

USA SURFING, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024



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YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
USA Surfing, Inc.
San Clemente, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of USA Surfing, Inc. (the Organization) which comprise the statement of financial position as of December 31, 2024, 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 the Organization as of December 31, 2024, and the changes in activities and net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the financial statements in accordance with GAAP, 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.

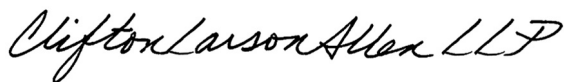
Auditors' Responsibilities for the Audit of the Financial Statements

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 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 GAAS 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, including omissions, 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 GAAS, 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.



CliftonLarsonAllen LLP

Livingston, New Jersey
November 17, 2025

USA SURFING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 119,645
Accounts Receivable	15,810
Prepaid Expenses	<u>5,768</u>
Total Current Assets	<u><u>\$ 141,223</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,550
Deferred Revenue	<u>181,504</u>
Total Current Liabilities	183,054

NET DEFICIT

Without Donor Restrictions	<u>(41,831)</u>
Total Liabilities and Net Assets	<u><u>\$ 141,223</u></u>

USA SURFING, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT
YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Contributions	\$ 157,733	\$ -	\$ 157,733
Sponsorships	384,169	-	384,169
Event Entry Fees	278,390	-	278,390
Clinic Fees	19,134	-	19,134
Membership Income	29,561	-	29,561
Other Income	19,541	-	19,541
Release from Restrictions	-	-	-
Total Revenue	<u>888,528</u>	<u>-</u>	<u>888,528</u>
EXPENSES			
Program	645,657	-	645,657
Administration	111,475	-	111,475
Fundraising	<u>4,202</u>	<u>-</u>	<u>4,202</u>
Total Expenses	<u>761,334</u>	<u>-</u>	<u>761,334</u>
CHANGES IN NET DEFICIT	127,194	-	127,194
Net Deficit - Beginning of Year	<u>(169,025)</u>	<u>-</u>	<u>(169,025)</u>
NET DEFICIT - END OF YEAR	<u><u>\$ (41,831)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (41,831)</u></u>

USA SURFING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Activities	Administration	Fundraising	Total
Salaries and Wages	\$ -	\$ 3,871	\$ -	\$ 3,871
Professional Fees and Contract Services	336,663	29,504	-	366,167
Supplies	2,192	1,211	-	3,403
Athlete Grant	12,172	-	-	12,172
Postage, Shipping, and Delivery	455	1,501	-	1,956
Telephone	-	598	-	598
Occupancy	4,844	400	-	5,244
Information Technology	3,386	13,796	-	17,182
Insurance	13,241	14,516	-	27,757
Travel	76,684	61	-	76,745
Event Expenses	114,360	1,540	-	115,900
Equipment Lease and Maintenance	27,577	141	-	27,718
Membership Dues and Subscriptions	1,000	-	-	1,000
Advertising	52,554	100	-	52,654
Credit Loss Expense	-	-	-	-
Miscellaneous	71	1,161	-	1,232
Sponsorship Fees	325	43,075	-	43,400
Fundraising Expenses	133	-	4,202	4,335
Total Functional Expenses	<u>\$ 645,657</u>	<u>\$ 111,475</u>	<u>\$ 4,202</u>	<u>\$ 761,334</u>

USA SURFING, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Deficit	\$ 127,194
Cash Provided by Operating Activities	
Changes in Operating Assets:	
Accounts Receivable	(15,810)
Prepaid Expenses	(253)
Changes in Operating Liabilities:	
Accounts Payable	(17,475)
Accrued Liabilities	(11,077)
Deferred Revenue	2,542
Net Cash Provided by Operating Activities	<u>85,121</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Loan	50,000
Repayments of Loan	<u>(50,000)</u>
Net Cash Provided by Financing Activities	-

NET CHANGE IN CASH AND CASH EQUIVALENTS

85,121

Cash and Cash Equivalents - Beginning of Year

34,524

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 119,645

USA SURFING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Surfing, Inc. (the Organization) is nonprofit organization incorporated in the state of California in 2017. We serve the most elite surf athletes and keep local contests primed with surfers seeking to move up the ranks to represent their country in world championship competition. We are the bridge between emerging talent and professional ranks, providing the upgraded competitive experiences that prepare surfers for the big leagues of global competition. Our crucial role in this ecosystem enables us to continue to diversify, expand, and strengthen a professional network of judges, coaches, certified surf schools and gyms.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible receivables to operations when determined to be uncollectible based on a combination of historical loss experience, current economic conditions, and forward-looking information. Management determined no allowance for credit losses was necessary as of December 31, 2024.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

USA SURFING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Event entry fees and clinic fees are recognized as income when the event or clinic occurs. Sponsorship and membership income are recognized over the membership or sponsorship period. Amounts received in advance are deferred to the applicable period.

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of providing program, administration, and fundraising activities of the Organization have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. All costs have been charge directly to programs, administration, and fundraising.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Section 509(a)(2) and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. We have determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

USA SURFING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2024, the Organization did not have deposits in excess of FDIC insurance limits.

Subsequent Events

We have evaluated subsequent events through November 17, 2025, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the year ended December 31, 2024:

Financial Assets at Year-End:	
Cash	\$ 119,645
Accounts Receivable, Net	15,810
Total Financial Assets Available Within One Year	<u>\$ 135,455</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position. The beginning and ending balances for accounts receivable and deferred revenue are as follows for the year ended December 31, 2024:

	<u>January 1</u>	<u>December 31</u>
Accounts Receivable	\$ -	\$ 15,810
Deferred Revenue	178,962	181,504

USA SURFING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, the Organization received a noninterest-bearing loan of \$50,000 for operational expenses. The loan was repaid in full in 2024.



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