

Soldiers Undertaking Disabled Scuba Diving, Inc.
Audited Financial Statements
December 31, 2016

Soldiers Undertaking Disabled Scuba Diving, Inc.

Table of Contents

Independent Auditor's Report on the Financial Statements..... 1

Financial Statements

 Statement of Financial Position..... 2

 Statement of Activities and Changes in Net Assets..... 3

 Statement of Functional Expenses..... 4

 Statement of Cash Flows..... 5

 Notes to Financial Statements..... 6 - 8

Kelly & Company LLC
Certified Public Accountants
1960 Gallows Road
Tysons Corner, VA 22182

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Soldiers Undertaking Disabled Scuba Diving, Inc.
Washington, DC

We have audited the accompanying statements of financial position of Soldiers Undertaking Disabled Scuba Diving, Inc. (a nonprofit organization), as of December 31, 2016 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

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 Soldiers Undertaking Disabled Scuba Diving, Inc. as of December 31, 2016, 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.

Kelly and Company, LLC

Tysons Corner, Virginia
November 8, 2017

Soldiers Undertaking Disabled Scuba Diving, Inc.
Statement of Financial Position
December 31, 2016

Assets

Cash & cash equivalents	\$ 684,502
Contributions receivable	55,114
Prepaid expenses	<u>42</u>
Total assets	<u>\$ 739,658</u>

Liabilities and net assets

Liabilities

Accounts payable	<u>\$ -</u>
Net assets	
Unrestricted	<u>739,658</u>
Total net assets	<u>739,658</u>
Total liabilities & net assets	<u>\$ 739,658</u>

Soldiers Undertaking Disabled Scuba Diving, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

Support and revenue	<u>Unrestricted</u>
Grants & contributions	\$ 313,729
Interest income	<u>362</u>
Total	<u>314,091</u>
Expenses	
Program	170,983
Operating	<u>6,084</u>
Total	<u>177,067</u>
Change in net assets	137,023
Net assets - beginning of year	<u>602,635</u>
Net assets - end of year	<u><u>\$ 739,658</u></u>

Soldiers Undertaking Disabled Scuba Diving, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program</u>	<u>Operating</u>	<u>Total</u>
Training	\$ 102,550	\$ -	\$ 102,550
Compensation	56,849		56,849
Insurance	5,360	1,340	6,700
Professional fees	2,638	2,638	5,276
Office expenses	1,962	970	2,932
Dues & subscriptions	523	-	523
Payroll fee	401	-	401
Advertising	285	-	285
Communications	216	866	1,082
Filing Fee		180	180
Postage	200	25	225
Miscellaneous		65	65
	<u>\$ 170,983</u>	<u>\$ 6,084</u>	<u>\$ 177,067</u>

Soldiers Undertaking Disabled Scuba Diving, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities:

Change in net assets	\$ 137,023
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Changes in operating assets & liabilities:	
Accounts receivable	48,990
Prepaid expenses	<u>(42)</u>
Net cash provided by operating activities	<u>185,971</u>
Net increase in cash	185,971
Cash at beginning of year	<u>498,531</u>
Cash at end of year	<u><u>\$ 684,502</u></u>

Soldiers Undertaking Disabled Scuba Diving, Inc.
Notes to Financial Statements
December 31, 2016

Note 1. Organization and nature of activities

Soldiers Undertaking Disabled Scuba Diving, Inc. (SUDS) is a charitable and educational non-profit corporation formed for the purpose of bettering the lives of disabled veterans through participation in SCUBA diving. Soldiers Undertaking Disabled Scuba Diving, Inc. was incorporated the District of Columbia in 2007.

Note 2. Summary of significant accounting policies

Basis of accounting and presentation

The accompanying consolidated 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:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Soldiers Undertaking Disabled Scuba Diving, Inc. and/or passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that are to be maintained permanently by the Soldiers Undertaking Disabled Scuba Diving, Inc.

The Soldiers Undertaking Disabled Scuba Diving, Inc. recognizes all unconditional contributed support in the period in which the commitments are made. When a donor restriction expires (i.e. when a stipulated time restriction ends or purposed restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor contributions that are temporarily restricted are reported as unrestricted support if the restrictions are met in the same accounting periods in which the contribution was originally pledged.

Note 2. Summary of significant accounting policies - (continued)

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.

Contributions

Contributions, including unconditional promises to give, are recorded when received or pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivables are comprised of donations pledged less an estimate made for doubtful receivables based on all outstanding amounts. Management determines the allowance for doubtful account by regularly evaluating individual accounts receivables. As of December 31, 2016, management has estimated that all receivables are fully collectible, accordingly management has not made any provision for uncollectible accounts.

Use of Estimates

Soldiers Undertaking Disabled Scuba Diving, Inc. prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

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

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

Note 2. Summary of significant accounting policies - (continued)

Concentration of Credit Risk

Soldiers Undertaking Disabled Scuba Diving, Inc. maintains its cash in bank account which, at times, may exceed federally insured limits. Soldiers Undertaking Disabled Scuba Diving, 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.

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 1.94% for the year.

Note 4. Fair value measurement

The accounting standard for fair value measurements defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. The standard is applicable whenever assets and liabilities are measured and included in the financial statements at fair value. The carrying amounts reflected in the balance sheet for cash, accounts receivable, prepaid expenses, loans receivable, accounts payable, accrued expenses, lease commitments and notes payable approximate their respective fair values due to the short maturities of those instruments.

Note 5. Subsequent events

The management of the Soldiers Undertaking Disabled Scuba Diving, Inc. has analyzed subsequent events through November 8, 2017, 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.