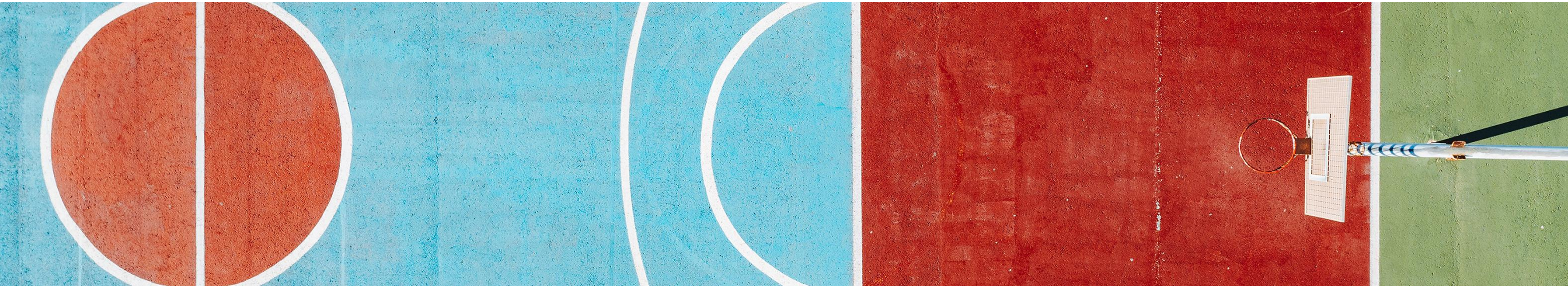
INSTITUTE OF COMMUNITY DIRECTORS AUSTRALIA
▸Knowledge ▸Connections ▸Credentials

An enterprise of: ourcommunity.com.au
Where not-for-profits go for help



# Board Bootcamp

## Session 2: Reading the Play

**Kate James**, Institute of Community Directors Australia

Thursday 30 April 2026

# Acknowledgement of Country

Tiger Yaltangki, *Malpa Wiru (Good Friends)*

2016, lands of the Pitjantjatjara people, South Australia
Synthetic polymer paint on canvas
Queensland Art Gallery, Gallery of Modern Art

https://collection.qagoma.qld.gov.au/objects/25757

# Program approach

* **Session 1:** Welcome to the board table
* **Session 2:** Reading the play
* **Session 3:** Culture, conduct and contribution

