
**American Association For
Nude Recreation, Inc.**

Financial Statements

As of December 31, 2020

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.

TABLE OF CONTENTS

December 31, 2020 and 2019

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 300
Maitland, Florida 32751
Phone (407) 839-3330 Fax (407) 839-3660

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
American Association for Nude Recreation, Inc.
Kissimmee, Florida

We have audited the accompanying financial statements of American Association for Nude Recreation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years 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 American Association for Nude Recreation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

April 8, 2021

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 135,625	\$ 43,545
Accounts receivable	4,199	5,682
Prepaid expenses	30,607	26,204
Total current assets	<u>170,431</u>	<u>75,431</u>
 Property, Plant and Equipment, Net of Accumulated Depreciation	 <u>551,916</u>	 <u>546,772</u>
 Other Assets		
Development loans receivable	22,000	39,000
Cash and investments designated by the Board of Trustees	732,948	687,753
Total other assets	<u>754,948</u>	<u>726,753</u>
 TOTAL ASSETS	 <u><u>\$ 1,477,295</u></u>	 <u><u>\$ 1,348,956</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ -	\$ -
Deferred revenue	502,150	463,848
Security deposits	2,850	2,850
Accrued expenses	74,216	72,853
Current maturities of long-term leases	-	988
Total current liabilities	<u>579,216</u>	<u>540,539</u>
 Total Liabilities	 <u>579,216</u>	 <u>540,539</u>
 Net Assets		
With donor restrictions	-	-
Without donor restrictions	898,079	808,417
Total Net Assets	<u>898,079</u>	<u>808,417</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,477,295</u></u>	 <u><u>\$ 1,348,956</u></u>

The accompanying notes are an integral part of these financial statements.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Assets Without Donor Restrictions		
Revenue:		
Membership dues	\$ 994,347	\$ 948,139
Advertising	97,185	124,993
Rental income	35,869	35,419
Unrestricted donations	10,952	19,717
Investment income (losses)	28,075	109,232
Other income	14,846	13,127
Total revenues and gains without donor restrictions	<u>1,181,274</u>	<u>1,250,627</u>
Expenses:		
Salaries and benefits	659,792	626,896
Publications	83,434	171,177
Club programs	18,462	21,561
Government affairs	11,202	20,491
Public relations	17,747	44,426
Other direct membership services	57,240	66,631
Building and occupancy	37,644	38,822
Management and general	206,091	150,079
Total Expenses	<u>1,091,612</u>	<u>1,140,083</u>
Increase (Decrease) in Assets Without Donor Restrictions	<u>89,662</u>	<u>110,544</u>
Increase (Decrease) in Assets With Donor Restrictions	<u>-</u>	<u>-</u>
Total Increase (Decrease) in Net Assets	89,662	110,544
Net Assets at Beginning of Year	<u>808,417</u>	<u>697,873</u>
Net Assets at End of Year	<u><u>\$ 898,079</u></u>	<u><u>\$ 808,417</u></u>

The accompanying notes are an integral part of these financial statements.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 89,662	\$ 110,544
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation expense	17,776	15,167
Unrealized (gain) loss on investments	(13,156)	(81,876)
(Increase) decrease in accounts receivable	1,483	(446)
(Increase) decrease in prepaid expenses	(4,404)	(3,023)
(Increase) decrease in development fund loans	17,000	4,000
Increase (decrease) in accounts payable and accrued expenses	1,363	25,965
Increase (decrease) in deferred revenue	38,301	7,457
	<u>148,025</u>	<u>77,788</u>
Net Cash provided by Operating Activities		
Cash Flows from Investing Activities		
Proceeds from sale of investments	74,907	157,752
Purchases of investments	(106,944)	(123,395)
Purchases of property and equipment	(22,920)	(91,482)
	<u>(54,957)</u>	<u>(57,125)</u>
Net Cash (used in) Investing Activities		
Cash Flows from Financing Activities		
Principal payments on capital lease	(988)	(5,722)
	<u>(988)</u>	<u>(5,722)</u>
Net Cash (used in) provided by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	92,080	14,941
Cash and Cash Equivalents at Beginning of Year	<u>43,545</u>	<u>28,604</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 135,625</u></u>	<u><u>\$ 43,545</u></u>
 Cash paid during the year for:		
Interest	<u><u>\$ 5</u></u>	<u><u>\$ 247</u></u>
Income taxes	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The American Association for Nude Recreation, Inc. is a not for profit association, comprised of 27,370 members, 180 clubs and 22 participating businesses in North America. Its headquarters are in Kissimmee, Florida. The general nature and purposes of the Association are to foster among the public a just and tolerant appreciation of the human person and body in all its aspects, and promote the understanding and liberty that humankind may achieve by the practice of social nudism; to disseminate knowledge and information about the practice of social nudism; to establish, maintain and foster the establishment of resorts, places, parks and areas for nude recreation; to lawfully and in combination with others, seek the establishment and maintenance of such laws in any jurisdiction as will facilitate and provide for the purpose of nude recreation.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained into perpetuity.

