



# American Contract Bridge League, Inc.

## Financial Statements

Years Ended December 31, 2021 and 2020





## Table of Contents

Independent Auditors' Report .....	1
<b>Financial Statements</b>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows .....	8
Notes to Financial Statements.....	9



## Independent Auditors' Report

Board of Directors  
American Contract Bridge League, Inc.  
Horn Lake, Mississippi

### ***Opinion***

We have audited the financial statements of American Contract Bridge League, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Contract Bridge League, Inc. as of December 31, 2021 and 2020, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Contract Bridge League, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Contract Bridge League, Inc.'s ability to continue as a going concern for 12 months from the date the financial statements were available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that



includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Contract Bridge League Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Contract Bridge League Inc.'s ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Dixon Hughes Goodman LLP*

Memphis, Tennessee

March 29, 2022

**American Contract Bridge League, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,524,707	\$ 4,600,402
Investments	8,131,213	7,590,965
Accounts receivable, net of allowance of \$10,000	430,056	842,199
Employee retention credits receivable	1,482,042	420,754
Due from affiliates	3,610	9,435
Prepaid expenses	422,471	365,892
	<u>15,994,099</u>	<u>13,829,647</u>
Total current assets		
Property and equipment, net	<u>3,520,695</u>	<u>3,826,941</u>
Total assets	<u>\$ 19,514,794</u>	<u>\$ 17,656,588</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 910,491	\$ 380,978
Accrued payroll liabilities	440,285	381,866
Unredeemed Bridge Bucks and gift certificates	40,013	50,430
Online game rebates due to clubs	733,949	1,347,000
Deferred revenue, current	3,614,766	3,928,598
Due to units and districts, current	504,586	496,243
Due to affiliates	105,073	29,418
	<u>6,349,163</u>	<u>6,614,533</u>
Total current liabilities		
Long-term liabilities:		
Deferred revenue, long-term	1,900,296	2,084,125
Accrued postemployment healthcare benefits	1,007,619	1,313,433
Due to units and districts, long-term	157,784	198,186
	<u>3,065,699</u>	<u>3,595,744</u>
Total long-term liabilities		
Total liabilities	<u>9,414,862</u>	<u>10,210,277</u>
Net assets:		
Without donor restrictions	9,920,944	7,181,337
With donor restrictions	178,988	264,974
	<u>10,099,932</u>	<u>7,446,311</u>
Total net assets		
Total liabilities and net assets	<u>\$ 19,514,794</u>	<u>\$ 17,656,588</u>

See accompanying notes.

**American Contract Bridge League, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues and gains			
Membership dues	\$ 5,410,195	\$ -	\$ 5,410,195
Club sanction fees	4,110,033	-	4,110,033
North American Championships	595,297	-	595,297
Tournament sanction fees	2,470,037	-	2,470,037
Tournament director fees	198,244	-	198,244
Bulletin sales and advertising	124,371	-	124,371
Educational programs and services	17,150	7,882	25,032
Royalties	555,803	-	555,803
Administrative fees	31,813	-	31,813
Other revenues	1,653,940	-	1,653,940
Net assets released from restrictions	93,868	(93,868)	-
Total operating revenues and gains	<u>15,260,751</u>	<u>(85,986)</u>	<u>15,174,765</u>
Operating expenses:			
Program services:			
North American Championships	1,044,594	-	1,044,594
Bulletin publication	1,464,892	-	1,464,892
Tournaments	2,901,890	-	2,901,890
Educational programs and services	151,379	-	151,379
Club and member services	699,667	-	699,667
Total program services	<u>6,262,422</u>	<u>-</u>	<u>6,262,422</u>
Supporting services:			
Membership development	243,643	-	243,643
Board expenses	186,528	-	186,528
Management and general	6,647,566	-	6,647,566
Total supporting services	<u>7,077,737</u>	<u>-</u>	<u>7,077,737</u>
Total operating expenses	<u>13,340,159</u>	<u>-</u>	<u>13,340,159</u>
Change in net assets from operations	1,920,592	(85,986)	1,834,606
Nonoperating income:			
Interest and dividend income	163,036	-	163,036
Change in fair value of investments	377,213	-	377,213
Net investment return	540,249	-	540,249
Gain on foreign exchange	9,074	-	9,074
Change in postemployment liability other than service costs	269,692	-	269,692
Total nonoperating income	<u>819,015</u>	<u>-</u>	<u>819,015</u>
Change in net assets	2,739,607	(85,986)	2,653,621
Net assets, beginning of year	7,181,337	264,974	7,446,311
Net assets, end of year	<u>\$ 9,920,944</u>	<u>\$ 178,988</u>	<u>\$ 10,099,932</u>

