

United States Bridge Federation

FINANCIAL REPORT

December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United States Bridge Federation
Memphis, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of United States Bridge Federation which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, functional expenses, and cash flows 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 the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 financial position of United States Bridge Federation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cordova, Tennessee
October 28, 2019

Jackson, Howell & Associates, PLLC

United States Bridge Federation
STATEMENTS OF FINANCIAL POSITION
December 31

ASSETS

	<u>2018</u>	<u>2017</u>
Cash - operating	\$225,513	\$389,930
Cash - restricted	617,872	368,550
Dues receivable	2,304	2,776
Other receivables	-	2,307
Prepaid expenses	<u>1,759</u>	<u>1,759</u>
TOTAL ASSETS	<u>\$847,448</u>	<u>\$765,322</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ <u>6,800</u>	\$ <u>6,700</u>
TOTAL LIABILITIES	6,800	6,700

NET ASSETS

Net assets without donor restrictions	222,776	390,072
Net assets with donor restrictions	<u>617,872</u>	<u>368,550</u>
TOTAL NET ASSETS	<u>840,648</u>	<u>758,622</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$847,448</u>	<u>\$765,322</u>
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The accompanying notes are an integral part of these financial statements.

United States Bridge Federation
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 95,246	\$ 351,862	\$447,108
Dues	8,960	-	8,960
Income	32,100	-	32,100
Net assets released from restrictions	<u>102,588</u>	<u>(102,588)</u>	<u>-</u>
TOTAL OPERATING SUPPORT AND REVENUE	238,894	249,274	488,168
OPERATING EXPENSES			
Program services	395,514	-	395,514
Management and general	<u>13,901</u>	<u>-</u>	<u>13,901</u>
TOTAL OPERATING EXPENSES	<u>409,415</u>	<u>-</u>	<u>409,415</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(170,521)	249,274	78,753
NONOPERATING GAINS			
Investment income	<u>3,225</u>	<u>48</u>	<u>3,273</u>
TOTAL NONOPERATING GAINS	<u>3,225</u>	<u>48</u>	<u>3,273</u>
CHANGE IN NET ASSETS	(167,296)	249,322	82,026
NET ASSETS AT BEGINNING OF PERIOD	<u>390,072</u>	<u>368,550</u>	<u>758,622</u>
NET ASSETS AT END OF PERIOD	<u>\$ 222,776</u>	<u>\$ 617,872</u>	<u>\$840,648</u>

The accompanying notes are an integral part of these financial statements.

United States Bridge Federation
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 36,608	\$ 340,692	\$377,300
Dues	8,075	-	8,075
Income	66,019	-	66,019
Net assets released from restrictions	<u>371,116</u>	<u>(371,116)</u>	<u>-</u>
TOTAL OPERATING SUPPORT AND REVENUE	481,818	(30,424)	451,394
OPERATING EXPENSES			
Program services	497,556	-	497,556
Management and general	<u>11,046</u>	<u>-</u>	<u>11,046</u>
TOTAL OPERATING EXPENSES	<u>508,602</u>	<u>-</u>	<u>508,602</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(26,784)	(30,424)	(57,208)
NONOPERATING GAINS			
Investment income	<u>1,552</u>	<u>-</u>	<u>1,552</u>
TOTAL NONOPERATING GAINS	<u>1,552</u>	<u>-</u>	<u>1,552</u>
CHANGE IN NET ASSETS	(25,232)	(30,424)	(55,656)
NET ASSETS AT BEGINNING OF PERIOD	<u>415,304</u>	<u>398,974</u>	<u>814,278</u>
NET ASSETS AT END OF PERIOD	<u>\$ 390,072</u>	<u>\$ 368,550</u>	<u>\$758,662</u>

The accompanying notes are an integral part of these financial statements.

