

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

FINANCIAL STATEMENTS

MAY 31, 2001

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FINANCIAL STATEMENTS  
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FOR THE YEAR ENDED MAY 31, 2001

SCHEDULE 1

GEORGE BAGLEY AND COMPANY L.L.C.  
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MEMBERS OF AMERICAN  
INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Amateur Hockey Association Illinois, Inc.  
Elk Grove Village, Illinois

We have audited the accompanying statement of financial position of Amateur Hockey Association Illinois, Inc. (AHA) as of May 31, 2001 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of AHA'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. at May 31, 2001 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 accompanying supplementary information in Schedule 1 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 audit 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.

*George Bagley and Company L.L.C.*  
February 12, 2002

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

STATEMENT OF FINANCIAL POSITION

MAY 31, 2001

A S S E T S

Current Assets:	
Cash and cash equivalents	\$323,687
Accounts receivable	25,329
Inventory	7,000
Other current assets	<u>7,605</u>
Total Current Assets	<u>363,621</u>
Equipment and Leasehold Improvements	158,976
Less: Accumulated depreciation	<u>(84,338)</u>
	<u>74,638</u>
Total Assets	<u>\$438,259</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 73,840
Deferred revenue	<u>15,645</u>
Total Current Liabilities	<u>89,485</u>
Net Assets:	
Unrestricted	338,774
Temporarily restricted	<u>10,000</u>
Total Net Assets	<u>348,774</u>
Total Liabilities and Net Assets	<u>\$438,259</u>

See accompanying notes to financial statements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2001

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>Restricted</u> <u>Net Assets</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
Revenues:			
Registration fees	\$288,117	\$ -0-	\$288,117
Participation fees	261,646	-0-	261,646
Program service fees	48,076	-0-	48,076
Blackhawk charities grant	145,000	-0-	145,000
Other grants and donations	32,577	15,000	47,577
Gate receipts at events	52,161	-0-	52,161
Merchandise sales	22,629	-0-	22,629
Interest	19,718	-0-	19,718
Miscellaneous	2,028	-0-	2,028
Net asset released from restrictions	<u>5,000</u>	<u>(5,000)</u>	<u>-0-</u>
Total Revenues	<u>876,952</u>	<u>10,000</u>	<u>886,952</u>
Expenses:			
Program services -			
Events and programs for members	620,519	-0-	620,519
USA Hockey	69,080	-0-	69,080
Supporting services -			
Registrar	28,691	-0-	28,691
Fund-raising	33,561	-0-	33,561
Management and general	<u>116,538</u>	<u>-0-</u>	<u>116,538</u>
Total Expenses	<u>868,389</u>	<u>-0-</u>	<u>868,389</u>
Increase In Net Assets	8,563	10,000	18,563
Net Assets:			
Beginning of Year	<u>330,211</u>	<u>-0-</u>	<u>330,211</u>
End of Year	<u>\$338,774</u>	<u>\$10,000</u>	<u>\$348,774</u>

See accompanying notes to financial statements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MAY 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 18,563
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,799
(Increase) in accounts receivable	(8,317)
(Increase) in other current assets	(2,801)
Increase in accounts payable	55,254
(Decrease) in deferred revenue	<u>(15,224)</u>
Net Cash Flows Provided By Operating Activities	59,274
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of:	
Equipment	(14,781)
Leasehold improvements	(35,915)
Software	<u>(3,725)</u>
Cash Flows Used for Investing Activities	<u>(54,421)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,853
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>318,834</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$323,687</u>

See accompanying notes to financial statements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2001

1. NATURE OF OPERATIONS

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 ice hockey in the State of Illinois. Revenues are derived principally from AHAI's programs.

The Amateur Hockey Association Illinois, Inc. is affiliated with USA Hockey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Organization 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 \$10,000 temporarily restricted for training of officials.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Inventory

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

Equipment and Leasehold Improvements

Equipment and leasehold improvements acquisitions are recorded at cost. Only major replacements and improvements are capitalized. Depreciation is recorded using straight-line method over estimated useful lives of three to five years for equipment and ten years for leasehold improvements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 players.

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject AHAI to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable.

At May 31, 2001, AHAI had cash and cash equivalents of approximately \$137,000 which were not insured by the Federal government. Management does not believe any significant credit risk exists on these uninsured amounts.

AHAI requires no collateral from its members on receivables.



AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2001

4. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2001, AHAI paid for printing 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 became an employee of AHAI during the year. In addition, AHAI retained a board member to perform legal services. Amounts paid for these services, which are reported in operating expenses, are as follows:

Printing and postage charges	\$ 80,300
Construction services	30,706
Registration services	28,691
Legal fees	<u>11,000</u>
	<u>\$150,697</u>

5. LEASE OF ICE ARENA

AHAI rents office and meeting space, as well as ice time, from an ice skating facility under a non-cancellable 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 May 31, 2001, the minimum ice usage rental time was met and no rent expense was incurred.

6. CONTINGENT LIABILITIES

The Organization has been named as a defendant in three lawsuits. Two of the lawsuits involve hockey players who were injured on the ice and another lawsuit alleges discrimination by not providing the same opportunities in hockey for girls as boys and restraint of trade in insurance.

No specific monetary damages have been specified in these lawsuits. The Organization believes all lawsuits are completely without merit and intends to vigorously defend its position in all cases.

SUPPLEMENTARY INFORMATION

## AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

SCHEDULE 1

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2001

Description	Program Services		Supporting Services			Total
	Events and Programs for Members	USA Hockey	Registrar	Fund-Raising	Management and General	
Newsletter production	\$ 29,738	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 29,738
Legal fees	-0-	-0-	-0-	-0-	18,546	18,546
Phones	4,875	-0-	-0-	-0-	4,606	9,481
Awards	49,363	-0-	-0-	-0-	520	49,883
Donations	4,380	-0-	-0-	-0-	700	5,080
Hospitality	31,502	-0-	-0-	10,308	1,651	43,461
Ice Fees	198,673	-0-	-0-	-0-	1,126	199,799
Uniforms/equipment	45,288	-0-	-0-	2,100	2,254	49,642
Meeting expenses	5,552	-0-	-0-	-0-	1,410	6,962
Merchandise	-0-	-0-	-0-	39,943	-0-	39,943
Miscellaneous expense	33,436	-0-	-0-	(18,815)	5,387	20,008
Officials	41,324	-0-	-0-	-0-	-0-	41,324
Postage/mailing	14,424	-0-	-0-	-0-	12,549	26,973
Printed materials	28,570	-0-	-0-	25	10,704	39,299
Professional fees	14,179	-0-	-0-	-0-	13,502	27,681
Outside services	31,572	-0-	-0-	-0-	2,229	33,801
Computer services	706	-0-	8,035	-0-	98	8,839
Wages and payroll taxes	-0-	-0-	20,656	-0-	-0-	20,656
Supplies	23,606	-0-	-0-	-0-	7,429	31,035
Depreciation	-0-	-0-	-0-	-0-	11,799	11,799
Registrations	15,465	69,080	-0-	-0-	24	84,569
Travel	13,958	-0-	-0-	-0-	17,130	31,088
Treeing	<u>33,908</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,874</u>	<u>38,782</u>
Total Expenses	<u>\$620,519</u>	<u>\$69,080</u>	<u>\$28,691</u>	<u>\$33,561</u>	<u>\$116,538</u>	<u>\$868,389</u>