

# Financial reporting for charities

## Legal information for charities

### This fact sheet covers:

- ▶ financial reporting requirements that apply to charities registered with the Australian Charities and Not-for-profits Commission (**ACNC**)
- ▶ annual information statement requirements
- ▶ annual financial report requirements
- ▶ requirements to review or audit annual financial reports



### Disclaimer

This fact sheet doesn't summarise financial reporting requirements under other legislation such as legislation for incorporated associations, or companies limited by guarantee that are not charities.

There may be additional financial reporting requirements imposed by state and territory-based regulators. Your charity should get legal advice if it's not sure what other legislation may apply.

Please refer to the [full disclaimer](#) that applies to this fact sheet.

## ACNC financial reporting framework

Charities that are registered with the ACNC must comply with the financial reporting requirements under:

- the [Australian Charities and Not-for-profits Commission Act 2012 \(Cth\)](#) (**ACNC Act**), and
- the [Australian Charities and Not-for-profits Commission Regulation 2022 \(Cth\)](#) (**ACNC Regulations**)

These reporting obligations aim to promote the transparency and accountability of charities, as well as reducing the reporting obligations for charities under other Australian laws.



### Tip

You can check if your charity is registered with the ACNC by searching [the ACNC Register](#).



## Charity financial reporting requirements based on size

A charity's financial reporting requirements are based on the charity's size.

All registered charities must lodge an Annual Information Statement (**AIS**) with the ACNC (discussed below).

Medium and large registered charities must **also** lodge an annual financial report with the ACNC (discussed below)

Size	Annual revenue	End of financial year reporting requirements
Small	From 2022 AIS reporting period: less than \$500,000	<ul style="list-style-type: none"> <li>Annual information statement</li> </ul>
Medium	From 2022 AIS reporting period: \$500,000 to \$2,999,999	<ul style="list-style-type: none"> <li>Annual information statement</li> <li>Annual financial report that is reviewed or audited</li> </ul>
Large	From 2022 AIS reporting period: \$3 million or more	<ul style="list-style-type: none"> <li>Annual information statement</li> <li>Annual financial report that is audited</li> </ul>



### Note

The ACNC may place additional reporting obligations on registered charities in special circumstances. This is not covered in this fact sheet.



### Note

Companies limited by guarantee that are registered charities are **not** required to provide financial reports to the Australian Securities and Investments Commission (**ASIC**).

Instead, they must submit their financial information (Annual Information Statement, and, if the charity is medium or large, a financial report) to the ACNC.



See the [ASIC website](#) for a table summarising whether charitable companies should contact the ACNC or ASIC for different kinds of reporting obligations.

For information about other types of financial reporting, see our [financial reporting to government webpage](#).



## What period does the AIS need to cover?

The standard ACNC reporting period is the financial year – from 1 July until 30 June of the following year.

However, a charity can apply to the ACNC to use a different reporting period for the charity's financial information.



### Note

Before a charity can start reporting in a different period, this must be approved by the ACNC. A charity can make a request for a different reporting period through the ACNC Charity Portal. The request only needs to be made once, not annually.

If your charity's reporting period ends 30 June, your charity must provide its AIS (and financial report if needed – see below) to the ACNC no later than 31 December in that same year. This means you will have six months to submit your statement after the reporting period ends.

If your charity's reporting period ends on a different date (following approval by the ACNC to use a different reporting period for the charity's financial information), your charity must provide its AIS (and financial report if needed – see below) to the ACNC within six months after the reporting period ends.

If you register your charity within three months of the end of your reporting period (for example, between 1 April and 30 June and your reporting period ends on 30 June), you may choose to either:

- submit an AIS which reports on your activity during the time you have been registered, which would be three months or less (the AIS would be due six months after the three months conclude), or
- wait until the following year's AIS report to report on your activity for that 12-month reporting period and your activity during the previous reporting period of three months or less for the previous year

If you register your charity more than three months before the end of your reporting period, you must submit an AIS for the current reporting period.



### Tip

You can check the due date for your charity's AIS on [the ACNC Register](#).

## What if your charity was operating before its registration date as a charity?

If your charity was operating before its registration date as a charity, the ACNC will accept information for the entire reporting period (even though the charity was only registered for a part of it). You are not, however, required to provide the information from before the charity registration date.



For more information, see the ACNC's webpages on:

- [reporting annually to the ACNC](#), and
- [annual information statement due dates](#)

## Can the charity registration date be backdated?

It's common for organisations to incorporate and then become registered as a charity. In these circumstances, the ACNC may backdate the date of registration as a charity to reflect the time when the organisation began its charitable activities more accurately.

An advantage of backdating the ACNC registration date is to allow an organisation to make use of certain tax concessions.



