Collins NFP **ADVISOR**

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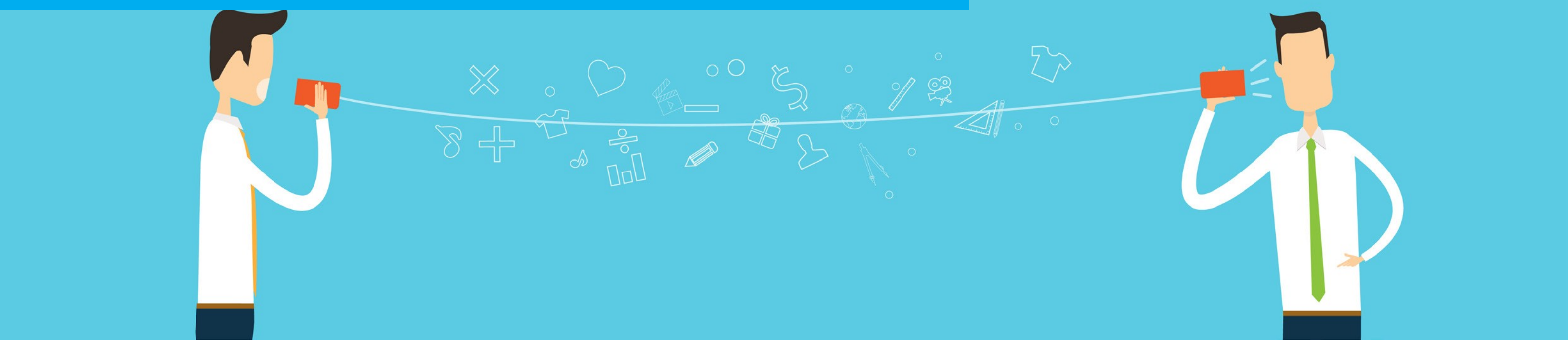


CHARITY GOVERNANCE

FIA to release new fundraising code

Fundraising in Australia is set to be governed by a new code in a bid to encourage best practice and meet community expectations.

Following an extensive review, the Fundraising Institute of Australia has approved the code, basing it on an International Statement of Ethical Principles in Fundraising.

Voluntary and self-regulatory, it aims to raise standards across the sector by exceeding the requirements of government regulations.

From 1 January, the institute's members will be expected to abide by many commitments, including undertaking not to accept a donation where they have a reasonable belief that the donor is in vulnerable circumstances and ensuring that anyone involved in fundraising understands the code.

Once the code is released, the FIA will put out draft practice notes. The following notes are available for feedback:

- People in vulnerable circumstances
- Telephone fundraising
- Workplace giving
- Grants fundraising
- Overseas-aid fundraising
- SMS fundraising
- Promotional materials
- Applying code: professional vs organisations
- Fundraising supplier agreements
- Charitable gaming fundraising
- Code training requirements, and
- Face-to-face fundraising

New Privacy legislation passed

The federal government passed Privacy Amendment (Notifiable Data Breached) Bill 2016 whereby organisations will be legally obliged to disclose data breaches. Laws will come into effect within the next 12 months.

The bill applies to government agencies, businesses, and not-for-profit organisations governed by the Privacy Act with an annual turnover of more than $3 million, with some expectations.

CHARITY GOVERNANCE

Guidance on board remuneration

The ACNC has released new guidance *Remunerating Charity Board Members* aimed at providing charities with practical advice on paying their board members. While the guidance is charity specific, its principles have application to all not-for-profits.

The guidance provides an overview of issues relating to board remuneration, as well as some of the factors charities need to properly consider when making a decision on paying board members for their duties.

ACNC Commissioner, Susan Pascoe AM, introduced the guide, saying it provided important points around which charities could base discussions.

'Most board members of charities are unpaid and give their time freely as volunteers,' Ms Pascoe said. 'However, all charities are different and there are diverse views on the appropriateness of paying board members. At the end of the day the key question to ask is: is paying board members in the best interests of the charity?

'There will be different answers according to the nature and complexity of the charity, the skills and time required of board members, as well as issues of diversity of the board. There is no one size fits all answer to this question.'

Commissioner Pascoe confirmed that registered charities can pay their board members under certain circumstances.

'Our new guidance states that board members can be paid as long as this remuneration helps further the organisation's charitable purpose, is allowed under the charity's governing rules, is properly authorised, and is conducted in a transparent and robust way,' Ms Pascoe said.

'In addition to meeting reporting obligations, registered charities must also comply with the ACNC's Governance Standards. This includes the requirement that charity board members act in the best interests of the organisation, and that they manage its finances in a responsible way.'

'The payment of board members may present a conflict of interest and this needs to be managed. We would expect a proper process to be undertaken to set a reasonable and proportionate level of remuneration.'

'Charities also need to be mindful of community expectations as well as the views of their members, supporters and the users of their services. If a charity feels uncomfortable disclosing and publicly justifying the level and nature of the remuneration, then this should be an alarm bell.

'Any payments to board members that are unreasonable, unauthorised, or unjustifiable, may mean that the charity is not complying with the Governance Standards – which could be grounds for revocation of charity status. The ACNC will not hesitate to investigate in such circumstances.'

