



# Section Eight MONEY MATTERS

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## Good Practices

### Responsible money practices

All playgroup members share the playgroup's responsibility for the financial integrity of income, expenditure and assets. It is the right of each member to ask questions or voice concerns about financial matters.

If your playgroup has a committee, it is responsible for the playgroup's financial management and assets.

All the playgroup's assets belong to the playgroup. This includes toys, disposable items, cash and money in the bank. Playgroup fixtures and fittings generally belong to the venue. Toys and play equipment may also belong to the venue.

The treasurer is responsible for maintaining accurate and accessible financial records. See 'Treasurer's Role'.

### Staying financially viable

The playgroup or playgroup committee is responsible for keeping the playgroup financially viable. It makes decisions on:

- developing a budget
- setting fees and fee policies
- determining if fundraising is necessary
- being accountable for the playgroup's financial commitments
- appointing a treasurer.

### Opening a bank account

- Obtain an authority form from the bank or credit union you have chosen to bank with. The designated people who are authorised by the committee to operate the account sign this form.
- Assign the playgroup's name to the account.
- Ideally, there should be three signatories and any two of these can sign cheques.
- If possible, the treasurer should not sign cheques, however in small playgroups this is not always possible.
- Signatories should be committee members readily available for signing.
- Always have authority forms available at the AGM for new signatories to sign.  
PLEASE NOTE: New signatories will have to pass the financial institution 100 point test, ie show identification such as a passport/birth certificate and driver licence. If they already

have a personal account at that financial institution they may not need to do this.

### Bank charges

Your playgroup bank accounts are subject to regular charges. If you find these charges unacceptable, negotiate with the bank manager or shop around for a bank or credit union that offers discounts to community groups.

### Cheque accounts

It is strongly recommended that playgroups operate a cheque account.

#### Advantages

- Security of playgroup funds – safer than cash lying around
- Easy to trace payments and deposits
- Regular bank statements mean you can check your records
- Cheque book stubs are a record of payments made
- Deposit slips are a record of income received
- More than one signatory controls payments and protects funds from misappropriation
- Protects the integrity of the treasurer from being questioned
- Convenience for payments through the mail
- Most businesses prefer to receive payment by cheque or online

### Writing a cheque

1. Ensure the payment has been approved by the playgroup or playgroup committee.
2. Complete all details on the cheque and the cheque butt.
3. Cross cheques with 'not negotiable' and cross out 'or bearer' to ensure cheque is deposited into payee's account.
4. Always have more than one signatory.
5. NEVER SIGN BLANK CHEQUES; signatories are responsible to the playgroup for any cheques they sign.
6. If you miswrite a cheque write 'cancelled' on the cheque and butt. Keep the cancelled cheque with the chequebook.
7. To stop a cheque, call the bank and follow up in

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# Good Practices

writing; a fee will be charged.

8. Having cheques signed in advance should be avoided.

### Money orders

Keep the receipt butt so that if the money order goes astray in the post, the post office will be able to trace it. When mailing a money order, be sure to indicate who it is from because, unlike a cheque, your personal information is not included.

### Credit cards

Group payments can be made to Playgroup SA by credit card. A small fee is charged per transaction. This makes transactions possible over the phone, by post or email.

### Budget

A playgroup budget shows the proposed income and expenditure within the financial year and is based on the previous year's accounts. Budgets should be drawn up in collaboration with the previous treasurer and should allow for inflation.

Plan your annual budget to balance income and expenditure with only a minimum amount carrying over to the next year.

Your playgroup or playgroup committee should formally adopt the budget.

What to include:

- Rent of premises
- Running costs – materials for activities
- Excursions
- Current enrolment – proposed income from fees
- Fundraising capacity (if decided by the group)
- Playgroup SA Membership and Affiliation.

### Petty cash

Petty cash is usually a set amount of money given in advance to either the treasurer or purchasing officer to pay for small cash items. When a purchase is made the receipt and details are kept in a petty cash book. If a receipt is not available, the purchaser should submit a written receipt and have it co-signed by the treasurer after he/she has checked that items have been purchased. The playgroup or playgroup

committee sets the amount of petty cash that will be made available.

