

Audited Financial Statements and
Other Supplementary Information

Michigan Amateur Hockey Association

*Years Ended April 30, 2020 and 2019
with Report of Independent Auditors*



Report of Independent Auditors

Board of Directors
Michigan Amateur Hockey Association
Grand Rapids, Michigan

We have audited the accompanying statements of assets, liabilities and net assets – modified cash basis of Michigan Amateur Hockey Association (a not-for-profit organization) as of April 30, 2020 and 2019, and the related statements of revenues, expenses, and change in net assets – modified cash basis for the years 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.

Auditors’ 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 of 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 auditors’ 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 assets and net assets of Michigan Amateur Hockey Association as of April 30, 2020 and 2019, and its revenues, expenses, and change in net assets for the years then ended on the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the accompanying financial statements were prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of Michigan Amateur Hockey Association. 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.

Andrews Hooper Pavlik PLC

Midland, Michigan
September 15, 2020

Michigan Amateur Hockey Association

Statements of Assets, Liabilities and Net Assets - Modified Cash Basis

	April 30	
	2020	2019
Assets		
Cash and cash equivalents	\$ 191,519	\$ 312,945
Investments	49,014	51,543
Other assets	3,300	-
Equipment, net of accumulated depreciation	6,291	5,312
Total assets	\$ 250,124	\$ 369,800
Liabilities		
Accrued expenses	\$ 190	\$ -
Paycheck Protection Program loan	12,973	-
Total liabilities	13,163	-
Net assets		
Net assets with donor restrictions	2,270	-
Net assets without donor restrictions	234,691	369,800
Total net assets	236,961	369,800
Total liabilities and net assets	\$ 250,124	\$ 369,800

Michigan Amateur Hockey Association

Statements of Revenues, Expenses, and Change in Net Assets - Modified Cash Basis

	Year Ended April 30	
	2020	2019
Change in net assets without donor restrictions		
Revenues:		
Playoffs - districts	\$ 208,416	\$ 226,055
Membership	215,490	222,185
Tournaments	240,181	291,589
Camps/tryouts	38,783	288,897
Mite Jamboree income	39,126	32,164
USA block grant	134,431	137,937
Investment income (loss)	(2,529)	1,543
Other income	13,985	15,877
Total revenue	<u>887,883</u>	<u>1,216,247</u>
Expenses:		
Program	894,809	1,045,961
General and administrative	128,183	100,969
Total expenses	<u>1,022,992</u>	<u>1,146,930</u>
Change in net assets without donor restrictions	(135,109)	69,317
Change in net assets with donor restrictions		
Contributions	<u>2,270</u>	-
Total change in net assets	(132,839)	69,317
Net assets, beginning of year	369,800	300,483
Net assets, end of year	<u>\$ 236,961</u>	<u>\$ 369,800</u>

See accompanying notes.

Michigan Amateur Hockey Association

Statements of Functional Expenses - Modified Cash Basis

	Year Ended April 30	
	2020	2019
Program:		
Adult program	\$ 418	\$ -
Awards	2,500	2,500
Camps and clinics	143,615	48,195
Coach education	20,639	17,477
Council identification wear	-	2,925
Disabled ice sports	11,668	3,547
Donations	-	77
Equipment	-	3,830
Equipment maintenance	1,130	810
Grants	12,811	-
Guidebooks	3,340	3,858
Ice fees	220,375	158,372
Meetings	200,941	190,966
Miscellaneous	2,882	2,473
Mite Jamborees	42,372	-
One Goal funding	45,463	48,732
Player development	-	248,683
Playoffs	-	37,810
Referee fees	7,743	109,036
Tournaments	177,440	160,269
Women / girls program expenses	1,472	-
USA block program	-	6,401
Total program	<u>894,809</u>	<u>1,045,961</u>
General and administrative:		
Payroll	19,901	-
Advertising	29,200	33,978
Bank fees	8,275	15,539
Depreciation	1,788	1,360
Insurance	2,247	-
Legal and accounting	46,943	32,235
Office supplies	12,860	7,571
Postage and printing	370	1,554
Telephone and internet	-	443
Website	6,599	8,289
Total general and administrative	<u>128,183</u>	<u>100,969</u>
Total expenses	<u>\$ 1,022,992</u>	<u>\$ 1,146,930</u>

See accompanying notes.

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Michigan Amateur Hockey Association (Organization) is organized as a Michigan not-for-profit corporation created for the purpose of registering and administering the amateur hockey teams of Michigan and conducting hockey tournaments. The Organization was incorporated in Michigan on May 28, 1964. The Organization is supported primarily through fees and permits charged to the amateur hockey teams and leagues of Michigan. The Organization functions as a District of USA Hockey.

Basis of Accounting

The Organization's policy is to prepare its financial statements in accordance with the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses, except for office and hockey equipment which are capitalized and depreciated, are recognized when cash is disbursed rather than when the obligation is incurred.

Risk and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most businesses and industries including nonprofit entities, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak is disrupting and affecting the Organization's normal activities. On April 29, 2020 the Organization secured borrowings in the amount of \$12,973 through the Paycheck Protection Program ("PPP"), obtained through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020 (See Note 5). The extent of the ultimate impact of the pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on funders, program recipients, employees, vendors, and other constituents, all of which cannot be reasonably predicted at this time. In addition, the current environment may place additional demands on the Organization for providing immediate financial support and/or services to its program recipients. While management reasonably expects the COVID-19 outbreak to negatively impact the Organization's net assets and changes in net assets on the modified cash basis method of accounting, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods, including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In determining the appropriate levels, the Organization relies on the USA Hockey Association Foundation (the "Foundation") to perform a detailed analysis of the assets and liabilities that are subject to fair value standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the fiscal years ended April 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Net Asset Classification

Net assets and support, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations in the Organization and are not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposits and amounts invested in money market funds. The Organization considers all short-term securities with a maturity of three months or less when purchased to be cash equivalents.