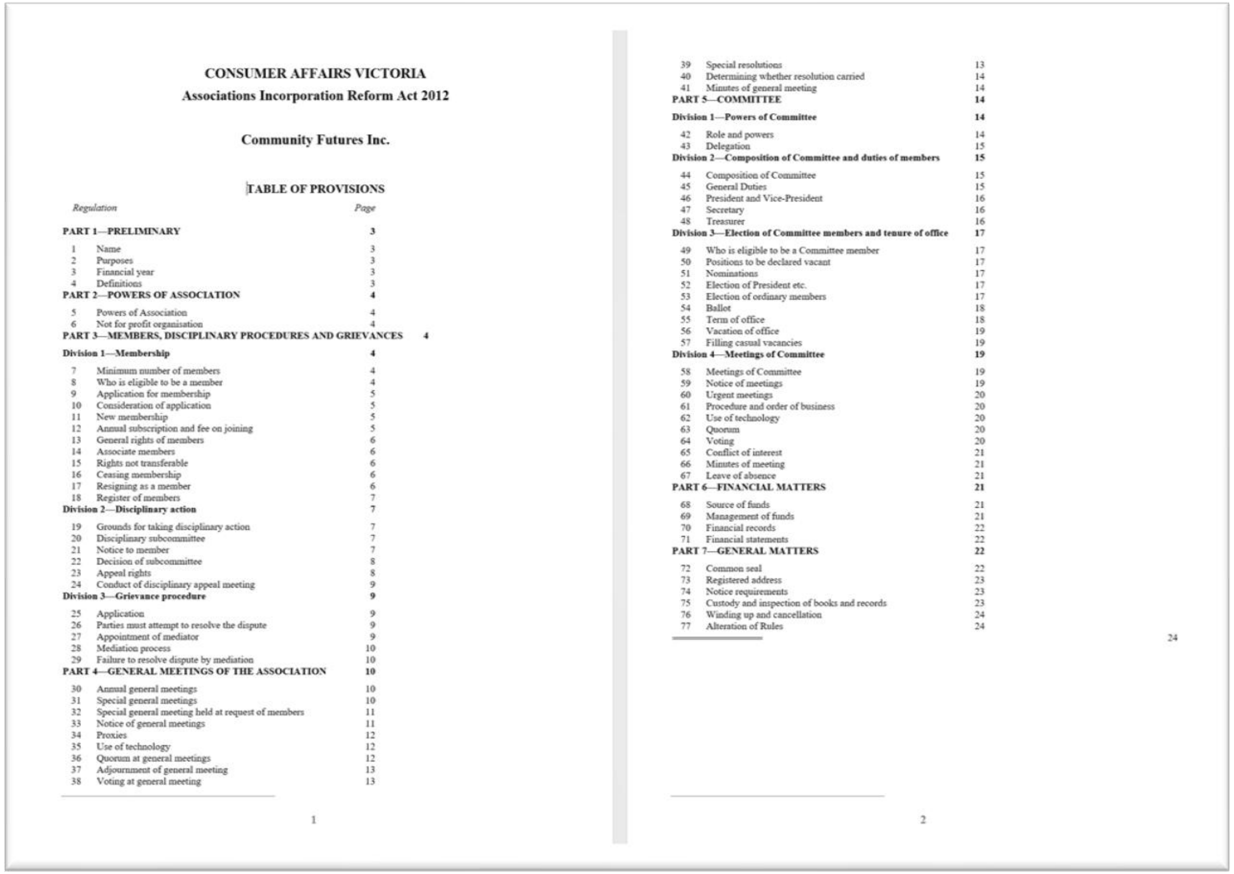
***How will you stay connected?***

# Today's session

- Constitution, strategic plan and other key organisational documents
- Board paperwork you need to know
- Understanding financial reports
- Understanding risk and compliance
- Asking the right questions

# What's in the constitution? How can it help us?

1. Purpose and objects
2. Membership
3. Meetings
4. The board/committee
5. Powers and duties
6. Conflicts of interest
7. Finance and records
8. Dispute resolution
9. Changes to the constitution
10. Winding up or dissolution



**CONSUMER AFFAIRS VICTORIA**
**Associations Incorporation Reform Act 2012**

**Community Futures Inc.**

**TABLE OF PROVISIONS**



1



24

2

# What is the role of the strategic plan?

- High level
- Medium to long term
- Future-focused
- Aspirational and linked to purpose
- Focus on priorities
- Realistic with achievable objectives

**Strategic plan**
Outlines the high-level: *why* and *how*

**Operations plan**
Outlines the fine detail: *what, who* and *when*

**Budget**
Estimates the income and expenses of activities

Communication / marketing plan

Funding plan

Engagement plan

# Components of a strategic plan

**Vision**: What is your organisation's view of the "ideal future"?

**Purpose** (or mission): What is your organisation's role in creating that future?

**Goals** (or aims/pillars): What are the main themes you will focus on?

**Objectives**: What steps will you take to achieve your goals?

**Values**: What are your core beliefs and behavioural expectations?

# Community Futures Inc. Strategic plan 2024–2028

## Our purpose

To strengthen communities by supporting families, young people, and volunteers through programs that build connection, safety, and opportunity.

## Our vision

Thriving, inclusive communities where everyone feels supported and empowered.

## Our values

**Respect** – valuing people and diversity

**Integrity** – acting with honesty and accountability

**Inclusion** – creating safe and welcoming spaces

**Collaboration** – working with partners to achieve more

**Innovation** – finding better ways to meet community needs

## Strategic priorities

### Community impact

- Expand family and youth programs to meet growing demand
- Strengthen volunteer recruitment, training, and recognition
- Embed child safety and wellbeing in all programs

### Sustainability and growth

- Diversify income through grants, fundraising, and fee-for-service options
- Maintain strong financial management and healthy reserves
- Invest in staff development and leadership succession

### Partnerships and advocacy

- Build alliances with local councils, community groups, and government
- Advocate on key issues such as affordable housing and youth engagement
- Leverage partnerships for funding and shared resources

### Digital and innovation

- Improve digital service delivery and client engagement
- Strengthen cyber security and data management
- Explore innovative program models and pilot new initiative

# STRATEGIC PLAN 2017-24

## OUR VISION

Ending cruelty to all animals

## OUR PURPOSE

With the community, achieve outstanding animal welfare through education, advocacy, animal care and protection

## OUR VALUES

| Respect & Consideration | Clarity & Accountability | Expertise & Collaboration |
|---|---|---|
| • We value and acknowledge every contribution from our people, our supporters and the community.<br>• We show courtesy, compassion and a genuine desire to help and seek to understand others' perspectives. | • We are clear, ethical and consistent in everything we do.<br>• We take ownership of, and responsibility for, our actions. | • We value evidence and insight.<br>• We actively share our knowledge and partner with others to educate and influence change. |

## OUR PILLARS

| Protect | Prevent | Sustain |
|---|---|---|
| Animal care and protection helps animals find a permanent, caring home and ensures that people who are cruel to animals are held to account. | Advocacy, communication and education shape Victorian laws, influence community attitudes, and change behaviour to prevent cruelty and improve animal welfare. | Sustainability and operational effectiveness ensure that RSPCA Victoria can continue its work into the future. |

## OUR GOALS

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| **Focus effort to reduce animal cruelty and neglect** | **Increase responsible animal ownership in Victoria** | **Apply leading practice to achieve the best welfare outcome for every animal in our care** | **Support our people to do their great work** | **Manage costs efficiently, and grow reliable revenue streams** |
| • Stronger legislation better protects animal welfare<br>• Community understanding of animal cruelty and the animal welfare spectrum improves<br>• Cruelty reports and animal welfare issues are resolved in a timely manner | • Fewer animals come into shelters and pounds<br>• More animals find a home<br>• Rates of desexing, microchipping and registration increase | • Reduce shelter related health and behavioural issues<br>• Animals stay for shorter periods in our shelters<br>• We alleviate suffering and make appropriate euthanasia decisions | • Engaged and capable teams of staff and volunteers<br>• Fewer work-related injuries and illnesses<br>• Contemporary infrastructure and systems in place<br>• Socially responsible and environmentally sustainable practices | • Our strategy reduces our exposure to economic fluctuations<br>• Growth in revenue supports us to invest in animal welfare and ending cruelty<br>• Costs are managed efficiently and effectively |
| **FOCUS AREAS** | | | | |
| • Transform the Inspectorate.<br>• Target prevention initiatives to the greatest need.<br>• Advocate for better legal and regulatory protection for animals. | • Increase desexing rates across Victoria.<br>• Increase microchipping and registration rates in local government areas. | • Build our capability and capacity in shelter medicine and shelter management.<br>• Expand our foster care network program state-wide.<br>• Increase adoptions through RSPCA Victoria. | • Strengthen communications across and within RSPCA Victoria.<br>• Build the capability, engagement and safety of RSPCA Victoria's people.<br>• Improve systems and infrastructure for our people and the animals in our care. | • Increase recurrent fundraising streams.<br>• Achieve cost recovery on contracted services.<br>• Improve cost efficiency.<br>• Manage our assets to support the achievement of our strategic priorities. |

