



Australian
Charities and
Not-for-profits
Commission

Changes to charity size and reporting thresholds

Presented by:

Mel Yates - ACNC Reporting

Chris Riches - ACNC Education

15 February 2022

acnc.gov.au/webinars



On the agenda

The ACNC and red tape reduction

Detailing the threshold changes

The impacts on charities

Preparing for the changes





The ACNC and red
tape reduction

The ACNC and red tape reduction

Reducing red tape for charities is a key part of the ACNC's role as the Australian charities regulator.

We work with other Federal Government agencies, other regulators, and well as state and territory governments to do so.



The ACNC and red tape reduction

We:

- share information with other government agencies.
- streamline reporting requirements for charities regulated by other agencies.
- work with states and territories to harmonise reporting requirements.



The ACNC and red tape reduction

We:

- commission research on red tape reduction to inform our work, and
- provide charities with guidance to help them meet their regulatory obligations.



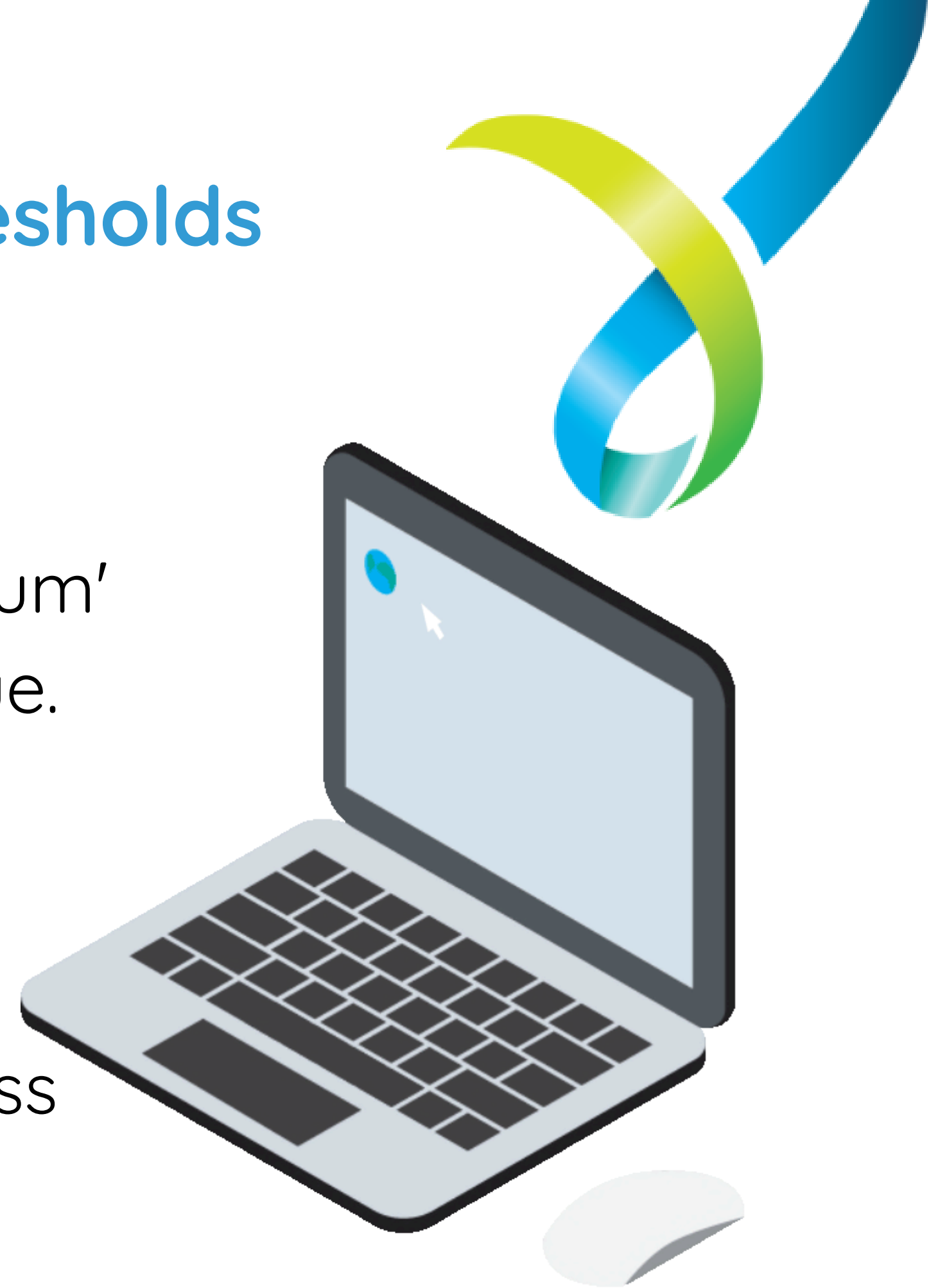
Charity sizes and reporting thresholds



Charity sizes and reporting thresholds