See accompanying notes.

**American Contract Bridge League, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues and gains			
Membership dues	\$ 5,904,794	\$ -	\$ 5,904,794
Club sanction fees	3,979,943	-	3,979,943
North American Championships	32,655	-	32,655
Tournament sanction fees	3,638,998	-	3,638,998
Tournament director fees	685,096	-	685,096
Bulletin sales and advertising	163,512	-	163,512
Educational programs and services	18,641	232,068	250,709
Royalties	536,993	-	536,993
Administrative fees	35,113	-	35,113
Other revenues	557,786	-	557,786
Net assets released from restrictions	107,380	(107,380)	-
	<u>15,660,911</u>	<u>124,688</u>	<u>15,785,599</u>
Total operating revenues and gains			
Operating expenses:			
Program services:			
North American Championships	468,995	-	468,995
Bulletin publication	1,484,163	-	1,484,163
Tournaments	3,749,002	-	3,749,002
Educational programs and services	169,361	-	169,361
Club and member services	659,821	-	659,821
	<u>6,531,342</u>	<u>-</u>	<u>6,531,342</u>
Total program services			
Supporting services:			
Membership development	259,763	-	259,763
Board expenses	63,984	-	63,984
Management and general	6,208,603	-	6,208,603
	<u>6,532,350</u>	<u>-</u>	<u>6,532,350</u>
Total supporting services			
Total operating expenses	<u>13,063,692</u>	<u>-</u>	<u>13,063,692</u>
Change in net assets from operations	2,597,219	124,688	2,721,907
Nonoperating income (loss):			
Interest and dividend income	132,450	-	132,450
Change in fair value of investments	581,702	-	581,702
	<u>714,152</u>	<u>-</u>	<u>714,152</u>
Net investment return			
Loss on foreign exchange	(13,279)	-	(13,279)
Change in postemployment liability other than service costs	585	-	585
	<u>701,458</u>	<u>-</u>	<u>701,458</u>
Total nonoperating income			
Change in net assets	3,298,677	124,688	3,423,365
Net assets, beginning of year	3,882,660	140,286	4,022,946
Net assets, end of year	<u>\$ 7,181,337</u>	<u>\$ 264,974</u>	<u>\$ 7,446,311</u>

See accompanying notes.

American Contract Bridge League, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2021

