

CANADIAN BRIDGE FEDERATION INC.

Financial Statements

Year Ended December 31, 2011

Management's Responsibility for Financial Reporting

The financial statements of Canadian Bridge Federation Inc. have been prepared in accordance with Canadian 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, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Following its review of the financial statements and discussions with the auditors and management, the Board of Directors will approve the financial statements and consider the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Mintz & Wallace, in accordance with Canadian generally accepted auditing standards.

Executive Director

President

Regina, Saskatchewan
July 24, 2012

INDEPENDENT AUDITORS' REPORT

To the Members of 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, 2011, and the statements of operations, changes in net assets and cash flows 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 non profit 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 these revenues, deferred revenue, 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, 2011 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
July 24, 2012



Mintz & Wallace
Chartered Accountants LLP

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position

December 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash	\$ 54,346	\$ 28,611
Investments (Note 4)	374,036	370,857
Accounts receivable	4,989	5,332
Prepaid expenses	11,656	6,337
	<u>445,027</u>	<u>411,137</u>
CAPITAL ASSETS (Note 5)	5,126	2,783
ERIN BERRY MEMORIAL FUND ASSETS (Note 6)	64,472	67,905
	<u>\$ 514,625</u>	<u>\$ 481,825</u>
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,506	\$ 5,659
Deferred revenue (Note 7)	85,714	67,746
Termination liability	13,252	12,404
	<u>104,472</u>	<u>85,809</u>
ERIN BERRY MEMORIAL FUND LIABILITY (Note 8)	64,472	67,905
	<u>168,944</u>	<u>153,714</u>
 NET ASSETS		
General Fund	119,747	119,880
International Fund	121,927	126,525
Junior Fund	104,007	81,706
	<u>345,681</u>	<u>328,111</u>
	<u>\$ 514,625</u>	<u>\$ 481,825</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Combined Statement of Operations

Year Ended December 31, 2011

	2011	2010
REVENUE		
Statement of Operations - General Fund	\$ 164,597	\$ 181,639
Statement of Operations - International Fund	50,845	57,076
Statement of Operations - Junior Fund	13,301	17,630
	<u>228,743</u>	<u>256,345</u>
EXPENSES		
Statement of Operations - General Fund	154,730	199,011
Statement of Operations - International Fund	55,443	26,001
Statement of Operations - Junior Fund	1,000	25,033
	<u>211,173</u>	<u>250,045</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 17,570</u>	<u>\$ 6,300</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - General Fund

Year Ended December 31, 2011

	2011	2010
REVENUE		
Advertising	\$ 2,190	\$ 1,990
Fair Market Value adjustment investments	(2,138)	1,639
Investment income	4,313	4,339
Memberships	72,614	76,954
Foreign exchange	102	-
Miscellaneous	4,658	-
Late fees	150	225
Canadian Bridge Championships - Schedule 1	36,889	49,091
Canadian National Team Championship - Schedule 1	7,121	8,562
Canadian Open Pairs Championship - Schedule 1	7,324	6,725
Canadian Women's Team Championship - Schedule 1	396	213
Rookie game - Schedule 1	3,249	3,392
Sectional Tournament at Clubs - Schedule 1	27,729	28,509
	<u>164,597</u>	<u>181,639</u>
EXPENSES		
ACBL service fee	4,012	4,109
Amortization	2,635	1,461
Annual general meeting	360	490
Audit	4,040	4,140
Bank charges	135	289
C.B.F. co-ordinator	42,217	42,811
Director's expenses	227	55
Director's meeting	10,852	10,277
Employee benefits	3,716	3,656
Hall of fame	1,875	1,434
Insurance	2,417	2,317
Internet and website maintenance	3,802	3,773
Miscellaneous	937	1,867
Office	7,618	6,787
Publication	9,755	52,644
Screens	491	300
Sponsorships	5,000	-
Telephone	1,259	1,097
Translations	400	400
VuGraph	1,176	1,400
Zone communications	950	-
Canadian Bridge Championships - Schedule 1	35,744	43,392
Canadian National Team Championship - Schedule 1	207	126
Canadian Open Pairs Championship - Schedule 1	116	126
Canadian Women's Team Championship - Schedule 1	45	-
Rookie game - Schedule 1	2,590	2,340
Sectional Tournament at Clubs - Schedule 1	12,154	13,720
	<u>154,730</u>	<u>199,011</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 9,867</u>	<u>\$ (17,372)</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - International Fund