### Purchases

The playgroup or playgroup committee:

- approves all equipment expenditure
- may appoint a purchasing officer
- sets limits on who can purchase equipment and how much can be spent
- ensures a fair system that allows all playgroup sessions to use funds equally
- reimburses all out-of-pocket expenses to committee members, such as playgroup postage and phone costs.

Note: Committee members are not paid for the work they do.

The treasurer:

- documents all spending
- requires receipts
- monitors that all purchases are within the budget.

### Grants

Playgroups receiving money from grants are responsible for using it according to the grant's conditions and are accountable for all monies spent.

Playgroup SA can assist with grant preparation upon request.

### Auditor

An auditor is an authorised person who audits your accounts and is appointed annually at your Annual General Meeting. An audit is good practice but not compulsory unless it is a requirement of your constitution. Some councils require an audit if you are renting their premises.

## Good Practices

### Paying rent/venue costs

The cost of hiring a playgroup venue is becoming more expensive, hence it is important to keep your playgroup full so this cost is shared by an increased number of playgroup families. If your playgroup numbers are decreasing, try to negotiate for cheaper rent until numbers increase.

The treasurer should include venue charges in their annual budget - remembering that not every family will attend every week.

When negotiating with a venue manager:

- Have a venue agreement in writing that includes the rental amount.
- Be very clear about the weekly charge, how it is calculated, how long this charge will be levied and when it will be reviewed.
- Discuss the length of the agreement and how much notice your playgroup would require if asked to relocate.
- Record the venue's contact person and emergency contact details in your playgroup attendance book.
- Inspect the premises with the venue manager and become familiar with emergency procedures, exits, fire and evacuation equipment and emergency assembly areas.
- Put your concerns in writing if the facility (or part of the facility) is unsafe, is likely to cause injury or if something needs repair.

Before entering into any agreement/lease, contact Playgroup SA and we'll have our insurance company renew the paperwork for you.

### Good practice bookkeeping tips

Accurate and regular record keeping is essential to ensure playgroup funds are safe and well managed. Honest mistakes are still possible but can be easily corrected if the treasurer maintains records regularly overseen by the playgroup. If you are running into difficulty with any aspect of your playgroup's financial management, seek help early.

### Tips to assist your playgroup

- Always ensure every payment over a certain amount (\$10, for example) is made by credit card or cheque with two signatories.
- 'Cash' cheques should never be drawn unless you are reimbursing petty cash.
- If using a petty cash system, always balance this at the end of each month.
- Never pay an account or reimburse an expense from monies that have not yet been banked.
- Never sign a blank cheque.
- Mark your cheques 'Not Negotiable', in case cheques go missing; otherwise the bank will not be liable if the wrong person presents the cheque.
- Only reimburse expenses when receipts are produced and signed by the person who made the purchase.
- Always purchase playgroup items separate from individual personal expenses.
- Always verify that the amount on the receipt or cheque is the same as the supporting documentation.

## Treasurer

It is preferable for your treasurer to have some financial knowledge.

### Duties

- Keeps accurate, current records of all income and expenditure
- Arranges collection of playgroup fees and working bee levies, if applicable
- Issues receipts as money is received
- Banks money promptly
- Keeps all relevant documentation - invoices, receipts, cheque stubs, bank statements
- Pays accounts promptly
- Regularly sends Membership Fees to Playgroup SA
- Makes petty cash available and keeps receipts for all petty cash spent
- Prepares and presents a Treasurer's Report at each committee meeting and AGM to keep in the minute book
- Prepares an annual budget for committee approval
- Monitors income and expenditure to prevent overspending
- Arranges an independent audit, if necessary

### Financial records

Playgroup financial records should be clear, easily understood and readily available to the playgroup's committee.

By law, all financial records must be kept for seven years.

