

11/5/2010

Attn: CEO Shire of Denmark

Re: Financial Assistance for Denmark Basketball Association

Dear Dale

I am writing to you regarding the Denmark Basketball Associations request for financial assistance. Since our initial discussions we have held a Special General Meeting to inform our membership of the situation and vote on a motion to seek financial support from the Shire of Denmark. It was resolved at the meeting to request \$11,000 over a 3 year period with the aim of repaying the loan in 2 years. I have attached the minutes from this meeting including an interim auditor's report and a budget. We are currently writing to members requesting additional fees to recoup losses over the Country Championships and any outstanding fees. We are also continuing to work with the auditor to resolve discrepancies identified in his report. However, neither of these will cover our debt and both will take some time. Below is a fee structure and budget to be put to the Annual General Meeting in August. The numbers of individuals in the tables below are conservative.

Table 1. Income

	Fees \$	No	Total \$
Senior	110	110	12,100
Jnr/Snr	90	60	5,400
Junior	60	60	3,600
Sub-Junior	60	60	3,600
Aussie Hoops	40	30	1,200
			25,900

Table 2. Expenses

Budget Category	2010/11	2011/12	2012/13
Administration	850	850	850
C. Championships	0	0	1000
Development	0	0	1500
Equipment	0	0	3250
Trophies	2000	2000	2500
Umpiring	4500	4500	6000
Windup	1500	1500	1800
Uniform Deposits	2100	0	0
Basketball WA	8500	8500	9000
Sub-total	19,450	17,350	25,900
Shire Loan Repayment	6,450	4,550	0
Balance	0	4,000	0

As can be seen from the above we should be able to repay the loan by December 2011 but are requesting to have the option of repaying over 3 years i.e. by December 2012.

Conclusion

The Denmark Basketball Association seeks the financial support of the Shire of Denmark for \$11,000 to be repaid by December 2012.

Thank you for your consideration in this matter, please do not hesitate to contact if you require any further information.

Yours sincerely

P. M. L. Gillespie
Patrick Gillespie President

Ph: 08 9848 2411

SCANNED

George

Shire of Denmark	
ICR105991	
13 MAY 2010	
BN1	
DATE	LPH
FILE REF	
COUNCILLORS	
CEO	<input checked="" type="checkbox"/>
DIR of FINANCE	
DIR of PLANNING	
DIR of INFRASTRUCTURE	
DIR of COMMUNITY	

DENMARK BASKETBALL ASSOCIATION

SPECIAL MEETING – 5th May 2010

DATE: 5th May 2010

OPENED: 7.35pm

PRESENT: Patrick Gillespie (President), Aaron Bailey (Secretary), Alison Green (Treasurer), Anton Pickles, David Taylor, Cherie Old, Dave Wolter, Dionne Wild, John Wright, Andrew Gibb, Kerry Halse, Lindsey Stirling, Ashley Young, Ken Davies, Michelle Farrow

APOLOGIES: Shaun McHenry, Robyn King, Warren Miller

BUSINESS ARISING:

Patrick informed the DBA members at the meeting:

That he had been contacted in early April about an over drawn cheque written from the DBA for accommodation during the Country Championships. An Executive meeting was held where the available members (Mal Hick, Alison Green and Patrick Gillespie) examined the financial situation and it appeared that the club (DBA) may have been in several thousand dollars debt to several businesses and in a position of not being able to pay back bonds on uniforms.

Options were discussed with possibility of approaching the Shire of Denmark for a loan to repay debts and keep the club from folding.

Patrick had prepared a letter of the situation with an overview of how this has occurred to the Shire's CEO Dale Stewart and Director of Finance, Gary Bird, (see attached letter) and spoke with him about the process and likelihood of a loan being granted. Patrick was informed that he would need to speak with the Shire President and what the association would need to prepare if the club decided to approach the shire for a loan.

Patrick read the relevant sections of the letter which explained how it appeared the club had come to be in debt.

Patrick had met with an auditor over April school holiday period and prepared a spread sheet for all receipted incomes and expenditure.

The auditor noticed discrepancies with receipts that confuse the previous years' bond uniform money paid out this financial year and other points of interest. (see attached auditors' report).