Revenue recognition

The Association recognizes membership dues income over the period of the membership. A membership typically lasts for one year, and can start at any time during the year. This means that at December 31, most members have some portion of their membership year remaining. Deferred revenue is the prorated portion of membership dues that have been received, but not recognized as income yet, as the membership year has not been completed.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with a maturity of three months or less at date of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect. Accounts are reserved or charged to bad debt expense as they are deemed to be doubtful or uncollectible. At December 31, 2020, and 2019, management considers all receivables to be collectible, and no allowance for uncollectible accounts is required.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using straight line and accelerated methods over the estimated useful lives of the assets. Additions and improvements which substantially extend the useful life of a particular asset are capitalized. Repair and maintenance costs are charged to expense.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Securities

The Association adopted FASB ASC Topic 958. Accordingly, the Association carries investments in equity securities with readily determinable fair values and all investments in debt securities at fair market value. Unrealized gains and losses are included in the change in net assets.

Cash and investments designated by the Board of Trustees

The Board of Trustees has designated the segregation of funds for specific purposes, although the funds remain available for general purposes with the approval of the Board. The funds consist of the following:

Development Loans – to be used for non-interest bearing loans to clubs.

Capital Improvement Fund – to be used for making capital improvements to the Association facilities.

Life Memberships - income from the sale of life memberships is to be placed in this fund. Use of fund principal is to support advocacy and education for the Association. The earnings on the principal are to be used for providing benefits to the life members.

Connett Memorial Fund - established by the Board to maintain and receive the gifts and bequests generated by the Planned Giving Program.

Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash investments and accounts receivable. At times during the year, the Association may have had balances in financial institutions that exceeded the FDIC insured limits.

Advertising Costs

Advertising costs are recorded as expense when incurred. Total advertising expense was \$750 and \$200 for the years ended December 31, 2020 and 2019, respectively.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Association is exempt from federal income taxes under section 501(c)(7) of the Internal Revenue Code on income related to its tax-exempt purpose. However, certain activities of the Association are taxable as unrelated business income. Due to net operating loss carryovers from prior years, the Association has no unrelated business income tax for 2020 and 2019.

The Association has adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2020, and 2019, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Association's income tax returns are subject to review and examination by federal authorities. The Association is not aware of any activities that would jeopardize its tax exempt status. The tax returns for the fiscal years ended from 2017 forward are open to examination by federal authorities.

NOTE 2 – DEVELOPMENT LOANS RECEIVABLE

Development loans receivable consist of non-interest bearing loans to clubs. Loan balances range from \$2,000 to \$10,000, and total \$22,000 and \$39,000, respectively at December 31, 2020 and 2019.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 131,000	\$ 131,000
Building	311,679	311,679
Building improvements	279,843	279,843
Furniture and equipment	277,637	254,717
	<u>1,000,159</u>	<u>977,239</u>
Less: accumulated depreciation	(447,643)	(430,467)
Total	<u>\$ 552,516</u>	<u>\$ 546,772</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$17,776 and \$15,167, respectively.

NOTE 4 - INVESTMENTS

Investments are stated at fair market value. The fair market value of these securities was determined based upon quoted prices as of the close of the statement period as listed on national investment exchanges. At December 31, 2020, investments consisted of mutual funds totaling \$732,948. At December 31, 2019, investments consisted of mutual funds totaling \$687,753.

The designated mutual fund investments are for the following purposes:

	<u>2020</u>	<u>2019</u>
Development loans	\$ 208,814	\$ 184,414
Capital Improvement Fund	103,209	129,681
Life memberships	101,437	96,872
Connett Memorial Fund	319,488	276,786
Total	<u>\$ 732,948</u>	<u>\$ 687,753</u>

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 – INVESTMENTS (continued)

At December 31, 2020 and 2019, investment income (losses) consisted of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 15,473	\$ 30,971
Net realized gains	5,541	2,876
Net unrealized holding gains (losses)	13,156	81,876
Investment expenses	<u>(6,095)</u>	<u>(6,491)</u>
Total income (losses)	<u>\$28,075</u>	<u>\$ 109,232</u>

NOTE 5 - LEASES (AS LESSOR)

The Association leases a portion of its office building to other tenants. The current lease terms cover periods of less than one year. Rental income was \$35,869 and \$35,419 for the years ending December 31, 2020 and 2019 respectively.

NOTE 6 – OPERATING LEASE COMMITMENTS

The Association leases office equipment under a noncancelable operating lease with a term of five years. The following is a schedule of the future minimum rentals under this lease as of December 31, 2020:

Year ending December 31:

2021	\$5,940
2022	\$5,940
2023	\$5,940
2024	\$5,940
2025	<u>\$4,950</u>
	<u>\$29,700</u>

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 – OPERATING LEASE COMMITMENTS (continued)

The association leased equipment under a five year capital leased lease agreement that ended in 2020. The equipment was purchased for \$1 at the end of this lease.

NOTE 7 – RETIREMENT PLAN

The Association adopted a 401(k) Profit Sharing Plan effective January 1, 2018. All employees that have completed six consecutive months of service and are age 18 or older are eligible to participate. The employer's contribution is based on 100% matching contributions on the first 1% of employee deferrals, and 50% matching on 2-3% of employee deferrals. The Association's contribution for the year ended December 31, 2020 and 2019 was approximately \$4,616 and \$5,125 respectively.

NOTE 8 – SUBSEQUENT EVENTS

Management Evaluation

The Association has evaluated subsequent events through April 8, 2021, which is the date the financial statements were issued. All subsequent events requiring recognition as of April 8, 2021 have been incorporated into these financial statements.