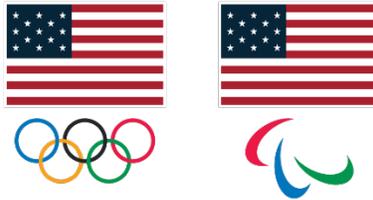

United States Olympic & Paralympic Committee

Audit & Organizational Advancement



Report for:
USA Surfing

Review of:
2019 Compliance Checklist

Dated:
April 14, 2020



UNITED STATES
OLYMPIC & PARALYMPIC
COMMITTEE
1 Olympic Plaza
Colorado Springs, CO 80909

April 16, 2020

Greg Cruse
Chief Executive Officer
USA Surfing

Dear Greg,

Enclosed is the United States Olympic & Paralympic Committee's (USOPC) report on the 2019 Compliance Checklist for USA Surfing. We want to express our appreciation for the time you and your staff spent completing the Checklist and providing documents during the review.

USA Surfing was compliant as it specifically relates to the compliance checklist report for the questions outlined below in area of anti-doping. There were initially eight deficiencies identified in the following areas: governance/managerial; financial capability; and due process and athlete representation. However, with an update to their policies, USA Surfing remedied two deficiencies in the area of financial capability and have six deficiencies remaining in this report. There are also additional observations in the report that, when implemented, would improve the grievance procedures and anti-doping policy.

As of September 13, 2019, the USOPC Board approved the revised NGB and HPMO Athlete Safety Policy. In an effort to align the Compliance Checklist process with the NGB and HPMO Athlete Safety Policy, eliminate redundancies, and ensure clarity as it relates to what entity is solely responsible for auditing SafeSport requirements, the auditing of athlete safety requirements now falls under the jurisdiction of the U.S. Center for SafeSport.

The report will be presented to the USOPC Athlete and NGB Engagement Committee and be made available on TeamUSA.org. We hope you found the review process to be helpful. If you have any suggestions, please do not hesitate to share them with us.

Sincerely,

Audit & Organizational Advancement Team

cc: Rick Adams Chris McCleary Andrea Swayne
Wendy Guthrie Denise Parker Kevin Schulz
Onye Ikwuakor



2019 COMPLIANCE CHECKLIST REPORT

USA Surfing

OBJECTIVE AND SCOPE

The objective of the review is to verify USA Surfing is in compliance with key elements of the Ted Stevens Olympic and Amateur Sports Act, the USOPC Bylaws and certain USOPC policies, in order to demonstrate ongoing commitment to the values and requirements of membership in the USOPC. The scope includes the 2019 Compliance Checklist certified by USA Surfing and the supporting documents provided by USA Surfing. Compliance Checklist procedures are designed to verify that certain NGB policies are in place. This Compliance Checklist does not conclude on the effectiveness of any policies reviewed. Additional audit procedures are completed on select NGBs each year to verify various policies and processes are being followed.

The following chart shows all the requirements in the Compliance Checklist and corresponding status for USA Surfing. For any deficiencies, see the explanations and action plans after the chart.

	Question	Status
Governance/Managerial		
1	Do you have a code of conduct for your employees, members, board of directors and officers?	Compliant
2	Do you have a strategic plan that is capable of supporting athletes in achieving sustained competitive excellence, and in growing the sport?	Compliant
3	Do you have your current bylaws posted on your website?	Compliant
4	Are you compliant with the insurance requirements as set forth in Exhibit 2 of the most recent PPA?	Deficient
5	Have you submitted, in a timely fashion, data and information on the participation of women, individuals with disabilities and racial and ethnic minorities in your athletic activities and administration?	Compliant
6	Have you submitted to the USOPC for review and approval a plan to encourage the participation of men, women, individuals with disabilities and racial and ethnic minorities in your amateur athletic activities and administration?	Compliant
Financial Capability		
7	Are you recognized by the IRS as a tax-exempt organization?	Compliant
8	Are you incorporated under the laws of a state of the United States or the District of Columbia as a not-for-profit corporation?	Compliant
9	Do you have your three most recent IRS Form 990s on your website?	Deficient
10	Have you completed and posted on your website your three most recent annual audited financial statements?	Deficient
11	Do you have written financial policies and procedures?	Compliant
12	Do you have an approval and/or review process for cash disbursements?	Compliant
13	Do you provide frequent (monthly or quarterly) financial statements to your board or designated committee?	Compliant
14	Do you have a board-approved annual budget?	Compliant

