U.S.A. NATIONAL KARATE-DO FEDERATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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Rohn CPA Group, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
U.S.A. National Karate-Do Federation, Inc.
Colorado Springs, CO 80906

We have audited the accompanying financial statement U.S.A. National Karate-Do Federation, Inc. which comprise the statement of financial position as of December 31, 2015, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statement.

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 risks 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S.A. National Karate-Do Federation, Inc. as of December 31, 2015, 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.

Rohn CPA Group, PC.

Rohn CPA Group, P.C.
Certified Public Accountants
Colorado Springs, CO

November 3, 2016

U.S.A. NATIONAL KARATE-DO FEDERATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS	
CURRENT ASSETS	
Cash	$ 336,332
Accounts Receivable	17,646
	353,978
FIXED ASSETS	
Office equipment	102,614
Office furniture & fixtures	7,721
Athletic equipment	105,397
	215,732
Less: accumulated depreciation	188,362
	27,370
TOTAL ASSETS	$ 381,348
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 2,502
Credit card payable	1,044
Payroll taxes payable	14,073
	17,619
NET ASSETS	
Unrestricted	363,729
	$ 381,348

See accompanying notes to financial statements.

U.S.A. NATIONAL KARATE-DO FEDERATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

SUPPORT AND REVENUE	
Tournament fees	$ 888,439
Membership fees	134,462
Commissions on merchandise sales	32,129
Contributions	37,140
USOC Support and other related organizations	57,000
TOTAL SUPPORT AND REVENUE	1,149,170
EXPENSES	
Program services	789,024
Management and general	87,055
TOTAL EXPENSES	876,079
CHANGE IN UNRESTRICTED NET ASSETS	273,091
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	90,638
UNRESTRICTED NET ASSETS, END OF YEAR	$ 363,729

See accompanying notes to financial statements.

U.S.A. NATIONAL KARATE-DO FEDERATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

		Supporting Services	
	Total	Program Services	Mgmt and General	Fund Raising
Accounting fees	$ 9,310	$ 4,654	$ 4,656	$ -0-
Bank and credit card charges	34,475	34,475	-0-	-0-
Board expenses	12,864	6,432	6,432	-0-
Contract services	18,400	18,400	-0-	-0-
Depreciation expense	16,035	16,035	-0-	-0-
Dues and membership	4,613	4,613	-0-	-0-
Insurance	58,489	57,319	1,170	-0-
Legal	31,603	23,702	7,901	-0-
Miscellaneous expense	16,277	8,138	8,139	-0-
Office supplies	3,238	1,619	1,619	-0-
Salaries and wages	155,437	116,578	38,859	-0-
Payroll taxes	9,735	7,301	2,434	-0-
Postage	1,591	795	796	-0-
Rent and storage	24,707	12,353	12,354	-0-
Supplies	4,436	2,218	2,218	-0-
Travel and lodging	7,108	7,108	-0-	-0-
Telephone	4,768	4,291	477	-0-
Tournament costs	462,993	462,993	-0-	-0-
	$ 876,079	$ 789,024	$ 87,055	$ -0-

See accompanying notes to financial statements.

U.S.A. NATIONAL KARATE-DO FEDERATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 273,091
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Depreciation	16,035
Changes in operating assets and liabilities	
Increase in accounts receivable	(5,535)
Decrease in accounts payable	(28,172)
Decrease in credit card payable	(27,241)
Increase in other current liabilities	10,808
Net cash provided by operating activities	238,986
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture and equipment	(12,264)
Net increase in cash	226,722
CASH, BEGINNING OF YEAR	109,610
CASH, END OF YEAR	$ 336,332

See accompanying notes to financial statements.

U.S.A. NATIONAL KARATE-DO FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 NATURE OF ORGANIZATION

The U.S.A. National Karate-Do Federation, Inc. (the Organization) was formed June 29, 1994 to promote and encourage the sport of karate. The Organization coordinates recreational and competitive amateur karate activities in the United States and other countries. During 1996, the Organization became the national governing body of the sport and is a member of the U.S.A. National Olympic Committee.

NOTE 2 SUMMARY OF SIGNIFICANT ACOUNTING POLICIES

Financial Statement Presentation - The Organization presents its financial statements using Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no temporarily or permanently restricted net assets as of December 31, 2015.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Federation.

Advertising - The Organization expenses advertising costs as incurred. Marketing and promotion expense was $0 for the year ending December 31, 2015.

Furniture and Equipment - Furniture and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all donated fixed assets at fair market value. Depreciation is provided on the straight-line method based on the estimated useful lives of three to ten years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services - Contributions of services that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation would normally be recorded at their fair value, based on management's estimates, in the period received. However, volunteer services have not been reported in the financial statements because they did not meet the documentation criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and short-term investments with maturities of three months or less.

Federal Income Tax - The Organization is exempt from Federal income taxation under Internal Revenue Code Section 501(c)(3), except for unrelated business income tax. The Organization had no unrelated business income for the year ended December 31, 2015, and therefore was not subject to federal income tax.

Use of Estimates - Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 3 CONTINGENCIES

As of December 31, 2015, there were no lawsuits pending against the Federation.

NOTE 4 CONCENTRATIONS OF CREDIT RISK

The Organization may be subject to credit risk to its cash, which is placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") covers up to $250,000 for substantially all depository accounts. From time to time, the Organization may have amounts on deposit in excess of FDIC limits. Management believes the Organization is not exposed to any significant credit risk on cash.