	Program Services				Support Services				Total
	North American Championships	Bulletin Publication	Tournaments	Educational Programs and Services	Club and Member Services	Membership Development	Board Expenses	Management and General	
Salaries and wages	\$ 227,779	\$ 278,346	\$ 1,709,411	\$ 39,051	\$ 355,560	\$ 5,225	\$ -	\$ 3,183,715	\$ 5,799,087
Payroll taxes and benefits	47,905	59,703	432,592	-	137,154	-	-	783,939	1,461,293
Employee development	-	-	-	-	-	-	-	121,494	121,494
Travel and entertainment	246,226	203	11,570	3,290	158	-	87,007	39,708	388,162
Postage and shipping	21,731	442,707	2,319	2,089	8,810	56,390	37	7,847	541,930
Supplies	59,486	6,411	2,891	9,120	439	5,866	967	5,728	90,908
Printing	41,357	626,702	4,419	-	-	15,691	1,163	16,221	705,553
Membership billing	-	-	-	-	-	19,746	-	-	19,746
Small equipment	1,502	-	50,538	8,614	6,567	-	108	47,432	114,761
Repairs and maintenance	-	-	-	-	-	-	-	101,057	101,057
Equipment rental	49,339	-	14,445	1,973	-	-	21,364	9,067	96,188
Computer maintenance	1,265	-	1,719	8,619	-	-	-	357,166	368,769
Telephone	11,305	2,245	15,315	-	5,045	-	-	99,869	133,779
Utilities	1,219	1,825	2,431	-	5,836	-	-	56,784	68,095
Professional fees	187,421	26,393	417,942	3,283	-	-	882	1,017,389	1,653,310
Insurance	6,356	9,517	12,677	-	30,433	-	-	296,125	355,108
Advertising and promotion	14,137	796	-	-	(400)	10,923	-	28,534	53,990
Other	46,092	-	629	-	-	-	75,000	15,159	136,880
Banking fees	14,846	-	64,794	-	72,974	129,802	-	79,325	361,741
Dues and subscriptions	441	1,604	1,437	340	50,100	-	-	8,438	62,360
Depreciation	5,637	8,440	11,243	-	26,991	-	-	262,631	314,942
Taxes and licenses	-	-	-	-	-	-	-	109,828	109,828
Contributions to affiliates	-	-	-	75,000	-	-	-	-	75,000
Interest and penalties	-	-	-	-	-	-	-	110	110
Local reimbursements	54,900	-	-	-	-	-	-	-	54,900
Tournament prizes	5,650	-	145,518	-	-	-	-	-	151,168
	<u>\$ 1,044,594</u>	<u>\$ 1,464,892</u>	<u>\$ 2,901,890</u>	<u>\$ 151,379</u>	<u>\$ 699,667</u>	<u>\$ 243,643</u>	<u>\$ 186,528</u>	<u>\$ 6,647,566</u>	<u>\$ 13,340,159</u>

See accompanying notes.



**American Contract Bridge League, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services				Support Services				Total
	North American Championships	Bulletin Publication	Tournaments	Educational Programs and Services	Club and Member Services	Membership Development	Board Expenses	Management and General	
Salaries and wages	\$ 136,505	\$ 319,459	\$ 2,201,581	\$ 56,537	\$ 343,237	\$ 6,688	\$ -	\$ 3,145,054	\$ 6,209,061
Payroll taxes and benefits	41,835	62,180	590,974	-	135,889	-	-	940,780	1,771,658
Employee development	-	-	143	-	-	-	-	158,141	158,284
Travel and entertainment	145,810	158	73,340	326	301	-	11,791	8,631	240,357
Postage and shipping	3,570	452,602	1,628	3,926	6,653	55,714	155	6,533	530,781
Supplies	8,290	4,550	38	23,003	2,625	11,152	531	9,531	59,720
Printing	10,840	608,321	71	-	-	7,363	493	10,375	637,463
Membership billing	-	-	-	-	-	22,012	-	-	22,012
Small equipment	7,180	-	2,146	836	-	-	14	24,003	34,179
Repairs and maintenance	-	-	-	-	-	-	-	81,873	81,873
Equipment rental	339	-	2,296	-	-	-	-	7,785	10,420
Computer maintenance	-	-	1,003	8,464	-	-	-	355,669	365,136
Telephone	1,198	2,333	17,416	-	4,038	-	-	47,207	72,192
Utilities	1,076	1,612	2,147	-	2,147	-	-	53,157	60,139
Professional fees	18,121	11,787	725,318	957	-	-	25,000	544,101	1,325,284
Insurance	6,080	9,104	12,127	-	12,127	-	-	300,253	339,691
Advertising and promotion	2,035	1,281	-	-	400	21,587	-	42,029	67,332
Other	69,506	-	6,756	-	-	98	26,000	7,371	109,731
Banking fees	4,226	-	92,271	-	67,521	135,149	-	76,483	375,650
Dues and subscriptions	-	1,217	932	312	72,150	-	-	7,106	81,717
Depreciation	6,384	9,559	12,733	-	12,733	-	-	315,261	356,670
Taxes and licenses	-	-	-	-	-	-	-	66,190	66,190
Contributions to affiliates	-	-	-	75,000	-	-	-	-	75,000
Interest and penalties	-	-	-	-	-	-	-	1,070	1,070
Tournament prizes	6,000	-	6,082	-	-	-	-	-	12,082
	<u>\$ 468,995</u>	<u>\$ 1,484,163</u>	<u>\$ 3,749,002</u>	<u>\$ 169,361</u>	<u>\$ 659,821</u>	<u>\$ 259,763</u>	<u>\$ 63,984</u>	<u>\$ 6,208,603</u>	<u>\$ 13,063,692</u>

