

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2005 calendar year, or tax year beginning _____, and ending _____

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
USA NATIONAL KARATE-DO FEDERATION, INC.
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
P.O. BOX 77083
 City or town, state or country, and ZIP + 4
SEATTLE WA 98177-7083

D Employer identification no.
91-1646543

E Telephone number
206-440-8386

F Accounting method: Cash
 Accrual Other (specify) _____

G Website: ▶ **WWW.USANKF.COM**

J Organization type (check only one) ▶ 501(c) (**3**) ◀ (insert no.) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **852,450**

H and are not applicable to section 527 organizations. I
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶ _____
H(c) Are all affiliates included? Yes No
 (If "No," attach a list. See instr.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Group Exemption Number ▶ _____

M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)			
Revenue	1 Contributions, gifts, grants, and similar amounts received:		
	a Direct public support	1a	35,370
	b Indirect public support	1b	100,000
	c Government contributions (grants)	1c	
	d Total (add lines 1a through 1c) (cash \$ <u>135,370</u> noncash \$ _____)	1d	135,370
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2	635,620
	3 Membership dues and assessments	3	
	4 Interest on savings and temporary cash investments	4	
	5 Dividends and interest from securities	5	
	6a Gross rents	6a	
	b Less: rental expenses	6b	
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c	
7 Other investment income (describe ▶ SEE STATEMENT 1)	7	16,000	
8a Gross amount from sales of assets other than inventory	(A) Securities	8a	
	(B) Other	8b	
		8c	
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>	a Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a	
	b Less: direct expenses other than fundraising expenses	9b	
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9c	
10a Gross sales of inventory, less returns and allowances		10a	65,460
	b Less: cost of goods sold	10b	50,148
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) STMT 2	10c	15,312
11 Other revenue (from Part VII, line 103)	11		
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	802,302	
Expenses	13 Program services (from line 44, column (B))	13	850,964
	14 Management and general (from line 44, column (C))	14	
	15 Fundraising (from line 44, column (D))	15	
	16 Payments to affiliates (attach schedule)	16	
	17 Total expenses (add lines 16 and 44, column (A))	17	850,964
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	-48,662
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	156,796
	20 Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 3	20	-430
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	107,704

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ <u>90,236</u> non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22	90,236	90,236		
23 Specific assistance to individuals (attach schedule) <input type="checkbox"/>	23				
24 Benefits paid to or for members (attach schedule) _____	24				
25 Compensation of officers, directors, etc. _____	25				
26 Other salaries and wages _____	26	27,531	27,531		
27 Pension plan contributions _____	27				
28 Other employee benefits _____	28				
29 Payroll taxes _____	29				
30 Professional fundraising fees _____	30				
31 Accounting fees _____	31	3,810	3,810		
32 Legal fees _____	32	23,809	23,809		
33 Supplies _____	33	39,978	39,978		
34 Telephone _____	34	27,060	27,060		
35 Postage and shipping _____	35	16,175	16,175		
36 Occupancy _____	36	40,263	40,263		
37 Equipment rental and maintenance _____	37	4,247	4,247		
38 Printing and publications _____	38				
39 Travel _____	39	3,393	3,393		
40 Conferences, conventions, and meetings _____	40				
41 Interest _____	41				
42 Depreciation, depletion, etc. (attach schedule) _____	42	19,303	19,303		
43 Other expenses not covered above (itemize): a SEE STATEMENT 4 _____	43a	555,159	555,159		
b _____	43b				
c _____	43c				
d _____	43d				
e _____	43e				
f _____	43f				
g _____	43g				
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	850,964	850,964	0	0

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ ; (ii) the amount allocated to Program services \$ _____ ;
 (iii) the amount allocated to Management and general \$ _____ ; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose?

▶ **NATIONAL GOVERNING BODY FOR KARATE-DO IN THE USA**

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) & (4) orgs., & 4947(a)(1) trusts; but optional for others.)

a **SEE STATEMENT 5**

(Grants and allocations \$) If this amount includes foreign grants, check here

b

(Grants and allocations \$) If this amount includes foreign grants, check here

c

(Grants and allocations \$) If this amount includes foreign grants, check here

d

(Grants and allocations \$) If this amount includes foreign grants, check here

e Other program services (attach schedule)

(Grants and allocations \$ 90,236) If this amount includes foreign grants, check here

850,964

f Total of Program Service Expenses (should equal line 44, column (B), Program services)

