



Consent to Action Without Meeting and via Online Vote of the Board of Directors of USA Surfing, dated February 24, 2020

BACKGROUND

A. USA Surfing is a corporation (the Corporation) organized and operating under the laws of the State of California. Under Sections 6.16 and 6.19 of the Corporation’s Bylaws, the Board of Directors (the Board) of the Corporation is authorized to enter into a Unanimous Written Consent as constituting an act of the Board.

B. As the U.S. Olympic and Paralympic Committee recognized National Governing Body of U.S. Olympic Surfing, the Board reviews and approves significant corporate actions, including material contracts and policy/procedure documents that are in the best interests of the Corporation.

IT WAS RESOLVED THAT:

- Any one of the Corporation’s officers or Directors is authorized to execute and deliver the following codes of conduct (the Codes), forms of which are attached hereto:
“USA Surfing Financial Policies Procedures_020320_FINAL”
- The drafted policy shall be submitted to the Board at a subsequent Board meeting for ratification.
- Any one Director or officer of the Corporation is authorized to sign all documents and perform such acts as may be necessary or desirable to give effect to the above Resolutions.
- This Unanimous Written Consent shall be recorded in the Minutes of the Corporation.
- This Unanimous Written Consent may be signed in counterparts. Copied, scanned or electronic signatures are binding and considered to be original signatures.

Dated in the State of California on the 24th day of February, 2020.

Andrea Swayne (Signature)
A81E0342D893450...

Andrea Swayne (Signature)
40BFC81D0FF437...

Randy Brecher (Signature)
7FAF2CEDF3F94D5...

Kevin Dean (Signature)
7FAF2CEDF3F94D5...

Charlie Setzler (Signature)
68EE2E1F46AA4B5...

Christian "Otter" Bailey (Signature)
DAB5C0F61A3C43B...

Chad Faulkner (Signature)
31DDA7492EDA450...

ASV (Signature)
D6835F7FB535487...

Jason Douglas (Signature)
99AA5FC6D96B443...

Kevin Schulz (Signature)
B7F5AE5F218249E...

Kevin Schulz

DECEMBER 31, 2019

FINANCIAL POLICIES & PROCEDURES

OF

USA SURFING, INC.

**USA S, Inc. – Financial Policies &
Procedures**

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A. Annual Accounting Period

USA Surfing maintains a calendar annual accounting period which runs from January 1 to December 31 of each year.

B. Annual Budget Development

1. Creating the Budget

The proposed budget is broken out into departments where applicable: Revenue, General Administration/ Marketing/Fundraising Expense, High Performance and Athlete Expense, etc. The Department Directors, where available are responsible for creating the initial requested budget to present to the Chief Executive Officer (“CEO”). The **Treasurer** and CEO shall collaboratively develop the budget.

The proposed budget is then given to the Audit Committee and the Board, or by whatever process accords with the **USA Surfing** Bylaws. The Audit Committee and the Board are to analyze and review the proposed budget from a viewpoint of both tactical and strategic relationships between the budget and the organizational mission. The Board shall approve the forthcoming budget by December of each year.

The CEO will accept a prioritized list of unbudgeted items so that if additional revenue becomes available, expense items can be strategically added during the year. This process would be initiated by the CEO for submission to the Board, with final approval granted by the full Board of Directors.

2. Creating the Chart of Accounts

The chart of accounts is created by taking the Board-approved budget and assigning each line item an account number. To distinguish one department/discipline from another, class reporting shall be used. Once the chart of accounts is established, staff will receive a list of the accounts and classes pertaining to their respective departments/disciplines for use on expense reports. Department Directors are responsible for monitoring expenses within each of their classes throughout the year to ensure the line items do not go over budget.

3. Budget Variances

The approved budget from the Board of Directors will not be modified or revised. If at any point throughout the year Department Directors become aware that they will, or have, run over or under-budget on a line item, it must be addressed by the CEO.

