

CANADIAN BRIDGE FEDERATION INC.

Financial Statements

Year Ended December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Bridge Federation Inc.

We have audited the accompanying financial statements of Canadian Bridge Federation Inc., which comprise the statement of financial position as at December 31, 2010, the statements of operations, changes in net assets and cash flow for the General, International, Junior and Erin Berry Memorial Fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for Qualified Opinion

In common with many charitable organizations, the Federation derives revenue from memberships, donations and competition fees the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Federation and we were not able to determine whether any adjustments might be necessary to excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Canadian Bridge Federation Inc. as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

REGINA, Saskatchewan
November 19, 2011


Mintz & Wallace
Chartered Accountants LLP

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position As at December 31, 2010

	<u>General</u>	<u>International</u>	<u>Junior</u>	<u>Restricted Erin Berry</u>	<u>Total 2010</u>	<u>Total 2009</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and investments (Note 3)	\$ 196,120	\$ 122,065	\$ 81,282	\$ 67,905	\$ 467,372	\$ 454,423
Accounts receivable	448	82	424	-	954	2,918
Due from related party (Note 6)	-	4,378	-	-	4,378	5,448
Prepaid expenses	<u>6,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,337</u>	<u>5,673</u>
	202,905	126,525	81,706	67,905	479,041	468,462
CAPITAL ASSETS (Note 4)						
	<u>2,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,783</u>	<u>4,245</u>
	<u>\$ 205,688</u>	<u>\$ 126,525</u>	<u>\$ 81,706</u>	<u>\$ 67,905</u>	<u>\$ 481,824</u>	<u>\$ 472,707</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 5,661	\$ -	\$ -	\$ -	\$ 5,661	\$ 8,896
Wages payable	12,403	-	-	-	12,403	11,490
Deferred revenue (Note 7)	<u>67,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,744</u>	<u>61,029</u>
	85,808	-	-	-	85,808	81,415
Commitment - Erin Berry Memorial Fund (Note 5)						
NET ASSETS						
	<u>119,880</u>	<u>126,525</u>	<u>81,706</u>	<u>67,905</u>	<u>396,016</u>	<u>391,292</u>
	<u>\$ 205,688</u>	<u>\$ 126,525</u>	<u>\$ 81,706</u>	<u>\$ 67,905</u>	<u>\$ 481,824</u>	<u>\$ 472,707</u>

See accompanying notes

APPROVED ON BEHALF OF THE BOARD

Director

Director

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations General Fund Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
Canadian Bridge Championships - Schedule 1	\$ 49,091	\$ 48,443
Canadian National Team Championship - Schedule 1	8,562	7,022
Canadian Open Pairs Championship - Schedule 1	6,725	5,331
Canadian Women's Team Championship - Schedule 1	213	-
Rookie game - Schedule 1	3,392	3,891
Sectional Tournament at Clubs - Schedule 1	28,509	27,330
Advertising	1,990	1,350
Fair Market Value adjustment on investments	1,639	1,986
Investment income	4,339	5,254
Memberships	76,954	76,500
Foreign exchange	-	1,290
Late fees	225	150
	<u>181,639</u>	<u>178,547</u>

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CANADIAN BRIDGE FEDERATION INC.

