

Club Development Webinar Series

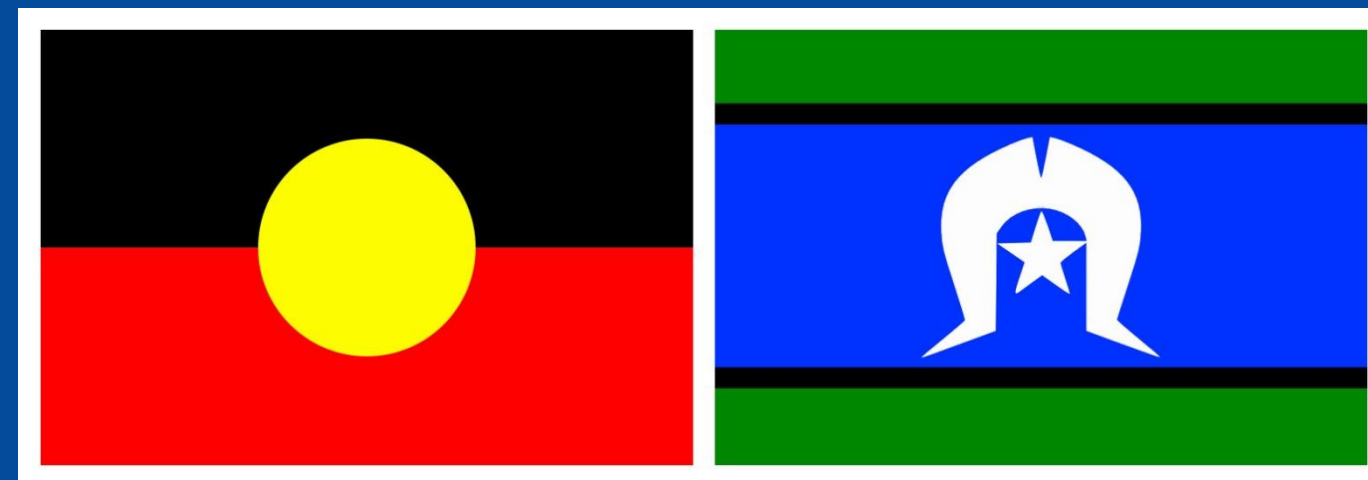
#4 Money Matters





Sports Central acknowledge the Traditional Custodians of the land we live and work on, the Wadawurrung and Dja Dja Wurrung People, and recognise their continuing connection to the land and waterways.

We pay our respects to their Elders past, present and emerging and extend this to all Aboriginal and Torres Strait Islander People.



About Sports Central



Who We Are

Sports Central is the Regional Sports Assembly for the Central Highlands. We deliver a range of programs and services to our members and the wider community to support sport and active recreation in all its forms.

Community Impact Focus

Strong and Inclusive Clubs, Leagues and Facilities Pillar	Active and Healthy Communities Pillar
<p>Development and Support</p> <p>Local sport and active recreation organisations are stronger and more sustainable</p>	<p>Participation</p> <p>The local community is healthier and more active through participation in sport and active recreation</p>
<p>Welcoming and Inclusive</p> <p>Local sport and active recreation organisations offer more environments and programs where everyone in the community is welcome and supported to participate</p>	<p>Healthy and Safe Communities</p> <p>Local sport and active recreation organisations promote healthier and safer programs and environments for their communities</p>

Agenda

1. Entity Structures and Reporting
2. Role of the Treasurer
3. Cloud Accounting
4. Budgeting
5. Going Cashless





Paul Rogan
Director, RSM

Disclaimer

- This presentation is intended as general information only and should not be considered as advice on any matter and should not be relied upon as such. The information in this presentation has been prepared without taking into account any individual objectives, financial situation or needs
- No member of RSM, nor any of their employees or directors gives any warranty of accuracy or reliability nor accepts any liability in any other way including be reason of negligence for any errors or omissions contained in the presentation, to the extent permitted by law
- This presentation is for general information only

Entity Structures & Reporting

Incorporated Associations

- Common structure for most sporting clubs / not-for-profit groups
- "Model Rules" - constitution prepared by Consumer Affairs
- Prepare and lodge annual financial accounts (online with Consumer Affairs)
- Committee (> 5 members) with at least 4 meetings per year
- Annual General Meeting no more than 5 months after the end of financial year

Information about Incorporated Associations on the Consumer Affairs Victoria Website:

<https://www.consumer.vic.gov.au/clubs-and-fundraising/incorporated-associations>

Association Requirements

- ATO Registrations – GST (>\$150k turnover), PAYG w/h
- Payroll, superannuation and GST reporting
- Insurance: Public Liability, Directors/Committee liability, Workcover etc.
- Internal management policies (coaches / staff)
- Three Tiers of Associations based on total revenue:
 - Tier 1 – less than \$250,000
 - Tier 2 – \$250,000 to \$1 million
 - Tier 3 – more than \$1 million

Financial Reporting

Must keep financial records that:

- record and explain its transactions, financial position and performance
- allow the preparation of 'true and fair' financial statements

Financial records include:

- Invoices, receipts, cheques
- bank statements and other documents
- working papers and other explanation on preparation of financial statements

An incorporated association must keep financial records for seven years

Preparing Financial Statements

Preparing financial statements (all tiers)

- Prepare as soon as practical after the end of your financial year
- Present completed financial statements to members at the AGM

Financial statements must contain:

- income and expenditure (Profit and Loss)
- assets and liabilities (Balance Sheet)
- other documents required by accounting standards (ie. cash flow and notes)

Tier 1 Associations

No additional reporting requirements

Do not need to have their financial statements externally reviewed or audited unless:

- their rules state otherwise (audit or review)
- a majority of members vote to do so at a general meeting, or
- they are directed to do so by a regulatory body

Tier 2 & 3 Associations

- Reports may be inspected by the general public
- Must be prepared in accordance with the Australian Accounting Standards
- May be either general purpose (larger entities) or special purpose financial statements (less disclosures or no external stakeholders)

The committee of the association determines which type of statement should be prepared:

- Tier 2 – statements reviewed by an accountant and submitted at AGM
- Tier 3 – statements undergo independent audit

Role of the Treasurer

Role of Board and Treasurer in Finance

Broad financial accounting and reporting function including many tasks.

Regular board reporting:

- Balance Sheet
- Income Statements / Cash Flow
- Bank reconciliation
- Debtors and creditors management
- Budget comparison
- Compliance with GST and payroll lodgements
- Compliance with annual reporting for Consumer Affairs

Accounting Tasks

Bookkeeping and accounting functions:

- Handling money (including banking and floats)
- Record keeping and data entry
- Invoicing and bill payments
- Investing surplus funds
- Applications for finance or grant funding
- Reporting and acquittal to members / funders
- Activity statement reporting for GST and PAYG
- Payroll reporting and Single Touch Payroll Compliance

Along with many other tasks

Cloud Accounting



Slido: What cloud based software does your club use?

What is Cloud Accounting

- The use of technology to deliver services over the internet
- There are numerous providers: Xero, Intuit QuickBooks, MYOB, Reckon and others, who share a common goal - to deliver you secure, inexpensive remote access to your accounts



Benefits of Cloud Accounting Systems

- Save hours on data entry, increase timeliness and accuracy
- Always have access to your data (anywhere, anytime, any device), increase transferability of the treasurer / reporting role
- Provide for greater collaboration with your accountant and board members to maximise the effectiveness and efficiency of the reporting function



The Old Vs The New

Purchasing and Keeping Software Up-To-Date	
OLD WAY	NEW WAY
Software is purchased at a store	Software is purchased online
Installed on a computer	No software installation
Annual upgrade fee	Monthly subscription fee <u>and</u> always have access to the latest version of the software at <u>no</u> additional cost
Compatibility issues	Limited compatibility issue, provided you install an appropriate web browser

The Old Vs The New

Accessing and Communicating Data	
OLD WAY	NEW WAY
Can only access data on the computer which the software is installed	Can be accessed <u>anywhere</u> and anytime on <u>any device</u> that can access the internet
Must provide USB/CD/email backups to your accountant	Real-time assistance from your accountant (simultaneous access) via multiple user accounts
Problems with compatibility/restoring data	Limited compatibility issues provided appropriate web browsers are used
	"Reports-only" access to the file – useful for finance applications
	No need for backups

The Old Vs The New

Accessing and Communicating Data	
OLD WAY	NEW WAY
Bank statements are manually entered	Bank feeds reduce bookkeeping time
Lengthy monthly bank reconciliations	Very simple bank reconciliations
	Memorised transaction and GST coding
	Email invoices, statements, reports etc.
	Unlimited data storage

Common Concerns

- Security
- Ease-of-use
- Speed and internet access
- Vendor confidence
- Long-term contracts
- Not all banks are supported



slido



What cloud based software does your club use?