Periodic Reporting

4. Creating the Income Statement by Department

The purpose of the income statement is to show the net income or loss at a given time. The income statement by class is created for each individual class or discipline. All income accounts should be listed first, followed by all expense accounts by department/discipline.

5. Creating the Balance Sheet

The purpose of the balance sheet is to show the financial position of the organization over the annual accounting period. The balance sheet shows what **USA Surfing** owns and what **USA Surfing** owes. The difference between what **USA Surfing** owns and owes is the organization's net assets. The balance sheet is created by listing all **USA Surfing**'s assets, all short-term and long-term liabilities, and the net assets.

6. Monthly Closings

At the end of a given month the **outsourced accounting firm** will complete a monthly soft close, reconciling bank and balance sheet accounts, and perform a hard close each quarter (See Exhibit e. The month end close will include the following:

- Reconciliation of cash accounts;
- Accounts Receivable detail;
- Accounts Payable detail;
- Line of Credit;
- General journal entries; and
- Financial statements (available in QuickBooks for non-quarter months)

To initiate the monthly closing process, monthly bank account statements will be downloaded from the bank website. The CEO will be responsible for reviewing the monthly bank account statement and comparing it to the bank reconciliation report provided by the outsourced accounting firm. The CEO should ensure the bank account statement and bank reconciliation report reflect the same information as it relates to deposits and withdrawals. The deposits on the bank account statement should be compared to the revenue control sheet that month to ensure all the funds were deposited into the bank account. The bank account statement should be reviewed to ensure the cashed checks, ACH withdrawals, credit card payments, and wire transfers were appropriate disbursements. The CEO should also review the bank account statements for routine withdrawals such as payroll, retirement contributions, insurance, etc. to ensure the transactions occurred and were accurate.

7. Year-End Closings

At fiscal year-end, the monthly closing detailed above will be completed, however additional detail pertaining to the following will be included as well:

- 1) Reconciliation of foreign currency account, if any
- 2) Inventory adjustments
- 3) Advances pending receipts

8. Audits

Each year, a Board-approved independent auditor will perform an audit of the previous

annual accounting period. All accounting records will be made available for review. The purpose of the audit is to express an opinion on the financial statements and the validity of the information presented. The audit will be conducted in accordance with generally accepted auditing standards, planning and performing the audit to obtain reasonable assurance of whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

USA Surfing will also permit the USOPC, at its request, to conduct an audit of expenses supported by any funding provided by the USOPC. **USA Surfing** will allow the USOPC to have reasonable access to all files, records, and personnel necessary to make such financial audits, verifications, and program evaluations as deemed appropriate during the term of the USOPC funding and for four (4) years after the expiration or termination of any USOPC funding.

9. USOPC grant reports

In accordance with **USA SURFING's** Program Partnership Agreement, the USOPC requires the submission of reports throughout the year for various funding and grants, subject to the specifications and requirements in the funding or grant agreements. Funding paid to **USA Surfing** during the course of a year must be accounted for by completing a final report on each project. The final report will provide a brief narrative and financial overview for each project.

C. Account Maintenance

1. Online Banking

USA Surfing will seek to maintain accounts with financial institutions that provide online banking capabilities. The CEO and **Treasurer** will have online access to **USA Surfing's** accounts, and the outsourced accounting firm will be granted read-only access. Online access will be primarily to review account balances for accuracy and control purposes. **USA Surfing** may also engage in online transactions including transfers between linked **USA Surfing** accounts and payments to certain vendors. Where possible all electronic payments should be made through the third-party accounts' payable management tool (Bill.com). Online transfers and payments must comply with all additional procedures for payments as detailed in Section F.