Statement of Operations General Fund Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
EXPENSE		
ACBL service fees	\$ 4,109	\$ 4,477
Amortization	1,461	2,252
Annual general meeting	490	199
Audit	4,140	4,225
Bank charges	289	67
Employee benefits	3,656	2,949
Canadian Bridge Championships - Schedule 1	37,592	42,418
Canadian National Team Championship - Schedule 1	126	184
Canadian Open Pairs Championship - Schedule 1	126	184
Canadian Women's Team Championship - Schedule 1	-	-
Rookie game - Schedule 1	2,340	2,594
Sectional Tournament at Clubs - Schedule 1	13,720	15,337
C.B.F. co-ordinator	42,811	40,829
CIPC cash prize	800	800
CNTC - B cash prize	2,000	2,000
COPC prize	3,000	3,000
Director's expenses	55	-
Director's meeting	10,277	14,991
Hall of Fame	1,434	-
Insurance	2,317	2,285
Internet and website maintenance	3,773	5,515
Miscellaneous	1,867	2,209
Office	6,787	6,742
Publication	52,644	30,329
Screens	300	555
Telephone	1,097	1,011
Translations	400	400
VuGraph	1,400	1,000
	<u>199,011</u>	<u>186,552</u>
(DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(17,372)</u>	\$ <u>(8,005)</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations International Fund Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
CBF Regional	\$ 15,671	\$ 957
International games	25,287	26,915
Fair Market Value adjustment on investments	1,038	1,257
Investment income	4,480	3,328
Surtax - Bridge week	<u>10,600</u>	<u>11,300</u>
	<u>57,076</u>	<u>43,757</u>
EXPENSE		
World Champ - Rosenblum	11,467	-
World Champ - McConnell	7,667	-
Bi-Country	-	10,000
National Coach	-	2,400
Senior Cup	6,867	13,766
Venice Cup	<u>-</u>	<u>13,812</u>
	<u>26,001</u>	<u>39,978</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>31,075</u>	\$ <u>3,779</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Junior Fund Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
Games fees	\$ 495	\$ 331
Fair Market Value adjustment on investments	965	1,169
Investment income	2,867	3,094
Junior Fund Month	7,559	8,946
Other Month Junior Fund	<u>5,744</u>	<u>10,875</u>
	<u>17,630</u>	<u>24,415</u>
EXPENSE		
Coaching	5,000	-
Youth Team Subsidy	10,577	-
Miscellaneous	78	-
Schools Team Subsidy	<u>9,378</u>	<u>-</u>
	<u>25,033</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(7,403)</u>	\$ <u>24,415</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations Erin Berry Memorial Fund Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
REVENUE		
Investment income	\$ <u>2,551</u>	\$ <u>2,967</u>
EXPENSE		
Bank charges	30	43
Subsidies	<u>4,097</u>	<u>6,500</u>
	<u>4,127</u>	<u>6,543</u>
(DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>(1,576)</u>	\$ <u>(3,576)</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets Year Ended December 31, 2010

	-Operating- <u>General</u>	----Internally Restricted---- <u>International</u>	<u>Junior</u>	Erin Berry Memorial <u>Fund</u>	<u>2010 Total</u>	<u>2009 Total</u>
Balance – as previously reported	\$ 137,252	\$ 95,450	\$ 89,109	\$ 69,481	\$ 391,292	\$ 385,294
Correction of an error (Note 11)	-	-	-	-	-	(10,615)
Balance - restated	137,252	95,450	89,109	69,481	391,292	374,679
Excess (deficiency) of revenue over expenses	(17,372)	31,075	(7,403)	(1,576)	4,724	16,613
Fund transfer (Note 8)	-	-	-	-	-	-
Balance - end of year	\$ 119,880	\$ 126,525	\$ 81,706	\$ 67,905	\$ 396,016	\$ 391,292

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flow Year Ended December 31, 2010

	<u>General Fund</u>	<u>International Fund</u>	<u>Junior Fund</u>	<u>Erin Berry Memorial Fund</u>	<u>Total 2010</u>	<u>Total 2009</u>
OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	\$ (17,372)	\$ 31,075	\$ (7,403)	\$ (1,576)	\$ 4,724	\$ 16,613
Plus item which does not require cash outlay: - amortization	1,461	-	-	-	1,461	2,252
Net change in non-cash current assets	456	1,506	408	-	2,370	6,555
Net change in non-cash current liabilities	<u>4,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,394</u>	<u>(13,487)</u>
Cash from operating activities	<u>(11,061)</u>	<u>32,581</u>	<u>(6,995)</u>	<u>(1,576)</u>	<u>12,949</u>	<u>11,933</u>
INVESTING ACTIVITIES						
Purchase of capital assets	-	-	-	-	-	(508)
Inter-fund transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(508)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(11,061)	32,581	(6,995)	(1,576)	12,949	11,425
CASH - beginning of year	<u>207,181</u>	<u>89,484</u>	<u>88,277</u>	<u>69,481</u>	<u>454,423</u>	<u>442,998</u>
CASH - end of year	\$ <u>196,120</u>	\$ <u>122,065</u>	\$ <u>81,282</u>	\$ <u>67,905</u>	\$ <u>467,372</u>	\$ <u>454,423</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2010

1. NATURE OF ORGANIZATION

The Canadian Bridge Federation Inc. 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 (1)(l) 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, 2010 and December 31, 2009 the Federation does not have any outstanding contracts of financial instruments with embedded derivatives.

Revenue recognition

The Federation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year 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 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%

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

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.

