

CANADIAN BRIDGE FEDERATION INC.

Financial Statements

Year Ended December 31, 2009

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, 2009 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, 2009 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
September 16, 2010


Mintz & Wallace
Chartered Accountants LLP

Management's Responsibility for Financial Reporting

The financial statements of Canadian Bridge Federation Inc. have been prepared in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Canadian Bridge Federation Inc.'s reporting systems are achieved through the use of formal policies and procedures. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Director

Director

Regina, Saskatchewan
September 16, 2010

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position As at December 31, 2009

	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Restricted Erin Berry (Note 4)</u>	<u>Total 2009</u>	<u>Total 2008</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and investments (Note 3)	\$ 207,181	\$ 89,484	\$ 88,277	\$ 69,481	\$ 454,423	\$ 442,998
Accounts receivable (Note 7)	1,568	5,966	832	-	8,366	11,603
Prepaid expenses	<u>5,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,673</u>	<u>8,993</u>
	214,422	95,450	89,109	69,481	468,462	463,594
CAPITAL ASSETS (Note 5)						
	<u>4,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,245</u>	<u>5,987</u>
	<u>\$ 218,667</u>	<u>\$ 95,450</u>	<u>\$ 89,109</u>	<u>\$ 69,481</u>	<u>\$ 472,707</u>	<u>\$ 469,581</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 8,896	\$ -	\$ -	\$ -	\$ 8,896	\$ 17,119
Deferred revenue (Note 8)	<u>61,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,029</u>	<u>67,168</u>
	69,925	-	-	-	69,925	84,287
NET ASSETS						
	<u>148,742</u>	<u>95,450</u>	<u>89,109</u>	<u>69,481</u>	<u>402,782</u>	<u>385,294</u>
	<u>\$ 218,667</u>	<u>\$ 95,450</u>	<u>\$ 89,109</u>	<u>\$ 69,481</u>	<u>\$ 472,707</u>	<u>\$ 469,581</u>

See accompanying notes

APPROVED ON BEHALF OF THE BOARD

Director

Director

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations General Fund Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
REVENUE		
Canadian Bridge Championships - Schedule 1	\$ 48,443	\$ 47,751
Canadian National Team Championship - Schedule 1	7,022	20,506
Canadian Open Pairs Championship - Schedule 1	5,331	6,971
Canadian Women's Team Championship - Schedule 1	-	502
Rookie game - Schedule 1	3,891	3,623
Advertising	1,350	2,160
FMV adjustment	1,986	(3,718)
Investment income	5,254	5,785
Memberships	76,500	81,639
Foreign exchange	1,290	4,902
Sectional Tournament at Clubs - Schedule 1	27,330	25,177
Late fees	150	-
	<u>178,547</u>	<u>195,298</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations General Fund Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
EXPENSE		
ACBL service fees	\$ 4,477	\$ 4,449
Amortization	2,252	2,518
Annual general meeting	199	593
Audit	4,225	4,030
Bank charges	67	78
Employee benefits	2,949	2,882
Canadian Bridge Championships - Schedule 1	42,418	26,975
Canadian National Team Championship - Schedule 1	184	14,042
Canadian Open Pairs Championship - Schedule 1	184	143
Canadian Women's Team Championship - Schedule 1	-	39
Rookie game - Schedule 1	2,594	2,378
C.B.F. co-ordinator	39,954	38,941
CIPC Cash Prize	800	800
CNTC - B cash prize	2,000	2,000
COPC prize	3,000	3,000
Director's expenses	-	114
Director's meeting	14,991	9,311
Insurance	2,285	2,371
Internet and website maintenance	5,515	7,643
Legal	-	956
Miscellaneous	2,209	756
Office	6,742	7,701
Publication	30,329	28,808
Sectional Tournament at Clubs - Schedule 1	15,337	11,896
Screens	555	657
Sponsorship	-	2,500
Telephone	1,011	1,134
Translations	400	800
VuGraph	1,000	1,000
	<u>185,677</u>	<u>178,515</u>
REVENUE BEFORE OTHER		
REVENUE (EXPENSE)	(7,130)	16,783
OTHER REVENUE (EXPENSES)		
Loss on disposal of assets	-	(209)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(7,130)</u>	\$ <u>16,574</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations International Fund Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
REVENUE		
CBF Regional	\$ 957	\$ 16,173
International games	26,915	23,940
FMV adjustment	1,257	(2,355)
Investment income	3,328	3,617
Surtax - Bridge week	<u>11,300</u>	<u>11,400</u>
	<u>43,757</u>	<u>52,775</u>
EXPENSE		
Bi-Country	10,000	-
National Coach	2,400	6,750
Open Olympiad	-	17,325
Women's Olympiad	-	14,517
Senior Olympiad	-	14,110
Senior Cup	13,766	-
Venice Cup	<u>13,812</u>	<u>-</u>
	<u>39,978</u>	<u>52,702</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>3,779</u>	\$ <u>73</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Junior Fund Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
REVENUE		
Games fees	\$ 331	\$ 88
FMV adjustment	1,169	(2,190)
Investment income	3,094	3,209
Junior Fund Month	8,946	6,644
Other Month Junior Fund	<u>10,875</u>	<u>9,238</u>
	<u>24,415</u>	<u>16,989</u>
EXPENSE		
University Team	-	7,081
Coaching - National Team	-	4,450
Youth Team Subsidy	-	11,429
Miscellaneous	-	137
Schools Team Subsidy	-	6,346
WMSG Team Subsidy	<u>-</u>	<u>8,157</u>
	<u>-</u>	<u>37,600</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>24,415</u>	\$ <u>(20,611)</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Erin Berry Memorial Fund Year Ended December 31, 2009