D. Accounts Receivable

1. Invoicing

An invoice (*see* Exhibit C) must be issued whenever money is owed to **USA Surfing**, **except in cases of membership or event revenue processed through USA Surfing's website and merchant processor**. Invoices will be issued by **USA Surfing administrative staff** with assistance from the outsourced accounting firm with a copy of the invoice being sent electronically through QuickBooks to the customer. When a check or other form of payment

is received, the **USA Surfing administrative staff** will share scanned check images with the outsourced accounting firm to record the invoice as paid in the accounting system. For invoices that remain outstanding at the end of a month, a statement will be issued. If an invoice is still outstanding after 60 days, the **Treasurer or his designee** may call or email the customer to identify an anticipated date of receipt.

2. Receipt of Payment

When a check or other form of payment is received, the individual checking the mail should utilize a revenue control sheet to list incoming payments along with GL and class coding to share with the outsourced accounting firm. The individual checking the mail should not have access to the accounting and/or membership system to ensure proper segregation of duties. Once the revenue control sheet has been created a copy should be provided to the CEO to review. The checks and cash can then be provided to the USA Surfing checking account and payments should be posted to the open invoices in the accounting system.

Upon receipt of a check or cash payment, the **CEO** or his/her designee will deposit the funds electronically as soon as feasible. The CEO or his/her designee will make scanned images of the payment. A receipt will be recorded in the accounting system by USA Surfing's outsourced accounting firm to allocate the funds to the appropriate account.

Upon receipt of a credit card payment, the transaction will be recorded in the accounting system to allocate the funds to the correct account. Copies of the credit card receipt will be filed in QuickBooks when possible.

For all on-line deposits, such as membership payments or on-line donations, amounts are reconciled on a monthly basis by the **USA Surfing's outsourced accounting firm**. The funds deposited will be reconciled with a report from the membership and/or development system. The **Treasurer** will not have edit access to these systems to ensure appropriate internal controls and segregation of duties exist.

3. Refunds

If a credit card refund is necessary, it will only be issued to the card on which the transaction was originally processed.

E. Accounts Payable

1. Receipt of Invoices

Incoming invoices will be received by the **CEO** and reviewed and verified for accuracy and compliance with the budget. Invoices will be coded for GL account and class and forwarded to USA Surfing's outsourced accounting firm to be posted to the accounts payable management system, routed for online approval, and synced to the accounting file.

The process for payment of officials and others working at events such as Prime, if the normal invoice process proves to be unworkable, will be as follows: (1) Every effort will be made to create a list in advance of those working the event and the dollar amount that will be paid. The request will be submitted to the outsourced accounting firm, who will cut checks to be distributed at the event after obtaining a signed acknowledgment from the payee. (2) On an

exception basis, if after completing (1), there remains outstanding payments owed that cannot be resolved through the standard invoice procedure and need to be paid the day of the event, the CEO is authorized to issue individual checks, not to exceed five hundred dollars (\$500) each as required with the exception that the CEO will not issue a check to himself, his family or anyone acting on his behalf. These types of disbursement will be routed to the accounting firm for proper accounting.

Contracts

In your work for **USA Surfing** you may need to commit **USA Surfing** to doing things or paying money to a third party in exchange for services or goods from that third party. In each such case, you will need a contract. A contract is an expressed agreement between parties for an exchange of goods or services. Contracts can take many forms, but they must be clear on the terms of the exchange. Contracts must be in writing and signed by the CEO or an appropriately appointed staff member. All fully executed contracts must be given to the **Treasurer and USA Surfing's outsourced accounting firm** to be kept on file. Any contracts over \$50,000 must be approved by the Board.

USA Surfing will make every effort to obtain competitive pricing, and for any purchase for goods or services over \$50,000, will try to obtain three or more quotes. Thresholds for competitive sourcing requirements apply to the total order amount. Splitting orders to avoid quote and/or bid requirements is not allowed.

2. Disbursement of Funds

Funds on deposit in banks or other financial institutions may be drawn upon only by check, ACH payment or transfer. For invoice payments of ten thousand dollars (\$10,000) or less, authorization may be granted electronically using approval mechanism within the cloud-based accounts payable management system by the CEO. For disbursements greater than ten thousand dollars (\$10,000), authorization must be granted using the approval mechanism within the cloud-based accounts payable system by the Treasurer, Board President/Chairperson and the CEO. (*see* Exhibit E). Invoices are maintained within the cloud-based accounts payable management tool.