### Caution

The option to backdate a charity registration:

- will not be available to all organisations, and
- may depend on when an organisation conducted activities consistent with the basis of the charity registration



### Note

Depending on an organisation's circumstances, the date of registration as a charity isn't always reflected on the ACNC portal.

However, the portal does show due dates for reports and, as applicable, reporting periods for which reports are not required.

If you:

- register your charity within three months of the current reporting period ending, and
- then backdate your charity registration to a date before those three months,

you will not be required to submit an AIS for that current reporting period and can wait until the following year to report.



### Note

The relevant registration date for determining whether your charity falls into the three-month window is the date the ACNC granted charity registration, not any backdated date or earlier date from which your charity may be entitled to registration.



For more information, see the [ACNC's Commissioner's Policy Statement: Annual Information Statements](#), which says:

'The ACNC only requires AISs from the date that a 'new' charity is registered by the ACNC (that is the date of the registration decision)'.



# The Annual Information Statement

The AIS must be in the **approved form**, which you can access through [the ACNC charity portal](#).

The AIS includes questions (both optional and mandatory) about your charity, its activities, any related party transactions and basic financial information to help the ACNC understand the charity sector and reduce the overall reporting burden of charities.



## Note – Basic Religious Charity

If your charity is a **Basic Religious Charity** (an unincorporated charity which advances religion and does not pursue other charitable purposes – for example, education or relief of poverty), it does not have to:

- provide financial information in its AIS
- submit annual financial reports (regardless of its size), or
- comply with the ACNC Governance Standards

A Basic Religious Charity must still submit its AIS (without the financial information questions answered) and comply with other ongoing ACNC obligations.

## How to submit your Annual Information Statement

You can complete your AIS through the [ACNC Charity Portal](#).

### Annual information statement checklist

#### Have the following information ready to help you answer the questions in the AIS:

- ACNC Charity Portal sign in details
- annual reports and project reports
- PAYG payment summaries
- funder, donor, grant acquittal reports
- information about related party transactions (for example, your register of related party transactions), and
- information about your annual general meeting, membership and fundraising

#### Have the following financial documents ready:

- comprehensive income for the reporting period, and
- if you are a medium or large charity, financial statements for the reporting period (including balance sheet or statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, notes to the financial statements), the Responsible Person's declaration about the statements and notes, and the reviewer or auditor's report

If you identify a material error in an AIS after you have lodged it, you must contact the ACNC and arrange for the AIS to be corrected:

- if you are a medium or large charity, within 28 days of identifying the error, or
- if you are a small charity, within 60 days of identifying the error



The ACNC considers that an error is 'material' if:

- the charity has not submitted the required financial information in the AIS
- the error will impact the ACNC's ability to maintain a full and accurate ACNC Charity Register
- the error significantly affects public trust or confidence in the charity, or
- the error will mislead members of the public



### Note

The ACNC will revoke the registration of charities that don't submit either their AIS or corrected AIS for two reporting periods (from the 2016 reporting period), unless exceptional circumstances apply. **These periods do not need to be consecutive.**

This policy, including the revocation process, is set out in the [Commissioner's Policy Statement: Revocation by the ACNC](#).

Under the revocation process, the ACNC will advise the charity of the intention to revoke registration and provide the charity with an opportunity to provide reasons why the revocation shouldn't occur and bring lodgements up to date. Whether the charity is able to resist revocation will depend on the particular circumstances.

## Annual financial report

Small charities are encouraged by the ACNC to submit an annual financial report, but this is **optional**.

Medium and large registered charities **must** lodge an annual financial report with the ACNC (as well as their AIS).

An annual financial report gives the ACNC and the public additional information and a level of assurance about a charity's financial affairs. The requirements vary depending on a charity's individual circumstances. Annual financial reports must also comply with the [Australian Accounting Standards](#) set by the Australian Accounting Standards Board (**AASB**).

### An annual financial report must include:

- 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 declaration from a responsible entity (being a company director or a committee member, the trustees of a trust, or the director of a trustee if the trustee is a body corporate) about the statements and the notes
- for **medium sized charities** - a signed and dated reviewer's report or auditor's report, and
- for **large sized charities** - a signed and dated auditor's report

## What kind of financial statement must be included with an annual financial report?

The kind of financial statement that your registered charity must include with an annual financial report depends on whether your registered charity is a **'reporting entity'**.



### Does your registered charity fall into the 'reporting entity' category

Generally, if people use and rely on your registered charity's financial statements to help them make decisions, (for example, decisions about how to spend money), your charity is most likely a reporting entity.

