

Financial Management

A Centre is accountable and responsible to its members, and to LANSW. The Centre must provide a Financial Report to its members at the Annual General Meeting and must forward a copy of the Report to LANSW and to the Zone/Region.

A treasurer's first responsibility is, as custodian of the Centre's fund, and these funds must be dealt with according to the Centre's constitution and the wishes of the Centre members. The treasurer must keep a proper record of where money comes from and show exactly where money was approved and spent. Once the Centre's money has been banked, there trusteeship falls on the committee. The Committee must review the accounts for payment and the general financial operations at each committee meeting.

If you are involved with a new Centre, you may like to approach people with experience in finance to help you set up your financials records. A local bank manager or accountant may be sympathetic to your cause and be willing to assist you.

Centre Budget Guidelines

A budget is a way of thinking ahead financially. It is a projected estimate of your income and expenditure and is intended to minimise the risk of being faced with financial surprises resulting in an operating loss. As many centres operate with little to no capital reserves, an operating loss may have a devastating impact. By preparing a budget, you will be able to see whether your income is likely to exceed your expenditure, and if so by how much. Preparation of a budget can also assist in determining fundraising requirements and registration fees for the season.

Definitions

Capital Reserves

Amount retained in the account in order to meet probable or possible future demands.

Deficit

The amount by which spending exceeds income over the year.

Operating Loss

An operating loss occurs when your deductions are more than your income for the year.

Surplus

The amount by which income exceeds spending over the year.

Who Should Prepare the Budget

The treasurer does not usually prepare the budget alone. It is important that the process of preparing the budget involves everybody who is going to be affected by it. It is therefore recommended that, whilst the treasurer should be responsible for the preparation of the budget, consultation throughout the process needs to take place with the entire centre committee. The final draft of the budget should then be agreed to and endorsed by the committee.

How to Prepare the Budget

Layout

In designing the budget framework, you need to look at how you bring money into the centre and what things you spend your money on. List all the ways you bring money into the centre on the income side (e.g. registration fees, sponsorship, fundraising, canteen etc.) and all the things that you spend your money on, on the expenditure side (e.g. registration fees, ground hire, trophies, canteen stock, equipment etc.). Referring to the prior season's accounts, will assist with this process.

Estimating

Once you have drawn up a list of the items of expected income and expenditure, you need to estimate what the figures will be in each category. In making this estimate, you need to draw on all the information available.

The most common and basic way to work out the estimates for a budget, is to refer to the previous year's accounts and then compare and adjust the figures. When reviewing the prior year's figures, be sure to note any areas that were not typical, unique to a particular year or event, likely to change etc. Adjustments then need to be made for expected changes in quantities, costs, activities, programs etc. It is most important that you factor in any changes in the pattern of activities from the previous year and estimate the effect of any likely changes in income sources or expenditure demands for the coming year. This is where it is important to gather information from other committee members for potential costs relating to their portfolio area (e.g. the equipment officer will be readily able to identify increased equipment needs or replacement equipment required).

Sometimes it is possible to calculate costs more accurately, by obtaining quotes for major purchases. At some point however, you will always have to make the best guess possible. A sound rule is to be conservative about estimating income and expansive about estimating expenditure. There will often be unexpected items of expenditure and a budget that applies the above rule is more likely to be able to offset these costs.

If you are registered for GST (submit BAS returns to the ATO), do not include GST amounts in your budget, as the overall effect on your income and expenditure is zero. Deduct the GST component of both income and expenditure before entering the item into your budget. (i.e. use GST exclusive figures). If you are not registered for GST, you will need to use full purchase costs, including GST, for your predicted expenditure items. (i.e. use GST inclusive figures).

Balancing

Once you have allocated estimate amounts to each item and are sure you have included all areas of income and expenditure, you need to add up all the income items to determine a total income and add up all the expenditure items to determine a total expenditure. By subtracting the total expenditure from the total income, you will be able to determine the preliminary surplus/deficit.