Patrick also noted that of the expenditure of an amount of \$2500 to \$3000 through a cash cheque could not be accounted for, possibly through the confusion of the bond repayment process.

DENMARK BASKETBALL ASSOCIATION

SPECIAL MEETING – 5th May 2010

A review by all members present of the spread sheet print out (as mentioned above),(attached) followed with a breakdown of all expenditure and income. The current to date debt incurred by the DBA is **\$10, 933.27** not including **\$2, 030.00** in deposits totalling \$12, 963.27.

The DBA still has outstanding money owed to the club from fees and Country Championships is \$2, 760.

Patrick had prepared a draft fees review proposal and a basic twelve(12) month expenditure plan structure which demonstrated that the club could repay a loan for the outstanding amount over a two(2) year period (see attached document showing expenditure for 2009, 2010 and projected expenses for 2011.) This was presented to the group.

The new fee structure would have to include monies put aside for equipment purchases (such as uniforms) as current budget and process has no long term provision for replacements and is not sustainable, the process of bonds creates an additional 230 extra transactions that need documentation.

Discussion followed.

Dave Wolter asked of the likelihood of the loan from the Shire and what was the time frame for business to receive payment.

Patrick responded that the Shire President wanted to see that DBA held a special meeting and discussed the issue and for Patrick to present all the current information to him. Depending on the information he may be able to make the sole decision or seek support and clarification from the Denmark Shire Council.

Andrew Gibbs raised that he felt there were two separate issues that the Country Championships seemed to have incurred most of the debt due to miscalculating expenditure for camps and under charging participants. That the DBA should be seeking out reimbursement from them first.

There was discussion on the Country Championships, where Patrick pointed out that due to current practises the club is unable to determine the previous levels of subsidy the DBA was actually providing on the previous Country Championships so it is not known what would be consistent. It was noted that this year the juniors were spread out over three (3) days instead of two (2), so the club incurred the additional day accommodation whilst the cost per participant remained the same as the previous year.

Michelle Farrow pointed out that the Seniors in the past have had to cover all costs except nomination/registration fees and why not apply the same format and recoup the costs from the players from this year that has incurred part of the debt.

Patrick explained that the majority of the costs are covered by the income and some monies are still owed. This year some of the additional costs were covered by the association as the Women's team going up nearly folded and this would have penalised the club \$200 and the club would not be able to send a Women's team in the next year's event, so another team was brought together at short notice, with the club offering to assist in covering costs due to the short notice.

DENMARK BASKETBALL ASSOCIATION

SPECIAL MEETING – 5th May 2010

Kerry Halse then put forward a motion to be moved:

“Recommend to the DBA AGM this new fee structure as per follows

Seniors	\$120
Juniors also playing in Seniors	\$90
Juniors	\$60
Sub Juniors	\$60
Aussie Hoops	\$40

Amendment made by Ashleigh that “Juniors also playing in Seniors will pay \$120”

Seconded by Ken Davies.

Amendment carried with ten (10) votes

The amendment became the motion and is seconded by Andrew Gibb

Motion carried with eleven (11) votes

CLOSED: 9.40pm

G. R. Schwab CPA

Accountant

ABN 34 846 486 007

P.O.Box 600
DENMARK WA 6333
Telephone: 08 98409123
Facsimile: 08 98409123
E-mail: schwlaps@wn.com.au

3rd May 2010

The Management Committee
Denmark Basketball Association Inc
PO Box 34
Denmark WA 6333

Dear Members of the Committee

Audit of the Denmark Basketball Association Inc for the period 4th August 2009 to 14th April 2010

Please find enclosed financial statements for your association up to the 14th April 2010. These statements were prepared by me from records provided, which included: Cheque books/stubs; Bank Statements; Receipt Books; Invoices and Minutes of meetings.

The Statement of Receipts and Payments is accurate in its final result, but the individual classification of Receipts and Payments is my interpretation of receipts and invoices. In the interest of preparing a statement in time for your scheduled meeting, I have not sought any assistance with the classification and therefore the itemisation is subject to your amendments.