Whether your registered charity is a reporting entity depends on a number of factors. Your registered charity is more likely to be a reporting entity if:

- there is a high level of separation between management and the members of the registered charity or others with an interest in the finances of the registered charity
- the registered charity has a high level of influence, (that is – it can make a significant impact on other people or organisations, for example, if it has political importance or economic influence)
- the registered charity is large, has a high level of sales, assets, debt or funding from government or other parties, or has a high number of employees

**Remember** – these are all factors to take into account. Whether the registered charity is a reporting entity will depend on the circumstances.

You can speak to an auditor, reviewer or financial adviser if you are not sure whether your registered charity falls into the reporting entity category.



For more information, see the [ACNC's webpage 'General and Special Purpose Financial Statements'](#).

### If your registered charity is a reporting entity

If your registered charity is a reporting entity, it must submit a **general purpose financial statement (GPFS)** that complies with all applicable Australian Accounting Standards.

Most reporting entity charities can choose to prepare:

- a full GPFS (Tier 1), or
- a GPFS under a simplified disclosure framework (Tier 2)

### If your registered charity is not a reporting entity

If your registered charity is **not** a reporting entity, it can submit:

- a GPFS, or
- a **special purpose financial statement (SPFS)** that complies with, as a minimum, the following six accounting standards to the extent they are relevant:
  - AASB 101, Presentation of Financial Statements
  - AASB 107, Statement of Cash Flows
  - AASB 108, Accounting Policies, Changes in Accounting Estimates and Errors
  - AASB 124, Related Party Disclosures
  - AASB 1048, Interpretation of Standards
  - AASB 1054, Australian Additional Disclosures



For more information, see the [ACNC's webpage on general and special purpose financial statements](#).



### Note – key management personnel remuneration reporting

From the 2022 AIS reporting period:

- medium charities that prepare GPFs and large charities (unless an exemption applies) must report key management personnel remuneration, and
- medium charities that prepare SPFSs may choose to report key management personnel remuneration

Examples of key management personnel include Responsible People (such as board member, committee members, trustees) and senior staff (such as the CEO, chief financial officer, chief operating officer).



For more information and an example case study, see the [ACNC's webpage on key management personnel remuneration](#).



### Note – related party reporting

From the start of the 2023 reporting period (which, for many charities, is the period beginning on 1 July 2022), all charities (except for Basic Religious Charities) must report their related party transactions to the ACNC:

- small charities are required to disclose reportable related party transactions
- medium and large charities are required to disclose material related party transactions

If a Basic Religious Charity chooses to submit a financial report, it must comply with the same requirements as other medium or large charities, including in relation to related party reporting.



For more information, including information about what constitutes a reportable related party transaction or a material related party transaction, and tips for charities who manage related party transactions, see the [ACNC's webpage on related party transactions](#).

## Requirements to review or audit annual financial reports

### Medium registered charities

Medium registered charities must submit financial reports that have either been reviewed or audited. The reviewer or auditor's report must be submitted to the ACNC along with the financial report.

There are positive and negative aspects to a review or an audit – these will depend on your charity's specific circumstances.

Generally, a review is a lower level of assurance than an audit. A reviewer states they don't know of anything to suggest your charity's financial report is non-compliant, while an auditor states they believe your financial report meets the requirements of the ACNC Act. You should make a decision whether to review or audit based on your particular situation. Get professional advice if you are not sure.

Your reviewer or auditor must provide a signed written declaration that states – to the best of the reviewer or auditor's knowledge and belief:

- there have been no contraventions of any applicable code of professional conduct regarding the review or audit, or
- the only contraventions of any applicable code of professional conduct regarding the review or audit are those explained in the declaration



For more information, refer to the ACNC's [audit and review report template](#).



### Note

If a charity is also an incorporated association it may be required by its state or territory regulator to audit its financial report - even if classed as a medium size charity.



Read more about [reporting requirements to state and territory regulators](#) on our website.

### Large registered charities

Large registered charities must submit financial reports that have been audited. The auditor's report must be submitted to the ACNC along with the financial report.

Your auditor must provide a signed written declaration that states – to the best of the auditor's knowledge and belief:

- there have been no contraventions of any applicable code of professional conduct regarding the audit, or
- the only contraventions of any applicable code of professional conduct regarding the audit are those explained in the declaration



For more information, refer to the ACNC's [audit and review report template](#).



## Annual financial report checklist

### An annual financial report must contain:

- Financial statements** for the year – these are the financial statements regarding the registered charity that must be prepared in accordance with the accounting standards
- 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
- A signed declaration – made by the ‘responsible entities’** (the company directors, committee members of an incorporated association, the trustees of a trust, or the director of a trustee if the trustee is a body corporate), about the financial statements and notes. This must state 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
  - the financial statements and notes satisfy the requirements of the ACNC Act
- If you are a medium registered charity, your financial report must also be accompanied by a signed and dated **reviewer’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**