

AUDITORS' REPORT

To the Members of the Canadian Bridge Federation Inc.

We have audited the statement of financial position of the Canadian Bridge Federation Inc. as at December 31, 2003 and the statements of operations, changes in net assets and cash flow for the General, International, Junior and Erin Berry Funds for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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 the Federation's management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, the Federation derives a portion of its revenue from memberships, donations and competition fees, which by their nature are not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to earnings, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we may have considered necessary had we been able to satisfy ourselves with respect to revenue from memberships, donations and competition fees, these financial statements present fairly in all material respects the financial position of the Federation as at December 31, 2003 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REGINA, Saskatchewan
June 9, 2004

Mintz & Wallace
Chartered Accountants

CANADIAN BRIDGE FEDERATION INC.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2003

						Statement A	
	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Erin Berry</u>	<u>Total 2003</u>	<u>Total 2002</u>	
<u>ASSETS</u>							
CURRENT ASSETS							
Cash and term deposits - Note 3	\$214,020	\$31,097	\$38,073	\$ -	\$ 283,190	\$ 289,407	
Accounts receivable	15,137	6,080	1,380	-	22,597	12,803	
Prepaid expenses	<u>4,572</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>4,598</u>	<u>5,688</u>	
	233,729	37,203	39,453	-	310,385	307,898	
RESTRICTED ASSETS - Note 4	-	-	-	83,823	83,823	84,065	
CAPITAL ASSETS - Note 5	<u>5,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,826</u>	<u>6,470</u>	
	<u>\$ 239,555</u>	<u>\$ 37,203</u>	<u>\$ 39,453</u>	<u>\$ 83,823</u>	<u>\$ 400,034</u>	<u>\$ 398,433</u>	
<u>LIABILITIES AND NET ASSETS</u>							
CURRENT LIABILITIES							
Accounts payable	\$ 8,191	\$ -	\$ -	\$ -	\$ 8,191	\$ 6,127	
Deferred revenue	62,490	-	-	-	62,490	56,949	
Deferred contributions - Note 6	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,823</u>	<u>3,823</u>	<u>4,065</u>	
	70,681	-	-	3,823	74,504	67,141	
NET ASSETS - Statement E	<u>168,874</u>	<u>37,203</u>	<u>39,453</u>	<u>80,000</u>	<u>325,530</u>	<u>331,292</u>	
	<u>\$ 239,555</u>	<u>\$ 37,203</u>	<u>\$ 39,453</u>	<u>\$ 83,823</u>	<u>\$ 400,034</u>	<u>\$ 398,433</u>	

See accompanying notes

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

CANADIAN BRIDGE FEDERATION INC.

STATEMENT OF OPERATIONS GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
Statement B		
REVENUE		
Canadian Open Pairs Championship - net - Schedule 1	\$ 2,963	\$ 1,886
Canadian Women's Team Championship - net - Schedule 1	2,014	605
Canadian National Team Championship - net - Schedule 1	6,592	5,553
Rookie game - net - Schedule 1	1,457	1,036
Sectional Tournament at Clubs - net - Schedule 1	5,959	2,654
Advertising	3,080	968
Interest	6,783	4,385
Late fees	225	161
Memberships	<u>81,395</u>	<u>87,858</u>
	<u>110,468</u>	<u>105,106</u>
EXPENSE		
Annual general meeting	50	150
Audit	2,102	1,684
Amortization	2,644	3,321
Bank charges	138	98
C.B.F. co-ordinator	26,334	25,000
C.B.F. feasibility study	-	254
COPC prize	1,500	1,500
CNTC - B cash prize	1,000	1,000
Director's expenses	69	784
Director's meeting	8,934	8,410
Executive secretary	1,000	1,000
IOC winner's gift	-	374
Insurance	1,592	1,455
Internet	3,056	2,585
Legal	5,424	10,226
Miscellaneous	1,076	132
Office	6,564	7,067
Olympic committee	-	690
Publication	24,935	23,843
Special projects	-	1,000
Telephone	1,800	2,089
Translations	1,000	500
Treasurer	1,000	1,000
VuGraph	500	1,479
World championships reception	-	940
World championships display	-	633
Zone communications	<u>-</u>	<u>2,609</u>
	<u>90,718</u>	<u>99,823</u>
EXCESS REVENUE FROM OPERATIONS	19,750	5,283
(LOSS) GAIN ON DISPOSAL OF ASSETS	<u>-</u>	<u>(946)</u>
NET EXCESS REVENUE - Statement E	<u>\$ 19,750</u>	<u>\$ 4,337</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

