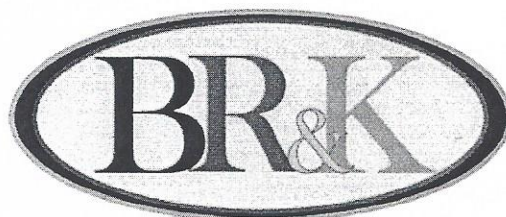


AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

FINANCIAL STATEMENTS

Year Ended November 30, 2020



BEAN, RHOTON & KELLEY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
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BEAN, RHOTON & KELLEY, PLLC
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
American Historic Racing Motorcycle Association
Elora, TN 37328

We have reviewed the accompanying financial statements of American Historic Racing Motorcycle Association (a nonprofit organization), which comprise the statement of financial position as of November 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Program Revenues and Expenses and Program Expenses-Indirect and General and Administrative Expense is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Bean, Rhoton, & Kelley, PLLC
Winchester, Tennessee
August 31, 2021

AMERICAN HISTORIC MOTORCYCLE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
November 30, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 29,193.12
Investments	230,500.81
Accounts receivable	40,348.00
Prepaid expenses	10,336.50
Deposits on future events	2,000.00

TOTAL CURRENT ASSETS	<u>312,378.43</u>
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Property and equipment, net of depreciation	10,457.62
Total Non-Current Assets	<u>10,457.62</u>

TOTAL ASSETS	<u><u>\$ 322,836.05</u></u>
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LIABILITIES

Current liabilities

Accounts payable	\$ 8,074.83
Paycheck Protection Program loan	23,353.00
Accrued liabilities	28,363.90

TOTAL CURRENT LIABILITIES	<u>59,791.73</u>
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NET ASSETS

Net assets without donor restrictions	85,063.15
Net assets with donor restrictions	177,981.17

TOTAL NET ASSETS	<u>263,044.32</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 322,836.05</u></u>
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The accompanying notes are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended November 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
REVENUES & SUPPORT			
Membership Dues	\$ 195,068.00	\$ 0.00	\$ 195,068.00
Program Income	841,258.85	4,614.30	845,873.15
Advertising Income	33,528.50	0.00	33,528.50
Donations	10,440.00	0.00	10,440.00
Investment Income	0.00	23,821.46	23,821.46
Miscellaneous Income	393.97	0.00	393.97
TOTAL REVENUES & SUPPORT	<u>1,080,689.32</u>	<u>28,435.76</u>	<u>1,109,125.08</u>
EXPENSES			
Program Expenses- Direct	625,038.00	8,000.00	633,038.00
Program Expenses- Indirect	177,763.51	0.00	177,763.51
General and Administrative	<u>313,033.07</u>	<u>0.00</u>	<u>313,033.07</u>
TOTAL EXPENSES	<u>1,115,834.58</u>	<u>8,000.00</u>	<u>1,123,834.58</u>
NET INCOME (LOSS) FROM OPERATIONS	(35,145.26)	20,435.76	(14,709.50)
NET ASSETS, BEGINNING OF YEAR	<u>120,208.41</u>	<u>157,545.41</u>	<u>277,753.82</u>
NET ASSETS, END OF YEAR	<u>\$ 85,063.15</u>	<u>\$ 177,981.17</u>	<u>\$ 263,044.32</u>

The accompanying notes are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended November 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (14,709.50)
Adjustments to reconcile net income	
(loss) to net cash provided by (used in)	
operating activities:	
Depreciation	1,868.00
(Increase) decrease in:	
Receivables	(26,483.00)
Prepaid insurance	(3,836.12)
Deposits on next year's events	23,402.50
Increase (decrease) in:	
Accounts payable	(6,636.13)
Accrued liabilities	22,647.30
Deferred revenue	(13,200.00)
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	(16,946.95)
CASH FLOWS FROM FINANCING ACTIVITIES	
Paycheck Protection Program loan proceeds	23,353.00
Purchase of fixed assets	(10,254.06)
	<hr/>
NET CASHFROM FINANCING ACTIVITIES	13,098.94
CASH FLOWS FROM INVESTING ACTIVITIES	
Distributions from investment accounts for expenses and fees	(20,970.29)
	<hr/>
NET CASH FROM INVESTING ACTIVITIES	(20,970.29)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,818.30)
BEGINNING CASH AND CASH EQUIVALENTS	54,011.42
	<hr/>
ENDING CASH AND CASH EQUIVALENTS	\$ 29,193.12
	<hr/>

The accompanying notes are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
ELORA, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
November 30, 2020

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.

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, 2020. 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, 2020 is \$0.