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. CASH AND INVESTMENTS

	<u>Interest</u>	<u>Maturity</u>	<u>2010</u>	<u>2009</u>
<u>Unrestricted</u>				
Cash			\$ 28,999	\$ 67,775
Term deposits				
- guaranteed investment certificates	0.15-4.95%	Jan 21/11 - Jan 25/13	297,351	249,121
Mutual funds, measured at fair value			<u>73,117</u>	<u>68,046</u>
			\$ <u>399,467</u>	\$ <u>384,942</u>
<u>Restricted - Erin Berry Memorial Fund</u>				
Cash			\$ 1,809	\$ 3,069
Investments				
- guaranteed investment certificates	2.90-4.65%	Jun 16/11 - Jun 6/14	<u>66,096</u>	<u>66,412</u>
			\$ <u>67,905</u>	\$ <u>69,481</u>
Total of cash and investments			\$ <u>467,372</u>	\$ <u>454,423</u>

4. CAPITAL ASSETS

	<u>-----2010-----</u>			<u>---2009---</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	\$ 8,447	\$ 900	\$ 1,568	30-50%
Bridge screens	4,165	2,797	1,368	1,955	30%
Boards	1,500	1,063	437	625	30%
Equipment	<u>3,498</u>	<u>3,420</u>	<u>78</u>	<u>97</u>	20%
	\$ <u>18,510</u>	\$ <u>15,727</u>	\$ <u>2,783</u>	\$ <u>4,245</u>	

CANADIAN BRIDGE FEDERATION INC.

Notes to the Financial Statements December 31, 2010

5. COMMITMENT - ERIN BERRY MEMORIAL FUND

At the yearend, earnings of the fund which have not been awarded to qualifying recipients are as follows:

	<u>2010</u>	<u>2009</u>
Balance of commitment - beginning of year	\$ -	\$ -
Investment income	2,551	2,967
Bank charges	(30)	(43)
Subsidies	(4,097)	(6,500)
Permitted withdrawal of principal	<u>3,306</u>	<u>3,576</u>
Balance of commitment - end of year	\$ <u>1,730</u>	\$ -

6. 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 \$4,378 (2009 - \$5,448).

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

7. DEFERRED REVENUE

	<u>2010</u>	<u>2009</u>
Advertising	\$ 630	\$ 630
Membership	57,666	51,443
CNTC - game fees	3,057	3,090
COPC - game fees	6,300	5,857
CWTC - game fees	<u>91</u>	<u>9</u>
	\$ <u>67,744</u>	\$ <u>61,029</u>

8. FUND TRANSFER

The Federation transferred 2010 - \$Nil (2009 - \$10,000) from the general fund to the Junior fund.

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, 2010

10. 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.

11. CORRECTION OF AN ERROR

The prior year's figures have been retrospectively restated to properly accrue a termination allowance. The effects of these changes on the comparative figures are:

Deficiency of revenues over expenses – decrease	\$ 875
Wages payable - increase	\$ 11,490
Net assets - end of year - decrease	\$ 11,490

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CANADIAN BRIDGE FEDERATION INC.

Schedule of Championship Revenue and Expense Year Ended December 31, 2010

Schedule 1

<u>2010</u>						
	<u>CBC</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 49,091	\$ 6,575	\$ 213	\$ 4,012	\$ 3,392	\$ 28,509
Individual	-	150	-	4,550	-	-
	<u>49,091</u>	<u>6,725</u>	<u>213</u>	<u>8,562</u>	<u>3,392</u>	<u>28,509</u>
EXPENSE						
Sanction fees	424	-	-	-	602	12,944
Coordinator	1,316	-	-	-	-	-
Screens	2,207	-	-	-	-	-
Directors	13,699	-	-	-	-	-
Caddies	2,490	-	-	-	-	-
Duplication	3,019	-	-	-	-	-
Hospitality	4,057	-	-	-	-	-
Supplies	1,932	11	-	11	6	170
Miscellaneous	30	5	-	5	5	5
Printing	1,172	47	-	47	525	245
Plaques	397	-	-	-	382	-
Postage	106	63	-	63	820	356
Rent	<u>6,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>37,592</u>	<u>126</u>	<u>-</u>	<u>126</u>	<u>2,340</u>	<u>13,720</u>
NET	<u>\$ 11,499</u>	<u>\$ 6,599</u>	<u>\$ 213</u>	<u>\$ 8,436</u>	<u>\$ 1,052</u>	<u>\$ 14,789</u>

<u>2009</u>						
	<u>CBC</u>	<u>COPC</u>	<u>CWTC</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	<u>9,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<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>