Commissioner Pascoe reminded charities that their finances should be managed with care and diligence.

'Board members are custodians of a charity's funds and these need to be applied for the benefit of the public,' Ms Pascoe said.

Charities can download the new guidance on the ACNC website at *acnc.gov.au/boardremuneration.*

Charitable investment fundraisers transitional relief extended

There have been important changes in the rules that apply to charities that offer investments to retail investors. These new rules take effect on 1 January 2018, and ASIC is working with these charities to ensure they are ready for the new rules.

As changes to regulatory settings are significant, charities have been given 2017 to prepare, a transition period created through ASIC legislative instrument ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813.

ASIC has made the new ASIC Corporations (Amendment) Instrument 2017/359, which amends ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813, to extend the 28 February deadline for transitional relief. Charities that failed to lodge an identification statement with ASIC by 28 February may benefit from the relief and lodge until 31 December.

The deadline extension allows eligible charitable-investment fundraisers to continue to offer investment products subject to the requirements of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 (as amended by ASIC Corporations (Amendment) Instrument 2017/359) without being subject to the new requirements (such as holding an Australian financial services licence) until 31 December.

From 1 January, charitable-investment fundraisers that wish to issue products to retail investors that are not associated with the charity will be required to hold an AFS licence. Additional restrictions will apply that are designed to avoid the investment products being used for transactional facilities.

ASIC encourages charitable-investment fundraisers to seek professional advice on the requirements of ASIC Corporations (Charitable Investment Fundraising) Instrument 2016/813 and ASIC Corporations (Amendment) Instrument 2017/359 and, where relevant, to submit an identification statement for the commission's consideration as soon as possible. ASIC also strongly encourages charitable-investment fundraisers to apply for an AFS licence soon due to the time taken to process applications.

CHARITY GOVERNANCE

DGR discussion paper released

Recent The federal treasury has released a discussion paper outlining several proposals to strengthen deductible-gift-recipient governance, reduce administrative complexity and ensure that an organization's DGR eligibility is up to date.

Around 20,500 of 28,000 DGRs are registered charities. DGR status entitles donors to claim tax deductions on their donations. The tax concessions amount to more than $1.3 billion a year and are a significant part of the government's efforts to encourage philanthropy and support NFPs.

A significant proposed reform in Tax Deductible Gift Recipient – Reform Opportunities would require DGRs to be registered with the ACNC. Benefits flowing from such a move would include:

- The increased credibility and transparency that comes with being a registered charity and being listed on the ACNC's charity register
- Other red-tape reductions, including streamlined reporting across jurisdictions
- Regulation under a set of core, minimum, governance standards, which are the basis for strong internal governance, and
- The ACNC's free education, guidance and support.

The paper was based on intensive consultation. Among questions asked were:

- The increased credibility and transparency that comes with being a registered charity and being listed on the ACNC's charity register
- What are stakeholders' views on a requirement for a DGR (other than a government one) to be a registered charity for it to be eligible for DGR status? What issues could arise?
- Are there likely to be DGRs (other than government DGRs) that could not meet this requirement and, if so, why?
- Are there particular privacy concerns associated with this proposal for private ancillary funds and DGRs more broadly?
- Should the ACNC require additional information from all charities about their advocacy activities?
- Is the annual information statement the appropriate vehicle for collecting this information?
- What is the best way to collect the information without imposing a significant additional reporting burden?
- What are stakeholders' views on the proposal to transfer the administration of the four DGR registers to the ATO? Are there any specific issues that need consideration?
- What are stakeholders' views on the proposal to remove the public-fund requirements for charities and allow organisations to be endorsed in multiple DGR categories? Are regulatory compliance savings likely to arise for charities that are also DGRs?

- What are stakeholders' views on the introduction of a formal rolling review program and the proposals to require DGRs to make annual certifications? Are there other approaches that could be considered?
- What are stakeholders' views on who should be reviewed in the first instance? What should be considered when determining this?
- What are stakeholders' views on the idea of having a general sunset rule of five years for specifically listed DGRs? Should listings be reviewed at least once every five years to ensure that they continue to meet the 'exceptional circumstances' policy requirement for listing?
- Stakeholders' views are sought on requiring environmental organisations to commit no less than 25 per cent of their annual expenditure from their public fund to environmental remediation, and whether a higher limit, such as 50 per cent. What are the potential benefits and the potential regulatory burden? How could the proposal be implemented to minimise the burden?
- Stakeholders' views are sought on the need for sanctions. Would the proposal to require DGRs to be ACNC-registered charities and therefore subject to ACNC's governance standards and supervision ensure that environmental DGRs are operating lawfully?

Submissions closed on 14 July.

CHARITY GOVERNANCE

Accountants must act on suspicion

A new standard requires accountants to consider their obligations if they uncover or suspect illegal acts as fraud, corruption, bribery and money-laundering

A bundle of new non-compliance-with-laws-and-regulations (NOCLAR) requirements released by the Accounting Professional & Ethical Standards Board will change the game.

The ground-breaking Australian standard adopts an international approach and requires accountants to set aside the principle of confidentiality when illegal acts are suspected.