Transfers between linked **USA Surfing** bank accounts may be authorized by either the Board of Directors Chairperson or CEO via the Transfer Request form (*see* Exhibit B). There is no threshold which triggers additional signature requirements. A copy of the Transfer Request form must be filed in both corresponding monthly bank files.

3. Check Writing or ACH Payment Procedures

Checks are written or ACH payments made as necessary, but not less than weekly, and decisions for payment will be based on the Aged Payables report and current cash flow. The **USA Surfing's outsourced accounting firm** will process invoice payments once invoices are approved within Bill.com.

Wire Transfers

Wire transfers will be arranged on an as-needed basis. For wire disbursements of ten thousand dollars (\$10,000) or less, authorization may be granted via the Wire Transfer

Request form (*see* Exhibit G) with the signature of either the Board of Directors Chairperson or CEO. For wire disbursements greater than ten thousand dollars (\$10,000), authorization may be granted with the signatures of both the Board of Directors Chairperson and CEO. Once the necessary signatures have been obtained, the wire transfer will be initiated by the **Treasurer** or USA Surfing's bookkeeping service with the appropriate banking institution. The CEO will provide any necessary confirmation of wire transfer details to satisfy respective institutions' call-back or approval procedures. Email confirmation, when available from the banking institution, of wire transfers processed will be provided to the CEO. A copy of the Wire Transfer Request form must be filed in the vendor file and monthly bank file.

F. Payroll

Payroll is processed through the 3rd party payroll provider. Timesheets and payroll changes are verified by the CEO. All documentation is reviewed by the **Treasurer or USA Surfing's outsourced accounting firm**, payroll is approved by the CEO and processed by the outsourced accounting firm. The Audit Committee will receive an annual payroll report. In this manner the CEO is informed of all hours charged, bonuses paid and other payroll changes. If the **Treasurer** is unavailable, the CEO may approve the payroll.

The payroll data is e-mailed to the **Treasurer** and the CEO, who reviews and approves. Electronic versions of the payroll register, and related reports is maintained and is available for review by the CEO or the Board of Directors.

G. Expense Reporting

Individuals incurring expenses on behalf of **USA Surfing** are required to report on expenditures through the completion of an expense report (*see* Exhibit D). Where applicable, receipts must be submitted with the expense report. The expense report will detail what the expense was for, the amount of the expenditure, and to which budget line it should be allocated. It is recommended that expense reports be submitted to the **CEO** within 10 days of the completion of incurring the expense to allow the expense to be recorded in the period the expense was incurred. Ideally, expenses must be submitted for reimbursement within three months of being incurred, or they risk not be reimbursed. Expense reports are processed weekly for employee reimbursement.

1. Credit Card Procedures

Credit cards may be issued to employees primarily to facilitate travel. All cardholders are responsible for completing expense reports to verify and summarize all card activity.

When credit card statements are received by USA Surfing administrative staff, they will be matched with the submitted expense reports and receipts to confirm all transactions are correct and documented, and coding for GL account and class will be indicated. If any transactions appear for which an expense report and receipt has not been submitted, the **administrative** staff member will contact the cardholder to confirm the transaction and request the documentation be provided. If expense reports and receipts are not submitted timely, and the transactions cannot be verified prior to the payment being due, the cardholder will be billed for the late charge of that respective credit card company.

Whenever possible, original receipts should be submitted; however, while cardholders are traveling abroad, receipts can be scanned, emailed (or via an app) to the **administrative staff**.

The Board of Directors Chairperson or Treasurer will review the corporate credit card activity of the CEO.

2. Missing Receipts

Cardholders are responsible for the collection and submission of all receipts for all transactions occurring on their credit cards. Every effort should be made to obtain a duplicate copy of a missing receipt from the vendor. If the cardholder is unable to obtain a copy, a Missing Receipt statement must be sent to the CEO with a complete explanation of the expense.

