



TAX, STRUCTURE & COMPLIANCE

Financial Reporting Tiers: Checking One Threshold Isn't Checking the Whole Picture

Your audit or review obligation depends on your structure, your charity status and more than one threshold. Check them all, not just the one you remember

Which audit or review rules apply depends first on your legal structure and whether you are a registered charity. A registered charity reports to the ACNC. A company limited by guarantee that is not a charity follows the Corporations Act tiers. An incorporated association that is not a charity follows its state or territory Act. An easily missed compliance gap sits where these systems overlap: for an incorporated association that is also a registered charity, confirming your ACNC size alone may not tell you whether your financial report needs an audit or review.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Current ACNC Thresholds, Which Have Shifted Over Time

Since the 2022 reporting period (the 2021-22 financial year onwards), the ACNC classifies a charity as small with annual revenue under \$500,000, medium from \$500,000 to under \$3 million, and large at \$3 million or more. Small charities face no ACNC audit or review requirement. Medium charities must have their financial report either reviewed or audited, the organisation's choice. Large charities must have theirs audited. The ACNC thresholds were last raised in 2022, and some state tiers have changed since (Victoria's from 1 July 2024), so an association relying on a remembered figure may be working from an outdated threshold. A company limited by guarantee that is not a registered charity uses different Corporations Act tiers: under \$250,000 revenue (and not a deductible gift recipient) it generally need not prepare a financial report unless a member or ASIC requests one; under \$1 million it must prepare one and may choose a review instead of an audit; at \$1 million or more it must be audited.

The Gap Most Dual-Registered Associations Miss

Here is the specific point worth understanding. An association incorporated under state or territory incorporated associations legislation, in addition to being ACNC-registered, may face size tiers and audit thresholds under that legislation that do not automatically align with the ACNC figures. Several states now rely on the ACNC report for incorporated associations that are registered charities. For example, NSW exempts them from state financial reporting if ACNC requirements are met, and Victoria has aligned its tiers with the ACNC. However, conditions apply, harmonisation is not uniform, and some state obligations, such as presenting accounts at the annual general meeting, continue. An association correctly

concluding it falls below the ACNC's audit requirement should still check its own state or territory regulator's current guidance before concluding no review or audit is required.

Further Layers Worth Confirming Directly

Beyond the regulatory thresholds, an association's own constitution may independently require an annual audit regardless of size, a self-imposed obligation that persists even where no regulator would otherwise require it, connecting directly to the constitutional discipline discussed throughout this series. Separately, a funding agreement or grant contract may impose its own audit requirement as a condition of funding. Members or a regulator may also require a review or audit: in Victoria, for example, members can vote for a review at a general meeting and the Registrar can direct one. A complete answer to whether your association needs an audit checks your legal structure and charity status, the applicable size thresholds, your constitution, any funding agreements, and whether members or the regulator have required a review or audit.

- Confirm your association's legal structure and whether it is a registered charity, since this decides which thresholds apply in the first place.
- If you are a registered charity, confirm your current ACNC size classification against the current thresholds directly, rather than relying on a remembered figure.
- Separately check your size tier and audit requirement under the Corporations Act or under any state or territory incorporated associations legislation that applies, including any arrangement that accepts your ACNC report.
- Review your constitution specifically for any self-imposed audit requirement that applies regardless of size, connecting directly to the constitutional discipline discussed throughout this series.
- Check every current funding agreement or grant contract for an independent audit condition, since this obligation exists entirely separately from the regulatory size thresholds.
- Reassess this full picture whenever your association's revenue changes meaningfully, rather than assuming a status confirmed several years ago still applies today.

A complete answer to whether your association needs an audited or reviewed financial report requires checking several potentially independent sources, not one. An association that checks only one threshold and stops there has answered an incomplete question with unwarranted confidence. This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

Financial Reporting Tiers: Checking One Threshold Isn't Checking the Whole Picture

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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