

CANADIAN BRIDGE FEDERATION INC.

Financial Statements

Year Ended December 31, 2013

Management's Responsibility for Financial Reporting

The financial statements of Canadian Bridge Federation Inc. have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. 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 Chartered Accountants LLP, in accordance with Canadian generally accepted auditing standards.


Executive Director

President

Regina, Saskatchewan
July 08, 2014

INDEPENDENT AUDITOR'S 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, 2013 and the statements of operations for General, International and Junior Funds, 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 Accounting Standards for Not-for-Profit Organizations, 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.

Auditor's 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 auditor's 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 not-for-profit organizations, the Federation derives revenue from memberships, donations and competition/game fees the completeness of which is not susceptible to 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 revenues, income (loss) from operations, current assets or 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 preceeding paragraph, the financial statements present fairly, in all material respects, the financial position of the Canadian Bridge Federation Inc. as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Regina, Saskatchewan
July 8, 2014


Mintz & Wallace
Chartered Accountants LLP

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position

December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 16,151	\$ 14,717
Investments (Note 3)	379,638	373,828
Accounts receivable	6,862	7,264
Prepaid expenses	6,521	13,672
	<u>409,172</u>	<u>409,481</u>
CAPITAL ASSETS (Note 4)	1,904	3,323
ERIN BERRY MEMORIAL FUND ASSET (Note 6)	58,435	61,413
	<u>\$ 469,511</u>	<u>\$ 474,217</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,500	\$ 5,033
Deferred revenue (Note 7)	91,660	95,877
Termination liability	14,888	14,067
	<u>112,048</u>	<u>114,977</u>
ERIN BERRY MEMORIAL FUND LIABILITY (Note 8)	58,435	61,413
	<u>170,483</u>	<u>176,390</u>
NET ASSETS		
General fund	135,834	131,633
International fund	93,177	108,917
Junior fund	70,017	57,277
	<u>299,028</u>	<u>297,827</u>
	<u>\$ 469,511</u>	<u>\$ 474,217</u>

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Combined Statement of Operations

Year Ended December 31, 2013

	2013	2012
REVENUES		
Statement of Operations - General Fund	\$ 181,987	\$ 177,818
Statement of Operations - International Fund	50,603	42,020
Statement of Operations - Junior Fund	12,740	11,519
	<u>245,330</u>	<u>231,357</u>
EXPENSES		
Statement of Operations - General Fund	177,442	165,932
Statement of Operations - International Fund	66,343	55,030
Statement of Operations - Junior Fund	-	58,249
	<u>243,785</u>	<u>279,211</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	1,545	(47,854)
OTHER INCOME		
Loss on disposal of assets	(344)	-
INCOME (LOSS) FROM OPERATIONS	\$ 1,201	\$ (47,854)

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - General Fund

Year Ended December 31, 2013

	2013	2012
REVENUE		
Advertising	\$ 1,889	\$ 1,712
Fair market value adjustment investments	3,039	1,490
Investment income	2,631	3,615
Memberships	76,248	75,722
Late fees	155	121
Canadian Bridge Championships (CBC) - Schedule 1	49,109	49,319
Canadian Open Pairs Championship (COPC) - Schedule 1	9,530	8,618
Canadian Women's Team Championship (CWTC) - Schedule 1	274	197
Canadian National Team Championship (CNTC) - Schedule 1	7,468	6,522
Rookie game - Schedule 1	3,114	3,085
Sectional Tournament at Clubs (STAC) - Schedule 1	28,530	27,417
	<u>181,987</u>	<u>177,818</u>
EXPENSES		
ACBL service fee	4,165	4,110
Amortization	1,075	1,679
Annual general meeting	973	658
Audit	4,715	4,426
Bank charges	148	360
C.B.F. co-ordinator	59,120	44,717
Director's expenses	836	156
Director's meeting	12,140	10,246
Employee benefits	4,798	3,722
Hall of fame	1,200	1,552
Insurance	2,463	2,462
Internet and website maintenance	3,897	3,986
Miscellaneous	926	1,187
Office	7,345	6,892
Publication	14,134	13,843
Screens	286	2,276
Telephone	1,602	1,364
Translations	500	575
VuGraph	1,348	1,260
Olympic committee	-	468
Canadian Bridge Championships (CBC) - Schedule 1	40,278	44,691
Canadian Open Pairs Championship (COPC) - Schedule 1	193	274
Canadian Women's Team Championship (CWTC) - Schedule 1	18	-
Canadian National Team Championship (CNTC) - Schedule 1	207	351
Rookie game - Schedule 1	2,534	2,295
Sectional Tournament at Clubs (STAC) - Schedule 1	12,541	12,382
	<u>177,442</u>	<u>165,932</u>
INCOME FROM OPERATIONS	<u>\$ 4,545</u>	<u>\$ 11,886</u>