H. Expense Reimbursement

Any **USA Surfing** personnel requesting reimbursement of expenses must submit a completed expense report form (*see* Exhibit D) along with supporting documentation to the administrative staff for CEO approval. This approved reimbursement report will be provided to the outsourced accounting firm for processing. Each individual submitting an expense report is responsible for making sure all areas of the form are properly completed before submission. All expense reports must be approved by the Director of the Department (or designee) and the CEO. The CEO must approve expense reports that are submitted by the Director of the Department (or designee). Reimbursements requested by the CEO must have the additional approval of the Board of Directors Chairperson or Treasurer.

There are certain expenses that **USA Surfing** will not reimburse (i.e., traffic/parking violations). Additionally, if an individual incurs an expense for an unbudgeted item for which they did not receive prior authorization from the Director of the Department (or designee), CEO or **Treasurer**, it may not be reimbursable. While **USA Surfing** does not have an all-inclusive list of non-reimbursable expenses, the CEO has the right to deny reimbursement of any unnecessary, excessive, or inappropriate expenses.

I. USA Surfing Capital Assets

1. Purchase of Capital Assets

USA Surfing carries certain durable (i.e., non-consumable) assets on its books as capital purchases if the invoice was two thousand dollars (\$2,000) or more. If an item purchased is two thousand dollars (\$2,000) or more, the item must be capitalized if allowed under appropriate accounting requirements. A capital purchase must be approved, in writing, by the CEO and the timing of the purchase must be coordinated with the CEO or **Treasurer or his/her designee**.

Incurring of any financial obligation and/or execution of any debt instrument (including, but not limited to, loans and leases), for the purpose of securing a capital asset, must be approved by the Board. Approved debt instruments may be executed only by the CEO or Board of Directors Chairperson. **USA Surfing** will not accept personal loans from staff members or Board of Directors nor will it make provide loans to such individuals.

2. Sale of Capital Assets

The sale of any **USA Surfing** asset, whose original purchase price is estimated to have been over the capital asset threshold must be approved in advance by the CEO or Board. When in doubt of the value, a recommendation should be obtained from the **Treasurer**. The individual approving the sale is responsible for notifying the **Treasurer** in writing of the proposed sale, the proposed sale price and the name of the person responsible for forwarding the bill of sale and money to **USA Surfing**'s office.

The responsible individual must forward the bill of sale and money received to **USA Surfing**'s office immediately after the sale has been completed. Such funds cannot be diverted to other uses, organizational or otherwise. Any legal titles (i.e., automobile titles) must be signed by a USA Surfing officer.

We should be able to anticipate, in advance, the sale of almost any asset that has outlived its usefulness. The approval process should be followed in these cases. However, occasional opportunities to sell assets come along on short notice and would be lost if the entire approval process were followed. If a coach or other individual in a position of authority is certain a sale would otherwise be approved, he/she may take responsibility and consummate the sale. However, this expedited process should only be exercised in exceptional cases. This does not apply to the sale of automobiles or other assets for which a USA Surfing officer needs to sign the title or bill of sale.

J. Inventory

USA Surfing may maintain inventory of products for resale and promotional use. The value of inventory is recorded using the first-in, first-out method. A physical count of all inventory will be taken periodically but no less than once per year. The physical inventory counts will be done by an individual that does not have routine access to inventory or the inventory records to ensure proper segregation of duties. This function can be outsourced. If the year-end physical inventory shows significant discrepancies between system generated and manual counts, additional inventory counts will be performed during the year. An adjustment will be made to perpetual records based on the physical inventory performed. Inventory reports should be provided to senior management and the Audit Committee.

K. Financial Record Backup Policy

Financial accounting records are maintained and backed up via the accounting system using multiple levels of redundancy to guard against failure. The accounting system should also utilize a comprehensive disaster recovery process, hot backups, and offsite backup storage.

