

Landcare Victoria Inc.



Advancing Landcare Pilot project



Fact Sheet

Financial Governance for Landcare

This project is proudly funded by The Ross Trust and the Department of Energy, Environment and Climate Action.



Energy,
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Financial Governance for Landcare

Information for committee members and treasurers about managing the finances of a Landcare Group.

This fact sheet covers:

- The top four questions a committee member should ask their treasurer
 - Where can I get access information about the group's finances
 - Where are we at?
 - How are we going?
 - Are we safe?
-

Part of being a treasurer is translating complicated financial information into practical and easy to understand messages that the rest of their committee can easily interpret.

We identified the top four key questions that treasurers of Landcare Groups should be able to answer.



This fact sheet provides general information on financial governance, and is intended as a guide only.

Question One

Where can I access more information about the finances of our group?

It is a legal duty of ALL committee members to act with reasonable care, skill and diligence. This includes monitoring the organisation's finances and its financial sustainability.

Asking questions is necessary and giving access and answers is essential. This is where maintaining good and transparent records and processes becomes important.

How do you keep your records? Paper, Excel spreadsheet, online software?

Treasurers need to be able to provide access to the files. If your group is using paper, consider moving to an online/cloud-based system where information can be easily accessed at any time, by anyone eligible to login.

Examples of accounting software

- Xero
- MYOB
- Quickbooks
- Reckon
- Google Sheets (free, but limited capability)

Question Two

Where are we at?

Are we at risk of insolvency, most importantly, are we sustainable?

The best way to provide a snapshot of the financial health of your group is through a **Statement of Financial Position** or **Balance Sheet**. It provides a picture of the group's finances at a certain date.

A Balance Sheet or Statement of Financial Position gives you information about the group's **assets** (what your group owns), **liabilities** (what your group owes) and **equity** (what is left over after debts are all paid and assets all sold) - and it should balance! An example of a balance sheet is on the following page.

ASSETS = LIABILITIES + EQUITY
EQUITY = ASSETS - LIABILITIES

Example Balance Sheet

Bushy Creek Landcare Group Balance Sheet for year ended 30 June 2023

Note (used to clarify what is included)

	2023	2022
Assets	\$	\$
Current assets (can be converted into cash quickly < 12 months)		
Cash and cash equivalent	\$3125	\$2150
Accounts receivable and other debtors	\$60	\$40
Inventory (books etc.)	\$220	\$305
Total current assets	<u>\$3405</u>	<u>\$2495</u>
Non-current assets		
Property, plant and equipment	\$1560	\$1650
Total non-current assets	<u>\$1560</u>	<u>\$1650</u>
Total assets	<u>\$4965</u>	<u>\$4145</u>
Liabilities		
Current Liabilities		
Trade creditors and other payables	\$0	\$20
Payroll income tax payable	\$350	\$320
GST payable/receivable	\$0	\$0
Total current liabilities	<u>\$350</u>	<u>\$320</u>
Non-current liabilities		
Long-term borrowings	\$0	\$0
Total non-current assets	<u>\$0</u>	<u>\$0</u>
Total liabilities	<u>\$350</u>	<u>\$320</u>
Net assets		
Retained surplus	\$5123	\$4694
Current earnings/losses	-\$508	-\$869
Total net assets	<u>\$4615</u>	<u>\$4145</u>
Total equity	<u>\$4615</u>	<u>\$4145</u>

Consider budgets here too, as a tool to predict how the future will look.

Question Three

How are we going?

How much money do we have?

What are our contractual obligations and liabilities?

How much money do we owe and what is owed to us?



What information can help us to understand how the organisation is going?

1. Profit and loss statements (incomings and outcomings)
2. Current balance of the bank accounts.
3. What we owe (payables) and what is owed to us (receivables)

Consider looking at the projects as well, this will help you to plan and understand if your group is in a sustainable position.

