

United States Bridge Federation

FINANCIAL REPORT

December 31, 2016

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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, 2016 and 2015 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 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, 2016 and 2015, 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 9, 2017

Jackson, Howell & Associates, PLLC

United States Bridge Federation
STATEMENTS OF FINANCIAL POSITION
December 31

ASSETS

	<u>2016</u>	<u>2015</u>
Cash - operating	\$313,256	\$475,550
Cash - restricted	405,492	208,872
Investments - restricted	100,703	200,465
Dues receivable	2,268	2,891
Prepaid expenses	<u>1,759</u>	<u>1,414</u>
TOTAL ASSETS	<u>\$823,478</u>	<u>\$889,192</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 9,200	\$ 37,900
TOTAL LIABILITIES	<u>9,200</u>	<u>37,900</u>
NET ASSETS		
Unrestricted	415,304	441,955
Temporarily restricted	<u>398,974</u>	<u>409,337</u>
TOTAL NET ASSETS	<u>814,278</u>	<u>851,292</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$823,478</u>	<u>\$889,192</u>

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

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

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Donations and other income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Membership dues	10,579	-	10,579	5,130	-	5,130
\$1.95 donations from ACBL members	30,907	-	30,907	34,373	-	34,373
International fund	-	194,537	194,537	-	203,283	203,283
Junior program	-	51,370	51,370	-	108,844	108,844
Team trials income	64,890	-	64,890	71,078	-	71,078
Investment income	2,533	-	2,533	3,175	-	3,175
Unrealized gain (loss) on investment	268	-	268	987	-	987
TOTAL REVENUES	109,177	245,907	355,084	114,743	312,127	426,870
EXPENSES						
Accounting and legal fees	9,915	-	9,915	5,787	-	5,787
Trials expense	107,616	-	107,616	95,338	-	95,338
Meeting expenses	1,478	-	1,478	1,249	-	1,249
License and fees	220	-	220	222	-	222
Insurance	2,580	-	2,580	770	-	770
Junior program	-	98,199	98,199	-	69,682	69,682
Mahaffey Junior Scholarship expense	-	-	-	-	15,000	15,000
Supplies	-	-	-	28	-	28
Bank charges	1,990	-	1,990	1,852	-	1,852
Website	6,929	-	6,929	1,005	-	1,005
Other expenses	5,100	-	5,100	1	-	1

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

	<u>2016</u>			<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
EXPENSES - CONTINUED						
Corporate expenses	-	-	-	-	-	-
World championship	-	<u>158,071</u>	<u>158,071</u>	-	<u>297,113</u>	<u>297,113</u>
TOTAL EXPENSES	<u>135,828</u>	<u>256,270</u>	<u>392,098</u>	<u>106,252</u>	<u>381,795</u>	<u>488,047</u>
 CHANGE IN NET ASSETS	 (26,651)	 (10,363)	 (37,014)	 8,491	 (69,668)	 (61,177)
 NET ASSETS AT BEGINNING OF PERIOD	 <u>441,955</u>	 <u>409,337</u>	 <u>851,292</u>	 <u>433,464</u>	 <u>479,005</u>	 <u>912,469</u>
 NET ASSETS AT END OF PERIOD	 <u>\$415,304</u>	 <u>\$398,974</u>	 <u>\$814,278</u>	 <u>\$441,955</u>	 <u>\$409,337</u>	 <u>\$851,292</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>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (37,014)	\$ (61,177)
Net unrealized (gain) loss on investments	(268)	(987)
(Increase) decrease in operating assets:		
Dues receivable	623	(705)
Prepaid expenses	(345)	(16)
Increase in operating liabilities:		
Accounts payable	<u>(28,700)</u>	<u>32,800</u>
NET CASH USED IN OPERATING		
ACTIVITIES	(65,704)	(30,085)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	-
Sale of investments	<u>100,030</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING		
ACTIVITIES	100,030	-
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 (DECREASE) IN CASH	34,326	(30,085)
CASH AT BEGINNING OF PERIOD	<u>684,422</u>	<u>714,507</u>
CASH AT END OF PERIOD	<u>\$718,748</u>	<u>\$684,422</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 2013.

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, 2016 and 2015, the Federation’s uninsured balance was \$438,139 and \$432,484, respectively.

Events Occurring After the Report Date

The Federation has evaluated events and transactions that occurred between December 31, 2016 and June 9, 2017, 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 2016 and 2015, 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 \$405,491 and \$409,337 at December 31, 2016 and 2015, 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.

United States Bridge Federation
106 Penn Court
Glenview, IL 60026

June 9, 2017

Jackson, Howell & Associates, PLLC
7240 Goodlett Farms Parkway, Suite 101
Cordova, TN 38016-4925

This representation letter is provided in connection with your audits of the financial statements of United States Bridge Federation which comprise the statements of financial position as of December 31, 2016 and December 31, 2015 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 9, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 23, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

9. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Federation from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of allegations of fraud or suspected fraud affecting the Federation's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Federation's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
15. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

16. We have disclosed to you the identity of the Federation's related parties and all the related-party relationships and transactions of which we are aware.
17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Federation's ability to record, process, summarize, and report financial data.
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.
20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

UNITED STATES BRIDGE FEDERATION

Name _____

Title _____

Date _____