15	Have you spent USOPC funds as required by the funding agreements in the previous 12 months?	Deficient
16	Do you maintain accurate accounting records in accordance with accounting principles generally accepted in the USA (GAAP)?	Deficient
Due Process and Athlete Representation		
17	Do you provide procedures for the prompt and equitable resolution of grievances of your members?	Compliant
18	Do your grievance procedures provide for fair notice and opportunity for a hearing to any athlete, coach, trainer, manager, administrator or official before declaring the individual ineligible to participate?	Deficient
19	Do you require at least 20% athlete representation on grievance panels?	Compliant
20	Do you have at least 20% athlete representation on your board of directors?	Compliant
21	Do you have at least 20% athlete representation on your budget committee?	Compliant
22	Do you have at least 20% athlete representation on your selection committee, which prepares, approves or implements selection of international, Olympic, Paralympic and Pan American Games team members, including athletes, coaches, administrators and sport staff?	Compliant
23	If you govern or operate a Paralympic Sport, do you have a Paralympic Sport Advisory Group that includes a combination of coaching staff, high performance staff and at least 20% Paralympic athlete representation to craft and approve selection procedures and to serve in an advisory capacity for high performance planning?	Compliant
Athlete Safety		
24	Do you have language in your bylaws that provides jurisdictions to the U.S. Center for Safe Sport?	*Transitioned to U.S. Center for SafeSport
25	Do you have a USOPC-compliant Athlete Safety Policy?	*Transitioned to U.S. Center for SafeSport
Anti-Doping		
26	Do you inform Athletes, Athlete Support Personnel and other Persons in your sport of the USOPC National Anti-Doping Policy and of the USADA Protocol?	Compliant
27	Unless otherwise agreed by USADA, at least quarterly do you provide USADA with an updated list of athletes, proposed by your NGB, to be included in the USADA RTP? With respect to each athlete on such list and such additional athletes as may be designated by USADA for inclusion in the USADA RTP, do you provide USADA with initial contact information which shall, at a minimum, include accurate residential, mailing and email addresses (if available) and phone numbers for each athlete?	Compliant
28	At least six months prior to the commencement of the most recent applicable Olympic or Paralympic Games, did you provide USADA with a list of all athletes that may have reasonably been selected to represent the U.S. in such Games?	Compliant
29	Do you have an identified staff member to act as a liaison with USADA?	Compliant

*The U.S. Center for SafeSport has taken jurisdiction over the auditing of Athlete Safety requirements. To that end, as of 9/13/2019, the USOPC will no longer review Athlete Safety requirements which fall under the Center's jurisdiction.

DEFICIENCIES

4. Are you compliant with the insurance requirements as set forth in Exhibit 2 of the most recent PPA?

According to the USOPC's third party administrator for insurance verification, USA Surfing's certificate of insurance was rejected and listed as non-compliant.

USA Surfing Action Plan: *We have found and are getting the \$5,000,000 liability policy. We are having difficulty finding the competitor insurance due to the fact that our sport is classified as "inherently dangerous" and all risk and liability belongs to the participant. We found two companies that may be able to write secondary insurance for our competitors. We are working on that. We will have it resolved by year end.*

USOPC Status Update: USA Surfing is working with its insurance broker and the USOPC to obtain insurance which meets the requirements.

9. Do you have your three most recent IRS Form 990s on your website?

USA Surfing's first IRS Form 990 (990) was for 2017 and is posted on the website. Per the response on USA Surfing's Compliance Checklist submission, its 2018 990 is currently in process. However, according to the IRS, a 990 must be filed by the 15th day of the 5th month after the end of the accounting period, which makes the 990 filing deadline May 15 for organizations that have a year end of December 31.

USA Surfing Action Plan: *USA Surfing's 2018 IRS Form 990 is currently in the works. This should be completed within the 90-day remedy period. We have only been an organization since July 2017. 2017 990 is on our site. USOPC did not require an audit on our first partial year (2017).*

USOPC Status Update: USA Surfing has not posted the 2018 990 to its website.

10. Have you completed and posted on your website your three most recent annual audited financial statements?

USA Surfing does not have its 2018 audited financials posted on the website.

USA Surfing Action Plan: *USA Surfing's 2018 Audited Financials are currently in the works. This should be completed within the 90-day remedy period. We have only been an organization since July 2017. 2017 990 is on our site. USOPC did not require an audit on our first partial year (2017).*

USOPC Status Update: USA Surfing has not posted the 2018 audited financials to its website.

11. Do you have written financial policies and procedures?

USA Surfing was unable to submit written financial policies and procedures for the auditor to review during the Compliance Checklist.

USA Surfing Action Plan: *We have the document prepared and with our Audit Committee for approval. We are using the USOPC Template as a starting point.*

USOPC Status Update: USA Surfing has developed financial policies and procedures and is considered compliant as of April 6, 2020.

