

CANADIAN BRIDGE FEDERATION INC.

Financial Statements

Year Ended December 31, 2008

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, 2008 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, 2008 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 18, 2009


Mintz & Wallace
Chartered Accountants LLP

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position As at December 31, 2008

	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Restricted Erin Berry</u> (Note 4)	<u>Total 2008</u>	<u>Total 2007</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and term deposits	\$ 230,249	\$ 87,732	\$ 51,960	\$ 73,057	\$ 442,998	\$ 455,854
Accounts receivable	2,014	6,724	2,865	-	11,603	8,144
Prepaid expenses	<u>7,078</u>	<u>1,915</u>	<u>-</u>	<u>-</u>	8,993	<u>7,220</u>
	239,341	96,371	54,825	73,057	463,594	471,218
CAPITAL ASSETS (Note 5)						
	<u>5,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	5,987	<u>6,434</u>
	\$ 245,328	\$ 96,371	\$ 54,825	\$ 73,057	\$ 469,581	\$ 477,652
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 12,288	\$ 4,700	\$ 131	\$ -	\$ 17,119	\$ 12,081
Deferred revenue (Note 8)	67,168	-	-	-	67,168	69,433
Deferred contributions (Note 6)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,839</u>
	79,456	4,700	131	-	84,287	84,353
NET ASSETS						
	<u>165,872</u>	<u>91,671</u>	<u>54,694</u>	<u>73,057</u>	385,294	393,299
	\$ 245,328	\$ 96,371	\$ 54,825	\$ 73,057	\$ 469,581	\$ 477,652

See accompanying notes

APPROVED ON BEHALF OF THE BOARD

Director

Director

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations General Fund Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUE		
Bridge Week - Schedule 1	\$ 47,751	\$ 45,802
Canadian National Team Championship - Schedule 1	20,506	21,593
Canadian Open Pairs Championship - Schedule 1	6,971	9,226
Canadian Women's Team Championship - Schedule 1	502	710
Rookie game - Schedule 1	3,623	3,594
Advertising	2,160	2,346
Investment income	2,067	6,107
Memberships	81,639	77,742
Foreign exchange	4,902	3,591
Sectional Tournament at Clubs - Schedule 1	25,177	22,969
Late fees	-	100
	<u>195,298</u>	<u>193,780</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations General Fund Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
EXPENSE		
ACBL service fees	\$ 4,449	\$ 4,607
Adjustment	124	-
Amortization	2,518	1,626
Annual general meeting	593	141
Audit	4,030	2,830
Bank charges	78	330
Benefits	2,882	2,679
Bridge Week - Schedule 1	26,975	33,476
Canadian National Team Championship - Schedule 1	14,042	20,466
Canadian Open Pairs Championship - Schedule 1	143	4,337
Canadian Women's Team Championship - Schedule 1	39	40
Rookie game - Schedule 1	2,378	1,954
C.B.F. co-ordinator	38,941	35,443
CIPC Cash Prize	800	800
CNTC - B cash prize	2,000	2,000
COPC prize	3,000	2,000
Director's expenses	114	-
Director's meeting	9,311	8,693
Insurance	2,371	2,074
Internet and website maintenance	7,643	4,936
Legal	956	-
Miscellaneous	632	485
Office	7,701	7,224
Publication	28,808	26,984
Sectional Tournament at Clubs - Schedule 1	11,896	13,248
Screens	657	-
Sponsorship	2,500	-
Telephone	1,134	1,266
Translations	800	500
VuGraph	1,000	1,020
	<u>178,515</u>	<u>179,159</u>
REVENUE BEFORE OTHER		
REVENUE (EXPENSE)	16,783	14,621
OTHER REVENUE (EXPENSES)		
Loss on disposal of assets	(209)	-
EXCESS OF REVENUE OVER EXPENSES	\$ <u>16,574</u>	\$ <u>14,621</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations International Fund Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUE		
CBF Regional	\$ 16,173	\$ 21,920
International games	23,940	19,858
Investment income	1,262	1,682
Surtax - Bridge week	<u>11,400</u>	<u>12,300</u>
	<u>52,775</u>	<u>55,760</u>
EXPENSE		
Bermuda Bowl	-	15,300
Bi-Country	-	4,746
National Coach	6,750	3,500
Open Olympiad	17,325	-
Women's Olympiad	14,517	-
Senior Olympiad	14,110	-
Senior Cup	-	15,000
Venice Cup	-	15,437
	<u>52,702</u>	<u>53,983</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>73</u>	\$ <u>1,777</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Junior Fund Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUE		
Games fees	\$ 88	\$ 103
Donations	-	20
Investment income	1,019	1,062
Junior Fund Month	6,644	5,720
Trials entries	-	-
Other Month Junior Fund	<u>9,238</u>	<u>6,809</u>
	<u>16,989</u>	<u>13,714</u>
EXPENSE		
University Team	7,081	-
Coaching - National Team	4,450	3,000
Youth Team Subsidy	11,429	-
Miscellaneous	137	-
Schools Team Subsidy	6,346	-
WMSG Team Subsidy	<u>8,157</u>	<u>-</u>
	<u>37,600</u>	<u>3,000</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(20,611)</u>	\$ <u>10,714</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Erin Berry Memorial Fund Year Ended December 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUE		
Interest income	\$ <u>5,839</u>	\$ <u>30</u>
EXPENSE		
Bank charges	<u>30</u>	<u>30</u>
Subsidies	<u>9,850</u>	<u>-</u>
	<u>9,880</u>	<u>30</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(4,041)</u>	\$ <u>-</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets Year Ended December 31, 2008

