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30 October 2026

The Management Committee Gold
Coast Pickleball Association Inc.
164 Duringan Street
CURRUMBIN QLD 4223

Dear Committee Members,

RE: GOLD COAST PICKLEBALL ASSOCIATION INC.
AUDIT MANAGEMENT REPORT - YEAR ENDED 30 JUNE 2026

We have now completed the end of year audit work for Gold Coast Pickleball Association Inc. for the year ended 30 June 2026.

As part of our audit, we have prepared this management report outlining observations and recommendations aimed at supporting the continued development of your accounting systems and internal controls. This report is designed not only to communicate areas where improvements may be beneficial but also to serve as a practical tool for strengthening financial reporting processes moving forward.

We have left spaces for you to make comments about each matter raised in this report. Your comments in the areas provided on any action taken for each area will assist us with subsequent audits. Please review the information included in this report and provide your comments in the space provided.

Yours sincerely,

Leon C Nantes
RWM Accountants

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1. INTRODUCTION

In this report, we detail the internal control and financial reporting matters we identified during our end of year audit in respect of the 30 June 2026 financial statement audit.

INTERNAL CONTROL

Internal control is a process for assuring achievement of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risks to an organisation.

It is a means by which an organisation's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organisation's resources.

FINANCIAL REPORTING

Financial reporting matters relate to the reliability, accuracy and timeliness of your financial reporting and/or effectiveness and efficiency of the Association’s operations, including probity, propriety and compliance with applicable laws and regulations.

SCOPE AND LIMITATIONS

Management is responsible for identifying, assessing, managing, and monitoring risks, as well as for designing, implementing, and maintaining an effective system of internal control.

In accordance with Australian Auditing Standards, our audit included a review of the design and implementation of the Association’s key financial reporting processes. However, our procedures did not extend to testing the operational effectiveness of all internal controls and were limited to selective testing of accounting records and supporting documentation. As such, our work was not intended to identify all potential control deficiencies, nor to provide detailed recommendations for every area reviewed. The matters outlined in this report are those that came to our attention during the course of our audit. They are not intended to provide assurance on the overall effectiveness of the internal control environment, but rather to assist management in identifying areas for potential improvement.

2. RISK RATINGS

We have assessed all the matters in this report based on their potential to cause a material misstatement in the financial statements. The assessed risk ratings are as follows:



Critical deficiency

A severe internal control issue (or combination of issues) that:

- Requires immediate remedial action.
- Is associated with high risks such as:
    - Material misstatement of financial statements.
    - Reputational damage.
    - Non-compliance with laws and/or policies.
    - Financial loss or fraud.
    - Lack of timely corrective action by management.

Control weakness

A deficiency arising from ineffective or missing controls that:

- May not prevent or detect material misstatements.
- Might result in non-compliance with policies, laws, or misuse of resources.
- Requires attention but not necessarily urgent remediation.

Improvement opportunity

A matter that:

- Aims to improve the efficiency or effectiveness of controls.
- Is not a deficiency and would not likely result in material misstatement or legal non-compliance, even if unresolved.

3. MATTERS IDENTIFIED DURING THE END OF YEAR AUDIT

3.1 Review of Asset Register:

Observation

During our audit of the asset register, we noted that certain leasehold improvements were not being depreciated.

Implication

Failure to depreciate leasehold improvements may result in an overstatement of assets and an understatement of depreciation expenses in the financial statements.

Recommendation

We recommend that the Management Committee review the asset register to ensure all assets, including leasehold improvements, are being depreciated appropriately over their estimated useful lives or remaining lease terms, where applicable.

Management Comments:

3.2 Right of Use Asset:

Observation

During the course of our audit, we noted that a Right-of-Use asset relating to the lease of facilities had been recognised; however, the accounting treatment was not fully in accordance with AASB 16 Leases.

Implication

Incorrect accounting treatment of the lease may result in the misstatement of assets, liabilities and associated expenses in the financial statements.

Recommendation

We recommend that the Management Committee review the accounting treatment of the facilities lease to ensure the Right-of-Use asset, lease liability and associated expenses are appropriately recognized, measured and disclosed in accordance with AASB 16 Leases.

Management Comments:

3.3 Coach's Payments:

Observation

During the course of our audit, we noted that coaches were being paid as contractors upon receipt of invoices, with no superannuation contributions being made.

Implication

Coaches engaged as contractors may still be entitled to superannuation where payments are principally for their labour. This may result in outstanding superannuation liabilities, interest and penalties following an ATO review.

Recommendation

We recommend that the Management Committee seek advice from its tax agent to review the employment arrangements of coaches and determine whether any superannuation obligations arise.

Management Comments:

3.4 Invoice Approval

Observation

During our audit expense testing, we noted that supporting invoices were not consistently attached to payments recorded in Xero.

Implication

The absence of supporting documentation increases the risk of incorrect, duplicate or unauthorised payments being made and reduces the ability to verify transactions.

Recommendation

We recommend that the Management Committee implement a process whereby all invoices are reviewed and authorised by two committee members prior to payment. Supporting invoices should also be attached to the corresponding transactions in Xero to ensure appropriate record-keeping and accountability.

Management Comments:

3.5 Related Party Transactions

Observation

During the course of our audit, we noted that the Association had entered into transactions with certain members of the Management Committee.

Implication

Failure to appropriately disclose related party transactions may result in a lack of transparency to Association members and potential conflicts of interest.

Recommendation

We recommend that the Management Committee ensure all related party transactions are appropriately identified and disclosed in the Financial Report, including the nature of the relationships and transactions, in accordance with applicable accounting standards.

Management Comments:

3.6 Income Tax Status

Observation

During the course of our audit, we noted that the Financial Report did not include a note outlining the Association's income tax status.

Implication

Without confirmation of the Association's income tax status, there is a risk of potential income tax liabilities and non-compliance with applicable taxation requirements.

Recommendation

We recommend that the Management Committee seek professional advice from its tax agent to confirm the Association's income tax status and ensure appropriate disclosure is included in the Financial Report.

Management Comments:

MANAGEMENT RESPONSIBILITIES

We request that Management reviews the matters above and satisfy themselves that:

- There are no other items of which you are aware that would impact these matters.
- There are no other significant matters that ought to be considered before the adoption of the financial statements.
- You concur with resolutions of the findings as described.

CYBERSECURITY RISK AWARENESS AND RESILIENCE

The Growing Risk of Cybercrime

Cybercrime remains one of the most significant emerging threats to organisations. Beyond financial and compliance controls, cyber risks such as ransomware, email compromise, and data breaches may threaten business continuity, client trust, and regulatory compliance.

Key Risk Trends Noted:

- Phishing and malware incidents have increased, targeting remote work setups.
- Credential leaks and email impersonation attacks are growing frequently.
- Many small-to-medium enterprises have limited visibility over third-party and cloud-based system risks.

Strengthening Resilience: Disaster Recovery & Business Continuity

An effective response to cyber threats not only involves prevention, but also preparedness for recovery. We recommend that all organisations maintain up to date:

a. Disaster Recovery Plan (DRP)

A documented process for **restoring IT systems and data** following a cyberattack, system failure, or disaster. It should address:

- System backups and restore procedures.
- Data loss minimisation.
- Roles and responsibilities during an incident.

b. Business Continuity Plan (BCP)

A broader framework ensuring that core business operations can continue during and after a cyber or operational disruption. It should include:

- Alternate communication and remote work protocols.
- Access to critical systems and third-party dependencies.
- Incident response and recovery testing.

Many cyber incidents are not defined by the breach itself, but by how well the organisation responds.