

CANADIAN BRIDGE FEDERATION INC

FINANCIAL STATEMENTS

December 31,2014


CANADIAN BRIDGE FEDERATION INC.


Statement of Financial Position

December 31, 2014

| | 2014 | 2013 |
|--|---------|---------|
| | \$ | \$ |
| ASSETS | | |
| CURRENT | | |
| Cash | 71,908 | 16,151 |
| Investments (Note 3) | 318,540 | 379,638 |
| Accounts receivable | 17,421 | 6,862 |
| Prepaid expenses | 11,506 | 6,521 |
| | 419,375 | 409,172 |
| CAPITAL ASSETS (Note 4) | 8,280 | 1,904 |
| ERIN BERRY MEMORIAL FUND ASSET (Note 6) | 56,958 | 58,435 |
| | 484,613 | 469,511 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | 26,583 | 5,500 |
| HST payable | 8,060 | |
| Deferred revenue (Note 7) | 97,951 | 91,660 |
| Termination liability | 769 | 14,888 |
| | 133,363 | 112,048 |
| ERIN BERRY MEMORIAL FUND LIABILITY (Note 8) | 56,958 | 58,435 |
| | 190,321 | 170,483 |
| NET ASSETS | | |
| General fund | 125,367 | 135,834 |
| International fund | 107,836 | 93,177 |
| Junior fund | 61,089 | 70,017 |
| | 294,292 | 299,028 |
| | 484,613 | 469,511 |

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Combined Statement of Operations

Year Ended December 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|----------------|----------------|
| | \$ | \$ |
| REVENUE | | |
| Statement of Operations - General Fund | 198,714 | 181,987 |
| Statement of Operations - International Fund | 44,184 | 50,603 |
| Statement of Operations - Junior Fund | <u>39,721</u> | <u>12,740</u> |
| | <u>282,619</u> | <u>245,330</u> |
| EXPENSES | | |
| Statement of Operations - General Fund | 209,181 | 177,442 |
| Statement of Operations - International Fund | 29,525 | 66,343 |
| Statement of Operations - Junior Fund | <u>48,649</u> | <u>-</u> |
| | <u>287,355</u> | <u>243,785</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS | (4,736) | 1,545 |
| OTHER INCOME | | |
| Loss on disposal of assets | | <u>(344)</u> |
| INCOME (LOSS) FROM OPERATIONS | <u>(4,736)</u> | <u>1,201</u> |

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - General Fund

Year Ended December 31, 2014

| | 2014 | 2013 |
|---|-----------------|----------------|
| | \$ | \$ |
| REVENUE | | |
| Advertising | 630 | 1,889 |
| Fair market value adjustment investments | 7,865 | 3,039 |
| Investment income | 602 | 2,631 |
| Memberships | 80,423 | 76,248 |
| Late fees | | 155 |
| Canadian Bridge Championships (CBC) - Schedule 1 | 38,300 | 49,109 |
| Canadian Open Pairs Championship (COPC) - Schedule 1 | 10,232 | 9,530 |
| Canadian Women's Team Championship (CWTC) - Schedule 1 | 3,543 | 274 |
| Canadian National Team Championship (CNTC) - Schedule 1 | 5,184 | 7,468 |
| Rookie game - Schedule 1 | 2,215 | 3,114 |
| Sponsorship | 25,000 | 0 |
| Sectional Tournament at Clubs (STAC) - Schedule | 24,720 | 28,530 |
| | <u>198,714</u> | <u>181,987</u> |
| EXPENSES | | |
| ACBL service fee | 3,188 | 4,165 |
| Amortization | 1,981 | 1,075 |
| Annual general meeting | 748 | 973 |
| Audit | 5,780 | 4,715 |
| C.B.F. co-ordinator | 59,812 | 59,120 |
| Board of Directors expenses | 16,164 | 12,976 |
| Employee benefits | 8,897 | 4,798 |
| Hall of Fame | 1,400 | 1,200 |
| Insurance | 3,009 | 2,463 |
| Internet and website maintenance | 3,909 | 3,897 |
| New website | 3,600 | |
| Office | 16,427 | 10,807 |
| Publication | 11,043 | 14,134 |
| VuGraph | 2,800 | 1,348 |
| Canadian Bridge Championships (CBC) - Schedule 1 | 49,045 | 40,278 |
| Canadian Open Pairs Championship (COPC) - Schedule 1 | 275 | 193 |
| Canadian Women's Team Championship (CWTC) - Schedule 1 | 5,979 | 18 |
| Canadian National Team Championship (CNTC) - Schedule 1 | 275 | 207 |
| Rookie game - Schedule 1 | 1,846 | 2,534 |
| Sectional Tournament at Clubs (STAC) - Schedule | 13,003 | 12,541 |
| | <u>209,181</u> | <u>177,442</u> |
| INCOME FROM OPERATIONS | <u>(10,467)</u> | <u>4,545</u> |

