

CANADIAN BRIDGE FEDERATION INC.

Financial Statements

December 31, 2007

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, 2007 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, 2007 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 2, 2008


Mintz & Wallace
Chartered Accountants LLP

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position As at December 31, 2007

	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Erin Berry</u>	<u>Total 2007</u>	<u>Total 2006</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and term deposits (Note 3)	\$ 236,369	\$ 75,109	\$ 64,439	\$ 79,937	\$ 455,854	\$ 420,475
Accounts receivable	1,197	6,285	662	-	8,144	15,078
Prepaid expenses	<u>7,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	7,220	<u>7,018</u>
	244,786	81,394	65,101	79,937	471,218	442,571
CAPITAL ASSETS (Note 5)						
	<u>6,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	6,434	<u>2,903</u>
	<u>\$ 251,220</u>	<u>\$ 81,394</u>	<u>\$ 65,101</u>	<u>\$ 79,937</u>	\$ 477,652	<u>\$ 445,474</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 12,081	\$ -	\$ -	\$ -	\$ 12,081	\$ 13,955
Deferred revenue (Note 8)	69,433	-	-	-	69,433	65,332
Deferred contributions (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,839</u>	2,839	<u>-</u>
	81,514	-	-	2,839	84,353	79,287
NET ASSETS						
	<u>169,706</u>	<u>81,394</u>	<u>65,101</u>	<u>77,098</u>	393,299	<u>366,187</u>
	<u>\$ 251,220</u>	<u>\$ 81,394</u>	<u>\$ 65,101</u>	<u>\$ 79,937</u>	\$ 477,652	<u>\$ 445,474</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, 2007

	<u>2007</u>	<u>2006</u>
REVENUE		
Bridge Week - net - Schedule 1	\$ 12,326	\$ 10,472
Canadian National Team Championship - net - Schedule 1	1,127	5,138
Canadian Open Pairs Championship - net - Schedule 1	4,889	3,728
Canadian Women's Team Championship - net - Schedule 1	670	317
Rookie game - net - Schedule 1	1,640	897
Advertising	2,346	2,732
Interest	6,107	6,819
Memberships	77,742	70,242
Foreign exchange	3,591	5,606
Sectional Tournament at Clubs - net - Schedule 1	9,721	7,396
Late fees	100	-
	<u>120,259</u>	<u>113,347</u>
EXPENSE		
ACBL service fees	4,607	4,247
Amortization	1,626	938
Annual general meeting	141	421
Audit	2,830	2,600
Bank charges	330	78
Benefits	2,679	2,252
C.B.F. co-ordinator	35,443	34,748
CIPC Cash Prize	800	1,000
CNTC - B cash prize	2,000	2,000
COPC prize	2,000	2,000
Director's expenses	-	135
Director's meeting	8,693	7,737
Educational	-	462
Insurance	2,074	2,188
Internet and website maintenance	4,936	4,703
Miscellaneous	485	276
Office	7,224	7,171
Olympic committee	-	520
Publication	26,984	29,592
Telephone	1,266	1,146
Translations	500	250
VuGraph	1,020	1,375
	<u>105,638</u>	<u>105,839</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>14,621</u>	\$ <u>7,508</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations International Fund For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
REVENUE		
CBF Regional	\$ 21,920	\$ 22,715
International games	19,858	18,977
Interest	1,682	2,613
Surtax - Bridge week	<u>12,300</u>	<u>9,100</u>
	<u>55,760</u>	<u>53,405</u>
EXPENSE		
Bermuda Bowl	15,300	-
Bi-Country	4,746	-
National Coach	3,500	-
World Champ - Rosenblum	-	15,000
World Champ - McConnell	-	15,000
World Champ - Senior	-	15,000
Senior Cup	15,000	-
Venice Cup	<u>15,437</u>	<u>-</u>
	<u>53,983</u>	<u>45,000</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>1,777</u>	\$ <u>8,405</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Junior Fund For the Year Ended December 31, 2007

