

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**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, 2010, 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, 2010, 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 7, 2011

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010**

**ASSETS**

Cash		\$ 3,645
Time deposits		105,152
Prepaid expenses and deposits		18,009
Equipment		
Bridge tables, bidding boxes and tournament equipment	\$ 19,228	
Less accumulated depreciation	<u>(15,619)</u>	<u>3,609</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 130,415</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable		\$ 5,000
Unearned revenues		<u>850</u>
Total liabilities		5,850
<b>NET ASSETS</b>		
Unrestricted		<u>124,565</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 130,415</u></b>

See accompanying notes.

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**REVENUES AND SUPPORT**

Table fees	\$ 253,596
Dues, interest and other income	<u>19,343</u>
Total revenues and support	<u>272,939</u>

**OPERATING EXPENSES**

Accounting	162
Advertising	5,052
Books and education	6,749
Caddies and volunteers	9,053
Daily bulletin	3,557
Depreciation	684
Directors - hotel	13,484
Directors - per diem	11,751
Directors - session charges	43,774
Directors- transportation	9,220
District fee and sectional surcharges	5,031
Duplicate hands	2,210
Election expense	518
Free play and discounts	963
Holiday parties	4,250
Hospitality	19,111
National surcharge	1,906
Novice and new players	3,193
Other administrative	385
Other miscellaneous expense	2,833
Player meals	31,326
Playing site	34,876
Postage and printing	319
Prizes and awards	3,035
Property taxes	225
Refreshments	11,675
Rooms	2,653
Sanction fees	28,014
Scorecards and other scoring devices	8,820
Supplies	5,535
Subsidies	1,000
Warehousing	<u>4,680</u>
Total operating expenses	<u>276,044</u>

**RESULT OF ACTIVITIES**

(3,105)

**NET ASSETS, BEGINNING**

127,670

**NET ASSETS, ENDING**

\$ 124,565

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**INCREASE (DECREASE) IN CASH**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Result of activities	\$ (3,105)
Adjustments	
Depreciation	684
Changes in operating assets and liabilities	
Prepaid expenses and deposits	(3,700)
Accounts payable	5,000
Unearned revenues	<u>(700)</u>
Net cash used by operating activities	<u>(1,821)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase in time deposits	(898)
Purchase of equipment	<u>(1,964)</u>
Net cash used by investing activities	<u>(2,862)</u>

DECREASE IN CASH (4,683)

CASH	
BEGINNING OF YEAR	<u>8,328</u>
END OF YEAR	<u>\$ 3,645</u>

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

**ORGANIZATIONAL 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, 2010 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, 2010 consists of the following:

Operating and cash on hand	\$ 3,214
Money Market	<u>431</u>
<b>Total</b>	<b><u>\$ 3,645</u></b>

**TIME DEPOSITS**

The time deposit balance at December 31, 2010 consists of the following:

0.598% maturing January 2011	\$ 45,474
1.442% maturing July 2011	45,844
1.144% maturing August 2011	<u>13,834</u>
<b>Total</b>	<b><u>\$ 105,152</u></b>

**EQUIPMENT**

The equipment and accumulated depreciation at December 31, 2010 consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Bridge tables and bidding boxes	\$ 13,077	\$ 12,517
Equipment for tournaments	<u>6,151</u>	<u>3,102</u>
	<b><u>\$ 19,228</u></b>	<b><u>\$ 15,619</u></b>

**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, 2010. The Federal tax returns of Unit 174 for 2010, 2009 and 2008 are subject to examination by the Internal Revenue Service.

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 7, 2011, 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 & COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2010 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 7, 2011

**AMERICAN CONTRACT BRIDGE LEAGUE UNIT 174  
SCHEDULE OF REVENUES AND OPERATING EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Tournaments	Educational	Other	Total
<b><u>Revenues and Support</u></b>				
Table fees	\$253,596	\$ -	\$ -	\$253,596
Dues, interest and other income	<u>2,721</u>	<u>7,270</u>	<u>9,352</u>	<u>19,343</u>
Total	<u>256,317</u>	<u>7,270</u>	<u>9,352</u>	<u>272,939</u>
<b><u>Operating Expenses</u></b>				
Accounting			162	162
Advertising	4,923		129	5,052
Books and education		6,749		6,749
Caddies and volunteers	9,053			9,053
Daily bulletin	3,557			3,557
Depreciation			684	684
Directors - hotel	13,484			13,484
Directors - per diem	11,751			11,751
Directors - session charges	43,774			43,774
Directors - transportation	9,220			9,220
District fees and sectional surcharges	5,031			5,031
Duplicate hands	2,200		10	2,210
Election expense			518	518
Free play and discounts	963			963
Holiday parties			4,250	4,250
Hospitality	19,111			19,111
National surcharge	1,906			1,906
Novice and new players	122		3,071	3,193
Other administrative			385	385
Other miscellaneous expense	2,484		349	2,833
Player meals	31,326			31,326
Playing site	34,876			34,876
Postage and printing	57		262	319
Prizes and awards	1,890		1,145	3,035
Property taxes			225	225
Refreshments	11,675			11,675
Rooms	2,653			2,653
Sanction fees	28,014			28,014
Scorecards and other scoring devices	1,982		6,838	8,820
Supplies	5,535			5,535
Subsidies	1,000			1,000
Warehousing			4,680	4,680
Total	<u>246,587</u>	<u>6,749</u>	<u>22,708</u>	<u>276,044</u>
Result of Activities	<u>\$ 9,730</u>	<u>\$ 521</u>	<u>\$ (13,356)</u>	<u>\$ (3,105)</u>