

## Audit Report – January 17, 2010

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The Audit team hopes the attachment of Audit Report Power Presentation helps you to visual and to understand the underpinnings and extent of political and financial implications of United States of America Deaf Basketball (USADB).

It is with much regret that the Audit Team can NOT complete 2006, 2007 and 2008 USADB and International Auditing because of lack of supporting documents and lack of transparency from the USADB.

To make clear for everyone of you, the Auditors have a BIG responsibility to audit in according to IRS 501c3 that must compliance 501c3 rulings before USADB can post or file their 990 Tax Filings by the following of:

- 1) Rule number one: The Audit Team can NOT base on verbal statements and/or “homemade supporting documents” without any valid supporting documents that is in BLACK and WHITE.
- 2) Rule number two: The Audit Team has a responsibility to audit in according to Non Profit (State of Kansas) and 501c3 (IRS) rulings.
- 3) Most important rule of all, the Audit Team is accountable for any auditing in compliance to IRS.

There is a clear and present resentment among some of formerly and present USADB Officers’ about the rules and regulations in Financial they are now held accountable in pertaining to USADB Financial and Political.

USADB Financial and Political had prompted numerous issues. Money laundering is the practice of disguising illegally obtained funds so that they seem legal. It is a crime in many jurisdictions with varying definitions. In US law it is the practice of engaging in financial transactions to conceal the identity, source, or destination of illegally gained money.

The Audit Team verified that:

1. Several USADB Banks were scattering all over during 2007 and 2008 that had opened and closed which is very difficult for the Audit Team to keep track of those several Banks of how the funds were transferred and/or diminished.
2. USADB Bank Statements, there were several transactions transferred from another Bank that is still unknown of what source it had came from.
3. Several transactions indicated the transferred from another personal Bank to USADB International account that is needed to verify and to audit, but it can not be verified and audited because that Bank is personal Bank of a person that will not disclosure any supporting documents.
4. How did the 2007 International account number have become USADB account number in 2009? And, where did the money of International under that same account number went?
5. How did the International funded?
6. Two checkbooks ordered for the International, the Audit Team got two different statements stating the purpose of ordering two checkbooks for International. Which statement should the Auditors report? The Audit Team wants to see the valid supporting documents for the record and not to base either of the conflicting statements.
7. Several ATM withdrawals are not yet known to justify for the transactions.
8. Sponsors for International are not yet known.
9. International overfunded from unknown source was paid back to those players for their hard work.
10. Numerous of transactions of what the Audit Team had noted, and it could not justification without the valid supporting documents.
11. Many questioned asked are still unanswered.
12. Numerous transactions in both USADB and International Bank Statements did not have the receipts/invoice and/or any valid supporting documents to justify for that transactions.

**Audit Comments:** As far as the Audit Team concerned, the money laundering process aims to camouflage such funds or financial assets by passing it through multiple accounts towards either totally obscuring the original source, or towards associating the funds or assets with a source that looks legal. If the laundering process is successful, the launderer gains access easily accessibly funds that looks legitimate, and can be moved around with ease. This is not acceptable if it is practiced at USADB; therefore, it is imperative for USADB to present the valid supporting documents to safeguard USADB.

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The Audit Team have seen to the degree that essential internal of USADB that have not yet improved in both Financial and Political, because USADB has not yet put into practice:

- 1) To enforce the proper procedures in their Bylaws in related to Financial.
- 2) To post and/or to report only the “audited” Financial Reports.
- 3) To disclosure any supporting documents prompted when asked.
- 4) To answer any Audit questions asked.
- 5) To compliance IRS Tax Code and to file any required forms on time with State of Kansas, IRS Tax Filings, and Annual Financial Reports.
- 6) To safeguard USADB in both Financial and Political.

It is with much regret to inform that USADB Incorporation with State of Kansas is forfeited on September 15, 2009 because of the failure to timely file Annual Report. Their status of last filing was “unaudited” Annual Report with State of Kansas in 2007. And USADB has not yet filed Tax Filing of 990 with IRS in 2008. Any of the USADB Financial Reports must be “AUDITED” before filing their annual reports with IRS and State of Kansas on time. In Audit Report Power Presentation, you will see the document indicated USADB is forfeited with State of Kansas.

Overall, the Audit Team had put so much effort to complete the Auditing since January 2009 to present and not much has accomplished, but instead of that, it just had stirred up more issues. The goal of Audit Team was to safeguard USADB, to clean up the mess internal of both USADB and International, and to do the right thing. Without any supporting documents and without being well-informed by USADB is taking the tolls of public trusts.

The Audit Team wants to assure every one of you that we are NOT responsible for any corruptions internal of USADB and why the Audit Team could NOT complete the Audit Report is because USADB is not submitting the supporting documents prompt to justify for any transactions showed in their transactions of USADB and International Bank Statements.

