

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

FINANCIAL STATEMENTS

December 31, 2016 and 2015



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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, 2016 and 2015, 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, 2016 and 2015, 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 supplemental 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 Nilusall, PLLC

Memphis, Tennessee
March 2, 2017

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>Assets</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 100,840	\$ 400,215
Investments - municipal bonds	786,357	538,876
Due from American Contract Bridge League, Inc.	17,215	17,196
Interest receivable	<u>7,087</u>	<u>4,097</u>
Total assets	<u>\$ 911,499</u>	<u>\$ 960,384</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Grants Payable	1,000	-
Net Assets		
Unrestricted	<u>910,499</u>	<u>960,384</u>
Total liabilities and net assets	<u>\$ 911,499</u>	<u>\$ 960,384</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Games Revenues		
Club	\$ 237,826	\$ 234,229
Unit and district	11,348	15,417
Continent wide	9,244	7,714
Donations and memorials	13,266	7,609
Interest income	11,260	19,765
Change in market value of investments	(26,143)	(10,985)
Miscellaneous	11	(155)
Total revenues	<u>256,812</u>	<u>273,594</u>
Expenses		
Program Services		
Trustee grants	131,500	101,050
Charity of the year grants	150,000	120,000
Total program services expenses	<u>281,500</u>	<u>221,050</u>
Management and General		
Administrative fees	16,951	17,341
Postage	85	101
Professional fees	6,900	6,600
Stationery and supplies	-	1,619
Other expenses	1,261	1,776
Total management and general expenses	<u>25,197</u>	<u>27,437</u>
Total expenses	<u>306,697</u>	<u>248,487</u>
Change in unrestricted net assets	(49,885)	25,107
Unrestricted net assets, beginning of year	<u>960,384</u>	<u>935,277</u>
Unrestricted net assets, end of year	<u><u>\$ 910,499</u></u>	<u><u>\$ 960,384</u></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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows Provided By (Used For) Operating Activities:		
Change in net assets	\$ (49,885)	\$ 25,107
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By (Used For) Operating Activities:		
Change in market value of investments	26,143	10,985
Amortization of bond premiums	6,349	-
Increase (Decrease) in Cash and Cash Equivalents:		
Due from American Contract Bridge League, Inc.	(19)	(2,720)
Interest receivable	(2,990)	183
Grants payable	1,000	-
Total adjustments	<u>30,483</u>	<u>8,448</u>
Net cash provided by (used for) operating activities	<u>(19,402)</u>	<u>33,555</u>
Cash Flows Provided by (Used For) Investing Activities:		
Proceeds from sale of investments	350,000	80,001
Purchases of investments	<u>(629,973)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>(279,973)</u>	<u>80,001</u>
Net increase (decrease) in cash and cash equivalents	(299,375)	113,556
Cash and cash equivalents at beginning of the year	<u>400,215</u>	<u>286,659</u>
Cash and cash equivalents at end of the year	<u>\$ 100,840</u>	<u>\$ 400,215</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, 2016 and 2015

NOTE 1 – SUMMARY OF 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.

Method of Accounting and Basis of Presentation

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”).

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

Permanently Restricted Net Assets – Permanently restricted net assets represent contributions subject to donor-imposed stipulations to be invested in perpetuity, for which only the income may be available for program operations. At December 31, 2016 and 2015, there were no permanently restricted net assets.

Temporarily Restricted Net Assets – Temporarily restricted net assets represent contributions or other revenues wherein donors have specified the purpose for which the net assets are to be spent or time restrictions imposed or implied by the nature of the gift. When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At December 31, 2016 and 2015, there were no temporarily restricted net assets.

Unrestricted Net Assets – Unrestricted net assets are all the remaining net assets of the Foundation.

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. Actual results could differ from those estimates.

Fair Value Measurements

The Foundation applies U.S. 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. U.S. 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. U.S. GAAP also establishes a framework for measuring fair value and requires certain disclosures about fair value measurements. See Note 2 for additional disclosures.

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.

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. Realized and unrealized gains and losses are included in the "change in market value of investments" in the accompanying statements of activities.

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.

