

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, 2005 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 excess revenue over expenses, 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, 2005 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
July 19, 2007


Mintz & Wallace
Chartered Accountants LLP

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position As at December 31, 2005

	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Erin Berry</u>	<u>Total 2005</u>	<u>Total 2004</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and term deposits (Note 3)	\$ 224,654	\$ 45,730	\$ 56,519	\$ -	\$ 326,903	\$ 338,173
Accounts receivable	14,667	7,962	1,340	-	23,969	25,860
Prepaid expenses	<u>12,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,961</u>	<u>8,154</u>
	252,302	53,692	57,859	-	363,833	372,187
RESTRICTED ASSETS (Note 4)						
	-	-	-	85,277	85,277	84,791
CAPITAL ASSETS (Note 5)						
	<u>2,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,461</u>	<u>3,475</u>
	<u>\$ 254,763</u>	<u>\$ 53,692</u>	<u>\$ 57,859</u>	<u>\$ 85,277</u>	<u>\$ 451,571</u>	<u>\$ 460,453</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 12,919	\$ -	\$ -	\$ -	\$ 12,919	\$ 18,642
Deferred revenue	62,012	-	-	-	62,012	73,374
Deferred contributions (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,277</u>	<u>5,277</u>	<u>4,791</u>
	74,931	-	-	5,277	80,208	96,807
NET ASSETS						
	<u>179,812</u>	<u>53,692</u>	<u>57,859</u>	<u>80,000</u>	<u>371,363</u>	<u>363,646</u>
	<u>\$ 254,635</u>	<u>\$ 53,692</u>	<u>\$ 57,859</u>	<u>\$ 85,277</u>	<u>\$ 451,571</u>	<u>\$ 460,453</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, 2005

	<u>2005</u>	<u>2004</u>
REVENUE		
Bridge Week - net - Schedule 1	\$ 22,088	\$ -
Canadian Open Pairs Championship - net - Schedule 1	1,967	2,341
Canadian Women's Team Championship - net - Schedule 1	377	1,531
Canadian National Team Championship - net - Schedule 1	7,332	9,230
Canadian Senior Teams - net - Schedule 1	-	1,620
Canadian Imp. Pairs Championship - Schedule 1	-	(25)
Rookie game - net - Schedule 1	1,000	1,022
Sectional Tournament at Clubs - net - Schedule 1	8,077	7,115
Advertising	2,250	2,245
Interest	7,537	6,926
Late fees	-	75
Memberships	<u>75,031</u>	<u>94,144</u>
	<u>125,659</u>	<u>126,224</u>
EXPENSE		
ACBL service fees	4,464	2,576
Annual general meeting	156	417
Audit	2,233	1,973
Amortization	1,034	2,511
Bank charges	104	274
Benefits	2,171	1,982
C.B.F. co-ordinator	30,469	27,911
CSTC Cash Prize	-	1,000
CIPC Cash Prize	800	800
COPC prize	2,000	2,000
CNTC - B cash prize	2,000	2,000
Director's expenses	5,678	9,394
Educational	300	-
Executive secretary	1,000	1,000
Insurance	2,112	2,017
Internet and website maintenance	5,569	3,728
Legal	-	-
Miscellaneous	1,141	1,100
Office	6,665	6,612
Olympic committee	-	200
Publication	31,021	38,266
Telephone	1,544	1,908
Translations	300	500
Treasurer	1,000	1,000
VuGraph	500	400
Zone Communications	<u>423</u>	<u>82</u>
	<u>102,684</u>	<u>109,651</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>22,975</u>	\$ <u>16,573</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations
International Fund
For the Year Ended December 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUE		
CBF Regional	\$ 17,328	\$ 18,000
International games	22,028	23,304
Interest	2,034	2,193
Surtax - Bridge week	<u>10,830</u>	<u>8,600</u>
	<u>52,220</u>	<u>52,097</u>
EXPENSE		
Bermuda Bowl	20,000	-
COPC Prize	-	2,000
National Coach	2,500	1,845
Bi-Country	8,000	-
Miscellaneous	-	27
Open Olympiad	-	20,450
Women's Olympiad	-	20,000
Senior Olympiad	-	1,056
Senior Cup	10,000	-
Venice Cup	<u>20,560</u>	<u>-</u>
	<u>61,060</u>	<u>45,378</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ <u>(8,840)</u>	\$ <u>6,719</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Junior Fund For the Year Ended December 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUE		
Games fees	\$ 117	\$ 164
Donations	5,655	50
Interest	2,393	2,424
Junior Fund Month	6,886	6,244
Other Month Junior Fund	<u>8,804</u>	<u>13,396</u>
	<u>23,855</u>	<u>22,278</u>
EXPENSE		
Coaching - National Team	3,625	-
Youth Team Subsidy	24,583	-
Junior trials	2,040	2,314
Miscellaneous	25	968
Schools Team Subsidy	<u>-</u>	<u>4,172</u>
	<u>30,273</u>	<u>7,454</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>(6,418)</u>	\$ <u>14,824</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets For the Year Ended December 31, 2005

