CANADIAN BRIDGE FEDERATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

GARY J. WESTFALL
CHARTERED PROFESSIONAL ACCOUNTANT
38 MALLARD CRESCENT
BRAMALEA, ONTARIO
L6S 2T6
TELEPHONE (905) 791-4239

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Bridge Federation Inc,

Unqualified Opinion

I have audited the financial statements of Canadian Bridge Federation Inc., which comprise the statement of financial position as at December 31, 2022, and the statement of operations for General, International and Junior Funds, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Unqualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada. And I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my **unqualified** audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to do so,

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements that arise from fraud or error and are considered material if, individually or in the aggregate, they could be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding' among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Brampton, Ontario GJWestfall CPA

May 8, 2023 G J Westfall CPA Licensed Public Accountant

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position

December 31, 2022

		2022	2021
		$	$
ASSETS			
CURRENT			
Cash		164,626	230,269
Investments	*(Note 3)*	353,848	392,754
Accounts receivable	*(Note 4)*	15,191	10,029
Inventory (Shirts)		4,330	6,775
Prepaid expenses		3,124	3,279
TOTAL		**541,119**	**643,106**
CAPITAL ASSETS	*(Note 5)*	657	920
ERIN BERRY MEMORIAL FUND ASSET	*(Note 7)*	33,998	39,281
TOTAL ASSETS		**575,774**	**683,307**
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	*(Note 6)*	60,544	91 695
Deferred revenue	*(Note 8)*	87,419	103,778
Termination liability	*(Note 9)*	7,149	6,337
TOTAL		**155,112**	**201,810**
CEBA LOAN	*(Note 13)*		60,000
ERIN BERRY MEMORIAL FUND LIABILI	*(Note 7)*	33,998	39,281
TOTAL LIABILITIES		**189,110**	**301,091**
NET ASSETS			
General fund		20,368	41,090
International fund		123,484	96,218
Junior fund		242,812	244,908
TOTAL NET ASSETS		**386,664**	**382,216**
TOTAL		**575,774**	**683,307**

ON BEHALF OF THE BOARD

K Macnab ________________ Director

Shelley Burns ________________ Director

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations

Year Ended December 31, 2022

	2022	2021
	$	$
REVENUE		
Memberships	81,017	84,148
International Fund	78,317	55,106
Junior Fund	31,889	31,097
CEBA Loan Forgiveness *(Note 13)*	20,000	
Sectional Tournament at Clubs (STAC)	80	-
Online teams	4,330	9,522
Advertising	1,350	1,350
Investment and Mutual Fund Income (Loss)	(38,905)	25,814
Online pairs game	2,327	1,462
TOTAL REVENUE	180,405	208,499
EXPENSES		
Office	59,774	58,147
International Fund	41,035	69,845
Junior Fund	20,000	20,000
CBF Magazine	23,801	21,105
ACBL	2,729	2,884
Professional fees	22,013	19,743
Marketing consultant	-	1,000
Insurance	2,291	1,920
Bank and credit card charges	2,848	2,202
Amortization	263	263
Miscellaneous	1,203	6,973
TOTAL EXPENSES	175,957	204,082
INCOME (LOSS) FROM OPERATIONS	4,448	4,417

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
	$	$
OPERATING ACTIVITIES		
Income (Loss) from operations	4,448	4,417
Items not affecting cash		
Amortization of capital assets	263	263
Loss on disposal of assets	-	-
Fair market value adjustment to investments	38,905	(25,813)
	43,616	(21,133)
Changes in non-cash working capital		
Accounts receivable	(5,162)	4,756
Shirt Inventory	2,445	-
Prepaid expenses	155	(282)
Accounts payable	(31,151)	72,283
Deferred revenue	(16,359)	(15,123)
Termination liability	813	831
CEBA loan	(60,000)	-
	(109,259)	62,465
Cash flow from operating activities	(65,643)	41,332
CEBA LOAN	-	-
INCREASE IN CASH FLOW	(65,643)	41,332
CASH - BEGINNING OF YEAR	230,269	188,937
CASH - END OF YEAR	164,626	230,269

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2022

	General Fund	International Fund	Junior Fund	2022	2021
	$	$	$	$	$
NET ASSETS - BEGINNING OF YEAR	41,090	96,218	244,908	382,216	377,799
Income (loss) from operations	(20,722)	27,266	(2,096)	4,448	4,417
NET ASSETS - END OF YEAR	20,368	123,484	242,812	386,664	382,216

See notes to financial statements

1 NATURE OF OPERATIONS

The Canadian Bridge Federation Inc. is a non-profit organization which provides funding to bridge players and organizes 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 instruments are reported at amortized cost.

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

Fund accounting

The funds of the Federation have been separated into fund 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 activity.

(continues)

2 Capital assets Change in Accounting Policy

Capital assets are stated at cost less accumulated amortization. One half of the normal amortization is claimed in the year of acquisition. In 2017, the Organization changed their amortization policy to a 5 year straight line basis from a declining balance basis.

Bridge screens	5 years straight line
Boards	5 years straight line
Computer equipment	5 years straight line
Equipment	5 years straight line

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 recognized in the period for which the advertising occurs.

Surtax revenue is recognized on an accrual basis.

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

Foreign currency transactions

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.