	<u>2009</u>	<u>2008</u>
REVENUE		
Investment income	\$ <u>2,967</u>	\$ <u>5,839</u>
EXPENSE		
Bank charges	43	30
Subsidies	<u>6,500</u>	<u>9,850</u>
	<u>6,543</u>	<u>9,880</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(3,576)</u>	\$ <u>(4,041)</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets Year Ended December 31, 2009

	-Operating- <u>General</u>	----Internally Restricted---- <u>International</u>	<u>Junior</u>	Erin Berry Memorial <u>Fund</u>	<u>2009 Total</u>	<u>2008 Total</u>
Balance - beginning of year	\$ 165,872	\$ 91,671	\$ 54,694	\$ 73,057	\$ 385,294	\$ 393,299
Excess (deficiency) of revenue over expenses	(7,130)	3,779	24,415	(3,576)	17,488	(8,005)
Fund transfer (Note 9)	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - end of year	\$ <u>148,742</u>	\$ <u>95,450</u>	\$ <u>89,109</u>	\$ <u>69,481</u>	\$ <u>402,782</u>	\$ <u>385,294</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flow Year Ended December 31, 2009

	<u>General Fund</u>	<u>International Fund</u>	<u>Junior Fund</u>	<u>Erin Berry Memorial Fund</u>	<u>Total 2009</u>	<u>Total 2008</u>
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$ (7,130)	\$ 3,779	\$ 24,415	\$ (3,576)	\$ 17,488	\$ (8,005)
Plus item which does not require cash outlay:						
- amortization	2,252	-	-	-	2,252	2,518
- Loss (gain) on disposal of assets	-	-	-	-	-	209
Net change in non-cash current assets	1,849	2,673	2,033	-	6,555	(5,232)
Net change in non-cash current liabilities	(9,531)	(4,700)	(131)	-	(14,362)	(66)
Cash from operating activities	(12,560)	1,752	26,317	(3,576)	11,933	(10,576)
INVESTING ACTIVITIES						
Purchase of capital assets	(508)	-	-	-	(508)	(2,280)
Inter-fund transfer	(10,000)	-	10,000	-	-	-
Cash from investing activities	(10,508)	-	10,000	-	(508)	(2,280)
INCREASE (DECREASE) IN CASH RESOURCES						
	(23,068)	1,752	36,317	(3,576)	11,425	(12,856)
CASH - beginning of year	230,249	87,732	51,960	73,057	442,998	455,854
CASH - end of year	\$ 207,181	\$ 89,484	\$ 88,277	\$ 69,481	\$ 454,423	\$ 442,998

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2009

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 Federation 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.

As at December 31, 2009 and December 31, 2008 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, 2009

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 5. In the year of addition and disposal, amortization is recorded at one half the stated rates.