RSPCA Victoria

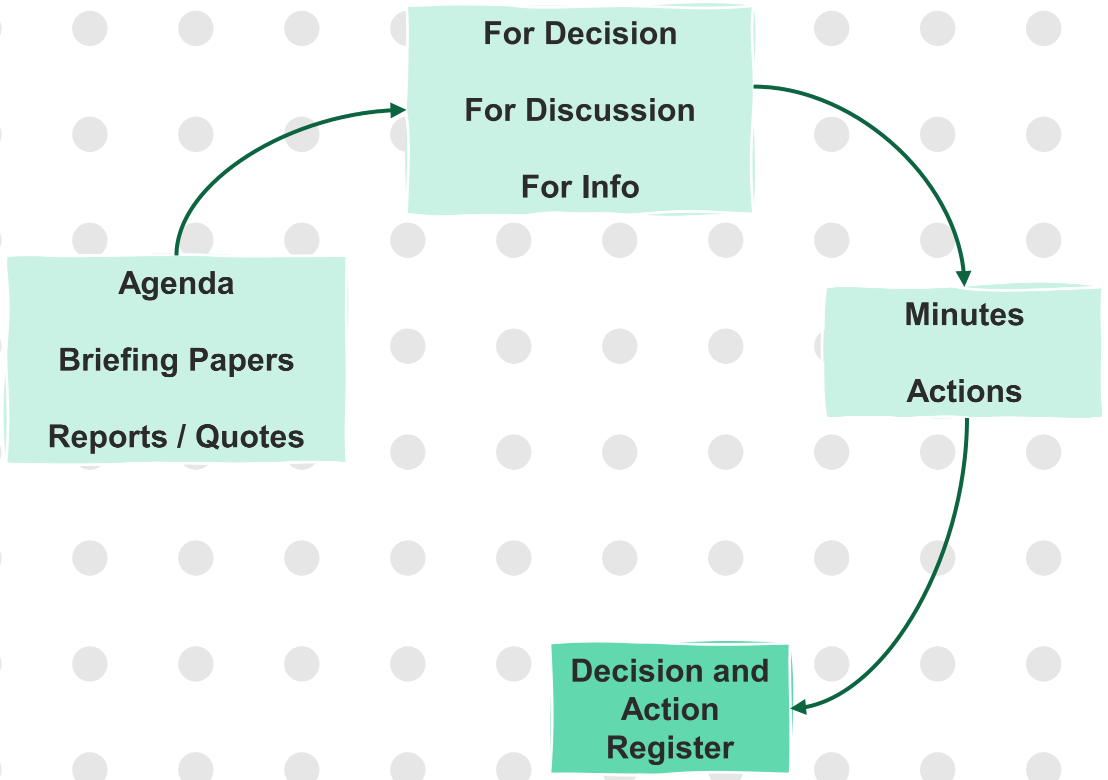
# Moving in the same direction

When considering a new idea or activity, consider:

- How is it connected to our strategy?
- Which pillar/theme of our strategy does it fulfil?
- Why do it now?
- Why us (why should we do it and not someone else)?
- Who is going to drive it forward?
- Who else is doing it already?
- Are they open to partnering with us?
- Low cost, no cost, large cost?
- How long will it take?
- What will it be competing with in terms of time (what else are we doing right now?)

# The agenda

- Information about the meeting including:
  - Items for decision
  - Items for discussion
  - Items (or reports) for noting
- Ideally shared one week in advance of the meeting
- Usually created by the Chair, Secretary and CEO
- Used as a basis for the minutes
- Includes briefing papers / background information for relevant items



# Briefing papers

1. Background
2. What is the issue we are trying to decide?
3. Is this timeframe dependent?
4. What are the options available (including no decision)?
5. What are the benefits and costs of each option?
6. Does it support our mission?
7. How do we get information (data) to assist us in the decision?
8. Who have we consulted?
9. What are the criteria to decide? (financial, planned, social, cultural)
10. What are the risks and how do we mitigate them ? (financial, operation, reputation, stakeholder
11. Has plan been budgeted?
12. What are the social benefits to our organisation/members
13. What are the cultural benefits to our organisation and members?
14. Who wins/loses/is impacted by this decision?
15. How and who will communicate this decision to stakeholders?
16. How will we review/measure success of the decision?