Investments

During fiscal year end April 30, 2019, the Organization invested \$50,000 in an investment with the Foundation. The Foundation has been appointed as the agent for management of the investment fund for the Organization. Funds transferred from the Organization to the Foundation will be added to the investment fund held by the Foundation. The Foundation aggregates funds from the Organization as well as other organizations to be held, managed, invested, and administered as a single fund. The sole investment responsibility of the Foundation will be to invest the Organization's funds as a part of a single fund. The Organization can redeem funds at any time from the Foundation. See Note 3 for additional detail on the investment with the Foundation.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value as determined by quoted market prices. Dividends, interest and changes in unrealized gains and losses on the carrying value of investments are included in investment income (loss) in the accompanying statements of revenues, expenses and change in net assets (modified cash basis method of accounting) when received. Investment expenses are reported as reductions (increases) to investment income (loss).

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Concentrations of Risk

The Organization maintains cash deposits with federally insured financial institutions. At times during the year, the Organization may have balances in these accounts that exceeded federal deposit insurance limits. Bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Bank demand deposits in excess of insured amounts for April 30, 2020 were \$ -0- and \$ -0- as of April 30, 2019. The Organization's board of directors and management believe interest rate or other financial risk associated with the deposits in bank demand accounts in excess of insured amounts is not significant.

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to seven years. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or the nature of any donor restrictions. The Organization reports gifts of cash as net assets with donor restrictions if received with donor stipulations that limit the use of the donated funds. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses and change in net assets - modified cash basis method of accounting as net assets released from donor restrictions.

The Organization utilizes volunteer and donated services in many of its on-going activities, the value of which is not reflected in the accompanying financial statements.

Income Taxes

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. The Organization has not been classified as a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

1. Nature of Operations and Summary of Significant Accounting Policies (concluded)

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of functional expenses (modified cash basis of accounting). Accordingly, all expenses are direct cost among each district and general and administrative cost and no allocations were made.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

In preparing the accompanying financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to April 30, 2020, the most recent statements of assets, liabilities and net assets (modified cash basis method of accounting) presented herein, through September 15, 2020, the date these financial statements were available to be issued. No significant such events or transactions were identified, other than the economic uncertainties noted above and in Note 5.

2. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities and net assets (modified cash basis method of accounting) date, comprise the following as of April 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 191,519	\$ 312,945
Investments	49,014	51,543
Less: Donor restricted net assets	<u>(2,270)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 238,263</u>	<u>\$ 364,488</u>

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

2. Liquidity and Availability of Resources (concluded)

The Organization is substantially supported by service fees paid during the registration process within USA Hockey. Organization contributions which contain donor restrictions require resources to be used for a particular purpose or in a future period, and as such the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, these restricted financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization's Executive Board of Directors approves an annual balanced budget. In the event of an unanticipated liquidity need, the Organization would be required to seek financial resources through borrowings, additional contributions without donor restrictions or other methods to meet the Organization's obligations.

3. Investments

The components of net investment return for the years ended April 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 51,543	\$ -
Initial investment	-	50,000
Income	1,468	1,181
Realized gain	2,275	1,635
Unrealized loss	<u>(6,272)</u>	<u>(1,273)</u>
Balance, end of year	<u>\$ 49,014</u>	<u>\$ 51,543</u>

Interest, dividends and gains and losses are presented net of investment management fees in the statements of revenues, expenses and change in net assets (modified cash basis method of accounting).

4. Equipment

Equipment consisted of the following as of April 30:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 19,763	\$ 15,973
Hockey equipment	<u>7,018</u>	<u>8,041</u>
	26,781	24,014
Accumulated depreciation	<u>(20,490)</u>	<u>(18,702)</u>
Equipment, net	<u>\$ 6,291</u>	<u>\$ 5,312</u>

Michigan Amateur Hockey Association

Notes to Financial Statements

April 30, 2020

5. Borrowed Debt

On April 29, 2020, the Organization secured borrowings in the amount of \$12,973 through the Paycheck Protection Program (“PPP”), obtained through the federal Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The loan has a five-year maturity and is subject to a 1% interest rate. There are certain provisions with the PPP which permit the Organization to have this loan fully or partially forgiven based on specific stipulations within the agreement.

6. Net Assets with Donor Restrictions

During the fiscal year end April 30, 2020, the Organization received contributions with donor restrictions in the amount of \$2,270. The restrictions related to these contributions require the Organization to spend the funds on a cross-Ice Jamboree event or an event promoting Learn to Play. As of April 30, 2020, these funds had not been expended and are anticipated to be expended in fiscal year ended April 30, 2021. There were no net assets with donor restrictions at April 30, 2019.

7. Fair Value Measurements

The Organization utilizes fair value measurements by the Foundation to record fair value adjustments of certain assets and liabilities and to determine fair value disclosures.

Fair value measurement of investment securities is based on quoted market prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security’s credit rating, prepayment assumptions, and other factors such as credit loss and liquidity assumptions. All of the Organization’s investments are Level 1. The Organization had no securities classified as Level 2 or Level 3 as of April 30, 2020 or April 30, 2019.

Fair value measurements as of April 30, 2020 are as follows:

	Level 1	Level 2	Level 3	Total
Investments	\$ 49,014	\$ -	\$ -	\$ 49,014
Total	\$ 49,014	\$ -	\$ -	\$ 49,014

Fair value measurements as of April 30, 2019 are as follows:

	Level 1	Level 2	Level 3	Total
Investments	\$ 51,543	\$ -	\$ -	\$ 51,543
Total	\$ 51,543	\$ -	\$ -	\$ 51,543