

HINCKS PARTNERS

Chartered Accountants

Hincks Partners Pty Ltd
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2 February 2010

Mr T Scott
Mountain Bike Australia
PO Box 17
Mirani QLD 4754

Dear Tony

RE: MOUNTAIN BIKE AUSTRALIA INCORPORATED

Please find enclosed the following documents for your attention:

- Audited Financial Statements for the year ended 30 June 2009.
- Audit Report
- Engagement Letter & Representation letter. Please arrange for signatures where indicated and return to our office.
- Management Report
- Copy of our fee account (the original has been sent to Vanessa Medder)

Please do not hesitate to contact the writer if you have any queries on this matter.

Yours faithfully
HINCKS PARTNERS



Robyn Venus

Encl:

Cc: Vanessa Medder



Chartered
Accountants

NUMBER ONE IN NUMBERS

*Liability limited by a scheme approved
under Professional Standards Legislation*

MTBA
 PO Box 17
 MIRANI QLD 4754

Profit & Loss Statement

01/07/2008 through 30/06/2009

02/02/2010
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Income

MTBA Membership		
Senior Members	\$274,501.04	
Junior Members	\$72,110.95	
Recreational Members	\$12,384.52	
Day Permits	\$151,907.29	
Participation Permits	\$6,556.38	
CA Members	\$28,042.78	
Club Affiliations/ Private Pro	\$16,859.09	
Over/Under Payments	\$4,041.83	
Total MTBA Membership		<u>\$566,403.88</u>
Interest Received		\$21,890.29
Retail Sales		\$4,842.35
Sponsorship/Grants		
Government Grants		\$10,948.73
Course Fees		
QLD Cycle Course	\$1,245.91	
Total Income		<u>\$605,331.16</u>

Cost of Sales

Opening Stock	\$7,127.89	
Purchases for Resale	\$2,560.96	
Closing Stock	-\$7,584.92	
Total Cost of Sales		<u>\$2,103.93</u>

Gross Profit

\$603,227.23

Expenses

Advertising	\$18,731.82
Assets Under \$1000.00	\$1,375.38
Auditing	\$13,835.00
Bank Charges	\$1,626.83
Commentator	\$2,420.81
Computing	\$2,227.73
Depreciation	\$12,878.55
Donations	\$10,350.00
Drug Testing	\$420.00
FBT	\$11,372.77
Grants	\$13,000.00
IMBA/Trails	\$5,575.00
Insurance	\$54,315.15
International Promotion	\$429.50
Medals / Trophies	\$6,124.34
Media	\$29,600.34
Media Exposure	\$4,761.44
Meetings/Conferences	\$3,908.92
M/Ships & Subscriptions	\$1,620.00
Online Systems	\$1.88
Postage	\$10,467.58
Printing	\$17,645.17
QLD Cycling Course Expenses	\$1,759.00
Repairs/Maintenance	\$36.36
Stationery	\$1,716.84
Telephone/Internet	\$7,424.92
Timing	\$36,815.06
Training/Courses	\$2,170.00
Travel	
Travel - Air - Committee	\$15,701.65
Travel - Air - EO	\$10,995.49
Travel - Car Hire/Accom - Comm	\$19,093.00
Travel - Car Hire/Accom - EO	\$19,997.65

MTBA

Profit & Loss Statement

01/07/2008 through 30/06/2009

02/02/2010
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Employment Expenses		
Administration Assistance	\$18,720.00	
Superannuation	\$7,983.28	
Technical Deligate/Commissaire	\$31,899.70	
Wages & Salaries	\$90,313.30	
Total Expenses		<u>\$487,314.46</u>
Net Profit / (Loss)		<u>\$115,912.77</u>

Balance Sheet

As of June 2009

02/02/2010
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Assets

Current Assets

Cash On Hand		
Cheque Account	\$63,058.13	
Express Saver	\$331,828.72	
Total Cash On Hand	\$394,886.85	
Savings Funds		
Billflex	\$117,225.30	
Total Savings Funds	\$117,225.30	
Inventory	\$7,584.92	
Total Current Assets	\$519,697.07	

Other Assets

Prepayments	\$28,827.27	
Trademarks	\$6,436.82	
Prepaid Insurance	\$25,584.41	
Loan - Sunshine Series	\$650.00	
Total Other Assets	\$61,498.50	

Property & Equipment

Equipment		
Equipment at Cost	\$57,429.60	
Equipment Accum Dep'n	-\$41,219.01	
Total Equipment	\$16,210.59	
Software		
Software at Cost	\$4,101.82	
Software Accum Dep'n	-\$3,644.57	
Total Property & Equipment	\$16,667.84	

Total Assets

\$597,863.41

Liabilities

Current Liabilities

Credit Cards		
St George VISA	\$5,048.79	
NAB Velocity VISA	\$2,092.26	
Total Credit Cards	\$7,141.05	
Other Creditors		
Accounts Payable	\$2,530.00	
GST Liabilities		
GST Collected	\$16,893.72	
GST Paid	-\$6,281.31	
Total GST Liabilities	\$10,612.41	
Payroll Liabilities		
Payroll Deductions Payable	\$3,422.66	
PAYG Withholding Payable	\$3,681.66	
Total Payroll Liabilities	\$7,104.32	
Total Current Liabilities	\$27,387.78	

