

**United States Bridge Federation**

**FINANCIAL REPORT**

**December 31, 2015**

## TABLE OF CONTENTS

	<b><u>Page</u></b>
Independent Auditors' Report	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	8
Notes to financial statements	9

**JACKSON, HOWELL & ASSOCIATES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS CONSULTANTS



MEMBERS:

JIMMY R. ADKINS, CPA  
DAVID L. JACKSON, CPA  
CYNTHIA C. ROBB, CPA  
KAREN D. HILL, CPA, CFE, CGFM  
MARK L. LAUBER, CPA

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
PRIVATE COMPANIES PRACTICE SECTION

**INDEPENDENT AUDITORS' REPORT**

TENNESSEE

7240 GOODLETT FARMS PARKWAY, SUITE 101  
CORDOVA, TENNESSEE 38016-4925  
(901) 683-5100 (O) / (901) 683-0562 (F)

ARKANSAS

301 EAST BROADWAY STREET  
WEST MEMPHIS, ARKANSAS 72301-3173  
(870) 735-2683 (O) / (870) 735-5871 (F)

E-MAIL: JHH@JHHCPA.COM

To the Board of Trustees  
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, 2015 and 2014 and the related statements of activities 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 audit 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, 2015 and 2014, 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  
November 4, 2016

*Jackson, Howell & Associates, PLLC*

**United States Bridge Federation**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31**

---

**ASSETS**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Cash - operating	\$475,550	\$434,981
Cash - restricted	208,872	279,526
Investments - restricted	200,465	199,479
Dues receivable	2,891	2,185
Prepaid expenses	<u>1,414</u>	<u>1,398</u>
<b>TOTAL ASSETS</b>	<b><u>\$889,192</u></b>	<b><u>\$917,569</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ <u>37,900</u>	\$ <u>5,100</u>
<b>TOTAL LIABILITIES</b>	<b><u>37,900</u></b>	<b><u>5,100</u></b>

**NET ASSETS**

Unrestricted	441,955	433,464
Temporarily restricted	<u>409,337</u>	<u>479,005</u>
<b>TOTAL NET ASSETS</b>	<b><u>851,292</u></b>	<b><u>912,469</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$889,192</u></b>	<b><u>\$917,569</u></b>
---	-------------------------	-------------------------

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

**United States Bridge Federation**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31**

	<u>2015</u>			<u>2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES</b>						
Donations and other income	\$ -	\$ -	\$ -	\$ 1,139	\$ -	\$ 1,139
Membership dues	5,130	-	5,130	13,110	-	13,110
\$1.95 donations from ACBL members	34,373	-	34,373	28,981	-	28,981
International fund	-	203,283	203,283	-	180,969	180,969
Junior program	-	108,844	108,844	-	90,300	90,300
Team trials income	71,078	-	71,078	28,642	-	28,642
Investment income	4,162	-	4,162	3,598	4	3,602
Unrealized gain (loss) on investment	-	-	-	(311)	-	(311)
<b>TOTAL REVENUES</b>	<b>114,743</b>	<b>312,127</b>	<b>426,870</b>	<b>75,159</b>	<b>271,273</b>	<b>346,432</b>
<b>EXPENSES</b>						
Accounting and legal fees	5,787	-	5,787	5,208	-	5,208
Trials expense	95,338	-	95,338	30,582	-	30,582
Meeting expenses	1,249	-	1,249	273	-	273
License and fees	222	-	222	250	-	250
Insurance	770	-	770	1,959	-	1,959
Junior program	-	69,682	69,682	-	88,929	88,929
Mahaffey Junior Scholarship expense	-	15,000	15,000	-	2,500	2,500
Supplies	28	-	28	-	-	-
Bank charges	1,852	-	1,852	978	-	978
Website	1,005	-	1,005	1,257	-	1,257
Other expenses	1	-	1	630	-	630

**United States Bridge Federation**  
**STATEMENTS OF ACTIVITIES - CONTINUED**  
**For the Years Ended December 31**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES - CONTINUED</b>						
Corporate expenses	-	-	-	-	-	-
World championship	-	297,113	297,113	-	56,185	56,185
<b>TOTAL EXPENSES</b>	<u>106,252</u>	<u>381,795</u>	<u>488,047</u>	<u>41,137</u>	<u>147,614</u>	<u>188,751</u>
<b>CHANGE IN NET ASSETS</b>	8,491	(69,668)	(61,177)	34,022	123,659	157,681
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	<u>433,464</u>	<u>479,005</u>	<u>912,469</u>	<u>399,442</u>	<u>355,346</u>	<u>754,788</u>
<b>NET ASSETS AT END OF PERIOD</b>	<u>\$441,955</u>	<u>\$409,337</u>	<u>\$851,292</u>	<u>\$433,464</u>	<u>\$479,005</u>	<u>\$912,469</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>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (61,177)	\$157,681
Net unrealized (gain) loss on investments	(987)	311
(Increase) decrease in operating assets:		
Dues receivable	(705)	25
Prepaid expenses	(16)	(167)
Increase in operating liabilities:		
Accounts payable	<u>32,800</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>	(30,085)	157,850
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	-	-
Sale of investments	<u>-</u>	<u>100,000</u>
<b>NET CASH PROVIDED BY INVESTING</b>		
<b>ACTIVITIES</b>	-	100,000
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Non-cash dividend withdrawal	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	(30,085)	257,850
 <b>CASH AT BEGINNING OF PERIOD</b>	<u>714,507</u>	<u>456,657</u>
 <b>CASH AT END OF PERIOD</b>	<u>\$684,422</u>	<u>\$714,507</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.

**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 2012.

**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, 2015 and 2014, the Federation’s uninsured balance was \$432,484 and \$413,627, respectively.

**Events Occurring After the Report Date**

The Federation has evaluated events and transactions that occurred between December 31, 2015 and November 4, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**United States Bridge Federation**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

---

**NOTE B - TEMPORARILY RESTRICTED NET ASSETS**

In 2015 and 2014, funds were donated to the Federation restricted for the International Fund and the FISU program. Temporarily restricted net assets include the Mahaffey Fund, International Fund, and the FISU program. Total temporarily restricted net assets were \$409,337 and \$479,005 at December 31, 2015 and 2014, respectively.

**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.