

**United States Bridge Federation**

**FINANCIAL REPORT**

**December 31, 2012**

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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, 2012 and 2011 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, 2012 and 2011, and its activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Jackson, Howell & Associates, PLLC*

Cordova, Tennessee  
June 19, 2013

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

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**ASSETS**

	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash - operating	\$334,999	\$279,901
Cash - restricted	37,654	40,151
Investments	63,761	91,025
Investments - restricted	336,515	308,121
Dues receivable	2,065	590
Prepaid expenses	<u>1,207</u>	<u>1,236</u>
<b>TOTAL ASSETS</b>	<b><u>\$776,201</u></b>	<b><u>\$721,024</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ <u>4,950</u>	\$ <u>4,800</u>
<b>TOTAL LIABILITIES</b>	<b>4,950</b>	<b>4,800</b>

**NET ASSETS**

Unrestricted	397,082	367,952
Temporarily restricted	<u>374,169</u>	<u>348,272</u>
<b>TOTAL NET ASSETS</b>	<b><u>771,251</u></b>	<b><u>716,224</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$776,201</u></b>	<b><u>\$721,024</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>2012</u>			<u>2011</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
Membership dues	9,720	-	9,720	9,330	-	9,330
\$1.95 donations from ACBL members	37,061	-	37,061	29,028	-	29,028
International fund	-	189,892	189,892	-	190,220	190,220
Junior program	-	58,485	58,485	-	52,500	52,500
Team trials income	48,761	-	48,761	37,641	-	37,641
Investment income	2,828	4	2,832	2,591	8	2,599
Unrealized gain (loss) on investment	1,130	-	1,130	(970)	-	(970)
Entry fees	<u>6,436</u>	<u>-</u>	<u>6,436</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	105,936	248,381	354,317	78,710	242,728	321,438
<b>EXPENSES</b>						
Accounting and legal fees	10,234	-	10,234	7,200	-	7,200
Trials expense	59,656	-	59,656	36,943	-	36,943
Meeting expenses	887	-	887	-	-	-
License and fees	250	-	250	-	-	-

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

	<u>2012</u>			<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>EXPENSES - CONTINUED</b>						
Insurance	1,865	-	1,865	1,815	-	1,815
Junior program	-	105,935	105,935	-	42,795	42,795
Mahaffey Junior Scholarship expense	-	2,500	2,500	-	3,500	3,500
Supplies	657	-	657	1,192	-	1,192
Bank charges	172	-	172	59	100	159
Website	2,576	-	2,576	1,847	-	1,847
Other expenses	509	-	509	1,102	-	1,102
WBF 2010	-	-	-	513,782	254,433	768,215
World championship	-	114,049	114,049	-	-	-
<b>TOTAL EXPENSES</b>	<u>76,806</u>	<u>222,484</u>	<u>299,290</u>	<u>563,940</u>	<u>300,828</u>	<u>864,768</u>
<b>CHANGE IN NET ASSETS</b>	29,130	25,897	55,027	(485,230)	(58,100)	(543,330)
<b>NET ASSETS AT BEGINNING OF PERIOD</b>	367,952	348,272	716,224	858,182	401,372	1,259,554
<b>TRANSFER FROM UNRESTRICTED TO RESTRICTED</b>	-	-	-	(5,000)	5,000	-
<b>NET ASSETS AT END OF PERIOD</b>	<u>\$397,082</u>	<u>\$374,169</u>	<u>\$771,251</u>	<u>\$367,952</u>	<u>\$348,272</u>	<u>\$ 716,224</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>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 55,027	\$(543,330)
Net unrealized (gain) loss on investments	(1,130)	970
(Increase) decrease in operating assets:		
Dues receivable	(1,475)	1,134
Prepaid expenses	29	(65)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>150</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>	52,601	(541,291)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(300,000)	(600,000)
Sale of investments	<u>300,000</u>	<u>500,000</u>
<b>NET CASH USED IN INVESTING</b>		
<b>ACTIVITIES</b>	<u>-</u>	<u>(100,000)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	52,601	(641,291)
 <b>CASH AT BEGINNING OF PERIOD</b>	<u>320,052</u>	<u>961,343</u>
 <b>CASH AT END OF PERIOD</b>	<u>\$372,653</u>	<u>\$ 320,052</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 2009.

**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, 2012 and 2011, the Federation’s uninsured balance was \$414,734 and \$369,147, respectively.

**Events Occurring After the Report Date**

The Federation has evaluated events and transactions that occurred between December 31, 2012 and June 19, 2013, 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 2012 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 \$374,169 and \$348,272 at December 31, 2012 and 2011, 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**  
**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 \$591,495 with the remaining funds of \$176,720 remitted to the WBF. The year ended December 31, 2012 did not receive any income or incur any expenditures with respect to the 2010 WBF.