

United States Bridge Federation

FINANCIAL REPORT

December 31, 2013

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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

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

INDEPENDENT AUDITORS' REPORT

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, 2013 and 2012 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, 2013 and 2012, 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
June 13, 2014

Jackson, Howell & Associates, PLLC

United States Bridge Federation
STATEMENTS OF FINANCIAL POSITION
December 31

ASSETS

	<u>2013</u>	<u>2012</u>
Cash - operating	\$401,101	\$334,999
Cash - restricted	55,556	37,654
Investments	-	63,761
Investments - restricted	299,790	336,515
Dues receivable	2,210	2,065
Prepaid expenses	<u>1,231</u>	<u>1,207</u>
TOTAL ASSETS	<u>\$759,888</u>	<u>\$776,201</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 5,100	\$ 4,950
TOTAL LIABILITIES	<u>5,100</u>	<u>4,950</u>

NET ASSETS

Unrestricted	399,442	397,082
Temporarily restricted	<u>355,346</u>	<u>374,169</u>
TOTAL NET ASSETS	<u>754,788</u>	<u>771,251</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$759,888</u>	<u>\$776,201</u>
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The accompanying notes are an integral part of these financial statements.

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

	2013		2012	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
REVENUES				
Donations	\$ 110	-	\$ -	-
Donations - WYC	31,105	-	-	-
Membership dues	12,820	120	9,720	-
\$1.95 donations from ACBL members	31,744	-	37,061	-
International fund	-	188,689	-	189,892
Junior program	-	87,750	-	58,485
Team trials income	66,059	-	48,761	-
Investment income	2,895	4	2,828	4
Unrealized gain (loss) on investment	(486)	-	1,130	-
Entry fees	3,755	-	6,436	-
	<u>148,002</u>	<u>276,563</u>	<u>105,936</u>	<u>248,381</u>
TOTAL REVENUES		424,565		354,317
EXPENSES				
Accounting and legal fees	6,392	-	10,234	-
Trials expense	73,742	2,108	59,656	-
Meeting expenses	37	-	887	-
License and fees	-	-	250	-
		<u>6,392</u>		<u>10,234</u>
		<u>75,850</u>		<u>59,656</u>
		<u>37</u>		<u>887</u>
		<u>-</u>		<u>250</u>

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

	2013		2012		
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
EXPENSES - CONTINUED					
Insurance	1,848	-	1,865	-	1,865
Junior program	-	29,996	-	105,935	105,935
Mahaffey Junior Scholarship expense	-	1,500	-	2,500	2,500
Supplies	537	-	657	-	657
Bank charges	50	-	172	-	172
Website	3,564	-	2,576	-	2,576
Other expenses	-	-	509	-	509
Corporate expenses	472	-	-	-	-
World championship	-	258,782	-	114,049	114,049
WYC	59,000	3,000	-	-	-
TOTAL EXPENSES	<u>145,642</u>	<u>295,386</u>	<u>76,806</u>	<u>222,484</u>	<u>299,290</u>
CHANGE IN NET ASSETS	2,360	(18,823)	29,130	25,897	55,027
NET ASSETS AT BEGINNING OF PERIOD	397,082	374,169	367,952	348,272	716,224
TRANSFER FROM UNRESTRICTED TO RESTRICTED	-	-	-	-	-
NET ASSETS AT END OF PERIOD	<u>\$399,442</u>	<u>\$355,346</u>	<u>\$397,082</u>	<u>\$374,169</u>	<u>\$771,251</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>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (16,463)	\$ 55,027
Net unrealized (gain) loss on investments	486	(1,130)
(Increase) decrease in operating assets:		
Dues receivable	(145)	(1,475)
Prepaid expenses	(24)	29
Increase (decrease) in operating liabilities:		
Accounts payable	<u>150</u>	<u>150</u>
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	(15,996)	52,601
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(200,000)	(300,000)
Sale of investments	<u>300,000</u>	<u>300,000</u>
NET CASH PROVIDED BY INVESTING		
ACTIVITIES	<u>100,000</u>	<u>-</u>
 NET INCREASE IN CASH	84,004	52,601
 CASH AT BEGINNING OF PERIOD	<u>372,653</u>	<u>320,052</u>
 CASH AT END OF PERIOD	<u>\$ 456,657</u>	<u>\$372,653</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 2010.

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, 2013 and 2012, the Federation's uninsured balance was \$422,655 and \$414,734, respectively.

Events Occurring After the Report Date

The Federation has evaluated events and transactions that occurred between December 31, 2013 and June 13, 2014, 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 2013 and 2012, 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 \$355,346 and \$374,169 at December 31, 2013 and 2012, 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.