

***UNITED STATES JUDO, INC.***  
***FINANCIAL STATEMENTS***  
***AND***  
***ADDITIONAL INFORMATION***  
***WITH***  
***INDEPENDENT AUDITORS' REPORT***  
***YEAR ENDED DECEMBER 31, 2014***

**OSBORNE, PARSONS & ROSACKER, LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent auditors' report</b>	1
<b>Financial statements</b>	
Statement of financial position	3
Statement of activities	4
Statement of cash flows	5
<b>Notes to financial statements</b>	6
<b>Additional information</b>	
Schedule of functional expense	14

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
United States Judo, Inc.  
Colorado Springs, Colorado

We have audited the accompanying financial statements of United States Judo, Inc. (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT – CONTINUED**  
**PAGE 2**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Judo, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matters**

*Additional information*

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expense is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Report on summarized comparative information**

We have previously audited United States Judo, Inc.'s 2013 financial statements, and our report dated September 19, 2014, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Osborne, Parsons & Hosack LLP*

Colorado Springs, Colorado  
January 12, 2016

***FINANCIAL STATEMENTS***

**UNITED STATES JUDO, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**  
**With Comparative Totals for 2013**

**ASSETS**

	<b>2014</b>	<b>2013</b>
<b>Current assets</b>		
Cash	\$ 13,961	\$ 14,998
Cash - Adopt an Athlete	1,680	2,023
Total Cash	15,641	17,021
Accounts receivable, net	3,658	10,854
Accounts receivable - related party, net	-	13,600
Promise to give - related party, net	60,809	-
Prepaid expense	26,493	37,489
Inventory	31,369	30,508
Security deposit	1,300	7,650
Total current assets	139,270	117,122
Property and equipment, net	2,369	4,899
<b>Total assets</b>	<b>\$ 141,639</b>	<b>\$ 122,021</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable	\$ 214,617	\$ 261,728
Accounts payable - related party	82,777	177,095
Accrued liabilities	83,179	23,507
Accrued interest - related party	-	6,949
Deferred revenue	4,465	9,425
Cash advances	-	60,000
Cash advances - related party	-	50,000
Note payable - related party	37,958	25,406
Note payable	-	25,000
Total current liabilities	422,996	639,110
<b>Long-term liabilities</b>		
Note payable - related party	237,769	18,750
Total long-term liabilities	237,769	18,750
<b>Net assets</b>		
Unrestricted	(641,256)	(588,888)
Temporarily restricted	122,130	53,049
Total net assets	(519,126)	(535,839)
<b>Total liabilities and net assets</b>	<b>\$ 141,639</b>	<b>\$ 122,021</b>

See notes to financial statements

**UNITED STATES JUDO, INC.**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2014**  
**With Comparative Totals for 2013**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Totals</u>	
			<u>2014</u>	<u>2013</u>
<b>Public support and revenue</b>				
<b>Public support</b>				
Grants	\$ 922,056	\$ 60,809	\$ 982,865	\$ 994,671
Contributions	70,046	27,202	97,248	157,855
Total public support	<u>992,102</u>	<u>88,011</u>	<u>1,080,113</u>	<u>1,152,526</u>
<b>Revenue</b>				
Event registration fees	1,165,013	-	1,165,013	1,306,563
Dues and membership	472,616	-	472,616	465,323
Certification and other service fees	82,136	-	82,136	60,780
Sale of merchandise, net	36,955	-	36,955	24,809
Sponsorships	61,286	-	61,286	112,833
Other	8,054	-	8,054	14,346
Total revenue	<u>1,826,060</u>	<u>-</u>	<u>1,826,060</u>	<u>1,984,654</u>
<b>Total public support and   revenue</b>	<u>2,818,162</u>	<u>88,011</u>	<u>2,906,173</u>	<u>3,137,180</u>
<b>Net assets released from restrictions</b>				
Program	<u>18,930</u>	<u>(18,930)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>2,837,092</u>	<u>69,081</u>	<u>2,906,173</u>	<u>3,137,180</u>
<b>Expense</b>				
Program	2,351,214	-	2,351,214	2,740,798
Management and general	538,246	-	538,246	589,617
<b>Total expense</b>	<u>2,889,460</u>	<u>-</u>	<u>2,889,460</u>	<u>3,330,415</u>
<b>Change in net assets</b>	(52,368)	69,081	16,713	(193,235)
<b>Beginning net assets</b>	<u>(588,888)</u>	<u>53,049</u>	<u>(535,839)</u>	<u>(342,604)</u>
<b>Ending net assets</b>	<u>\$ (641,256)</u>	<u>\$ 122,130</u>	<u>\$ (519,126)</u>	<u>\$ (535,839)</u>