No longer can accountants ignore suspected non-compliance with laws and regulations.

NOCLAR applies to accountants in commerce and industry, the public sector and not-for-profits, as well as accounting firms. Accountants will be obliged to act in accordance with a heightened public interest I compliance.

NOCLAR covers acts of omission or commission, intentional or unintentional, committed by a client or those charged with governance, by management or by other individuals working for or under the direction of a client.

Examples of NOCLAR are:

- Fraud, corruption, bribery
- Money-laundering, terrorist-financing, proceeds of crime
- Securities markets and trading
- Banking, financial products and services
- Data protection
- Tax and pension liabilities and payments
- Environmental protection, and
- Public health and safety

There are many real-life examples of breaches. You can read about them daily in the Press. So, it's time we asked ourselves what we would do if we suspect non-compliance.

The new ethical rules respond to the following key public-interest concerns:

- The duty of confidentiality in the code's acting as a barrier to the disclosure by professional accountants of potential NOCLAR to public authorities.
- Professional accountants and auditors simply resigning from employer/client relationships without NOCLAR issues being appropriately addressed, and
- A lack of guidance to help accountants in working out how best to respond to potential NOCLAR, a situation that may often be difficult and stressful.

The responsibilities under APES 110 *Code of Professional Ethics for Professional Accountants* differ defending on whether an accountant is:

- An employee of an entity
- A senior professional (part of the management team or a member of governance)
- An auditor of an entity, and
- A member in public practice interacting with his or her client in a professional capacity.

The NOCLAR rules are incorporated in new sections 225 (Members in Public Practice) and 360 (Members in Business) of APES 110.

They are effective from 1 January next year.

From an auditing perspective, NOCLAR requirements are reflected in ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report (now includes updated references to the APES 110 Code of Ethics for Professional Accountants resulting from the new standard NOCLAR) and ASA 2017-2 Amendments to Australian Auditing Standards (containing conforming amendments related to changes in the APESB Code).

Both have an application date of 1 January 2018.

ACNC ACTIVITIES

AIS release set for July

Consultations on proposed changes to annual information statements have concluded, and, in response, the ACNC has made several improvements to the 2017 online form, including improved auto-calculation and the ability to update responsible person's information.

Charities in Tasmania and South Australia will benefit from streamlined reporting arrangements, additional jurisdictions likely to join over the coming months.

The 2017 statement is set to be released in late July and will be accompanied by a range of resources and a redesigned online guide for easier use.

ACNC ACTIVITIES

Hundreds of charities revoked

Almost 700 charities have had their ACNC's registration revoked after failing to submit annual reports on two successive years.

Revocations will be published on the ACNC's listing. Revoked charities will no longer be able to display the ACNC's registered-charity tick.

'Revoking charities that fail to meet their obligations is an important part of maintaining trust and confidence in the not-for-profit sector. The public need to be confident that the national regulator is displaying [only] eligible charities on the [register],' Ms Pascoe said.

The register provides the public and donors with accurate, up-to-date information about Australia's 54,000 charities. Since it was launched in late 2012, it has been searched over 1.7 million times.

Donors, grant-makers and volunteers can search the register at **acnc.gov.au/findacharity.** The list of revoked charities can be found at **acnc.gov.au/doubledefaulters.**

ACNC financial-reporting obligations

A charity's reporting obligations to the ACNC depend on whether it is small (annual revenue less than $250,000), medium (annual revenue more than $250,000 but less than $1m) or large (annual revenue more than $1m).

Obligations may be summarised as:

	Small	Medium	Large
Annual Information Statement	✓	✓	✓
Financial report	(optional)	[1] ✓	[1] ✓
Basis of accounting	Cash or accrual	Accrual[1]	Accrual[1]
Type of financial statement [2]	Can choose to submit a financial statement. The financial statement can be the same as a medium or large charity	Special-purpose financial statement (if not a 'reporting entity') or reduced-disclosure regime general-purpose financial statement or full general-purpose financial statement	
Review or audit	No obligation for review or audit	Financial reports either reviewed or audited[2]	Financial report audited

1 Unless the charity is a basic religious charity or other transitional arrangements apply.

2 Note that the charity's constitution/governing document or grant-funding agreements may state the type of financial statement the charity must prepare and whether the financial report needs to be reviewed or audited.

Revenue should be calculated using relevant accounting standards, for example, AASB 118 Revenue, AASB 1004 Contributions and AASB 117 Leases issued by the Australian Accounting Standards Board.

ACNC ACTIVITIES

New report on our smallest charities

Australia's smallest charities account for more than a third of the charity sector, according to a new ACNC report.

Australia's Smallest Charities was produced by the commission in collaboration with the Centre for Social Impact and the Social Policy Research Centre at the University of New South Wales. Australia's Smallest Charities is part of an annual analysis of annual information statements filed by charities of all sizes.

ACNC commissioner Susan Pascoe highlighted the significant contribution that 'extra small' charities make to the sector and the wider community.

'There are almost 19,000 extra small charities in Australia – that is, charities with annual incomes under $50,000,' Ms Pascoe said.

'Extra small charities account for 37 per cent of charities [...] and make an important contribution to the local community.