850,964

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
			45
			31,823
45 Cash-non-interest-bearing			46
46 Savings and temporary cash investments			
47a Accounts receivable		47a	47c
b Less: allowance for doubtful accounts		47b	
48a Pledges receivable		48a	48c
b Less: allowance for doubtful accounts		48b	
49 Grants receivable		30,562	49
50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50
51a Other notes and loans receivable (attach schedule)		51a	51c
b Less: allowance for doubtful accounts		51b	
52 Inventories for sale or use		31,727	52
53 Prepaid expenses and deferred charges		36,807	53
54 Investments-securities			54
		<input type="checkbox"/> Cost <input type="checkbox"/> FMV	
55a Investments-land, buildings, and equipment: basis		55a	55c
b Less: accumulated depreciation (attach schedule)		55b	
56 Investments-other (attach schedule)			56
57a Land, buildings, and equipment: basis		57a	148,758
b Less: accumulated depreciation (attach schedule)		57b	94,942
58 Other assets (describe ► SEE STATEMENT 6)		70,710	57c
		2,708	58
59 Total assets (must equal line 74). Add lines 45 through 58.		172,514	59
		8,959	60
60 Accounts payable and accrued expenses			61
61 Grants payable			62
62 Deferred revenue			63
63 Loans from officers, directors, trustees, and key employees (attach schedule)			64a
64a Tax-exempt bond liabilities (attach schedule)			64b
b Mortgages and other notes payable (attach schedule)		6,759	65
65 Other liabilities (describe ► SEE STATEMENT 7)		15,718	66
66 Total liabilities. Add lines 60 through 65			2,984
Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		126,234	67
67 Unrestricted		30,562	68
68 Temporarily restricted			69
69 Permanently restricted			70
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			71
70 Capital stock, trust principal, or current funds			72
71 Paid-in or capital surplus, or land, building, and equipment fund			
72 Retained earnings, endowment, accumulated income, or other funds			
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)		156,796	73
74 Total liabilities and net assets/fund balances. Add lines 66 and 73.		172,514	74

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	X	
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	SEE STMT 8 82b 368,000		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		X
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	N/A 84b		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
	N/A 85a		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
	N/A 85b		
c	Dues, assessments, and similar amounts from members		
	85c		
d	Section 162(e) lobbying and political expenditures		
	85d		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
	85e		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
	85f		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	N/A 85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
	N/A 85h		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
	86a		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
	87a		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
	87b		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year sections 4912, 4955, and 4958 ▶ 0		0
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0		0
90a	List the states with which a copy of this return is filed ▶ NONE		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b	1
91a	The books are in care of ▶ JULIUS THIRY Telephone no. ▶ 206-440-8386		
	PO BOX 77083		
	Located at ▶ SEATTLE, WA ZIP + 4 ▶ 98177-7083		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
	If "Yes," enter the name of the foreign country ▶		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
	At any time during the calendar year, did the organization maintain an office outside of the United States?		X
c	If "Yes," enter the name of the foreign country ▶		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

OMB No. 1545-0047

2005

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Department of the Treasury
Internal Revenue Service

Name of the organization

USA NATIONAL KARATE-DO

FEDERATION, INC.

Employer identification number

91-1646543

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Comp.	(d) Contrib. to empl. ben. plans & deferred comp	(e) Expense account & other allowances
NONE				

Total number of other employees paid over \$50,000 ▶

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of other contractors receiving over \$50,000 for other services ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2005

Part III Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e Transfer of any part of its income or assets?		X
3a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		X
b Do you have a section 403(b) annuity plan for your employees?		X
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		X
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ►
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions-subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: Type 1 Type 2 Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	196,570	197,625	172,500	119,515	686,210
16 Membership fees received		4,377	22,550	170,129	197,056
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	534,405	446,928	261,694	263,498	1,506,525
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975		14,811	5,500		20,311
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets STMT 9	34,948	26,924	64,803	64,114	190,789
23 Total of lines 15 through 22	765,923	690,665	527,047	617,256	2,600,891
24 Line 23 minus line 17	231,518	243,737	265,353	353,758	1,094,366
25 Enter 1% of line 23	7,659	6,907	5,270	6,173	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					0
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					
c Total support for section 509(a)(1) test: Enter line 24, column (e)					
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____					
e Public support (line 26c minus line 26d total)					
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2004) 0 (2003) 0 (2002) 0 (2001) 0					0
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2004) 0 (2003) 0 (2002) 0 (2001) 0					0
c Add: Amounts from column (e) for lines: 15 686,210 16 197,056 17 1,506,525 20 _____ 21 _____					
d Add: Line 27a total _____ and line 27b total _____					
e Public support (line 27c total minus line 27d total)					2,389,791
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					2,600,891
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					91.8836%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					0.7809%
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)	31		
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**

Check a if the organization belongs to an affiliated group. Check b if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)		
37	Total lobbying expenditures to influence a legislative body (direct lobbying)		
38	Total lobbying expenditures (add lines 36 and 37)		
39	Other exempt purpose expenditures		
40	Total exempt purpose expenditures (add lines 38 and 39)		
41	Lobbying nontaxable amount. Enter the amount from the following table-		
	If the amount on line 40 is-		
	Not over \$500,000	20% of the amount on line 40	
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
	Over \$17,000,000	\$1,000,000	
42	Grassroots nontaxable amount (enter 25% of line 41)		
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36		
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.)

