

Financial Management

Good financial management is essential for your club's survival and is an important part of good governance. Often clubs appoint a financial director with some accounting experience to take on this responsibility. However, every board/committee member should understand a club's accounts and financial reports.

The term 'financial management' refers to the planning, directing, monitoring, organising, and controlling of the monetary resources of an organisation in such a manner to best contribute to helping an organisation accomplish its objectives.

For clubs, financial management and reporting involves elected and appointed members to the board, treasurers, officers, being able to:

- Read and interpret financial statements and consider financial reports and legal requirements
- Examine the types of reports which should be provided to the board
- Reflect on the financial and non-financial metrics which provide knowledge about your club's organisational performance
- Assess the board's or committee of management's responsibilities regarding reporting against legislative and funding requirements
- Effectively manage club funds
- Implement sound financial practices and understand your organisations financial position and obligations

Financial Responsibility

Clubs should keep accurate and up-to-date records of financial transactions. The exact requirements may vary depending on the legal structure of your club.

Even if you have a treasurer in place or have an auditor checking your accounts, the law is clear that members of the Board or Management Committee of an incorporated association and the directors of corporations are directly responsible for making sure that the finances are accurate and up-to-date.

Financial Reporting and Auditing

A requirement to provide financial reports and have your accounts audited depends on the legal structure of your club and your gross annual turnover.

Clubs incorporated as associations under the Associations Incorporation Act 2009 (NSW) (the Act) must ensure proper accounting and other records are maintained and must distribute copies of financial statements as required by the Act.

The Board must ensure proper accounting and other records are maintained and must distribute copies of financial statements as required by the Act.

Clubs who are incorporated under the Act must prepare a financial report to be presented to their members at the AGM.

Auditing requirements vary based on the gross receipts for the last financial year and are outlined below:

Tier	Gross Revenue	Current Assets	Reporting and Auditing requirements
1	More than \$250,000	More than \$500,000	Tier 1 associations must prepare financial statements in accordance with Australian Accounting Standards.
2	Less than \$250,000	Less than \$500,000	Tier 2 associations must prepare financial statements that give a true and fair view of the association's affairs.

If your organisation does not clearly fit into either category or you require more information about accounting and auditing for incorporated associations contact NSW Fair Trading.

NB: All of this information can be found on Office of Sport website - <https://www.sport.nsw.gov.au/running-your-club/club-governance/financial-management>.