'These charities in particular often provide more specialised, locally-focused services – and [...] communities appreciate their hard work and dedication.'

The report, which includes case studies from seven of Australia's smallest charities, highlights the variety of activities undertaken and the causes supported.

More than two-thirds of 'extra small' charities operate with volunteers only compared with only 39 per cent of all charities. More than 400,000 people donate their time and expertise to 'extra small' charities.

They report a combined income of more than $300 million in 2015 and held assets worth more than $5 billion.

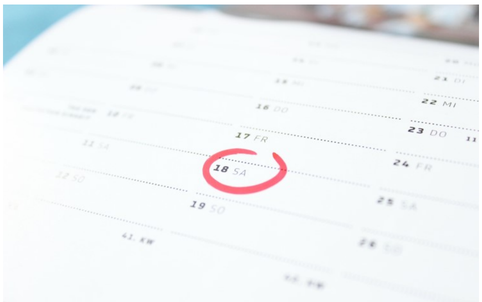
Australia's Smallest Charities and the Australian Charities Report 2015 are available for downloading at ***australiancharities.acnc.gov.au.***

Charities must meet governance standards

As it is end of the financial year for many charities, a reminder of the five governance standards that charities must meet to be registered and remain registered with the ACNC is appropriate. The standards do not apply to basic religious charities.

The governance standards are a set of core, minimum standards that deal with how charities are run, including their processes, activities and relationships.

They require charities to remain charitable, operate lawfully, and be run in an accountable and responsible way. They help charities to maintain trust with the public and continue to do their charitable work. Because the governance standards are a set of high-level principles, not precise rules, each charity must decide how it will comply with them.



STANDARD	PRINCIPLE
Standard 1: Purposes and not-for-profit nature:	Charities must be not-for-profit and work towards their charitable purpose. They must be able to demonstrate this and provide information about their purposes to the public..
Standard 2: Accountability to members	Charities that have members must take reasonable steps to be accountable to their members and provide them with adequate opportunities to raise concerns about how the charity is governed.
Standard 3: Compliance with Australian laws:	Charities must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a penalty of 60 penalty units (currently $10,200) or more.
Standard 4: Suitability of responsible persons	Charities must take reasonable steps to: ▪ Be satisfied that its responsible persons (such as board or committee members or trustees) are not disqualified from managing a corporation under the Corporations Act 2001 (Cth) or disqualified from being a responsible person of a registered charity by the ACNC commissioner, and ▪ Remove any responsible person who does not meet these requirements.
Standard 5: Duties of responsible persons	Charities must take reasonable steps to make sure that responsible persons are subject to, understand and carry out the duties set out in this standard.

Charities must have evidence of meeting the standards that they can provide if requested.

ACNC ACTIVITIES

Recent compliance action on three Queensland charities

The ACNC has revoked the charity status of Queensland charities #ChangingLivesProject Ltd and Queensland Independent College Ltd. Both were public benevolent institutions.

#ChangingLivesProject Ltd has been operating since May 2015 and revocation announced on 6 June was backdated to 27 July 2015.

Queensland Independent College Ltd has been operating since June 2000 and revocation announced on 16 June was backdated to 1 July 2013.

Both charities will lose Australian Taxation Office endorsement to access Commonwealth tax concessions on GST, income, the FBT rebate and deductible-gift-recipient status.

The ACNC has also revoked – backdated to 15 September 2015 – the charity status of the Townsville Aboriginal & Torres Strait Islander Cultural Centre Cooperative Society Limited. The decision to revoke charity status follows an investigation into the organisation's operations and activities.

The organisation was established in January 2005. Its registration as a charity was transferred from the Australian Taxation Office to the ACNC on 3 December 2012 – the date the ACNC was established. Following the revocation of its charity status, the organisation will lose access to tax concessions. The ACNC is prevented from disclosing further details due to secrecy provisions in the ACNC Act.

ACNC commissioner Susan Pascoe said that the ACNC took a proportionate approach to compliance. 'Our compliance activity starts with education and guidance', she added.

'However, when we find serious circumstances of mismanagement or deliberate breaches of the ACNC Act or governance standards we will revoke charity status.

'Revocation [...] is reserved for the most serious of cases and results in the loss of [...] tax concessions.'

Commissioner Pascoe encouraged members of the public to raise concerns about charities with the ACNC.

'On average, we receive 100 concerns [...] each month,' she said. Many were raised by members of the public and provided the ACNC with vitalinformation.

Concerns may be raised by calling 13 ACNC or by visiting acnc.gov.au/raiseaconcern.

ACNC guides on crowd funding

The Australian charities and Not-for-profits Commission has launched Crowdfunding and Charities to help charities, donors and fundraisers to use crowdfunding websites.

Crowdfunding generally sees individuals and organisations set fundraising targets online and call for support from members of the public.

Crowdfunding has become a popular low-cost way for charities to attract donations from a wider audience than they would normally attract. It also reveals a greater range of causes to potential donors.

ACNC commissioner Susan Pascoe welcomed the publication, saying it provides useful, practical information on how charities and fundraisers can harness crowdfunding to raise money responsibly.