Year Ended December 31, 2011

	2011	2010
REVENUE		
CBF Regional	\$ 19,484	\$ 15,671
International games	20,572	25,287
Fair Market Value adjustment to investments	(1,354)	1,038
Investment interest	3,343	4,480
Surtax - Bridge Week	8,800	10,600
	<u>50,845</u>	<u>57,076</u>
EXPENSES		
Bermuda Bowl	19,225	-
World Champ - Rosenblum	-	11,467
World Champ - McConnell	-	7,667
National Coaching	3,500	-
Senior Cup	15,625	6,867
Venice Cup	17,093	-
	<u>55,443</u>	<u>26,001</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ (4,598)</u>	<u>\$ 31,075</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - Junior Fund

Year Ended December 31, 2011

	2011	2010
REVENUE		
Games fees	\$ 728	\$ 495
Fair Market Value adjustment on investments	(1,259)	965
Investment income	3,124	2,867
Junior Fund Month	6,778	7,559
Other Month Junior Fund	3,930	5,744
	<u>13,301</u>	<u>17,630</u>
EXPENSES		
Coaching	1,000	5,000
Youth Team Subsidy	-	10,577
Miscellaneous	-	78
Schools Team Subsidy	-	9,378
	<u>1,000</u>	<u>25,033</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 12,301</u>	<u>\$ (7,403)</u>

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2011

	General Fund	International Fund	Junior Fund	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 119,880	\$ 126,525	\$ 81,706	\$ 328,111	\$ 321,811
Excess of revenue over expenses	9,867	(4,598)	12,301	17,570	6,300
Fund transfer (Note 10)	(10,000)	-	10,000	-	-
NET ASSETS - END OF YEAR	\$ 119,747	\$ 121,927	\$ 104,007	\$ 345,681	\$ 328,111

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flows Year Ended December 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 17,570	\$ 6,300
Item not affecting cash:		
Amortization of capital assets	2,635	1,461
	<u>20,205</u>	<u>7,761</u>
Changes in non-cash working capital:		
Accounts receivable	343	3,034
Accounts payable	(153)	(3,238)
Deferred revenue	17,968	6,717
Prepaid expenses	(5,319)	(664)
Termination liability	848	914
	<u>13,687</u>	<u>6,763</u>
Cash flow from operating activities	<u>33,892</u>	<u>14,524</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(4,978)	-
Investments	(3,179)	(14,300)
Cash flow used by investing activities	<u>(8,157)</u>	<u>(14,300)</u>
INCREASE IN CASH FLOW	25,735	224
CASH - BEGINNING OF YEAR	28,611	28,387
CASH - END OF YEAR	\$ 54,346	\$ 28,611

See accompanying notes

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2011

1. NATURE OF OPERATIONS

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

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

As of December 31, 2011 and December 31, 2010, the Federation does not have any financial instruments with embedded derivatives.

Fund accounting

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 player activities.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Bridge Screens	30%	declining balance method
Boards	30%	declining balance method
Computer equipment	30-50%	declining balance method
Equipment	20%	declining balance method

The Federation regularly reviews its capital assets to eliminate obsolete items.

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CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Membership is deferred and recognized in the period for which the membership relates.

Games revenue is recognized when the game is held.

Foreign currency translations

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. STATEMENT OF FINANCIAL POSITION BY FUND

	General Fund	International Fund	Junior Fund	2011	2010
<u>Assets</u>					
Cash	\$ 54,346	\$ -	\$ -	\$ 54,346	\$ 28,611
Investments	142,011	128,200	103,825	374,036	370,857
Accounts receivable	339	4,468	182	4,989	5,332
Prepaid expenses	7,397	4,259	-	11,656	6,337
Capital assets	5,126	-	-	5,126	2,783
	<u>209,219</u>	<u>136,927</u>	<u>104,007</u>	<u>450,153</u>	<u>413,920</u>
<u>Liabilities</u>					
Accounts payable	5,506	-	-	5,506	5,659
Deferred revenue	70,714	15,000	-	85,714	67,746
Termination liability	13,252	-	-	13,252	12,404
	<u>89,472</u>	<u>15,000</u>	<u>-</u>	<u>104,472</u>	<u>85,809</u>
	<u>\$ 119,747</u>	<u>\$ 121,927</u>	<u>\$ 104,007</u>	<u>\$ 345,681</u>	<u>\$ 328,111</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2011

