Servicemembers Undertaking Disabled Sports (SUDS), Inc.
Audited Financial Statements
December 31, 2025

Servicemembers Undertaking Disabled Sports (SUDS), Inc.

Table of Contents

Independent Auditor's Report ..... 1 - 2

Financial Statements

Statement of Financial Position..... 3

Statement of Activities and Changes in Net Assets..... 4

Statement of Functional Expenses..... 5

Statement of Cash Flows..... 6

Notes to Financial Statements..... 7 - 10

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

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, 2025, 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, 2025, 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
August 17, 2026

Servicemembers Undertaking Disabled Sports (SUDS), Inc.
Statement of Financial Position
December 31, 2025

Assets		
Current assets		
Cash and cash equivalents	$	879,300
Contributions receivable		2,852
Total current assets		882,152
Other asset		
Investments		981,829
Total assets		1,863,981
Net assets		
Without donor restrictions		1,863,981
Total net assets	$	1,863,981

See the accompanying independent auditor's report.
The accompanying notes are an integral part of the financial statements.

Servicemembers Undertaking Disabled Sports (SUDS), Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

Support and revenue		
Contributions	$	173,159
Investment income		161,289
Total		334,448
Expenses		
Program		208,309
Administrative		6,626
Total		214,935
Change in net assets		119,513
Net assets - beginning of year		1,744,468
Net assets - end of year	$	1,863,981

See the accompanying independent auditor's report.
The accompanying notes are an integral part of the financial statements.

Servicemembers Undertaking Disabled Sports (SUDS), Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program	Administrative	Total
Adaptive sports programs	$ 101,445	$ -	$ 101,445
Compensation	89,126		89,126
Employee benefits	8,790		8,790
Payroll tax	6,818		6,818
Professional fees		6,610	6,610
Payroll fee	2,130		2,130
Miscellaneous		16	16
	$ 208,309	$ 6,626	$ 214,935

See the accompanying independent auditor's report.
The accompanying notes are an integral part of the financial statements.

Servicemembers Undertaking Disabled Sports (SUDS), Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities:		
Change in net assets	$	119,513
Adjustment to reconcile change in net assets to net cash used in operating activities		
Unrealized gain on investments		(120,872)
Net cash used in operating activities		(1,359)
Net decrease in cash and cash equivalents		(1,359)
Cash and cash equivalents at beginning of year		880,659
Cash and cash equivalents at end of year	$	879,300
Supplementary financial information:		
Interest paid during the year	$	-
Income taxes paid	$	-

See the accompanying independent auditor's report.
The accompanying notes are an integral part of the financial statements.

Note 1. Organization and nature of activities

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

Note 2. Summary of significant accounting policies - continued

Promises to give

Promises to give represent written or oral agreements by donors to contribute cash or other assets to SUDS. Unconditional promises to give are recognized as contribution revenue in the period the promise is received and as promises receivable at estimated fair value. An unconditional promise to give is a promise that depends only on the passage of time or demand by SUDS for performance.

Unconditional promises to give expected to be collected in future periods are recorded net of an allowance for uncollectible promises and, when applicable, discounted to present value. The discount is computed using a rate commensurate with the risks involved at the date the promise is initially recognized. Amortization of the discount is recognized as additional contribution revenue in accordance with the donor-imposed restriction, if any. Contributions receivable are reported net of the present-value discount, and the discount is separately disclosed in the notes to the financial statements.

Management determines the allowance for uncollectible promises based on historical collection experience, review of specific donor balances, current economic conditions, and other relevant factors. Amounts determined to be uncollectible when the promises receivable are initially measured are excluded from the allowance for uncollectible promises receivable.

Conditional promises to give are not recognized as contribution revenue or contributions receivable until the conditions on which they depend are substantially met. A donor-imposed condition exists when an agreement includes both a barrier that must be overcome before SUDS is entitled to the assets transferred or promised and either a right of return to the donor or a right of release of the donor from its obligation to transfer assets. If donor stipulations are ambiguous and the ambiguity cannot be resolved, the promise is presumed to be conditional.

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

SUDS 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 and changes in net assets..

Note 2. Summary of significant accounting policies - continued

Income taxes

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

Concentration of credit risk

SUDS maintains its cash in bank accounts, which at times may exceed federally insured limits. SUDS has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash balances.

Note 3. Fundraising and administrative expense ratio

The administrative expense ratio is calculated utilizing the gross method, without any deduction for the allowance for uncollectible pledges. The administrative expense ratio was 3.8% for the year.

Note 4. Liquidity and availability of financial assets

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

Financial assets, at year-end	$	1,863,981
Less those unavailable for general expenditures within one year, due to:		
Investments held for long term purpose		981,829
Financial assets available to meet cash needs for general expenditures within one year	$	882,152

Note 5. Investments

Investments are carried at fair value, and realized and unrealized gains and losses are reflected within investment income, net, in the statement of activities and changes in net assets. SUDS invests cash in excess of daily requirements in short-term investments.

Investments measured at fair value are classified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are observable inputs other than quoted prices included in Level 1; and Level 3 inputs are unobservable inputs. Certain investments are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient and are not classified in the fair value hierarchy; disclosures for such investments are provided in accordance with Accounting Standards Codification 820-10-50-6A.

Note 5. **Investments - continued**

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, 2025, are as follows:

Description	Fair value	Active Quote Price (Level 1)
Long-term investments		
Fixed income	$ 413,825	$ 413,825
Equity securities	568,004	568,004
Total long-term investments	$ 981,829	$ 981,829

Note 6. Subsequent events

The management of SUDS has analyzed subsequent events through August 17, 2026 the date on which the financial statements were available to be issued. No events have occurred since the financial statement date that would have a material impact on the financial statements.