



ACFID's Mandatory Guidance on Financial Reporting

Rationale

The publication of ACFID compliant annual financial statements to a particular standard enables fair disclosure and comparability and therefore enhances transparency.

Guidance

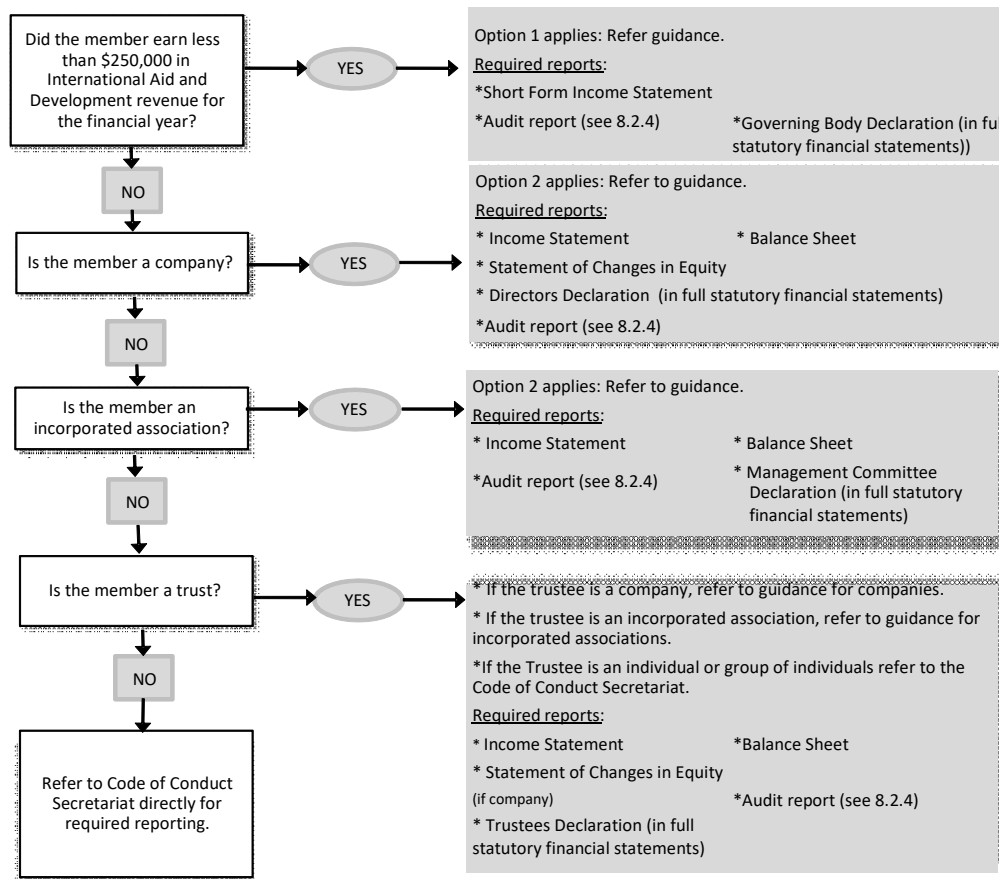
The following guidance for the publication of Financial Statements by ACFID Members is mandatory.

- All members will publish ACFID-code compliant financial statements in their Annual Reports. Subject to their size and circumstances, there are options and specific requirements that apply (detailed in guidance below).
- Members may choose to publish their full statutory financial statements in their Annual Report, instead of just the ACFID Code compliant financial statements.
- The Annual Report must include an auditor's report as an integral part of the Financial Report (see [Compliance Indicator 8.2.4 in the Quality Assurance Framework](#)).
- The Annual Report and full statutory financial statements (if not included in the Annual Report) must be lodged with ACFID within 5 months of each year end.
- Where a member publishes only the Code of Conduct Summary Financial Report in their Annual Report, a reference to the availability of the full statutory financial statements must be included in the Annual Report.
- Any other publications that refer to financial performance, in summary, in an extract of detail or in commentary will include a reference to the availability of the full statutory financial statements.
- The Annual Report, including the ACFID Code-compliant financial statements, must be made available to the public via the member's website.
- The following pages set out the information required by this Code for both publishing and lodging with ACFID. Definitions for the Financial Reporting Guidance are in [Financial Definitions in the Quality Assurance Framework](#).
- Code compliant financial statements format options:
 - As a minimum, all members must present their ACFID code compliant financial statements in their Annual Report in a format that complies with their required option under the Code of Conduct Financial Report Format as detailed below.
 - The governing body must review and approve the member's financial statements.
 - Members must include a note stating that the ACFID code compliant financial statements comply with the requirements of the ACFID Code of Conduct and refer readers to the ACFID Code of Conduct website for further information. The inclusion of the following words would be appropriate: *The following financial statements have been prepared in accordance with the requirements*

