



**UNITED STATES JUDO, INC.**

**Financial Statements**

**For the Year Ended December 31, 2023**

**And**

**Independent Auditors' Report**

# UNITED STATES JUDO, INC.

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
United States Judo, Inc.

### Opinion

We have audited the accompanying financial statements of United States Judo, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 the Organization 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibility 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 auditors' 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 the Organization'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 the Organization'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stockman Kast Ryan + Co. LLP*

December 6, 2024

# UNITED STATES JUDO, INC.

## STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023 (with comparative totals for 2022)

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	2023	2022
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and equivalents	\$ 382,992	\$ 451,386
Accounts receivable	71,601	49,246
Prepaid expenses and other current assets	108,448	64,302
Investments	<u>732,508</u>	<u>658,187</u>
Total current assets	1,295,549	1,223,121
PROPERTY AND EQUIPMENT, NET	<u>8,525</u>	<u>6,528</u>
TOTAL ASSETS	<u>\$ 1,304,074</u>	<u>\$ 1,229,649</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 249,826	\$ 202,871
Accrued expenses	85,538	72,206
Deferred revenue	585,227	448,812
Current portion of notes payable	<u>3,772</u>	<u>3,670</u>
Total current liabilities	924,363	727,559
LONG-TERM PORTION OF NOTES PAYABLE	<u>142,374</u>	<u>146,152</u>
TOTAL LIABILITIES	<u>1,066,737</u>	<u>873,711</u>
NET ASSETS		
Without donor restrictions:		
Available for operations	185,462	277,055
Invested in property and equipment	<u>8,525</u>	<u>6,528</u>
Total net assets without donor restrictions	193,987	283,583
With donor restrictions	<u>43,350</u>	<u>72,355</u>
TOTAL NET ASSETS	<u>237,337</u>	<u>355,938</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,304,074</u>	<u>\$ 1,229,649</u>

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See notes to financial statements.

## UNITED STATES JUDO, INC.

### STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUES</b>				
Dues and membership	\$ 1,069,931		\$ 1,069,931	\$ 835,339
Grants	706,931		706,931	686,900
Events	436,981		436,981	469,826
Contributions-financial assets	147,796	\$ 52,971	200,767	119,840
Contributions- non-financial assets	130,741		130,741	146,312
Certification and other service fees	82,006		82,006	63,502
Investment income (loss)	74,321		74,321	(96,001)
Other	18,161		18,161	55,662
Total	2,666,868	52,971	2,719,839	2,281,380
Net assets released from restrictions - satisfaction of purpose restrictions	81,976	(81,976)	—	—
Total support and revenues	2,748,844	(29,005)	2,719,839	2,281,380
<b>EXPENSES</b>				
Program services	2,142,665		2,142,665	1,855,781
Supporting services:				
General and administrative	631,328		631,328	628,442
Fundraising	64,447		64,447	46,008
Total expenses	2,838,440	—	2,838,440	2,530,231
CHANGE IN NET ASSETS	(89,596)	(29,005)	(118,601)	(248,851)
NET ASSETS, Beginning of year	283,583	72,355	355,938	604,789
NET ASSETS, End of year	\$ 193,987	\$ 43,350	\$ 237,337	\$ 355,938

See notes to financial statements.

## UNITED STATES JUDO, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

	2023				2022 Total
	Program Services	Supporting Services		Total	
		General and Administrative	Fundraising		
High performance	\$ 936,953			\$ 936,953	\$ 624,014
Salaries and benefits	347,909	\$ 352,286	\$ 51,899	752,094	687,810
National events	349,335			349,335	496,898
Business operations	227,405	52,170		279,575	265,473
Insurance	42,667	119,911		162,578	142,168
Membership	156,303			156,303	120,260
Donations			12,548	12,548	17,156
Occupancy and office		76,980		76,980	78,533
Professional services	11,423	29,981		41,404	36,003
Referees	35,301			35,301	30,346
Other	35,369			35,369	31,570
<b>TOTAL</b>	<b>\$ 2,142,665</b>	<b>\$ 631,328</b>	<b>\$ 64,447</b>	<b>\$ 2,838,440</b>	
PERCENTAGE	76%	22%	2%	100%	
<b>TOTAL - 2022</b>	<b>\$ 1,855,781</b>	<b>\$ 628,442</b>	<b>\$ 46,008</b>		<b>\$ 2,530,231</b>
PERCENTAGE - 2022	73%	25%	2%		100%

See notes to financial statements.