See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines through c h.)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (Add lines through c h.)

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return USA NATIONAL KARATE-DO FEDERATION, INC.	Identifying number 91-1646543
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Business or activity to which this form relates

INDIRECT DEPRECIATION

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount. See the instructions for a higher limit for certain businesses	1	105,000																								
2 Total cost of section 179 property placed in service (see instructions)	2																									
3 Threshold cost of section 179 property before reduction in limitation	3	420,000																								
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4																									
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instr.	5																									
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">6 (a) Description of property</td> <td style="width:20%;">(b) Cost (business use only)</td> <td style="width:30%;">(c) Elected cost</td> </tr> <tr> <td>7 Listed property. Enter the amount from line 29</td> <td style="text-align:center;">7</td> <td></td> </tr> <tr> <td>8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7</td> <td style="text-align:center;">8</td> <td></td> </tr> <tr> <td>9 Tentative deduction. Enter the smaller of line 5 or line 8</td> <td style="text-align:center;">9</td> <td></td> </tr> <tr> <td>10 Carryover of disallowed deduction from line 13 of your 2004 Form 4562</td> <td style="text-align:center;">10</td> <td></td> </tr> <tr> <td>11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)</td> <td style="text-align:center;">11</td> <td></td> </tr> <tr> <td>12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11</td> <td style="text-align:center;">12</td> <td></td> </tr> <tr> <td>13 Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12</td> <td style="text-align:center;">13</td> <td></td> </tr> </table>			6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost	7 Listed property. Enter the amount from line 29	7		8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8		9 Tentative deduction. Enter the smaller of line 5 or line 8	9		10 Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10		11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12		13 Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13	
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12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12																									
13 Carryover of disallowed deduction to 2006. Add lines 9 and 10, less line 12	13																									

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	16,887

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2005	17	2,374
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>		

Section B-Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C-Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (see instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr.	22	19,261
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2005) (Rev. 1-2006)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A-Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

Table with columns for property type, date placed in service, business/investment use percentage, cost or other basis, basis for depreciation, recovery period, method/convention, depreciation deduction, and elected section 179 cost. Includes rows 25, 26, 27, 28, and 29.

Section B-Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns for miles driven (30-33) and personal use availability (34-36) for six vehicles.

Section C-Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table with questions 37-41 regarding vehicle use policies and requirements, with Yes/No columns.

Part VI Amortization

Table for Section C with columns for description of costs, date amortization begins, amortizable amount, code section, amortization period or percentage, and amortization for this year. Includes rows 42, 43, and 44.

Federal Statements

Statement 1 - Form 990, Part I, Line 7 - Other Investment Income

Description	Amount
MARKETING ROYALTIES	\$ 16,000
TOTAL	\$ 16,000

Federal Statements

Form 990, Part I, Line 8c - Sale of Assets Other Than Inventory - Other

Desc	How Rec'd	Whom Sold	Date Acquired	Date Sold	Sale Price	Cost & Expense	Deprec	Gain/ -Loss
NEW COMPUTER	PURCHASE		4/07/00	12/31/05	\$	3,608	\$ 3,608	\$
2 19" MONITORS	PURCHASE		4/08/00	12/31/05		1,629	1,629	
FAX MACHINE/SCANNER	PURCHASE		7/14/00	12/31/05		1,573	1,573	
ZIP DRIVE	PURCHASE		10/21/00	12/31/05		282	282	
PORTABLE COMPUTER	PURCHASE		11/02/00	12/31/05		1,444	1,444	
ZIP DRIVE	PURCHASE		11/10/00	12/31/05		195	195	
TWO SONY LAPTOPS	PURCHASE		11/25/00	12/31/05		5,256	5,256	
TOTAL					\$ 0	\$ 13,987	\$ 13,987	\$ 0

Federal Statements

Statement 2 - Form 990, Line 10c - Sales of Inventory

Description	Gross Sales	COGS	Gross Profit
MERCHANDISE SALES	\$ 65,460	\$ 50,148	\$ 15,312
TOTAL	\$ 65,460	\$ 50,148	\$ 15,312