# The minutes

- Legal obligation to record specific aspects of the meeting
- May or may not record:
  - Discussion points
  - Number and/or name of votes
  - Additional details to provide context
- You may request specific comments, such as dissent, to be recorded in the minutes
- Should not record the meeting verbatim
- Must be shared with all members of the board *
- Must be confirmed at the next board meeting for accuracy

***With some exceptions, such as minutes recording an* in camera *discussion*

# Decision-making scenario

Your organisation is a not-for-profit that runs community health and wellbeing programs. The constitution states that the organisation's purpose is to "*improve health outcomes and reduce social isolation in the local community, particularly among older people*."

A corporate philanthropic organisation has offered your organisation a $250,000 grant over three years to deliver a new youth mental health program. The grant is substantial and could employ two new staff members.

However, the program would focus on young people aged 12–18, not older people. Your organisation has never worked directly with youth before.

Your strategic plan has three key priorities:

- Expand outreach to isolated seniors.
- Strengthen partnerships with aged care providers.
- Improve financial sustainability through new income sources.

## For discussion:

- What questions would you ask before making a decision?
- Does the constitution allow you to take on this program?
- If the constitution is restrictive, what are your options? (e.g. decline the grant, amend the constitution, partner with another group)
- How does the strategic plan guide your decision here?
- What risks could arise if the board accepts the grant without checking these documents?

# Break!

# What should I know before making a decision?

* The board acts as one legal entity
* Individually and collectively, you are responsible for the decisions you make
* Ask questions … and ensure you're satisfied with the response
* **Trust but validate**

# Understanding the finances

*It's not just about the numbers, it's about understanding the story they're telling*

**Key questions to consider:**

1. Do we know enough about our operations to understand how decisions and/or changes will impact our financial position and annual budget?
2. Do recent bank statements match the information provided in finance reports?
3. Are there appropriate approval processes and delegations of authority in place?
4. Are we getting the appropriate information (substance, level of detail, regularity, presentation, relevance?)
5. Does everyone feel satisfied they can make an informed decision?

# What is financial governance?

Financial governance is all about how you organise, monitor and understand the organsation's finances

The aim of financial management is to ensure your organisation:

- Can meet all of its **financial obligations**
- Is **prudent** and has **processes to protect against fraud**
- Complies with all relevant **legislation**
- Is **professionally managed and directed**

# Key financial documents

- **Budget**
- **Balance sheet** *(aka statement of financial position)*
- **Profit and loss statement** *(aka income statement, statement of financial performance; when compared to the budget, 'budget vs actuals')*
- **Statement of cash flow**

# Budget

**Definition**: An estimate of future income and planned expenses for a period of time (usually a year)

Budgeting is the process of planning your organisation’s finances. A budget reflects all the activities you plan to undertake in over the next 12 months, expressed in terms of money.

The board must approve the budget annually, before the new financial year begins. Approval / adoption of the budget must be minuted.

The board must have a good understanding of the organisation’s operations to properly review and/or prepare the budget and ensure it is fit for purpose.

| 400 INCOME | Core | Maintenance | Advocacy | Special projects | Total |
|---|---|---|---|---|---|
| 4-1000 GRANTS | $ 300,000 | $ 600,000 | $ - | $ - | $ 900,000 |
| 4-1100 DONATIONS | $ - | $ 175,000 | $ 250,000 | $ 75,000 | $ 500,000 |
| 4-1200 RENT | $ 120,000 | $ - | $ - | $ - | $ 120,000 |
| 4-1300 INTEREST ON TERM DEPOSIT | $ 53,000 | $ - | $ - | $ - | $ 53,000 |
| 4-1400 MISC | $ 14,400 | $ - | $ - | $ - | $ 14,400 |
| **TOTAL INCOME** | **$ 487,400** | **$ 775,000** | **$ 250,000** | **$ 75,000** | **$ 1,587,400** |
| 600 EXPENSES | | | | | |
| 6-1000 ADMINISTRATION | $ 15,000 | $ 15,000 | $ 5,000 | $ 10,000 | $ 45,000 |
| 6-1100 INSURANCE | $ 20,000 | $ 10,000 | $ - | $ - | $ 30,000 |
| 6-2000 REPAIRS AND MAINTENANCE | $ - | $ 35,000 | $ - | $ - | $ 35,000 |
| 6-3000 STAFF | $ 800,000 | $ 250,000 | $ 150,000 | $ 150,000 | $ 1,350,000 |
| 6-4000 STAFF LEAVE | $ 34,000 | $ 18,000 | $ 4,000 | $ 12,000 | $ 68,000 |
| 6-5000 DEPRECIATION | $ 20,560 | $ 12,008 | $ - | $ - | $ 32,568 |
| 6-6000 MISC | $ - | $ 5,000 | $ 5,000 | $ 5,000 | $ 15,000 |
| **TOTAL EXPENSES** | **$ 889,560** | **$ 345,008** | **$ 164,000** | **$ 177,000** | **$ 1,575,568** |
| **NET PROFIT/DEFICIT** | **-$ 402,160** | **$ 429,992** | **$ 86,000** | **-$ 102,000** | **$ 11,832** |

