

## Incorporated Associations

Advantages	Disadvantages
A simple and more affordable means of creating a separate legal entity for small, community-based groups with limited resources	Incorporating an association in a state or territory restricts the organisation to operating in its home jurisdiction
This legislation impose less onerous conditions than the Corporations Act governing the activities of companies	Being prepared to forgo total privacy of the association's financial matters and accept that there will be public scrutiny of the association's activities
Simplifies and clarifies the management and ownership of the money and other assets of the body as all held in the name of the association.	Being prepared to follow the regulations as set down by government.
Incorporation protects committee members from most personal liability but leaves them with the responsibility to act honestly and prudently	Risks associated with being incorporated need to be weighed against the benefits
Clarifies and formalises the purpose and rules of the association via the constitution. The regulating body must be advised of any changes	Most incorporated associations will be required to have compulsory public liability insurance
Application for a wider range of public and private funding only available to incorporated associations	Proper membership records and minutes must be kept
Some incorporated bodies enjoy tax advantages	The regulating body must be advised of any changes to the constitution

### Characteristics

- The organisation must be not-for-profit in regards to membership, purpose and activity to qualify
- A legal entity in its own right, separate from the individuals and members
- A body corporate with perpetual succession
- Members or officers of the association are generally not liable to contribute towards the payment of debts or liabilities of the association

### Requirements

- Have a committee, responsible for managing the association
- Have a public officer and notify any changes in that position
- Have a registered office in its state of incorporation
- Have a written constitution or set of rules that the group agrees to operate by Pay registration fees and annual fees to government
- Lodge an annual statement every year
- Keep proper accounting records and, in some states, prepare, have audited and lodge financial statements Hold meetings and keep certain records.
- Keep the public register which includes the name and address of the contact person up to date
- Have a common seal

## Business Obligations

If an association is going to run a business as part of its operations, two important conditions must be met:

- (i) Any trading, either with members or the public, must be secondary to the main purpose of the association
- (ii) Trading with the public must not be substantial in volume in relation to the other activities of the association

Please contact us if you would like more information as to the setting up of a Not for Profit company – we can help assist you with choosing the correct structure and the compliance issues associated with each.

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