The amount of income does not always have to equal the amount of expenditure. You can decide to run a surplus or a deficit, as long as you have a longer term plan to make up for any deficit or expend any accumulated surplus.

If you come out behind, with a deficit you cannot afford, you need to re-check all of your estimates and determine if there is any scope for increased income. If you do not believe that you can realistically increase any area of income, then you need to review expenditure estimates and determine if there is any scope for cutting costs or reducing programs. If you are unable to realistically reduce enough expenditure to eliminate the deficit, or bring it to an affordable level, then you will need to consider such things as increasing your registration fees or conducting additional fundraising activities.

If you come out ahead, with a surplus you do not need or want, re-check your mathematics and estimates on both income and expenditure. If you're still ahead, then you can consider some additional projects, programs or purchases. You may be able to fund the attendance of some volunteers at courses or purchase additional equipment etc.

Approving the Budget

Once you have completed preparation of your budget, you need to present it to a committee meeting for discussion and endorsement. Minute the discussion and have it moved and seconded that the budget be accepted. Once it has been seconded, the committee will vote to accept the budget.

Monitoring the Budget

Once the committee has approved the budget, the treasurer is responsible for keeping track of how closely the actual figures match budget expectations. The committee also needs to periodically monitor the budget. It should be remembered that a budget is only a guide to the direction a committee wants to take financially and can be adjusted accordingly. Any changes to the budget, should also be moved, seconded and endorsed.

Further Advice and Assistance

Should your centre have any questions or concerns regarding the budget process, or if you require any advice or assistance, please contact the Little Athletics NSW office staff.

References

- Little Athletics NSW, "Centre Administration Manual", 1999
- NSW Department of Sport and Recreation, "It's Your Business" Manual, 2002
- Our Community Pty Ltd, "Preparing a Budget", 2001
- Westpac Bank, "Guide for Community Treasurers", 2001

Minimum Financial Reporting Requirements Sample

Income and Expenditure Harris Park Little Athletics Centre for the year ended 31 March 2014

	Current Year	Prior Year
Income		
Registration Fees	13850	12360
Canteen	2825	3250
Sponsorship	875	150
Donations	250	220
Uniform Sales	3760	2952
Interest Received	125	235
Grants Income	3000	
	<u>24685</u>	<u>19167</u>
Expenditure		
Registration fees to LANSW	6856	6422
Ground Hire fees	850	0
Ground Maintenance	933	874
Trophies and Medals	1595	1456
Uniform Purchases	3254	2406
Entry Fees	120	95
Canteen Purchases	2319	1956
Bank Fees	187	155
Printing and Stationery	540	516
Advertising	428	397
Equipment Purchases	4187	626
Repairs and Maintenance	655	562
Grants Expenditure	3000	
	<u>24924</u>	<u>15465</u>
Surplus/Deficit for the Year	-239	3702
Previous Years Surplus Funds carried forward	8958	5256
	<u>8719</u>	<u>8958</u>
Surplus Funds carried forward to next year		

Statement of Accumulated Funds Harris Park Little Athletics Centre for the year ended 31 March 2014

	Current Year	Prior Year
Cheque Account - Harris Park Credit Union	1458	256
Fixed Deposit Harris Park Credit Union	8000	10000
Uniform Stock	856	693
Total Assets	10314	10949
Liabilities		
Harris Park Trophies	1595	1456
Harris Park Landscape Supplies		535
Accumulated Funds	8719	8958

Treasurers Report for the Year Ended 31st March 2014

During the last 12 months the accumulated funds for the centre reduced by \$239. The highlights of the results for the year were; –

- Registration fees increased due an increase in the number of children who registered this year. This also affected uniform sales as more sales were made.
- The canteen income is less than last year due to wet weather, where we lost 3 nights of competition.
- Ground hire fees were levied on the club this year by the Council. You would have read about this in the local newspaper at the start of the year.
- Major equipment purchases were made during the year. The children would have enjoyed using the new high jump bags and hurdles as a result.
- A grant was received from the XYZ Company and has been expended installing the new long jump run-ups.

