

Cockburn Community Resources

City of
Cockburn



wetlands to waves



Financial Basics for Not-for-Profits

In WA, incorporated associations must:

- Keep true and accurate accounting records showing all financial transactions and the association's financial position.
- Submit annual accounts at each AGM showing the association's financial position.
- Prepare financial records using methods that can be easily audited.

Annual accounts should show:

- a Statement of Financial Performance showing total income and expenditure; and
- a Statement of the Financial Position showing total assets and liabilities.

Key Points

- Under WA law financial statements do not have to be audited, however annual auditing is advisable for accountability and transparency purposes.
- The auditor is appointed by the members at the AGM.

As a minimum, associations should develop policies and procedures in the following areas:

1. Annual budgeting – plan the expected income and allocated expenditure.
2. Accounts Receivable – ie income received, including issuing of invoices for payment (grants, services, goods), membership subscriptions, fundraising, donations and interest. Records should show date received, income source, description, and amount.
3. Accounts Payable – ie payments going out. Develop a system to accurately, but speedily, record and pay necessary bills, including payment authorisation.
4. Records should show date paid, invoice number, invoice recipient, description, and amount.
5. Petty Cash - recording and authorising petty cash transactions.
6. Bank Reconciliations - ie checking association records against bank records.
7. Asset register - maintaining an up-to-date register of association assets.
8. Storage of Essential Files - a secure filing system for insurance policies, leases, contracts, funding agreements and tax records.

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