receipts and the payments, which have been summarised in the cashbooks.

Annual income and expenditure statement shows how much money the club has made or lost over the year. The statement is based on figures recorded in the cashbook and is normally prepared by your club's treasurer and verified by the auditor.

Annual statement of assets and liabilities is a statement of what the club owns and what it owes, the difference between the two being the net worth or accumulated funds of the club.

If the club is incorporated under state/territory legislation, it is required to lodge a return (copy of the annual accounts) at the appropriate state/territory authority.



3.4 NSW CLUB FINANCIAL REPORTING REQUIREMENTS

Incorporation associations in NSW have legal reporting requirements set by the department of Fair Trading depending on the tier of your association:

- Tier 1 – revenue over \$250,000 (audit required)
- Tier 2 – revenue under \$250,000 (no audit requirement)

The association must hold its annual general meeting (AGM) within 6 months after the end of the association's financial year.

Before the AGM, the committee must:

1. Prepare financial statements as soon as practical after the end of the association's financial year.
 - Tier 1 associations must prepare financial statements in accordance with Australian Accounting Standards.
 - Tier 2 associations must prepare financial statements that give a true and fair view of the association's affairs.
 - Arrange for the statements to be audited if it is a Tier 1 association or if it is otherwise required to do so e.g. by the association's constitution or under a funding agreement.
2. Consider the financial statements and confirm the statements provide a 'true and fair' view of the association's financial performance and position. This confirmation should be recorded in the minutes of the committee meeting.

At the AGM, the committee must present the financial statements to the AGM, together with the auditor's report for a Tier 1 association. The AGM minutes should include a copy of the financial statements, any auditor's report and a record of any resolution passed in relation to the financial statements or auditor's report.

After the AGM, the committee must:

1. Lodge the **Annual summary of financial affairs - Tier 1** (form A12-T1) or **Annual summary of financial affairs - Tier 2** (form A12-T2) within 1 month of the AGM and no later than 7 months after the end of the association's financial year, together with payment of the prescribed lodgement fee.
2. Tier 1 associations must also lodge a copy of the audited financial statements, audit report and any resolution passed in relation to the financial statements or auditor's report.

All financial records must be kept for a minimum of seven years.

3.5 ACT CLUB FINANCIAL REPORTING REQUIREMENTS

There are a number of financial reporting obligations for incorporated associations in ACT:

An incorporated association must lodge an **Annual return (DOC 208KB)** or **(PDF 196KB)** with Access Canberra along with the prescribed fee where applicable. The information that an association needs to lodge in the annual return is:

- an audited statement of the association's accounts;
- a copy of the auditor's report in relation to those accounts; and,
- a completed annual return form.

Two current members of the committee and the public officer must sign the form. This certifies that the association has complied with the provisions of the Act.

The committee of the association is responsible for ensuring that annual returns are lodged with Access Canberra within six months of the end of the most recently ended financial year. Committee members may be prosecuted if they do not take all reasonable steps to ensure the association complies with the Act.

If annual returns are not lodged for two consecutive years, the association's incorporation may be cancelled, and the assets of the association vested in the Registrar-General.

All financial records must be kept for a minimum of seven years.



4. RISK MANAGEMENT

There are many potential risks for clubs when it comes to financial management including:

- **Payment of accounts, reimbursements & players/staff in cash**
- **Coach and player contracts made without executive approval**
- **Workers attitude** – e.g. 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

Its recommended clubs adopt policies and procedures to reduce potential risks.

4.1 BANK ACCOUNTS AND EFTPOS MACHINES

- Use online banking as the preferred banking method
- Have a minimum of two account signatories for payments online and to sign cheques
- Treasurer to reconcile the bank account monthly as a minimum
- Use EFTPOS machines and online payments to reduce cash handling
- Organise a club credit card to track payment of expenses

4.2 CASH ON HAND

- Cash should be kept in a secure safe with details on who has access to the safe
- Cash should be banked as quickly as possible
- Generally, 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

4.3 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. i.e. 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

4.4 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.

5. TAX 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.

5.1 AUSTRALIAN BUSINESS NUMBERS (ABN)

The Australian Business Number (ABN) is the single identifier that the Australian Taxation Office (ATO) uses for non-profit organisations to interact with the ATO to gain access to information relating to the club's obligation for the following taxes:

- GST
- PAYG
- FBT

All clubs should register for an ABN even if they do not register for GST. If a club doesn't have an ABN or does not show the number to other businesses to whom it supplies goods or services, those businesses will be required to deduct PAYG withholding tax from payments to that business, which is currently 48.5 per cent (for 2003). An ABN is useful for all non-profit entities because even tax-exempt organisations have obligations for other taxes.

5.2 GOODS AND SERVICES TAX (GST)

GST is a broad-based tax of 10 per cent on the supply of goods and services consumed in Australia. Non-profit bodies must register for GST if their annual turnover is greater than \$150,000. They can choose to register if their turnover is lower. Other organisations are required to register when turnover exceeds \$75,000.

5.3 PAY AS YOU GO (PAYG) SYSTEM

The pay as you go system (PAYG tax payment) is designed to cover the taxes which are payable to the Australian Taxation Office. The PAYG system consists of two systems: PAYG withholding and PAYG instalments.

PAYG withholding is a system whereby the club withholds tax from payments. These may include:

- Salary and wage payments made to employees
- Payments to suppliers that do not quote an ABN number on their tax invoice
- Voluntary payments with contractors

Football clubs that run as non-profit enterprises **are not** exempt from PAYG withholding arrangements.



5.4 FRINGE BENEFITS TAX (FBT)

Fringe Benefits Tax is a tax payable by employers which provide fringe benefits to employees. It is a separate tax from income tax and organisations that are exempt from income tax may still be required to pay FBT. The tax is calculated on the taxable value of the fringe benefit provided. Examples of a fringe benefit include allowing an employee to use a work vehicle for private use, providing employees with cheap housing, loans or paying their private health insurance. Volunteers are not paid, either cash or in kind (fringe benefits).

A volunteer may be reimbursed for out-of-pocket expenses incurred. The amount of fringe benefits provided to an employee should be recorded and when the amount for an employee exceeds \$1000 in a given year, the amount should be included on the employee annual PAYG payment summary.

5.5 BUSINESS ACTIVITY STATEMENTS (BAS)

Clubs that are registered for GST or employ people are required to prepare either monthly or quarterly Business Activity Statements and lodge forms with the Australian Taxation Office within 28 days of the period ending. Failure to comply with the lodgement may result in the ATO applying late lodgement penalties for outstanding lodgements. Where a club has GST and PAYG or any other payment obligations, the ATO will implement separate penalties for each of the payment obligations. Payroll tax more than the state or territory threshold is required to be paid.

A BAS is the single form that you need to complete and return to the ATO to report your obligations and entitlements relating to a number of taxes, including GST, FBT and PAYG withholding amounts. All clubs with GST, FBT and PAYG tax obligations must complete a BAS at the end of each tax or reporting period, which is either monthly or quarterly.



6. INSURANCE

All incorporated and affiliated clubs are covered under the AFL's National Risk Protection Program which provides cover for:

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

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

For more information on insurance, visit the JLT website (<https://afl.jltsport.com.au/>)