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - International Fund

Year Ended December 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|---------------|-----------------|
| | \$ | \$ |
| REVENUE | | |
| CBF Regional | 16,090 | 14,288 |
| International games | 14,582 | 22,361 |
| Fair market value adjustment investments | 3,882 | 2,048 |
| Investment interest | 297 | 2,125 |
| Surtax - Bridge Week | 7,619 | 8,300 |
| CBC Swiss | <u>1,714</u> | <u>1,481</u> |
| | <u>44,184</u> | <u>50,603</u> |
| EXPENSES | | |
| World Bridge Games | 13,640 | - |
| Commonwealth Games | 12,385 | |
| National Coaching | 3,500 | 5,000 |
| World Championships | - | 40,499 |
| Uniforms | | 2,544 |
| Surtax | | 8,300 |
| Bi-Country | | <u>10,000</u> |
| | <u>29,525</u> | <u>66,343</u> |
| LOSS FROM OPERATIONS | <u>14,659</u> | <u>(15,740)</u> |

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - Junior Fund

Year Ended December 31, 2014

| | <u>2014</u> | <u>2013</u> |
|--|----------------|---------------|
| | \$ | \$ |
| REVENUE | | |
| Games fees / donations | | 15 |
| Fair market value adjustment investments | 2,656 | 1,519 |
| Investment interest | 203 | 1,578 |
| Junior Fund month | | - |
| Junior ACBL | <u>36,862</u> | <u>9,628</u> |
| | <u>39,721</u> | <u>12,740</u> |
| EXPENSES | | |
| Air fare | 22,621 | - |
| Entry fees and Accomodations | 20,144 | - |
| Visas | 667 | |
| Honorarium | 500 | |
| Coaching | 3,500 | - |
| Uniforms | 715 | - |
| Other expenses | <u>502</u> | <u>-</u> |
| | <u>48,649</u> | <u>-</u> |
| INCOME FROM OPERATIONS | <u>(8,928)</u> | <u>12,740</u> |

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2014

| | General Fund | International Fund | Junior Fund | 2014 | 2013 |
|---|-----------------|-----------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| NET ASSETS - BEGINNING OF YEAR | <u>135,834</u> | <u>93,177</u> | <u>70,017</u> | <u>299,028</u> | <u>297,827</u> |
| Income (loss) from operations | <u>(10,467)</u> | <u>14,659</u> | <u>(8,928)</u> | <u>(4,736)</u> | <u>1,201</u> |
| NET ASSETS - END OF YEAR | <u>125,367</u> | <u>107,836</u> | <u>61,089</u> | <u>294,292</u> | <u>299,028</u> |

