

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

FINANCIAL STATEMENTS

December 31, 2018 and 2017



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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, 2018 and 2017, 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, 2018 and 2017, 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 Mikusall, PLLC

Memphis, Tennessee
March 13, 2019

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>Assets</u>	
	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 112,023	\$ 84,583
Investments - municipal bonds	742,153	751,169
Due from American Contract Bridge League, Inc.	-	30,163
Interest receivable	<u>6,935</u>	<u>6,808</u>
 Total assets	 <u>\$ 861,111</u>	 <u>\$ 872,723</u>
	<u>Liabilities and Net Assets</u>	
Liabilities		
Due to American Contract Bridge League, Inc.	\$ 836	\$ -
Grants payable	<u>15,000</u>	<u>-</u>
 Total liabilities	 15,836	 -
Net Assets		
Without donor restrictions	<u>845,275</u>	<u>872,723</u>
 Total liabilities and net assets	 <u>\$ 861,111</u>	 <u>\$ 872,723</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Games Revenues		
Club	\$ 243,900	\$ 264,573
Unit and district	14,782	12,785
Continent wide	15,918	6,762
Donations	13,001	12,617
Interest income	15,982	15,369
Change in market value of investments	(1,342)	(2,555)
Miscellaneous	75	525
Total revenues	<u>302,316</u>	<u>310,076</u>
Expenses		
Program Services		
Trustee grants	151,000	200,277
Charity of the year grants	150,000	120,000
Total program services expenses	<u>301,000</u>	<u>320,277</u>
Management and General		
Administrative fees	19,652	18,515
Postage	42	51
Professional fees	7,300	7,200
Other expenses	1,770	1,809
Total management and general expenses	<u>28,764</u>	<u>27,575</u>
Total expenses	<u>329,764</u>	<u>347,852</u>
Change in net assets without donor restrictions	(27,448)	(37,776)
Net assets without donor restrictions, beginning of year	<u>872,723</u>	<u>910,499</u>
Net assets without donor restrictions, end of year	<u><u>\$ 845,275</u></u>	<u><u>\$ 872,723</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows Provided By (Used For) Operating Activities:		
Change in net assets	\$ (27,448)	\$ (37,776)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided By (Used For) Operating Activities:		
Change in market value of investments	1,342	2,555
Amortization of bond premiums	7,674	7,633
Increase (Decrease) in Cash and Cash Equivalents:		
Due from American Contract Bridge League, Inc.	30,163	(12,948)
Interest receivable	(127)	279
Grants payable	15,000	(1,000)
Due to American Contract Bridge League, Inc.	<u>836</u>	<u>-</u>
Total adjustments	<u>54,888</u>	<u>(3,481)</u>
Net cash provided by (used for) operating activities	27,440	(41,257)
 Cash Flows From Investing Activities:		
Proceeds from sale of investments	<u>-</u>	<u>25,000</u>
 Net increase (decrease) in cash and cash equivalents	27,440	(16,257)
 Cash and cash equivalents at beginning of the year	<u>84,583</u>	<u>100,840</u>
 Cash and cash equivalents at end of the year	<u>\$ 112,023</u>	<u>\$ 84,583</u>

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

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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.

Basis of Accounting

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

Use of Estimates

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

Revenue Recognition

Donations are recognized when cash, securities or other assets, or unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been met.

Fair Value Measurements

The Foundation applies GAAP for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and requires certain disclosures about fair value measurements. 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.

Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When a donor restriction expires in the same year received, revenue is recognized as net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2018 and 2017.

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.

Recent Accounting Pronouncements

On June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which applies to all entities that receive or make contributions. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required. For grants/contributions made, donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/release) to determine whether gifts or grants are conditional or unconditional.

For federal and other government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today.

For transactions in which a non-public entity serves as a resource recipient, the entity should apply the amendments in this ASU on contributions received to annual periods beginning after December 15, 2018. For transactions in which a non-public entity serves as a resource provider, the entity should apply the amendments in this ASU on contributions made to annual periods beginning after December 15, 2019. Early adoption of the amendments is permitted. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which did not have a material effect on the financial statements.

Date of Management's Review

Management has evaluated its December 31, 2018 financial statements for subsequent events through March 13, 2019, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation has approximately \$861,000 of financial assets available within one year of the balance sheet date consisting of cash and cash equivalents of approximately \$112,000 and investments of \$749,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Normal operating expenses per month are, on average, approximately \$27,000. The Foundation invests cash in excess of daily requirements in various fixed income securities.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities the Foundation has the ability to access.
- Level 2 – Inputs (other than quoted prices within Level 1) such as quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable market data.

