

Amateur Hockey Association Illinois, Inc.

**Financial Statements and
Independent Auditors' Report**

May 31, 2007

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
SUPPLEMENTAL INFORMATION	
Schedule of Functional Expenses	12

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Amateur Hockey Association Illinois, Inc.
Bensenville, Illinois

We have audited the accompanying statement of financial position of Amateur Hockey Association Illinois, Inc. as of May 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amateur Hockey Association Illinois, Inc. as of May 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Northbrook, Illinois
December 6, 2007

Amateur Hockey Association Illinois, Inc.
STATEMENT OF FINANCIAL POSITION
May 31, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 408,646
Accounts receivable	19,282
Grants receivable	5,110
Prepaid expenses and other current assets	<u>3,245</u>
Total current assets	436,283

PROPERTY AND EQUIPMENT, net	<u>30,305</u>
-----------------------------	---------------

\$ 466,588

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 26,349
Deferred revenue	<u>60,534</u>
	86,883

NET ASSETS, unrestricted	<u>379,705</u>
--------------------------	----------------

\$ 466,588

The accompanying notes are an integral part of this statement.

Amateur Hockey Association Illinois, Inc.
STATEMENT OF ACTIVITIES
Year ended May 31, 2007

Changes in unrestricted net assets

Revenues

Registration fees	\$ 267,806
Participation fees	358,768
Chicago Blackhawks Charities grant	200,000
Other grants and donations	106,303
Gate receipts at events	87,457
Commissions	44,174
Interest income	19,443
Miscellaneous	<u>22,982</u>

Total revenues	<u>1,106,933</u>
----------------	------------------

Expenses

Program services

Events and programs for members	831,782
Program registration	48,321

Supporting services

Management and general	161,555
Fundraising	<u>21,574</u>

Total expenses	<u>1,063,232</u>
----------------	------------------

INCREASE IN UNRESTRICTED NET ASSETS	43,701
-------------------------------------	--------

Net assets, beginning of year	<u>336,004</u>
-------------------------------	----------------

Net assets, end of year	<u><u>\$ 379,705</u></u>
-------------------------	--------------------------

The accompanying notes are an integral part of this statement.

Amateur Hockey Association Illinois, Inc.
STATEMENT OF CASH FLOWS
Year ended May 31, 2007

Cash flows from operating activities	
Increase in unrestricted net assets	\$ 43,701
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities	
Depreciation	10,902
(Increase) decrease in assets	
Accounts receivable	(15,240)
Grants receivable	2,036
Prepaid expenses and other current assets	5,017
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	2,337
Deferred revenue	<u>(1,640)</u>
Net cash provided by operating activities	<u>47,113</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(1,059)</u>
 INCREASE IN CASH	 46,054
Cash, beginning of year	<u>362,592</u>
Cash, end of year	<u><u>\$ 408,646</u></u>

The accompanying notes are an integral part of this statement.

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2007

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Amateur Hockey Association Illinois, Inc. (AHAI) has been in operation since December 15, 1975. AHAI is an Illinois not-for-profit corporation exempt from income tax under Internal Revenue Code Section 501(c)(3). Its main purpose is to encourage and improve the standards and conduct of amateur ice hockey in the state of Illinois. Revenues are derived principally from AHAI's programs.

2. Basis of Accounting and Presentation

The financial statements of AHAI have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statement presentation follows the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, AHAI is required to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions, according to the following three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All of AHAI's net assets are unrestricted at May 31, 2007.

3. Grants Receivable

Grants receivable are expected to be collected within one year and are recorded at net realizable value.

4. Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives, as follows:

	<u>Years</u>
Leasehold improvements	Life of lease
Equipment	5
Software	3

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2007

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

5. Deferred Revenue

Deferred revenue represents cash collected for membership registrations and other services that have not been earned at May 31, 2007.

6. Revenue Recognition

Revenue is recognized when the service has been provided.

Conditional grants for which the conditions have not been met and unearned grant receipts are reported as liabilities until the conditions have been met or the revenues have been earned.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions not collected as of the end of the year are disclosed as pledges receivable and are recorded at their estimated present value.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose 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 restrictions.

7. Income Taxes

AHAI is an Illinois not-for-profit corporation exempt from income tax under Internal Revenue Code Section 501(c)(3). However, income tax may be incurred on unrelated business income derived from space sold to advertisers in AHAI's newsletter. No income tax was due during fiscal 2007.

