

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

FINANCIAL STATEMENTS

MAY 31, 2000

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FINANCIAL STATEMENTS
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FOR THE YEAR ENDED MAY 31, 2000

SCHEDULE 1

GEORGE BAGLEY AND COMPANY L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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. (AHAI) as of May 31, 2000 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of AHAI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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, 2000 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

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.

May 29, 2001

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

STATEMENT OF FINANCIAL POSITION
MAY 31, 2000

A S S E T S

Current Assets:	
Cash and cash equivalents	\$318,834
Accounts receivable	17,012
Inventory	7,000
Other current assets	<u>4,804</u>
Total Current Assets	<u>347,650</u>
Equipment	104,555
Less: Accumulated depreciation	<u>(72,539)</u>
	<u>32,016</u>
Total Assets	<u>\$379,666</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 18,586
Deferred revenue	<u>30,869</u>
Total Current Liabilities	<u>49,455</u>
Net Assets - Unrestricted	<u>330,211</u>
Total Liabilities and Net Assets	<u>\$379,666</u>

See accompanying notes to financial statements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2000

UNRESTRICTED NET ASSETS

Revenues:

Registration fees	\$263,350
Participation fees	237,473
Program service fees	77,396
Blackhawk charities grant	135,000
Other grants and donations	28,383
Gate receipts at events	48,818
Merchandise sales	15,505
Interest	18,646
Miscellaneous	<u>11,201</u>
Total Revenues	<u>835,772</u>

Expenses:

Program services -	
Events and programs for members	604,959
USA Hockey	69,298
Supporting services -	
Registrar	36,326
Fund-raising	28,988
Management and general	<u>85,711</u>
Total Expenses	<u>825,282</u>

Increase In Unrestricted Net Assets	10,490
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Net Assets:

Beginning of Year	<u>319,721</u>
End of Year	<u>\$330,211</u>

See accompanying notes to financial statements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 10,490
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,349
(Increase) in accounts receivable	(3,433)
(Increase) in other current assets	(4,804)
(Decrease) in accounts payable	(10,949)
Increase in deferred revenue	<u>17,303</u>
Net Cash Flows Provided By Operating Activities	21,956
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(17,372)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,584
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>314,250</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$318,834</u>

See accompanying notes to financial statements.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2000

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.

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

Equipment acquisitions are recorded at cost. Only major replacements and improvements are capitalized. Depreciation is recorded using accelerated methods over estimated useful lives of three to five years.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2000

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 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.

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, 2000, AHAI had cash and cash equivalents of approximately \$132,000 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, 2000

4. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2000, AHAI paid for printing services provided by a company affiliated with a member of the Board of Directors and for registration services provided by a person related to another member of the Board of Directors. 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	\$ 93,530
Registration services	26,960
Legal fees	<u>12,538</u>
	<u>\$133,028</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 administrative space. For the year May 31, 2000, 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 a lawsuit filed on behalf of a hockey player who was injured on the ice at the end of a hockey game on November 3, 1999.

On November 21, 2000, the Organization was named as a defendant in a lawsuit filed by the coach of a girl's hockey team and parents of certain team members. Among other things, the 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 either of the above lawsuits. The Organization believes both lawsuits are completely without merit and intends to vigorously defend its position in both cases.

SUPPLEMENTARY INFORMATION

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2000

Description	Program Services		Supporting Services			Total
	Events and Programs for Members	USA Hockey	Registrar	Fund-Raising	Management and General	
Newsletter production	\$ 37,636	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 37,636
Legal fees	-0-	-0-	-0-	-0-	12,000	12,000
Phones	3,030	-0-	900	-0-	6,313	10,243
Awards	49,894	-0-	-0-	-0-	43	49,937
Hospitality	38,926	-0-	-0-	-0-	286	39,212
Ice Fees	164,103	-0-	-0-	-0-	410	164,513
Jersies/equipment	51,550	-0-	-0-	-0-	468	52,018
Meeting expenses	6,117	-0-	439	-0-	3,032	9,588
Merchandise	-0-	-0-	-0-	28,988	-0-	28,988
Miscellaneous expense	14,726	-0-	-0-	-0-	901	15,627
Officials	38,844	-0-	-0-	-0-	90	38,934
Postage/mailing	27,759	46	2,003	-0-	8,392	38,200
Printed materials	28,229	-0-	4,102	-0-	14,482	46,813
Professional fees	4,938	-0-	-0-	-0-	3,958	8,896
Outside services	31,904	-0-	929	-0-	1,155	33,988
Computer services	749	-0-	26,511	-0-	-0-	27,260
Supplies	36,868	-0-	-0-	-0-	12,352	49,220
Depreciation	-0-	-0-	-0-	-0-	13,349	13,349
Registrations	3,919	69,252	1,442	-0-	-0-	74,613
Travel	17,114	-0-	-0-	-0-	8,480	25,594
Screening	48,653	-0-	-0-	-0-	-0-	48,653
Total Expenses	\$604,959	\$69,298	\$36,326	\$28,988	\$85,711	\$825,282