



American Contract Bridge League, Inc.

Financial Statements

Years Ended December 31, 2020 and 2019





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Independent Auditors' Report

Board of Directors
American Contract Bridge League, Inc.

We have audited the accompanying financial statements of American Contract Bridge League, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of American Contract Bridge League, Inc. as of December 31, 2019, were audited by other auditors whose report dated March 18, 2020, expressed an unmodified opinion on those statements.

Dixon Hughes Goodman LLP

Memphis, Tennessee
March 25, 2021

American Contract Bridge League, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,600,402	\$ 2,766,890
Investments	7,590,965	6,876,835
Accounts receivable, net of allowance of \$10,000	842,199	430,916
Employee retention credits receivable	420,754	-
Due from affiliates	9,435	21,099
Prepaid expenses	365,892	554,785
	<u>13,829,647</u>	<u>10,650,525</u>
Property and equipment, net	<u>3,826,941</u>	<u>4,131,610</u>
	<u>\$ 17,656,588</u>	<u>\$ 14,782,135</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 380,978	\$ 940,944
Accrued payroll liabilities	381,866	642,681
Accrued postemployment healthcare benefits, current	48,322	59,970
Unredeemed Bridge Bucks and gift certificates	50,430	81,513
Online game rebates due to clubs	1,347,000	125,000
Deferred revenue, current	3,928,598	4,273,582
Due to units and districts, current	496,243	542,828
Due to affiliates	29,418	239,880
	<u>6,662,855</u>	<u>6,906,398</u>
Long-Term Liabilities:		
Deferred revenue, long-term	2,084,125	2,344,754
Accrued postemployment healthcare benefits, long-term	1,265,111	1,285,623
Due to units and districts, long-term	198,186	222,414
	<u>3,547,422</u>	<u>3,852,791</u>
Total liabilities	<u>10,210,277</u>	<u>10,759,189</u>
Net Assets:		
Without donor restrictions	7,181,337	3,882,660
With donor restrictions	264,974	140,286
	<u>7,446,311</u>	<u>4,022,946</u>
Total liabilities and net assets	<u>\$ 17,656,588</u>	<u>\$ 14,782,135</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)	-
Total operating revenues and gains	<u>15,660,911</u>	<u>124,688</u>	<u>15,785,599</u>
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
Total program services	<u>6,531,342</u>	<u>-</u>	<u>6,531,342</u>
Supporting services:			
Membership development	259,763	-	259,763
Board expenses	63,984	-	63,984
Management and general	6,208,603	-	6,208,603
Total supporting services	<u>6,532,350</u>	<u>-</u>	<u>6,532,350</u>
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 market value of investments	581,702	-	581,702
Net investment return	714,152	-	714,152
Loss on foreign exchange	(13,279)	-	(13,279)
Change in postemployment liability other than service costs	585	-	585
Total nonoperating income	<u>701,458</u>	<u>-</u>	<u>701,458</u>
Change in net assets	3,298,677	124,688	3,423,365
Net assets, beginning of year	<u>3,882,660</u>	<u>140,286</u>	<u>4,022,946</u>
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 Activities
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues and Gains			
Membership dues	\$ 6,109,615	\$ -	\$ 6,109,615
Club sanction fees	2,876,370	-	2,876,370
North American Championships	2,793,900	-	2,793,900
Tournament sanction fees	2,267,883	-	2,267,883
Tournament director fees	3,013,778	-	3,013,778
Bulletin sales and advertising	358,961	-	358,961
Educational programs and services	28,663	246,424	275,087
Royalties	641,174	-	641,174
Administrative fees	44,847	-	44,847
Other revenues	295,408	-	295,408
Net assets released from restrictions	251,117	(251,117)	-
Total operating revenues and gains	<u>18,681,716</u>	<u>(4,693)</u>	<u>18,677,023</u>
Operating expenses:			
Program services:			
North American Championships	2,682,265	-	2,682,265
Bulletin publication	1,634,508	-	1,634,508
Tournaments	5,196,021	-	5,196,021
Educational programs and services	352,241	-	352,241
Club and member services	937,125	-	937,125
Total program services	<u>10,802,160</u>	<u>-</u>	<u>10,802,160</u>
Supporting services:			
Membership development	362,523	-	362,523
Board expenses	362,483	-	362,483
Management and general	6,105,054	-	6,105,054
Total supporting services	<u>6,830,060</u>	<u>-</u>	<u>6,830,060</u>
Total operating expenses	<u>17,632,220</u>	<u>-</u>	<u>17,632,220</u>
Change in net assets from operations	1,049,496	(4,693)	1,044,803
Nonoperating income (loss):			
Interest and dividend income	162,899	-	162,899
Change in market value of investments	656,456	-	656,456
Net investment return	819,355	-	819,355
Loss on foreign exchange	(74,814)	-	(74,814)
Change in postemployment liability other than service costs	(53,869)	-	(53,869)
Total nonoperating income	<u>690,672</u>	<u>-</u>	<u>690,672</u>
Change in net assets	1,740,168	(4,693)	1,735,475
Net assets, beginning of year	<u>2,142,492</u>	<u>144,979</u>	<u>2,287,471</u>
Net assets, end of year	<u>\$ 3,882,660</u>	<u>\$ 140,286</u>	<u>\$ 4,022,946</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.
Statement of Functional Expenses
Year Ended December 31, 2019