	<u>-Operating- General</u>	<u>----Internally Restricted---- International</u>	<u>Junior</u>	<u>-Endowment- Erin Berry</u>	<u>2008 Total</u>	<u>2007 Total</u>
Balance - beginning of year	\$ 169,706	\$ 81,394	\$ 65,101	\$ 77,098	\$ 393,299	\$ 366,187
Excess (deficiency) of revenue over expenses	16,574	73	(20,611)	(4,041)	(8,005)	27,112
Fund transfer (Note 9)	<u>(20,408)</u>	<u>10,204</u>	<u>10,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year	\$ <u>165,872</u>	\$ <u>91,671</u>	\$ <u>54,694</u>	\$ <u>73,057</u>	\$ <u>385,294</u>	\$ <u>393,299</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flow Year Ended December 31, 2008

	<u>General Fund</u>	<u>International Fund</u>	<u>Junior Fund</u>	<u>Erin Berry Endowment Fund</u>	<u>Total 2008</u>	<u>Total 2007</u>
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$ 16,574	\$ 73	\$ (20,611)	\$ (4,041)	\$ (8,005)	\$ 27,112
Plus item which does not require cash outlay:						
- amortization	2,518	-	-	-	2,518	1,626
- Loss (gain) on disposal of assets	209	-	-	-	209	-
Net change in non-cash current assets	(675)	(2,354)	(2,203)	-	(5,232)	6,732
Net change in non-cash current liabilities	(2,058)	4,700	131	(2,839)	(66)	5,066
Cash from operating activities	<u>16,568</u>	<u>2,419</u>	<u>(22,683)</u>	<u>(6,880)</u>	<u>(10,576)</u>	<u>40,536</u>
INVESTING ACTIVITIES						
Purchase of capital assets	(2,280)	-	-	-	(2,280)	(7,996)
Inter-fund transfer	(20,408)	10,204	10,204	-	-	-
Cash from investing activities	<u>(22,688)</u>	<u>10,204</u>	<u>10,204</u>	<u>-</u>	<u>(2,280)</u>	<u>(7,996)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(6,120)	12,623	(12,479)	(6,880)	(12,856)	32,540
CASH - beginning of year	<u>236,369</u>	<u>75,109</u>	<u>64,439</u>	<u>79,937</u>	<u>455,854</u>	<u>423,314</u>
CASH - end of year	<u>\$ 230,249</u>	<u>\$ 87,732</u>	<u>\$ 51,960</u>	<u>\$ 73,057</u>	<u>\$ 442,998</u>	<u>\$ 455,854</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2008

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:

Financial Instruments

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.

Included in cash and investments is \$151,487 (2007 - \$180,000) in guaranteed investments certificates for which fair value was not obtainable. These investments are valued at cost, which approximates their fair value.

As at December 31, 2008 and December 31, 2007 the Federation does not have any outstanding contracts of financial instruments with embedded derivatives.

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.

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Fund Accounting - cont'd

Erin Berry Memorial Fund - this externally restricted 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%

Capital Assets

Capital assets are stated at cost and are amortized using the declining balance method at the rates stated in Note 4. In the year of addition and disposal, amortization is recorded at one half the stated rates.

Going Concern

The Federation's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate fund therefrom, and to continue to obtain borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables. These financial instruments do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Federation were unable to continue its operations.

Foreign Currency Translation

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 date of the transaction. 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.

