

## Audit Team Report: May 11, 2011

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This is to inform everyone of you that the Audit Reports of 2006 USADB, 2007 USADB, and 2008 USADB are **NOT** done because the Audit Team can NOT justify numerous of transactions from all those Bank Statements of Wells Fargo, Chase, and Wachovia **WITHOUT** any supporting documents.

The 2007 USADB International is nearly to be done because the Audit Team had received the supporting documents with a few more remaining left.

Here are the recommendations:

- 1) USADB must finish the auditing of all 2006, 2007, 2007 International, and 2008 with supporting documents.
- 2) USADB must have the supporting documents to justify for any payments and the breakdown for any earnings/revenues made shown in their Bank Statements.
- 3) USADB must have all the supporting documents to finish the auditing first before taking any actions.
- 4) USADB must have the "Open Book" and "Two ways communication" with any Auditors in related to any USADB Financial Reports, just like the Region does their open books with the Auditors.
- 5) USADB must enforce the proper procedures in their Constitution and Bylaws in related to Financial and to compliance IRS rulings for 501c3 that none of the earnings of the nonprofit organization may inure to any private shareholder or individual:
  - a. ARTICLE NINE. Compliance
  - b. ARTICLE TEN. Indemnification, § 10.02 Determination of Payments
  - c. ARTICLE TEN. Indemnification, § 10.03 Expenses.
  - d. CHAPTER THREE. Duties of Officers/Staff, § 3.03 Treasurer.
  - e. CHAPTER THIRTEEN. Financial Authority, Responsibility, Dues and Expenses, § 13.08 Expenses of the Association, and § 13.11 CPA Audit of the Association's Financial Reports.

In your writing, "Please include names of individuals where necessary, if you make a recommendation regarding missing or misappropriated funds."

1) **Ray Kithlau:** \$842.99

USADB had paid for Ray Kithlau's rental car damage. According to the supporting documents indicated that Ray Kithlau initialized and signed: *Renter declines optional collision damage waiver (CDW) and assumes damage responsibility, see page 2, paragraph 5.* It should not be USADB's responsibility to pay for his rental car damage. However, if Ray Kithlau wants USADB to be reimbursed by USADB, then Ray needs to do in according to USADB Constitution, *10.02 Determination of Payments (1) Any amount payable as indemnification under this Article shall be determined and paid by the Association pursuant to a determination by a majority vote of the Basketball Council, that such person seeking indemnification has met the standards of conduct set forth in this Article.*

The rest of the individuals are not complete because of NO supporting documents received yet after asking USADB numerous times; for that reason, it cannot be listed until the Audit Team sees all the supporting documents first before placing their names on the list.

In this writing and for the record, the Audit Team of Lynn Williams, Joey Brafford, and Bonnie R. Schwebke are NOT legal responsible for the following of:

- 1) Unfinished auditing of 2006, 2007, 2007 International, and 2008 because of no supporting documents were submitted after asked USADB numerous times.
- 2) Any of USADB Tax Filings of 2006, 2007, and 2008 IRS 990 Forms.
- 3) Any financial reports made by USADB for the year of 2006, 2007, and 2008.

Regards~

The Audit Team