	<u>2007</u>	<u>2006</u>
REVENUE		
Games fees	\$ 103	\$ 195
Donations	20	1,272
Interest	1,062	1,932
Junior Fund Month	5,720	5,382
Trials entries	-	1,133
Other Month Junior Fund	<u>6,809</u>	<u>7,582</u>
	<u>13,714</u>	<u>17,496</u>
EXPENSE		
University Team	-	1,025
Coaching - National Team	3,000	3,207
Youth Team Subsidy	-	21,000
Junior trials	-	2,265
Miscellaneous	-	-
Schools Team Subsidy	<u>-</u>	<u>8,186</u>
	<u>3,000</u>	<u>35,683</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>10,714</u>	\$ <u>(18,187)</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets For the Year Ended December 31, 2007

	<u>-Operating- General</u>	<u>----Internally Restricted---- International</u>	<u>Junior</u>	<u>-Endowment- Erin Berry</u> - Note 6	<u>2007 Total</u>	<u>2006 Total</u>
Balance - beginning of year	\$ 174,515	\$ 69,902	\$ 44,672	\$ 77,098	\$ 366,187	\$ 371,363
Excess (deficiency) of revenue over expenses	14,621	1,777	10,714	-	27,112	(5,176)
Fund transfer (Note 9)	<u>(19,430)</u>	<u>9,715</u>	<u>9,715</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year	\$ <u>169,706</u>	\$ <u>81,394</u>	\$ <u>65,101</u>	\$ <u>77,098</u>	\$ <u>393,299</u>	\$ <u>366,187</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flow For the Year Ended December 31, 2007

	<u>General Fund</u>	<u>International Fund</u>	<u>Junior Fund</u>	<u>Erin Berry Endowment Fund</u>	<u>Total 2007</u>	<u>Total 2006</u>
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$ 14,621	\$ 1,777	\$ 10,714	\$ -	\$ 27,112	\$ (5,176)
Plus item which does not require cash outlay:						
- amortization	1,626	-	-	-	1,626	938
Net change in non-cash current assets	5,405	266	1,061	-	6,732	14,834
Net change in non-cash current liabilities	<u>2,227</u>	<u>-</u>	<u>-</u>	<u>2,839</u>	<u>5,066</u>	<u>(921)</u>
Cash from operating activities	<u>23,879</u>	<u>2,043</u>	<u>11,775</u>	<u>2,839</u>	<u>40,536</u>	<u>9,675</u>
INVESTING ACTIVITIES						
Purchase of restricted assets	(5,157)	-	-	(2,839)	(7,996)	6,799
Inter-fund transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash from investing activities	<u>(5,157)</u>	<u>-</u>	<u>-</u>	<u>(2,839)</u>	<u>(7,996)</u>	<u>6,799</u>
INCREASE (DECREASE) IN CASH	18,722	2,043	11,775	-	32,540	16,474
CASH - beginning of year	<u>237,077</u>	<u>63,351</u>	<u>42,949</u>	<u>-</u>	<u>343,377</u>	<u>326,903</u>
CASH - end of year	\$ <u>255,799</u>	\$ <u>65,394</u>	\$ <u>54,724</u>	\$ <u>-</u>	\$ <u>375,917</u>	\$ <u>343,377</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2007

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:

Change In Accounting – Financial Instruments

Effective January 1, 2007, Canadian Bridge Federation Inc. adopted accounting recommendation for Financial Instruments – Recognition and Measurement and Financial Instruments – Disclosure and Presentation. The recommendations have been applied prospectively in accordance with transitional provision of the sections. The sections establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives.

Under the new standards, Canadian Bridge Federation Inc. was required to classify each of its financial instruments into one of the following categories: held-for-trading; held-to-maturity, loans receivable; available for sale; and other financial liabilities.

Cash and investments are classified as held-for-trade and are measured at fair value. Receivables are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

As at December 31, 2007 and December 31, 2006 the Federation does not have any outstanding contracts of financial instruments with embedded derivatives.

Adoption of the new standards resulted in no impact on the financial statements at January 1, 2007. The value of investments and net assets increased by \$1,575 on March 31, 2007.

