

## **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, 2006 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, 2006 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  
November 1, 2007

  
Mintz & Wallace  
Chartered Accountants LLP

# CANADIAN BRIDGE FEDERATION INC.

## Statement of Financial Position As at December 31, 2006

	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Erin Berry</u>	<u>Total 2006</u>	<u>Total 2005</u>
<b><u>ASSETS</u></b>						
<b>CURRENT ASSETS</b>						
Cash and term deposits (Note 3)	\$ 237,077	\$ 63,351	\$ 42,949	\$ -	\$ 343,377	\$ 326,903
Accounts receivable	6,804	6,551	1,723	-	15,078	23,969
Prepaid expenses	<u>7,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,018</u>	<u>12,961</u>
	250,899	69,902	44,672	-	365,473	363,833
<b>RESTRICTED ASSETS (Note 4)</b>	-	-	-	77,098	77,098	85,277
<b>CAPITAL ASSETS (Note 5)</b>	<u>2,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,903</u>	<u>2,461</u>
	<u>\$ 253,802</u>	<u>\$ 69,902</u>	<u>\$ 44,672</u>	<u>\$ 77,098</u>	<u>\$ 445,474</u>	<u>\$ 451,571</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 13,955	\$ -	\$ -	\$ -	\$ 13,955	\$ 12,919
Deferred revenue	65,332	-	-	-	65,332	62,012
Deferred contributions (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,277</u>
	79,287	-	-	-	79,287	80,208
<b>NET ASSETS</b>	<u>174,515</u>	<u>69,902</u>	<u>44,672</u>	<u>77,098</u>	<u>366,187</u>	<u>371,363</u>
	<u>\$ 253,802</u>	<u>\$ 69,902</u>	<u>\$ 44,672</u>	<u>\$ 77,098</u>	<u>\$ 445,474</u>	<u>\$ 451,571</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, 2006

	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
Bridge Week - net - Schedule 1	\$ 10,472	\$ 22,088
Canadian National Team Championship - net - Schedule 1	5,138	7,332
Canadian Open Pairs Championship - net - Schedule 1	3,728	1,967
Canadian Women's Team Championship - net - Schedule 1	317	377
Rookie game - net - Schedule 1	897	1,000
Advertising	2,732	2,250
Interest	6,819	7,537
Memberships	70,242	75,031
Foreign exchange	5,606	-
Sectional Tournament at Clubs - net - Schedule 1	7,396	8,077
	<u>113,347</u>	<u>125,659</u>
<b>EXPENSE</b>		
ACBL service fees	4,247	4,464
Amortization	938	1,034
Annual general meeting	421	156
Audit	2,600	2,233
Bank charges	78	104
Benefits	2,252	2,171
C.B.F. co-ordinator	34,748	30,469
CIPC Cash Prize	1,000	800
CNTC - B cash prize	2,000	2,000
COPC prize	2,000	2,000
Director's expenses	135	11
Director's meeting	7,737	5,667
Educational	462	300
Executive secretary	-	1,000
Insurance	2,188	2,112
Internet and website maintenance	4,703	5,569
Miscellaneous	276	1,141
Office	7,171	6,665
Olympic committee	520	-
Publication	29,592	31,021
Telephone	1,146	1,544
Translations	250	300
Treasurer	-	1,000
VuGraph	1,375	500
Zone Communications	-	423
	<u>105,839</u>	<u>102,684</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ <u>7,508</u></b>	<b>\$ <u>22,975</u></b>

See accompanying notes

# CANADIAN BRIDGE FEDERATION INC.

## Statement of Operations International Fund For the Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
CBF Regional	\$ 22,715	\$ 17,328
International games	18,977	22,028
Interest	2,613	2,034
Surtax - Bridge week	<u>9,100</u>	<u>10,830</u>
	<u>53,405</u>	<u>52,220</u>
<b>EXPENSE</b>		
Bermuda Bowl	-	20,000
National Coach	-	2,500
Bi-Country	-	8,000
World Champ - Rosenblum	15,000	-
World Champ - McConnell	15,000	-
World Champ - Senior	15,000	-
Senior Cup	-	10,000
Venice Cup	<u>-</u>	<u>20,560</u>
	<u>45,000</u>	<u>61,060</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	\$ <u>8,405</u>	\$ <u>(8,840)</u>