## UNITED STATES JUDO, INC.

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023 (with comparative totals for 2022)

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	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ (118,601)	\$ (248,851)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,904	3,215
Net realized and unrealized loss (gains) on investments	(64,449)	104,063
Changes in operating assets and liabilities:		
Accounts receivable	(22,355)	(30,742)
Prepaid expenses and other current assets	(44,146)	36,917
Accounts payable and accrued expenses	60,287	136,394
Deferred revenue	<u>136,415</u>	<u>125,264</u>
Net cash provided by (used in) operating activities	<u>(48,945)</u>	<u>126,260</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,901)	(6,162)
Purchase of investments	<u>(9,872)</u>	<u>(8,062)</u>
Net cash used in investing activities	<u>(15,773)</u>	<u>(14,224)</u>
FINANCING ACTIVITIES		
Cash used in financing activities —		
Repayments of long-term debt	<u>(3,676)</u>	<u>(1,123)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,394)	110,913
CASH AND CASH EQUIVALENTS, Beginning of year	<u>451,386</u>	<u>340,473</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 382,992</u>	<u>\$ 451,386</u>

See notes to financial statements.

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# UNITED STATES JUDO, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** — United States Judo, Inc. (the Organization) was incorporated in September 1980 in 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 & Paralympic Committee (USOPC). 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 Presentation** — The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions which represent the expendable resources that are available for operations at management's discretion and the net investment in property and equipment; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

The accompanying financial statements include certain prior year summarized comparative information in total. 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, 2022, from which the summarized information was derived.

**Cash and Cash Equivalents** — The Organization considers all liquid investments with original maturities of three months or less, and which are not held for long-term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long-term investment purposes, regardless of original length to maturity, are reported as investments and are excluded from this definition. The net amount of operating cash added to, or withdrawn from, the long-term investments is reported as an investing activity in the statement of cash flows. At times during the year, the Organization's cash accounts may exceed Federal Deposit Insurance Corporation insured limits.

**Accounts Receivable** — Accounts receivable are stated at the amount billed for services and fees. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off based on specific circumstances of the customer and other economic factors. The Organization provides an allowance for credit losses for estimated uncollectible amounts. The Organization's estimate is based on historical collection experience, current and future expected economic conditions, and a review of the current status of trade accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for credit losses will change. As of December 31, 2023 and 2022, management believes all accounts receivable are fully collectible.

**Investments and Investment Return** — Investments are carried at fair value in the statement of financial position. Net investment return consists of interest and dividend income, and the realized and unrealized gains and losses on the investments, less investment management and custodial fees. See Note 5 for additional information on fair value measurements.

**Prepaid Expenses and Other Assets** — Prepaid expenses and other assets consist primarily of expenses paid and tickets purchased in advance of future judo events.

**Property and Equipment** — All acquisitions of property and equipment in excess of \$3,000 are capitalized. Donated equipment is recorded at fair market value at the date of donation. Purchased equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of five years. Upon sale or disposition, the asset and its related accumulated depreciation are removed from the accounts and any remaining gain or loss is included in the statement of activities. Costs of repairs and maintenance are charged to expense when incurred.

**Revenue from Contracts** — The Organization recognizes revenues by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when (or as) the performance obligation is satisfied.

USOPC funds received in advance are included in deferred revenue and recognized when the related performance obligation is satisfied. Dues and memberships are recognized ratably over the period of membership as services are simultaneously received and consumed by the members.

**Contributions** — Grants and contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets without donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Functional Allocation of Expenses** — The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are recorded when costs are incurred. The majority of expenses are comprised of travel, lodging, food, site costs and related costs, which are allocated to programs as the costs are associated with events the Organization hosts or events their athletes attend. For salaries expense, the Organization reviewed the salaries for each employee and allocated the expense as a percentage of time effort spent in each category. Occupancy costs are then allocated using the percentages derived from the salary allocation and headcount.

**Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Income Taxes** — The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

**Subsequent Events** — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. LIQUIDITY AND AVAILABILITY

The table reflects the Organization's financial assets as of December 31, reduced by amounts that are not available for use within one year from the statement of financial position date.

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 382,992	\$ 451,386
Accounts receivable	71,601	49,246
Investments	<u>732,508</u>	<u>658,187</u>
Total financial assets	1,187,101	1,158,819
Less amounts unavailable to be used within one year, due to:		
Net assets with donor restrictions	<u>(43,350)</u>	<u>(72,355)</u>
Total financial assets available to management to meet cash needs within one year	<u>\$ 1,143,751</u>	<u>\$ 1,086,464</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as their general expenditures, liabilities and other obligations come due. In accordance with their liquidity plan, excess cash is invested in long-term investments and the Organization follows the guidelines of their investment policy.

## 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<b>2023</b>	<b>2022</b>
Equipment	\$ 24,000	\$ 18,099
Software	<u>8,000</u>	<u>8,000</u>
Total	32,000	26,099
Less accumulated depreciation	<u>(23,475)</u>	<u>(19,571)</u>
Total	<u>\$ 8,525</u>	<u>\$ 6,528</u>

Depreciation expense was \$3,904 and \$3,215 during the years ended December 31, 2023 and 2022, respectively.