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.

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

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>2007</u>	<u>2006</u>
The following is a breakdown of cash:		
General chequing	\$ 12,177	\$ 21,920
General savings	65,535	21,971
Term deposits	<u>378,142</u>	<u>376,584</u>
	<u>\$ 455,854</u>	<u>\$ 420,475</u>

4. RESTRICTED ASSETS

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

	<u>2007</u>	<u>2006</u>
Chequing account	\$ 3,370	\$ 613
Term investments	74,974	74,975
Interest receivable	<u>1,593</u>	<u>1,510</u>
	<u>\$ 79,937</u>	<u>\$ 77,098</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2007

5. CAPITAL ASSETS

	<u>-----2007-----</u>		<u>---2006---</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Rates</u>
Computers	\$ 9,085	\$ 7,186	\$ 1,899	\$ 2,713	30%
Bridge screens	3,657	549	3,108	-	30%
Boards	1,500	225	1,275	-	30%
Equipment	<u>3,498</u>	<u>3,346</u>	<u>152</u>	<u>190</u>	20%
	<u>\$ 17,740</u>	<u>\$ 11,306</u>	<u>\$ 6,434</u>	<u>\$ 2,903</u>	

6. DEFERRED CONTRIBUTIONS - ERIN BERRY ENDOWMENT FUND

At the yearend, earnings of the endowment which have not been awarded to qualifying recipients are included in deferred contributions:

	<u>2007</u>	<u>2006</u>
Balance of deferral - beginning of year	\$ -	\$ 5,277
Interest income	2,869	2,847
Bank charges	(30)	(26)
Subsidies	<u>-</u>	<u>(8,098)</u>
Balance of deferral - end of year	<u>\$ 2,839</u>	<u>\$ -</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 \$6,285 (2006 - \$6,322).

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, 2007

8. DEFERRED REVENUE

Advertising	\$ 180	\$ 180
Membership	56,867	50,561
CNTC - game fees	7,025	6,596
CNTC - game fees	5,240	7,708
CNTC - game fees	121	287
	<u>\$ 69,433</u>	<u>\$ 65,332</u>

9. FUND TRANSFER

The Federation decided to transfer one eighth of the 2007 general fund membership revenues each of the International and Junior funds.

10. 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 as 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, 2007

Schedule 1

		<u>2007</u>				
	<u>Bridge</u> <u>Week</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 45,802	\$ 8,421	\$ 710	\$ 9,186	\$ 3,594	\$ 22,969
Individual	-	805	-	2,900	-	-
Zone account	-	-	-	2,390	-	-
Subsidy	-	-	-	2,136	-	-
National final	-	-	-	4,981	-	-
	<u>45,802</u>	<u>9,226</u>	<u>710</u>	<u>21,593</u>	<u>3,594</u>	<u>22,969</u>
EXPENSE						
Sanction fees	-	-	-	-	380	9,623
Subsidies	-	-	-	20,086	-	-
National final	11,543	-	-	-	-	-
Directors	13,079	-	-	-	-	2,351
Caddies	2,340	-	-	-	-	-
Duplication	3,000	-	-	-	-	-
Hospitality	2,000	4,200	-	-	-	-
Supplies	663	-	32	33	16	8
Miscellaneous	10	8	-	105	6	216
Printing	276	48	-	48	385	310
Plaques	397	-	-	-	343	-
Postage	168	81	8	194	824	740
	<u>33,476</u>	<u>4,337</u>	<u>40</u>	<u>20,466</u>	<u>1,954</u>	<u>13,248</u>
NET	\$ <u>12,326</u>	\$ <u>4,889</u>	\$ <u>670</u>	\$ <u>1,127</u>	\$ <u>1,640</u>	\$ <u>9,721</u>

		<u>2006</u>				
	<u>Bridge</u> <u>Week</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
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>
EXPENSE						
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>
NET	\$ <u>10,472</u>	\$ <u>3,728</u>	\$ <u>317</u>	\$ <u>5,138</u>	\$ <u>897</u>	\$ <u>7,396</u>