

**Servicemembers Undertaking Disabled Sports (SUDS), Inc.**  
**Audited Financial Statements**  
**December 31, 2023**

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**Servicemembers Undertaking Disabled Sports (SUDS), Inc.**

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**Kelly & Company LLC**  
**Certified Public Accountants**  
**1934 Old Gallows Road**  
**Tysons Corner, VA 22182**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
of Servicemembers Undertaking Disabled Sports (SUDS), Inc.  
San Antonio, TX

**Opinion**

We have audited the accompanying financial statements of Servicemembers Undertaking Disabled Sports (SUDS), Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SUDS, Inc. as of December 31, 2023, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SUDS, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SUDS, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SUDS, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SUDS, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Kelly and Company, LLC*

Tysons Corner, Virginia  
July 10, 2024

**Servicemembers Undertaking Disabled Sports (SUDS), Inc.**  
**Statement of Financial Position**  
**December 31, 2023**

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Assets

Cash & cash equivalents	\$	893,771
Contributions receivable		2,852
Investments		<u>656,810</u>
Total assets		<u>1,553,433</u>
Net assets		
Without donor restrictions		<u>1,553,433</u>
Total net assets	\$	<u><u>1,553,433</u></u>

**Servicemembers Undertaking Disabled Sports (SUDS), Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2023**

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Support and revenue

Contributions	\$	252,897
Investment income		162,125
Total		<u>415,022</u>

Expenses

Program		211,883
Operating		8,404
Total		<u>220,287</u>

Change in net assets 194,735

Net assets - beginning of year 1,358,698

Net assets - end of year \$ 1,553,433

**Servicemembers Undertaking Disabled Sports (SUDS), Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

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	<u>Program</u>	<u>Operating</u>	<u>Total</u>
Travel	\$ 123,529	\$ -	\$ 123,529
Compensation	78,062		78,062
Payroll tax	5,972		5,972
Professional fees		6,410	6,410
Employee benefits	2,342		2,342
Payroll fee	1,978		1,978
Miscellaneous		1,994	1,994
	<u>\$ 211,883</u>	<u>\$ 8,404</u>	<u>\$ 220,287</u>

**Servicemembers Undertaking Disabled Sports (SUDS), Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

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Cash flows from operating activities:

Change in net assets	\$	194,735
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Changes in operating asset:		
Realized loss		7,308
Unrealized gain		<u>(132,103)</u>
Net cash provided by operating activities		<u>69,940</u>
Cash flows from investing activity		
Cash provided by sale of investments		48,774
Net increase in cash		<u>118,714</u>
Cash at beginning of year		<u>775,057</u>
Cash at end of year	\$	<u><u>893,771</u></u>
Supplementary financial information:		
Interest paid during the year	\$	-
Income taxes paid	\$	-



# **Servicemembers Undertaking Disabled Sports (SUDS), Inc.**

## **Notes to Financial Statements**

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### **Note 1. Organization and nature of activities**

Servicemembers Undertaking Disabled Sports (SUDS), Inc. (SUDS) is a charitable and educational non-profit corporation formed for the purpose of bettering the lives of disabled veterans through participation in adaptive sports. Servicemembers Undertaking Disabled Sports (SUDS), Inc. was incorporated in 2007.

### **Note 2. Summary of significant accounting policies**

#### **Basis of accounting and presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States for not-for-profit organizations. Under these provisions, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Expenses are classified as unrestricted. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions- the part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions.

Net Assets without Donor Restrictions- the part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions.

#### **Cash and cash equivalents**

For cash flow purposes, all highly liquid investments purchased with an original maturity of three months or less is considered to be cash equivalents.

#### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

## **Servicemembers Undertaking Disabled Sports (SUDS), Inc.**

### **Notes to Financial Statements**

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#### **Note 2. Summary of significant accounting policies - continued**

##### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

##### **Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Donated services and equipment**

The organization periodically receives donated services from unpaid volunteers and equipment and supplies from donors. However, due to the nature of estimates, no amounts have been recognized in the statement of activities.

##### **Income Taxes**

Servicemembers Undertaking Disabled Sports (SUDS), Inc. is a 501 (c) (3) non-profit organization under an IRS-approved group exemption as a subordinate organization of Move United. Servicemembers Undertaking Disabled Sports (SUDS), Inc. is exempt from income taxes as a charitable organization, except for unrelated business income taxes.

##### **Concentration of Credit Risk**

Servicemembers Undertaking Disabled Sports (SUDS), Inc. maintains its cash in bank account, which at times may exceed federally insured limits. Servicemembers Undertaking Disabled Sports (SUDS), Inc. has not experienced any losses in such amounts and management believes it is not exposed to any significant credit risk on its cash balances.

## **Servicemembers Undertaking Disabled Sports (SUDS), Inc.**

### **Notes to Financial Statements**

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#### **Note 3. Fundraising and administrative expense ratio**

The fundraising and administrative expense ratio is calculated utilizing the gross method, without any deduction for the allowance for uncollectible pledges. The fundraising and administrative expense ratio was 3% for the year.

#### **Note 4. Liquidity and availability of financial assets**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial assets, at year-end	<u>\$ 1,553,433</u>
Less those unavailable for general expenditures within one year, due to:	
Investments held for long term purpose	<u>656,810</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 896,623</u>

#### **Note 5. Fair value measurement**

Investments are carried at fair value, and realized and unrealized gains and losses are reflected within investment return, net, in the statement of activities. Servicemembers Undertaking Disabled Sports (SUDS), Inc. invests cash in excess of daily requirements in short-term investments.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2023, are as follows:

Description	Fair value	Active Quote Price (Level 1)
Long-term investments		
Fixed income	\$ 408,493	\$ 408,493
Equity securities	248,317	248,317
Total long-term investments	<u>\$ 656,810</u>	<u>\$ 656,810</u>

#### **Note 6. Subsequent events**

The management of the Servicemembers Undertaking Disabled Sports, Inc. has analyzed subsequent events through July 10, 2024 the date on which the financial statements were available to be issued. No events have occurred since the balance sheet date that would have a material impact on the financial statements.