United States Bridge Federation
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting and legal fees	\$ -	\$ 9,100	\$ 9,100
Bank charges	-	1,089	1,089
Insurance	-	2,923	2,923
Junior program	102,783	-	102,783
License and fees	-	241	241
Meeting expenses	-	384	384
Other expenses	(195)	-	(195)
Trials expense	37,485	-	37,485
Website	-	164	164
World Bridge Federation dues	145,441	-	145,441
World championship	<u>110,000</u>	<u>-</u>	<u>110,000</u>
	<u>\$395,514</u>	<u>\$13,901</u>	<u>\$409,415</u>

The accompanying notes are an integral part of these financial statements.

United States Bridge Federation
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting and legal fees	\$ -	\$ 6,851	\$ 6,851
Bank charges	-	2,608	2,608
Insurance	-	2,923	2,923
Junior program	62,964	-	62,964
License and fees	-	220	220
Meeting expenses	-	1,309	1,309
Other expenses	-	(3,635)	(3,635)
Trials expense	76,440	-	76,440
Website	-	770	770
World Bridge Federation dues	50,000	-	50,000
World championship	<u>308,152</u>	<u>-</u>	<u>308,152</u>
	<u>\$497,556</u>	<u>\$11,046</u>	<u>\$508,602</u>

The accompanying notes are an integral part of these financial statements.

United States Bridge Federation
STATEMENTS OF CASH FLOWS
For the Years Ended December 31

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 82,026	\$ (55,656)
(Increase) decrease in operating assets:		
Dues receivable	472	(508)
Other receivables	2,307	(2,307)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>100</u>	<u>(2,500)</u>
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	84,905	(60,971)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	<u>-</u>	<u>100,703</u>
NET CASH PROVIDED BY INVESTING		
ACTIVITIES	-	100,703
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Non-cash dividend withdrawal	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
 NET INCREASE IN CASH	84,905	39,732
 CASH AT BEGINNING OF PERIOD	<u>758,480</u>	<u>718,748</u>
 CASH AT END OF PERIOD	<u>\$843,385</u>	<u>\$758,480</u>

The accompanying notes are an integral part of these financial statements.

United States Bridge Federation
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

United States Bridge Federation (the “Federation”) is a nonprofit organization whose purpose is to advance the interests of the United States in international bridge competition, including the selection and support of the United States Bridge teams and players in international and Olympic bridge competition.

Financial Statement Presentation

The Federation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses when incurred. Under generally accepted accounting principles, the Federation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreement with outside parties.

Net Assets With Donor Restrictions: Net assets whose use by the Federation is subject to donor-imposed stipulations that can be fulfilled by actions of the Federation pursuant to those stipulations or that expire by the passage of time.

Investments

Investments are carried at their fair market values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Investments with a due date expiring in the following twelve months are classified as current assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Federation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Income Taxes

The Internal Revenue Service has determined that the Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Federation files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Federation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2015.

United States Bridge Federation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
- CONTINUED

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board of Trustees to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risks

The Federation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Federation has not experienced any losses in such accounts. The Federation believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2018 and 2017, the Federation's uninsured balance was \$314,455 and \$517,667, respectively.

Events Occurring After the Report Date

The Federation has evaluated events and transactions that occurred between December 31, 2018 and October 28, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE B - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Mahaffey Fund	\$ 19,213	\$ 19,165
International Fund	460,959	159,253
USBF Junior Program	<u>137,700</u>	<u>190,132</u>
	<u>\$617,872</u>	<u>\$368,550</u>

During the years ended December 31, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying the following purposes specified by donors:

	<u>2018</u>	<u>2017</u>
Mahaffey Fund	\$ -	\$ -
International Fund	(195)	308,152
USBF Junior Program	<u>102,783</u>	<u>62,964</u>
	<u>\$102,588</u>	<u>\$371,116</u>

United States Bridge Federation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE C - FAIR VALUE MEASUREMENT

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Federation has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the assets or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Federation's own data.)

The Federation's financial instruments consist primarily of cash and fixed income securities. Fixed income securities consist of investments in certificates of deposit and are classified on the balance sheet based on restrictions. The fair values of these financial instruments are all Level 1 inputs as defined by FASB ASC 820 and as such, no fair value methodologies for other types of securities have been developed by the Federation.