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 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.

3. UNRESTRICTED CASH AND INVESTMENTS

	<u>Interest</u>	<u>Maturity</u>	<u>2009</u>	<u>2008</u>
Cash			\$ 67,775	\$ 52,828
Term deposits				
- guaranteed investment		Jan 1/10 -		
certificates	3.21-4.95%	Aug 12/12	249,121	253,893
Mutual funds			68,046	63,220
			\$ 384,942	\$ 369,941
Cash consists of:				
General			\$ 207,181	\$ 230,249
International			89,484	87,732
Junior			88,277	51,960
			\$ 384,942	\$ 369,941

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2009

4. RESTRICTED CASH AND INVESTMENTS

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

	<u>Interest</u>	<u>Maturity</u>	<u>2009</u>	<u>2008</u>
Cash			\$ 3,069	\$ 1,524
Investments				
- guaranteed investment certificates	3.21-5.07%	Jun 18/10 - Jun 23/11	<u>66,412</u>	<u>71,533</u>
			\$ <u>69,481</u>	\$ <u>73,057</u>

5. CAPITAL ASSETS

	<u>-----2009-----</u>		<u>---2008---</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Rates</u>
Computer equipment	\$ 9,347	\$ 7,779	\$ 1,568	\$ 2,797	30-50%
Bridge screens	4,165	2,210	1,955	2,176	30%
Boards	1,500	875	625	893	30%
Equipment	<u>3,498</u>	<u>3,401</u>	<u>97</u>	<u>121</u>	20%
	\$ <u>18,510</u>	\$ <u>14,265</u>	\$ <u>4,245</u>	\$ <u>5,987</u>	

6. DEFERRED CONTRIBUTIONS – ERIN BERRY MEMORIAL FUND

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

	<u>2009</u>	<u>2008</u>
Balance of deferral - beginning of year	\$ -	\$ 2,839
Investment income	2,967	3,000
Bank charges	(43)	(30)
Subsidies	(6,500)	(9,850)
Permitted withdrawal of principal	<u>3,576</u>	<u>4,041</u>
Balance of deferral - end of year	\$ <u>-</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 \$5,448 (2008 - \$6,349).

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, 2009

8.	DEFERRED REVENUE	2009	2008
	Advertising	\$ 630	\$ 180
	Membership	51,443	60,287
	CNTC - game fees	3,090	2,861
	COPC - game fees	5,857	3,840
	CWTC - game fees	9	-
		\$ <u>61,029</u>	\$ <u>67,168</u>

9. FUND TRANSFER

In 2009 the Federation transferred \$10,000 from the general fund to the Junior fund.

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. 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. 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, 2009

Schedule 1

	<u>CBC</u>	<u>COPC</u>	<u>CWTC</u>	<u>2009</u> <u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 48,443	\$ 5,156	\$ -	\$ 3,522	\$ 3,891	\$ 27,330
Individual	-	175	-	3,500	-	-
	<u>48,443</u>	<u>5,331</u>	<u>-</u>	<u>7,022</u>	<u>3,891</u>	<u>27,330</u>
EXPENSE						
Sanction fees	831	-	-	-	791	14,101
Directors	15,042	-	-	-	-	-
Caddies	3,100	-	-	-	-	-
Duplication	3,360	-	-	-	-	-
Hospitality	4,882	-	-	-	-	-
Supplies	2,844	16	-	16	37	135
Miscellaneous	2,160	5	-	5	5	138
Printing	137	54	-	54	552	428
Plaques	397	-	-	-	375	-
Postage	65	109	-	109	834	535
Rent	9,600	-	-	-	-	-
	<u>42,418</u>	<u>184</u>	<u>-</u>	<u>184</u>	<u>2,594</u>	<u>15,337</u>
NET	<u>\$ 6,025</u>	<u>\$ 5,147</u>	<u>\$ -</u>	<u>\$ 6,838</u>	<u>\$ 1,297</u>	<u>\$ 11,993</u>

	<u>CBC</u>	<u>COPC</u>	<u>CWTC</u>	<u>2008</u> <u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 47,751	\$ 6,821	\$ 502	\$ 9,905	\$ 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>