Documents related to banking include:

- Deposit book
- Cheque book
- Bank statements
- Credit card

Other financial records include:

- Annual budget
- Monthly financial reports
- Annual financial report
- Receipt book
- Income book
- Expenditure book
- Fee register
- Petty cash book

## Handover audit

A formal audit is a good idea for playgroups but is not legally required.

It is a responsible practice for the playgroup to check the books to see all entries have been made and financial statements are true and correct before passing information on to the next treasurer.



# Playgroup Membership Fees

This section refers to a playgroup's individual fees, not those of Playgroup SA.

## Fee policy

The setting, payment and non-payment of fees can cause difficulties in playgroups. Draw up a fee policy to address:

- how fees are set and by whom
- why fees are paid
- if fees will be per family or per child
- if per child, at what age will fees be introduced
- multiple births
- what money will be used for, eg excursions
- when fees are due
- how fees will be paid eg weekly, each term or per year
- if paying weekly, whether families should pay for missed weeks
- what action will be taken if a family doesn't pay
- if a payment plan is possible
- if a visitor pays a weekly fee.

Consider reduced fees for:

- early-bird payments (often a good idea to have some money to start the year)
- concession card holders
- financial disadvantage, eg unemployment
- multiple births – twins, triplets, etc (consider a 'Family Fee' rather than a fee per child)
- free of charge for babies up to a certain age
- new families joining during the term
- payment of an up-front annual fee.

Once the above decisions have been made

1. Make a list of all playgroup families.
2. Write accounts itemising fees charged (term one fees, working bee levy, excursion cost, Playgroup SA membership). Have a total amount owing at the end and date that fees are due. You may want to include relevant details of your playgroup's fee policy.
3. Issue accounts in sealed envelopes to each family.
4. Have a person in each playgroup session responsible for fee collection. Where possible, ask for payments to be made by cheque. Take extra care when handling cash.

5. Record and bank all fee payments. Avoid leaving any money on the playgroup premises.
6. Write receipts for fees received and give to families promptly.

## Working bee levies

Some playgroups give families the option to pay a levy rather than be rostered to help at working bees.

Other playgroups include a levy for all families at the beginning of the year and discount the last term fees for families who have attended at least one working bee.

Most playgroups find levies are not necessary.

## If a family won't pay

Include steps in your fee policy for fees that are not paid by the due date. These could be:

- The session leader reminds the family that their fees are overdue and payment is required the following week.
- If fees are still not paid, the session leader privately and confidentially asks the family if there is a problem and tries to work out a suitable payment arrangement such as:
  - a weekly or monthly payment
  - discount for genuine hardship
  - sponsorship by the individual playgroup

Please note: Playgroup SA waives the membership fee in extreme cases of hardship and gives a considerable discount to families with a Health Care Card. See 'Hardship' and 'Concession' sections.

## Contact Playgroup SA for assistance and advice

If a family refuses to pay after all of these steps have been taken the family is asked to leave the playgroup.

## Other Income Sources

### Donations

#### To the playgroup

- Toys, dress-ups, books – friends, relatives or opportunity shops
- Sand for the sandpit – a local nursery/hardware store
- Sunscreen – manufacturer, supermarket or chemist
- Boxes for storage or play activities – electrical appliances distributors or supermarkets
- Promotional displays – supermarkets
- Off-cuts of wood for blocks or hammering – builders or carpenters (take care that it is clean and untreated wood)
- Paper – printers, large offices, newspaper, printers
- Cardboard – picture framers
- Material off cuts, cushions – upholsterers

#### For Christmas party or fundraising event

- Raffle prizes – toy, book stores
- Meat for a sausage sizzle – butcher or supermarket
- Bread – bakery or supermarket
- Tomato sauce – supermarket
- Biscuits or snacks to give away or sell – biscuit manufacturers or bakery
- Cakes and slices to sell – playgroup families
- Fire truck, Police or Ambulance to your event – contact local emergency services

### Network

Check with your local council's children's services staff to see what they offer to community groups. Your initial contact can be by phone, in writing, via the council website or in person.