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - International Fund

Year Ended December 31, 2013

	2013	2012
REVENUE		
CBF Regional	\$ 14,288	\$ 5,839
International games	22,361	20,958
Fair market value adjustment to investments	2,048	1,253
Investment interest	2,125	3,039
Surtax - Bridge Week	8,300	8,600
CBC Swiss	1,481	2,331
	<u>50,603</u>	<u>42,020</u>
EXPENSES		
World Bridge Games	-	40,597
National Coaching	5,000	3,500
Venice Cup	40,499	-
Uniforms	2,544	2,333
Surtax	8,300	8,600
Bi-Country	10,000	-
	<u>66,343</u>	<u>55,030</u>
LOSS FROM OPERATIONS	<u>\$ (15,740)</u>	<u>\$ (13,010)</u>

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - Junior Fund

Year Ended December 31, 2013

	2013	2012
REVENUE		
Games fees / donations	\$ 15	\$ 535
Fair market value adjustment on investments	1,519	643
Investment income	1,578	1,564
Junior Fund month	-	8,777
Junior ACBL	9,628	-
	<u>12,740</u>	<u>11,519</u>
EXPENSES		
Coaching	-	3,500
Youth Team subsidy	-	27,663
Schools Team subsidy	-	25,443
Uniforms	-	1,643
	<u>-</u>	<u>58,249</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 12,740</u>	<u>\$ (46,730)</u>

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2013

	General Fund	International Fund	Junior Fund	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 131,633	\$ 108,917	\$ 57,277	\$ 297,827	\$ 345,681
Income (loss) from operations	4,201	(15,740)	12,740	1,201	(47,854)
NET ASSETS - END OF YEAR	\$ 135,834	\$ 93,177	\$ 70,017	\$ 299,028	\$ 297,827

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flows Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Income (loss) from operations	\$ 1,201	\$ (47,854)
Items not affecting cash:		
Amortization of capital assets	1,075	1,679
Loss on disposal of assets	344	-
Fair market value adjustment to investments	(6,606)	(3,386)
	<u>(3,986)</u>	<u>(49,561)</u>
Changes in non-cash working capital:		
Accounts receivable	402	(2,275)
Accounts payable	467	(476)
Deferred revenue	(4,217)	10,163
Prepaid expenses	7,151	(2,016)
Termination liability	821	815
	<u>4,624</u>	<u>6,211</u>
Cash flow from (used by) operating activities	<u>638</u>	<u>(43,350)</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	-	127
Net investment activity	796	3,594
Cash flow from investing activities	<u>796</u>	<u>3,721</u>
INCREASE (DECREASE) IN CASH FLOW	1,434	(39,629)
CASH - BEGINNING OF YEAR	14,717	54,346
CASH - END OF YEAR	\$ 16,151	\$ 14,717

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2013

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

Basis of presentation

These financial statements are presented in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets include cash, investments, accounts receivable and Erin Berry Memorial assets. Mutual funds are a portion of investments and are reported at fair market value. All other financial assets are reported at amortized cost.

Financial liabilities include accounts payable, the termination liability and the Erin Berry Memorial liability which are reported at amortized cost.

Fund accounting

The accounts of the Federation have been separated into funds with the following purposes:

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.