See accompanying notes.

American Contract Bridge League, Inc.  
 Statements of Cash Flows  
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,653,621	\$ 3,423,365
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	314,942	356,670
Change in fair value of investments	(377,213)	(581,702)
Changes in assets and liabilities:		
Accounts receivable	412,143	(411,283)
Employee retention credits receivable	(1,061,288)	(420,754)
Due from affiliates	5,825	11,664
Prepaid expenses	(56,579)	188,893
Accounts payable and accrued expenses	529,513	(559,966)
Accrued payroll liabilities	58,419	(260,815)
Unredeemed Bridge Bucks, gift certificates, and gift cards	(10,417)	(31,083)
Deferred revenue and online game rebates	(1,110,712)	616,387
Accrued postemployment healthcare benefits	(305,814)	(32,160)
Unit dues refunds payable	(32,059)	(70,813)
Due to affiliates	75,655	(210,462)
	<u>1,096,036</u>	<u>2,017,941</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of investments	(163,035)	(132,428)
Purchase of property and equipment	(8,696)	(52,001)
	<u>(171,731)</u>	<u>(184,429)</u>
Net cash used in investing activities		
Net change in cash	924,305	1,833,512
Cash and cash equivalents, beginning of year	<u>4,600,402</u>	<u>2,766,890</u>
Cash and cash equivalents, end of year	<u>\$ 5,524,707</u>	<u>\$ 4,600,402</u>

## 1. Principal Activity and Significant Accounting Policies

### ***Organization and nature of operations***

American Contract Bridge League, Inc. ("ACBL") is a not-for-profit organization whose purpose is to promote, grow, and sustain the game of bridge and serve the bridge-related interests of its members. ACBL sanctions duplicate bridge play throughout the United States, Canada, Mexico, and Bermuda. Most of ACBL's membership resides in North America and Bermuda. ACBL is headquartered in Horn Lake, Mississippi.

In a normal year, ACBL supports over 3,500,000 tables of bridge play annually in clubs and tournaments of which over 1,000,000 tables are online. There are three North American Bridge Championships ("NABC") held annually, each attracting up to 5,000 players. Player achievement is encouraged by ACBL through the tracking and awarding of Master Points to more than 143,000 members. ACBL sponsors the School Bridge Lesson Series Program for more than 5,000 children annually and also publishes The Bridge Bulletin magazine on a monthly basis.

Due to the COVID pandemic beginning in March of 2020, the majority of 2021 face to face bridge play including the Spring and Summer NABC events were either cancelled or moved online. Even with these limitations, bridge play still exceeded 4,400,000 tables during 2021.

### ***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 ("U.S. GAAP").

### ***Use of estimates***

The preparation of financial statements in conformity with U.S. 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***

ACBL derives its revenues primarily through membership dues, club sanction fees, and various tournament fees. Club sanction fees and other tournament fees are recognized at the point in time when the games and tournaments are completed and the performance obligations are satisfied. Membership dues are considered exchange transactions and are recognized ratably over the membership period, which is generally one to three years. The performance obligations relating to membership dues consist of providing Master Points tracking and the monthly Bridge Bulletin magazine, which are satisfied ratably as services are received and consumed by the members. Certain judgments and estimates are used in the identification and timing of satisfaction of performance obligations and the related allocation of the transaction price. ACBL believes that these estimates represent an accurate depiction of the transfer of services to its members.

