

## **FUNDRAISING INSTITUTE AUSTRALIA**

### **SUBMISSION IN RESPONSE TO THE AUSTRALIAN TREASURY'S CONSULTATION PAPER: AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION – FINANCIAL REPORTING REQUIREMENTS (FEBRUARY 2013)**

#### **SUBMISSION COVER SHEET**

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### **About Fundraising Institute Australia (FIA)**

Established in 1968, FIA's purpose is to make the world a better place by advancing professional fundraising through promotion of standards, professional development pathways and measurable credentials so that our members achieve best practice.

The FIA has developed the Principles & Standards of Fundraising Practice as the professional fundraiser's guide to ethical, accountable and transparent fundraising. The Principles & Standards are vital to how the fundraising profession is viewed by donors, government, the community and fundraisers.

In order to achieve its mission, FIA conducts the following activities:

- Promote and enhance education, training and professional development of fundraisers.
- Provide a resource of fundraising information.
- Advocate for fundraising practice to Government, industry and the community.
- Support and promote certification of fundraisers.
- Develop standards and codes of practice.
- Promote and enhance fundraising as a profession.
- Promote and encourage research into fundraising and philanthropic giving

### **FIA Comments on draft regulations**

Generally, FIA supports the draft regulations which set out clearly the basic information required in annual financial reports. FIA makes several recommendations for clarity and assistance with compliances set out below.

#### **Regulation 8 (2) (b)**

FIA assumes this covers narrative descriptions of activities carried out by charities. FIA supports this, as it enables charities to fully inform members of the public about its activities and how they relate to their mission, which is not always possible in relation to bare financial statements.

#### **Regulation 8 (4) (b)**

FIA notes that under State legislation, incorporated associations may choose a different financial year to the standard financial year ending 30 June required by the ATO. FIA assumes that the Commissioner will approve such existing arrangements under subsection 60-85 (1) of the Act. Charities with financial years different to the 30 June financial year required by the ATO should be able to continue using them, to avoid hardship in making an unnecessary transition.

### **Regulation 8 Note**

The note states that "...the Commissioner may specify requirements relating to the information or reports, including particular accounting standards that do not to be complied with." FIA notes that this statement is confusing as the reason for requiring compliance with an accounting standard if it is not required is unclear. This creates uncertainty as to the application of the appropriate accounting standards and is potentially confusing for charities when preparing their financial statements.

### **Regulation 9 (1) (b)**

FIA agrees that a declaration by responsible entities is appropriate to verify the financial report. However, as the majority of responsible entities are likely to be volunteers, without specific accounting knowledge, FIA is concerned that such responsible entities will be required to verify that "in their opinion" the financial statements and notes satisfy the requirements of the Act. It would assist responsible entities if the regulations refer to the protections in the governance standards. It would also be helpful if these regulations were cross-referenced to Draft Governance Standard 4 for the avoidance of doubt.