A tally of receipts from a date I understand is the beginning of the most recent season and in concert with the statements, records a value in excess of the amounts banked for that corresponding time. Patrick Gillespie has agreed to check my worksheets to see if I have misinterpreted the intention of details of receipts/invoices and until that check has been completed I am not in a position to provide a final audited statement and report.

In the meantime I make the following comments:

- Since the date of preparing this statement an amount of \$490.00 has been banked resulting in available funds of \$635.87 after all outstanding cheques have been cleared.
The Statement of Accounts Payable at this date shows, as far as I can determine, an amount of \$11258.27 owing which is obviously in excess of the available funds. It is timely to mention the position of trading when insolvent and I know that this is something that all members of the Executive and delegates are conscious of.

G. R. Schwab CPA
Accountant
ABN 34 846 486 007

P.O.Box 600
DENMARK WA 6333
Telephone: 08 98409123
Facsimile: 08 98409123
E-mail: schwlaps@wn.com.au

3rd May 2010

Dear Patrick

**Audit of the Denmark Basketball Association Inc for the period 4th August 2009
to 14th April 2010**

Please find enclosed financial statements for your association up to the 14th April 2010 and a covering letter.

If there is anything in the statements and/or letter that you want to change or add to, let me know and I will amend in time for your meeting tomorrow night.

Kind regards



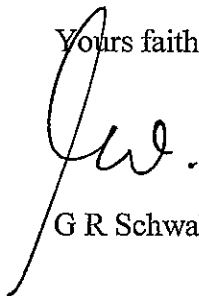
Gary Schwab

- A large number of payments are not supported by invoices or some form of evidence that the monies have been received by the intended recipient or that the classification of the expense is correct. I am not in any way suggesting any impropriety, but I do recommend that in future all payments have a document – as simple as a self created hand written invoice signed by the supplier – filed in support of a payment. Without this evidence the signatories to the cheques leave themselves open to unwanted and almost certainly unwarranted scrutiny. Even a note in the Minutes of your meeting to ratify or authorise payment will suffice in most cases. I also note that pre-signing of cheques is a practice adopted.
- The Receipt Books have been used to not only record funds received but also the amount refunded to players for the return of uniforms. My recommendation is that this practice not be continued. A better option is for there to be a separate bank account established in to which uniform deposits held in trust are banked and all refunds repaid from that account with a proper reconciliation maintained. The amount of deposits held from time to time can then be easily recognised as “committed funds” and not available for general operating expenses until such time as they are forfeited if ever.
- It is my recommendation that at regular intervals, a Treasurer’s report be tabled at meetings and that this report is supported by a Bank Reconciliation.
- Lastly, I believe that the adoption of a budget at the beginning of a season is sound practice and will be invaluable in keeping control over the resources available throughout the future year.

None of the above should be taken as criticism. My intention is to assist your Association overcome some shortcomings in policies and procedures.

If I can be of further assistance I am available.

Yours faithfully

A handwritten signature in black ink, appearing to read 'G R Schwab', with a long, sweeping underline that extends to the left and then curves back under the name.

G R Schwab CPA

DENMARK BASKETBALL ASSOCIATION INC
ABN 94 574 232 499

STATEMENT OF RECEIPTS AND PAYMENTS
For the Period 4th August 2009 to 14th April 2010

RECEIPTS

Bank Interest	0.49	
Fundraising	239.00	
Membership, Uniforms etc	<u>24203.20</u>	24442.69

PAYMENTS

Accommodation - Fixtures Review	182.86	
Advertising	92.18	
Affiliation Fees	8168.50	
Aussie Hoops Packs	980.00	
Bank Fees	48.47	
Country Championships	8281.86	
Course fees and accommodation	1290.49	
Liquor Licence	50.00	
Printing, Stationary & Stamps	21.60	
Referees Shirts	300.00	
Regional Academy Camp costs	120.00	
Room Hire	220.00	
Trophies	929.35	
Umpiring	3033.00	
Uniform Deposit Return & Windup Float	3000.00	
Uniform Manager	500.00	
Uniforms	2104.90	
Windup Expenses	<u>520.00</u>	29843.21
DEFICIT FOR YEAR		-5400.52