# Balance sheet

## A snapshot of a point in time, also known as a statement of financial position

| Balance sheet with prior period and prior year | May-25 | Apr-25 | May-24 |
|---|---|---|---|
| ASSETS | | | |
| CASH | | | |
| OPERATING ACCOUNTS | $ 69,651 | $ 20,655 | $ 78,998 |
| SAVINGS MAXIMISER ACCOUNT | $ 567,008 | $ 567,008 | $ 500,000 |
| TERM DEPOSITS | $ 830,000 | $ 830,000 | $ 800,000 |
| PETTY CASH | $ 360 | $ 400 | $ 500 |
| CURRENT ASSETS | | | |
| ACCOUNTS RECEIVABLE | $ 2,345 | $ 38,000 | $ 7,689 |
| NON CURRENT ASSETS | | | |
| NON CURRENT ASSETS | $ 2,459,283 | $ 2,611,691 | $ 2,317,893 |
| **TOTAL ASSETS** | $ 3,928,647 | $ 4,067,754 | $ 3,705,080 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| ACCOUNTS PAYABLE | $ 20,737 | $ 40,540 | $ 12,988 |
| CREDIT CARDS | $ 9,108 | $ 2,088 | $ 5,662 |
| GST | $ 18,023 | $ 21,230 | $ 17,665 |
| FUNDS RECEIVED IN ADVANCE | $ 75,000 | $ 150,000 | $ 70,833 |
| STAFF LEAVE PROVISIONS | $ 156,888 | $ 162,766 | $ 69,000 |
| STAFF PAYROLL | $ 19,066 | $ 21,098 | $ 4,233 |
| NON CURRENT LIABILITIES | | | |
| LOAN | $ 57,000 | $ 58,567 | $ 75,800 |
| **TOTAL LIABILITIES** | $ 355,822 | $ 456,289 | $ 256,181 |
| **NET ASSETS** | $ 3,572,825 | $ 3,611,465 | $ 3,448,899 |
| 300 EQUITY | | | |
| 3-800 RETAINED EARNINGS | $ 3,448,899 | $ 3,448,899 | $ 3,303,221 |
| 3-900 CURRENT YEAR EARNINGS | $ 123,926 | $ 162,566 | $ 145,678 |
| **TOTAL EQUITY** | $ 3,572,825 | $ 3,611,465 | $ 3,448,899 |

*How do you validate this?*

*'Retained earnings' are profits rolled over from previous years*

*'Current year earnings' reflect the profit/loss for the current year at this point in time*

| Assets (*what we own*) | Liabilities (*what we owe*) |
|---|---|
| Current | Current |
| Non-current | Non-current |
| TOTAL | TOTAL |

**= Net position**

## Warning signs:

- You don't know where the organisation's money is coming from
- The organisation has taken on more debt than expected
- The overall value of the organisation is shrinking
- The organisation owes more in the short term than it has available in cash or current assets
- The organisation's liabilities are greater than its assets
- The organisation has lots of unpaid bills and/or debt

# Profit and loss statement

**Definition:** A retrospective look at where cash has come from and gone to over a set period. When compared with the budget, it is called *budget vs actuals*

| Profit and loss statement compared to budget | May-25 | | | | YTD (Jul 24 - May 25) | | | | 24-25 FY |
|---|---|---|---|---|---|---|---|---|---|
| | Actuals | Budget | Variance $ | Variance % | YTD Actuals | Budget | Variance $ | Variance % | Annual budget |
| 400 INCOME | | | | | | | | | |
| 4-1000 GRANTS | $ 75,000 | $ 75,000 | $ - | 0% | $ 825,000 | $ 825,000 | $ - | 0% | $ 900,000 |
| 4-1100 DONATIONS | $ 500 | $ 20,833 | -$ 20,333 | -98% | $ 221,667 | $ 250,000 | -$ 28,333 | -11% | $ 250,000 |
| 4-1200 RENT | $ 6,000 | $ 8,000 | -$ 2,000 | -25% | $ 90,566 | $ 95,333 | -$ 4,767 | -5% | $ 104,000 |
| 4-1300 INTEREST ON TERM DEPOSIT | $ - | $ - | $ - | 0% | $ - | $ 36,000 | -$ 36,000 | -100% | $ 36,000 |
| 4-1400 MISC | $ 30,000 | $ - | $ 30,000 | 30000% | $ 35,000 | $ - | $ 35,000 | 35000% | $ - |
| **TOTAL INCOME** | $ 111,500 | $ 103,833 | $ 7,667 | 7% | $ 1,172,233 | $ 1,206,333 | -$ 34,100 | -3% | $ 1,290,000 |
| | | | | | | | | | |
| **GROSS PROFIT** | $ 111,500 | $ 103,833 | $ 7,667 | 7% | $ 1,172,233 | $ 1,206,333 | -$ 34,100 | -3% | $ 1,290,000 |
| 600 EXPENSES | | | | | | | | | |
| 6-1000 ADMINISTRATION | $ 3,467 | $ 3,750 | -$ 283 | -8% | $ 42,777 | $ 41,250 | $ 1,527 | 4% | $ 45,000 |
| 6-1100 INSURANCE | $ 2,545 | $ 2,090 | $ 455 | 22% | $ 28,000 | $ 22,920 | $ 5,080 | 22% | $ 25,000 |
| 6-2000 REPAIRS AND MAINTENANCE | $ 6,500 | $ 2,917 | $ 3,583 | 123% | $ 28,556 | $ 32,083 | -$ 3,527 | -11% | $ 35,000 |
| 6-3000 STAFF | $ 66,667 | $ 75,000 | -$ 8,333 | -11% | $ 850,000 | $ 825,000 | $ 25,000 | 3% | $ 900,000 |
| 6-4000 STAFF LEAVE | $ 358 | $ 5,667 | -$ 5,309 | -94% | $ 60,554 | $ 62,333 | -$ 1,779 | -3% | $ 68,000 |
| 6-5000 DEPRECIATION | $ 2,714 | $ 2,714 | $ - | 0% | $ 29,854 | $ 29,854 | $ - | 0% | $ 32,568 |
| 6-6000 MISC | $ 5,000 | $ 1,250 | $ 3,750 | 300% | $ 8,566 | $ 13,750 | -$ 5,184 | -38% | $ 15,000 |
| **TOTAL EXPENSES** | $ 87,251 | $ 93,388 | -$ 6,137 | 332% | $ 1,048,307 | $ 1,027,190 | $ 21,117 | 2% | $ 1,120,568 |
| **NET PROFIT/DEFICIT** | $ 24,249 | $ 10,445 | $ 13,804 | 132% | $ 123,926 | $ 179,143 | -$ 55,217 | -31% | $ 169,432 |