Choosing a Software Provider

- The benefits of cloud accounting software are considerable, but they may not significantly reduce the cost of your current bookkeeping software
- There is no “one-size fits all” solution, so make sure you consider each alternative on its merits
- Make sure you don’t pay for more than what you need – if a **basic** version meets your criteria, there is no benefit in buying the **advanced** version



Summary

Switching to cloud accounting software would help you:

- Save hours on data entry, increase timeliness and accuracy
- Always have access to your data (anywhere, anytime, any device), increase transferability of the treasurer / reporting role
- Provide for greater collaboration with your accountant and board members to maximise the effectiveness of the reporting function

All this for the same price as roughly one coffee per week!

Single Touch Payroll (STP) – What is it?

- STP is the new Government initiative aimed at streamlining employer payroll obligations
- From **1 July 2019**, all employers will need to change the way that they report to the ATO
- STP involves the direct **reporting** of all employee payments – including salary and wages, PAYG withholding tax and superannuation – to the ATO for **every pay run** that is made
- STP involves establishing a connection between a certified payroll solution and the ATO in order to report at the end of each pay run

What gets reported?

Mandatory Reporting Amounts

- Ordinary wages
- Director's payments subject to PAYG Withholding Tax
- Termination payments
- Parental Leave payments
- Payments of unused Annual Long Service Leave
- Seasonal workers
- Return to work payments

Superannuation Reporting Amounts

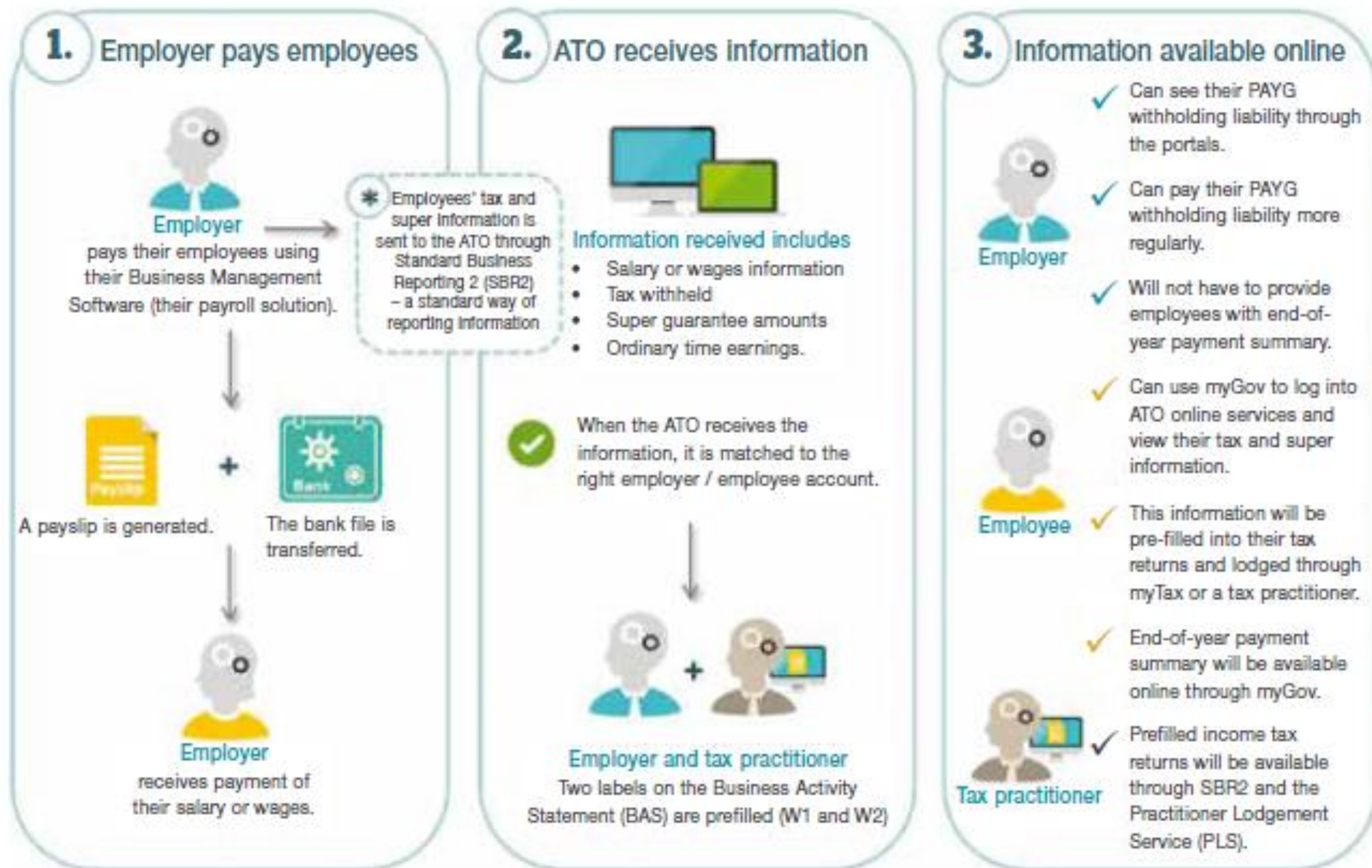
- Year-to-date Superannuation Guarantee Charge (SGC)