Check if anyone in your playgroup has useful contacts.

Take advantage of offers made through Playgroup SA and advertise through Playgroup SA publications and social media.

### Discounts

Make full use of the discounts offered by your Australian Baby Card/Playgroup SA membership card for personal and playgroup purchases.

Many playgroups have successfully asked for 5-10%

discounts for members at local stores. Ask the business to put the agreement in writing, specifying the span of time. Most agreements need to be renewed annually.

Playgroups may be entitled to receive discounts from some companies that have an ongoing relationship with Playgroup SA, or that are included as a benefit for holding an ABC Card. Contact Playgroup SA to explore existing offers and discounts.

### Sponsorship

Local businesses may be willing to donate money or goods to sponsor your playgroup or a playgroup event. Be clear about what you want and what you can offer when you approach a local business. The personal approach is best and could lead to an ongoing relationship.

Explain the advantages in their support of your playgroup. Your members are potential customers and their product will be well exposed.

Sponsorship is a two way partnership. The sponsor donates money, goods or a service in exchange for positive advertising of their business or product.

Suggested sponsor offer:

- Their logo or name on your playgroup leaflets
- Promotion of their product or service
- Distribution of their product
- Their donation acknowledged in your newsletter
- A chance to advertise on your promotional flyers
- Sponsor naming rights for the event you are planning, i.e. 'Tom the Toyman's Playgroup Party'
- Opportunity to show community spirit for a not-for-profit community group

### Grants

Local councils throughout SA offer community grants each year and many playgroups have successfully applied for these grants. Contact your council and ask what they offer and when the application forms will be available.

Playgroup SA can assist your playgroup with grant preparation.



# Taxation and GST

## Tax deductibility on donations

Playgroup SA has deductible gift recipient (DGR) status so people making a donation of \$2 or more can claim it as a tax deduction in their income tax return. All donations received go to Playgroup SA's Gift Fund.

Playgroups do not have DGR and donations made to playgroups are not tax deductible.

## Bank account debit tax

This is charged by the federal government and operated through the banking system. Playgroups are not exempt.

## Paying taxation for employees

If your playgroup employs a play leader it must meet all employer responsibilities regarding taxation. Call the Australian Tax Office for details or visit [www.ato.gov.au](http://www.ato.gov.au).

## Goods and Services Tax (GST)

Playgroups do not have to register for GST.

If they choose to do so they:

- must add GST to the fees they charge playgroup members
- can claim back GST they pay on expenses
- must keep records of GST collected and paid
- must complete a Business Activity Statement (BAS) and send to the Australian Taxation Office quarterly.

Few, if any, playgroups register for GST because:

- family fees are increased by 10%
- GST paid on expenses is less than the amount collected from families
- it takes time to keep accurate records and issue tax invoices.

Playgroups do not have to register for an Australian Business Number (ABN) unless they:

- pay wages and deduct tax
- apply for a council grant or sponsorship that requires one.

Playgroups can register for an ABN (and not GST) anytime by completing a form available from post offices or directly on the ATO website.

## Fundraising and GST

Playgroups pay GST on fundraising activities.

If a fundraising company needs the playgroup to provide an ABN (or wants to retain 48.5% of the proceeds) the playgroup can provide them with a 'statement by a supplier' with a tick in the box that states, 'The whole of the payment that I will receive for the supply is exempt from income tax.'

### To contact the ATO

Australian Taxation Office (South Australia)

Mezzanine Level  
26 Franklin Street, ADELAIDE SA 5000  
Open 8.30am - 4.45pm weekdays

[www.ato.gov.au](http://www.ato.gov.au)  
Phone: 13 72 26

## Fundraising

### Things to consider

- If the group needs or wants to fundraise
- If increasing fees would be a better and fairer way to obtain what is needed
- How the playgroup intends to spend money raised
- Who will plan the fundraiser
- How everyone can be involved so the fundraising is not left to a willing few
- Who is willing to help before you proceed

### Ways to fundraise

- Drives: chocolates, lollies, apples, pizzas, toothbrushes, stationery, gift wraps, lamingtons, book clubs
- Fêtes, fairs, stalls, garage sales, cake stalls, car boot sales, book fairs, toy fairs, secondhand baby and toddler equipment sales, trash and treasure, auctions
- Competitions: raffle, bingo, trivia night
- Family fun days: sell sausages or morning and afternoon teas
- Theatre nights, shopping trips, party plans, raffling off a gift, group and individual photographs
- Contact Playgroup SA for current fundraising initiatives and ideas.