## Warning signs:

- Revenue has dropped compared to previous years.
- Income includes unusual "one-off" amounts without clear explanation.
- Spending has increased but income has not.
- Costs are higher than in previous years without a clear reason.
- There are unusual or unexpected large expenses.
- Financial reports don't clearly show where income or expenses come from.

| ASSETS | Everything the organisation owns: cash, inventory and vehicles |
| --- | --- |
| **CURRENT ASSETS** | **What the organisation owns that is expected to be turned into cash within a year** |
| Cash at Bank | Cash held in bank accounts |
| Funds on Hand | Cash held in petty cash and non-bank sources |
| Debtors | Invoices issued for amounts owing to your organisation (aka Accounts Receivable) |
| Stock | Goods held by your organisation, awaiting sale (aka Inventory) |
| Prepaid expenses | Items the organisation has paid for but not yet gained the full use of (although they will do so within the next 12 months). Includes items such as rent and insurance. |

| | |
| --- | --- |
| **NON-CURRENT ASSETS** | **What the organisation owns that is not a current asset, such as assets that cannot be easily converted into cash.** |
| Investment Funds | All investments held with a maturity greater than one year (eg: term deposits) |
| Land & Buildings | All land and buildings that are owned in the organisation's name |
| Office Equipment | All office equipment, such as furniture and computers (valued at original purchase cost) |
| Depreciation | All non-current assets decline in usefulness as they age. Depreciation is a non-cash item that systematically spreads the cost of each asset (except land) over its useful life. |

| LIABILITIES | **Everything the organisation owes: loans and creditor invoices.** |
|---|---|
| **CURRENT LIABILITIES** | What the organisation owes that is expected to be paid back within a year |
| Short-Term Debt | The amounts owing on overdrafts and credit cards. |
| Current portion of Long-Term Debt | The amount owing within the next 12 months on any long-term loans held in the organisation's name. |
| Creditors | Amounts owed that the organisation has been invoiced for but has yet to pay (aka Accounts Payable). |
| Employee entitlements | Items the organisation has gained full use of but not yet paid for (although they will need to do so within the next 12 months). eg: salaries, leave loading and taxes. |
| Unearned revenue | Payment for a good/service that hasn't been delivered yet |
| **NON-CURRENT LIABILITIES** | What the organisation owes that is not a current liability, that is due to be repaid in more than a year. |
| Long-Term Debt | Total of all loans owed by the organisation with a maturity of greater than one year. |
| Employee entitlements | With a longer than 12month timeframe eg. Provision for long service leave |

# Cash flow statement

**Definition:**
A retrospective look at where cash has come from and gone to over a set period

**Warning signs**:

- The organisation may not have enough cash to cover current or future debts.
- Cash flow is unstable or unpredictable over time.
- There are big swings in cash flow without a clear explanation.

| | | |
|---|---|---|
| **STATEMENT OF CASH FLOWS** | | |
| **APRIL 2025-MAY 2025** | | |
| | | |
| **OPERATING ACTIVITIES** | | |
| RECEIPTS FROM CUSTOMERS | $ | 35,655 |
| PAYMENTS TO SUPPLIERS | $ | 19,803 |
| | | |
| **INVESTING ACTIVITIES** | | |
| INTEREST RECEIVED | $ | - |
| PROCEEDS FROM SALE OF PROPERTY OR EQUIPMENT | $ | 30,000 |
| PROCEEEDS FROM SALE OF INVESTMENTS | $ | - |
| | | |
| **FINANCING ACTIVITES** | | |
| **NET INCREASE/DECREASE FOR THE PERIOD** | $ | 48,956 |
| CASH AT THE BEGINNING OF THE PERIOD | $ | 1,418,063 |
| CASH AT THE END OF THE PERIOD | $ | 1,467,019 |
| | | |
| **CASH AT BANK** | | |
| OPERATING ACCOUNTS AND PETTY CASH | $ | 70,011 |
| SAVINGS MAXIMISER | $ | 567,008 |
| TERM DEPOSIT | $ | 830,000 |
| **TOTAL CASH AT BANK** | $ | 1,467,019 |