I would like to thank the hard work carried out by the canteen and uniform volunteers who contributed greatly to this result.

Fred Smith
Treasurer
Harris Park Little Athletics Centre

Audit Report (minimum requirement)

I have examined the books and records of the Harris Park Little Athletics Centre and have found that they truly reflect the operations of the centre.

Signed

John Smith

Address
Suburb State Postcode

Ph: 99999999

The person who has signed this report must be independent from the Committee of the centre and not be a member of the committee.

Your Centres Money

Committees of different sizes will have different ways of working, however there must be procedures for handling money and keeping accounts regardless of the committee size. The important thing is that every committee has enough information to make clear decisions about its money.

- The executive committee is responsible to all its members for any money which it receives and spends; every member has the right to know how the money has been used.
- Every executive committee member is responsible for deciding how funds will be raised and spent. It is not just the responsibility of the treasurer even though they deal with the money day-to-day.
- The whole executive committee should agree on spending decision at the committee meetings and voted on. This should be transparent in the meeting minutes.
- The executive committee must keep records. The executive committee, not just the treasurer, is responsible for ensuring that proper records are kept.
- The treasurer should regularly give details of the financial position of the committee as per the centre constitution and regulations.

Keeping good financial records will help you to make the best use of your money. They will help you work out how much money the centre needs next year and then budget accordingly.

Records help with fundraising; for example:

- If you apply for a grant to the Council or to a Business, they will ask to see accounts as proof that the centre is well run and will use the grant properly.
- If you are trying to decide whether to run a raffle or hold a fundraising event, then past records will show which raises the most money.

Your centre accounts are to be presented at the AGM for members to discuss and approve. Your constitution requires this, and in any case, your members have the right to know about the centre's finances.

You are required by law, to produce annual accounts and have them examined by an independent person. They will need to be submitted to the Department of Fair Trading and to Little Athletics NSW.

Make time at each committee meeting to discuss the finance report. Give everyone the opportunity to put questions to the treasurer and the committee.

A financial report should tell the story of what's happened in the centre's finances since the last meeting and how things are going overall. The same is true of the annual accounts which should tell the story of the year.

Do's and Don'ts – how to avoid problems

- **Don't** leave the treasurer to get on with it alone, only showing an interest when something goes wrong; this is worrying for the treasurer and also means that your centre will not make the best use of its money.
- **Don't** keep members of the centre in the dark about the financial position.
- **Don't** use a debit card to routinely withdraw cash from an ATM; this is a recipe for losing track of how much is going out of the account and it may leave you open to suspicion of theft or fraud.
- **Don't** draw cash direct from a deposit account to spend straight away; it may get forgotten if it isn't transferred to the current account and withdrawn by cheque.

If you are the treasurer, make sure that you:

- **Do** keep detailed financial records.
- **Do** spend money only on things that have been approved by the executive committee.

- **Do** make sure you record all cash received and all cash spent. This includes occasions when you receive cash and then spend it quickly without banking it. SPENDING CASH RECEIVED WITHOUT BANKING IT IS NOT RECOMMENDED.
- **Do** make sure that anyone who receives or spends money knows how to keep track of it properly; this applies to everyone.
- **Do** make sure that if you have more than one bank account, records are kept for both and reports are made on both.

Don't leave it all to the treasurer...

The treasurer deals with the centre's money on a day-to-day basis, but it's not their sole responsibility.

Make sure there are regular financial reports at your committee meetings, and that everyone is paying attention to them! The whole committee needs to know that your centre is not over-spending, and that the money is being spend wisely.

Every committee member is responsible for dealing with the centre's money in a clear and organised way:

- Always check with the treasurer before spending any money (has this purchased been approved?).
- Always get receipts for any money spend on behalf of the committee.

Tips for the Treasurer

A step-by-step guide on how to be the treasurer for a little athletics centre. Includes basic principles of managing money, keeping track of cash and bank accounts, and sharing information with the rest of the committee.