Membership dues paid in advance are deferred to the membership period to which they relate. All other amounts paid in advance are deferred to the period in which the games and tournaments take place.

Contributions 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.

The following table provides information about changes in contract liabilities and accounts receivable from contracts with customers for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Contract liabilities:		
Deferred revenue and online game rebates, beginning of year	\$ 7,359,723	\$ 6,743,336
Deferred revenue and online game rebates, end of year	6,249,011	7,359,723
Accounts receivable - net:		
Beginning of year	842,199	430,916
End of year	430,056	842,199

### **Concentrations of credit risk**

ACBL's credit risks relate primarily to cash and cash equivalents and investments. ACBL maintains cash deposits at various domestic and foreign financial institutions. Accounts at each domestic institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to an aggregate of \$250,000. Accounts at the foreign institution are insured by the Canadian Deposit Insurance Corporation ("CDIC") up to an aggregate of \$100,000. At times, deposits exceeded FDIC and CDIC limits throughout the year. These risks are managed by maintaining such deposits in high-quality financial institutions.

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 ACBL's financial position and changes in its net assets.

### **Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments purchased with original maturities of three months or less.

### **Investments**

ACBL carries investments at fair value in the statements of financial position. 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. See Note 3 for discussion of fair value measurements.

Purchases, including income reinvestments, and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on an accrual basis. Realized gains (losses) on the sales of securities are calculated based on the specific identification of the securities sold. Net investment return reported in the statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment expenses.

### **Accounts receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

### ***Employee Retention Credit***

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit ("ERC"). The ERC is a refundable payroll tax credit available to taxpayers who experienced either a full or partial suspension of business operations due to government orders or had a significant drop in gross receipts. The credit, originally available only for calendar year 2020, was extended to the first and second calendar quarters of 2021 by the Taxpayer Certainty and Disaster Tax Relief Act of 2020 ("Relief Act"), and later extended to the third and fourth quarters of 2021 by the American Rescue Plan Act of 2021 ("ARPA"). On November 15, 2021, the Infrastructure Investment and Jobs Act was officially signed into law, which rescinded the ERC availability for the fourth quarter of 2021 for most employers.

For 2020, the credit was limited to 50% of qualified wages of up to \$10,000 paid to each eligible employee, for a maximum credit of \$5,000 per eligible employee. For 2021, the credit was limited to 70% of qualified wages of up to \$10,000 paid to each eligible employee each calendar quarter, for a maximum credit of \$21,000 per eligible employee.

In 2021 and 2020, ACBL qualified for the ERC based on a reduction in gross receipts and has elected to account for the ERC as a government grant by analogy to IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*. Under IAS 20, the ERC may be recognized once there is reasonable assurance that the Company will comply with the conditions attached to the ERC and the ERC will be received. ACBL incurred qualifying wages and has recognized \$1,556,565 and \$420,754 associated with the ERC as grant income in the accompanying statements of activities for 2021 and 2020, respectively.

In 2021, ACBL collected \$495,277 associated with the ERCs. At December 31, 2021 and 2020, ACBL had receivables of \$1,482,042 and \$420,754, respectively, related to the ERCs.

### ***Property and equipment***

ACBL's policy is to capitalize purchases of long-lived assets with a cost in excess of \$1,000. Property and equipment items are recorded at acquisition cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. Maintenance and repairs are charged to expense when incurred; major renewals and betterments are capitalized.

### ***Net assets***

ACBL 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. There were no donor-imposed restrictions of a perpetual nature at December 31, 2021 and 2020. 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.

***Postemployment benefit plan***

ACBL recognizes the funded status of its defined benefit postemployment healthcare plan as a net asset or liability and recognizes changes in that funded status in the year in which the change occurs through a change in net assets without donor restrictions, apart from expenses, to the extent those changes are not included in the net periodic costs.