| P&L Monthly, YTD and annual budget | May-25 | | | | YTD (Jul 24 - May 25) | | | | 24-25 FY |
|---|---|---|---|---|---|---|---|---|---|
| | Actuals | Budget | Variance $ | Variance % | YTD Actuals | Budget | Variance $ | Variance % | Annual budget |
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| SAVINGS MAXIMISER ACCOUNT | $ 567,008 | $ 567,008 | $ 500,000 |
| TERM DEPOSITS | $ 830,000 | $ 830,000 | $ 800,000 |
| PETTY CASH | $ 360 | $ 400 | $ 500 |
| CURRENT ASSETS | | | |
| ACCOUNTS RECEIVABLE | $ 2,345 | $ 38,000 | $ 7,689 |
| NON CURRENT ASSETS | | | |
| NON CURRENT ASSETS | $ 2,151,200 | $ 2,151,200 | $ 2,150,500 |
| | | | |
| **TOTAL ASSET** | $ 3,620,564 | $ 3,607,263 | $ 3,537,687 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| ACCOUNTS PAYABLE | $ 20,737 | $ 40,540 | $ 12,988 |
| CREDIT CARDS | $ 9,108 | $ 2,088 | $ 5,662 |
| GST | $ 18,023 | $ 21,230 | $ 17,665 |
| FUNDS RECEIVED IN ADVANCE | $ 75,000 | $ 150,000 | $ 70,833 |
| STAFF LEAVE PROVISIONS | $ 156,888 | $ 162,766 | $ 69,000 |
| STAFF PAYROLL | $ 19,066 | $ 21,098 | $ 4,233 |
| NON CURRENT LIABILITIES | | | |
| LOAN | $ 57,000 | $ 58,567 | $ 75,800 |
| | | | |
| **TOTAL LIABILITY** | $ 77,737 | $ 99,107 | $ [illegible]8,788 |
| | | | |
| **NET ASSETS** | | | |
| 300 EQUITY | | | |
| 3-800 RETAINED EARNINGS | $ 1,446,789 | $ 1,446,789 | $ 1,245,508 |
| 3-900 CURRENT YEAR EARNINGS | $ 123,926 | $ 162,566 | $ 145,678 |
| | | | |
| **TOTAL EQUITY** | $ 1,570,715 | $ 1,609,355 | $ 1,391,186 |

| **STATEMENT OF CASH FLOWS** | |
|---|---|
| **APRIL 2025-MAY 2025** | |
| | |
| **OPERATING ACTIVITIES** | |
| RECEIPTS FROM CUSTOMERS | $ 35,655 |
| PAYMENTS TO SUPPLIERS | $ 19,803 |
| | |
| **INVESTING ACTIVITIES** | |
| INTEREST RECEIVED | $ - |
| PROCEEDS FROM SALE OF PROPERTY OR EQUIPMENT | $ 30,000 |
| PROCEEEDS FROM SALE OF INVESTMENTS | $ - |
| | |
| **FINANCING ACTIVITIES** | |
| **NET INCREASE/DECREASE FOR THE PERIOD** | $ 48,956 |
| CASH AT THE BEGINNING OF THE PERIOD | $ 1,418,063 |
| CASH AT THE END OF THE PERIOD | $ 1,467,019 |
| | |
| **CASH AT BANK** | |
| OPERATING ACCOUNTS AND PETTY CASH | $ 70,011 |
| SAVINGS MAXIMISER | $ 567,008 |
| TERM DEPOSIT | $ 830,000 |
| **TOTAL CASH AT BANK** | $ 1,467,019 |

# How do I monitor the finances?

Before each meeting, you should get (and review):

- A balance sheet
- A profit and loss statement
- A comparison of budget versus actual
- Cashflow statement
- A forecast to the end of the financial year
- Commentary on variances and any assumptions
- Current bank account balances

**Trust but verify – have you checked the bank balances directly? Do the numbers line up with the reports?**

## Building on the information in these documents, consider the following key questions:

- Are we generating enough income to cover our expenses and the work we need to do?
- If we're losing money, do we have the reserves to cover it?
- How much does it cost to progress our objectives and mission?
- Is our budget sustainable? Are we including enough costs for administration, evaluation, planning?
- Can we pay our debts? Over what period?
- How sustainable is our income?