set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID website www.acfid.asn.au.

- Auditing requirements as detailed in [Compliance Indicator 8.2.4 in the Quality Assurance Framework](#) must be adhered to.

The flowchart below is provided to help members determine which ACFID Code of Conduct reporting option and consequent annual financial reporting requirements apply. The decision will be based on the member's amount of international aid and development revenue and then on the legal structure of the member (the entity type).



Option 1 – For members with small international aid and development programs

- Members whose international aid and development revenue is below \$250,000 can prepare Option 1 reporting. The minimum level of disclosure required and the template to be used is set out below.
- Members whose total revenue is \$250,000 or more but whose international aid and development revenue is below \$250,000 may also prepare Option 1 reports. The required Short Form Income Statements can be disclosed as a note to their full financial statements.
- Members whose revenue falls into this category may choose this format for their primary Income Statements, if it complies with other regulatory requirements.

Option 1 format: International Aid and Development Short Form Income Statement template

INCOME STATEMENT FOR THE YEAR ENDED [DATE 20XX]

	20XX	20XX-1
REVENUE		
<i>Donations and gifts</i>		
<i>Monetary</i>	_____	_____
<i>Non-monetary</i>	_____	_____
<i>Grants</i>	_____	_____
<i>Commercial Activities Income</i>	_____	_____
<i>Other Income</i>	_____	_____
TOTAL REVENUE	_____	_____
EXPENDITURE		
<i>International Programs</i>	_____	_____
<i>Community Education</i>	_____	_____
<i>Fundraising Costs</i>	_____	_____
<i>Accountability and Administration</i>	_____	_____
<i>Commercial Activities Expenditure</i>	_____	_____
<i>Non-monetary Expenditure</i>	_____	_____
<i>Other Expenditure</i>	_____	_____
TOTAL EXPENSES	_____	_____
SURPLUS/(DEFICIT)	_____	_____

- The categories selected for the Income Statements have been based on common activities of members in the sector. Members may include additional headings where this improves transparency.
- Comparative figures for the previous reporting period must be disclosed. However if a member has no transactions during both financial years for a particular category, that particular category may be omitted entirely.
- A separate International Aid and Development Balance Sheet or Statement of Changes in Equity is not mandatory. All other Code compliant annual reporting requirements apply (as set out in [Commitment 8.3 in the Quality Assurance Framework](#)).

Definitions for this Income Statement are at [Financial Definitions in the Quality Assurance Framework](#).

Option 2 All other members

- All members that do not fall within the criteria for Option 1, shall comply with the Option 2 requirements set out below:
 - Income Statements (or as appropriate for the member, Statements of Income and Expenditure, Profit and Loss Statements, Statements of Financial Performance, or Statements of Profit or Loss and Other Comprehensive Income).
- The Income Statement discloses the revenue and expenses of the member during the financial reporting period.