Profit and Loss Statement (P&L)

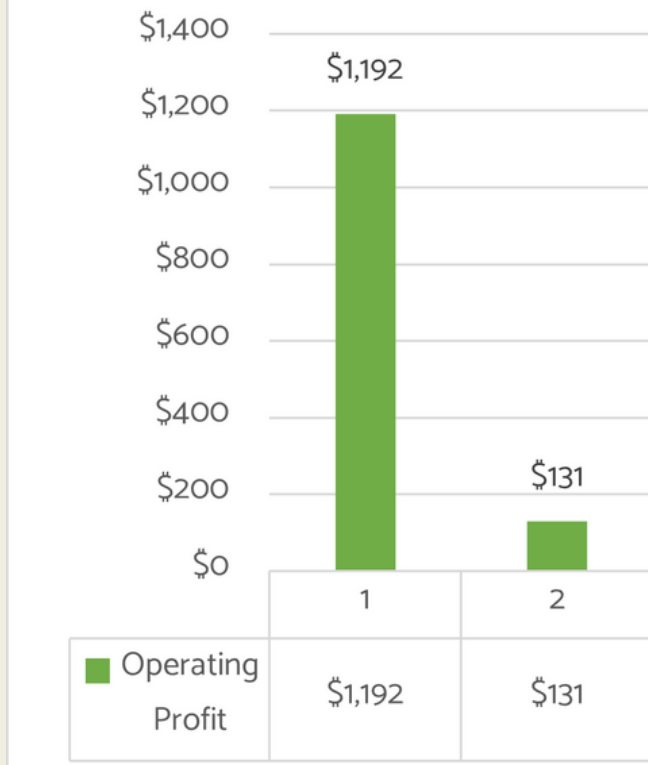
a Profit and Loss Statement records the activity of the organisation over a specific period of time.

It helps if we make this information more visual, such as graphs from your accounting software or via excel. See next pages for examples.

Wages expense was a lot higher this year compared to last year



Operating Profit/loss



Example of a profit and loss for a Landcare group
Bushy Creek Landcare Group - Profit & Loss [2-year analysis]
1 July 2022 To 30 June 2023

Gross Income	This Year	Last Year	\$ Difference
Admin Fees and Contributions	\$225	\$75	\$150
Interest	\$30	\$11	\$19
Council/shire Contribution	\$1,000	\$500	\$500
Membership	\$150	\$120	\$30
Grants	\$3,200	\$1,500	\$1,700
Other income (sales, reimbursements)	\$15	\$20	-\$5
Donations	\$120	\$110	\$10
Total Gross Income	\$4,740	\$2,336	\$2,404
Gross Profit	\$4,740	\$2,336	\$2,404
Advertising	\$100	\$65	\$35
Printing/Stationery	\$102	\$65	\$37
Postage	\$35	\$20	\$15
Insurance	\$450	\$425	\$25
Telephone + Internet Costs	\$150	\$145	\$5
Website/Domain Charges	\$320	\$320	\$0
Licences and Permits	\$75	\$75	\$0
Subscriptions/M'ship	\$60	\$55	\$5
Bank Charges	\$15	\$10	\$5
Audit/Accountant	\$350	\$320	\$30
Electricity			\$0
Contractors	\$0	\$0	\$0
Admin & B/keeper Wages	\$550	\$500	\$50
Admin & B/keeper Super	\$58	\$50	\$8
Training	\$100	\$0	\$100
Uniforms/workwear	\$0	\$0	\$0
Computer Expenses	\$55	\$0	\$55
Travel and accommodation	\$0	\$0	\$0
Employee Reimbursements		\$0	\$0
Total Admin Expenses	\$2,420	\$2,050	\$370
Project and Reimbursable Expenses	This Year	Last Year	\$ Difference
Wages	\$600	\$0	\$600
Superannuation	\$63	\$0	\$63
Chemical and Dye	\$50	\$0	\$50
Equipment	\$60	\$0	\$60
Materials	\$0	\$20	-\$20
Admin Fee - Projects	\$225	\$75	\$150
Catering	\$130	\$60	\$70
Contractor/consultant work	\$0	\$0	\$0
Total Project and Reimbursable Costs	\$1,128	\$155	\$973
Total Expenses	\$3,548	\$2,205	\$1,343
Operating Profit	\$1,192	\$131	\$1,061
Net Profit/(Loss)	\$1,192	\$131	\$1,061

Current Balance of bank accounts

As of (date)	Account number xxxx	Account number xxxx
xx/xx/202x	\$xxx	\$xxx

What we owe (payables) and what is owed to us (receivables)

Date	Accounts Payable	Accounts Receivable	Payment Due Date
xx/xx/202x			
xx/xx/202x			
xx/xx/202x			
Total			

Question Four

Are we safe?