See notes to financial statements

**UNITED STATES JUDO, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2014**  
**With Comparative Totals for 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flow from operating activities</b>		
Change in net assets	\$ 16,713	\$ (193,235)
Adjustments to arrive at net cash used by operations		
Noncash items		
Depreciation	2,530	3,126
Bad debt	38,405	88
Changes in assets and liabilities		
Accounts receivable, net	(31,209)	3,356
Accounts receivable - related party, net	13,600	(5,219)
Promise to give - related party	(60,809)	-
Prepaid expense	10,996	(14,564)
Inventory	(861)	40,058
Security deposit	6,350	(4,000)
Accounts payable	(47,111)	60,203
Accounts payable - related party	(94,318)	23,016
Accrued liabilities	59,672	(24,289)
Accrued interest - related party	(6,949)	6,949
Deferred revenue	(4,960)	(1,175)
<b>Net cash used by operating activities</b>	<u>(97,951)</u>	<u>(105,686)</u>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	-	(4,000)
<b>Net cash used by investing activities</b>	<u>-</u>	<u>(4,000)</u>
<b>Cash flow from financing activities</b>		
Repayment of note payable	(25,000)	(25,000)
Repayment of note payable - related party	-	(24,594)
Repayment of cash advances - related party	(50,000)	(85,000)
Repayment of cash advances	(60,000)	(140,000)
Proceeds from cash advances	-	200,000
Proceeds from cash advances - related party	-	135,000
Proceeds from notes payable - related party	231,571	-
<b>Net cash provided by financing activities</b>	<u>96,571</u>	<u>60,406</u>
<b>Net change in cash</b>	(1,380)	(49,280)
<b>Beginning cash</b>	<u>17,021</u>	<u>66,301</u>
<b>Ending cash</b>	<u>\$ 15,641</u>	<u>\$ 17,021</u>

See notes to financial statements

***NOTES TO FINANCIAL STATEMENTS***

**UNITED STATES JUDO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities** - United States Judo, Inc. (Organization) is a nonprofit corporation incorporated under the laws of the State of Texas. The Organization is the national governing body of the sport of judo in the United States in accordance with the Ted Stevens Olympic and Amateur Sports Act and, as such, is a member of the United States Olympic Committee (USOC). The principal purpose of the Organization is to operate for charitable and educational purposes and to foster national and international amateur sports competition in the sport of judo

**Basis of accounting** - These financial statements are prepared using the accrual method of accounting in accordance with generally accepted accounting principles. Revenues and support are recognized when earned and expenses are recorded when incurred.

**Revenue recognition** - The Organization has opted to record temporarily restricted contributions in which the restrictions have been met in the year of receipt as unrestricted contributions.

Grants from the USOC contain clauses that state the use of the funds and related expenses are subject to audit and adjustment. In addition, grants from the USOC may contain a clause that unused or surplus funds are to be returned to the USOC. For such grants, revenues have been recorded based upon those amounts expected to be realized.

**Contributions and grants** - Information regarding financial position and activities is reported in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2014, the Organization had no permanently restricted net assets.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or specific restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support, absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Income tax status** - The Organization is exempt under Section 501(c)(3), of the Internal Revenue Code from tax on income derived from donations, income generated by activities carried on in furtherance of its exempt purpose and certain other specified income and, in addition, is qualified to receive tax deductible contributions. The Organization has been determined to be a publicly supported organization and not to be a private foundation.

**UNITED STATES JUDO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. The significant accounting estimates used in the preparation of the Organization's financial statements relate to depreciation and the functional allocation of certain expenses classified in the management and general group of accounts to the various program categories that were deemed to have directly benefited from those expenses.

**Definition of cash** - Cash is defined, for the purpose of the statement of cash flows, as all cash on hand, demand deposits, money market accounts, and short-term investments with maturities of three months or less.

**Accounts receivable** - Dues and accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expect to collect is reported in the results of operations, net of the allowance for doubtful accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction of the allowance for doubtful accounts and a credit to accounts receivable.

**Inventory** - Inventory consists of shirts, warm-up suits, shorts, and blouses. All items are valued at the lower of cost or market.

**Property assets and depreciation** - Property and equipment are recorded at acquisition cost or fair value as of the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful life of three to five years. The Organization's policy is to capitalize acquisitions of property and equipment costing in excess of \$3,000 and having a useful life exceeding one year.

