

**Statement of Chairman of the AHRMA  
Board of Trustees for Fiscal Year 2007**

AHRMA has defended itself since March of 2001 in a lawsuit filed by Mr. Robert Iannucci (Team Obsolete) and five riders in the United States District Court, Eastern District of New York. When we filed our claim with our insurance carrier (Reliance), we discovered it was insolvent in the largest insurance bankruptcy of its type in the country. AHRMA was able to secure coverage from the Wisconsin insurance insolvency fund that covered \$300,000. It was anticipated this would cover the cost of the case. Unfortunately, the costs of defending the action were staggering and far exceeded the estimates of our legal team. The fund was exhausted in the summer of 2006 during the discovery portion of the case and the continuing defense exhausted our financial resources.

In order to preserve our remaining resources, maintain the integrity of the association, and further the interests of our members, we petitioned for Chapter 11 bankruptcy in November, 2006 in the US Bankruptcy Court, Middle District of Tennessee. The filing of the petition immediately stayed the lawsuit in the New York Federal District court, pending reorganization.

The US Attorney and Court reviewed AHRMA's financial position at the start of the bankruptcy process and determined that we were a strong going concern, other than the debt incurred from the litigation defense. We moved to have the value of any possible claim by Team Obsolete, Mr. Iannucci and the other plaintiffs to be estimated in the Bankruptcy Court. This motion was upheld at a hearing in January 2007.

Subsequently, AHRMA and all the plaintiffs reached a settlement agreeing "not to pursue or assert any claims against" each other for any past actions. The settlement was documented in a bankruptcy court Agreed Order.

The settlement Agreed Order was also introduced into the NY court and a motion to dismiss the case was submitted by all parties. The United States District Court, Eastern District of NY subsequently ordered the case dismissed with prejudice, meaning that none of the parties can bring suit on any of the claims involved. The litigation is thus closed.

Following the settlement, we proposed a payment plan that was approved by the court and has begun making payments against all outstanding claims. We have filed a motion to exit Chapter 11 (expected to be confirmed by court order in April 2008), and we remain a solvent, going concern.

AHRMA took several successful measures to reduce costs this year, allowing the association to lose only \$12,721 with legal fees topping \$102,000. All our disciplines showed a profit against expenses, independently. However, there is still reason for concern regarding the financial margin. Our cash flow is extremely volatile throughout the year and depends very much on major cornerstone events, thus we are potentially vulnerable to cancellations or other extreme circumstances.

We are actively looking for additional ways to reduce expenses, increase revenues and improve efficiency overall.

A comparison of the last three fiscal years is posted nearby in the same format as previous years. The board determined that a formal review of our financial position at the end of the 2007 Fiscal Year be conducted by an independent CPA. A copy of the reviewed financial statement is available to any member making a request to the AHRMA office in Bolivia, NC.

Dave Janiec

**Comparison of the past three fiscal years**

	As of 11/30/05	As of 11/30/06	As of 11/30/07
<b>Operating Revenues:</b>			
Road Race	\$ 480,386	\$ 479,111	\$ 559,736
Moto Cross	\$ 213,016	\$ 211,527	\$ 192,332
Dirt Track	\$ 43,930	\$ 33,181	\$ 22,868
Hare Scrambles	\$ 15,723	\$ 27,544	\$ 23,328
Trials	\$ 10,140	\$ 9,666	\$ 8,021
Membership	\$ 206,930	\$ 201,085	\$ 218,774
Advertising	\$ 76,905	\$ 46,060	\$ 37,535
Sponsorship/Banquet/Misc	\$ 27,446	\$ 49,396	\$ 38,199
Merchandise	\$ 18,018	\$ 17,192	\$ 25,474
Benevolent Fund	\$ 9,988	\$ 6,522	\$ 7,505
<b>Total Operating Revenues:</b>	<b>\$ 1,102,482</b>	<b>\$ 1,081,284</b>	<b>\$ 1,133,772</b>
<b>Operating Expenses:</b>			
Road Race	\$ 355,138	\$ 378,187	\$ 403,598
Moto Cross	\$ 172,031	\$ 166,825	\$ 145,684
Dirt Track	\$ 37,750	\$ 20,834	\$ 18,887
Hare Scrambles	\$ 10,456	\$ 18,216	\$ 19,673
Trials	\$ 7,806	\$ 7,560	\$ 6,093
Program	\$ 430,927	\$ 979,262	\$ 486,429
Sponsorship/Banquet/Misc	\$ 9,686	\$ 12,167	\$ 25,988
Benevolent Fund	\$ 2,000	\$ 2,300	\$ 2,500
Merchandise	\$ 12,805	\$ 19,976	\$ 40,007
<b>Total Operating Expenses:</b>	<b>\$ 1,038,599</b>	<b>\$ 1,605,327</b>	<b>\$ 1,148,859</b>
<b>Net Income from Operations</b>	<b>\$ 63,883</b>	<b>\$ (524,043)</b>	<b>\$ (15,087)</b>
Investment Gains/(Losses)	13952	-3065	0
Investment Income	\$ 9,177	\$ 15,515	\$ 2,366
<b>Total Investment Items:</b>	<b>\$ 23,129</b>	<b>\$ 12,450</b>	<b>\$ 2,366</b>
<b>Profit/(Loss)</b>	<b>\$ 87,012</b>	<b>\$ (511,593)</b>	<b>\$ (12,721)</b>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash	\$ 21,003	\$ 11,618	\$ 3,214
Investments	\$ 337,216	\$ 60,449	\$ 62,513
Accounts Receivable	\$ 3,597	\$ 6,261	\$ 4,110
Inventory	\$ 624	\$ -	\$ 1,611
Prepaid Expenses	\$ 4,615	\$ 3,128	\$ 508
<b>Total Current Assets:</b>	<b>\$ 367,055</b>	<b>\$ 81,456</b>	<b>\$ 71,956</b>
<b>Fixed Assets:</b>			
Furniture and Equipment	\$ 82,819	\$ 82,819	\$ 85,823
Accumulated depreciation	\$ (71,158)	\$ (74,222)	\$ (77,528)
<b>Total Fixed Assets:</b>	<b>\$ 11,661</b>	<b>\$ 8,597</b>	<b>\$ 8,295</b>
<b>Other assets:</b>			
Deposits on future events	\$ 5,000		\$ 1,500
<b>Total assets:</b>	<b>\$ 383,716</b>	<b>\$ 90,053</b>	<b>\$ 81,751</b>
<b>Liabilities and Equity</b>			
<b>Current Liabilities:</b>			
Bank Overdraft	\$ -		
Wages Payable	\$ 5,000		
Accounts Payable	\$ 7,613	\$ 1,449	\$ 8,820
Retirement Benefits Payable	\$ -		
Prepetition Legal Fees Payable	\$ -		
Legal Defense Fund Loans	\$ -	\$ 200,000	\$ 198,000
Deferred Revenue	\$ 1,530	\$ 595	\$ 29,643
<b>Total Current Liabilities:</b>	<b>\$ 14,143</b>	<b>\$ 232,044</b>	<b>\$ 236,463</b>
<b>Equity:</b>			
Retained Earnings(Deficit)	\$ 369,573	\$ (141,991)	\$ (154,712)
<b>Total Liabilities and Equity:</b>	<b>\$ 383,716</b>	<b>\$ 90,053</b>	<b>\$ 81,751</b>