

Amateur Hockey Association Illinois, Inc.

**Financial Statements
For the Year Ended May 31, 2016**

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Amateur Hockey Association Illinois, Inc., (a nonprofit organization) which comprise the statement of financial position as of May 31, 2016, and the related statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mazzoni and Associates, P.C.

Mazzoni and Associates

Rolling Meadows, Illinois
October 20, 2016

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Statement of Financial Position
May 31, 2016

Assets

Current assets

Cash and cash equivalents	\$	1,404,954
Temporarily restricted cash		9,974
Accounts receivable		225
Accounts receivable-officiating		201,802
Grants receivable		20,280
Prepaid expenses		46,118

Total current assets		<u>1,683,353</u>
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Equipment, leasehold improvements and software

Equipment, leasehold improvements and software		108,250
Accumulated depreciation		<u>(98,804)</u>

Net equipment, leasehold improvements and software		<u>9,446</u>
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Total assets	\$	<u><u>1,692,799</u></u>
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Liabilities and Net Assets

Current liabilities

Accounts payable	\$	24,524
Accounts payable-officiating		194,305
Deferred revenue		<u>16,471</u>

Total current liabilities		<u>235,300</u>
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Net assets

Unrestricted		1,447,525
Temporarily restricted		<u>9,974</u>

Total net assets		<u>1,457,499</u>
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Total liabilities and net assets	\$	<u><u>1,692,799</u></u>
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The accompanying notes are an integral part of these financial statements

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Statement of Activities and Change in Net Assets For the Year Ended May 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Registration fees	\$ 443,193	\$	\$ 443,193
Participation fees	347,988		347,988
Grants and donations	422,849	2,361	425,210
Officiating fees	2,640,051		2,640,051
Gate receipts at events	45,812		45,812
Interest income	1,116		1,116
Miscellaneous	27,726		27,726
Net assets released from restrictions	<u>2,361</u>	<u>(2,361)</u>	
Total revenue and support	<u>3,931,096</u>		<u>3,931,096</u>
Expenses			
Program services			
Events and programs for members	3,482,058		3,482,058
Supporting services			
Management and general	205,498		205,498
Fundraising	<u>22,546</u>		<u>22,546</u>
Total expenses	<u>3,710,102</u>		<u>3,710,102</u>
Change in net assets	220,994		220,994
Net assets, beginning of year	<u>1,226,531</u>	<u>9,974</u>	<u>1,236,505</u>
Net assets, end of year	<u>\$ 1,447,525</u>	<u>\$ 9,974</u>	<u>\$ 1,457,499</u>

The accompanying notes are an integral part of these financial statements

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Statement of Cash Flows For the Year Ended May 31, 2016

Cash flows from operating activities	
Change in net assets	\$ 220,994
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	3,228
(Increase) decrease in assets:	
Accounts receivable	8,918
Grants receivable	(1,110)
Prepaid expenses and other assets	33,389
Increase (decrease) in liabilities:	
Accounts payable	(3,984)
Deferred revenue	(1,781)
	<hr/>
Net cash provided by operating activities	259,654
	<hr/>
Cash flows from investing activities	
Purchase of equipment	(3,542)
	<hr/>
Net increase in cash and cash equivalents	256,112
Cash and cash equivalents, beginning of year	<hr/> 1,158,816
Cash and cash equivalents, end of year	\$ <hr/> <hr/> 1,414,928
Cash and cash equivalents consists of the following:	
Unrestricted cash and cash equivalents	\$ 1,404,954
Temporarily restricted cash and cash equivalents	<hr/> 9,974
Total cash and cash equivalents	\$ <hr/> <hr/> 1,414,928

The accompanying notes are an integral part of these financial statements

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Notes to Financial Statements

Note 1 – Organization and nature of activities

The Amateur Hockey Association Illinois, Inc. (AHAI), incorporated on December 15, 1975, is a not-for-profit corporation organized under the laws of the State of Illinois, and has been classified by the U.S. Internal Revenue Service as a 501(c)(3) not-for-profit organization. Its main purpose is to encourage and improve the standards and conduct of amateur ice hockey in the state of Illinois. In addition to its other programs, AHAI has formed a committee to oversee the assignment of officials to games for its various members. Revenues are derived principally from AHAI's programs.

