

**AMERICAN CONTRACT BRIDGE LEAGUE
CHARITY FOUNDATION CORP.**

FINANCIAL STATEMENTS

December 31, 2019 and 2018



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
American Contract Bridge League Charity Foundation Corp.

We have audited the accompanying financial statements of American Contract Bridge League Charity Foundation Corp., which comprise the statements of financial position as of December 31, 2019 and 2018, 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 these 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 error or fraud.

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 from 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 American Contract Bridge League Charity Foundation Corp. as of December 31, 2019 and 2018, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Watkins Mikusall, PLLC

Memphis, Tennessee
March 2, 2020

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 105,742	\$ 112,023
Investments	721,563	742,153
Due from American Contract Bridge League, Inc.	256	-
Interest receivable	<u>6,072</u>	<u>6,935</u>
Total assets	<u>\$ 833,633</u>	<u>\$ 861,111</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Due to American Contract Bridge League, Inc.	\$ -	\$ 836
Grants payable	<u>-</u>	<u>15,000</u>
Total liabilities	-	15,836
Net Assets		
Without donor restrictions	<u>833,633</u>	<u>845,275</u>
Total liabilities and net assets	<u>\$ 833,633</u>	<u>\$ 861,111</u>

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

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Support		
Game revenue		
Club	\$ 262,532	\$ 243,900
Unit and district	14,703	14,782
Continent wide	14,232	15,918
Donations	9,026	13,001
Net investment return	29,173	14,640
Miscellaneous	-	75
Total support	<u>329,666</u>	<u>302,316</u>
Expenses		
Program services		
Trustee grants	133,866	151,000
Charity of the year grants	180,000	150,000
Total program services expenses	<u>313,866</u>	<u>301,000</u>
Management and general		
Administrative fees	18,112	19,652
Postage	8	42
Professional fees	7,400	7,300
Other expenses	1,922	1,770
Total management and general expenses	<u>27,442</u>	<u>28,764</u>
Total expenses	<u>341,308</u>	<u>329,764</u>
Change in net assets without donor restrictions	(11,642)	(27,448)
Net assets without donor restrictions, beginning of year	<u>845,275</u>	<u>872,723</u>
Net assets without donor restrictions, end of year	<u>\$ 833,633</u>	<u>\$ 845,275</u>

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

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows Provided By (Used For) Operating Activities:		
Change in net assets	\$ (11,642)	\$ (27,448)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By (Used For) Operating Activities:		
Realized and unrealized (gain) loss on investments	(7,585)	9,016
Increase (Decrease) in Cash and Cash Equivalents:		
Due from American Contract Bridge League, Inc.	(256)	30,163
Interest receivable	863	(127)
Grants payable	(15,000)	15,000
Due to American Contract Bridge League, Inc.	(836)	836
Total adjustments	<u>(22,814)</u>	<u>54,888</u>
Net cash provided by (used for) operating activities	(34,456)	27,440
Cash Flows From (Used For) Investing Activities:		
Proceeds from sale of investments	145,000	-
Purchases of investments	<u>(116,825)</u>	<u>-</u>
Net cash from investing activities	<u>28,175</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(6,281)	27,440
Cash and cash equivalents at beginning of the year	<u>112,023</u>	<u>84,583</u>
Cash and cash equivalents at end of the year	<u>\$ 105,742</u>	<u>\$ 112,023</u>

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

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

American Contract Bridge League Charity Foundation Corp. (the “Foundation”) is a not-for-profit organization whose purpose is to make important contributions to worthy causes and to foster good public relations for the game of bridge, for American Contract Bridge League, Inc. and for its members. The Foundation is governed by a five-member Board of Trustees.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Revenue Recognition

Game revenues are elections made by players to contribute \$2 of the game fee to the Foundation. These contributions and other donations are recognized when cash, securities or other assets, or unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been met.

Concentrations and Credit Risks

The Foundation’s credit risks primarily relate to cash and cash equivalents. The Foundation maintains cash deposits at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to an aggregate of \$250,000.

Certain investments are insured by the Securities Investor Protection Corporation (“SIPC”) up to an aggregate of \$500,000.

Investments are exposed to various risks such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with these certain investments, it is at least possible that changes in the values of investments will occur in the near term and such changes could materially affect the Foundation’s financial position and changes in its net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

The Foundation carries investments at fair value in the statements of financial position. Net investment return is reported in the statement of activities and consists of interest income, and realized and unrealized capital gains and losses, less external investment expenses.

Net Assets

The Foundation reports its financial position and activities in two net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When a donor restriction expires in the same year received, revenue is recognized as net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2019 and 2018.

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, no provision has been made for such taxes. The Foundation files an exempt organization return in the U.S. federal jurisdiction.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update impacts all organizations that receive or make contributions and clarifies whether transactions should be accounted for as contributions or exchange transactions and whether contributions are unconditional or conditional. The Foundation has implemented ASU 2018-08 using the modified prospective basis, which did not have a material effect on the financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. This update impacts all organizations that hold financial assets and liabilities and changes how these organizations will recognize, measure, present, and disclose information about certain financial instruments. The Foundation has implemented ASU 2016-01 using a cumulative-effect adjustment, which did not have a material effect on the financial statements.