Statement 3 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

Description	Amount
BOOK/TAX DEPRECIATION	\$ -430
TOTAL	\$ -430

Federal Statements

Statement 4 - Form 990, Part II, Line 43 - Other Functional Expenses

<u>Description</u>	<u>Total Expenses</u>	<u>Program Service</u>	<u>Mgt & General</u>	<u>Fund- Raising</u>
	\$	\$	\$	\$
EXPENSES				
BAD CHECKS	3,392	3,392		
BANK CHARGES	8,833	8,833		
DUES AND MEMBERSHIPS	1,850	1,850		
INSURANCE	137,339	137,339		
MARKETING AND PROMOTION	10,419	10,419		
MISCELLANEOUS EXPENSES	3,459	3,459		
TAXES AND LICENSES	11,296	11,296		
TOURNAMENT COSTS	378,571	378,571		
TOTAL	<u>\$ 555,159</u>	<u>\$ 555,159</u>	<u>\$ 0</u>	<u>\$ 0</u>

Statement 5 - Form 990, Part III, Line a - Statement of Program Service AccomplishmentsDescription

THE ORGANIZATION IS THE NATIONAL GOVERNING BODY OF THE SPORT OF KARATE-DO IN THE UNITED STATES. IT SPONSORS VARIOUS TOURNAMENTS, CHAMPIONSHIPS AND CLINICS FOR THE ADVANCEMENT OF KARATE-DO IN THE U.S.A. IT SENDS ATHLETES AND SUPPORT STAFF TO INTERNATIONAL COMPETITIONS. IT IS RESPONSIBLE FOR MAINTENANCE OF COACHING AND JUDGING STANDARDS.

Federal Statements**Statement 6 - Form 990, Part IV, Line 58 - Other Assets**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
DEPOSITS	\$ 2,708	\$ 2,708
TOTAL	\$ 2,708	\$ 2,708

Statement 7 - Form 990, Part IV, Line 65 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
BANK OVERDRAFT	\$ 6,759	\$
TOTAL	\$ 6,759	\$ 0

Federal Statements**Statement 8 - Form 990, Part VI, Line 82b - Donated Services**

<u>Description</u>	<u>Amount</u>
LEGAL SERVICES	\$ 46,000
MEDICAL SERVICES	62,000
PROFESSIONAL SERVICES	97,000
EXECUTIVE DIRECTOR SERVICES	80,000
MARKETING AND PROMOTION	50,000
ADMINISTRATIVE SERVICES	33,000
TOTAL	<u>\$ 368,000</u>

Federal Statements

Statement 9 - Schedule A, Part IV-A, Line 22 - Other Income

<u>Description</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
ROYALTIES-USOC JOINT MARKETING	\$ 13,000	\$ 11,000	\$ 13,000	\$ 2,000
OTHER REVENUES	21,948	2,679	51,803	62,114
INVESTMENT INCOME		13,245		
TOTAL	<u>\$ 34,948</u>	<u>\$ 26,924</u>	<u>\$ 64,803</u>	<u>\$ 64,114</u>