8. Expense Allocation

AHAI allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification.

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2007

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

8. Expense Allocation (Continued)

Supporting services are those services related to operating and managing AHAI and its programs on a day-to-day basis. Supporting services have been subclassified as follows:

Management and general - includes all activities related to AHAI's internal management and accounting for program services.

Fundraising includes all activities related to the selling of merchandise and other similar projects related to the procurement of funds for AHAI's programs.

9. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent 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.

NOTE B - PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

Leasehold improvements	\$ 39,420
Equipment	157,134
Software	<u>18,282</u>
Total property and equipment	214,836
Less accumulated depreciation	<u>184,531</u>
Property and equipment, net	<u><u>\$ 30,305</u></u>

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2007

NOTE C - LEASE OF ICE ARENA

AHAI leases office and meeting space, as well as ice time, from an ice skating facility. The lease is a non-cancelable operating lease expiring on February 28, 2014. Under the terms of the lease, as long as AHAI rents 300 hours of ice time from the facility for each twelve-month period ending on May 31, it will not be charged rent for office and meeting space. If AHAI does not rent 300 hours of ice time, it will be required to pay the lessor \$24,000 for that year for the office and meeting space. For the year ended May 31, 2007, the minimum ice usage rental time was met; accordingly, no rental expense for office and meeting space was incurred. Future ice usage time is expected to be similar.

NOTE D - CONTINGENT LIABILITIES

AHAI has been named as a defendant in a lawsuit. This proceeding is, in the opinion of management, an ordinary, routine matter incidental to the nature of AHAI. No specific monetary damages have been specified, other than jurisdictional limits, in this lawsuit. AHAI believes that this lawsuit is without merit and intends to vigorously defend its position in this case. In the opinion of management, this proceeding is covered by insurance. The possible outcome or dollar exposure to AHAI, if any, is impractical to estimate at this stage of the proceeding.

NOTE E - CONTRIBUTED SERVICES

Many unpaid volunteers have made significant contributions of their time to develop AHAI's programs. The value of this contributed time by volunteers and other contributed resources is not reflected in these financial statements since they do not meet the recognition criteria.

NOTE F - CONCENTRATIONS OF CREDIT RISK

1. **Uninsured Cash Balances**

AHAI maintains its cash balances at two financial institutions located in the Chicago area. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. At May 31, 2007, AHAI had \$273,434 of uninsured cash balances.

2. **Significant Grantor**

AHAI receives approximately 18% of its revenues from one grantor. Loss of this grant would require AHAI to seek additional revenue sources or secure new grants to continue to provide its current level of services.

SUPPLEMENTAL INFORMATION

Amateur Hockey Association Illinois, Inc.
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended May 31, 2007

	Program Services		Supporting Services		
	Events and Programs for Members	Program Registration	Management and General	Fundraising	Total
Awards	\$ 135,256	\$ -	\$ 1,565	\$ -	\$ 136,821
Computer services	-	-	1,299	-	1,299
Depreciation	-	-	10,902	-	10,902
Donations	1,500	-	-	2,000	3,500
Cross Ice Grants	5,000	-	-	-	5,000
Hospitality	24,680	-	1,806	13,602	40,088
Ice fees	245,267	-	-	-	245,267
Insurance	-	-	1,807	-	1,807
Jerseys and equipment	53,425	-	8,426	3,612	65,463
Meeting expenses	3,287	348	7,590	-	11,225
Miscellaneous expense	7,845	-	9,096	1,409	18,350
Newsletter production	53,320	-	-	-	53,320
Officials	47,043	-	-	-	47,043
Player development	36,609	-	-	-	36,609
Postage and mailing	3,962	11	14,867	9	18,849
Printed materials	28,934	5,556	14,907	407	49,804
Professional fees	46,265	828	11,700	-	58,793
Screening	73,602	-	100	-	73,702
Supplies	9,653	-	3,205	535	13,393
Telephone	1,503	1,208	10,791	-	13,502
Travel	24,605	-	8,957	-	33,562
Wages and payroll taxes	30,026	40,370	54,537	-	124,933
	<u>\$ 831,782</u>	<u>\$ 48,321</u>	<u>161,555</u>	<u>\$ 21,574</u>	<u>\$ 1,063,232</u>
