



Checklist for Improving Not For Profit Reporting

This checklist has been prepared by a taskforce comprised of senior members of the Institute of Chartered Accountants in Australia (ICAA) to assist Not for Profit organisations (NFPs) in preparing their Annual Reports.

The checklist is based on a review of NFP reporting carried out by those ICAA members. The review concluded that while there was a satisfactory level of compliance with the Australian financial reporting framework, NFPs can improve their annual reporting to ensure it:

- explains what the NFP is trying to do;
- explains how the NFP is going about it;
- shows whether the NFP has achieved its objectives during the year;
- explains the NFP's plans for the future; and
- helps the reader of the report understand the organisational structures and activities of the NFP.

While the checklist refers to certain financial and non-financial reporting issues, it should not be considered a complete guide to NFP reporting. It merely highlights issues noted during our review that we believe should be considered by NFPs when they are preparing their report for 2003 and we strongly encourage users of this checklist to discuss any issues arising from its completion with the NFPs auditors.

We would welcome any feedback you might have regarding this checklist.

Please forward your comments to Wendy Stubbs at ICAA via email to stubbs@icaa.org.au, fax 03 9670 3143 or phone 03 9602 5844.

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CONVENOR
NOT FOR PROFIT REVIEW TASKFORCE



An overview of our reporting	Yes	No	Not Applicable
Do we have separate Annual and Financial Reports?			
Are we able to prepare Concise Financial Statements, as permitted by the Corporations Act?			
Should the report we send to our stakeholders combine the Annual and Financial Reports?			
Does our Annual Report include a highlights page?			
Do we make enough use of graphics to explain our activities?			
If our auditors' report has been qualified, do we understand the basis of the qualification and the reasons why the auditor has reached the opinion expressed in the audit report?			
Do we adequately acknowledge the contribution of our volunteers?			
Do we bring all grant revenue to account as income in the year it is received?			
Are the liabilities we recognise for unspent grants only for grants where we have failed to meet specific conditions attaching to the grant and the unspent amount must be repaid?			
Do we properly disclose situations where we are economically dependent on grants to enable us to carry out our activities?			



Part 1 – What we are trying to do		Yes	No	Not Applicable
1.1	In the past we have included our Mission Statement in our Annual report. Does it provide the reader of our Annual Report with a clear understanding of what we are trying to do?			
1.2	Does our Annual Report include a clear statement of the objectives of our organisation? What is the need we are serving and how are we going about it?			
1.3	Is the statement of objectives we have included in our Annual Report the same as the one we have on our website?			



Part 2 – How we are going about it		Yes	No	Not Applicable
Does the Annual Report:				
2.1	Include a clear statement as to how we go about obtaining the funds we need to achieve our objectives?			
2.2	Provide a clear description of the activities we undertake to achieve our objectives?			
2.3	Clearly explain how we work with other organisations to achieve our objectives? For example, do we explain:			
	<ul style="list-style-type: none"> • where we are dependent upon other organisations for funding 			
	<ul style="list-style-type: none"> • where our policies are set by or aligned with those of other organisations 			
	<ul style="list-style-type: none"> • where we provide funds to other organisations so they can carry out their activities 			
2.4	Disclose the results of each of the segments in which we operate? That is, have we considered including disclosures to comply with Accounting Standards, AASB 1005, Segment Reporting?			
2.5	Dissect our revenue, expenses, result, assets and liabilities to enable us to report the following segments:			
	<ul style="list-style-type: none"> • generating funds – this may be through appeals, commercial activities or bequests 			
	<ul style="list-style-type: none"> • administering funds – the management and administration activities of the NFP 			
	<ul style="list-style-type: none"> • the expending of funds on the purposes for which the NFP was established. 			



Part 3 – What we have achieved during the year		Yes	No	Not Applicable
Does the Annual Report:				
3.1	Provide an analysis of our revenue?			
3.2	Provide an analysis of our expenditure?			
3.3	Provide comparative data regarding our revenue and expenditure?			
3.4	Explain trends in our revenues?			
3.5	Explain trends in our expenditures, including an explanation of the main influences on the costs of our activities?			
3.6	Explain significant movements in our statement of financial position?			
3.7	Explain significant changes in cash flows?			
3.8	Explain how we have financed significant capital expenditure programs?			
3.9	Include Process KPIs that measure the effectiveness of our activities? For example: <ul style="list-style-type: none"> • costs of fundraising as a percentage of gross income from fundraising • net surplus from fundraising as a percentage of gross income from fundraising • cost of the services we provide as a percentage of total costs incurred • cost of services provided as a percentage of total funds received • appropriate measures for our commercial activities such as gross profit, return on sales and return on assets employed 			



Part 3 – What we have achieved during the year		Yes	No	Not Applicable
Does the Annual Report:				
3.9 cont	Include Process KPIs that measure the effectiveness of our activities? For example:			
	<ul style="list-style-type: none"> • the number of hours contributed by our volunteers • the number of staff we employ and the activities they are engaged in 			
3.10	Include Impact KPIs that measure the effectiveness of the “delivery” aspects of our activities? For example:			
	<ul style="list-style-type: none"> • the number of meals provided • the number of people assisted or treated • the proportion of people suffering from an affliction we have assisted • the success of research funded by grants we have provided • the awareness of our organisation within the community we serve • the changes to government policy that can be directly attributed to our activities • the countries in which our services are provided • the number of volunteers we have placed • the number of requests for information we have received • the number of information packs we have provided 			



Part 4 – Explaining our plans for the future		Yes	No	Not Applicable
Does the Annual Report include:				
4.1	Details of events since the end of the year that impact on our activities?			
4.2	An explanation of our plans for the future, including where necessary or appropriate: <ul style="list-style-type: none">• our anticipated or targeted revenue raisings• our projected process KPIs• our projected impact KPIs• any proposed new activities and the impact they will have on our financial position and cash flows			

Part 5 – Understanding our organisational structure and activities		Yes	No	Not Applicable
Does the Annual Report explain:				
5.1	The legal form of our organisation?			
5.2	The composition of our Board or Governing Committee, including their qualifications and experience?			
5.3	How the members of our Board or Governing Committee are appointed to that position?			
5.4	The specific roles of the members of our Board or Governing Committee?			
5.5	The induction process for new Board or Committee members?			
5.6	How decisions are made at meetings of the Board or Committee?			
5.7	The constraints under which the Board or Committee operates (for example; our ethical framework, situations where the Board is expected to obtain independent advice, how the Board deals with conflict of interest)?			
5.8	The roles of any Board committees or sub-committees such as Audit or Marketing?			
5.9	The relationship we have with our State based organisations or branches that support our activities, including <ul style="list-style-type: none"> • State or branch representatives on the Board • the degree of autonomy granted to the State or branch, particularly in relation to fundraising and the utilisation of funds? 			
5.10	Our investment policies and how they are enacted?			



Part 5 – Understanding our organisational structure and activities		Yes	No	Not Applicable
Does the Annual Report explain:				
5.11	The approach we take to actively identify, analyse, assess, prioritise, treat and monitor the risks we face in carrying on our activities?			
5.12	The process we use to decide upon the awarding of a grant?			