**Risk management** begins with five basic questions:

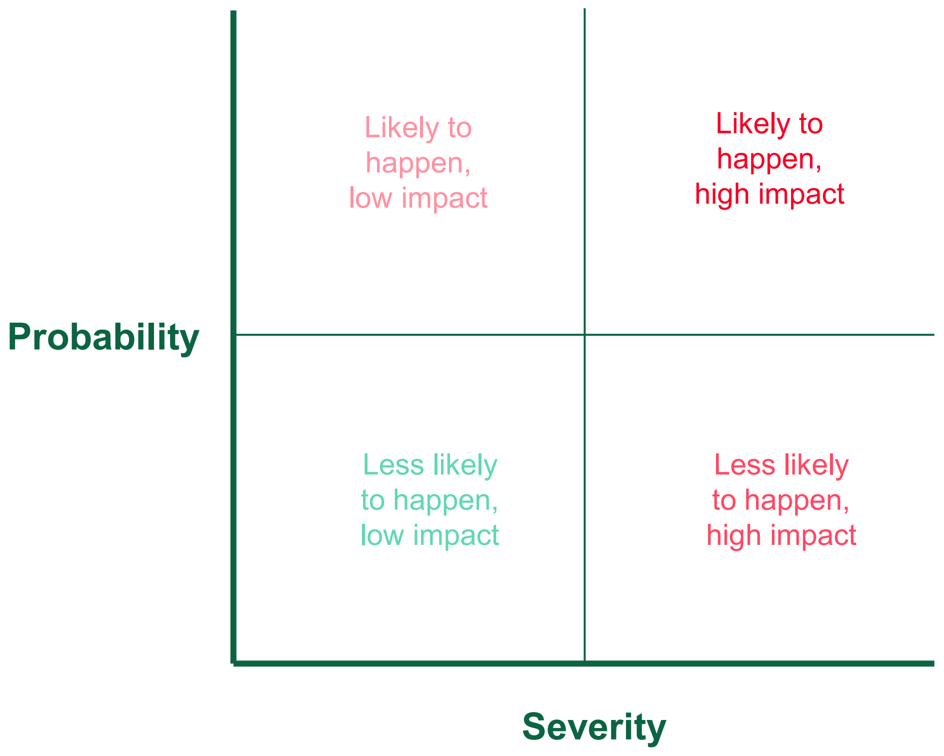
1. **What** can go wrong?
2. How **likely** is it to go wrong?
3. What will be the **consequences** if it goes wrong?
4. What will we do to **prevent or minimise** it?
5. What will we do **if it happens**?

# Analysing risks

For each risk, assess:

- **Probability:** What is the likelihood of the risk occurring?
- **Severity**: What is the impact of the risk occurring?

Assessing risks against both criteria, including assigning a score or rating, helps to determine the overall level of risk and indicate what should be prioritised



| Severity → / Probability ↓ | Catastrophic (1) | Critical (2) | Marginal (3) | Negligible (4) |
|---|---|---|---|---|
| Frequent (A) | High | High | Serious | Medium |
| Probable (B) | High | High | Serious | Medium |
| Occassional (C) | High | Serious | Medium | Low |
| Remote (D) | Serious | Medium | Medium | Low |
| Improbable (E) | Medium | Medium | Medium | Low |

# Treating risk

*What should you do about the identified risks? It depends on the level of risk, the cost of treatment, and the anticipated effectiveness. Options include:*

### Eliminating

Some risks can be eliminated with relative ease. If so, this is the best option

### Accepting

Perhaps the risk is minor, core to your existence, or unfeasible to treat. Still, be mindful of the consequences

### Avoiding

Discontinuing and/or choosing an alternative with more acceptable risks

### Reducing

Alternative solutions or actions to reduce the likelihood and/or severity of the risk

### Transferring

Often through insurance and contracts – effectively passing on the risk of funding a liability

# Mitigating risk

1. Communicate clearly
2. Keep learning
3. Use your voice
4. Know your resources
5. Track progress
6. Work as a team
7. Expect change
8. Value feedback
9. Build resilience
10. Look to leadership

# Compliance checklist

- ❑ Regulators
- ❑ Tax
- ❑ Finance (audits, acquittals)
- ❑ Superannuation
- ❑ Insurance
- ❑ OHS
- ❑ Privacy
- ❑ Data retention and storage
- ❑ Reporting

www.communitydirectors.com.au/tools/annual-board-compliance-calendar-template

# Community Futures Inc

The CEO raises an urgent item at tonight's meeting. A building inspection has confirmed the roof at your main program delivery site is failing, with water penetrating the structure.

The CEO has followed the procurement policy and is seeking board approval tonight to proceed with repairs over the Christmas shutdown, while the building is vacant.

The board has a duty of care to the staff and program participants who use this building. Delaying repairs may expose the organisation to legal and reputational risk. The spend is unbudgeted.

Potential decision outcomes:

- Approve to proceed with unbudgeted repairs
- Approve to proceed with conditions
- Defer
- Decline

Discuss:

- What do your financial reports tell you that is relevant to this decision?
- What are the risks of acting? What are the risks of not acting?
- What would you need to know before deciding?
- What does your group decide? Why?

# Considerations and questions

- **Financial governance:** Does our current surplus make it safe to take on a long-term financial commitment? Will loan repayments and building costs push us into deficit?
- **Strategic alignment:** Does buying a building support our strategic plan, or could it limit our ability to expand services or invest in staff?
- **Risk and opportunity:** Could a building provide long-term stability and new income, or would it lock up funds and increase risk if income drops?
- **Due diligence**: What independent advice, valuations, and financial modelling do we need before making a decision?

# Asking the right questions

- Does it align with our strategy and purpose?
- How will it be perceived externally? (Will it pass the pub test?)
- Is this a one-off change or likely to be a trend that will continue?
- How will this impact our strategy and/or budget?
- Does this align with our policies and procedures?
- How does it align with our compliance responsibilities?
- Do we have, or should we get, an expert opinion/recommendation?
- Is this in the best interests of the organisation now *and* in the future?
- Are there any areas of risk we haven't considered?
- What are the risks in proceeding and in not proceeding?
- How are we performing based on our strategy and budget?

# Reflections and challenges for the week

- What did you learn today?
- How has your understanding changed?

Challenges for the week:

- Review your organisation's finances and think of two questions to ask at your next board meeting
- Review any policies/information your organisation has regarding risk, finance and compliance – are they easy to understand and practical to implement?