- Level 3 – Unobservable inputs for the asset or liability that rely on management’s own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

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

The following is a description of the valuation methodologies used for Level 2 assets measured at fair value on a recurring basis. There have been no changes in methodologies used at December 31, 2018.

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, 2018 and 2017.

NOTE 4 – RELATED PARTY TRANSACTIONS

American Contract Bridge League, Inc. (“ACBL”), an affiliate of the Foundation, provides administrative and bookkeeping services to the Foundation. ACBL collects donations and pays certain expenses on behalf of the Foundation. For the years ended December 31, 2018 and 2017, annual administrative fees consisted of \$19,652 and \$18,515, respectively. At December 31, 2018, \$836 was payable to ACBL and at December 31, 2017, \$30,163 was receivable from ACBL.

SUPPLEMENTAL INFORMATION

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

SCHEDULE OF INVESTMENTS

December 31, 2018

<u>Issuer</u>	<u>Rate</u>	<u>Date Acquired</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Market Value</u>
Houston Texas Independent School District	4.75%	11/6/2014	2/15/2019	\$ 30,000	\$ 30,078
State of New York Municipal Bond	4.99%	11/6/2014	5/15/2019	115,000	115,818
Bergen County New Jersey Improvement Authority	2.67%	9/21/2016	3/15/2020	110,000	109,666
State of Utah Board of Regents	3.78%	9/22/2016	4/1/2021	110,000	112,101
State of Florida Board of Administration	2.65%	9/22/2016	7/1/2021	110,000	109,551
North Newton 2011 School Building Corporation	3.47%	11/14/2016	7/15/2021	40,000	40,351
Regional School District No. 1 Lower Kennebec Region	2.04%	9/21/2016	8/1/2021	115,000	112,763
Port of Morrow, Oregon	1.83%	9/22/2016	9/1/2021	115,000	111,825
				<u>\$ 745,000</u>	<u>\$ 742,153</u>

See independent auditor's report.

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

For the Year Ended December 31, 2018

Recipient	Amount
Americares	\$ 15,000
Butte Rescue Mission	250
Cape Wildlife Center	3,000
Challenged Athletes Foundation	15,000
Child Aid	250
City Youth Ministries, Inc.	25,000
Community Foundation of the Florida Keys	1,000
Cope Family Center	250
Emergency Aid Coalition	1,000
Empower Mentoring Program	1,500
Executive Service Corps Houston	1,000
Fisher House Foundation	1,000
Food Bank of Northeast Arkansas	750
Friends in Sonoma Helping	250
Great Falls Public School Foundation	250
Hawaii Food Bank	5,000
Hospice Eastern Idaho	250
Hostetter Ministries	1,000
Invictus Woods Endowment Corp	2,000
Jason's Friends Foundation	250
Kalamazoo County Humane Society	1,000
La Fondation Cap Diamant	250
League For Animal Welfare	1,000
Lifting Up Westchester	1,000
Little Bit Therapeutic Riding Centre	10,000
Marcus Autism Center	5,000
Mercy Care Foundation Inc.	5,000
Mission Solano	250
Moncton Headstart, Inc.	250
Monument Crisis Center	250
Mosaic	1,000
Nampa Women's & Children's Alliance, Inc.	250
National Junior Tennis & Learning of Trenton, Inc.	1,000
Northeast Arkansas Humane Society	750
Open Medicine Foundation	10,000
Operation Noel	10,000
Overcome Vision Loss Foundation	1,000
Rainbow Research Inc.	1,000
Salvation Army Colorado Springs	500
Santa Clarita Valley Committee on Aging	300

See independent auditor's report.

AMERICAN CONTRACT BRIDGE LEAGUE CHARITY FOUNDATION CORP.

SCHEDULE OF TRUSTEE GRANTS (CONTINUED)

For the Year Ended December 31, 2018

Shasta Regional Community Foundation	250
Sherwood 4 Kids Sake	250
Spencer House	250
Sunset Ridge Middlefork Association	1,000
The ALS Greater Philadelphia Chapter	5,000
The Dorothy Ley Hospice	1,000
The Leukemia & Lymphoma Society Inc.	1,000
The Living Bank	2,000
The Longest Day	500
True Theatre	1,000
Unit 125 Charity & Scholarship Fund	1,000
United Way of the Ozarks	1,000
Valley Regional Hospital	250
Water Buffalo Club Inc.	1,000
West Valley Food Pantry	400
WomenShelter of Long Beach	300
World Center Kitchen, Inc.	10,000
World Renew Toronto - Food Bank Program	1,000
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Total trustee grants	<u><u>\$ 151,000</u></u>

See independent auditor's report.