12. Do you have an approval and/or review process for cash disbursements?

USA Surfing was deemed deficient above for being unable to submit financial policies and procedures

documents to review.

USA Surfing Action Plan: *We have the document prepared and with our audit committee for approval. We are using the USOPC Template as a starting point.*

USOPC Status Update: USA Surfing has developed financial policies and procedures including a review and approval process for cash disbursements. It is considered compliant as of April 6, 2020.

15. Have you spent USOPC funds as required by the funding agreements in the previous 12 months?

According to the 2019 audit recommendations for USA Surfing, the NGB did not spend funds as required by funding agreements and is working with the USOPC to determine a course of action for the disallowed funds.

USA Surfing Action Plan: *Working on reallocation for funding where the check was written for item in our funding agreement, but not cashed until 2019.*

USOPC Status Update: USA Surfing was unable to reach an agreement for reallocation with the USOPC's Sport Performance Department. An invoice was sent on March 23, 2020.

16. Do you maintain accurate accounting records in accordance with accounting principles generally accepted in the USA (GAAP)?

Due to the deficiency noted in #10 above, regarding the 2018 audited financial statements, the USOPC was unable to verify whether accurate accounting records have been kept in the most recent fiscal year.

USA Surfing Action Plan: *USA Surfing's 2018 Audited Financials are currently in the works. This should be completed within the 90-day remedy period. Our Audit will confirm adherence to GAAP.*

USOPC Status Update: USA Surfing was unable to provide documentation to remedy this deficiency.

18. Do your grievance procedures provide for fair notice and opportunity for a hearing to any athlete, coach, trainer, manager, administrator or official before declaring the individual ineligible to participate?

USA Surfing provides an opportunity for a hearing in Section 5.4 of its Bylaws prior to terminating membership. USA Surfing does not, however, provide an opportunity to be heard prior to a permanent or provisional suspension. A permanent or provisional suspension would impact an individual's ability to participate and therefore, an opportunity for a hearing should be provided.

USA Surfing Action Plan: *USA Surfing will amend its Bylaws, Section 5.4, to include an opportunity for a hearing for provisional or permanent suspensions.*

USOPC Status Update: USA Surfing was unable to provide documentation to remedy this deficiency.

ADDITIONAL OBSERVATIONS

During the review we identified additional areas for improvement. The additional observations do not impact the compliant status but could impact it in the future.

Do you provide procedures for the prompt and equitable resolution of grievances of your members?

USA Surfing does not specify that Judicial Committee members appointed to a hearing panel will be free of

conflict of interest under Section 13.10 of the Bylaws. USA Surfing could add language to make this clearer.

Additionally, USA Surfing accounts for arbitration procedures in Section 13, Section 13.15, however, makes no reference to binding arbitration pursuant to Section 4, Section 4.1(k). It would provide clarity if the grievance procedures allowed for binding arbitration.

USA Surfing Action Plan: *We are adding this language to our bylaws which will be approved at our 12/20/19 Board of Directors meeting.*

USOPC Status Update: USA Surfing was unable to provide documentation to address this observation.

Do your grievance procedures provide for fair notice and opportunity for a hearing to any athlete, coach, trainer, manager, administrator or official before declaring the individual ineligible to participate?

USA Surfing's Bylaws, Section 13.9 provides that the respondent will be afforded "basic due process rights" but does not specify what they consider included under due process. It is unclear if the respondent to a complaint is provided a notice of the charges and requested remedy.

USA Surfing Action Plan: *We are revising this language in our bylaws which will be approved at our 12/20/19 Board of Directors meeting.*

USOPC Status Update: USA Surfing was unable to provide documentation to address this observation.

Do you inform Athletes, Athlete Support Personnel and other Persons in your sport of the USOPC National Anti-Doping Policy and of the USADA Protocol?

USA Surfing does inform its athletes, athlete support personnel and other persons in the sport of their obligations in its Bylaws, Section 5.3 (a), however it is missing a reference to the USOPC National Anti-Doping Policy.

USA Surfing Action Plan: *This will begin with our 2020 Olympic Team, the first group that comes under the USADA policy. The reference to USOPC National Anti-Doping Policy will be added to section 5.3 (a) and approved at our 12/20/19 Board of Directors meeting.*

USOPC Status Update: USA Surfing was unable to provide documentation to address this observation.

CONCLUSION

USA Surfing must improve its governance/managerial, financial capability, and due process and athlete representation to be fully compliant with the USOPC's Compliance Checklist. The Compliance Checklist does not conclude on the effectiveness of any policies reviewed. Additional audit procedures are completed on select NGBs each year to verify various policies and processes are being followed.