STATEMENT OF OPERATIONS INTERNATIONAL FUND FOR THE YEAR ENDED DECEMBER 31, 2003

	Statement C	
	<u>2003</u>	<u>2002</u>
REVENUE		
International games	\$ 21,684	\$ 19,431
Interest	1,475	1,292
Surtax - Bridge week	<u>8,400</u>	<u>7,525</u>
	<u>31,559</u>	<u>28,248</u>
EXPENSE		
02-03 CN Prize	6,000	-
02-03 CW Prize	6,000	-
02-03 Play-off	811	-
Bermuda Bowl	14,780	-
COPC Prize	1,500	1,500
IOC Grande Prix	-	4,000
McConnell Cup	-	4,000
National Coach	1,750	-
Rosenblum	-	4,000
Bi-Country	8,361	-
Venice Cup	<u>15,062</u>	<u>-</u>
	<u>54,264</u>	<u>13,500</u>
NET EXCESS (EXPENSE) REVENUE - Statement E	\$ <u>(22,705)</u>	\$ <u>14,748</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

STATEMENT OF OPERATIONS JUNIOR FUND FOR THE YEAR ENDED DECEMBER 31, 2003

	Statement D	
	<u>2003</u>	<u>2002</u>
REVENUE		
Games fees	\$ 231	\$ 172
Donations	75	196
Interest	1,573	947
Junior Fund Month	3,802	5,214
Other Month Junior Fund	<u>11,255</u>	<u>9,924</u>
	<u>16,936</u>	<u>16,453</u>
EXPENSE		
Junior - coaching	2,263	2,181
Junior team subsidy	15,722	(1,005)
Junior trials	-	3,926
Special projects		
- CUTC	-	445
- International Bridge Festival	-	4,000
Miscellaneous	1,080	125
WJTC entry	<u>678</u>	<u>-</u>
	<u>19,743</u>	<u>9,672</u>
NET EXCESS (EXPENSE) REVENUE - Statement E	<u>\$ (2,807)</u>	<u>\$ 6,781</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>-Operating- General</u>	<u>----Internally Restricted---- International</u>	<u>Junior</u>	<u>-Endowment- Erin Berry</u> - Note 6	<u>2003 Total</u>	<u>2002 Total</u>
Balance - beginning of year	\$ 151,624	\$ 59,908	\$ 39,760	\$ 80,000	\$ 331,292	\$ 305,426
Net excess revenue	19,750	(22,705)	(2,807)	-	(5,762)	25,866
Fund transfer	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year - Statement A	\$ <u>168,874</u>	\$ <u>37,203</u>	\$ <u>39,453</u>	\$ <u>80,000</u>	\$ <u>325,530</u>	\$ <u>331,292</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2003