EXHIBIT A – Monthly Financial Reporting Closing Procedures

USA Surfing

Monthly and Annual Financial Reporting Closing Procedures

Updated: DATE

Completed By: Reviewed By:

- | | | | |
|---|--|-------|-------|
| 1 | At year-end, count all foreign currency and adjust trial balance to US currency. Use excel spreadsheet to detail count and provide the detail in the year-end close file. | _____ | _____ |
| 2 | Reconcile all cash accounts. Investigate all reconciling items greater than three months old. Attach all reconciliations to bank statements and include in month end closing folder. Include copy of all cancelled checks for the month. | _____ | _____ |
| 3 | Review accounts receivable outstanding and agree aging report to trial balance. Tie receivable listing to open invoice folder. Investigate old or problem receivables. Include aging report in month end closing folder. | _____ | _____ |
| 4 | Perform a physical count of inventory at year-end. Adjust inventory as needed through COGS account to agree to physical count. Include physical count in year-end closing folder. | _____ | _____ |
| 5 | At year-end, reclass pending travel advances to prepaid and immediately reverse following year-end. | _____ | _____ |
| 6 | Review accounts payable outstanding by agreeing to open invoice folder. Ensure that aging report matches trial balance. Include aging report in month end closing folder. | _____ | _____ |
| 7 | Ensure commercial term loan balance matches loan statement and trial balance. Include loan statement in month end closing file. | _____ | _____ |
| 8 | Print off all general journal entries for the month. | _____ | _____ |

Prepare monthly closing file by placing financial statements on top of support in the

order of the procedures above and give file to CEO. Place checklist on top of entire file.

Accounts to be adjusted by auditors at year-end:

Record new assets

Valuation allowance

Allowance for bad debts

Accrued salaries and related expenses

Record depreciation

Prepaid expenses

EXHIBIT C – Invoice

USA Surfing

ADDRESS
ADDRESS
ADDRESS

Invoice

Invoice Number:

Invoice Date:

Phone: (XXX)XXX-XXXX

Fax:

Sold To:

Customer ID	Customer PO	Payment
		Net 14 Days

Quantity	Item	Description	Unit Price	Extension

Subtotal Sales Tax
Total Invoice
Amount Payment
Received
TOTAL

NOTE: Invoices will be subject to late fees if not paid within thirty (30) days of their issue. A two percent (2%) interest charge will be added to the balance of the invoice once it has been outstanding for thirty (30) days, and for every additional thirty (30) days thereafter.

EXHIBIT D – USA Surfing: Expense Report

Submitted by:		Date Submitted:				Program:								
Date	Description	Recpt. Amnt	Currency	Exch. Rate	\$ US Equiv.	Airfare	Ground	Meals	Lodging	Equipment	Admin	Misc.	Recpt attached	
					0									
					0									
					0									
					0									
					0									
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					0									
					0									
				Total	0									
Approved By:														

EXHIBIT E – Request for Disbursement Form

FROM THE DESK OF:

NAME

Title

(XXX) XXX-XXXX

DATE: TO:

I request authorization of the following disbursement more than \$10,000 from **USA Surfing**
BANK NAME Account NAME:

CHECK #	PAYEE	AMOUNT	\$
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REQUEST IS
APPROVED

Chair, **USA Surfing** Board of Directors Date

EXHIBIT G – Wire Transfer Request

AFEX-Associated Foreign Exchange, Inc. 140
Broadway, Floor 46
New York, NY 10005

Please complete the following transfer at your earliest convenience.

Transfer to: Bank name
Bank address IBAN:
SWIFT:

Beneficiary: Name
Address

Amount: \$ Memo:

Funds: **USA Surfing**
Acct#

Thank you for your prompt attention to this matter. Authorized by,

Chair, USA Surfing Board of Directors
Date

USA Surfing’s Chief Executive Officer
Date

Confirmation No.: _____