

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

FINANCIAL STATEMENTS

Year Ended November 30, 2010



AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

FINANCIAL STATEMENTS

Year Ended November 30, 2010

=====

CONTENTS

| | Page |
|--|-------|
| Independent Accountants' Review Report | 1 |
| Financial Statements: | |
| Statement of Financial Position | 2 |
| Statement of Activities and Changes in Net Assets | 3 |
| Statement of Cash Flows | 4 |
| Notes To Financial Statements | 5 - 8 |
| Supplemental Schedules | |
| Program Revenues and Expenses | 9 |
| Program Expenses - Indirect and General and Administrative Expenses | 10 |

COLLEEN A. CHARRETTE, CPA

38260 Dorn Road
Cathedral City, CA 92234
(760) 202-8756
FAX (760) 202-8757


March 15, 2011

Board of Trustees
American Historic Racing Motorcycle Association
Goodlettsville, TN 37072

I have reviewed the accompanying statement of financial position of American Historic Racing Motorcycle Association as of November 30, 2010 and the related statements of activities and changes in net assets and cash flows for the year then ended (as restated), in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of management of American Historic Racing Motorcycle Association.

A review consists principally of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.


Colleen A. Charrette, CPA

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
November 30, 2010
=====

ASSETS

| | |
|---------------------------|-------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 46,145 |
| Money Market | 31,775 |
| Investments | 176,722 |
| Prepaid Expenses | 553 |
| | <hr/> |
| Total Current Assets | 255,195 |
| Fixed Assets | |
| Furniture & Equipment | 111,037 |
| Accumulated Depreciation | (95,498) |
| | <hr/> |
| Total Fixed Assets | 15,539 |
| | <hr/> |
| TOTAL ASSETS | \$ 270,734 |
| | <hr/> <hr/> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|-------------|
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 10,816 |
| Long Term Liabilities | |
| Prepetition Legal Fees Payable | 112,120 |
| Legal Defense Fund Loans | 16,786 |
| | <hr/> |
| Total Long Term Liabilities | \$ 128,906 |
| NET ASSETS | |
| Unrestricted Net Assets | |
| Undesignated | (161,458) |
| Board Designated | 276,931 |
| Fixed Assets | 15,539 |
| | <hr/> |
| Total Unrestricted Net Assets | 131,012 |
| | <hr/> |
| TOTAL LIABILITIES AND NET ASSETS | \$ 270,734 |
| | <hr/> <hr/> |

See accompanying notes and accountant's review report.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 Year Ended November 30, 2010
 =====

UNRESTRICTED NET ASSETS

REVENUES

| | | |
|---------------------|----|---------|
| Membership Dues | \$ | 219,319 |
| Program Revenue | | 739,483 |
| Advertising Revenue | | 34,373 |
| Insurance Proceeds | | 106,986 |
| Donations | | 9,236 |
| Investment Income | | 3,372 |

| | | |
|----------------|--|-----------|
| TOTAL REVENUES | | 1,112,769 |
|----------------|--|-----------|

EXPENSES

| | | |
|-------------------------------------|--|---------|
| Program Expenses - Direct | | 548,389 |
| Program Expenses - Indirect | | 97,599 |
| General and Administrative Expenses | | 298,720 |

| | | |
|----------------|--|---------|
| TOTAL EXPENSES | | 944,708 |
|----------------|--|---------|

| | | |
|----------------------------|--|---------|
| NET INCOME FROM OPERATIONS | | 168,061 |
|----------------------------|--|---------|

| | | |
|--------------------------------|--|-------|
| Realized Gain on Investments | | 1,093 |
| Unrealized Gain on Investments | | 5,397 |

| | | |
|-------------------------------------|--|---------|
| INCREASE IN UNRESTRICTED NET ASSETS | | 174,551 |
|-------------------------------------|--|---------|

| | | |
|------------------------------|--|----------|
| NET ASSETS BEGINNING OF YEAR | | (43,539) |
|------------------------------|--|----------|

| | | |
|------------------------|----|---------|
| NET ASSETS END OF YEAR | \$ | 131,012 |
|------------------------|----|---------|

See accompanying notes and accountant's review report.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
 STATEMENT OF CASH FLOWS
 Year Ended November 30, 2010
 =====

| | |
|---|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Increase in Unrestricted Net Assets | \$ 174,551 |
| Adjustments to reconcile net assets to net cash provided by operating activities: | |
| Depreciation | 7,652 |
| (Increase) Decrease in: | |
| Accounts Receivable | 1,232 |
| Prepaid Expenses | 2,476 |
| Increase (Decrease) in: | |
| Accounts Payable | 10,449 |
| Accrued Liabilities | (32,912) |
| | 163,448 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of Property & Equipment | (14,013) |
| Purchases of Investments | (171,327) |
| Unrealized (Gain) Loss on Investments | (5,397) |
| | (190,737) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | |
| | (27,289) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | |
| | 105,209 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | |
| | \$ 77,920 |

See accompanying notes and accountant's review report.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
Year Ended November 30, 2010

Note 1. Significant Accounting Policies

Nature of Organization

American Historic Racing Motorcycle Association (AHRMA) is organized as a nonprofit business association incorporated under the laws of the State of Ohio on January 5, 1989. The primary purpose of AHRMA shall be to review and promote the sport of vintage motorcycle racing by circulating printed material about the sport, by conducting exhibitions to introduce the sport to the public, by conducting vintage motorcycle racing events, and by giving instructional clinics for the public, all to the end of providing wholesome activity and entertainment for the social improvement and welfare of the community.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period in which they occur, regardless of the timing of related cash flow.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

An allowance for doubtful accounts was set up by the Organization for the year ended November 30, 2010. The amount is equivalent to 50% of the total accounts receivable which are over 90 days old. The amount of the allowance for doubtful accounts at November 30, 2010 is \$0.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended November 30, 2010

Inventory

The inventory consists of items for resale and are priced at the lower of cost (determined on the first-in, first-out basis) or market.