Expenditures for maintenance and repairs are charged to expense as incurred, whereas, expenditures, which appreciably extend the useful life of the asset, are added to the cost of the asset.

**Functional expense** - Certain costs and expenses are allocated among the various programs and supporting service expenses based on internal records and estimates made by the Organization's management.

**Reclassification** - Certain prior-year amounts have been reclassified to conform to the current year presentation.

**NOTE 1 – PRIOR-YEAR SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

**UNITED STATES JUDO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts receivable and pledges receivable consist of balances due from related parties, athletes, members, and state and local judo organizations. The receivables are stated at the amount management expects to collect from balances outstanding at year-end within one year. As of December 31, 2014, management assessed the allowance for doubtful accounts as follows.

Accounts receivable and pledges receivable consist of:

Accounts receivable	\$ 18,212
Allowance for doubtful accounts	<u>(14,554)</u>
Net accounts receivable	<u><u>\$ 3,658</u></u>
Promise to give - related party	\$ 87,777
Allowance for doubtful accounts	<u>(26,968)</u>
Net pledges receivable	<u><u>\$ 60,809</u></u>

As of December 31, 2014, an allowance for doubtful accounts was setup for all receivables and pledges over 90 days past due.

**NOTE 3 – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment:

Equipment	\$ 14,419
Software	<u>8,000</u>
Total cost	22,419
Less accumulated depreciation	<u>(20,050)</u>
	<u><u>\$ 2,369</u></u>

Depreciation expense for 2014 was \$2,530.

**NOTE 4 – ACCOUNTS PAYABLE AND ACCOUNTS PAYABLE - RELATED PARTY**

At December 31, 2014, accounts payable of \$30,811, and accounts payable – related party of \$19,409 were at least 90 days past due.

**NOTE 5 – DEFINED CONTRIBUTION PLAN**

The employees of the Organization participate in a SIMPLE retirement plan. The Organization matches contributions up to 3% of the employee's compensation. The Organization contributed \$5,241 to the employee's plans during the year ended December 31, 2014.

**UNITED STATES JUDO, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – NOTE PAYABLE – RELATED PARTY**

During the fiscal year ending December 31, 2014, the Organization entered into a loan agreement with the American Judo Fund. The Organization borrowed a total of \$300,000 with an interest rate of 5.0% per year, compounded annually.

Notes payable as of December 31, 2014:

Note payable - related party, to the American Judo Fund, Inc. due in eighty-four (84) equal monthly installments of \$4,420, including interest at the rate of 5.00% per annum. This note is unsecured.

Total		\$	275,727
Less current portion			(37,958)
			\$ 237,769

Interest paid on this note payable was \$9,993.

The following is a schedule of future maturities of notes payable:

As of December 31,			
2015		\$	37,958
2016			39,899
2017			41,941
2018			44,087
2019			46,342
2020 to 2021			65,500
Refundable advances end of year		\$	275,727

**NOTE 7 – FEDERAL FINANCIAL ASSISTANCE**

The Organization has been awarded a grant passed through the USOC (United States Olympic Committee), from the Department of Defense to provide camps for blind or visually impaired veterans. The grant is considered to be an exchange transaction. Accordingly, the revenue is recognized as expenses are incurred. Grant activity for the year ended December 31, 2014, was as follows:

Grant receipts		\$	100,000
Grant expenditures			(100,000)
Refundable advances end of year		\$	-

**UNITED STATES JUDO, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – CASH ADVANCES**

Interest paid on cash advances during the years ending December 31, 2014 and 2013, was \$16,000 and \$12,949.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Federal grants and some private grants require the fulfillment of certain conditions as set forth in the instrument of the grant and repayment of grant funds. Failure to fulfill these conditions could result in the disallowance of certain expenditures and repayment of grant funds. The Organization is subject to regulations by various governmental entities as well as the Ted Stevens Olympic and Amateur Sports Act, and both federal and state laws. An examination by these various regulatory agencies may result in potential liabilities relating to federal and state statute regulations. Management has not accrued any liabilities relating to these contingencies as the likelihood of an adverse ruling and the costs associated with an adverse ruling cannot be reasonably estimated.

At December 31, 2014, the Organization did not have enough liquid assets to satisfy temporarily restricted net asset obligations.

The Organization has been named in the suit with a demand of \$1,000,000 or the maximum amount of the insurance relating to general liability. The Organization's self-insured deductible for the policy is \$25,000. Management does not believe there is any potential liability and so no liability has been estimated.