'Emerging ways to fundraise and donate, such as crowdfunding, bring with them great potential benefits for charities, fundraisers and donors,' Ms Pascoe said.

'But with any new or emerging fundraising method there are also aspects of its use that people need to consider before they embark on a fundraising campaign or donate to a cause.

'This new guidance provides simple, practical steps for those charities and individuals considering using crowdfunding as well as for members of the general public thinking of donating to crowdfunding-based appeals.'

Crowdfunding and Charities may be found at acnc.gov.au/crowdfunding.

FINANCIAL—REPORTING INSIGHTS

New guidance issued for management representation

The accounting Professional and Ethical Standards Board has issued a new guidance note to help professional accountants who prepare, review and approve management-representation statements.

Preparers should also consider incorporating it into their year-end close-out procedures.

APES GN 41 Management Representations is directed primarily at chief financial officers or those in senior finance roles. However, it also provides specific guidance on the responsibilities of professional accountants at differing levels of an organisation.

It highlights the importance of factors such as considering the context and purpose of management representations, using the work of others and acting with sufficient expertise in preparing management representations.

FINANCIAL—REPORTING INSIGHTS

Financial reporting considerations for 30 June

At each reporting , directors and management committees of not-for-profits need to be aware of changes that might affect their financial statements.

While changes for 30 June this year are expected to be minimal, the tornado of change in the next wave of standards approaches. In its swirl are revenue, leases and financial instruments.

New standards effective at 30 June

The list of accounting standards effective for the first time at 30 June is long, but we do not expect many of them to have an impact on private-sector NFPs.

An overview is provided below. Make your own assessments.

ACCOUNTING STANDARDS	OUR ASSESSMENT
AASB 14 Regulatory Deferral Accounts / AASB 2014-1 Amendments to Australian Accounting Standards	Applicable to entities with rate regulated activities – no impact expected for NFPs.
AASB 1057 Application of Australian Accounting Standards / AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application paragraphs	Standard includes all the application paragraphs for AASB standard – no changes to recognition, measurement or disclosure requirements.
AASB 2014 – 3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11]	Clarifies that if an entity acquires a joint operation that is a business then AASB 3 Business Combinations should be used in determining the appropriate accounting – little, if any impact expected for NFP entities.
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	Clarifies that revenue-based depreciation methods are not appropriate – no impact expected for NFPs.
AASB 2014-6 Amendments to AASB 116 and AASB 141 for bearer plants	Moves bearer plants into the scope of AASB 116 Property, Plant and Equipment from AASB 141 Agriculture. Allows these assets to be held at cost rather than the fair value – impact for any NFP entities with an agricultural component to their operations.
AASB 2014-9 Equity method in separate financial statements (Amendments to AASB 127)	Allows equity accounting to be used in separate (parent) entity financial statements for associates and joint ventures as an alternative to cost or fair value – accounting policy choice available to NFP entities with equity accounted investments that present separate financial statements.
AASB 2015 – 1 Annual improvements (2012 – 2014 cycle)	Minor clarifications to several accounting standards – no impact for NFPs.
AASB 2015-2 Disclosure Initiative – Amendment to AASB 101	Minor presentation amendments to financial statements regarding restructuring of the notes – may be used by NFP to de-clutter / restructure financial statements – no changes to recognition, measurement or disclosure requirements.
AASB 2015-5 Investment Entities: Applying the Consolidation Exception	Clarifications to the use of the investment-entity concept – no change expected for NFPs.
AASB 2015 – 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	Requires public-sector NFPs to include related-party disclosures in the financial statements – significant disclosure impact for public-sector NFPs.
AASB 2015 -10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 (Sale or contribution of assets between an investor and its associate or joint venture)	Amends the effective date for the amendments to annual-reporting periods beginning on or after 1 January 2018 – no impact for NFPs.
AASB 1056 Superannuation Entities	Provides the accounting requirements for APRA-regulated superannuation entities – no impact for NFPs.

Standards issued not yet effective

The list of standards effective in the future is not quite so long but the impact will be substantial.

Here we highlight the new standards expected to have most effect on NFPs.

Revenue for NFPs

Two new revenue standards for NFPs become effective for annual reporting periods beginning on or after 1 January 2019 (that is, 30 June 2020 year ends). They are AASB 15 Revenue from Customer Contracts and AASB 1058 Income of Not-For-Profits Entities.

While some time off, implementation needs a significant amount of work, including potential amendments to grant agreements.

NFPs should not delay in looking at the impact.

AASB 15 Revenue from Customer Contracts applies to goods and services under a contract with a customer where there are sufficiently specific performance obligations and enforceable rights – the AASB has issued appendix C to AASB 15 (included in AASB 2016 – 8) that will assist NFPs to interpret these requirements.

AASB 15 requires deferral of revenue concerning the transfer of control of promises to customers but grant agreements and other contracts will need to be reviewed to ensure that they meet the sufficiently specific and enforceable criteria as the deferral of grant income is not automatic.

Any peppercorn leases will need to be reviewed and considered as we expect the fair value of the right to use assets granted under lease agreements will be recorded on statements of financial positions with a corresponding entry to revenue/retained earnings (on transition only). As the lease term progresses, this right to use assets will be depreciated, which may result in some NFPs making a loss due to depreciation charges.