	Statement F				
	General Fund	International Fund	Junior Fund	Total 2003	Total 2002
OPERATING ACTIVITIES					
Net excess revenue	\$ 19,750	\$ (22,705)	\$ (2,807)	\$ (5,762)	\$ 25,866
Plus items which do not require cash outlay:					
- amortization	2,644	-	-	2,644	3,321
- loss (gain) on disposal of assets	-	-	-	-	946
Net change in non-cash current assets	(8,576)	452	(580)	(8,704)	13,735
Net change in non-cash current liabilities	<u>8,136</u>	<u>-</u>	<u>(531)</u>	<u>7605</u>	<u>6,582</u>
Cash from operating activities	<u>21,954</u>	<u>(22,253)</u>	<u>(3,918)</u>	<u>(4217)</u>	<u>50,450</u>
INVESTING ACTIVITIES					
Purchase of capital assets	(2,000)	-	-	(2,000)	(3,052)
Inter-fund transfer General to Junior	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>
Cash from investing activities	<u>(4,500)</u>	<u>-</u>	<u>2,500</u>	<u>(2,000)</u>	<u>(3,052)</u>
INCREASE (DECREASE) IN CASH	17,454	(25,047)	(1,418)	(6217)	47,398
CASH - beginning of year	<u>196,566</u>	<u>53,350</u>	<u>39,491</u>	<u>289,407</u>	<u>242,009</u>
CASH - end of year	<u>\$ 214,020</u>	<u>\$ 31,097</u>	<u>\$ 38,073</u>	<u>\$ 283,190</u>	<u>\$ 289,407</u>
Cash consists of:					
Cash				\$ 15,100	\$ 61,796
Term deposits				<u>268,090</u>	<u>227,611</u>
				<u>\$ 283,190</u>	<u>\$ 289,407</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003

1. NATURE OF ORGANIZATION

The Canadian Bridge Federation is a non-profit organization which provides funding to bridge players and organizes bridge playing events in Canada. The organization is funded through memberships, donations and competition fees. The Federation is exempt from income taxes under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following policies:

Revenue Recognition

The Canadian Bridge Federation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund Accounting

The records are segregated into four funds:

General Fund - accounts for domestic bridge play and the ongoing operation of the Federation.

International Fund - accounts for the international tournament play by members.

Junior Fund - this fund was set-up in 1992 to record junior activities.

Erin Berry Memorial Fund - this endowment fund was set-up in 2001 to subsidize deserving young Canadians that are members of the Canadian Bridge Federation. The principal must stay intact for the first four years. After this time, principal may be spent according to a prescribed schedule.

Capital Assets

Capital assets are stated at cost and are amortized using the declining balance method at the rates stated in Note 5. In the year of addition and disposal, amortization is recorded at one half the stated rates.

Prepaid Expenses

Prepaid expenses include payments on behalf of the 2003 competitions and accordingly will be recorded as expenses in the ensuing year.

CANADIAN BRIDGE FEDERATION INC.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003

3. CASH AND TERM DEPOSITS

	<u>2003</u>	<u>2002</u>
The following is a breakdown of the balance sheet cash:		
General chequing	\$ 4,519	\$ 11,479
General savings	10,581	50,317
Term deposits	240,000	227,611
T-Bills	<u>28,090</u>	<u>-</u>
	<u>\$ 283,190</u>	<u>\$ 289,407</u>

4. RESTRICTED ASSETS

Restricted assets pertain to the Erin Berry Memorial Fund. It is comprised of the following:

	<u>2003</u>	<u>2002</u>
Chequing account	\$ 1,689	\$ 1,689
Term investments	79,898	79,950
Interest receivable	<u>2,236</u>	<u>2,426</u>
	<u>\$ 83,823</u>	<u>\$ 84,065</u>

5. CAPITAL ASSETS

	-----2003-----			---2002---	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Rates</u>
Computers	\$ 9,207	\$ 4,876	\$ 4,331	\$ 3,758	30%
Bridge screens	6,000	4,875	1,125	2,250	50%
Equipment	<u>3,498</u>	<u>3,128</u>	<u>370</u>	<u>462</u>	20%
	<u>\$ 18,705</u>	<u>\$ 12,879</u>	<u>\$ 5,826</u>	<u>\$ 6,470</u>	

6. DEFERRED CONTRIBUTIONS - ERIN BERRY ENDOWMENT FUND

As the Erin Berry Fund is an endowment fund, any revenue earned by the fund must be used to subsidize deserving young Canadians that are members of the CBF. Details of revenue and expenditures of the fund are as follows:

	<u>2003</u>	<u>2002</u>
Balance of deferral - beginning of year	\$ 4,065	\$ 5,245
Interest income	3,958	4,015
Bank charges	-	-
Subsidies	<u>(4,200)</u>	<u>(5,195)</u>
Balance of deferral - end of year	<u>\$ 3,823</u>	<u>\$ 4,065</u>

CANADIAN BRIDGE FEDERATION INC.

