

United States Bridge Federation

FINANCIAL REPORT

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of United States Bridge Federation, which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United States Bridge Federation as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United States Bridge Federation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Bridge Federation's ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United States Bridge Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Bridge Federation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Cordova, Tennessee
July 5, 2022

Jackson Howell: Associates, P.C.

United States Bridge Federation
STATEMENTS OF FINANCIAL POSITION
December 31

ASSETS

	<u>2021</u>	<u>2020</u>
Cash - operating	\$ 183,252	\$ 258,532
Cash - restricted	866,180	834,703
Dues receivable	5,452	5,938
Prepaid expenses	<u>2,560</u>	<u>1,787</u>
TOTAL ASSETS	<u>\$1,057,444</u>	<u>\$1,100,960</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ <u>6,618</u>	\$ <u>5,700</u>
TOTAL LIABILITIES	6,618	5,700
NET ASSETS		
Net assets without donor restrictions	184,646	260,557
Net assets with donor restrictions	<u>866,180</u>	<u>834,703</u>
TOTAL NET ASSETS	<u>1,050,826</u>	<u>1,095,260</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,057,444</u>	<u>\$1,100,960</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 64,995	\$ 69,828	\$ 134,823
Dues	42,820	-	42,820
Income	77,693	-	77,693
Net assets released from restrictions	<u>38,351</u>	<u>(38,351)</u>	<u>-</u>
TOTAL OPERATING SUPPORT AND REVENUE	223,859	31,477	255,336
OPERATING EXPENSES			
Program services	247,515	-	247,515
Management and general	<u>53,634</u>	<u>-</u>	<u>53,634</u>
TOTAL OPERATING EXPENSES	<u>301,149</u>	<u>-</u>	<u>301,149</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(77,290)	31,477	(45,813)
NONOPERATING GAINS			
Investment income	<u>1,379</u>	<u>-</u>	<u>1,379</u>
TOTAL NONOPERATING GAINS	<u>1,379</u>	<u>-</u>	<u>1,379</u>
CHANGE IN NET ASSETS	(75,911)	31,477	(44,434)
NET ASSETS AT BEGINNING OF PERIOD	<u>260,557</u>	<u>834,703</u>	<u>1,095,260</u>
NET ASSETS AT END OF PERIOD	<u>\$184,646</u>	<u>\$ 866,180</u>	<u>\$1,050,826</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions	\$67,892	\$ 263,800	\$ 331,692
Dues	16,627	-	16,627
Income	36,595	-	36,595
Net assets released from restrictions	<u>9,566</u>	<u>(9,566)</u>	<u>-</u>
TOTAL OPERATING SUPPORT AND REVENUE	130,680	254,234	384,914
OPERATING EXPENSES			
Program services	59,865	-	59,865
Management and general	<u>18,956</u>	<u>-</u>	<u>18,956</u>
TOTAL OPERATING EXPENSES	<u>78,821</u>	<u>-</u>	<u>78,821</u>
CHANGE IN NET ASSETS FROM OPERATIONS	51,859	254,234	306,093
NONOPERATING GAINS			
Investment income	<u>9,135</u>	<u>-</u>	<u>9,135</u>
TOTAL NONOPERATING GAINS	<u>9,135</u>	<u>-</u>	<u>9,135</u>
CHANGE IN NET ASSETS	60,994	254,234	315,228
NET ASSETS AT BEGINNING OF PERIOD	<u>199,563</u>	<u>580,469</u>	<u>780,032</u>
NET ASSETS AT END OF PERIOD	<u>\$260,557</u>	<u>\$ 834,703</u>	<u>\$1,095,260</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, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting and legal fees	\$ -	\$ 6,300	\$ 6,300
Bank charges	-	2,050	2,050
Competition expense	108,548	-	108,548
Insurance	-	3,735	3,735
International competition	38,351	-	38,351
License and fees	-	550	550
Other expenses	380	-	380
Legal fees	-	40,363	40,363
Website	-	636	636
World Bridge Federation dues	<u>100,236</u>	<u>-</u>	<u>100,236</u>
	<u>\$247,515</u>	<u>\$53,634</u>	<u>\$301,149</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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting and legal fees	\$ -	\$13,800	\$ 13,800
Bank charges	-	98	98
Insurance	-	2,972	2,972
Junior program	15,056	-	15,056
License and fees	-	203	203
Other expenses	76	-	76
Trials expense	11,734	-	11,734
Website	-	1,883	1,883
World Bridge Federation dues	38,489	-	38,489
World championship	<u>(5,490)</u>	<u>-</u>	<u>(5,490)</u>
	<u>\$59,865</u>	<u>\$18,956</u>	<u>\$ 78,821</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>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (44,434)	\$ 315,228
(Increase) decrease in operating assets:		
Dues receivable	486	(370)
Prepaid expenses	(773)	(28)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>918</u>	<u>(37,418)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(43,803)</u>	<u>277,412</u>
NET INCREASE (DECREASE) IN CASH	(43,803)	277,412
CASH AT BEGINNING OF PERIOD	<u>1,093,235</u>	<u>815,823</u>
CASH AT END OF PERIOD	<u><u>\$1,049,432</u></u>	<u><u>\$1,093,235</u></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 six 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 2018.

United States Bridge Federation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

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

Allocation of Functional Expenses

Program services and general and administrative expenses are reported by function. Expenses related to more than one function are charged on the basis of management's estimates. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Federation.

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, 2021 and 2020, the Federation's uninsured balance was \$548,329 and \$585,830 respectively.

Events Occurring After the Report Date

The Federation has evaluated events and transactions that occurred between December 31, 2021 and July 5, 2022, 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Mahaffey Fund	\$ -	\$ -
International Fund	577,386	603,792
USBF Junior Program	<u>288,794</u>	<u>230,911</u>
	<u>\$866,180</u>	<u>\$834,703</u>

United States Bridge Federation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

During the years ended December 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the following purposes specified by donors:

	<u>2021</u>	<u>2020</u>
Mahaffey Fund	\$ -	\$ -
International Fund	38,351	(5,490)
USBF Junior Program	<u>-</u>	<u>15,056</u>
	<u>\$38,351</u>	<u>\$ 9,566</u>

NOTE C - LIQUIDITY AND FUNDS AVAILABLE

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

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$1,049,432	\$1,093,235
Accounts receivable	<u>5,452</u>	<u>5,938</u>
Financial Assets, at year-end	1,054,884	1,099,173
Less, those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with purpose restrictions	866,180	834,703
Restrictions by donor with time restrictions	<u>-</u>	<u>-</u>
	<u>866,180</u>	<u>834,703</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 188,204</u>	<u>\$ 264,470</u>

In addition to financial assets available to meet general expenditures over the next twelve months, the Federation operates with a balanced budget and anticipates collecting sufficient support to cover general expenditures not covered by donor restricted resources.

United States Bridge Federation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE D - 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.