Date of Management's Review

Management has evaluated its December 31, 2019 financial statements for subsequent events through March 2, 2020, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

As of December 31, 2019, the Foundation had approximately \$833,000 of financial assets available within one year of the balance sheet date consisting of cash and cash equivalents of approximately \$106,000 and investments of \$727,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Normal operating expenses per month are, on average, approximately \$28,000. The Foundation invests cash in excess of daily requirements in various fixed income securities.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation applies GAAP for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as 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. GAAP also establishes a framework for measuring fair value and requires certain disclosures about fair value measurements.

GAAP establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, as described below:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities the Foundation has the ability to access.
- Level 2 – Inputs (other than quoted prices within Level 1) such as quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs for the asset or liability that rely on management's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

In determining fair values, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The following is a description of the valuation methodologies used for Level 2 assets measured at fair value on a recurring basis. There have been no changes in methodologies used at December 31, 2019.

Municipal bonds: Valued at the present value by discounting the expected cash flows to the present using an established discount rate.

Corporate bonds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present assets that are measured at fair value on a recurring basis at December 31:

	<u>2019</u>	<u>2018</u>
	<u>Level 2</u>	<u>Level 2</u>
Investments		
Corporate bonds	\$ 117,640	\$ -
Municipal bonds	603,923	742,153
	<u>\$ 721,563</u>	<u>\$ 742,153</u>

NOTE 4 – RELATED PARTY TRANSACTIONS

American Contract Bridge League, Inc. (“ACBL”), an affiliate of the Foundation, provides administrative and bookkeeping services to the Foundation. ACBL collects donations and pays certain expenses on behalf of the Foundation.

For the years ended December 31, 2019 and 2018, annual administrative fees totaled \$18,112 and \$19,652, respectively.

SUPPLEMENTARY INFORMATION

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

SCHEDULE OF INVESTMENTS

December 31, 2019

Issuer	Rate	Date Acquired	Maturity Date	Par Value	Market Value
Corporate Bonds					
Apple, Inc.	2.64%	5/16/2019	5/13/2022	\$ 115,000	\$ 117,640
Municipal Bonds					
Bergen County New Jersey Improvement Authority	2.65%	9/21/2016	3/15/2020	110,000	110,176
State of Utah Board of Regents	3.79%	9/22/2016	4/1/2021	110,000	111,618
State of Florida Board of Administration	2.61%	9/22/2016	7/1/2021	110,000	111,327
North Newton 2011 School Building Corporation	3.44%	11/14/2016	7/15/2021	40,000	40,666
Regional School District No. 1 Lower Kennebec Region	2.00%	9/21/2016	8/1/2021	115,000	115,238
Port of Morrow, Oregon	1.78%	9/22/2016	9/1/2021	115,000	114,898
				<u>\$ 715,000</u>	<u>\$ 721,563</u>

See independent auditor's report.

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.**SCHEDULE OF TRUSTEE GRANTS**

For the Year Ended December 31, 2019

Recipient	Amount
ABA Education and Charitable Foundation	\$ 1,000
Alzheimer's Association - West Texas Chapter	1,000
Angels Among Us Pet Rescue, Inc.	250
Aphasia Centre of Ottawa	250
Arkansas Symphony Orchestra Society Guild, Inc.	2,500
Atlanta Botanical Garden	250
Atlanta ContactPoint	1,000
Cape Wildlife Center	3,000
Ceres Community Project	5,000
Challenged Athletes Foundation	25,000
Church Health Center of Memphis	5,000
Churches Active in Northside	1,000
Circles of Hope - Reno County	2,000
Cite Joie	250
Community Foundation of the Florida Keys	1,000
Community Transitional School	250
Cornerstone Advocacy Service	1,000
DFW Labrador Retriever Rescue	4,000
DREAM Daschshund Rescue, Education	4,000
Els for Autism Foundation	30,000
Emmaus, Inc.	1,000
Family to Family Connection	5,000
Fisher House Foundation	1,000
Fisher House Southern California	400
Foundation for Lake Chapala Charities	1,000
Gavin Gladding Foundation	500
Hospice Fredericton	250
Hostetter Ministries	1,500
Houston Children's Charity	2,000
Invictus Woods Endowment Corporation	1,000
Kalamazoo County Humane Society	1,000
Lifting Up Westchester	1,000
Mali Nieta Foundation	10,000
Men on a Mission	1,000
Mid-Williamette Valley Community	250
National Junior Tennis & Learning of Trenton	1,000
Natrona County Meals on Wheels	500
Northwest Battle Buddies	250
Options on Main	1,000
Our Lady of Perpetual Help Homeless Shelter	250

See independent auditor's report.

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

SCHEDULE OF TRUSTEE GRANTS (CONTINUED)

For the Year Ended December 31, 2019

Palli-Aide	\$	250
Pat Summit Foundation		250
POP/West Valley Food Pantry		300
Rainbow Services - San Pedro		300
Salvation Army Women's Auxiliary		1,000
South Side Mission Camp Kearney		500
St Jude Children's Hospital		500
St. Francis of Assisi Food Pantry		500
Sunset Ridge-Middlefork Association		1,000
Teen Challenge of Western PA		1,000
The Home Front Cares		500
The Mustard Seed, Inc.		3,366
University of Minnesota Foundation		3,000
VASH		250
Water Buffalo Club		1,000
World Renew		500
World Renew - Toronto		500
Yorktown Child and Family Center		1,000
Young Families of Billings		500
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Total trustee grants	\$	<u>133,866</u>

See independent auditor's report.