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flows

Year Ended December 31, 2014

| | <u>2014</u> | <u>2013</u> |
|---|-----------------|----------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Income from operations | (4,736) | 1,201 |
| Items not affecting cash | | |
| Amortization of capital assets | 1,981 | 1,075 |
| Loss on disposal of assets | | 344 |
| Fair market value adjustment to investments | <u>(14,404)</u> | <u>(6,606)</u> |
| | <u>(17,159)</u> | <u>(3,986)</u> |
| Changes in non-cash working capital | | |
| Accounts receivable | (10,559) | 402 |
| Purchase Capital Assets | (8,357) | |
| Accounts payable | 21,083 | 467 |
| HST payable | 8,060 | |
| Deferred revenue | 6,291 | (4,217) |
| Prepaid expenses | (4,985) | 7,151 |
| Termination liability | <u>(14,119)</u> | <u>821</u> |
| | <u>(2,586)</u> | <u>4,624</u> |
| Cash flow from operating activities | <u>(19,745)</u> | <u>638</u> |
| INVESTING ACTIVITIES | | |
| Net investment activity | <u>75,502</u> | <u>796</u> |
| Cash flow from investing activities | <u>75,502</u> | <u>796</u> |
| INCREASE IN CASH FLOW | 55,757 | 1,434 |
| CASH - BEGINNING OF YEAR | <u>16,151</u> | <u>14,717</u> |
| CASH - END OF YEAR | <u>71,908</u> | <u>16,151</u> |

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2014

1 NATURE OF OPERATIONS

The Canadian Bridge Federation Inc. is a non-profit organization which provides funding to bridge players and organizes playing events in Canada. The Federation is funded through memberships, donations and competition fees. The Federation is exempt from income taxes under Section 149 (1)(l) of the Income Tax Act.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are presented in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets include cash, investments, accounts receivable and Erin Berry Memorial assets. Mutual funds are a portion of investments and are reported at fair market value. All other financial instruments are reported at amortized cost.

Financial liabilities include accounts payable, the termination liability and the Erin Berry Memorial liability which are recorded at amortized cost.

Fund accounting

The funds of the Federation have been separated into fund with the following purposes:

- 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 player activity.

(continues)

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital assets

Capital assets are stated at cost less accumulated amortization. One half of the normal amortization is claimed in the year of acquisition. Capital assets are amortized over their estimated useful lives at the following rates and methods:

| | |
|--------------------|----------------------------------|
| Bridge screens | 30% declining balance method |
| Boards | 30% declining balance method |
| Computer equipment | 30- 50% declining balance method |
| Equipment | 20% declining balance method |

Revenue recognition

The Federation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Memberships are recognized in the period for which the membership relates.

Games revenue is recognized when the game is held.

Advertising revenue is deferred and recognized in the period for which the advertising occurs.

Surtax revenue is recognized when the fee is received.

In the past, Junior Fund month revenue was recognized in February when Junior fund games occurred. This has now been changed and the American Contract Bridge League (ACBL) provides an annual allocation.

Foreign currency transactions

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method monetary assets and liabilities have been translated at the rate of exchange prevailing at the year end. Revenues and expenses have been translated at the average rates of exchange during the year. Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2014

3 INVESTMENTS

| | 2014 | 2013 |
|---|----------------|----------------|
| | \$ | \$ |
| Term deposits maturing in 2015 with interest rates between .08% and 1.82% | 81,201 | 212,033 |
| Mutual funds, measured at fair value | 237,339 | 161,795 |
| Total | 318,540 | 373,828 |

4 CAPITAL ASSETS

| | Cost | Accumulated amortization | 2014 Net book value | 2013 Net book value |
|------------------|---------------|-----------------------------|---------------------------|---------------------------|
| | \$ | \$ | \$ | \$ |
| Bridge screens | 7,784 | 6,556 | 1,228 | 1,754 |
| Boards and cases | 7,318 | 1,098 | 6,220 | |
| Projectors | 1,039 | 207 | 832 | |
| Boards | 1,500 | 1,500 | - | 150 |
| | 17,641 | 9,361 | 8,280 | 1,904 |