	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	\$ 639,638	\$ 311,851	\$ 3,744,345	\$ 93,469	\$ 432,137	\$ 37,172	\$ -	\$ 3,185,309	\$ 8,443,921
Payroll taxes and benefits	124,022	73,176	806,790	-	145,826	-	-	859,163	2,008,977
Employee development	-	-	1,120	-	21	-	-	38,448	39,589
Travel and entertainment	853,087	97	195,773	99,776	27,642	-	223,540	167,910	1,567,825
Postage and shipping	62,335	477,106	7,602	8,946	2,878	69,258	635	18,247	647,007
Supplies	28,610	5,669	504	28,686	3,349	13,247	628	14,161	94,854
Printing	147,034	688,066	7,000	7,145	-	8,587	1,003	12,550	871,385
Membership billing	-	-	-	-	-	23,975	-	-	23,975
Small equipment	7,245	-	19,376	-	-	-	217	25,840	52,678
Repairs and maintenance	1,452	-	-	-	-	-	-	99,412	100,864
Equipment rental	171,539	-	14,043	2,519	-	-	51,161	15,826	255,088
Computer maintenance	-	-	780	7,555	-	-	-	263,245	271,580
Telephone	14,449	1,360	30,016	-	955	-	-	67,841	114,621
Utilities	3,353	5,365	10,730	-	11,401	-	-	45,603	76,452
Professional fees	18,412	5,640	43,371	8,026	-	-	7,311	533,078	615,838
Insurance	15,093	24,148	48,296	-	51,315	-	-	205,257	344,109
Advertising and promotion	17,688	9,000	-	-	1,771	54,826	-	111,649	194,934
Other	189,823	-	21,088	16,782	-	9,229	77,988	13,210	328,120
Banking fees	56,937	-	16,141	-	98,914	146,229	-	78,453	396,674
Dues and subscriptions	-	1,634	8,255	337	94,200	-	-	6,418	110,844
Depreciation	19,622	31,396	62,791	-	66,716	-	-	266,862	447,387
Taxes and licenses	-	-	-	-	-	-	-	68,710	68,710
Contributions to affiliates	-	-	-	79,000	-	-	-	-	79,000
Interest and penalties	-	-	-	-	-	-	-	7,862	7,862
Local reimbursements	280,932	-	-	-	-	-	-	-	280,932
Tournament prizes	30,994	-	158,000	-	-	-	-	-	188,994
	<u>\$ 2,682,265</u>	<u>\$ 1,634,508</u>	<u>\$ 5,196,021</u>	<u>\$ 352,241</u>	<u>\$ 937,125</u>	<u>\$ 362,523</u>	<u>\$ 362,483</u>	<u>\$ 6,105,054</u>	<u>\$ 17,632,220</u>

See accompanying notes.