***Unredeemed Bridge Bucks and gift certificates***

ACBL issues Bridge Bucks in \$20 denominations, which are purchased by individuals for entry fees at the NABC events and other ACBL sanctioned tournaments. Gift certificates may be given as recruiting incentives and as a Patron Member benefit. Bridge Bucks expire after three years and gift certificates expire after two years. The obligation for unredeemed Bridge Bucks and gift certificates is reflected as a current liability in the statements of financial position.

***Online game rebates due to clubs***

ACBL acts as an intermediary for club rebates earned online by club members. Monthly, ACBL collects from a third-party online gaming rebates earned by club members from online play. When balances collected by ACBL and due to individual clubs exceeds \$100, the amount is remitted to the club. This typically occurs the month following when the rebate was earned.

***Due to units and districts***

Due to units and districts is comprised of unit dues refunds payable and Grass Roots Funds payable.

The unit dues refunds payable represents the portion of membership dues collected for the benefit of the bridge units. Unit dues collected for three-year membership periods become due to the units annually in the month following the member's anniversary date. Such amounts to be paid in future years are reflected as a long-term liability in the statements of financial position.

In August 2012, ACBL began collecting funds through Grass Roots Fund games played and will remit these funds to the districts to fund the Grand National Teams at the Summer NABC and the North American Pairs at the Spring NABC. ACBL acts as a pass-through and does not collect a fee from the funds collected. The funds payable to the districts for the years ended December 31, 2021 and 2020, were \$5,796 and \$432, respectively.

***Allocation of functional expenses***

The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimate of the relative effort expended for the related functions.

***Advertising***

ACBL expenses advertising costs as incurred. Advertising expense totaled \$53,990 and \$67,332 for the years ended December 31, 2021 and 2020, respectively.

***Income taxes***

The Internal Revenue Service has determined that ACBL is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. ACBL files an exempt organization return in the U.S. federal jurisdiction. However, income from advertising in the Bridge Bulletin, which is not directly related to ACBL's exempt purpose, is

subject to taxation as unrelated business income. There was no unrelated business income tax expense for the years ended December 31, 2021 and 2020.

### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

### **Subsequent events**

ACBL evaluated the effect subsequent events would have on the financial statements through March 29, 2022, which is the date the financial statements were available to be issued. ACBL is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

## **2. Liquidity and Availability**

ACBL has approximately \$15,572,000 of financial assets available within one year of December 31, 2021, consisting of cash of \$5,525,000, investments of \$8,131,000, accounts receivable of \$1,912,000 and due from affiliates of \$4,000. Aside from the donor-restricted net assets detailed in Note 6, none of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2021. ACBL has the following liquidity measurement as a long-term guideline:

The total of current assets plus investments, to the extent they are marketable, less liabilities, not including accrued postretirement health care, will be sufficient to satisfy four months of general, tournament directors and Bridge Bulletin expenses, and not decrease below the amount necessary for three months of such expenses.

As part of ACBL'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 \$1,100,000. ACBL invests cash in excess of daily requirements in various short-term investments, including fixed income and equity securities.

## **3. Investments and Fair Value Measurements**

Fair value, as defined under U.S. GAAP, is an exit price representing 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. U.S. GAAP establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1:** Observable inputs such as quoted prices in active markets.
- Level 2:** Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3:** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. ACBL's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. In determining fair values, ACBL 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 assets measured at fair value on a recurring basis. There have been no changes in methodologies during the year ended December 31, 2021.

*Exchange Traded Funds:* Valued based on price of securities actively traded in public markets.