5 STATEMENT OF FINANCIAL POSITION BY FUND

| | General Fund | International Fund | Junior Fund | 2014 | 2013 |
|-----------------------|-----------------|-----------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | |
| Cash | 71,908 | - | - | 71,908 | 16,151 |
| Investments | 128,520 | 128,931 | 61,089 | 318,540 | 379,638 |
| Accounts receivable | 17,421 | - | - | 17,421 | 6,862 |
| Prepaid expenses | 10,506 | 1,000 | - | 11,506 | 6,521 |
| Capital assets | 8,280 | - | - | 8,280 | 1,904 |
| | 236,635 | 129,931 | 61,089 | 427,655 | 411,076 |
| Liabilities | | | | | |
| Accounts payable | 26,583 | | | 26,583 | 5,499 |
| HST payable | 8,060 | | | 8,060 | |
| Deferred revenue | 75,856 | 22,095 | | 97,951 | 91,660 |
| Termination liability | 769 | | | 769 | 14,888 |
| | 111,268 | 22,095 | - | 133,363 | 112,047 |
| Net Assets | 125,367 | 107,836 | 61,089 | 294,292 | 299,029 |

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2014

6 ERIN BERRY MEMORIAL FUND - ASSETS

| | 2014 | 2013 |
|---|--------|--------|
| | \$ | \$ |
| Cash | 16,505 | 2,747 |
| Term deposits maturing between 2015 and 2017 which bear interest between 2.15% and 3.20%. | 40,453 | 55,688 |
| | 56,958 | 58,435 |

7 DEFERRED REVENUE

The following amounts were received prior to the year-end but were not earned.

| | 2014 | 2013 |
|---------------------------|--------|--------|
| | \$ | \$ |
| 2015 & 2017 Regionals | 20,000 | 16,500 |
| Advertising | | 630 |
| CNTC - game fees | 2,333 | 2,566 |
| COPC - game fees | 5,301 | 7,580 |
| CWTC - game fees | | 198 |
| Membership | 68,222 | 61,686 |
| CWTC Surtax | 2,095 | |
| 2014 & 2015 Championships | - | 2,500 |
| | 97,951 | 91,660 |

8 ERIN BERRY MEMORIAL FUND - LIABILITY

This fund was set-up in 2001 to subsidize deserving young Canadians that are members of the Canadian Bridge Federation. The principal may be spent according to the following schedule:

| Balance in fund | Percent of principal plus interest |
|---------------------|---------------------------------------|
| >\$60,000 | 5% |
| \$40,000 - \$59,999 | 10% |
| \$20,000 - \$39,999 | 15% |
| \$10,000 - \$19,999 | 20% |
| <\$10,000 | 100% |

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2014

8 ERIN BERRY MEMORIAL FUND - LIABILITY (continued)

| | <u>2014</u> | <u>2013</u> |
|---|----------------|----------------|
| | \$ | \$ |
| The following is a summary of activity for the year: | | |
| Investment income | 1,153 | 1,695 |
| Bank charges | (30) | (33) |
| Subsidies paid | <u>(2,600)</u> | <u>(4,640)</u> |
| Net income (loss) | (1,477) | (2,978) |
| Balance of commitment - beginning of year | 1,127 | 1,321 |
| Permitted withdrawal of principal | <u>2,922</u> | <u>2,784</u> |
| Balance of commitment - end of year | <u>2,572</u> | <u>1,127</u> |
| Memorial Liability | | |
| Memorial liability - opening | 58,435 | 61,413 |
| Net income (loss) | <u>(1,477)</u> | <u>(2,978)</u> |
| Memorial liability - ending | <u>56,958</u> | <u>58,435</u> |

9 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 was reimbursed by CBFCF for direct costs reported at their carrying value. These cost include compensation for time invested by the Coordinator, trustee expenses and related office expenses. At year-end CBF had an outstanding receivable from CBFCF of \$3,610 (2013 - \$Nil).

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 paid sanction fees. At year-end CBF had an outstanding receivable from ACBL with a carrying value of \$11,951 (2013 - \$5,886).

The Federation is economically dependent on the ACBL in that it relies upon this sanctioning body to maintain its membership base and collect the related dues.

