

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

FINANCIAL STATEMENTS

Year Ended November 30, 2016

=====

# AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

## FINANCIAL STATEMENTS

Year Ended November 30, 2016

=====

## 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 - 7
Supplemental Schedules	
Program Revenues and Expenses	8
Program Expenses - Indirect and General and Administrative Expenses	9

**COLLEEN A. CHARRETTE, CPA**

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

March 29, 2017

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, 2016 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, 2016

=====

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 76,247
Money Market	10,066
Investments	204,327
Accounts Receivable	1,623
Inventory	1,894
Prepaid Expenses	3,950
Deposits on Future Events	3,900
	-----
Total Current Assets	302,007
Fixed Assets	
Furniture & Equipment	39,720
Accumulated Depreciation	(27,403)
	-----
Total Fixed Assets	12,317
	-----
TOTAL ASSETS	\$ 314,324
	=====

LIABILITIES AND NET ASSETS

LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,553
NET ASSETS	
Unrestricted Net Assets	
Undesignated	16,506
Board Designated	283,138
Fixed Assets	12,127
	-----
Total Unrestricted Net Assets	311,771
	-----
TOTAL LIABILITIES AND NET ASSETS	\$ 314,324
	=====

The accompanying Notes to Financial Statements are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended November 30, 2016  
=====

UNRESTRICTED NET ASSETS

REVENUES

Membership Dues	\$ 181,966
Program Revenue	854,298
Advertising Revenue	41,967
Donations	12,507
Investment Income	13,589

TOTAL REVENUES	1,104,327
----------------	-----------

EXPENSES

Program Expenses - Direct	639,174
Program Expenses - Indirect	117,411
General and Administrative Expenses	320,836

TOTAL EXPENSES	1,077,421
----------------	-----------

NET INCOME FROM OPERATIONS	26,906
----------------------------	--------

Realized Gain on Investments	11,166
Unrealized Loss on Investments	(24,700)

INCREASE IN UNRESTRICTED NET ASSETS	13,372
-------------------------------------	--------

NET ASSETS BEGINNING OF YEAR	298,399
------------------------------	---------

NET ASSETS END OF YEAR	\$ 311,771
------------------------	------------

The accompanying Notes to Financial Statements are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
STATEMENT OF CASH FLOWS  
Year Ended November 30, 2015  
=====

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in Unrestricted Net Assets	\$ 13,372
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	6,419
(Increase) Decrease in:	
Accounts Receivable	(247)
Prepaid Expenses	364
Inventory	(1,607)
Deposits on Future Events	(3,900)
Increase (Decrease) in:	
Accounts Payable	(2,200)
	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,201
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property & Equipment	(6,312)
Investing Activities	(12,303)
	-----
NET CASH PROVIDED BY INVESTING ACTIVITIES	(18,615)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,414)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	92,727
	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 86,313
	=====

The accompanying Notes to Financial Statements are an integral part of this statement.

## **SUPPLEMENTAL SCHEDULES**

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
Year Ended November 30, 2016

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, 2016. 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, 2016 is \$0.



AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
Year Ended November 30, 2016

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 three to seven years. Depreciation expense for the year ended November 30, 2016 was \$ 6,419.

Note 2. Cash and Cash Equivalents

The Organization maintained the following cash balances.

General Checking Account	\$ 76,247
Money Market	<u>10,066</u>
Total	\$ <u>86,313</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, 2016	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual Funds	\$ 208,298	\$ 204,327	\$( 3,971)

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, 2016

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, 2016 was \$10,134.

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, 2016 was \$ 6,000.

Note 7.      Restricted Net Assets

As of November 30, 2016 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  
PROGRAM REVENUES AND EXPENSES  
Year Ended November 30, 2016

=====

	REVENUE	EXPENSE	NET
PROGRAMS			
Road Race	\$ 669,043	\$ 538,749	\$ 130,294
Motocross	72,210	59,775	12,435
Dirt Track	1,925	3,224	(1,299)
Trials	3,965	1,286	2,679
Hare Scrambles	25,989	12,750	13,239
Merchandise	12,633	10,540	2,093
Banquet	3,060	4,350	(1,290)
Administrative Fees	1,630	0	1,630
Benevolent Fund	6,537	8,500	(1,963)
Sponsorships	57,306	0	57,306
	-----	-----	-----
TOTAL PROGRAMS	\$ 854,298	\$ 639,174	\$ 215,124
	=====	=====	=====

The accompanying Notes to Financial Statements are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION  
PROGRAM EXPENSES - INDIRECT AND  
GENERAL AND ADMINISTRATIVE EXPENSES  
Year Ended November 30, 2016  
=====

PROGRAM EXPENSES - INDIRECT

Championship/Worker Jackets	\$ 8,768
On Line Processing Fees	31,716
Printing/Advertising	12,816
Trophies	9,530
Vintage Views	54,580

TOTAL PROGRAM EXPENSES - INDIRECT	\$	117,410
-----------------------------------	----	---------

GENERAL AND ADMINISTRATIVE EXPENSES

Accounting	\$ 7,020
Bank Charges	12,125
Board Meetings	1,460
Consultants	44,666
Depreciation	6,419
Insurance	22,411
Internet Connections	1,444
Investment Account Fees	1,370
Licenses and Taxes	972
Office expense	10,716
Office rent	6,000
Salaries	117,420
Payroll Taxes	9,450
Pension	10,134
Postage	9,672
Storage	1,815
Telephone	7,808
Travel	49,934

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	320,836
---	----	---------

The accompanying Notes to Financial Statements are an integral part of this statement.