State Development Funds

ACT SDF	\$5,890.00	
NSW SDF	\$14,781.00	
NT SDF	\$355.00	
QLD SDF	\$7,296.50	
SA SDF	\$2,017.00	
TAS SDF	\$2,189.00	
VIC SDF	\$11,421.00	
WA SDF	\$3,595.00	
Total State Development Funds	\$47,544.50	

Bonds

\$4,500.00

Total Liabilities

\$79,432.28

Net Assets

\$518,431.13

MTBA

Balance Sheet

As of June 2009

02/02/2010
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Equity	
Retained Earnings	\$402,518.36
Current Year Earnings	\$115,912.77
Total Equity	<u>\$518,431.13</u>

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
MOUNTAIN BIKE AUSTRALIA (MTBA) INC**

Scope

We have audited the attached special purpose financial report of Mountain Bike Australia (MTBA) Inc for the period year ended 30 June 2009 comprising the balance sheet and profit & loss statement. The elected committee of the Incorporation is responsible for the preparation and presentation of the financial report and the information contained therein, and has determined that the basis of accounting used is appropriate to the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion to the Members of the Incorporation on its preparation and presentation. No opinion is expressed as to whether the basis of accounting used is appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee's accountability requirements under the Incorporation's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedure have been undertaken to form an opinion as to whether, in all material respected, the financial report is presented fairly in accordance with the basis of accounting described in the summary of significant accounting policies.

The opinion expressed in this report has been formed on the basis above.

Qualification

As is common for organisations of this type, it is not practical for Mountain Bike Australia (MTBA) Inc to maintain an effective system of internal control over club membership receipts and club events until their initial entry in the accounting records. Accordingly, our audit in relation to these activities was limited to amounts recorded.

As equipment is located interstate we are unable to verify the existence of capital equipment listed on the Balance Sheet.

We have been unable to quantify total expenditure in relation to Queensland Government Grant under the State Sport & Recreation Development Program 2008 -2010

Audit Opinion

In our opinion, except for the effect of such adjustments, if any, which might have been necessary had the limitation discussed in the qualification paragraph not existed, the financial report presents fairly the financial position of Mountain Bike Australia (MTBA) Inc as at 30 June 2009 and the results of its operations for the year then ended in accordance with the accounting policies adopted by the Board.

HINCKS PARTNERS
Chartered Accountant
Level 1 214 Greenhill Road
Eastwood SA 5063



R E Venus

Dated this 2nd day of February 2010

2 February 2010

The Board
Mountain Bike Australia (MTBA) Inc
PO Box 17
Mirani QLD 4754

Dear Board Members

RE: MOUNTAIN BIKE AUSTRALIA INCORPORATED

While undertaking the audit for the abovenamed Incorporation we found some deficiencies and present the recommendations listed below.

Our examination may not have identified all the control weaknesses that may exist. Furthermore, our review should not be relied upon to disclose fraud or other similar irregularities.

Our recommendations are as follows:-

Our Recommendations

1. In January 2008, December 2008 and presumably again in December 2009 the association received grant funding from the Queensland Government, Department of Local Government, Sport & Recreation, being financial assistance approved under the State Sport & Recreation Development Program 2008-2010.

Obligations of the organisation pursuant to the funding agreement include:

- a) Expending the approved funds on the approved project only.
- b) Providing the Department with all reports and other information as required.
- c) All details of any disbursements of the Approved Funding must be recorded in the accounts and/or accounting records prepared by the organisation.
- d) All financial transactions incurred in the conduct of the Approved Project must be represented in the Organisation's books of account in a manner that identifies the expenditure with the Approved Project.
- e) The organisation must return to the Department within 60 days of the end of the Funding period any part of the approved funding not fully expended on the Approved Project.
- f) Schedule C Key Milestones and Reporting requires a copy of the association's certified financial statements for the previously completed financial year to be provided by 30 September each year.

Clearly this can not happen as the financial information is provided to our office for auditing after this due date.

Similarly a statement of expenditure on the project for the funding period is required by 30 September each year. It appears that this statement may not have been provided to the Department..

As we have been unable to identify and quantify total expenditure in relation to this Grant we have qualified the Audit Report accordingly.

If the abovementioned statements have been prepared we would appreciate a copy. If these statements have not been prepared then they are necessary.

Please find attached a proforma which can be used as a tool to collate all the necessary information. Once collated this information can be provided to our office, we can audit this information separately and prepare a Financial Acquittal Report to provide to the Department.

2. We note that further grants have been received in the 2010 financial year, \$5,500 from Australian Sport Online Comm Course – G Duncan. Please provide grant documentation & ensure that any expenditure associated with this grant is clearly identified in the financial statements. Additional funding \$22,000 from SA Tourism Commission was banked in September 2009. We note that a report needs to be lodged with Events SA, within 60 days of the completion of the event. We will appreciate a copy of that report once completed.
3. Is there a written agreement between Mountain Bike Australia and The Inside Line for the hosting of 2010-2012 MTBA Australian Mountain Bike Championships – if so we will appreciate a copy.
4. Once again adjustments were made in relation to the correct recognition of GST Paid and Collected. Care needs to be taken when recording GST on payments, by referring and reconciling to GST as shown on invoices.

Please make the following adjustment in your next business activity statement –

Increase Item G1 (Sales) by \$1,529
Increase Item 1A (GST on sales) by \$139
Decrease Item G11 (Purchases) by \$21,934
Decrease Item 1B (GST Paid) by \$1,994

Please do not hesitate to contact the writer should you wish to further discuss any of the matters raised above.

Yours faithfully
HINCKS PARTNERS



Robyn Venus