Capital assets

Capital assets are stated at cost less accumulated amortization. One half of the normal amortization is claimed in the year of acquisition. 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

(continues)

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2013

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.

Memberships are recognized in the period for which the membership relates.

Games revenue is recognized when the game is held.

Advertising revenue is deferred and recognized in the period for which the advertising occurs.

Surtax revenue is recognized when the fee is received.

In the past, Junior fund month revenue was recognized in February when Junior fund games occurred. This has now changed and the American Contract Bridge League (ACBL) provides an annual allocation.

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. INVESTMENTS

	<u>2013</u>	<u>2012</u>
Term deposits maturing in 2014 with interest rates between .08% and 1.82%	\$ 118,089	\$ 212,033
Mutual funds, measured at fair value	261,549	161,795
Total	<u>\$ 379,638</u>	<u>\$ 373,828</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2013

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Bridge Screens	\$ 7,784	\$ 6,030	\$ 1,754	\$ 2,506
Boards	1,500	1,350	150	214
Computer equipment	-	-	-	553
Equipment	-	-	-	50
	<u>\$ 9,284</u>	<u>\$ 7,380</u>	<u>\$ 1,904</u>	<u>\$ 3,323</u>

5. STATEMENT OF FINANCIAL POSITION BY FUND

	General Fund	International Fund	Junior Fund	2013	2012
Assets					
Cash	\$ 16,151	\$ -	\$ -	\$ 16,151	\$ 14,717
Investments	207,302	102,319	70,017	379,638	373,828
Accounts receivable	504	6,358	-	6,862	7,264
Prepaid expenses	5,521	1,000	-	6,521	13,672
Capital assets	1,904	-	-	1,904	3,323
	<u>231,382</u>	<u>109,677</u>	<u>70,017</u>	<u>411,076</u>	<u>412,804</u>
Liabilities					
Accounts payable	5,499	-	-	5,499	5,033
Deferred revenue	75,160	16,500	-	91,660	95,877
Termination liability	14,888	-	-	14,888	14,067
	<u>95,547</u>	<u>16,500</u>	<u>-</u>	<u>112,047</u>	<u>114,977</u>
Net Assets	<u>\$ 135,835</u>	<u>\$ 93,177</u>	<u>\$ 70,017</u>	<u>\$ 299,029</u>	<u>\$ 297,827</u>

6. ERIN BERRY MEMORIAL FUND - ASSETS

	2013	2012
Cash	\$ 2,747	\$ 598
Term deposits maturing between 2014 and 2017 which bear interest between 2.15% and 3.20%.	<u>55,688</u>	<u>60,815</u>
	<u>\$ 58,435</u>	<u>\$ 61,413</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements Year Ended December 31, 2013

7. DEFERRED REVENUE

The following amounts were received prior to the yearend but were not earned.

	2013	2012
2014 & 2015 Regionals	\$ 16,500	\$ 16,500
Advertising	630	630
CNTC - game fees	2,566	1,760
COPC - game fees	7,580	7,654
CWTC - game fees	198	-
Membership	61,686	59,333
2013 & 2014 Championships	2,500	10,000
	<u>\$ 91,660</u>	<u>\$ 95,877</u>

8. ERIN BERRY MEMORIAL FUND - LIABILITY

This 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%

	2013	2012
The following is a summary of activity for the year:		
Investment income	\$ 1,695	\$ 1,657
Bank charges	(33)	(41)
Subsidies paid	<u>(4,640)</u>	<u>(4,675)</u>
Net income (loss)	(2,978)	(3,059)
Balance of commitment - beginning of year	1,321	1,340
Permitted withdrawal of principal	<u>2,784</u>	<u>3,041</u>
Balance of commitment - end of year	<u>\$ 1,127</u>	<u>\$ 1,321</u>
Memorial Liability		
Memorial liability - opening	\$ 61,413	\$ 64,472
Net income (loss)	<u>(2,978)</u>	<u>(3,059)</u>
Memorial liability - ending	<u>\$ 58,435</u>	<u>\$ 61,413</u>

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2013

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 was reimbursed by CBFCF for direct costs reported at their carrying value. These costs include compensation for time invested by the Coordinator, trustee expenses and related office expenses. At year-end CBF had an outstanding receivable from CBFCF of \$Nil (2012 - \$60).