# CANADIAN BRIDGE FEDERATION INC.

## Statement of Operations Junior Fund For the Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
Games fees	\$ 195	\$ 117
Donations	1,272	5,655
Interest	1,932	2,393
Junior Fund Month	5,382	6,886
Other Month Junior Fund	<u>7,582</u>	<u>8,804</u>
	<u>16,363</u>	<u>23,855</u>
<b>EXPENSE</b>		
University Team	1,025	-
Coaching - National Team	3,207	3,625
Youth Team Subsidy	21,000	24,583
Junior trials	2,265	2,040
Miscellaneous	-	25
Schools Team Subsidy	<u>7,053</u>	<u>-</u>
	<u>34,550</u>	<u>30,273</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>\$ <u>(18,187)</u></b>	<b>\$ <u>(6,418)</u></b>



# CANADIAN BRIDGE FEDERATION INC.

## Statement of Changes in Net Assets For the Year Ended December 31, 2006

	<u>-Operating- General</u>	<u>----Internally Restricted----</u> <u>International</u>	<u>Junior</u>	<u>-Endowment- Erin Berry</u> - Note 6	<u>2006 Total</u>	<u>2005 Total</u>
<b>Balance</b> - beginning of year	\$ 179,812	\$ 53,692	\$ 57,859	\$ 80,000	\$ <b>371,363</b>	\$ 363,646
Excess (deficiency) of revenue over expenses	7,508	8,405	(18,187)	(2,902)	<b>(5,176)</b>	7,717
Fund transfer	<u>(12,805)</u>	<u>7,805</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance</b> - end of year	\$ <u>174,515</u>	\$ <u>69,902</u>	\$ <u>44,672</u>	\$ <u>77,098</u>	\$ <b><u>366,187</u></b>	\$ <u>371,363</u>

# CANADIAN BRIDGE FEDERATION INC.

## Statement of Cash Flow For the Year Ended December 31, 2006

	<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>
<b>OPERATING ACTIVITIES</b>						
Excess (deficiency) of revenue over expenses	\$ 7,508	\$ 8,405	\$ (18,187)	\$ (2,902)	\$ (5,176)	\$ 7,717
Plus item which does not require cash outlay:						
- amortization	938	-	-	-	938	1,034
Net change in non-cash current assets	13,806	1,411	(383)	-	14,834	(2,936)
Net change in non-cash current liabilities	4,356	-	-	(5,277)	(921)	(16,599)
Cash from operating activities	<u>26,608</u>	<u>9,816</u>	<u>(18,570)</u>	<u>(8,179)</u>	<u>9,675</u>	<u>(10,784)</u>
<b>INVESTING ACTIVITIES</b>						
Purchase of restricted assets	(1,380)	-	-	8,179	6,799	(486)
Inter-fund transfer	<u>(12,805)</u>	<u>7,805</u>	<u>5,000</u>	-	-	-
Cash from investing activities	<u>(14,185)</u>	<u>7,805</u>	<u>5,000</u>	<u>8,179</u>	<u>6,799</u>	<u>(486)</u>
<b>INCREASE (DECREASE) IN CASH</b>	12,423	17,621	(13,750)	-	16,474	(11,270)
<b>CASH - beginning of year</b>	<u>224,654</u>	<u>45,730</u>	<u>56,519</u>	-	<u>326,903</u>	<u>338,173</u>
<b>CASH - end of year</b>	\$ <u>237,077</u>	\$ <u>63,351</u>	\$ <u>42,949</u>	\$ -	\$ <u>343,377</u>	\$ <u>326,903</u>

Cash consists of:

General

International

Junior

\$ 237,077

63,351

42,949

\$ 343,377

\$ 224,654

45,730

56,519

\$ 326,903

See accompanying notes

# CANADIAN BRIDGE FEDERATION INC.

## Notes to the Financial Statements December 31, 2006

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### 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

#### Future Changes in Accounting Policies

The Accounting Standards Board of Canada has issued new accounting standards dealing with the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income. These new standards will be adopted in the company's next fiscal year.