American Contract Bridge League, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 3,423,365	\$ 1,735,475
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	356,670	447,387
Change in market value of investments	(581,702)	(656,456)
Changes in assets and liabilities:		
Accounts receivable	(832,037)	71,964
Due from affiliates	11,664	(16,094)
Prepaid expenses	188,893	(28,098)
Accounts payable and accrued expenses	(559,966)	(895,827)
Accrued payroll liabilities	(260,815)	27,253
Unredeemed Bridge Bucks and gift certificates	(31,083)	5,642
Deferred revenue and online game rebates	616,387	174,876
Accrued postemployment healthcare benefits	(32,160)	53,869
Unit dues refunds payable	(70,813)	14,967
Due to affiliates	(210,462)	54,729
Net cash provided by operating activities	2,017,941	989,687
Cash flows from investing activities:		
Proceeds from sale of investments	-	1,172,406
Purchase of investments	(132,428)	(331,849)
Purchase of property and equipment	(52,001)	(177,044)
Net provided by (used in) investing activities	(184,429)	663,513
Net change in cash	1,833,512	1,653,200
Cash and cash equivalents, beginning of year	2,766,890	1,113,690
Cash and cash equivalents, end of year	\$ 4,600,402	\$ 2,766,890

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 3.5 million 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 154,000 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, all face to face bridge play including the three NABC events was either canceled or moved online. During this tough time for ACBL members, online bridge play still managed to exceed 3.8 million tables during 2020.

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>2020</u>	<u>2019</u>
Contract Liabilities:		
Deferred revenue and online game rebates, beginning of year	\$ 6,743,336	\$ 6,568,460
Deferred revenue and online game rebates, end of year	7,359,723	6,743,336
Accounts Receivable - Net:		
Beginning of year	430,916	502,880
End of year	842,199	430,916

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 is reported in the statement of activities and consists of interest 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 COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act is the establishment of the Employee Retention Credit (ERC) program. Conditions for an organization to be eligible for the program include: 1) being adversely affected by the COVID-19 pandemic, 2) not participating in the Payroll Protection Program, and 3) incurred payroll costs to retain employees during the pandemic. ACBL has applied for, and expects to receive through reductions to payroll tax remittances in 2021, an ERC of \$420,754. ACBL has determined that the conditions to earn the ERC have been substantially met in 2020, and therefore have recognized the ERC in other revenues in the accompanying statement of activities.

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, 2020 and 2019. 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, 2020 and 2019 were \$432 and \$25,869, respectively.

Allocation of functional expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement 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 \$67,332 and \$194,934 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019.

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 25, 2021, 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 \$13,463,000 of financial assets available within one year of December 31, 2020, consisting of cash of \$4,600,000, investments of \$7,591,000, accounts receivable of \$1,263,000 and due from affiliates of \$9,000. 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, 2020. 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 \$1,090,000. 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 used at December 31, 2020.

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>2020</u>	<u>2019</u>
Exchange Traded Funds - Level 1:		
Fixed income	\$ 5,495,878	\$ 5,145,612
Equities	<u>2,095,087</u>	<u>1,731,223</u>
	<u>\$ 7,590,965</u>	<u>\$ 6,876,835</u>

4. Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Land	\$ 876,922	\$ 876,922
Building and improvements	3,740,310	3,688,310
Furniture and equipment	1,287,648	1,287,648
Computer equipment	295,321	295,321
Computer software	2,153,814	2,153,814
Tournament equipment	276,027	267,233
Automobiles	19,948	19,948
Assets in progress	-	8,794
	<u>8,649,990</u>	<u>8,597,990</u>
Less accumulated depreciation	<u>(4,823,049)</u>	<u>(4,466,380)</u>
	<u>\$ 3,826,941</u>	<u>\$ 4,131,610</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, 2020 and 2019, management elected to contribute an additional 3% of each participating employee's salary. Employer contributions to the plan were \$270,616 and \$307,220 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, ACBL had plan contributions payable of \$141,183 and \$200,403, 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 \$8,595 and \$5,996 for the years ended December 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Changes in benefit obligations:		
Accumulated postemployment benefit obligation, beginning of year	\$ 1,345,593	\$ 1,291,724
Service cost	39,034	40,147
Interest cost	40,952	52,669
Actuarial (gain) loss	(41,537)	34,340
Benefits paid	<u>(70,609)</u>	<u>(73,287)</u>
Accumulated postemployment benefit obligation, end of year	1,313,433	1,345,593
Changes in plan assets:		
Employer contributions	40,262	42,086
Plan participants' contributions	30,347	31,201
Benefits paid	<u>(70,609)</u>	<u>(73,287)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>
Funding deficit	<u>\$ (1,313,433)</u>	<u>\$ (1,345,593)</u>

Amounts recognized in the statements of financial position consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Accrued postemployment healthcare benefits, current	\$ 48,322	\$ 59,970
Accrued postemployment healthcare benefits, long-term	<u>1,265,111</u>	<u>1,285,623</u>
	<u>\$ 1,313,433</u>	<u>\$ 1,345,593</u>

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

	<u>2020</u>	<u>2019</u>
Discount rate at end of year	2.34%	3.10%
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>2020</u>	<u>2019</u>
Service cost	\$ 39,034	\$ 40,147
Interest cost	40,952	52,669
Recognition of net loss (gain)	(20,016)	(24,430)
Other changes and amortization related to prior loss (gain)	<u>(21,521)</u>	<u>58,770</u>
 Net periodic benefit cost and other related changes	 <u>\$ 38,449</u>	 <u>\$ 127,156</u>

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

ACBL expects to contribute approximately \$48,322 to its postemployment benefit plan for the year ending December 31, 2020. 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:

2021	\$ 46,691
2022	49,599
2023	51,663
2024	53,660
2025	55,632
2026 - 2030	<u>292,056</u>
	<u>\$ 549,301</u>

6. Net Assets with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Vanderbilt trophy fund	\$ 127,846	\$ 127,846
Junior fund	136,732	12,044
Education foundation fund	<u>396</u>	<u>396</u>
	<u>\$ 264,974</u>	<u>\$ 140,286</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>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Junior fund	\$ 107,380	\$ 246,329
Vanderbilt trophy fund	<u>-</u>	<u>4,788</u>
	<u>\$ 107,380</u>	<u>\$ 251,117</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 \$35,113 and \$44,847 for the years ended December 31, 2020 and 2019, 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 and \$79,000 for the years ended December 31, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Due from:		
ACBL Educational Foundation	<u>\$ 9,435</u>	<u>\$ 21,099</u>
Due to:		
United States Bridge Federation	\$ 18,454	\$ 227,769
Canadian Bridge Federation	7,240	7,164
Mexican Bridge Federation	136	142
Bermuda Contract Bridge League	82	85
ACBL Charity Foundation	617	1,488
ACBL Educational Foundation	<u>2,889</u>	<u>3,232</u>
	<u>\$ 29,418</u>	<u>\$ 239,880</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, 2020, the maximum cancellation fees payable would be approximately \$11,500,000. 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, 2020 and 2019, the total effect resulting from these conversions was a loss of \$13,279 and \$74,814, respectively. These amounts are presented separately in the statements of activities.

10. Contingencies, Risks and Uncertainties

ACBL is involved in various legal actions incidental to the ordinary course of operations. ACBL and/or its insurance carrier are vigorously defending these legal actions. Additionally, ACBL holds a general liability insurance policy with a \$5,000 deductible per occurrence. In the opinion of management, the eventual disposition of these matters will not have a material adverse effect on financial position or results of operations.

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 subsequent increase in uncertainty.