We encourage NFPs to review AASB 15 and begin determining the impact on relevant revenue streams.

AASB 1058 Income of Not-For-Profits Entities will require revenue that falls outside the scope of AASB 15 to be recognised when control is received. This is most likely to be on receipt of funds as well as dealing with areas such as peppercorn leases and volunteer services.

Leases

AASB 16 Leases is effective at the same time as the revenue standards – annual reporting periods beginning on or after 1 January 2019 (that is, 30 June 2020).

This standard requires most leases held by an NFP to be brought onto the balance sheet (statement of financial position). The distinction between operating and finance leases will be removed. If the agreement meets the definition of a lease then it is within the scope of the standard.

There are limited exceptions for short-term leases and low-value assets, however these will not apply to leases of premises, which we expect to be most of the NFP leases.

Income statements will no longer show rental income. Instead, we will see depreciation expense (relating to the right-of-use asset) and interest expense (relating to the lease liability).

The recording of a right-of-use asset (non-current) and lease liability (apportioned between current and non-current) may cause issues for bank covenants and other balance-sheet ratios. NFPs need to ensure as soon as possible that they have considered these business impacts.

Financial Instruments

AASB 9 Financial Instruments is applicable for annual reporting periods beginning on or after 1 January next year (that is 30 June 2019 year-ends) and contains a few significant changes.

For NFP entities, the impact of AASB 9 should be low. We anticipate that the biggest change is likely to be the treatment of available-for-sale investments (shares in listed entities held on a long-term basis as part of an investment strategy). These investments are no longer required to be tested for impairment and their movements in fair value will remain in other comprehensive income as well as any gains or losses on sale.

The change should reduce the time and effort spent on analysing whether an instrument has been subject to a significant or prolonged decline in value.

NFPs will need to consider this change and make the decision about whether to designate the instruments through other comprehensive income. If the designation is not made, instruments will be measured through fair value, which will result in unrealised gains and losses being taken to the result for the year.

NFP entities that might have more complex financial instruments should commence a full review of AASB 9 to assess their impact.

A tip and a reminder

NFP entities need an implementation plan:

- Governance and management should ensure that progress is monitored against plans and action taken where milestones are not reached
- Identify systems, processes, and any associated internal control changes needed to produce information required under the new standards, including related disclosures, and
- Determine the effects on compliance with financial-condition requirements, including thresholds for regulatory reporting

NFPs have small financial teams and need to consider the transitional arrangements for these standards to obtain the most favourable outcomes. Work should start soon.

The standards are complex, and NFPs will need to consider whether they have the resources to implement them. If they don't, how will they comply?

Remember that each of these standards requires comparatives (and transitional provision apply) and that a third statement of financial position is required for the start of the comparative period. NFPs, in fact, might have less time than they think.

FINANCIAL—REPORTING INSIGHTS

Standards modified for NFPs

Preparers and auditors of not-for-profit financial statements have the chance to understand better the extent of—Australia-specific modification to IFRS Standards following the release of the AASB staff paper modifications to Australian Accounting Standards for Not-for-profit Entities.

Following the board's fourth research report Review of Adoption of International Financial Reporting Standards, it is interested in views on what further modifications should be considered for NFPs.

As part of its transaction-neutrality policy, the AASB uses IFRS standards as a base on which to build standards for NFPs. Where necessary, it modifies international standards to address user needs and NFP-specific issues that would cause undue cost and effort in application.

To be updated from time-to-time, the research paper will act as an important basis in the review of NFP modifications and will enable stakeholders to understand existing modifications and their rationale.

AUDIT

Enhanced audit-reporting standards apply

A new suite of enhanced audit-reporting standards applies to 30 June reporting periods for the first time.

The new and revised standards affect general-purpose and special-purpose financial statements.

They are:

- ASA 700 Forming on Opinion and Reporting on a Report
- ASA 705 Modifications to the Opinion in the Independent Auditor's Report.
- ASA 706 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
- ASA 720 The Auditor's Responsibilities Relating to Other information
- ASA 805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statements
- ASA 810 Engagements to Report on Summary Financial Statements
- ASA 570 Going Concern, and
- ASA 260 Communicating with Those Charged with Governance.

Conforming amendments resulting from the changes affect the following standards: ASA 210 (engagement terms), ASA 220 (quality control), ASA 230 (audit documentation), ASA 510 (initial engagements), ASA 540 (accounting estimates), ASA 580 (representations), ASA 600 (audit of groups) and ASA 710 (comparatives).

As well as significant changes to the format and content of auditors' reports, there are significant changes to:

- An auditor's responsibility over other information
- Going-concern basis, and
- Audits of accounting disclosure.

The new auditing standards are likely to drive the following changes:

- Better alignment of financial-reporting disclosures with 'other information' contained in annual reports
- Improved going-concerns disclosures, and
- Removal of immaterial disclosure and improved disclosures generally

The standards will lead to changes in the way auditors interact with clients.