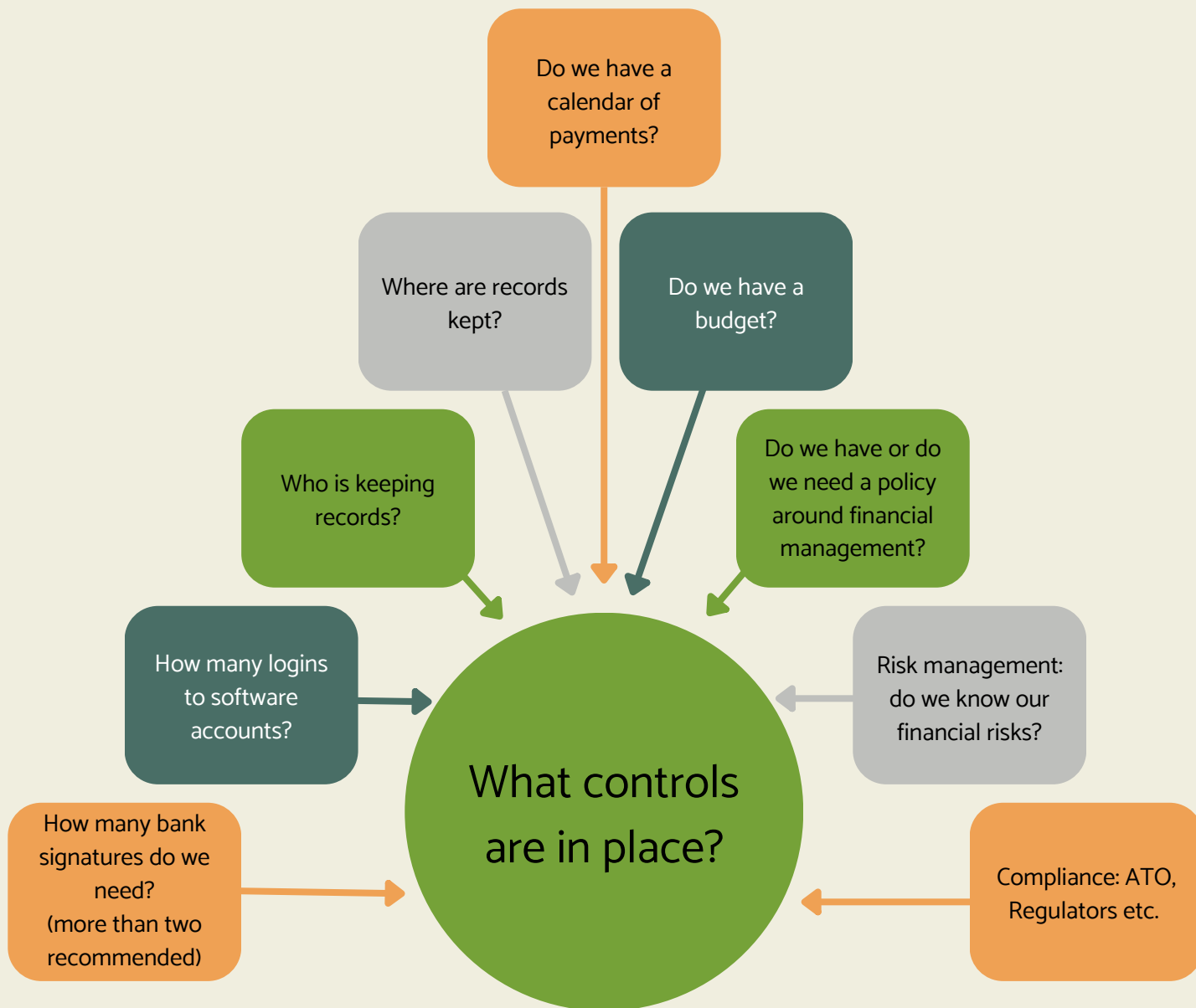
Organisations should tailor their financial governance practices to meet their unique needs while adhering to applicable legal and regulatory requirements. Consulting with financial professionals or legal advisors with expertise in non-profit governance can also provide valuable guidance.



Something to note

Consulting with financial professionals or legal advisors with expertise in not-for-profit governance can provide valuable guidance for your organisation.

The below diagram outlines some of the controls that could be in place in your organisation, to ensure effective financial governance. Specific controls implemented may vary depending on the size, complexity, and regulatory environment of the organisation.



The information provided in this fact sheet is based on information from Our Community, ICDA, NFP Kaw and Consumer Affairs Victoria. Landcare Victoria Inc. would like to thank Joss Fenton (CPA AICD Consultant) for providing some of the information for this fact sheet.