The Organization has been named in a suit filed with the USOC by a donor. The Organization and the donor are currently in mediation to resolve their differences. As of December 31, 2014, the Organization does not have enough information at this point to make any estimates as to potential liabilities that may be incurred as a result of this law suit.

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS**

The following is a summary of temporarily restricted net asset activity:

	<b>Beginning balance</b>	<b>Received</b>	<b>Satisfied</b>	<b>Ending balance</b>
Olympic Training Center program	\$ 9,578	\$ -	\$ -	\$ 9,578
Adopt an Athlete	12,617	27,202	(9,094)	30,725
OTC Vanguard program	30,854	-	(9,836)	21,018
Time restricted	-	60,809	-	60,809
<b>Total</b>	<b>\$ 53,049</b>	<b>\$ 88,011</b>	<b>\$ (18,930)</b>	<b>\$ 122,130</b>

**UNITED STATES JUDO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS - Continued**

**Olympic Training Center Program** - The Organization receives contributions specifically designated by donors for training of athletes at the Olympic Training Center.

**OTC Vanguard Program** - The Organization received funding from a single donor to be restricted for Olympic Training Center costs for Elite Athletes.

**Adopt an Athlete/Elite** - The Organization provides funding to specific athletes eligible to compete in judo competitions sponsored and/or sanctioned by the Organization. As such, the Organization established two programs under which the Organization accepts funds to be used for the training and support of athletes.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

Related Party Transactions are discussed in NOTE 2 - Accounts Receivable, NOTE 4 - Accounts Payable, NOTE 6 - Notes Payable - Related Party, and NOTE 8 - Cash Advances, and include related party transactions with affiliated organizations, employees, board members, and family members of employees.

**United States Olympic Committee (USOC)** - The Organization is one of forty-seven National Governing Bodies (NGB) which are members of the USOC. Beginning in October 2010, the Organization rents office space from the USOC on a lease which expires in April 2015, with monthly payments of \$1,052, subject to annual increases not to exceed increases in regional Consumer Price Index for goods and services. The Organization is also allocated a portion of the common space cost, which the USOC provides to the Organization in the form of a grant.

The Organization received the following funding from the USOC:

NGB Funding	\$ 492,560
Paralympic	85,000
Military funding	100,000
United Airlines value-in-kind	38,264
Other	129,791
	<u>\$ 845,615</u>

The Organization receives approximately 78% of its total public support and 29% of total revenue from the USOC. The USOC represents a concentration risk to the Organization.

**American Judo Fund (AJF)** - The American Judo Fund (AJF) was created in 2007, by the Organization's Board of Directors, to provide support and foster the development of Judo competitors in the United States. During fiscal year 2007, the Organization transferred approximately \$2.6 million of the revenue sharing from the 1984 Olympic Games to the AJF. The AJF is an independent entity, which elects and appoints board members and is not subject to Organization approval. The Organizations are currently related through shared board membership and mission. The American Judo Fund provides a significant source of liquidity through financing activities and revenues in the form of contributions.

**UNITED STATES JUDO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – RELATED PARTY TRANSACTIONS - Continued**

During fiscal year 2014, the AJF loaned the Organization \$300,000, see NOTE 6 - Notes Payable - Related Party. The AJF also contributed approximately \$137,000, of which \$47,000 was in pledges receivable - related party as of December 31, 2014. The AJF represents a concentration risk to the Organization.

Subsequent to the end of the fiscal year, the AJF and the Organization began talks relating to the possibility of transferring the remaining funds from the AJF. The Organization expects a contribution of approximately \$700,000 in fiscal year 2015.

**International Judo Federation (IJF)** - During the fiscal year ending 2013, the Chief Executive Officer (CEO) for the Organization became affiliated with the IJF through an election to the Executive Committee. As of December 31, 2014, the CEO is still an officer with the IJF.

In addition to the CEO's election to the Executive Committee, other members of USA Judo have been appointed to important positions with the structure of the IJF, including Chairmanship of the Medical Committee, Athlete's Advisory Commission, and Military Development Commission. The CEO is compensated approximately \$14,000 in a stipend and is reimbursed for any travel expenses incurred in the position.

**Pan American Judo Federation** - During the fiscal year ending December 31, 2014, the CEO resigned his position with the Pan American Judo Federation.

**Cash Advances** - During the fiscal year ending December 31, 2014, the Organization obtained an additional \$65,500 in funding from cash advances from related parties. The Organization paid off the balance of \$175,500 and paid \$15,000 in interest.