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, while ACBL 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>2021</u>	<u>2020</u>
Exchange Traded Funds - Level 1:		
Fixed income	\$ 5,498,284	\$ 5,495,878
Equities	<u>2,632,929</u>	<u>2,095,087</u>
	<u>\$ 8,131,213</u>	<u>\$ 7,590,965</u>

#### 4. Property and Equipment

A summary of property and equipment at December 31 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 876,922	\$ 876,922
Building and improvements	3,740,310	3,740,310
Furniture and equipment	1,287,648	1,287,648
Computer equipment	304,017	295,321
Computer software	2,153,814	2,153,814
Tournament equipment	276,027	267,027
Automobiles	<u>19,948</u>	<u>19,948</u>
	8,658,686	8,649,990
Less accumulated depreciation	<u>(5,137,991)</u>	<u>(4,823,049)</u>
	<u>\$ 3,520,695</u>	<u>\$ 3,826,941</u>



## 5. Retirement and Postemployment Benefit Plans

### **401(k) plan**

ACBL has a qualified voluntary defined contribution plan covering substantially all full-time United States employees. Employer contributions to the plan are made each year at the discretion of management up to a maximum of 50% of the first 6% of each participating employee's salary. For each of the years ended December 31, 2021 and 2020, management elected to contribute an additional 3% of each participating employee's salary. Employer contributions to the plan were \$252,669 and \$270,616 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, ACBL had plan contributions payable of \$142,504 and \$141,183, respectively. These amounts are included in accrued payroll liabilities on the statements of financial position.

### **Canadian plan**

ACBL has a Canadian Group Registered Retirement Savings Plan for the benefit of full-time employees residing in Canada. Employer contributions to the plan are made at the discretion of management up to a maximum of 50% of the first 8% of each participating employee's salary. Contributions to the plan were \$0 and \$8,595 for the years ended December 31, 2021 and 2020, respectively.

### **Postemployment healthcare plan**

ACBL pays part of the premium cost of Medicare Supplement insurance for qualified retirees. Employees hired prior to January 1, 2014, who are at least 65 years old and have at least 20 years of service are qualified for this benefit.

### **Postemployment healthcare plan disclosures**

The following table presents the changes in benefit obligations, changes in Plan assets, and the composition of accrued benefit costs in the statements of financial position for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Changes in benefit obligations:		
Accumulated postemployment benefit obligation, beginning of year	\$ 1,313,433	\$ 1,345,593
Service cost	40,895	39,034
Interest cost	30,191	40,952
Actuarial gain	(299,883)	(41,537)
Benefits paid	<u>(77,017)</u>	<u>(70,609)</u>
Accumulated postemployment benefit obligation, end of year	1,007,619	1,313,433
Changes in plan assets:		
Employer contributions	42,791	40,262
Plan participants' contributions	34,226	30,347
Benefits paid	<u>(77,017)</u>	<u>(70,609)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Funding deficit	<u>\$ (1,007,619)</u>	<u>\$ (1,313,433)</u>

The weighted average assumptions used to determine benefit obligations were as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Discount rate at end of year	2.75%	2.34%
Health Care Trend Rate:		
Initial	8.00%	8.00%
Ultimate	4.50%	4.50%
Years to ultimate	7	7
Dental Trend Rate:		
Initial	4.00%	4.00%
Ultimate	3.00%	3.00%
Years to ultimate	4	4

The components of net periodic benefit cost and other related changes for the years ended December 31 were as follows:

	<u>2021</u>	<u>2020</u>
Service cost	\$ 40,895	\$ 39,034
Interest cost	30,191	40,952
Recognition of net gain	(22,764)	(20,016)
Other changes and amortization related to prior gain	<u>(277,119)</u>	<u>(21,521)</u>
Net periodic benefit cost (income) and other related changes	<u>\$ (228,797)</u>	<u>\$ 38,449</u>

Service cost is recorded in employee benefits expense while all other components of net periodic benefit cost and other related changes are recorded as nonoperating expenses (income).