4. INVESTMENTS

	2011	2010
Term deposits maturing between 01/09/12-01/25/13 with interest rates between 0.650%-4.95%.	\$ 304,004	\$ 297,740
Mutual funds, measured at fair value	70,032	73,117
Total	<u>\$ 374,036</u>	<u>\$ 370,857</u>

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Bridge Screens	\$ 7,911	\$ 3,769	\$ 4,142	\$ 1,368
Boards	1,500	1,194	306	437
Computer equipment	10,579	9,963	616	903
Equipment	3,498	3,436	62	75
	<u>\$ 23,488</u>	<u>\$ 18,362</u>	<u>\$ 5,126</u>	<u>\$ 2,783</u>

6. ERIN BERRY MEMORIAL FUND - ASSETS

	2011	2010
Cash	\$ 3,610	\$ 1,809
Term deposits maturing between 06/18/12-07/06/14 and bearing interest between 1.95%-3.20%	60,862	66,096
	<u>\$ 64,472</u>	<u>\$ 67,905</u>

7. DEFERRED REVENUE

	2011	2010
Advertising	\$ 630	\$ 630
Membership	60,075	57,668
CNTC - game fees	3,044	3,057
COPC - game fees	6,935	6,300
CWTC - game fees	30	91
2014 Regionals	15,000	-
	<u>\$ 85,714</u>	<u>\$ 67,746</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2011

8. 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%

	2011	2010
The following is a summary of activity for the year:		
Investment income	\$ 1,970	\$ 2,551
Bank charges	(30)	(30)
Postage	(113)	-
Subsidies paid	(5,260)	(4,097)
Net income (loss)	(3,433)	(1,576)
Balance of commitment - beginning of year	1,730	-
Permitted withdrawal of principal	3,043	3,306
Balance of commitment - end of year	\$ 1,340	\$ 1,730
Fund Balance		
Fund Balance - opening	\$ 67,905	\$ 69,481
Net income (loss)	(3,433)	(1,576)
Fund Balance - ending	\$ 64,472	\$ 67,905

9. 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 \$4,400 (2010 - \$4,378).

10. FUND TRANSFER

The Federation transferred 2011 - \$10,000 (2010 - \$Nil) from the General Fund to the Junior Fund.

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2011

11. COMPARATIVE FIGURES

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

12. FINANCIAL INSTRUMENTS

Fair value

The Federation's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these 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. The Federation is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. A significant portion of the membership revenue comes from the American Contract Bridge League (ACBL) so currency fluctuation may have an impact on these revenues.

Interest rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Federation manages exposure through its normal operating and financing activities. While the Federation has interest bearing investments, the return on these investments is not integral to the operation and this risk is nominal.

Liquidity risk

Liquidity risk is the risk that the Federation will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the Federation not being able to liquidate assets in a timely manner at a reasonable price.

The Federation's resources are sufficient to meet anticipated obligations and this risk is considered low.

CANADIAN BRIDGE FEDERATION INC.

Schedule of Championship Revenue and Expense Year Ended December 31, 2011

Schedule 1

2011						
	<u>CBC</u>	<u>COPC</u>	<u>CWTC</u>	<u>CNTC</u>	<u>Rookie</u>	<u>STAC</u>
REVENUE						
Fees	\$ 36,890	\$ 7,249	\$ 396	\$ 4,396	\$ 3,249	\$ 27,729
Individual	-	75	-	2,725	-	-
	<u>36,890</u>	<u>7,324</u>	<u>396</u>	<u>7,121</u>	<u>3,249</u>	<u>27,729</u>
EXPENSE						
Sanction fees	262	-	-	-	551	12,046
Coordinator	-	-	-	-	-	-
Screens	-	-	-	-	-	-
Directors	11,625	-	-	-	-	-
Caddies	2,145	-	-	-	-	-
Cash prizes	5,800	-	-	-	-	-
Duplication	3,000	-	-	-	-	-
Hospitality	1,270	-	-	-	-	-
Supplies	1,311	5	-	5	13	5
Miscellaneous	830	4	-	4	4	14
Printing	991	43	45	134	681	15
Plaques	397	-	-	-	382	-
Postage	64	64	-	64	959	74
Rent	8,050	-	-	-	-	-
	<u>35,745</u>	<u>116</u>	<u>45</u>	<u>207</u>	<u>2,590</u>	<u>12,154</u>
NET	\$ <u>1,145</u>	\$ <u>7,208</u>	\$ <u>351</u>	\$ <u>6,914</u>	\$ <u>659</u>	\$ <u>15,575</u>

2010						
	<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	6,743	-	-	-	-	-
	<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>