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31/3/2010

DENMARK BASKETBALL ASSOCIATION INC
ABN 94 574 232 499

Bank Reconciliation as at 16th April 2010

Bank Statement Balance		1242.87
Less outstanding cheques		
	1033	435.00
	1035	330.00
	1036	84.00
	1037	50.00
	1043	150.00
	1044	48.00
		<u>1097.00</u>
Cash at Bank		145.87

Proof		
Opening Cash at Bank		5546.39
Receipts		<u>24442.69</u>
		29989.08
Less Payments		<u>29843.21</u>
Cash at Bank		145.87

J. 3/5/2010

DENMARK BASKETBALL ASSOCIATION INC
ABN 94 574 232 499

Statement of Amounts payable as at 14th April 2010

Ray's Sports Power	872.00
Denmark Gifts and Engraving	2422.70
Denmark Local Heroes	550.00
Cambridge Atrium	6765.00
Denmark Liquor Store	<u>648.57</u>
	11258.27

[Handwritten signature]
-21/5/2010

25/3/2010

Attn: CEO Shire of Denmark

Re: Financial Assistance for Denmark Basketball Association

Dear Dale

I am writing to you to request financial assistance for the Denmark Basketball Association as we discussed yesterday. Currently we have financial obligations of \$11,000 to external creditors which we are unable to fulfill until we receive new membership fees next season. Below I have detailed how the situation arose, what action will be undertaken to avoid this problem in the future, and a budget showing how we will repay the loan. In order to continue to run the organisation we would like to structure repayment over 2 years if possible.

Background

For the past few years the association has been running at a small but steady profit. We have kept membership fees low and have had few expenses outside of affiliation and insurance to Basketball WA, support for representative teams attending Country Championships, and our finals awards and presentations evenings. In season 2008/09 a decision was made to provide uniforms for all A grade teams playing in the senior competition consequently we started the 2009/10 year with lower funds than usual. However, with growing numbers of members and teams we received in excess of \$20,000 in fees and refundable uniform bonds. The season also saw a number of people taking on new roles in the association including myself as President. Having been able to afford new uniforms the year before and needing new uniforms for the Juniors we purchased uniforms for our Junior girls and referees. At our delegates meeting prior to the Christmas break it appeared that we still had approximately \$20,000 in the bank. Usually by this stage of the season we have already paid affiliation and insurance to Basketball WA, unfortunately that fee was yet to be paid. By the time we were made aware of the oversight in early January there was no time to send a cheque and a direct transfer of approximately \$8,500 was made to Basketball WA.

Over the next few months a number of decisions and events led us to over commit financially. Due to illness and a lack of bank statements at the ensuing delegates meetings the committee had no clear understanding of our current financial status. The direct transfer of funds rather than the customary cheque meant that the balance in the cheque book was not accurate and no-one in the committee was aware of all of the outgoing expenses. Bond money for uniforms was held in our operating account with no awareness of the exact amount that was to be repaid with the return of uniforms. Without a clear understanding of our financial position but with the belief that we had plenty of money fees for players attending Country Championships was left unchanged from 2008/09. This year we sent away our largest group of players to the championships and so exacerbated the cost to the association. We have also had an increase in cost for our support of coaches attending clinics and courses due to greater numbers attending and more events. Further equipment was purchased, namely balls and uniforms, prior to organising our finals windup and presentation evenings. It was not until the 18th of March when bank statements for January and February were seen that we became aware that there was an issue and a week later that we were able to see the full extent of the problem.

Identified weaknesses

There are a number of identified weaknesses in the administration of the association, some are unique to this year others are systemic. Primarily we have been operating the association without a clear operational budget, with decisions being made on what we appear to be able to afford at the time. There has been financial support for Country Championships without this having been budgeted and consensus reached by the members. There is a lack of a clear time line for which actions need to be taken in terms of payments and organisation resulting in last minute rushed decisions and increased costs.