When charities report to us they are divided into three sizes - 'small', 'medium' or 'large' - based on their total revenue.

Charities' sizes are also indicative of their reporting thresholds, with reporting requirements differing across those thresholds.



What are the changes?



Threshold changes

Current charity size thresholds:

- **Small:** Annual revenue less than \$250K
- **Medium:** Annual revenue between \$250K and \$999,999
- **Large:** Annual revenue of \$1 million or more



Threshold changes

Charity size thresholds as of the 2022

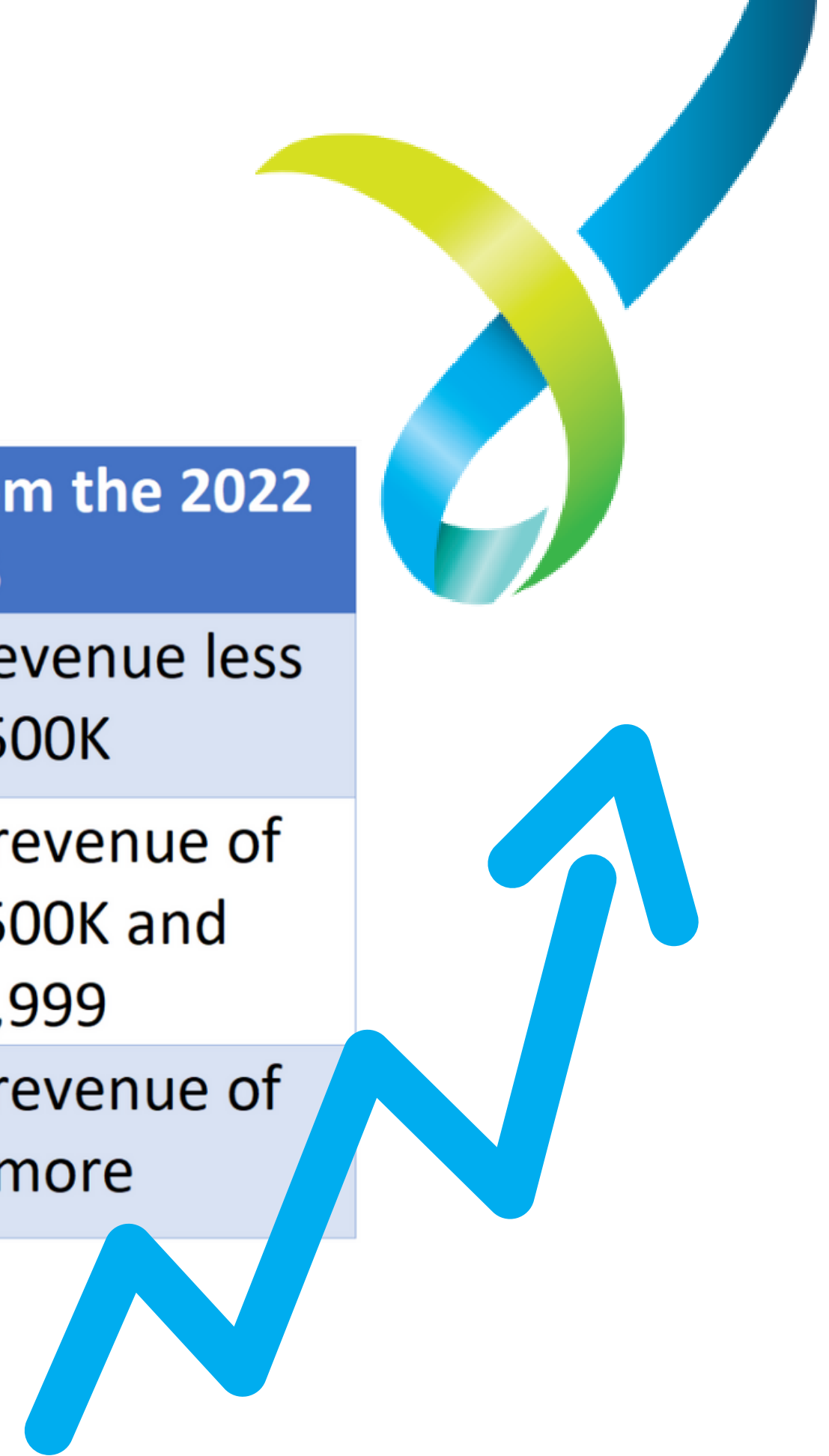
AIS period:

- **Small:** Annual revenue less than \$500K
- **Medium:** Annual revenue between \$500K and \$2,999,999
- **Large:** Annual revenue of \$3 million or more



Threshold changes

Charity size	Current thresholds	Thresholds from the 2022 AIS
Small	Total annual revenue less than \$250K	Total annual revenue less than \$500K
Medium	Total annual revenue of between \$250K and \$999,999	Total annual revenue of between \$500K and \$2,999,999
Large	Total annual revenue of \$1m or more	Total annual revenue of \$3m or more



Threshold changes

Under the new thresholds:

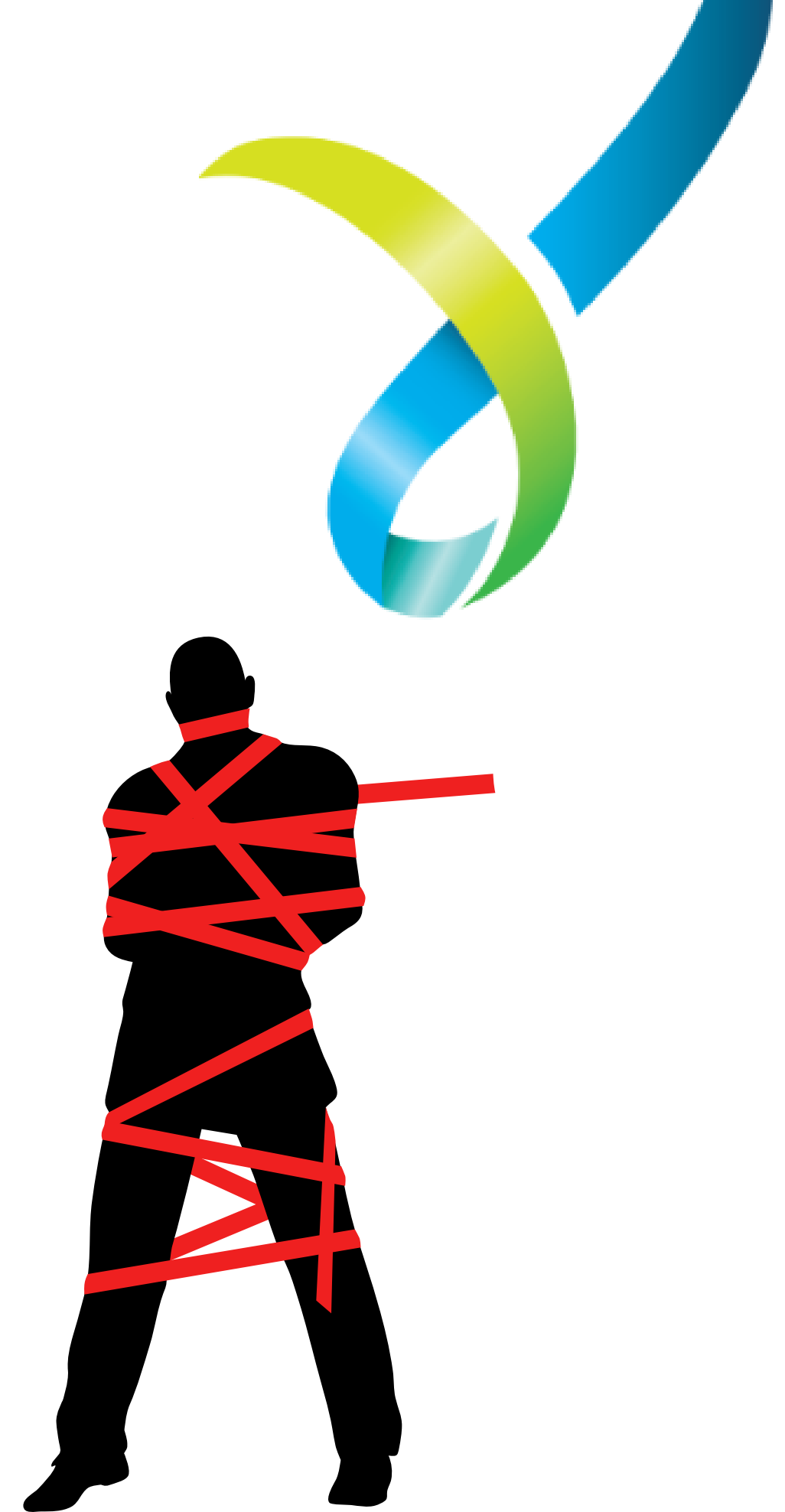
- around 2500 or so charities will shift from medium to small
- around 2500-2700 charities that were classed as large will shift to being medium