GOVERNMENTS

Red-tape reduction progress in Victoria

The Victorian *Consumer Acts Amendment Bill 2016* has been passed, leading to significant red-tape reduction for thousands of the state's registered charities.

The omnibus bill facilitates streamlining across consumer affairs in Victoria.

Importantly, it allows appropriate state-government ministers to exempt cohorts of incorporated associations from having to report direct to Consumer Affairs Victoria (CAV).

It is expected that this new power will see an end to the duplicate reporting of Victorian incorporated associations registered as charities.

The ACNC will work with the consumer-affairs minister Marlene Kairouz and CAV to ensure that the charities will be required to report only to the ACNC.

The commission is confident that announcements by other state and territory governments are on the horizon.

GOVERNMENTS

Reduced red tape for ACT's charities

The ACT Legislative Assembly passed on 6 June the Red Tape Reduction Legislation Amendment Bill, which will streamline fundraising and other reporting requirements for ACNC-registered charities. The changes came into effect on 1 July.

ACNC-registered charities that fundraise in the ACT will no longer require licences. They also will no longer need to report annually to Access Canberra, and will be exempt from regulation under the ACT's Charitable Collections Act.

The territory's incorporated associations that are registered with the ACNC will also benefit from reduced reporting requirements.

Incorporated associations that are registered charities will no longer be required to:

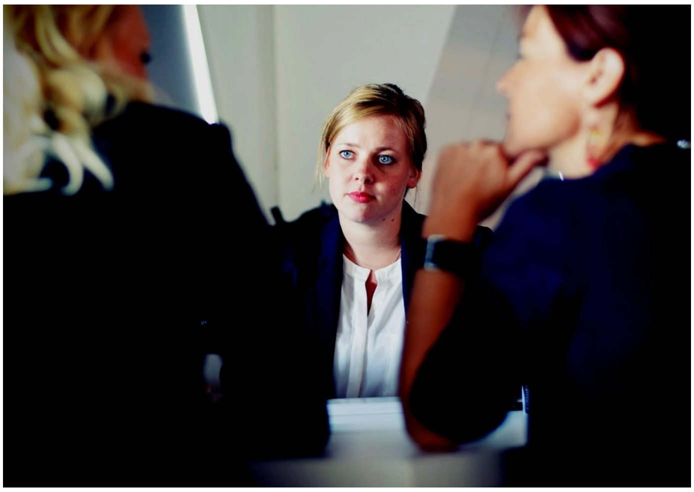
Collins & Co Not For Profit networking sessions will be a regular event throughout each year and came about due to the terrific response we have had to the networking sessions held after our Not For Profit Conferences.

Details of our next Not-For-Profit Networking event will be available soon and we hope to see you there.

- Provide annual returns to Access Canberra
- Meet audit requirements if revenue is under $250,000 (the ACNC Act's threshold for a small charity), and
- Notify Access Canberra of changes to address for service or contract details. Instead, registered charities that are ACT incorporated associations will provide the information to the ACNC.

The commission will be writing to ACT-registered charities to explain the changes, which were decided in partnership with Access Canberra.

At the signing of a memorandum of understanding between Access Canberra and the ACNC, Access Canberra's deputy director-general Dave Peffer said the Red Tape Reduction Legislation Amendment Act 2017 removed duplication of reporting requirements and made the commission charities' primary regulator.



'What this means in practice is less paperwork for charities and more time for them to do what they do best – supporting our community,' Mr Peffer said.

'From 1 July, charities registered with the ACNC […] will […] need to submit their annual information statement [only] once, to the ACNC.'

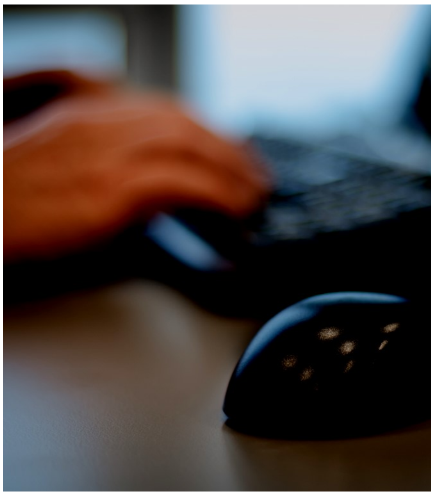
Information exchange will allow Access Canberra to get relevant information from the ACNC about ACT charities.

Six hundred charities registered with the ACNC will no longer need also to report to the ACT government.

ACT registered charities are encouraged to check their statements' due dates by logging into their ACNC portals at charity.acnc.gov.au.

Charities seeking further information about their obligations should visit ACNC at acnc.gov.au/ongoingobligations or email advice@acnc.gov.au.

The ACNC continues to discuss red-tape reduction with other state and territory governments. Significant progress has been made in Tasmania, South Australia, and, more recently, Victoria.



RSL under investigation

The NSW innovation minister has appointed Patricia Anne Bergin SC, an authorized inspector under the Charitable Fundraising Act 1991, to investigate the fundraising activities of the Returned and Service League of Australia (New South Wales Branch), the RSL Welfare and Benevolent Institution (also known as RSL DefenceCare) and its trustees and RSL LifeCare Limited following allegations of financial misconduct.