## 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds that the Organization has received which are restricted to support the Organization's Olympic, Paralympic, and Youth programs. Total net assets with donor restrictions were \$43,350 and \$72,355, respectively, at December 31, 2023 and 2022.

## 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization recognizes transfer between levels at the end of the reporting period.

The Organization's investment in the United States Olympic and Paralympic Endowment (USOPE) portfolio is valued at fair value using the net asset value of the portfolio provided by the USOPE. Certain alternative investments within the USOPE portfolio are stated at the estimated net asset values of the underlying investments. The Organization's investment in this portfolio is classified as Level 2.

The Organization may terminate its investment agreement with the USOPE effective at the end of any calendar month upon the giving of at least ninety days written notice or upon shorter notice acceptable to the USOPE if the USOPE determines that adequate liquidity exists in the portfolio to permit early termination.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. The Organization considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that investment.

The following table sets forth by level, within the fair value hierarchy, the Organization's financial instruments at fair value as of December 31:

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
<b>2023:</b>				
USOPE portfolio	\$ —	\$ 732,508	\$ —	\$ 732,508
<b>2022:</b>				
USOPE portfolio	\$ —	\$ 658,187	\$ —	\$ 658,187

The USOE portfolio consists of the following investments at December 31:

	<b>2023</b>	<b>2022</b>
Alternative investments	39%	34%
Domestic equities	36%	25%
Domestic bonds	7%	20%
International equities	17%	13%
Cash and other	<u>1%</u>	<u>8%</u>
Total	<u>100%</u>	<u>100%</u>

Alternative investments include hedge equity funds, private equity funds, real estate funds and limited partnerships.

Net investment income (loss) is composed of the following for the years ended December 31:

	<b>2023</b>	<b>2022</b>
Net realized and unrealized gains (loss)	\$ 64,449	\$ (104,063)
Dividend and interest income	<u>9,872</u>	<u>8,062</u>
Net investment income (loss)	<u>\$ 74,321</u>	<u>\$ (96,001)</u>

## 6. NOTES PAYABLE

On May 24, 2020, the Organization obtained a loan issued by a bank bearing interest at 2.75% in the amount of \$150,000 pursuant to the Economic Injury Disaster Loan Program (the EIDL), of the CARES Act.

Principle maturities of notes payable are as follows:

2024	\$ 3,772
2025	3,877
2026	3,985
2027	4,096
2028	4,210
Thereafter	<u>126,206</u>
Notes payable	<u>\$ 146,146</u>

## 7. RETIREMENT PLAN

The Organization maintains a retirement plan for its employees. The plan covers all employees as defined in the Organization's Plan document. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code and the Organization matches contributions up to 3% of the employee's compensation. The Organization made contributions to the plan of approximately \$19,000 and \$17,000 for the years ended December 31, 2023 and 2022, respectively.

## 8. CONCENTRATIONS

The Organization is economically dependent upon monetary grants from the USOPC in order to maintain its programs at current levels.

The USOPC provides grants to the Organization for sport development, international competition, and team preparation. Total monetary grants recognized as revenue from the USOPC are as follows for the years ended December 31:

	<b>2023</b>	<b>2022</b>
NGB funding	\$ 480,000	\$ 480,000
Paralympic	110,000	100,000
Special funding	66,931	56,900
Media agreement	<u>50,000</u>	<u>50,000</u>
Total	<u>\$ 706,931</u>	<u>\$ 686,900</u>

In addition to the monetary grants noted above, the Organization received donated goods and services from the USOPC as follows for the years ended December 31:

	<b>2023</b>	<b>2022</b>
NGB funding	\$ 23,773	\$ 10,665
Other	<u>34,937</u>	<u>34,937</u>
Total	<u>\$ 58,710</u>	<u>\$ 45,602</u>

The USOPC provided the Organization 28% and 33% of total revenues for the years ended December 31, 2023 and 2022, respectively.

## 9. CONTRIBUTIONS – NON-FINANCIAL ASSETS

Contributions of non-financial assets, valued at estimated fair market value based on invoice, consist of the following for the years ended December 31:

	<b>Revenue Recognized</b>	<b>Utilization in Programs/Activities</b>	<b>Donor Restriction</b>
<b>2023:</b>			
Occupancy	\$ 42,000	National events	None
Occupancy	34,937	General and administrative	None
Occupancy	23,773	High performance	None
In-kind services	18,253	National events	None
Food and beverage	<u>11,778</u>	National events	None
Total	<u>\$ 130,741</u>		
<b>2022:</b>			
In-kind services	\$ 49,668	National events	None
Occupancy	34,937	General and administrative	None
Occupancy	32,200	National events	None
Food and beverage	18,842	National events	None
Occupancy	<u>10,665</u>	High performance	None
Total	<u>\$ 146,312</u>		