

**United States Bridge Federation**

**FINANCIAL REPORT**

**December 31, 2011**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	3
Financial Statements	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	7
Notes to financial statements	8

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of United States Bridge Federation as of December 31, 2011 and 2010, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Federation's Board of Trustees. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cordova, Tennessee  
June 8, 2012

*Jackson, Howell & Associates, PLLC*

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

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**ASSETS**

	<b><u>2011</u></b>	<b><u>2010</u></b>
Cash - operating	\$279,901	\$ 559,971
Cash - restricted	40,151	401,372
Investments	91,025	300,116
Investments - restricted	308,121	-
Dues receivable	590	1,724
Prepaid expenses	<u>1,236</u>	<u>1,171</u>
<b>TOTAL ASSETS</b>	<b><u>\$721,024</u></b>	<b><u>\$1,264,354</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 4,800	\$ 4,800
<b>TOTAL LIABILITIES</b>	<b><u>4,800</u></b>	<b><u>4,800</u></b>

**NET ASSETS**

Unrestricted	367,952	858,182
Temporarily restricted	<u>348,272</u>	<u>401,372</u>
<b>TOTAL NET ASSETS</b>	<b><u>716,224</u></b>	<b><u>1,259,554</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$721,024</u></b>	<b><u>\$1,264,354</u></b>
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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**

	<u>2011</u>			<u>2010</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	\$ 1,090	\$ -	\$ 1,090	\$196,887	\$ -	\$ 196,887
Membership dues	9,330	-	9,330	4,530	-	4,530
\$1.95 donations from ACBL members	29,028	-	29,028	28,760	-	28,760
International fund	-	190,220	190,220	-	201,751	201,751
Junior program	-	52,500	52,500	-	67,958	67,958
Team trials income	37,641	-	37,641	25,117	-	25,117
Investment income	2,591	8	2,599	3,621	130	3,751
Unrealized gain (loss) on investment	(970)	-	(970)	(883)	-	(883)
WBF 2010 fund	-	-	-	<u>669,977</u>	-	<u>669,977</u>
<b>TOTAL REVENUES</b>	<b>78,710</b>	<b>242,728</b>	<b>321,438</b>	<b>928,009</b>	<b>269,839</b>	<b>1,197,848</b>
<b>EXPENSES</b>						
Accounting and legal fees	7,200	-	7,200	7,200	-	7,200
Trials expense	36,943	-	36,943	32,334	-	32,334
Sponsor expenses	-	-	-	2,143	-	2,143
License and fees	-	-	-	11,594	-	11,594
Entertainment	-	-	-	7,250	-	7,250

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

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES - CONTINUED</b>						
Insurance	1,815	-	1,815	1,848	-	1,848
Junior program	-	42,795	42,795	-	66,641	66,641
Mahaffey Junior Scholarship expense	-	3,500	3,500	-	3,000	3,000
Supplies	1,192	-	1,192	43	-	43
Bank charges	59	100	159	195	-	195
Website	1,847	-	1,847	2,471	-	2,471
Other expenses	1,102	-	1,102	3,599	-	3,599
WBF 2010	<u>513,782</u>	<u>254,433</u>	<u>768,215</u>	<u>439,858</u>	<u>-</u>	<u>439,858</u>
<b>TOTAL EXPENSES</b>	<u>563,940</u>	<u>300,828</u>	<u>864,768</u>	<u>508,535</u>	<u>69,641</u>	<u>578,176</u>
<b>CHANGE IN NET ASSETS</b>	(485,230)	(58,100)	(543,330)	419,474	200,198	619,672
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	858,182	401,372	1,259,554	438,708	201,174	639,882
<b>TRANSFER FROM UNRESTRICTED TO RESTRICTED</b>	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS AT END OF PERIOD</b>	<u>\$367,952</u>	<u>\$348,272</u>	<u>\$ 716,224</u>	<u>\$858,182</u>	<u>\$401,372</u>	<u>\$1,259,554</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**

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	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$(543,330)	\$ 619,672
Net unrealized loss on investments	970	883
(Increase) decrease in operating assets:		
Dues receivable	1,134	(155)
Prepaid expenses	(65)	11
Increase (decrease) in operating liabilities:		
Accounts payable	-	50
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>	<u>(541,291)</u>	<u>620,461</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(600,000)	(400,000)
Sale of investments	<u>500,000</u>	<u>275,000</u>
<b>NET CASH USED IN INVESTING</b>		
<b>ACTIVITIES</b>	<u>(100,000)</u>	<u>(125,000)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 (641,291)	 495,461
 <b>CASH AT BEGINNING OF PERIOD</b>	 <u>961,343</u>	 <u>465,882</u>
 <b>CASH AT END OF PERIOD</b>	 <u>\$ 320,052</u>	 <u>\$ 961,343</u>

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

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

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**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 2008.

**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, 2011 and 2010, the Federation's uninsured balance was \$369,147 and \$759,631, respectively.

**Events Occurring After the Report Date**

The Federation has evaluated events and transactions that occurred between December 31, 2011 and June 8, 2012, 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**

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**NOTE B - TEMPORARILY RESTRICTED NET ASSETS**

In 2010 and 2011, 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 \$348,272 and \$401,372 at December 31, 2011 and 2010, 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 equity securities. The fair values of these financial instrument 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**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

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**NOTE D - WORLD BRIDGE FEDERATION**

During the year ended December 31, 2010, the World Bridge Federation (the "WBF") hosted the World Bridge Series Championships and the World Youth Team Championships in Philadelphia, Pennsylvania. This event is only held once every four years in various areas around the world and provides competitive bridge for teams from several countries. Total funds raised by the Federation in 2010 to be used for the World Bridge Series were included in the financial statements in the amount of \$669,977. A portion of this amount was donations and the balance was entry fees deposited to a special bank account. All funds remaining were remitted to the WBF early in 2011. As of December 31, 2011, the total amount paid related to the 2010 World Bridge Championships was \$768,215. Expenses paid were \$591,459 with the remaining funds of \$176,720 remitted to the WBF.