

AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174

FINANCIAL STATEMENTS

DECEMBER 31, 2011

American Contract Bridge League Unit 174

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DAVID N. MILLER & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

David N. Miller
Janet G. Martin
Martin D. Belasco

INDEPENDENT AUDITORS' REPORT

Board of Directors
American Contract Bridge League Unit 174
Houston, Texas

We have audited the accompanying statement of financial position of American Contract Bridge League Unit 174 (Unit 174) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Unit 174's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Contract Bridge League Unit 174 for the year ended December 31, 2011, its related statement of activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

David N. Miller & Company, LLP

November 26, 2012

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

ASSETS

Cash		\$ 654
Time deposits		78,032
Receivables		588
Prepaid expenses and deposits		14,198
Equipment		
Bridge tables, bidding boxes and tournament equipment	\$ 19,228	
Less accumulated depreciation	<u>(16,286)</u>	<u>2,942</u>
TOTAL ASSETS		<u>\$ 96,414</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable		\$ 3,234
Unearned revenues		<u>500</u>
Total liabilities		3,734
NET ASSETS		
Unrestricted		<u>92,680</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 96,414</u>

See accompanying notes.

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

REVENUES AND SUPPORT	
Table fees	\$ 237,231
Dues, interest and other income	<u>19,355</u>
Total revenues and support	<u>256,586</u>
OPERATING EXPENSES	
Accounting	3,000
Advertising	5,068
Books and education	7,394
Caddies and volunteers	9,890
Daily bulletin	3,919
Depreciation	667
Directors - hotel	14,991
Directors - per diem	11,341
Directors - session charges	44,818
Directors- transportation	8,371
Directory	5,176
District fee and sectional surcharges	4,649
Duplicate hands	1,863
Election expense	500
Free play and discounts	1,235
Holiday parties	4,100
Hospitality	33,501
National and sectional surcharge	2,490
Novice and new players	5,505
Other administrative	730
Other miscellaneous expense	3,326
Player meals	31,701
Playing site	32,161
Postage and printing	1,131
Prizes and awards	3,318
Property taxes	279
Refreshments	182
Rooms	3,481
Sanction fees	23,575
Scorecards and other scoring devices	8,819
Supplies	6,026
Subsidies	584
Warehousing	<u>4,680</u>
Total operating expenses	<u>288,471</u>
RESULT OF ACTIVITIES	(31,885)
NET ASSETS, BEGINNING	<u>124,565</u>
NET ASSETS, ENDING	<u>\$ 92,680</u>

See accompanying notes.

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
INCREASE (DECREASE) IN CASH**

CASH FLOWS FROM OPERATING ACTIVITIES

Result of activities	\$ (31,885)
Adjustments	
Depreciation	667
Changes in operating assets and liabilities	
Receivables	(588)
Prepaid expenses and deposits	3,811
Accounts payable	(1,766)
Unearned revenues	<u>(350)</u>
Net cash used by operating activities	<u>(30,111)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease in time deposits	<u>27,120</u>
Net cash provided by investing activities	<u>27,120</u>

DECREASE IN CASH (2,991)

CASH	
BEGINNING OF YEAR	<u>3,645</u>
END OF YEAR	<u>\$ 654</u>

See accompanying notes.

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174
NOTES TO FINANCIAL STATEMENTS**

ORGANIZATION AND PURPOSE

American Contract Bridge League Unit 174 (Unit 174) is an unincorporated affiliate of the American Contract Bridge League, Inc. (the League). According to Unit 174's charter, granted on September 30, 1971, the following geographical areas are included in Unit 174:

"Leon, Houston, Trinity, Robertson, Milam, Brazos, Madison, Walker, Polk, Grimes, Lee, Burleson, Washington, Waller, Montgomery, Liberty, Fayette, Austin, Harris, Chambers, Lavaca, Colorado, Wharton, Fort Bend, Galveston, Jackson, Matagorda, Brazoria, San Jacinto Counties, Texas"

Unit 174 was organized to meet the following objectives:

- . Preserve and promote the best interest of the competitive or tournament form of contract bridge and any modification thereof;
- . Cooperate and assist the League in the promotion and conduct of contract bridge tournaments conducted by the League in the City of Houston and surrounding areas within Unit 174 jurisdiction;
- . Conduct contract bridge tournaments under its own auspices within its jurisdiction;
- . Prescribe rules of eligibility for participation in tournaments;
- . Consider and pass upon reports of dishonest, unethical or improper conduct of participants in tournaments and games and to bar or suspend persons within its jurisdiction guilty of such conduct from further participation in tournaments and games;
- . Promote the development and organization of affiliated clubs within Unit 174;
- . Conduct such other activities as may be in keeping with its principal objectives.