We have avoided difficulty in the past due to much smaller outlay on equipment, fewer representative players, and established committee members being aware of their role and the timeline of events. This year with a change to key committee positions and no detailed role description for incoming members tasks that have been completed late by anyone who is prepared to fill in rather than delegated and organised in a timely manner. This situation has been exacerbated by a lack of awareness of our financial situation at any given time.

Actions to be undertaken

Once aware of the issue committee members met the next day to determine the extent of the problem. The bank and major external creditors were contacted. It was decided that the Shire was the best organisation to contact for assistance as with over 300 members and looking to increase competition we are one of the major users of the Shire's facilities. This led to our discussion yesterday and this letter.

Our next step is to secure financial assistance to meet our current financial obligations. We will then have an external audit conducted and call a special general meeting to inform members of the situation.

At this stage I am unable to ensure you that the following actions will be undertaken as this can only be determined at our next meeting however they will be put to the members. These are that;

- A Season Budget be adopted at each AGM,
- A Calendar of Events to allow time for discussion and early payment of fees and registration,
- Committee roles to be clearly defined,
- New positions made to lessen the work load on existing members primarily the Treasurer and Secretary
- Greater responsibility for Team Delegates,
- Alternative sources of income such as fund raising and grants to be identified and utilised where suitable, and
- Existing fee structure reviewed including uniform bond.

Budget

The repayment is structured on existing membership fees as I cannot guarantee the proposed new fees will be adopted at the AGM. The number of members is conservative.

Table 1. Existing Income

Member	No	Current Fees \$	Total \$	Proposed Fees \$	Proposed Total \$
Senior	150	80	12,000	110	16,500
Junior in Senior	30	20	600	25	750
Junior	80	50	4,000	70	5,600
Sub - Junior	80	35	2,800	50	2,800
			\$19,400		25,650

Table 2. Expenses for 2010/11 & 2011/12 Seasons

Item	Year 1 Up to Dec. 2010	Year 2 Up to Dec. 2011
Repayment to Shire	6,000	5,000
Basketball WA	8,500	8,500
Referees	2,160	2,160
Awards	2,000	2,000
Windup	500	500
Surplus	240	1,240
Total	19,400	19,400

A conservative estimate of proposed new fees of at least \$110 for seniors, \$70 for juniors, and \$50 for Sub-Juniors would see our income base extend to \$25,650 and repay much of the loan in the first year while still allowing for existing budget items such as development, equipment and some token support for representative teams.

Conclusion

The Denmark Basketball Association seeks the financial support of the Shire of Denmark for \$11,000 to be repaid by December 2011 with the larger portion being repaid by December 2010.

Thank you for your consideration in this matter, please do not hesitate to contact me or our Treasurer Alison Green if you require any further information.

Yours sincerely

Patrick Gillespie President Ph: 08 9848 2411
Alison Green Treasurer Ph: 08 9845 3215

25/3/2010

Attn: CEO Shire of Denmark
Re: Financial Assistance for Denmark Basketball Association

Shire of Denmark	
ICR103373	
26 MAR 2010	
PBR10	
DATE	LPH
FILE REF	
COUNCILLORS	
CEO	<input checked="" type="checkbox"/>
DIR of FINANCE	<input checked="" type="checkbox"/>
DIR of PLANNING	
DIR of INFRASTRUCTURE	
DIR of COMMUNITY	
OTHER	

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Gary
see me re: repayment
Jed
26/3

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Table 2. Expenses for 2010/11 & 2011/12 Seasons

Handwritten notes:
②
Development expenses

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Yours sincerely

P. M. L. Gillespie

— Patrick Gillespie
Alison Green

President
Treasurer

Ph: 08 9848 2411 →
Ph: 08 9845 3215



Garry Bird

From: Peta Leiper
Sent: Tuesday, 30 March 2010 9:47 AM
To: Garry Bird
Subject: Patrick - Denmark Basketball Association

NAB account
BSB: 086-595
Acc: 04 965 4275

Peta Leiper

Records Officer
Shire of Denmark
PO Box 183

Denmark WA 6333

Phone: (08) 9848 0300

Fax: (08) 9848 1985

Email: enquiries@denmark.wa.gov.au

website: www.denmark.wa.gov.au