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 paid sanction fees. At year-end CBF had an outstanding receivable from ACBL with a carrying value of \$5,886 (2012 - \$5,704).

The Federation is economically dependent on the ACBL in that it relies upon this sanctioning body to maintain its membership base and collect the related dues.

10. FINANCIAL INSTRUMENTS

The Federation is exposed to various risks through its financial instruments and has a responsibility to monitor, evaluate and manage these risks. The following analysis provides information about the Federation's risk exposure and concentration as of December 31, 2013.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Federation is exposed to credit risk from customers. The Federation has a significant number of customers which minimizes concentration of credit risk. The ACBL is a significant debtor but settles its balances on a current basis. This risk is considered low.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities 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 receives membership revenues in advance and takes care to set aside these monies so they will be available to satisfy obligations to members in a future period.

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

Interest rate risk

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.

CANADIAN BRIDGE FEDERATION INC.

Schedule of Championship Revenue and Expenses Year Ended December 31, 2013

Schedule 1						
2013						
	CBC	COPC	CWTC	CNTC	Rookie	STAC
REVENUE						
Fees	\$ 41,609	\$ 9,155	\$ 274	\$ 2,747	\$ 3,114	\$ 28,530
Individual	-	375	-	4,721	-	-
Tourism	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>49,109</u>	<u>9,530</u>	<u>274</u>	<u>7,468</u>	<u>3,114</u>	<u>28,530</u>
EXPENSES						
Sanction fees	220	-	-	-	562	12,271
Directors	12,380	-	-	-	-	-
Caddies	1,720	-	-	-	-	-
Cash prizes	5,650	-	-	-	-	-
Duplication	2,070	-	-	-	-	-
Hospitality	4,843	-	-	-	-	-
Free plays	515	-	-	-	-	-
Supplies	2,904	14	-	14	36	14
Miscellaneous	1,824	5	-	5	3	166
Printing	786	84	18	98	845	34
Plaques	485	-	-	-	389	-
Postage	77	90	-	90	699	56
Rent	<u>6,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>40,278</u>	<u>193</u>	<u>18</u>	<u>207</u>	<u>2,534</u>	<u>12,541</u>
INCOME FROM OPERATIONS	<u>\$ 8,831</u>	<u>\$ 9,337</u>	<u>\$ 256</u>	<u>\$ 7,261</u>	<u>\$ 580</u>	<u>\$ 15,989</u>

2012						
	CBC	COPC	CWTC	CNTC	Rookie	STAC
REVENUE						
Fees	\$ 44,919	\$ 8,268	\$ 197	\$ 4,601	\$ 3,085	\$ 27,417
Individual	-	350	-	1,921	-	-
Tourism	<u>4,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>49,319</u>	<u>8,618</u>	<u>197</u>	<u>6,522</u>	<u>3,085</u>	<u>27,417</u>
EXPENSES						
Sanction fees	215	-	-	-	536	12,116
Directors	12,995	-	-	-	-	-
Caddies	1,850	-	-	-	-	-
Cash prizes	5,650	-	-	-	-	-
Duplication	1,760	-	-	-	-	-
Hospitality	3,017	-	-	-	-	-
Free plays	998	-	-	-	-	-
Supplies	2,934	8	-	7	22	8
Miscellaneous	793	4	-	4	3	171
Printing	822	146	-	195	624	48
Plaques	485	-	-	-	435	-
Postage	30	116	-	145	675	39
Rent	<u>13,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>44,691</u>	<u>274</u>	<u>-</u>	<u>351</u>	<u>2,295</u>	<u>12,382</u>
INCOME FROM OPERATIONS	<u>\$ 4,628</u>	<u>\$ 8,344</u>	<u>\$ 197</u>	<u>\$ 6,171</u>	<u>\$ 790</u>	<u>\$ 15,035</u>