3. CASH AND TERM DEPOSITS

<u>Security</u>	<u>Interest</u>	<u>Maturity</u>	<u>2008</u>	<u>2007</u>
Cash			\$ 52,828	\$ 74,342
Term deposits				
- guaranteed investment certificates	3.21-4.95%	Jun 15/08 - Dec 3/12	253,893	231,532
Mutual funds			63,220	70,043
Total cash and deposits			\$ 369,941	\$ 375,917

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2008

4. RESTRICTED ASSETS

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

	<u>Interest</u>	<u>Maturity</u>	<u>2008</u>	<u>2007</u>
Cash			\$ 1,524	\$ 3,370
Investments				
- guaranteed investment certificates	3.21-5.07%	Jun 16/08 - Jun 23/11	<u>71,533</u>	<u>76,567</u>
			\$ <u>73,057</u>	\$ <u>79,937</u>

5. CAPITAL ASSETS

	<u>-----2008-----</u>			<u>---2007---</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Rates</u>
Other Computer equipment	\$ 5,169	\$ 4,322	\$ 847	\$ 1,899	30%
Computer hardware	4,178	2,228	1,950	-	50%
Bridge screens	3,657	1,481	2,176	3,108	30%
Boards	1,500	607	893	1,275	30%
Equipment	<u>3,498</u>	<u>3,377</u>	<u>121</u>	<u>152</u>	20%
	\$ <u>18,002</u>	\$ <u>12,015</u>	\$ <u>5,987</u>	\$ <u>6,434</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>2008</u>	<u>2007</u>
Balance of deferral - beginning of year	\$ 2,839	\$ -
Interest income	3,000	2,869
Bank charges	(30)	(30)
Subsidies	(9,850)	-
Permitted withdrawal of principal	<u>4,041</u>	<u>-</u>
Balance of deferral - end of year	\$ <u>-</u>	\$ <u>2,839</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2008

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 \$6,349 (2007 - \$6,285).

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

8. DEFERRED REVENUE	<u>2008</u>	<u>2007</u>
Advertising	\$ 180	\$ 180
Membership	60,287	56,867
CNTC - game fees	2,861	7,025
COPC - game fees	3,840	5,240
CWTC - game fees	-	121
	<u>\$ 67,168</u>	<u>\$ 69,433</u>

9. FUND TRANSFER

The Federation decided to transfer one eighth of the 2008 general fund membership revenues to 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 in earnings in the period in which they become known.

11. CHANGE IN ACCOUNTING ESTIMATE

During the year, the Federation changed the amortization rate applied to its computers to more accurately reflect their useful life. The declining balance method is used to amortize computers at a rate of 50% (2007 - 30%). The change was applied prospectively effective January 1, 2008. The change in accounting estimate resulted in a decrease of \$324 in net assets in the current year (2007 - \$Nil).

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2008

12. FINANCIAL INSTRUMENTS

The Federation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. Except as noted below, it is management's opinion that the Federation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Currency Risk

Currency risk is the risk to the Federation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. While the Federation does not hold foreign denominated financial instruments, the Federation is exposed to foreign currency exchange risk as a large share of the membership revenue is received in U.S. dollars. The Federation does not use derivative instruments to reduce its exposure to foreign currency risk.

12. CAPITAL MANAGEMENT

Capital is comprised of the Federation's equity and any debt it may issue. As at December 31, 2008, the Federation's equity was \$385,294 and it had no outstanding debt. The Federation's objectives when managing capital are to continue as a going concern to protect its ability to meet its on-going liabilities, and to maximize returns for members over the long-term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

14. COMPARATIVE FIGURES

Some of the amounts for the comparative periods in the financial statements have been reclassified to make them consistent with the presentation for the current period.

CANADIAN BRIDGE FEDERATION INC.

Schedule of Championship Revenue and Expense Year Ended December 31, 2008

Schedule 1

		<u>2008</u>				
	<u>Bridge</u> <u>Week</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 47,751	\$ 6,821	\$ 502	\$ 9,995	\$ 3,623	\$ 25,177
Individual	-	150	-	3,947	-	-
Zone account	-	-	-	6,654	-	-
	<u>47,751</u>	<u>6,971</u>	<u>502</u>	<u>20,506</u>	<u>3,623</u>	<u>25,177</u>
EXPENSE						
Sanction fees	264	-	-	-	661	8,509
Subsidies	-	-	-	13,733	-	-
National final	8,671	-	-	-	-	-
Directors	9,834	-	-	-	-	2,091
Caddies	2,270	-	-	-	-	-
Duplication	2,970	-	-	-	-	-
Hospitality	2,000	-	-	-	-	-
Supplies	47	14	-	5	136	305
Miscellaneous	-	-	-	-	-	122
Printing	505	48	-	48	442	296
Plaques	397	-	-	-	368	-
Postage	17	81	39	256	771	573
	<u>26,975</u>	<u>143</u>	<u>39</u>	<u>14,042</u>	<u>2,378</u>	<u>11,896</u>
NET	<u>\$ 20,776</u>	<u>\$ 6,828</u>	<u>\$ 463</u>	<u>\$ 6,464</u>	<u>\$ 1,245</u>	<u>\$ 13,281</u>

		<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>