When running a fundraising event, don't forget to contact Playgroup SA in order to ensure your event will be covered by insurance.

### Raffles and bingo

Raffles with prizes of less than \$500 do not need a permit but are subject to a number of rules. Raffles include any method of selling tickets for a prize, Melbourne Cup sweeps and prizes chosen by spinning a wheel.

Playgroups must obtain a permit if they wish to use bingo as a fundraising method.

### Street stalls

Contact your local council. Some councils provide equipment and assistance for non-profit organisations such as playgroups. Check for any regulations councils may impose. Check insurance regulations regarding public liability. For a stall in a shopping centre you will need the centre management's approval.

If you choose to fundraise:

- Record all items taken on consignment.
- Record all monies given for floats.
- Provide a safe way to collect money (not ice cream containers labelled 'money' and left on the table at the cake stall!).
- Bank money immediately.
- Present a financial statement to the playgroup or committee meeting as soon as possible after the event.

### Running a fundraising event

Fundraising is a challenge. It has been said that the 80/20 principle applies in most organisations – 80% of the work is done by 20% of the members. If you have a higher participation rate when it comes to fundraising you are doing well.

A successful fundraiser can help build strong friendships within a group through working together for a common cause.

### Recruit helpers

Accept that everyone is different and contributions of time, money and skills will vary. Make these differences work for your playgroup by encouraging everyone to make a contribution.

Avoid burnout of your team. Some groups find one major, well planned annual event works best. Others prefer a series of smaller fundraisers throughout the year.

Good communication and reasonable expectations are the keys to success.

# Fundraising

### Plan carefully

- Be clear about the outcome you want and the amount of money you need to raise.
- Consider the ratio of income to that of hours spent on the event. No one wants to work for many hours only to find they have little to show for it.
- Brainstorm possibilities together in a group. Often new ideas gain momentum once they are discussed.
- Once the event is decided upon, draw up a practical plan of action: checklist, jobs, time, costs and goals.
- Publicity is important. Local papers reach the local community and give free coverage. Check their deadlines.
- Draw up a budget which includes a realistic target, proposed expenditure and a break-even figure.
- List what is needed and whether these items can be borrowed, donated or hired.
- List who will be responsible for collecting and returning items.

### After the event

- Bank money.
- Make sure all borrowed items are returned.
- Thank everyone who helped.
- Calculate the amount raised.
- Advise members of the results.
- File all receipts, mailing lists and checklists for next time – past records greatly assist future efforts.
- Document where improvements could be made.
- Have a thank you party or night out to keep the fun in fundraising.
- Encourage the playgroup or playgroup committee to spend money on what it was raised for – let members enjoy the fruits of their success.

**There is no greater motivation to fundraise than a previous success.**

# When Money goes Missing

## What if money goes missing?

Decide what you want to achieve. It might be to:

- explain the discrepancy
- get the money back
- change your system to help prevent future problems
- ensure everyone at playgroup remains friends.

Remain calm, sensitive and be careful not to accuse anyone. The most obvious person is not necessarily the offender. Don't gossip. Keep the matter between as few people as possible.

Give ample opportunity for the money to be returned without someone losing face and friends. Remember, we all make mistakes from time to time.

If this is not successful you may need to call a meeting to discuss your concerns and clarify any discrepancies. Allow room for explanations.

You may need to adopt a conflict resolution strategy by taking the following steps.