As treasurer, you have day-to-day responsibility for looking after your centre's money. However, the committee as a whole is responsible for deciding how funds will be raised and spent. Your job is to keep accounts and report to the committee.

Basic rules for dealing with money

Each centre may deal with its money in a slightly different way depending on circumstances. But there are basic rules for dealing with money which apply to everyone.

- Be methodical. Keep a clear record every time you receive or pay out money. Do not rely on memory to write it up later. Clear records will help you to keep track of money and ensure that, for example, you have collected all the subs or have not paid a bill twice.
- Make sure that you have paperwork for any money which you take in or pay out. This applies to cheques and bank transfers as well as cash.
- Keep paperwork in number or date order.

- When you receive or pay out cash, always record the full amount. For example, if you take in cash from the canteen and then use some of it to buy tea and coffee, you should record both the total takings and the cost of the supplies.
- Keep the group's cash separate from your own.
- Do not hold on to large amounts of cash; bank it as soon as possible.
- If you hold a float, check regularly that the cash in your tin equals the balance in your cash book.
- It is sensible to have at least three signatories to your bank or building society account. Make sure that two people are required to sign a cheque, withdraw cash, or make a payment by bank transfer or debit card.
- Sign a cheque only when you have written it out with the name of the payee and the amount.
- Never sign a blank cheque or ask another signatory to sign a blank cheque for you to write later.
- Check bank statements carefully.
- Give regular reports to your committee.
- If you receive money from a sponsor, council or for a grant, check their terms and conditions carefully – they may have rules about how their money is spent and handled.

Receiving money

When you receive a cheque or someone makes a bank transfer into your centre's account, keep the paperwork (eg. A covering letter with a grant). Write on it the date on which you received the cheque or bank transfer.

Whenever you take in cash, write a receipt. The easiest way is to use a small duplicate book with numbered pages. Record the total, the date, the name of the person/company handing over the cash and what was purchased. Hand over the top copy as the receipt and keep your copy in the book.

Spending money

Make sure that you have invoices or receipts for all purchases. This rule applies to both cash and cheque payments.

When you pay out cash, write out a voucher (petty cash). Ask the person receiving the cash to sign for it. Staple the till receipt to the voucher. Give the voucher a number and file in number order.

When you pay by cheque, make a note on the cheque stub of the value of the cheque and who it is made out to. Write the number of the cheque on the invoice and file the invoice in the order of the cheque numbers.

Do you intend to make payments by bank transfer, direct debit or debit card? If so, draw up a simple form to record the amount, date, and who you are paying. Use this each time you make a payment, and always get a second signature to authorise the payment before you go ahead.

Transfers between bank accounts

If you have more than one bank account, keep a clear record of transfers between them. When you draw on a deposit account, it is best to transfer the money into your current account before spending it. If you draw cash from a deposit account and spend it at once, it is very easy to forget about it as you will not have a cheque stub to remind you.

End of month check

- Use the monthly bank statement to check that you have written everything correctly in you account spreadsheet and that the bank has not made any mistakes with your money.
- Tick off each entry in your spreadsheet which appear on the bank statement.
- You may have written a cheque which does not yet appear on the statement. You will need to subtract this from the balance on the statement.
- You may have made a last-minute deposit which is not on the statement. You will need to adjust the statement balance by adding this amount.
- The balance in your spreadsheet should now agree with the adjusted statement balance. Remember that it is your spreadsheet (not the unadjusted bank statement) which tells you how much money is available to spend. This is why it is important to update your spreadsheet every single time you take in or spend money.
- Once you have reconciled for the month, carry over the balance to the next month.
- File the bank statements and keep them in date order. They are an important part of your records and will be needed by whoever examines your account at the end of the year.

Committee meetings

You should be in a position at each meeting to say how much money the centre has available. It is best to report at each committee meeting:

- The cash balance
- The bank balance
- Total receipts and payments so far this year
- Expected receipts and payments over the next month or quarter