The authorised inspector is required to report and make recommendations to the minister by 1 February.

Good360 is a brand new way of #makinggoodhappen

From online shopping returns to retail stores overstock - ever wondered where brand new goods go?

Good360 is a brand new way of #makinggoodhappen.

Good360 is a Not For Profit with DGR (Item 1) which was founded by Alison Convington who has a passion for donating and helping.

Good360 connect businesses' brand new goods to charities and not for profits to help Australians in need.

Since launching in 2015 Good360 have received over $12M of donated goods from some of Australia's leading brands including L'Oreal, Woolworths, Linen House, LUSH & 3M and have delivered them to charities of every size and cause nationwide.

They save Not for Profits time, money and resources so they can do more of what they do best.

For an annual $275 registration fee your organisation can access free goods and pay only Shipping and Handling.

Nonprofits can join Good360 through their online registration tool. Membership is free, but in order to qualify you must be a DGR item 1 nonprofit organisation.

If you are a school, church, newly developed organization or under a DGR item 1 non profit organisation, you may also register using the Good360 online registration tool.

To find out more and how to be involved visit **https://good360.org.au/not-for-profit/** & **https://good360.org.au/faq/**

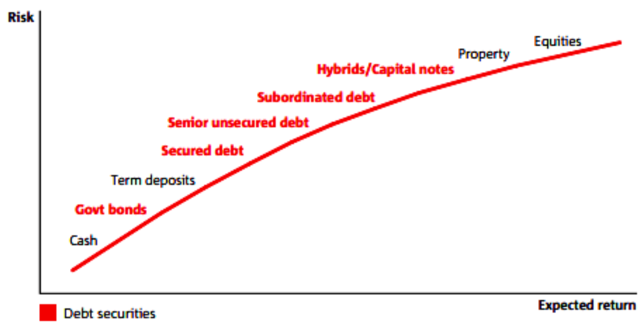
As recommended by a client of ours who got goods of $118,000 at recommended retail prices for $7,000 in shipping and handling fees.

A simple approach to better investment returns

With interest rates at a record low of 1.5% for 12 months now, there is a growing impatience among fixed income investors for low risk alternatives to term deposits and cash.

But the problem with moving further up the risk curve to obtain a better return on invested funds is that there is a corresponding increase in the risk to your capital. While acknowledging that there will always be this trade-off between risk and reward in the search for a superior return, there are ways to make your money work harder without taking on an unhealthy level of risk fees.

Risk and expected returns of various investments products



Source: National Australia Bank

There are a wide range of “fixed income” investments available to wholesale and retail investors, and different ways to access these. Investors can access these in various ways, such as via a registered exchange (such as the Australian Stock Exchange), “over the counter” via an intermediary, or as a pooled or managed investment in a fund. CCWM provides access to these investments through a “Managed Discretionary Account”, which gives an investor exposure to investments along this risk curve (excluding property and equities) in a structure that is actively managed by an investment professional.

The objective of the Akambo Income-Focused portfolio, is to provide a return of 2.5% above the RBA cash rate by investing in high quality and mostly liquid fixed income investments. This facilitates the dual objectives of many fixed income investors, of obtaining a higher rate of return while still maintaining a conservative approach managing investment risk.

If you have any further questions please contact Luke Broxton on luke@collinscowealth.com.au.

— LEADERSHIP SUMMIT —

EMBRACING INTERGENERATIONAL LEADERSHIP

VRCLP

22nd of August 2017
Waurn Ponds Victoria

Imagined by fya

We're not Thinking Outside the Box
We Got Rid of the Box

The 2017 Leadership Summit will allow particpants to:

- Grow capability by exploring what intergenerational leadership means
- Foster connections through the exposure to an experienced and diverse network of participants and speakers
- Empower you to take these innovative and strategic insights back to your own workplaces and/or communities
- Inspire confidence to advance your learnings and relationships from the summit and really embrace intergenerational leadership and the value it brings

Visit the website now to download the full program.

BOOK YOUR TICKETS NOW - TUESDAY 22 AUGUST 2017 | GEELONG

SAVE THE DATE

Our fourth annual NFP Conference is to be held at the MCG on March 15 2018!

Collins & Co invites the Board Members and all levels of Management and staff of NFP's to come on a journey with our speakers and learn from their practical approach to their specialist topics.

Can you afford to miss such a rare opportunity to learn from the experts in their field?

There will also be plenty of opportunity to network with peers, other NFP professionals and suppliers.

We have locked in the following speakers for next years conference:

- Susan Alberti— Business woman, philanthropist and WAFL Patron— key note speaker
- David Locke— Assistant Commissioner at Australian Charities and Not-for-profits Commission (ACNC)
- Derek Mortimer— DF Mortimer & Associates
- Bianca Crocker— Fish Community Solutions
- Natalie Egleton— Foundation for Rural & Regional Renewal (FRRR)
- Katrina Baddeley— Victorian Regional Community Leadership Programs Secretariat (VRCLP)
- Glyn Williams— latitude Global Volunteering
- Julie Weldon— Jaw Communications
- Michael McGann— Skydesign Social Enterprise
- Gordon Jenkins— The Visible Guy

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