

**Amateur Hockey
Association Illinois, Inc.**

**Financial Statements and
Independent Auditors' Report**

May 31, 2002

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	
Statement of Functional Expenses	12

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors

Amateur Hockey Association Illinois, Inc.

We have audited the accompanying statement of financial position of Amateur Hockey Association Illinois, Inc. as of May 31, 2002, 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, 2002, 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 audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Northbrook, Illinois

December 13, 2002

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FINANCIAL STATEMENTS

Amateur Hockey Association Illinois, Inc.
STATEMENT OF FINANCIAL POSITION
May 31, 2002

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 198,660
Accounts receivable	38,701
Inventory	7,000
Prepays and other current assets	<u>8,229</u>
 Total current assets	 252,590

EQUIPMENT AND LEASEHOLD IMPROVEMENTS, net of accumulated depreciation of \$104,723

85,114

\$ 337,704

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 57,701
Deferred revenue	<u>13,694</u>
	<u>71,395</u>

NET ASSETS

Temporarily restricted	6,000
Unrestricted	<u>260,309</u>
	<u>266,309</u>
	<u><u>\$ 337,704</u></u>

The accompanying notes are an integral part of this statement.

Amateur Hockey Association Illinois, Inc.
STATEMENT OF ACTIVITIES
Year ended May 31, 2002

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Changes in unrestricted net assets			
Revenues			
Registration fees	\$ 214,399	\$ -	\$ 214,399
Participation fees	243,631	-	243,631
Program service fees	27,670	-	27,670
Blackhawk charities grant	145,000	-	145,000
Other grants and donations	61,770	-	61,770
Gate receipts at events	82,351	-	82,351
Merchandise sales	26,478	-	26,478
Interest income	6,799	-	6,799
Miscellaneous	13,566	-	13,566
	821,664	-	821,664
Net assets released from restrictions	4,000	(4,000)	-
Total revenues	825,664	(4,000)	821,664
Expenses			
Program services			
Events and programs for members	686,407	-	686,407
Supporting services			
Management and general	164,436	-	164,436
Registrar	38,706	-	38,706
Fundraising	14,580	-	14,580
Total expenses	904,129	-	904,129
DECREASE IN NET ASSETS	(78,465)	(4,000)	(82,465)
Net assets, beginning of year	338,774	10,000	348,774
Net assets, end of year	\$ 260,309	\$ 6,000	\$ 266,309

The accompanying notes are an integral part of this statement.

Amateur Hockey Association Illinois, Inc.
STATEMENT OF CASH FLOWS
Year ended May 31, 2002

Cash flows from operating activities	
Decrease in net assets	\$ (82,465)
Adjustment	
Depreciation	20,385
Increase in assets	
Accounts receivable	(13,372)
Prepays and other current assets	(624)
Decrease in liabilities	
Accounts payable and accrued expenses	(16,139)
Deferred revenue	<u>(1,951)</u>
Net cash used in operating activities	<u>(94,166)</u>
Cash flows from investing activities	
Purchases of equipment	<u>(30,861)</u>
Net cash used in investing activities	<u>(30,861)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(125,027)
Cash and cash equivalents at beginning of year	<u>323,687</u>
Cash and cash equivalents at end of year	\$ <u><u>198,660</u></u>

The accompanying notes are an integral part of this statement.

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2002

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, and 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.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association 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, except for \$6,000 temporarily restricted for training of officials.

3. **Cash and Cash Equivalents**

AHAI considers all highly liquid investments with a maturity date at purchase of three months or less to be cash equivalents.

4. **Inventory**

Inventory consists of merchandise stated at the lower of cost (first-in, first-out) or market.

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2002

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

5. **Equipment and Leasehold Improvements**

Equipment and leasehold improvements acquisitions are recorded at cost. Only major replacements and improvements are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives. Years of lives generally used in determining annual depreciation are:

	<u>Years</u>
Equipment	3 - 5
Leasehold improvements	10

6. **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.

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

Registrar - includes all activities related to registering teams and playoffs.

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.

7. **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.

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2002

NOTE B – RELATED PARTY TRANSACTIONS

During the year ended May 31, 2002, AHAI paid for printing and postage and construction services provided by companies affiliated with two members of the Board of Directors and for registration services provided by a person related to another member of the Board of Directors who is an employee of AHAI. In addition, AHAI retained a board member to perform legal services. Amounts paid for these services which are reported in operating expenses, are approximately as follows:

Printing charges	\$ 45,000
Postage charges	3,000
Construction services	1,000
Registration services	28,500
Legal fees	<u>11,000</u>
	\$ <u><u>88,500</u></u>

NOTE C – LEASE OF ICE ARENA

AHAI rents office and meeting space, as well as ice time, from an ice skating facility under a non-cancelable operating lease expiring February 28, 2014. Under the terms of the lease, if 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, 2002, the minimum ice usage rental time was met, and no rent expense was incurred.

NOTE D – CONTINGENT LIABILITIES

AHAI has been named as a defendant in three lawsuits. These proceedings are, in the opinion of management, ordinary, routine matters incidental to the nature of AHAI. No specific monetary damages have been specified in these lawsuits. AHAI believes all lawsuits are without merit and intends to vigorously defend its position in all cases. In the opinion of management and AHAI's legal counsel, such proceedings are covered by insurance and the ultimate disposition of such proceedings are not expected to have a material adverse effect on AHAI's financial position, results of operations, or cash flows.

Amateur Hockey Association Illinois, Inc.
NOTES TO FINANCIAL STATEMENTS
May 31, 2002

NOTE E - CONTRIBUTED RESOURCES AND 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 statements since they are not susceptible to objective measurement or valuation.

NOTE F - CONCENTRATION OF CREDIT RISK

AHAI maintains cash balances at financial institutions located in the Chicago area. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. At May 31, 2002, AHAI's uninsured cash balances approximated \$48,000.

SUPPLEMENTAL INFORMATION

Amateur Hockey Association Illinois, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended May 31, 2002

	Program Services	Supporting Services			
	Events and Programs for Members	Management and General	Registrar	Fundraising	Total
Awards	\$ 81,731	\$ 964	\$ -	\$ -	\$ 82,695
Depreciation	-	20,385	-	-	20,385
Donations	1,000	4,895	-	3,000	8,895
Hospitality	19,174	3,650	-	10,401	33,225
Ice fees	183,760	-	-	-	183,760
Insurance	10,827	-	-	-	10,827
Jerseys and equipment	47,698	520	-	-	48,218
Legal fees	-	18,212	-	-	18,212
Meeting expenses	4,494	1,051	-	-	5,545
Merchandise	27,103	-	-	-	27,103
Miscellaneous expense	26,121	25,181	-	-	51,302
Newsletter production	16,028	-	-	-	16,028
Officials	40,949	-	-	-	40,949
Outside services	63,997	10,334	1,132	-	75,463
Postage and mailing	8,672	23,432	35	35	32,174
Printed materials	24,336	15,609	5,164	239	45,348
Professional fees	18,250	17,602	-	-	35,852
Screening	36,934	-	-	-	36,934
Supplies	49,762	6,172	-	905	56,839
Telephone	1,773	5,547	1,466	-	8,786
Travel	23,798	10,882	-	-	34,680
Wages and payroll taxes	-	-	30,909	-	30,909
	<u>\$ 686,407</u>	<u>\$ 164,436</u>	<u>\$ 38,706</u>	<u>\$ 14,580</u>	<u>\$ 904,129</u>