Threshold changes

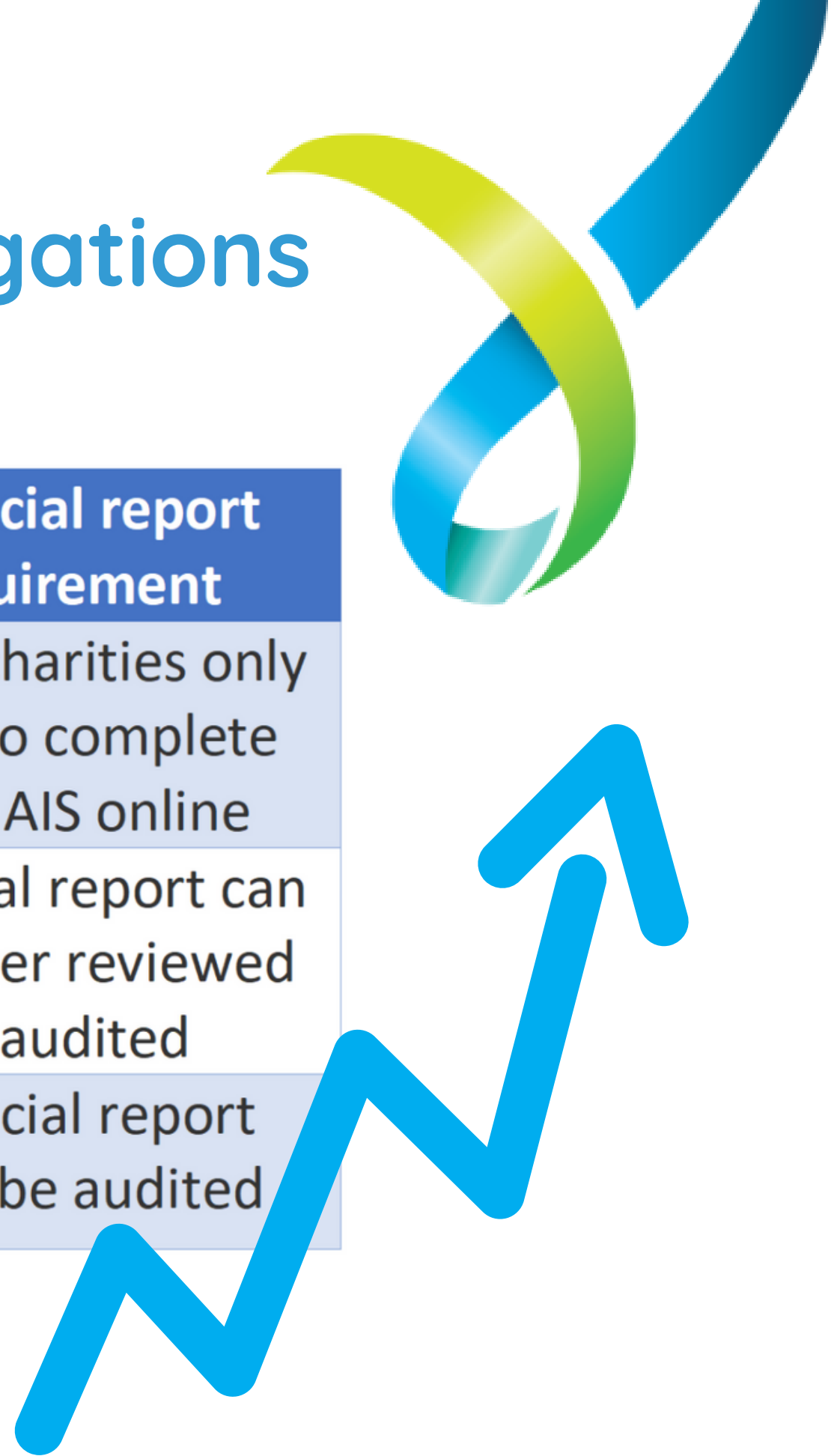
When looking at the threshold changes, it is also important to remember the context of the ACNC legislative review:

- Reducing compliance levels
- Balancing red tape reduction for charities with transparency
- Proportionality



Charity size and ACNC reporting obligations

Charity size	Current thresholds	Thresholds from 2022 AIS	Financial report requirement
Small	Total annual revenue less than \$250K	Total annual revenue less than \$500K	These charities only have to complete their AIS online
Medium	Total annual revenue of between \$250K and \$999,999	Total annual revenue of between \$500K and \$2,999,999	Financial report can be either reviewed or audited
Large	Total annual revenue of \$1m or more	Total annual revenue of \$3m or more	Financial report must be audited



Charity size and ACNC reporting obligations



Charities shifting from medium to small:

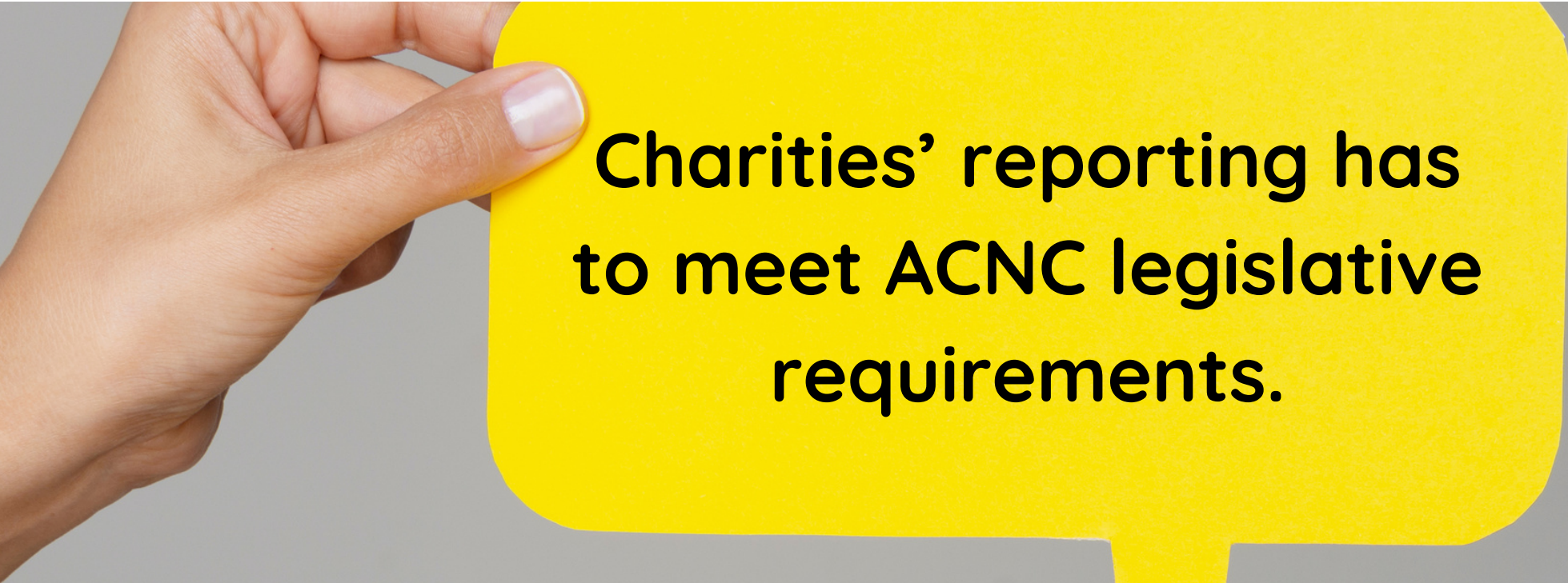
- Financial reports are not required under the ACNC reporting framework (but may still be prepared for other purposes).
- Fewer AIS financial reporting labels in these charities' Annual Information Statements.

Charity size and ACNC reporting obligations




Charities shifting from large to medium:

- Financial reports do not need to be audited under the ACNC framework (but charities may still want to get an audit for other purposes).
- Different reporting labels in these charities' Annual Information Statements.
- More information on reviewing and auditing financial reports: [acnc.gov.au/reviewaudit](https://www.acnc.gov.au/reviewaudit)



Charities' reporting has to meet ACNC legislative requirements.



Charities moving from medium to small can still voluntarily submit annual financial reports.

What can

You Do?

What should charities do now?

Charities shifting from medium to small:

- **Record keeping** - allows financial statements to be prepared even if you "do not need to".
- **Accountability to members** - is there a need to prepare alternative reporting for members?
- **Other obligations** - there may be a requirement elsewhere to prepare audited or reviewed financial statements.




What should charities do now?



Charities shifting from large to medium:

- **Assurance requirement** – get on the front foot if your charity wants to get a review undertaken instead of an audit.
- **Other requirements** - other regulators, agencies or even your governing document may require your charity to prepare an audited report regardless of size.





View our 2021 webinar
'Financial Reporting for
Charities' on the ACNC site or
on YouTube.

T

I

P

S

Things to remember



These changes don't come into force until charities' 2022 Annual Information Statements.



Changes to thresholds will mean charities' reporting is more in line with scope of their work.



Things to remember



Think about what the changes mean, and start planning.



Communicate within your organisation about what reporting you will prepare.



Things to remember



Ensure you have the record keeping systems and processes in place to prepare financial statements if you need to.





Stay in touch

- Web guidance and publications
- The Charitable Purpose e-monthly
- Webinars - acnc.gov.au/webinars
- Podcasts - acnc.gov.au/charitychat
- Contact us - acnc.gov.au/contactus

 facebook.com/acnc.gov.au

 [@acnc_gov_au](https://twitter.com/acnc_gov_au)

 youtube.com/ACNCvideos



Thank you

View this or previous webinars, and register for future sessions, at acnc.gov.au/webinars

Questions, comments, feedback:
education@acnc.gov.au

