

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

Financial Statements

As of December 31, 2024

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2024 and 2023, and the related statements of activities, and cash flows for the years 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 American Association for Nude Recreation, Inc. as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years then ended in conformity 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 American Association for Nude Recreation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 American Association for Nude Recreation, 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 of 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 American Association for Nude Recreation, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Association for Nude Recreation, 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.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

April 10, 2025

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 268,203	\$ 348,126
Accounts receivable	4,868	9,102
Prepaid expenses	40,527	34,446
Total current assets	<u>313,598</u>	<u>391,674</u>
Property, Plant and Equipment,		
Net of Accumulated Depreciation of \$561,989 and \$491,777	<u>611,704</u>	<u>521,625</u>
Other Assets		
Development loans receivable	41,792	43,792
Cash and investments designated by the Board of Trustees	933,885	859,599
Total other assets	<u>975,677</u>	<u>903,391</u>
TOTAL ASSETS	<u><u>\$ 1,900,979</u></u>	<u><u>\$ 1,816,690</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ -	\$ -
Deferred revenue	458,285	498,308
Security deposits	1,650	1,650
Accrued expenses	105,391	107,369
Total current liabilities	<u>565,326</u>	<u>607,327</u>
Total liabilities	<u>565,326</u>	<u>607,327</u>
Net Assets		
With donor restrictions	-	-
Without donor restrictions	1,335,653	1,209,363
Total net assets	<u>1,335,653</u>	<u>1,209,363</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,900,979</u></u>	<u><u>\$ 1,816,690</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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Changes in Assets Without Donor Restrictions		
Revenue:		
Membership dues	\$ 1,054,827	\$ 1,117,792
Advertising	64,130	56,108
Rental income	38,400	36,014
Unrestricted donations	3,542	2,318
Investment income (losses)	75,273	47,703
Other income	29,302	35,584
Total revenues and gains without donor restrictions	<u>1,265,474</u>	<u>1,295,519</u>
Expenses:		
Salaries and benefits	634,236	679,792
Publications	109,916	116,120
Club programs	15,929	16,565
Government affairs	25,103	20,743
Public relations	33,053	27,304
Other direct membership services	40,647	50,344
Building and occupancy	45,799	39,435
Management and general	234,501	183,727
Total expenses	<u>1,139,184</u>	<u>1,134,030</u>
Increase (Decrease) in Assets Without Donor Restrictions	<u>126,290</u>	<u>161,489</u>
Change in Assets With Donor Restrictions	<u>-</u>	<u>-</u>
Total Increase (Decrease) in Net Assets	126,290	161,489
Net Assets at Beginning of Year	<u>1,209,363</u>	<u>1,047,874</u>
Net Assets at End of Year	<u><u>\$ 1,335,653</u></u>	<u><u>\$ 1,209,363</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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Net Increase (Decrease) in Net Assets	\$ 126,290	\$ 161,489
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation expense	70,212	32,524
Unrealized (gain) loss on investments	(38,689)	(27,016)
Accounts receivable	4,234	(8,501)
Prepaid expenses	(6,081)	(3,955)
Development fund loans	2,000	(22,000)
Accounts payable and accrued expenses	(1,978)	7,592
Security deposits	-	(1,200)
Deferred revenue	<u>(40,023)</u>	<u>(58,858)</u>
Net cash provided by operating activities	<u>115,965</u>	<u>80,075</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	307,229	274,135
Purchases of investments	(342,826)	(370,382)
Purchases of property and equipment	<u>(160,291)</u>	<u>(36,134)</u>
Net cash used in investing activities	<u>(195,888)</u>	<u>(132,381)</u>
Cash Flows from Financing Activities		
Principal payments on capital lease	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,923)	(52,306)
Cash and Cash Equivalents at Beginning of Year	<u>348,126</u>	<u>400,432</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 268,203</u></u>	<u><u>\$ 348,126</u></u>
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<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, 2024 and 2023

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 25,415 members, 168 clubs and 28 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 Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association 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 Association's management and board of trustees.

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 Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023

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 \$3,162 and \$3,892 for the years ended December 31, 2024 and 2023, respectively.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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 2024 and 2023.

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, 2024, and 2023, 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 2021 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 \$41,792 and \$43,792, respectively at December 31, 2024 and 2023.

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2024</u>	<u>2024</u>
Land	\$ 131,000	\$ 131,000
Building	311,679	311,679
Building improvements	337,122	335,472
Furniture and equipment	393,892	235,251
	<u>1,173,693</u>	<u>1,013,402</u>
Less: accumulated depreciation	(561,989)	(491,777)
Total	<u>\$ 611,704</u>	<u>\$ 521,625</u>

Depreciation expense for the years ended December 31, 2024 and 2023 totaled \$70,212 and \$32,524, 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, 2024, investments consisted of mutual funds and certificates of deposits totaling \$933,885. At December 31, 2023, investments consisted of mutual funds totaling \$859,599.

The designated mutual fund investments are for the following purposes:

	<u>2024</u>	<u>2023</u>
Development loans	\$ 210,513	\$ 300,984
Capital Improvement Fund	123,845	112,597
Life memberships	123,621	111,388
Connett Memorial Fund	476,906	334,630
Total	<u>\$ 933,885</u>	<u>\$ 859,599</u>

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 – INVESTMENTS (continued)

At December 31, 2024 and 2023, investment income (losses) consisted of the following:

	2024	2023
Interest and dividends	\$ 40,504	\$ 25,591
Net realized gains	-	1,762
Net unrealized holding gains (losses)	38,689	27,016
Investment expenses	<u>(3,920)</u>	<u>(6,666)</u>
Total income (losses)	<u>\$ 75,273</u>	<u>\$ 47,703</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 \$38,400 and \$36,014 for the years ending December 31, 2024 and 2023 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, 2024:

Year ending December 31;

2025	<u>\$4,950</u>
	<u>\$4,950</u>

AMERICAN ASSOCIATION FOR NUDE RECREATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 – 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 matches 4% of employee deferrals. The Association's contribution for the year ended December 31, 2024 and 2023 was approximately \$14,370 and \$14,650 respectively.

NOTE 7 – SUBSEQUENT EVENTS

Management Evaluation

The Association has evaluated subsequent events through April 10, 2025, which is the date the financial statements were issued. All subsequent events requiring recognition as of April 10, 2025 have been incorporated into these financial statements.

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

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

In planning and performing our audit of the financial statements of American Association for Nude Recreation, Inc., (a nonprofit organization) as of December 31, 2024 and 2023, in accordance with accounting standards generally accepted in the United States of America, we considered American Association for Nude Recreation, Inc.'s system of internal controls over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, of detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management. Management, others within the Company, and the Board of Directors is not intended to be, and should not be, used by anyone other than these specified parties.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

April 10, 2025