	-Operating- <u>General</u>	----Internally Restricted---- <u>International</u>	<u>Junior</u>	-Endowment- <u>Erin Berry</u> - Note 6	<u>2005 Total</u>	<u>2004 Total</u>
Balance - beginning of year	\$ 169,987	\$ 54,382	\$ 59,277	\$ 80,000	\$ 363,646	\$ 325,530
Excess (deficiency) of revenue over expenses	22,975	(8,840)	(6,418)	-	7,717	38,116
Fund transfer	<u>(13,150)</u>	<u>8,150</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year	\$ <u>179,812</u>	\$ <u>53,692</u>	\$ <u>57,859</u>	\$ <u>80,000</u>	\$ <u>371,363</u>	\$ <u>363,646</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flow For the Year Ended December 31, 2005

	<u>General Fund</u>	<u>International Fund</u>	<u>Junior Fund</u>	<u>Erin Berry Endowment Fund</u>	<u>Total 2006</u>	<u>Total 2005</u>
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$ 22,975	\$ (8,840)	\$ (6,418)	\$ -	\$ (3,628)	\$ 38,116
Plus item which does not require cash outlay: - amortization	1,034	-	-	-	869	2,511
Net change in non-cash current assets	(9,452)	3,575	2,941	-	13,256	(6,819)
Net change in non-cash current liabilities	(17,085)	-	-	486	(921)	21,335
Cash from operating activities	(2,528)	(5,265)	(3,477)	486	9,576	55,143
INVESTING ACTIVITIES						
Purchase of restricted assets	-	-	-	(486)	6,799	(160)
Inter-fund transfer	(13,150)	8,150	5,000	-	-	-
Cash from investing activities	(13,150)	8,150	5,000	(486)	6,799	(160)
INCREASE (DECREASE) IN CASH	(15,678)	2,885	1,523	-	16,375	54,983
CASH - beginning of year	240,332	42,845	54,996	-	326,903	283,190
CASH - end of year	\$ 224,654	\$ 45,730	\$ 56,519	\$ -	\$ 343,278	\$ 338,173
Cash consists of:						
Cash					\$ 18,387	\$ 29,787
Term deposits					308,516	308,386
					\$ 326,903	\$ 338,173

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2005

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.

3. CASH AND TERM DEPOSITS

	<u>2005</u>	<u>2004</u>
The following is a breakdown of the balance sheet cash:		
General chequing	\$ 15,125	\$ 12,200
General savings	3,262	17,587
Term deposits	300,000	300,000
T-Bills	8,516	8,386
	<u>\$ 326,903</u>	<u>\$ 338,173</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2005

4. RESTRICTED ASSETS

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

	<u>2005</u>	<u>2004</u>
Chequing account	\$ 3,615	\$ 2,905
Term investments	79,950	79,950
Interest receivable	<u>1,712</u>	<u>1,936</u>
	<u>\$ 85,277</u>	<u>\$ 84,791</u>