Property and Depreciation

Fixed assets are recorded at cost or fair market value if donated. Major expenditures for equipment and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is computed on a straight-line method over the estimated useful lives of the assets, which is five to seven years. Depreciation expense for the year ended November 30, 2010 was \$ 7,652.

Note 2. Cash and Cash Equivalents

The Organization maintained the following cash balances.

| | |
|--------------------------|------------------|
| General Checking Account | \$ 46,145 |
| Money Market | <u>31,775</u> |
| Total | \$ <u>77,920</u> |

Note 3. Investments

Investments are composed of mutual funds investing in debt and equity securities which are carried at their fair value, as follows:

| At November 30, 2010 | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|----------------------|-------------|-------------------|--------------------------------|
| Mutual Funds | \$ 171,325 | \$ 176,722 | \$ 5,397 |

Note 4. Income Taxes

AHRMA is a not for profit organization exempt from income taxes under Section 501 (c) (4) of the Internal Revenue Code, and therefore, no provision has been made for income taxes.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended November 30, 2010

Note 5. Pension Plan

AHRMA has a Simplified Employee Pension plan covering all of its employees. The total pension expense for the year ended November 30, 2010 was \$3,600.

Note 6. Leases

The Organization houses its operations at the premises of the Executive Director on a month to month basis. The total rent expense for the year ended November 30, 2010 was \$ 15,660.

Note 7. Restricted Net Assets

As of November 30, 2010 there are no temporarily restricted or permanently restricted net assets. Restricted assets are subject to donor imposed stipulations.

Note 8. Unrestricted Net Assets

The Board of Trustees of AHRMA has designated unrestricted net assets as follows:

Undesignated: Includes resources committed to or available for use in carrying out AHRMA's programs and supporting services.

Board Designated: Consists of the Benevolent Fund, which is used to provide future assistance to needy AHRMA members based on criteria to be decided by the Board of Trustees. The fund can make payments from the investment income earned as long as it doesn't affect the principal of the fund.

Fixed Assets: Is used to accumulate the net investment in fixed assets and cash donated for future fixed asset acquisitions.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS (Continued)
Year Ended November 30, 2010

Note 9. Chapter 11 Bankruptcy

The Organization filed a petition for Chapter 11 Bankruptcy in November, 2006 to protect its resources against a lawsuit filed by Mr. Robert Iannucci. The bankruptcy court reviewed the Organization's financial position and determined AHRMA to be a viable going concern other than debt incurred from litigation fees. AHRMA and the plaintiffs reached a settlement agreeing not to pursue or assert any claims against each other. The Eastern District of New York ordered the case dismissed with prejudice. The litigation being closed, a payment plan for prepetition debt was approved by the bankruptcy court and a motion to exit Chapter 11 has been filed and confirmed in April 2008.

SUPPLEMENTAL SCHEDULES

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
PROGRAM REVENUES AND EXPENSES
Year Ended November 30, 2010
=====

| PROGRAMS | REVENUE | EXPENSE | NET |
|-----------------------|-------------------|-------------------|-------------------|
| Road Race | \$ 468,834 | \$ 377,706 | \$ 91,128 |
| Motocross | 160,440 | 108,124 | 52,316 |
| Dirt Track | 16,438 | 13,170 | 3,268 |
| Trials | 6,868 | 2,708 | 4,160 |
| Hare Scrambles | 46,525 | 33,619 | 12,906 |
| Merchandise | 9,656 | 8,566 | 1,090 |
| Banquet | 6,866 | 3,246 | 3,620 |
| Administrative Fees | 670 | 0 | 670 |
| Benevolent Fund | 2,161 | 1,250 | 911 |
| Sponsorships | 21,025 | 0 | 21,025 |
| TOTAL PROGRAMS | \$ 739,483 | \$ 548,389 | \$ 191,094 |

See accompanying notes and accountant's review report.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
PROGRAM EXPENSES - INDIRECT AND
GENERAL AND ADMINISTRATIVE EXPENSES
Year Ended November 30, 2010
=====

PROGRAM EXPENSES - INDIRECT

| | | |
|-----------------------------|----|--------|
| Championship/Worker Jackets | \$ | 7,771 |
| Printing | | 12,404 |
| Trophies | | 11,584 |
| Vintage Views | | 65,840 |

| | | |
|-----------------------------------|----|--------|
| TOTAL PROGRAM EXPENSES - INDIRECT | \$ | 97,599 |
|-----------------------------------|----|--------|

GENERAL AND ADMINISTRATIVE EXPENSES

| | | |
|-------------------------|----|---------|
| Accounting | \$ | 4,580 |
| Advertising | | 400 |
| Bank Charges | | 19,625 |
| Board Meetings | | 2,898 |
| Computer Expense | | 1,380 |
| Consultants | | 44,504 |
| Coordinators Fee | | 2,326 |
| Depreciation | | 7,652 |
| Insurance | | 10,600 |
| Internet Connections | | 899 |
| Investment Account Fees | | 1,695 |
| Legal | | 1,313 |
| Office expense | | 25,105 |
| Salaries | | 115,020 |
| Payroll Taxes | | 10,044 |
| Pension | | 3,600 |
| Postage | | 14,937 |
| Storage | | 1,265 |
| Telephone | | 5,876 |
| Travel | | 25,001 |
| Trustee Fees | | |

| | | |
|---|----|---------|
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | \$ | 298,720 |
|---|----|---------|

See accompanying notes and accountant's review report.