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. The amount of inventory at November 30, 2020 is \$0.00.

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, 2020 was \$1,868.00.

Income Tax Status

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.

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.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
 ELORA, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 November 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions include general revenues and expenses associated with the principal mission of AHRMA.

Net assets with donor restrictions include gifts for which donor-imposed restrictions have not been met (primarily future capital projects).

Net assets with donor restrictions also include gifts, trusts, and pledges, which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions and gifts, which have been donor stipulated.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Organization maintained the following cash balances:

General checking account	\$ 27,663.05
Petty cash	1,200.00
Money market account	<u>330.07</u>
Total	<u>\$ 29,193.12</u>

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the AHRMA's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2020</u>
Financial assets at year end	\$300,041.93
Less those unavailable for general expenditures Within one year, due to:	
Accounts payable	8,074.83
Accrued liabilities	28,363.90
Donor-restricted – benevolent fund	175,566.17
Donor-restricted – safety fund	<u>2,415.00</u>
Financial assets available to meet cash needs for General expenditure within one year	<u>\$ 85,622.03</u>

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
 ELORA, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 November 30, 2020

NOTE 4 – 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, 2020	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual Funds	\$191,912.86	\$216,343.81	\$24,430.95

NOTE 5 – 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, 2020 was \$9,100.00.

NOTE 6 – NET ASSETS

Net assets without donor restrictions at November 30, 2020: \$85,063.15

Net assets with donor restrictions at November 30, 2020, consist of the Organization's funds listed below:

Benevolent fund	\$175,566.17
Safety fund	<u>2,415.00</u>
	<u>\$177,981.17</u>

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On May 5, 2020, the Organization received loan proceeds in the amount of \$23,353.00 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after up to twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with deferral of payments for the first six months. The Organization believes they have used the proceeds for purposes consistent with the PPP. As of April 12, 2021, the entire loan amount had been forgiven.

NOTE 8 – DATE OF MANAGEMENT'S REVIEW

AHRMA has considered all events subsequent to November 30, 2020 and through August 31, 2021, the issuance date of these financial statements. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

SUPPLEMENTAL SCHEDULES

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
PROGRAM REVENUES AND EXPENSES
For the Year Ended November 30, 2020

	Revenue	Expense	Net
PROGRAMS			
Road Race	\$ 628,222.99	\$ 527,908.24	\$ 100,314.75
Motorcross	47,098.00	39,084.86	8,013.14
Dirt Track	1,625.00	7,481.27	(5,856.27)
Trials	5,551.00	2,583.09	2,967.91
Hare Scrambles	24,265.00	16,461.94	7,803.06
Merchandise	16,934.41	16,695.94	238.47
Banquet	7,830.10	9,737.66	(1,907.56)
Fundraising	10,632.35	5,085.00	5,547.35
Benevolent Fund	4,231.30	8,000.00	(3,768.70)
Safety Fund	383.00	0.00	383.00
Sponsorships	99,100.00	0.00	99,100.00
TOTAL PROGRAMS	<u>\$ 845,873.15</u>	<u>\$ 633,038.00</u>	<u>\$ 212,835.15</u>

The accompanying notes are an integral part of this statement.

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION
PROGRAM EXPENSES- INDIRECT AND GENERAL AND ADMINISTRATIVE EXPENSES
For the Year Ended November 30, 2020

PROGRAM EXPENSES- INDIRECT

Championship/Worker jackets	\$	9,623.25
Commissions paid		1,800.50
Motorsport processing fees		45,296.13
Printing/Advertising		15,048.65
Participant insurance		24,289.13
Trophies		13,905.09
Bad debt		775.00
Vintage views		64,204.59

TOTAL PROGRAM EXPENSES- INDIRECT	\$	<u>177,763.51</u>
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GENERAL AND ADMINISTRATIVE EXPENSES

Accounting	\$	7,281.58
Bank charges		87.01
Board meetings		5,520.61
Computer expense		3,930.48
Consultants		129,799.38
Depreciation		1,868.00
Dues and memberships		296.47
Election expense		1,971.00
Insurance		28,637.63
Interest		6.83
Internet connections		65.98
Legal		329.00
Licenses and taxes		190.68
Meals and entertainment		342.75
Merchant Fees		3,685.13
Miscellaneous		203.39
Office expense		4,441.03
Office rent		9,100.00
Salaries		84,249.96
Payroll taxes		12,275.61
Postage		2,850.69
Storage		3,623.86
Telephone		4,672.79
Travel		7,603.21

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$	<u>313,033.07</u>
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The accompanying notes are an integral part of this statement.