In this writing and for the record, the Audit Team wants to document that we, Joey Brafford, Bonnie R. Schwebke, and Lynn Williams, are:

- 1) NOT legal responsibility for any unfinished auditing because of no supporting documents were submitted after asked USADB numerous times,
- 2) NOT legal responsibility for USADB failures to file with IRS 990 Tax Filing,
- 3) and NOT legal responsibility for USADB forfeited with State of Kansas for their failure to timely file USADB Annual Reports.

Point of clarification, after reviewing, auditing, and discussing among the Auditors and with several consultants of Legal, CPAs, IRS, and Accountants in pertaining to USADB Issues and Auditing that point out of what USADB is obliged to do the following of:

- 1) USADB must investigate 2007 International Financial.
- 2) USADB must investigate 2008 International Financial.
- 3) USADB must investigate 2008 USADB Financial.
- 4) USADB must disclosure the valid supporting documents to justify for any transactions showed in their Bank Statements to the Audit Team, not to base any verbal statements or homemade supporting documents.
- 5) USADB must investigate if 2005 and 2006 Tax Filing were filed that are displayed in USADB Website, but it not displayed in Guidestar.com.
- 6) USADB must file 990 Tax Filing AFTER the Audited Financial Reports of USADB, International, and Youth are completed. USADB had filed 2007 990 Tax without having it AUDITED and it violated IRS 501c3 rulings.
- 7) USADB must file 2008 Tax Filing with IRS AFTER the all of the Financial Reports are thoroughly AUDITED.
- 8) USADB must list the names of the Bank and the co-signers of ALL Banks in 2006, 2007, and 2008 for both USADB and International.
- 9) USADB must abide and enforce USADB Bylaws dutifully.
- 10) USADB must have the receipts and/or the proof of reimbursement before making any payments.
- 11) USADB must list the names of all USADB Members of 2006, 2007, and 2008.
- 12) The Resident Agent of USADB must take the action to oversee the USADB in order to operate in according to USADB Bylaws and State of Kansas.

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- 13) The Resident Agent dutifully must report to State of Kansas when s/he deemed any of illegal and/or violations in USADB prompt.
- 14) USADB must abide the State of Kansas statues of Non Profit organization in order to continue the incorporation.

The Audit Team has an obligation to report both State of Kansas and IRS in according to Sarbanes-Oxley Act.

In the Audit Report Power Presentation will show the USADB Members of what the Audit Team had audited and why it had not been audited yet. It is to assure you that the Audit Team did our very best to safeguard USADB for every USADB members.

Despite that the Audit Team was only to focus on 2006, 2007 and 2008, not 2009, but with more issues had surfaced in 2009 indicated that USADB has not yet improved with their internal Financial and Political. For instance, it was learned that three Olympic players had the loan contracts with USADB International to participate the 2009 Deaflympic, leaving alternative players readily funded is a violation of all USADB, USADSF, and Olympics' policy to have any loan contracts with the players.

General speaking, it is with much regrets that there is no confidants in the USADB Board right now with all those issues just kept on surfacing. And the Audit Team assures every one of you as USADB Members, the State of Kansas, and IRS that the Audit Team is NOT legal responsibility for any issues and deceptions internal of USADB from 2006 to present.

Simply put, the key to a successful and reliable organization is integrity, enforce to abide the Bylaws, to file audited reports on time, maintaining the highest standards of ethical and accountability behavior, to disclosure any documents that USADB member(s) asked, to transparency in two ways street, not one way street, and most important of all, just do the right thing. Then, in no doubts, this organization will not have many issues and will easily have the Regions and members trust.

It is time for Deaf Basketball Community to take action to prevent fraud and abuse before the public trust is lost. It is time for USADB to take their financial and political oversight responsibilities more seriously by developing more time and energy, rather than interfering the Regions, interfering the teams/players, and neglecting to abide USADB Bylaws respectfully in according to ALL Officer's duties outlined in their Bylaws. USADB should be able to take measures to protect their organizations from fraud and any illegal procedures.

It is time for everyone to become more aware of the potential for fraud and abuse in USADB and take a stand in the fights against it. It is now time for Auditors to put away the traditional audit check list away from a moment and to go beyond the minimum required by the standards and take an individualized approach to assessing the risk of fraud in each audit and developing audit procedures that respond to that risk before audit become viewed as worthless or limited in value.

Respectfully submitted,

Joey Brafford, Auditor

Bonnie. R. Schwebke, Auditor

Lynn Williams, Auditor

**Audit Team for 2006, 2007 and 2008 USADB Financial Reports**

Cc: **USADB**  
**CAAD, EAAD, FAAD, MAAD, NEAAD, NWDBA, SEAAD, SWBAD**  
**Registered Agent of USADB, Jack Cooper**  
**USADSF**