ACBL expects to contribute approximately \$43,000 to its postemployment benefit plan for the year ending December 31, 2022. Because contribution requirements are very sensitive to required interest rates, possible additional funding charges and other factors, differences between the initial estimate and final contribution amounts can be significant.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the following years ending December 31:

2022	\$ 47,310
2023	48,526
2024	49,608
2025	50,550
2026	50,502
2027 - 2031	<u>259,029</u>
	<u>\$ 505,525</u>

## 6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following purpose restrictions at December 31:

	<u>2021</u>	<u>2020</u>
Vanderbilt trophy fund	\$ 127,846	\$ 127,846
Junior fund	50,746	136,732
Education foundation fund	<u>396</u>	<u>396</u>
	<u>\$ 178,988</u>	<u>\$ 264,974</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions:		
Junior fund	<u>\$ 93,868</u>	<u>\$ 107,380</u>

## 7. Related Party Transactions

ACBL provides administrative services in an agency capacity for several affiliated organizations such as the American Contract Bridge League Charity Foundation ("Charity Foundation"), American Contract Bridge League Educational Foundation ("Educational Foundation"), United States Bridge Federation ("USBF"), and the Canadian Bridge Federation ("CBF"). Administrative fees charged to these organizations totaled \$31,813 and \$35,113 for the years ended December 31, 2021 and 2020, respectively.

ACBL makes contributions to the USBF and CBF out of a portion of the junior fund monies collected. Contributions to these affiliates totaled \$75,000 for each of the years ended December 31, 2021 and 2020.

Related party balances due from and due to affiliates consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Due from:		
ACBL Educational Foundation	<u>\$ 3,610</u>	<u>\$ 9,435</u>
Due to:		
United States Bridge Federation	\$ 62,580	\$ 18,454
Canadian Bridge Federation	6,470	7,240
Mexican Bridge Federation	-	136
Bermuda Contract Bridge League	-	82
ACBL Charity Foundation	33,395	617
ACBL Educational Foundation	<u>2,628</u>	<u>2,889</u>
	<u>\$ 105,073</u>	<u>\$ 29,418</u>

## **8. Commitments**

ACBL has entered into cancelable agreements for hotel meeting space and guestroom rentals related to future NABC events through 2025. The cancellation clauses call for payments to be made for conference space and guestrooms if cancellation occurs within a specified time frame prior to the events or if hotel usage is less than contracted. If all agreements were cancelled at December 31, 2021, the maximum cancellation fees payable would be approximately \$14,400,000. This cost would be reduced by any hotel resell of the meeting space and guestrooms.

## **9. Foreign Currency Transactions**

Since ACBL serves the bridge-related interests of its Canadian members, ACBL has a Canadian bank account that is used to process various transactions. This bank account is converted to U.S. dollars using the applicable rate of exchange. For the years ended December 31, 2021 and 2020, the total effect resulting from these conversions was a gain of \$9,074 and a loss of \$13,279, respectively. These amounts are presented separately in the statements of activities.

## **10. Contingencies, Risks and Uncertainties**

### ***Legal matter***

In 2017, a former ACBL employee filed a lawsuit against ACBL, on behalf of himself and other similarly situated employees, claiming that ACBL misclassified certain employees as exempt from overtime under the Fair Labor Standards Act. Subsequent to December 31, 2021, the Court issued a series of rulings which dismissed many of the claims, but awarded backpay damages to the plaintiffs for approximately \$10,000 and attorney's fees and costs of approximately \$190,000. ACBL intends to appeal the rulings, but believes it is probable (as defined by U.S. GAAP) that there is some liability. ACBL has accrued \$200,000 as of December 31, 2021, relating to these rulings, and the accrual is included on the balance sheet within accounts payable and accrued expenses.

### ***COVID-19 pandemic***

In March 2020, the World Health Organization declared the outbreak and spread of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak has had far reaching and unpredictable impacts on the global economy, supply chains, financial markets, and global business operations of a variety of industries. Governments have taken substantial action to contain the spread of the virus including mandating social distancing, suspension of certain gatherings, and shuttering of certain nonessential businesses. The pandemic has had a significant impact on ACBL, creating challenges for in-person tournaments and events, loss of memberships, and increasing the demand for on-line play. The extent of the impact of the outbreak on ACBL, including its operations, ability host tournaments, supporters, employees, vendors, and value of ACBL's investments will depend on certain developments, including the duration and spread of the outbreak, economic impacts, and governmental, regulatory, and private sector responses. The financial statements do not reflect any adjustments as a result of the increase in uncertainty.