Unit 174 is a tax-exempt organization under Section 501 (c)(4) of the U.S. Internal Revenue Code.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements have been presented using the accrual basis of accounting. Consequently, revenues, support, and the related assets are recognized when earned and expenditures are recognized when a liability is incurred. Accordingly, the financial statements are intended to present assets, liabilities, revenues and expenses and changes in net assets in conformity with accounting principles generally accepted in the United States.

Cash - For purposes of the statement of cash flows, Unit 174 considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Prepaid expenses and deposits - Costs associated with goods purchased, such as for books and trophies, and for deposits are capitalized. The costs are expensed when the goods are consumed or a deposit is applied to a particular event.

Equipment - Equipment is recorded at cost. Depreciation is provided using the straight-line method over the assets estimated useful lives.

Unearned revenues - Unearned revenues represent any funds received by December 31, 2011 for use in the succeeding year.

Federal income taxes - Unit 174 is a non-profit, tax exempt organization as described in Section 501(c)(4) of the Internal Revenue Code. Therefore, no provision for federal income tax has been included in the financial statements.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

CASH

The cash balance at December 31, 2011 consists of the following:

Operating and cash on hand	\$ 223
Money Market	<u>431</u>
Total	<u>\$ 654</u>

TIME DEPOSITS

The time deposit balance at December 31, 2011 consists of three certificates of deposit with interest rates of 0.1% maturing in January 2012 and July 2012.

EQUIPMENT

The equipment and accumulated depreciation at December 31, 2011 consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Bridge tables and bidding boxes	\$ 13,077	\$ 12,579
Equipment for tournaments	<u>6,151</u>	<u>3,707</u>
	<u>\$ 19,228</u>	<u>\$ 16,286</u>

INCOME TAX UNCERTAINTIES

Unit 174 has reviewed its filing positions on its current income tax return, as well as all open tax years. Unit 174 adopted the policy of recognizing interest and penalties, if any, related to unrecognized tax positions as income tax expense. Unit 174 did not have any unrecognized tax positions or benefits from tax positions that do not meet the more likely than not criterion. Accordingly, there was no effect on Unit 174's financial condition or results of operations for the year ended December 31, 2011. The Federal tax returns of Unit 174 for 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 3, 2012, which is the date the financial statements were available to be issued. Based on the evaluation, no adjustments to the accompanying financial statements were required.

David N. Miller
Janet G. Martin
Martin D. Belasco

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Directors
American Contract Bridge League Unit 174
Houston, Texas

Our report on our audit of the basic financial statements of American Contract Bridge League Unit 174 for December 31, 2011 appears on page 3. This audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David N. Miller & Company, LLP

November 26, 2012

AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174
SCHEDULE OF REVENUES AND OPERATING EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2011

	Tournaments	Educational	Other	Total
<u>Revenues and Support</u>				
Table fees	\$237,231	\$ -	\$ -	\$237,231
Dues, interest and other income	<u>1,200</u>	<u>8,334</u>	<u>9,821</u>	<u>19,355</u>
Total	<u>238,431</u>	<u>8,334</u>	<u>9,821</u>	<u>256,586</u>
<u>Operating Expenses</u>				
Accounting			3,000	3,000
Advertising	4,500		568	5,068
Books and education		7,394		7,394
Caddies and volunteers	9,890			9,890
Daily bulletin	3,919			3,919
Depreciation			667	667
Directors - hotel	14,991			14,991
Directors - per diem	11,341			11,341
Directors - session charges	44,818			44,818
Directors - transportation	8,371			8,371
Directory			5,176	5,176
District fees and sectional surcharges	4,649			4,649
Duplicate hands	1,863			1,863
Election expense			500	500
Free play and discounts	1,235			1,235
Holiday parties			4,100	4,100
Hospitality	33,501			33,501
National and sectional surcharge	2,490			2,490
Novice and new players			5,505	5,505
Other administrative	730			730
Other miscellaneous expense	1,974		1,352	3,326
Player meals	31,701			31,701
Playing site	31,111		1,050	32,161
Postage and printing	11		1,120	1,131
Prizes and awards	2,443		875	3,318
Property taxes			279	279
Refreshments	182			182
Rooms	3,481			3,481
Sanction fees	23,575			23,575
Scorecard and other scoring devices	1,234		7,585	8,819
Supplies	5,952		74	6,026
Subsidies	584			584
Warehousing			4,680	4,680
Total	<u>244,546</u>	<u>7,394</u>	<u>36,531</u>	<u>288,471</u>
Result of Activities	<u>\$ (6,115)</u>	<u>\$ 940</u>	<u>\$ (26,710)</u>	<u>\$ (31,885)</u>