The policies available to the company will be the "held for trade" or "available for sale" methods. Under either of those methods, the carrying value of the investments will be their fair market value. The initial adoption of the new accounting policy and recording to fair market value will be adjusted to opening net assets and investments. The adjustment is an increase of \$1,590.

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.



# CANADIAN BRIDGE FEDERATION INC.

## Notes to the Financial Statements December 31, 2006

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### 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 \$6,322 (2005 - \$7,340).

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.

## Notes to the Financial Statements December 31, 2006

### 3. CASH AND TERM DEPOSITS

	<u>2006</u>	<u>2005</u>
The following is a breakdown of the balance sheet cash:		
General chequing	\$ 21,307	\$ 15,125
General savings	21,971	3,262
Term deposits	300,000	300,000
T-Bills	<u>-</u>	<u>8,516</u>
	<u>\$ 343,377</u>	<u>\$ 326,903</u>

The fair market value of term deposits at year end is \$301,590 (2005 - \$309,322).

### 4. RESTRICTED ASSETS

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

	<u>2006</u>	<u>2005</u>
Chequing account	\$ 613	\$ 3,615
Term investments	74,975	79,950
Interest receivable	<u>1,510</u>	<u>1,712</u>
	<u>\$ 77,098</u>	<u>\$ 85,277</u>

### 5. CAPITAL ASSETS

	-----2006-----			---2005---	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Rates</u>
Computers	\$ 9,085	\$ 6,372	\$ 2,713	\$ 2,225	30%
Equipment	<u>3,498</u>	<u>3,308</u>	<u>190</u>	<u>236</u>	20%
	<u>\$ 12,583</u>	<u>\$ 9,680</u>	<u>\$ 2,903</u>	<u>\$ 2,461</u>	

### 6. DEFERRED CONTRIBUTIONS - ERIN BERRY ENDOWMENT FUND

As of March 2004, the trustees of the Fund are able to spend a portion of the principal in accordance with terms of the trust agreement.

	<u>2006</u>	<u>2005</u>
Balance of deferral - beginning of year	\$ 5,277	\$ 4,791
Interest income	2,847	3,126
Bank charges	(26)	-
Subsidies	<u>(8,098)</u>	<u>(2,640)</u>
Balance of deferral - end of year	<u>\$ -</u>	<u>\$ 5,277</u>

# CANADIAN BRIDGE FEDERATION INC.

## Schedule of Championship Revenue and Expense For the Year Ended December 31, 2006

Schedule 1

		<u>2006</u>				
	<u>Bridge Week</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
<b>REVENUE</b>						
Fees	\$ 33,478	\$ 6,298	\$ 322	\$ 15,856	\$ 2,791	\$ 20,571
Individual	-	150	-	800	-	-
Zone account	-	-	-	2,160	-	-
	<u>33,478</u>	<u>6,448</u>	<u>322</u>	<u>18,816</u>	<u>2,791</u>	<u>20,571</u>
<b>EXPENSE</b>						
Sanction fees	240	-	-	-	265	9,574
Subsidies	-	-	-	13,544	-	-
National final	7,381	-	-	-	-	-
Directors	7,538	-	-	-	-	2,276
Caddies	1,610	-	-	-	-	-
Duplication	2,723	-	-	-	-	-
Hospitality	2,146	2,610	-	-	-	-
Supplies	512	-	-	-	-	153
Miscellaneous	-	-	5	5	14	198
ACBLO	-	-	-	-	286	-
Printing	325	48	-	48	374	485
Plaques	404	-	-	-	372	-
Postage	127	62	-	81	583	489
	<u>23,006</u>	<u>2,720</u>	<u>5</u>	<u>13,678</u>	<u>1,894</u>	<u>13,175</u>
<b>NET</b>	<u>\$ 10,472</u>	<u>\$ 3,728</u>	<u>\$ 317</u>	<u>\$ 5,138</u>	<u>\$ 897</u>	<u>\$ 7,396</u>

		<u>2005</u>				
	<u>Bridge Week</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
<b>REVENUE</b>						
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>
<b>EXPENSE</b>						
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>
<b>NET</b>	<u>\$ 22,088</u>	<u>\$ 1,967</u>	<u>\$ 377</u>	<u>\$ 7,332</u>	<u>\$ 1,000</u>	<u>\$ 8,077</u>