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2003

7. RELATED PARTIES

The CBF is related to the Canadian Bridge Federation Charitable Fund (CBFCF) as the CBFCF's trustees are zone directors for the CBF. During the year, CBF received funds from CBFCF for trustee's and chairman's expenses.

The CBF is also related to the American Contract Bridge League (ACBL). The ACBL collects fees from individuals then remits those that are from Canadians to the CBF. During the year, CBF received funds from ACBL for memberships and Junior Fund Month revenue and paid publication and sanction fees expenses to ACBL. At year-end CBF had an outstanding receivable from ACBL of \$6,080 (2002 - \$6,886).

All related party balances are non-interest bearing and have no set repayment terms.

8. FINANCIAL INSTRUMENTS

The carrying amounts of cash and term deposits, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

9. MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

CANADIAN BRIDGE FEDERATION INC.

SCHEDULE OF CHAMPIONSHIP REVENUE AND EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2003

Schedule 1

		<u>2003</u>				
	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>	
REVENUE						
Fees	\$ 2,881	\$ 314	\$ 12,372	\$ 3,854	\$ 20,248	
Subsidy	2,993	-	-	-	-	
National final	5,383	6,720	18,617	-	-	
Other	<u>375</u>	<u>-</u>	<u>4,675</u>	<u>-</u>	<u>-</u>	
	<u>11,632</u>	<u>7,034</u>	<u>35,664</u>	<u>3,854</u>	<u>20,248</u>	
EXPENSE						
Sanction fees	2,034	126	1,597	890	9,976	
Subsidies	2,158	-	14,221	-	-	
National final	4,366	4,733	12,958	-	-	
Directors	-	-	-	-	2,920	
Other	<u>111</u>	<u>161</u>	<u>296</u>	<u>1,507</u>	<u>1,393</u>	
	<u>8,669</u>	<u>5,020</u>	<u>29,071</u>	<u>2,397</u>	<u>14,289</u>	
NET - Statement B	<u>\$ 2,963</u>	<u>\$ 2,014</u>	<u>\$ 6,592</u>	<u>\$ 1,457</u>	<u>\$ 5,959</u>	

		<u>2002</u>				
	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>	
REVENUE						
Fees	\$ 2,882	\$ 307	\$ 11,641	\$ 3,294	\$ 19,350	
Subsidy	3,214	-	-	-	-	
National final	5,060	5,040	16,677	-	-	
Other	<u>100</u>	<u>-</u>	<u>4,392</u>	<u>-</u>	<u>-</u>	
	<u>11,256</u>	<u>5,347</u>	<u>32,710</u>	<u>3,294</u>	<u>19,350</u>	
EXPENSE						
Sanction fees	2,059	130	1,795	916	8,768	
Subsidies	2,215	-	11,368	-	-	
National final	4,941	4,562	13,657	-	-	
Directors	-	-	-	-	5,253	
Unit Rebates	-	-	-	-	1,395	
Other	<u>155</u>	<u>50</u>	<u>337</u>	<u>1,342</u>	<u>1,280</u>	
	<u>9,370</u>	<u>4,742</u>	<u>27,157</u>	<u>2,258</u>	<u>16,696</u>	
NET - Statement B	<u>\$ 1,886</u>	<u>\$ 605</u>	<u>\$ 5,553</u>	<u>\$ 1,036</u>	<u>\$ 2,654</u>	