Note 2 – Summary of significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial statement presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and cash equivalents

Cash and cash equivalents consist of checking, saving, money market and certificates of deposit accounts. For the purpose of the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Grants receivable

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

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Notes to Financial Statements

Note 2 – Summary of significant accounting policies, cont'd

Equipment, leasehold improvements and software

Equipment, leasehold improvement and software 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

Deferred revenue

Deferred revenue represents cash collected for membership registrations and other services that have not been earned at May 31, 2016.

Contributions

All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, that is, when a stipulated time restriction ends or 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.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Notes to Financial Statements

Note 2 – Summary of significant accounting policies, cont'd

Contributed services

The Organization receives donated services from several organizations and many individuals who volunteer their time and facilities and perform a variety of tasks that assist the Organization. The value of the contributed time by volunteers and other contributed resources is not reflected in these financial statements, since they do not meet the recognition criteria under SFAS No. 116.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for the year ended May 31, 2016.

The Organization adopted the accounting for uncertainty in income tax guidance, which clarifies the accounting and recognition for tax positions taken on its income tax returns. In evaluating the Organization's tax provisions and accruals, the Organization believes that its estimates are appropriate and the Organization has no material unrecognized income tax positions. The Organization's tax filings are subject to audit by various taxing authorities. At May 31, 2016 the Organization is no longer subject to examination by federal and state taxing authorities for periods ending before 2012.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to their natural expenditure classification.

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

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Notes to Financial Statements

Note 2 – Summary of significant accounting policies, cont'd

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.

Date of management's review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 20, 2016, the date that the financial statements were available to be issued.

Note 3 – Restrictions on net assets

Substantially all of the restrictions on net assets at the end of May 31, 2016 are related to restricted donations received for the Organization's special programs or services. These temporarily restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donor. At May 31, 2016 the Organization had no permanently restricted net assets.

Note 4 – Equipment, leasehold improvements and software

The following is a summary of equipment, leasehold improvements and software as of May 31, 2016:

Equipment	\$	65,334
Leasehold improvements		41,520
Software		<u>1,396</u>
		108,250
Accumulated depreciation		<u>98,804</u>
Net	\$	<u><u>9,446</u></u>

Fully depreciated assets totaling \$134,210 were removed from the financial statements as of May 31, 2016.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Notes to Financial Statements

Note 5 – Support

The Organization's support is provided by registration fees, participation fees, grants and other donations from individuals and businesses in the community.

Note 6 – License Agreement

AHAI obtains office and meeting space, as well as ice time, from an ice skating facility through a license agreement which expires on June 30, 2019. Under the terms of the agreement, AHAI will not be charged rent for office and meeting space as long as AHAI purchases ice time from the facility for seven events each operating year defined as September 1st through August 31st. For the year ending May 31, 2016, the required ice usage rental time was met. Future ice usage time is expected to be similar.

Note 7 – Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and money market accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Corporation limits. At May 31, 2016, the Organization had deposits in excess of federally insured limits of approximately \$693,000.

AMATEUR HOCKEY ASSOCIATION ILLINOIS, INC.

Schedule of Functional Expenses For the Year Ended May 31, 2016

	Events and Programs for Members	Management and General	Fundraising	Total
Awards	\$ 77,694	\$ 8,107	\$ 1,861	\$ 87,662
Bank charges	195	21,388		21,583
Computer services	35,426	1,506		36,932
Depreciation	3,228			3,228
Donations	26,871		4,500	31,371
Hospitality	13,544	6,790		20,334
Ice fees	233,424			233,424
Insurance		2,825		2,825
Jerseys and equipment	52,936	2,469	1,188	56,593
Legal fees		6,655		6,655
Meeting expenses	38,638	19,324	13,541	71,503
One Goal program	16,125			16,125
Miscellaneous expense	978	3,974		4,952
Newsletter production	2,085			2,085
Officials	2,495,026	324		2,495,350
Official development	5,458			5,458
Player development	21,763			21,763
Postage and mailing	3,982	13,272	149	17,403
Printed materials	26,114	12,759	356	39,229
Professional fees	192,753	9,100		201,853
Rental	7,816	2,457		10,273
Registrations	6,720			6,720
Screening	53,539	58		53,597
Supplies	23,960	7,117	951	32,028
Telephone	7,071	3,963		11,034
Travel	51,493	18,240		69,733
Wages and payroll taxes	85,219	65,170		150,389
Total expenses	\$ 3,482,058	\$ 205,498	\$ 22,546	\$ 3,710,102