Federal Asset Report

Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179 Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:									
59	2 Phones & CD Rom	5/15/01	1,489			1,489	5 HY S/L	1,079	298
60	Score Cards	5/31/01	1,345			1,345	7 HY S/L	696	193
61	Air Cleaners	8/06/01	514			514	7 HY S/L	248	74
62	VCR	10/24/01	280		X	196	5 HY S/L	207	39
63	Head Sets	10/26/01	654		X	458	7 HY S/L	400	66
65	Display Case	11/26/01	1,518		X	1,063	7 HY S/L	929	152
66	Computer	11/26/01	1,781		X	1,247	5 HY S/L	1,313	249
67	Refrigerator	11/27/01	800		X	560	7 HY S/L	490	80
68	Monitor	11/27/01	929		X	650	5 HY S/L	685	130
69	3 Chairs and Mats	11/28/01	705		X	493	7 HY S/L	432	70
70	2 Computers, fax 2 printers	12/09/01	4,898		X	3,429	5 HY S/L	3,612	686
71	2 Monitors	12/09/01	1,284		X	899	5 HY S/L	947	180
72	Monitor	12/11/01	870		X	609	5 HY S/L	641	122
73	File Cabinet	12/13/01	353		X	247	7 HY S/L	216	35
			<u>17,420</u>			<u>13,199</u>		<u>11,895</u>	<u>2,374</u>
Other Depreciation:									
24	Competition Mats	9/10/98	23,274			23,274	7 MO200DB	21,976	1,298
30	Office Decor	10/30/98	1,847			1,847	7 MO200DB	1,726	121
31	Office Furniture	11/05/98	4,210			4,210	7 MO200DB	3,934	276
34	Tournament Scoreboards	11/01/98	2,068			2,068	7 MO200DB	1,932	136
35	Competition Mats	1/05/99	10,621			10,621	7 MO200DB	9,515	1,106
47	Competition Mats	3/20/00	13,610			13,610	7 MO200DB	10,667	1,308
48	New Computer	4/07/00	3,608			3,608	5 MO200DB	3,492	116
49	2 19" Monitors	Sold/Scrapped: 12/31/05 4/08/00	1,629			1,629	5 MO200DB	1,577	52
52	Fax machine/scanner	Sold/Scrapped: 12/31/05 7/14/00	1,573			1,573	5 MO200DB	1,483	90
53	File Cabinet & Phone	9/14/00	1,196			1,196	5 MO200DB	1,114	82
54	Zip Drive	10/21/00	282			282	5 MO200DB	260	22
55	Portable Computer	Sold/Scrapped: 12/31/05 11/02/00	1,444			1,444	5 MO200DB	1,331	113
57	Zip Drive	Sold/Scrapped: 12/31/05 11/10/00	195			195	5 MO200DB	180	15
58	Two Sony Laptops	Sold/Scrapped: 12/31/05 11/25/00	5,256			5,256	5 MO200DB	4,822	434
74	Team Video	7/14/02	5,936			5,936	7 MO200DB	4,119	519
75	File Cabinet	1/23/02	468			468	7 MO200DB	325	41
76	Copy Machine	2/25/02	12,545			12,545	5 MO200DB	10,016	1,167
77	GSM Cellphone	8/03/02	457			457	5 MO200DB	365	37
78	Portable Computer	8/05/02	3,955			3,955	5 MO200DB	3,158	319
79	Internet Hub	8/06/02	438			438	5 MO200DB	350	35
80	Printers	10/18/02	326			326	5 MO200DB	260	26
81	Camera	11/12/02	441			441	5 MO200DB	352	36
82	Headsets	1/03/02	1,509			1,509	7 MO200DB	1,047	132
83	Telephone	12/03/02	261			261	5 MO200DB	208	21
84	Telephone	12/04/02	435			435	7 MO200DB	302	38
86	ID System	5/01/02	7,282			7,282	5 MO200DB	5,814	629
88	Travel Suitcase	11/19/02	392			392	7 MO200DB	272	34
90	Computer	12/15/03	1,632			1,632	5 MO200DB	685	379
91	Radios (5)	11/21/03	1,983			1,983	5 MO200DB	833	460
92	Mat bags	12/19/03	10,008			10,008	7 MO200DB	2,859	2,043
93	Mats	8/21/03	10,325			10,325	7 MO200DB	3,652	1,907
94	Computer	5/06/03	3,412			3,412	5 MO200DB	1,911	600
95	Digital camera	12/30/03	6,781			6,781	5 MO200DB	2,712	1,628
96	Projector	5/12/04	1,706			1,706	5 MO200DB	455	500
97	Laptop	11/05/04	1,163			1,163	5 MO200DB	78	434
98	Laptop	5/12/05	2,118			2,118	5 MO200DB	0	565
99	Movie camera	6/04/05	721			721	5 MO200DB	0	168
	Total Other Depreciation		<u>145,107</u>			<u>145,107</u>		<u>103,782</u>	<u>16,887</u>
	Total ACRS and Other Depreciation		<u>145,107</u>			<u>145,107</u>		<u>103,782</u>	<u>16,887</u>

Federal Asset Report

Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus Sec % 179	Bonus	Basis for Depr	PerConv Meth	Prior	Current
Amortization:									
87	Windows XP Pro	8/26/02	218			218	3 MOAmort	176	42
			<u>218</u>			<u>218</u>		<u>176</u>	<u>42</u>
	Grand Totals		162,745			158,524		115,853	19,303
	Less: Dispositions		13,987			13,987		13,145	842
	Net Grand Totals		<u>148,758</u>			<u>144,537</u>		<u>102,708</u>	<u>18,461</u>

Federal Statements**Form 990, Part I, Line 1b - Indirect Public Support**

<u>Description</u>	<u>Cash</u>	<u>Noncash</u>	<u>Total</u>
GRANTS	\$ 100,000	\$	\$ 100,000
TOTAL	\$ 100,000	\$ 0	\$ 100,000