### Conflict resolution steps

1. Clearly define the problem.
2. Clearly define the outcome you want to achieve.
3. Brainstorm possible strategies to achieve your goal.
4. Put the most appropriate strategy into place.
5. Work towards your desired outcome.
6. Put systems in place to prevent a recurrence of the problem.

Put systems in place to prevent the following from occurring:

- Money stolen from adults' purses at playgroup.
- Cash going missing from fees collected.
- Money stolen at/after a fundraising event.
- A treasurer keeping all playgroup money at home and using it to pay private expenses, with the intention of paying it back.
- A treasurer deliberately gaining control of the money to misappropriate funds.

## Who to contact

### Police

Reporting loss of money to police requires the group to make a statement. To assist with further investigations, you will need to show clear lines of accountability, receipts, bank books, cheque and bank statements and any other evidence that may be available. If sufficient documentation exists to prove a theft, either a non-uniformed police officer or CIB will carry out an investigation. Charges will be laid if theft or misappropriation is proven.

### Community Mediation Services

Community Mediation Services are available to help identify, explore and discuss possible solutions to problems. They deal with civil matters, and may be a viable option in some circumstances. Each case is assessed individually and will bring all parties involved together.

You should clarify your legal rights before your visits as the professionals at a mediation service are often mediators, not qualified legal advisers. They help parties reach a solution but do not impose a ruling over a case.

This may be useful for group members unable to raise concerns about accounts or if documentation is inadequate. It may help identify underlying concerns.

Community Mediation Services operate offices throughout the state of South Australia, including Adelaide city, Angle Park, Christies Beach, Elizabeth and Warradale.

### Community Mediation Services

Phone (08) 8350 0376

[www.saccls.org.au/cb\\_pages/mediation.php](http://www.saccls.org.au/cb_pages/mediation.php)

### Legal Services Commission of SA

Call the Legal Services Commission for information about your rights and legal status in this situation. Each case is assessed according to the amount of documentation provided and circumstances. For information about obtaining legal aid and other legal assistance call the Legal Services Commission of SA's free legal helpline on 1300 366 424.

### Insurance

Check your Playgroup SA insurance. Your group may be covered for the loss. You will be required to report the incident to police and obtain a police report.

# Checklist

To protect the treasurer and maintain financial accountability appoint a committee or playgroup member to work with the treasurer to keep playgroup finances on track.

## Checklist for good financial practices

- Financial accountability is a group responsibility.
- Financial workload is shared.
- Playgroup works to an annual budget.
- Playgroup has a cheque account or credit card.
- Money is banked weekly and all accounts paid by cheque or credit card.
- All income and expenditure is recorded and receipted.
- There are a minimum of two signatories for cheques.
- Blank cheques are never signed.
- Playgroup families are encouraged to pay by cheque.
- Members can access financial records at any time.
- Financial records are kept for seven years.
- Petty cash is available for small payments and is balanced regularly.
- An annual audit is arranged (this is not strictly necessary but does offer protection to the treasurer and the playgroup).
- Regular financial statements are presented to the playgroup or playgroup committee.
- The playgroup is debt free.
- There are enough finances in the bank to commence operation in the new year.
- The treasurer has a job description and understands his/her responsibility.
- All financial records are passed on to the new treasurer.
- Membership fees to Playgroup SA are sent in as new members join.
- Systems are in place to ensure money is handled with integrity and to ensure all transactions are regularly checked.
- Members are regularly kept informed about the playgroup's financial status.
- Check with Playgroup SA before entering into any new lease agreement/contract.

## Fundraising

- Fundraising is only agreed to when absolutely necessary.
- Fundraising activities are kept to a minimum.
- Families are made aware of the purpose of each fundraising activity.
- Fundraising money is used to benefit the families that raised the money.
- When running a fundraising event, contact Playgroup SA to check that your event is covered by insurance.

## Fees

- A fee policy is in place and distributed to each family.
- Your playgroup has considered applying for a community grant.
- Your playgroup has investigated sponsorship option from local businesses or charitable organisations.