Voluntary Reporting Amounts

- Contractors under a voluntary PAYG Withholding agreement
- Labour hire agreements
- Reportable Fringe Benefits Amounts (RFBA) – annual reporting
- Reportable Employer Superannuation Contributions (RESC) – annual reporting

How It Works

- STP is a new method of reporting your payroll activities
- Reporting under current conditions – weekly, fortnightly or monthly depending on your wage cycle
- PAYG Withholding and Superannuation payment dates remain the same
- Continue to pay through activity Statements on a monthly or quarterly basis
- Report **directly** to the ATO through your current payroll system – you **must** start before 30 September or request deferral



STP Benefits

- The ATO is looking to increase the speed and availability of payroll information
- STP improves transparency between government agencies – Centrelink, Child Support, etc.
- Greater transparency for employees as they can log into MyGov and see what has been reported
- Data matching
- The ATO believes that reporting each pay run will save time and resources for businesses because at the EOFY you have already submitted all of your payroll information throughout the year

STP Impact on Employers

- You are no longer required to generate and distribute payment summaries to employees as this information will be available online at myGov
- You will not have to provide the ATO with a Payment Summary Annual Report (PSAR)
- You will be able to quickly see your PAYG Withholding Tax liability through the Business Portal
- By 2020/21 the ATO will pre-fill the W1 and W2 fields on your BAS because they already have the information. This will reduce errors and double-handling
- You will be able to on-board new employees more quickly with online commencement forms including Tax File Number Declaration and SuperChoice

Cloud Accounting Software – Should I get it?

If you don't already have a cloud accounting software product, now is the perfect time to consider getting on board:

- It will help you save hours on data entry
- You will always have access to your data (anywhere, anytime, any device)
- It will give you opportunities for greater collaboration with your accountant to maximise the profitability of your business
- And... most **importantly** given today's topic, it will provide you with STP-compliant payroll software

Is my software STP compliant?



Frequently Asked Questions

Q: What if I pay my wages by cash?

Cash transactions can be input and recorded through these systems

Q: How does this affect my superannuation payments?

Under STP you will continue to report and pay employees' superannuation entitlements through your existing *SuperStream* solution (including via the cloud software in use)

Q: What happens if I make a mistake?

You just need to process an updated Pay Event

Q: Can you help me make a decision?

Certainly. The staff at RSM are always happy to help. Feel free to contact one of the STP experts in the Ballarat Office (03) 5330 5800

Next Steps

- Make a choice about what payroll and/or accounting software is the “best fit” for your organisation:
 - Do you already have STP compliant software?
 - Do you have accounting software that needs to be upgraded?
 - Do you want to keep your existing software or processes, (e.g. a cashbook) and find a suitable payroll solution?
- Arrange for the payroll component of your software to be “turned on” so that you can begin processing **pay events**
- If you require assistance at any of these stages, feel free to get in touch with our experts

Budgeting

Cash Flow Budgeting

Where to start?

- Good reliable up to date data
- Review up to 3 years data for revenue and expenditure, consider abnormal items, identification of trends
- Identify from previous years monthly data: cash flow timing, when Debtors are received, when do you incur your expenses, any yearly bills like insurances
- Allocation of projected Income and Expenditure over 12-month cycle, in line with known cash collection and payment periods
- Compare each month's projected cash flows. Are there months with deficit cash flows? Is there periods with excess cash inflows and surplus funds?

