

Tier 2 associations financial reporting

Tier 2 associations must ensure their financial records correctly explain their financial transactions and financial position.

Tier 2 associations are those whose:

- total revenue as recorded in the income and expenditure statement (i.e. gross receipts) for a financial year is \$250,000 or less, and
- current assets are \$500,000 or less.

Current assets refers to assets (other than real property or assets that are capable of depreciation) held by the association as at the end of the association's last financial year. It includes amounts held in financial institutions, stocks and debentures.

Before the annual general meeting

As soon as practical after the end of the association's financial year the committee must:

1. Prepare financial statements that include:
 - an income and expenditure statement that sets out appropriately classified individual sources of income and individual expenses incurred in the operation of the association
 - a balance sheet that sets out current and non-current assets and liabilities
 - a separate income and expenditure statement and balance sheet for each trust for which the association is the trustee, and
 - details of any mortgages, charges and other securities affecting any property owned by the association.
2. Consider the financial statements and confirm that they provide a true and fair view of the association's financial performance. It is good practice to record this confirmation in the minutes of the committee meeting.
3. Ensure the AGM is held within six months of the end of the financial year.

Audit of financial statements

NSW Fair Trading does not require Tier 2 association's financial statements to be audited however, it may direct an association to conduct an audit and request an auditor's report.

An association's constitution or funding arrangements may require an audit.

At the annual general meeting

The committee must:

1. Arrange for the financial statements to be submitted to the meeting.
2. Ensure a copy of the financial statements and a record of any resolution passed concerning the statements is included in the minutes of the AGM.

After the annual general meeting

Within 1 month following the AGM the committee must lodge with Fair Trading*:

1. The Annual summary of financial affairs – Tier 2 (form A12-T2).
2. Payment of the prescribed lodgement fee.

The financial statement presented to members at the AGM and other documents such as the minutes, agenda and notice of meeting are not required to be lodged, unless specifically requested by Fair Trading.

*From 1 October 2018 most incorporated associations that are also registered with the Australian Charities and Not-for-profits Commission (ACNC) will benefit from an exemption which allows them to lodge their financial report only to the ACNC. See information below on Exemption for registered charities.

Extension of time

An association should apply for an extension of time if it cannot hold its annual general meeting within 6 months after the end of its financial year or lodge its Annual summary of financial affairs by the due date. This can be done by lodging an Application for extension of time for holding annual general meeting or lodging annual summary of financial affairs.

The form should be lodged as soon as possible after the association becomes aware that it will be unable to comply with its obligations under the Act.

Exemption for registered charities

From 1 October 2018 most incorporated associations that are also registered with the Australian Charities and Not-for-profits Commission (ACNC) will benefit from an exemption which allows them to lodge their financial reports only with the ACNC.

To take advantage of this exemption when lodging the financial reports with the ACNC all questions relating to the association must be properly answered. The ACNC will share this information with Fair Trading.

This change is not retrospective. If an Annual summary of financial affairs required to be lodged with Fair Trading before 1 October 2018 is outstanding, the association must still lodge that Annual summary with Fair Trading.

All associations must continue to notify Fair Trading of any changes such as the association's name, constitution or public officer or its official address.

Need help?

For more information or assistance, contact Registry and Accreditation:

[Make an enquiry online](#)

FreeCall: [1800 502 042](tel:1800502042)

Post:

NSW Fair Trading

Registry and Accreditation

PO Box 22

Bathurst NSW 2795

[Prev](#) Tier 1 associations financial reporting

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<https://www.fairtrading.nsw.gov.au/associations-and-co-operatives/associations/running-an-association/financial-reporting-requirements/tier-2-associations-financial-reporting>

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