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2014

10 FINANCIAL INSTRUMENTS

The Federation is exposed to various risks through its financial instruments and has a responsibility to monitor, evaluate and manage these risks. The following analysis provides information about the Federation's risk exposure and concentration as at December 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Federation is exposed to credit risks from customers. The Federation has a significant number of customers which minimizes concentration of credit risk. The ACBL is a significant debtor but settles its balances on a current basis. This risk is considered low.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they come due. Liquidity risk also includes the risk of the Federation not being able to liquidate assets in a timely manner at a reasonable price.

The Federation receives membership revenues in advance and takes care to set aside these monies so they will be available to satisfy obligations to members in a future period.

The Federation's resources are sufficient to meet anticipated obligations and this risk is considered low.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a *change in the interest rates*. In seeking to minimize the risks from interest rate fluctuations, the Federation manages exposure through its normal operating and financing activities. While the Federation has interest bearing investments, the return on these investments is not integral to the
11 operation and the risk is nominal.

COMPARATIVE FIGURES

Some amounts on the 2013 figures were adjusted to conform with the current year's presentation.

CANADIAN BRIDGE FEDERATION INC.

Statement of Championship Revenue and Expenses

Year Ended December 31, 2014

Schedule 1

| | | 2014 | | | | | |
|-------------------------------|---------------|----------|--------|---------|-------|--------|--------|
| | | CBC | COPC | CWTC | CNTC | Rookie | STAC |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | | | |
| | Fees | 32,800 | 10,232 | 3,248 | 3,307 | 2,215 | 24,720 |
| | Individual | | | 295 | 1,877 | | |
| | Tourism | 5,500 | | | | | |
| | | 38,300 | 10,232 | 3,543 | 5,184 | 2,215 | 24,720 |
| EXPENSES | | | | | | | |
| | Sanction fees | | | | | 420 | 12,974 |
| | Directors | 14,991 | | | | | |
| | Caddies | 1,780 | | | | | |
| | Cash prizes | 5,650 | | | | | |
| | Duplication | 2,640 | | 300 | | | |
| | Hospitality | 9,064 | | | | | |
| | Free plays | 392 | | | | | |
| | Supplies | 205 | | | | | |
| | Miscellaneous | 6,345 | 275 | 1,129 | 275 | 70 | 29 |
| | Printing | 1,025 | | | | 541 | |
| | Plaques | 575 | | | | 270 | |
| | Postage | | | | | 545 | |
| | Rent | 6,378 | | 4,550 | | | |
| | | 49,045 | 275 | 5,979 | 275 | 1,846 | 13,003 |
| INCOME FROM OPERATIONS | | (10,745) | 9,957 | (2,436) | 4,909 | 369 | 11,717 |

| | | 2013 | | | | | |
|-------------------------------|---------------|--------|-------|------|-------|--------|--------|
| | | CBC | COPC | CWTC | CNTC | Rookie | STAC |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| REVENUE | | | | | | | |
| | Fees | 41,609 | 9,155 | 274 | 2,747 | 3,114 | 28,530 |
| | Individual | | 375 | | 4,721 | | |
| | Tourism | 7,500 | | | | | |
| | | 49,109 | 9,530 | 274 | 7,468 | 3,114 | 28,530 |
| EXPENSES | | | | | | | |
| | Sanction fees | 220 | | | | 562 | 12,271 |
| | Directors | 12,380 | | | | | |
| | Caddies | 1,720 | | | | | |
| | Cash prizes | 5,650 | | | | | |
| | Duplication | 2,070 | | | | | |
| | Hospitality | 4,843 | | | | | |
| | Free plays | 515 | | | | | |
| | Supplies | 2,904 | 14 | | 14 | 36 | 14 |
| | Miscellaneous | 1,824 | 5 | | 5 | 3 | 166 |
| | Printing | 786 | 84 | 18 | 98 | 845 | 34 |
| | Plaques | 485 | | | | 389 | |
| | Postage | 77 | 90 | | 90 | 699 | 56 |
| | Rent | 6,804 | | | | | |
| | | 40,278 | 193 | 18 | 207 | 2,534 | 12,541 |
| INCOME FROM OPERATIONS | | 8,831 | 9,337 | 256 | 7,261 | 580 | 15,989 |