**Dollamur Sports Surfaces** - During the fiscal year ending December 31, 2014, a board member who is a high-ranking official in Dollamur Sport Surfaces resigned from the board. The board member had been contributing the use of judo mats to the Organization with the understanding that the Organization would pay for shipping costs. Management believes this arrangement will continue in the foreseeable future.

**Credit Cards** - During the fiscal year ending December 31, 2014, the Organization allowed employees to use personal credit cards as a form of short-term financing. As of December 31, 2014, the Organization owed approximately \$54,000 to one employee. No interest was charged to the Organization. This is included in accounts receivable – related party.

**NOTE 12 – ACCRUED COMPENSATED ABSENCES**

An accrued compensated absences estimate has not been made for the year ended December 31, 2014. Management does not expect this cost to have a significant impact on the Organization's financial statements.

**UNITED STATES JUDO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – INFORMATION RETURNS**

The Organization’s information returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2014, the information returns for three prior years are considered open for Internal Revenue Service examination.

**NOTE 14 – LEASES**

Future minimum lease payments under existing non-cancelable operating leases are:

<u>Years ending December 31,</u>	
2014	\$ 12,624
2015	4,208
	<u>\$ 16,832</u>

Rent expenses for the National Office lease and various event expense leases were \$43,619 for the year ended December 31, 2014.

**NOTE 15 – SUBSEQUENT EVENTS**

Subsequent to the statement of financial position date of December 31, 2014, the American Judo Fund transferred assets to the Organization in the amount of \$838,507. AJF also forgave the outstanding note payable – related party, that is reflected on the statement of financial position and in NOTE 6, in the amount of \$275,727.

Management has evaluated subsequent events through January 12, 2016, the date on which the financial statements were available to be issued.

***ADDITIONAL INFORMATION***

**UNITED STATES JUDO, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSE**  
**YEAR ENDED DECEMBER 31, 2014**  
**With Comparative Totals for 2013**

	Program	Management and general	Total	
			2014	2013
Salaries and wages	\$ 276,117	\$ 205,531	\$ 481,648	\$ 478,360
Employee benefits	861	29,084	29,945	22,529
Payroll taxes	21,092	17,498	38,590	41,236
	<u>298,070</u>	<u>252,113</u>	<u>550,183</u>	<u>542,125</u>
Lodging	602,208	3,911	606,119	859,541
Transportation	336,910	2,420	339,330	243,699
Food	234,145	2,391	236,536	180,113
Insurance	106,798	4,179	110,977	97,661
Contract labor	134,111	-	134,111	80,651
Awards	111,772	-	111,772	63,754
Consulting	70,582	10,569	81,151	114,165
Ground transportation	48,613	28,553	77,166	55,527
Site costs	53,794	-	53,794	107,922
Supplies	32,779	22,512	55,291	39,640
Interest	-	60,405	60,405	18,140
Coaching	46,400	-	46,400	72,160
Rent	30,343	13,276	43,619	53,170
Bad debts	4,014	34,391	38,405	88
Legal	16,259	18,774	35,033	4,707
Postage and shipping	28,600	5,673	34,273	41,268
Apparel	31,182	-	31,182	63,766
Other	22,694	7,354	30,048	166,558
Rebates	26,340	-	26,340	8,360
Audit and accounting	-	25,828	25,828	7,500
Dues and fees	21,894	2,014	23,908	121,663
Credit card processing	-	22,715	22,715	24,128
Telephone	16,310	4,336	20,646	26,765
Equipment rental	18,610	-	18,610	56,022
Local organizing committee split	14,500	-	14,500	20,488
Executive travel	11,571	1,283	12,854	41,782
Adopt an Athlete program expense	9,095	-	9,095	3,760
Printing	8,337	716	9,053	19,430
Small equipment	3,443	2,978	6,421	23,695
Marketing	-	5,500	5,500	50,000
Pension	1,500	3,741	5,241	5,289
Per diem	5,100	-	5,100	8,600
Security and testing	4,840	-	4,840	24,865
Depreciation and amortization	-	2,530	2,530	3,126
Communication and public relations	400	-	400	15,776
Board of Directors	-	84	84	3,912
Software processing fees	-	-	-	42,499
Commissions	-	-	-	12,500
Scholarships	-	-	-	5,000
Finance charges	-	-	-	600
Total expense	<u>\$ 2,351,214</u>	<u>\$ 538,246</u>	<u>\$ 2,889,460</u>	<u>\$ 3,330,415</u>