

United States Bridge Federation

FINANCIAL REPORT

December 31, 2010

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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, 2010 and 2009, 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, 2010 and 2009, 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 20, 2011

Jackson, Howell & Associates, PLLC

United States Bridge Federation
STATEMENTS OF FINANCIAL POSITION
December 31

ASSETS

	<u>2010</u>	<u>2009</u>
Cash - operating	\$ 559,971	\$289,718*
Cash - restricted	401,372	176,164*
Investments	300,116	150,989*
Investments - restricted	-	25,010*
Dues receivable	1,724	1,569
Prepaid expenses	<u>1,171</u>	<u>1,182</u>
TOTAL ASSETS	<u>\$1,264,354</u>	<u>\$644,632</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ <u>4,800</u>	\$ <u>4,750</u>
TOTAL LIABILITIES	4,800	4,750

NET ASSETS

Unrestricted	858,182	438,708
Temporarily restricted	<u>401,372</u>	<u>201,174</u>
TOTAL NET ASSETS	<u>1,259,554</u>	<u>639,882</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$1,264,354</u>	<u>\$644,632</u>
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* Reclassified to conform with current year classification

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

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

	2010			2009			
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted		Total
		Total	Total		Total	Total	
REVENUES							
Donations	\$196,887	\$ -	\$ 196,887	\$ 8,583	\$ -	\$ 8,583	
Membership dues	4,530	-	4,530	14,520	-	14,520	
\$1.95 donations from ACBL members	28,760	-	28,760	30,028	-	30,028	
International fund	-	201,751	201,751	-	176,771	176,771	
Junior program	-	67,958	67,958	-	50,000	50,000	
Team trials income	25,117	-	25,117	63,540	-	63,540	
Investment income	3,621	130	3,751	5,773	451	6,224	
Miscellaneous income	-	-	-	1,128	-	1,128	
Unrealized gain (loss) on investment	(883)	-	(883)	-	-	-	
WBF 2010 fund	<u>669,977</u>	-	<u>669,977</u>	<u>219,950</u>	-	<u>219,950</u>	<u>219,950</u>
TOTAL REVENUES	928,009	269,839	1,197,848	343,522	227,222	570,744	
 EXPENSES							
Accounting and legal fees	7,200	-	7,200	7,150	-	7,150	
International fund	-	-	-	-	164,560	164,560	
Trials expense	32,334	-	32,334	63,684	-	63,684	
Administrative fees	-	-	-	1,294	-	1,294	
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

	2010			2009			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>Total</u>
		<u>Total</u>	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>Unrestricted</u>	
EXPENSES - CONTINUED							
Insurance	1,848	-	1,848	1,800	-	1,800	1,800
Junior program	-	66,641	66,641	-	37,706	37,706	37,706
Mahaffey Junior Scholarship expense	-	3,000	3,000	-	4,000	4,000	4,000
Supplies	43	-	43	2,745	-	2,745	2,745
Bank charges	195	-	195	86	-	86	86
Website	2,471	-	2,471	5,304	-	5,304	5,304
Other expenses	3,599	-	3,599	1,171	-	1,171	1,171
Miscellaneous expense - trials	-	-	-	2,122	-	2,122	2,122
WBF 2010	<u>439,858</u>	<u>-</u>	<u>439,858</u>	<u>107,214</u>	<u>-</u>	<u>107,214</u>	<u>107,214</u>
TOTAL EXPENSES	<u>508,535</u>	<u>69,641</u>	<u>578,176</u>	<u>192,570</u>	<u>206,266</u>	<u>398,836</u>	<u>398,836</u>
CHANGE IN NET ASSETS	419,474	200,198	619,672	150,952	20,956	171,908	171,908
NET ASSETS AT BEGINNING OF PERIOD	<u>438,708</u>	<u>201,174</u>	<u>639,882</u>	<u>287,756</u>	<u>180,218</u>	<u>467,974</u>	<u>467,974</u>
NET ASSETS AT END OF PERIOD	<u>\$858,182</u>	<u>\$401,372</u>	<u>\$1,259,554</u>	<u>\$438,708</u>	<u>\$201,174</u>	<u>\$639,882</u>	<u>\$639,882</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>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 619,672	\$171,908
Net unrealized loss on investments	883	-
(Increase) decrease in operating assets:		
Dues receivable	(155)	1,389
Prepaid expenses	11	-
Increase (decrease) in operating liabilities:		
Accounts payable	<u>50</u>	<u>250</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	620,461	173,547
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(400,000)	(45,048)*
Sale of investments	<u>275,000</u>	<u>50,000</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(125,000)</u>	<u>4,952*</u>
NET INCREASE IN CASH	495,461	178,499*
CASH AT BEGINNING OF PERIOD	<u>465,882</u>	<u>287,383</u>
CASH AT END OF PERIOD	<u>\$ 961,343</u>	<u>\$465,882*</u>

* Reclassified to conform with current year classification.

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 2007.

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, 2010 and 2009, the Federation's uninsured balance was \$759,631 and \$147,364, respectively.

Events Occurring After the Report Date

The Federation has evaluated events and transactions that occurred between December 31, 2010 and June 20, 2011, 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 - RELATED PARTIES

The American Contract Bridge League, Inc. (ACBL) provides administrative services to the Federation. Administrative fees of \$0 and \$1,294 are included in the Statements of Activities for 2010 and 2009, respectively. ACBL also collects donations and pays certain expenses on behalf of the Federation. The balance due to ACBL as of December 31, 2010 and 2009 was \$0 and \$0, respectively.

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

In 2009 and 2010, 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 \$401,372 and \$201,174 at December 31, 2010 and 2009, respectively.

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 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

NOTE E - WORLD BRIDGE FEDERATION

During the year ended December 31, 2010, the World Bridge Federation 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.