(continues)

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2022

3 INVESTMENTS

	2022	2021
	$	$
Fixed Income	184,001	208,160
Equity	169,847	184,594
TOTAL	353,848	392,754

4 ACCOUNTS RECEIVABLE

	2022	2021
ACBL memberships	13,029	8,043
Others	1,525	1,845
HST	637	141
TOTAL	**15,191**	**10,029**

5 CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	$	$	$	$
Bridge screens	7,784	7,784	-	-
Boards and cases	8,818	8,818	-	-
Projectors	519	519	-	-
Computer	1,315	658	657	920
TOTAL	18,436	17,779	657	920

6 ACCOUNTS PAYABLE

	2022	2021
2023 World Juniors Championship	40,000	-
Expense reimbursements	12,572	8,831
Professional fees	7,876	5,992
World Bridge Federation dues	-	4,590
CRA	96	-
TOTAL	**60,544**	**19,413**

The CBF receives $25,000 US annually from the ACBL to help pay for the cost of the World Junior Championships. COVID - 19 resulted in the cancellation of the 2020 and 2022 Championships. The next Juniors is scheduled to take place in 2023. It cost approximately $60,000 to send the Junior teams. $20,000 is going to be expensed annually for the next 3 years to match the income with the expenses.

(continues)

7 ERIN BERRY MEMORIAL FUND

ASSETS

	2022	2021
	$	$
Cash	33,998	39,281

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%

Memorial Liability

	2022	2021
Memorial liability - opening	39,281	39,344
Bank charges	(33)	(63)
Subsidies paid	(5,250)	-
Net income (loss)	(5,283)	(63)
Memorial liability - ending	33,998	39,281

8 DEFERRED REVENUE

The following amounts were received prior to the year-end but were not earned.

	2022	2021
	$	$
Membership	79,859	87,566
Entries and game fees	7,560	16,212
	87,419	103,778

9 TERMINATION LIABILITY

The termination liability is payable on termination of the employee as per the termination agreement.

(continues)

10 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. At year end CBF had no oustanding receivable

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 $13,029 (2021 - $8,4043).

11 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 at December 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Federation is exposed to credit risks 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 the risk is nominal.

(continues)

12 COMPARATIVE FIGURES

Certain comparative numbers have been reclassified to conform to the current year's presentation.

13 CANADIAN EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN

The Canadian Bridge Federation applied for a $40,000 Canadian Emergency Business Account (CEBA loan). The loan was approved and deposited in the bank account of the Canadian Bridge Federation on May 14, 2020. The CBF received another $20,000 on December 29, 2020.

Under the terms of the loan $20,000 would be forgiven if repaid by December 31, 2022. This loan was repaid on August 18, 2022. The $20,000 of the loan that was forgiven has been shown as revenue.

14 COVID 19 PANDEMIC

Due to the pandemic, our revenues have been negatively impacted by the club closures, cancellation of tournaments and market conditions.

The CBF participated in International competitions during the year.

These notes are an integral part of the Financial Statements.

CANADIAN BRIDGE FEDERATION INC.

Schedule 1

Statement of Operations - General Fund

Year Ended December 31, 2022

	2022	2021
	$	$
REVENUE		
Memberships	81,017	84,148
CEBA Loan Forgiveness	20,000	-
Investment and Mutual Fund Income (Loss)	(14,904)	9,889
Online teams	4,330	9,522
Advertising	1,350	1,350
Sectional Tournament at Clubs (STAC)	80	-
Online pairs game	2,327	1,462
TOTAL REVENUE	**94,200**	**106,371**
EXPENSES		
Office	59,774	58,147
CBF Magazine	23,801	21,105
ACBL	2,729	2,884
Professional fees	22,013	19,743
Marketing	-	1,000
Insurance	2,291	1,920
Bank and credit card charges	2,848	2,202
Amortization	263	263
Miscellaneous	1,203	6,973
TOTAL EXPENSES	**114,922**	**114,237**
INCOME (LOSS) FROM OPERATIONS (*Note 13*)	**(20,722)**	**(7,866)**

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - International Fund

Year Ended December 31, 2022

	2022	2021
	$	$
REVENUE		
Canadian Bridge Championships (CBC)	41,270	41,272
CNTC club qualifying	16,661	-
International Fund games at clubs	137	-
ACBL International Fund	7,576	1,395
World Bridge dues - ACBL contribution	12,673	12,439
Investment and Mutual Fund Income (Loss)	(10,016)	6,646
TOTAL REVENUE	68,301	61,752
EXPENSES		
CBC Expenses	19,738	4,436
World Bridge Federation dues	5,363	5,409
World Team Games	7,500	40,755
Entry fees	6,470	17,745
Uniforms	1,964	1,500
TOTAL EXPENSES	41,035	69,845
INCOME (LOSS) FROM OPERATIONS	**27,266**	**(8,093)**

CANADIAN BRIDGE FEDERATION INC.

Schedule 3

Statement of Operations - Junior Fund

Year Ended December 31, 2022

	2022	2021
	$	$
REVENUE		
Junior ACBL	25,000	25,000
US exchange	6,289	6,097
Donations	600	-
Canadian Youth trials	-	-
Investment and Mutual Fund Income (Loss)	(13,985)	9,279
TOTAL REVENUE	17,904	40,376
EXPENSES		
World Junior Games	20,000	20,000
Canadian youth trials	-	-
TOTAL EXPENSES	20,000	20,000
INCOME (LOSS) FROM OPERATIONS	**(2,096)**	**20,376**