Date of Management's Review

Management has evaluated its December 31, 2016 financial statements for subsequent events through March 2, 2017, 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 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

U.S. 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, 2016.

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

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 Foundation classifies all of its municipal bonds as Level 2 assets for the years ended December 31, 2016 and 2015.

NOTE 3 – RELATED PARTY TRANSACTIONS

The 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, 2016 and 2015, annual administrative fees consisted of \$16,951 and \$17,341, respectively. At December 31, 2016 and 2015, \$17,215 and \$17,196 was receivable from ACBL, respectively.

SUPPLEMENTAL INFORMATION

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

SCHEDULE OF INVESTMENTS

December 31, 2016

<u>Issuer</u>	<u>Rate</u>	<u>Date Acquired</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Market Value</u>
Hallsville Texas Independent	4.27%	03/12/12	02/15/17	\$ 25,000	\$ 25,090
Houston TX Indp Sch St.	4.76%	11/06/14	02/15/19	30,000	31,889
New York St. Mun Bd Bk Ag	5.02%	11/06/14	05/15/19	115,000	123,494
Bergen Cnty NJ	2.66%	09/21/16	03/15/20	110,000	111,382
Utah St	3.85%	09/22/16	04/01/21	110,000	115,630
Florida State	2.64%	09/22/16	07/01/21	110,000	110,411
North Newton	3.50%	11/14/16	07/15/21	40,000	41,608
Regional Sch Unit	2.00%	09/21/16	08/01/21	115,000	114,795
Port Morrow	1.78%	09/22/16	09/01/21	115,000	112,058
				<u>\$ 770,000</u>	<u>\$ 786,357</u>

See independent auditor's report.

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

For the Year Ended December 31, 2016

Recipient	Amount
American Red Cross	\$ 1,000
American Red Cross of the Mid-South	2,000
ANEW Place	5,000
Arkansas Angels 4 Animals	500
Canadian Foodgrains Bank	500
Cancer Resource Center	5,000
Carter Cases for Children, Inc.	1,000
Catholic Charities	3,000
Chaucie's Place	1,000
Children's Foundation	500
Children's Service Guild of Southern Nevada	1,000
City Mission	1,000
Clayton Dabney for Kids with Cancer	5,000
Coastal Primate Sanctuary	250
Community Foundation of the Florida Keys	1,000
Community Partners of Dallas	5,000
Community Transitional School	250
Cornerstone Advocacy Service	500
Denton Humane Society	500
Dollywood Foundation	25,000
EMMAUS	500
Esperanca, Inc.	10,000
Feed Nova Scotia	250
Fisher House Foundation	1,000
Habitat for Humanity-National Capital Region	250
Heroes To Heroes Foundation	1,000
Hospice Hawaii, Inc.	250
Hostetter Ministries	1,500
Invictus Woods Endowment Corp.	18,000
Josephine Community Libraries	250
Kalamazoo County Humane Society	1,000
Living Bank	1,000
Modesto Junior College Veteran's Resource Center	1,000
Moffitt Cancer Center Foundation	3,000
Neighborhood Homework House	500
Nicolaysen Art Museum	500
Northeast Ark Humane Society	1,000
Operation Noel/Koats for Kids	5,000
Pancreatic Cancer Action Network	2,500
Pikes Peak Volunteer Chapter	1,000
Positive Tomorrows	3,000
San Diego Rheumatology Medical	1,000
Servants Heart International Ministry, Inc.	5,000

See independent auditor's report.

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

SCHEDULE OF TRUSTEE GRANTS (CONTINUED)

For the Year Ended December 31, 2016

Recipient	Amount
So Others Might Eat	2,000
South Side Mission of Peoria	1,500
Southwood United Church	250
Spencer House	250
St. Dunstan's Basilica	250
Sunset Ridge-Middlefork Association of Parent & Teachers	1,000
The Artery Foundation	3,000
The Suffolk Y Jewish Community Center	1,000
Touching Heart	500
Trustees of the University of Pennsylvania	1,000
Unit 125 Scholarship & Charity Fund	1,000
United Negro College Fund	500
Woodcliff United Church	250
World Renew	500
Wounded Warriors - Canada	1,000
Total trustee grants	<u>\$ 131,500</u>

See independent auditor's report.