Option 2 format: Income Statement template

INCOME STATEMENT FOR THE YEAR ENDED [DATE 20XX]

	20XX	20XX-1
REVENUE		
<i>Donations and gifts</i>		
<i>Monetary</i>	_____	_____
<i>Non-monetary</i>	_____	_____
<i>Bequests and Legacies</i>	_____	_____
<i>Grants</i>		
<i>Department of Foreign Affairs and Trade</i>	_____	_____
<i>Other Australian</i>	_____	_____
<i>Other overseas</i>	_____	_____
<i>Investment income</i>	_____	_____
<i>Commercial Activities Income</i>	_____	_____
<i>Other income</i>	_____	_____

<i>Revenue for International Political or Religious Adherence Promotion Programs</i>	_____	_____
TOTAL REVENUE	_____	_____
EXPENDITURE		
<i>International Aid and Development Programs Expenditure</i>		
<i>International programs</i>		
<i>Funds to international programs</i>	_____	_____
<i>Program support costs</i>	_____	_____
<i>Community education</i>	_____	_____
<i>Fundraising costs</i>		
<i>Public</i>	_____	_____
<i>Government, multilateral and private</i>	_____	_____
<i>Accountability and Administration</i>	_____	_____
<i>Non-Monetary Expenditure</i>	_____	_____
<i>Total International Aid and Development Programs Expenditure</i>	_____	_____
<i>International Political or Religious Adherence Promotion Programs Expenditure</i>	_____	_____
<i>Domestic Programs Expenditure</i>	_____	_____
<i>Commercial Activities Expenditure</i>	_____	_____
<i>Other Expenditure</i>	_____	_____
TOTAL EXPENDITURE	_____	_____
SURPLUS/(DEFICIT)	_____	_____
<i>Other Comprehensive Income</i>	_____	_____
TOTAL COMPREHENSIVE INCOME	_____	_____

Definitions for this Income Statement are at [Financial Definitions in the Quality Assurance Framework](#).

- The purpose of using defined categories of income and expenditure is to allow the reader of the financial report to determine and make comparisons on areas such as fundraising costs, accountability and administration, and community education.
- The categories selected for the Income Statement have been based on common activities of members in the sector. Members may include additional headings where this improves transparency (especially under the domestic programs expenditure heading).

- Comparison figures for the previous reporting period must also be disclosed. However if the member has no transactions during both financial years for a particular category, that particular category may be omitted entirely.

Option 2 format: Balance Sheet (also known as a Statement of Financial Position)

- The Balance Sheet details the financial position of a member at a specific point in time. It is a record of a member's assets, liabilities and equity. Option 2 members must report a Balance Sheet based on [Accounting Standard AASB 101 Presentation of Accounting Standards](#) (refer 54 to 80A).
- The following template provides an example of a complying format. Members may select their own line items but must ensure that their Balance Sheet complies with Accounting Standard AASB 101.

Option 2 Format: Example of Code-Compliant Balance Sheet

BALANCE SHEET AS AT [DATE 20XX]

	20XX	20XX-1
ASSETS		
Current Assets		
<i>Cash and cash equivalents</i>	_____	_____
<i>Trade and other receivables</i>	_____	_____
<i>Inventories</i>	_____	_____
<i>Assets held for sale</i>	_____	_____
<i>Other financial assets</i>	_____	_____
Total Current Assets	_____	_____
Non-Current Assets		
<i>Trade and other receivables</i>	_____	_____
<i>Other financial assets</i>	_____	_____
<i>Property, plant and equipment</i>	_____	_____
<i>Investment property</i>	_____	_____
<i>Intangibles</i>	_____	_____
<i>Other non-current assets</i>	_____	_____
Total Non-Current Assets	_____	_____
TOTAL ASSETS	_____	_____
LIABILITIES		

Current Liabilities		
<i>Trade and other payables</i>	_____	_____
<i>Borrowings</i>	_____	_____
<i>Current tax liabilities</i>	_____	_____
<i>Other financial liabilities</i>	_____	_____
<i>Provisions</i>	_____	_____
<i>Other</i>	_____	_____
Total Current Liabilities	_____	_____
Non-Current Liabilities		
<i>Borrowings</i>	_____	_____
<i>Other financial liabilities</i>	_____	_____
<i>Provisions</i>	_____	_____
<i>Other</i>	_____	_____
Total Non-Current Liabilities	_____	_____
TOTAL LIABILITIES	_____	_____
NET ASSETS	_____	_____
EQUITY		
<i>General Reserves</i>	_____	_____
<i>Restricted Reserves</i>	_____	_____
<i>Retained Earnings</i>	_____	_____
TOTAL EQUITY	_____	_____

- If a member has a nil balance at the end of the two financial years in a particular category, that particular category may be omitted entirely.
- Definitions for this Balance Sheet are at [Financial Definitions in the Quality Assurance Framework](#).