5. CAPITAL ASSETS

	-----2005-----	-----2004-----	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computers	\$ 9,367	\$ 7,142	\$ 2,225
Equipment	<u>3,498</u>	<u>3,262</u>	<u>236</u>
	<u>\$ 12,865</u>	<u>\$ 10,404</u>	<u>\$ 2,461</u>

---2004---	<u>Net Book Value</u>	<u>Rates</u>
	\$ 3,179	30%
	<u>296</u>	<u>20%</u>
	<u>\$ 3,475</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>2005</u>	<u>2004</u>
Balance of deferral - beginning of year	\$ 4,791	\$ 3,823
Interest income	3,126	3,443
Bank charges	-	(21)
Subsidies	<u>(2,640)</u>	<u>(2,454)</u>
Balance of deferral - end of year	<u>\$ 5,277</u>	<u>\$ 4,791</u>

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 \$7,340 (2004 - \$8,340).

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

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2005

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, 2005

Schedule 1

		<u>2005</u>				
	<u>Bridge Week</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 44,238	\$ 3,318	\$ 598	\$ 15,151	\$ 3,123	\$ 19,256
Individual	-	3,817	-	-	-	-
Zone account	-	3,817	-	-	-	-
Subsidy	-	3,817	-	-	-	-
National final	-	4,318	6,505	19,028	-	-
Other	162	925	-	1,950	-	-
	<u>44,400</u>	<u>12,378</u>	<u>7,103</u>	<u>36,129</u>	<u>3,123</u>	<u>19,256</u>
EXPENSE						
Sanction fees	209	-	-	-	447	8,235
Subsidies	-	-	-	12,807	-	-
Directors	7,647	-	-	-	-	-
Caddies	2,200	-	-	-	-	-
Coordinator	421	-	-	-	-	-
Duplication	2,050	-	-	-	-	-
Hospitality	1,884	3,665	-	-	-	-
Rent	6,238	-	-	-	-	-
Supplies	1,643	-	-	-	-	-
Miscellaneous	20	-	-	-	11	-
ACBLO	-	-	-	-	269	9,994
Printing	-	-	-	-	207	-
Plaques	-	-	-	-	375	-
Postage	-	-	-	167	371	148
Other	-	2,079	101	284	656	917
	<u>22,312</u>	<u>5,744</u>	<u>101</u>	<u>13,258</u>	<u>2,336</u>	<u>11,059</u>
NET	\$ <u>22,088</u>	\$ <u>1,967</u>	\$ <u>377</u>	\$ <u>7,332</u>	\$ <u>1,000</u>	\$ <u>8,077</u>

		<u>2004</u>					
		<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>	<u>CIPC</u> <u>STC</u>
REVENUE							
Fees	\$ 3,318	\$ 598	\$ 15,151	\$ 3,123	\$ 19,256	\$ -	\$ -
Subsidy	3,817	-	-	-	-	-	-
National final	4,318	6,505	19,028	-	-	2,579	4,486
Other	925	-	1,950	-	-	-	-
	<u>12,378</u>	<u>7,103</u>	<u>36,129</u>	<u>3,123</u>	<u>19,256</u>	<u>2,579</u>	<u>4,483</u>
EXPENSE							
Sanction fees	1,643	213	1,823	705	8,235	-	-
Subsidies	3,720	-	9,724	-	-	-	-
National final	4,544	5,302	15,039	-	-	2,604	2,866
Directors	-	-	-	-	2,709	-	-
Other	130	57	313	1,396	1,197	-	-
	<u>10,037</u>	<u>5,572</u>	<u>26,899</u>	<u>2,101</u>	<u>12,141</u>	<u>2,604</u>	<u>2,866</u>
NET	\$ <u>2,341</u>	\$ <u>1,531</u>	\$ <u>9,230</u>	\$ <u>1,022</u>	\$ <u>7,115</u>	\$ <u>(25)</u>	\$ <u>1,620</u>