Cash Flow Budgeting Tips

Quality information is key!

- Make use of Cloud Software – connect bank accounts and automate
- Budgeting tips are provided by Cloud Software providers
- Reconcile accounts frequently
- Manage Expenses – track all expenses (paid by committee / cash)
- Use payment due dates for bills to plan upcoming payments
- Keep debtor balances up to date and review payment due dates / remind for collection (cloud software simplifies this process)
- Ideally keep 3 months operating cash flow in reserve
- Ensure current obligations including staff entitlements can be met

Going Cashless

Going Cashless

- Particularly relevant given current pandemic (culture change)
- Transition over time away from cash, able to use current circumstances to encourage rapid change
- Improves cash flow budgeting and reporting with direct deposit and electronic payments
- Simplify and improve member / customer invoicing and collection
- Eliminates need for manual record keeping
- Improves links with cloud accounting software
- Increase fundraising opportunities by online platforms
- Minimise handling for board / treasurer
- Reduces risk to the club and individual

Going Cashless Tools



Square reader (\$60) – available at most electronic stores

- Traditional EFTPOS systems via banks, include fixed and mobile terminals
- Number of other providers like Square – popular with Clubs due to low cost but beware per use charge:
<https://squareup.com/au/en>

Conclusion

- Understand your structure, constitution and reporting requirements
- Make use of accounting software technology to simplify reporting and save time
- Regularly update and review data for cash flow requirements
- Minimise reliance on cash

Questions

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Club Development Webinar Series



#1 Club Leadership: Club planning and volunteer management – Recording online

Monday 15th November, 7pm – 8:15pm

#2 Growing Your Club: Marketing and communications – Recording online

Monday 22nd November, 7pm – 8:15pm

#3 Increasing Revenue: Grant writing, sponsorship and fundraising – Recording online

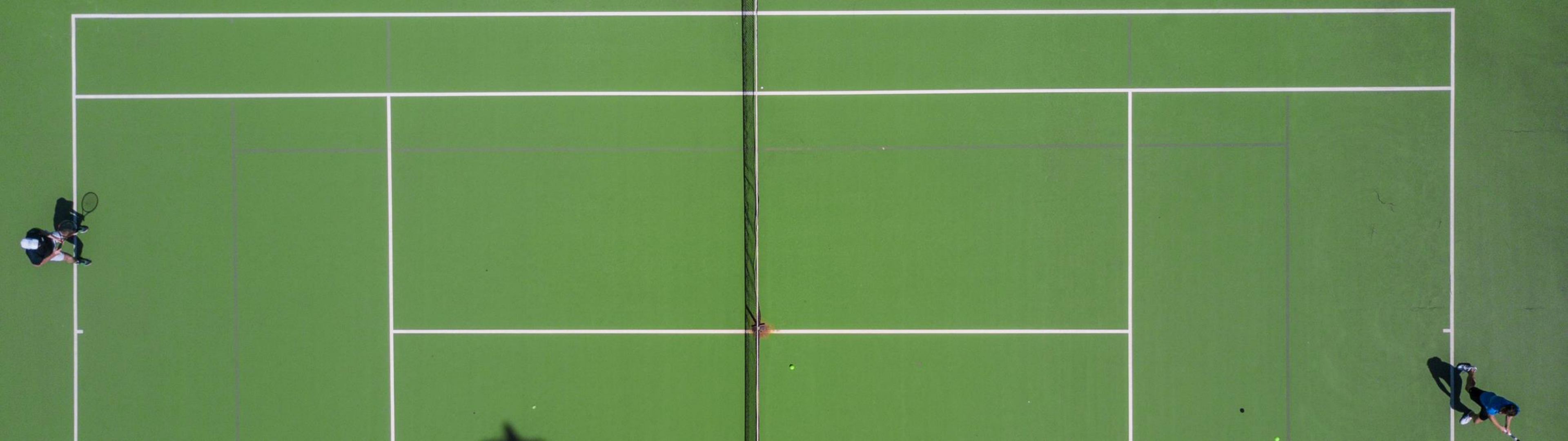
Monday 29th November, 7pm – 8:15pm

#4 Money Matters: Financial systems

Monday 6th December, 7pm – 7:45pm

#5 Committee Basics: Understanding committee roles and responsibilities

Monday 13th December, 7pm – 8:15pm



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