Option 2 format: Statements of Changes in Equity

- Option 2 members who are a company or a trustee company must report a Statement of Changes in Equity; for other members this is optional.
- Each organisation's Statement of Changes in Equity will be slightly different and members are strongly encouraged to discuss the choice of appropriate format with their accountants and/or auditors. The template provided below is an example only. Columns with zero balances can be omitted.
- The Statement of Changes in Equity provides a reconciliation of movements in equity during the financial reporting period, specifically:
 - The operating result for the period,

- Each item of other comprehensive income, and
- The effect of changes in accounting policies and errors on each component of equity.

Option 2 format: Example of Code-Compliant Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED [DATE 20XX]

	Retained Earnings	Reserves	Other	Total
<i>Balance at 20XX-1 (commencing balance)</i>	_____	_____	_____	_____
<i>Adjustments or changes in equity due to, for example, adoptions of new accounting standards</i>	_____	_____	_____	_____
<i>Items of other comprehensive income</i>	_____	_____	_____	_____
<i>Excess of revenue over expenses</i>	_____	_____	_____	_____
<i>Other amounts transferred (to) or from reserves</i>	_____	_____	_____	_____
<i>Balance at 20XX (year end balance)</i>	_____	_____	_____	_____

The total of the equity balances at the end of the year should match the Equity Total in the member's Balance Sheet.

Declaration by Governing Body (Directors/Management Committee/Trustee—as appropriate)

- Members are expected to provide a declaration from their governing bodies stating that their financial statements are in accordance with relevant legislation (the ACNC Act 2012), and whether, in their opinion, the organisation can pay its debts as and when due.
- As a minimum, this declaration must be included in the statutory full financial report.
- Some members may also choose to include this declaration in their Annual Report.
- The Governing Body Declaration for medium and large organisations registered with the Australian Charities and Not for Profits Commission (ACNC) is prescribed in the *Australian Charities and Not-for-profits Commission Regulation 2013* (called *Responsible Persons' Declaration*). Members are expected to use this format for their governing body declarations. The format is linked here:
http://www.acnc.gov.au/ACNC/Publications/Templates/Responsible_declaration.aspx.

Lodgment with ACFID within 5 months after the Member's year end

- ACFID members are required to submit a copy of their full statutory financial report as part of, or separate to the submission of their Annual Report to the Code of Conduct Committee within five months of the end of their financial year.
- This requirement allows the Code of Conduct Committee to:
 - Verify that ACFID Code compliant Financial Report information is obtained from the full statutory financial report; and
 - View signed governing body declarations to ensure that governing bodies are fully aware of the financial position of the members that they govern.
- The content and layout of full statutory financial reports are determined by a range of authorities and professional pronouncements. Depending on how the member is structured and where the particular organisation is based the requirements may differ. The member's governing body is responsible for preparing the report in accordance with relevant requirements. The member's auditor is responsible for reporting on whether the member's financial statements have been prepared in accordance with applicable requirements. Guidance on these requirements is available from auditors, professional associations and state/territory and federal industry regulators.
- Full Statutory financial reports can include:
 - Governing Body Report (e.g. Directors Report)
 - Income Statement (Income and Expenditure Statement, Profit and Loss statement, Statement of Financial Performance, Statement of Comprehensive Income)
 - Statement of Changes in Equity (only for companies and trustee companies)
 - Balance Sheet (Statement of Financial Position)
 - Statement of Cash Flows (not to be confused with a Table of Cash Movements for Designated Purposes – which is no longer a Code of Conduct requirement)
 - Notes to the financial statements
 - Governing Body declaration
 - Auditor's Report
 - Auditor's Independence declaration (only for companies).