

CANADIAN BRIDGE FEDERATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CANADIAN BRIDGE FEDERATION

May 23, 2018

Gary J Westfall
Chartered Professional Accountant
38 Mallard Crescent
Bramalea, Ontario
L6S 2T6

Dear sir:

We are providing this letter in connection with your audit of the financial statement of Canadian Bridge Federation as of December 31, 2017 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Canadian Bridge Federation in accordance with Canadian generally accepted accounting principles.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.

Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of May 23, 2018, the following representations made to you during your audit.

Financial Statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the entity as at December 31, 2016, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Completeness of Information

2. We have made available to you all financial records and related data and all minutes of the meetings of directors and committees of directors.
3. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a

contingent loss.

6. We have identified to you all known related parties and related parties transactions, including guarantees, non-monetary transactions and transactions for no consideration.
7. There have been no communications from regulatory agencies concerning noncompliance with or Deficiencies in financial reporting practices.

Fraud and Error

8. We have no knowledge of fraud or suspected fraud affecting the entity involving management; employees who have significant roles in internal control; or others, where the fraud could have a nontrivial effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
10. We believe that the effects of the uncorrected financial statements misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, Measurement and Disclosure

11. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
13. All related party transactions have been appropriately recorded, measured and disclosed in the financial statements.
14. All donations received in the year have been appropriately measured and disclosed in the financial statements.
15. The nature and amount of any restrictions on funds received or held by the entity have been disclosed in the financial statements.
16. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
17. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
18. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
19. The entity has satisfactory title to all assets, and there are no liens or encumbrances on the entity's assets.
20. We have disclosed to you, and the entity has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
21. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.

Yours truly,

Nader Hanna
President

Ina Demme
Administrator

CANADIAN BRIDGE FEDERATION INC.

Statement of Financial Position

December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
ASSETS		
CURRENT		
Cash	74,517	55,362
Investments	327,312	341,066
Accounts receivable	24,494	29,760
HST receivable	1,166	3,493
Prepaid expenses	4,584	3,335
	<u>432,073</u>	<u>433,016</u>
CAPITAL ASSETS	<i>(Note 4)</i>	3,526
ERIN BERRY MEMORIAL FUND ASSET	<i>(Note 6)</i>	47,533
	<u>46,233</u>	<u>47,533</u>
	<u>481,240</u>	<u>484,075</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	40,854	43,839
HST payable	-	-
Deferred revenue <i>(Note 7)</i>	88,354	96,550
Termination liability	3,136	2,342
	<u>132,344</u>	<u>142,731</u>
ERIN BERRY MEMORIAL FUND LIABILITY	<i>(Note 8)</i>	47,533
	<u>46,233</u>	<u>47,533</u>
	<u>178,577</u>	<u>190,264</u>
NET ASSETS		
General fund	126,110	139,411
International fund	40,241	56,136
Junior fund	136,312	98,264
	<u>302,663</u>	<u>293,811</u>
	<u>481,240</u>	<u>484,075</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, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
REVENUE		
Statement of Operations - General Fund	178,741	226,204
Statement of Operations - International Fund	42,058	35,899
Statement of Operations - Junior Fund	<u>38,048</u>	<u>45,482</u>
	<u>258,847</u>	<u>307,585</u>
EXPENSES		
Statement of Operations - General Fund	208,666	194,760
Statement of Operations - International Fund	57,953	68,397
Statement of Operations - Junior Fund	<u>-</u>	<u>42,254</u>
	<u>266,619</u>	<u>305,411</u>
<u>INCOME (LOSS) BEFORE PRIOR PERIOD ADJUSTMENT</u>	<u>(7,772)</u>	<u>2,174</u>
PRIOR PERIOD ADJUSTMENT	<u>16,624</u>	<u>0</u>
INCOME (LOSS) FOR THE YEAR	<u><u>8,852</u></u>	<u><u>2,174</u></u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - General Fund

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
REVENUE		
Advertising		1,244
Audrey Grant seminars	4,694	11,718
Fair market value adjustment investments	6,155	7,786
Memberships	90,435	81,841
Online teams	1,211	1,518
Canadian Bridge Championships (CBC) - Schedule 1	46,478	51,188
Canadian Open Pairs Championship (COPC) - Schedule 1	8,635	9,090
Canadian Women's Team Championship (CWTC) - Schedule 1	-	99
Canadian National Team Championship (CNTC) - Schedule 1	2,336	3,392
Rookie game - Schedule 1	1,233	2,396
Miscellaneous revenue	(2,795)	10,085
Donation		25,000
Sectional Tournament at Clubs (STAC) - Schedule	20,359	20,847
	<u>178,741</u>	<u>226,204</u>
TOTAL REVENUE		
	<u>178,741</u>	<u>226,204</u>
EXPENSES		
ACBL service fee	3,662	3,493
Amortization	1,893	2,377
Annual general meeting	510	667
Audit and bookkeeping	9,991	7,100
Audrey Grant seminars	-	15,240
Bank and credit card charges	1,856	2,414
C.B.F. co-ordinator	44,615	43,533
Director's expenses	9,566	5,175
Director's meeting	3,300	3,798
Employee benefits	3,703	2,992
Hall of Fame	1,282	870
Insurance	3,910	1,389
Internet and website maintenance	3,340	2,533
Office	10,505	9,614
Publication	19,911	23,013
VuGraph		1,405
Miscellaneous	7,576	4,724
Canadian Bridge Championships (CBC) - Schedule 1	62,046	45,489
Rookie game - Schedule 1	1,748	1,540
Sectional Tournament at Clubs (STAC) - Schedule	19,252	17,394
	<u>208,666</u>	<u>194,760</u>
TOTAL EXPENSES		
	<u>208,666</u>	<u>194,760</u>
INCOME (LOSS) FROM OPERATIONS	<u>(29,925)</u>	<u>31,444</u>

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - International Fund

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
REVENUE		
CBF Regional	20,000	6,203
International games	17,887	20,838
Fair market value adjustment investments	1,851	6,391
Investment interest		
Surtax - Bridge Week	-	-
CBC Swiss	<u>2,320</u>	<u>2,464</u>
TOTAL REVENUE	<u>42,058</u>	<u>35,896</u>
EXPENSES		
World Team Games	56,275	66,245
National Coaching	-	-
Uniforms	1,678	2,152
Other	-	-
Bi-Country	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>57,953</u>	<u>68,397</u>
INCOME (LOSS) FROM OPERATIONS	<u>(15,895)</u>	<u>(32,501)</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Operations - Junior Fund

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
REVENUE		
Junior ACBL	25,000	25,000
US exchange	8,208	12,462
Donations	1,600	1,166
Fair market value adjustment investments	<u>3,240</u>	<u>6,854</u>
TOTAL REVENUE	<u>38,048</u>	<u>45,482</u>
EXPENSES		
Air fare	-	19,790
Entry fees and Accomodations	-	20,315
Visas		
Honorarium	-	500
Coaching		
Uniforms	-	1,649
Other expenses		
	<u>-</u>	<u>42,254</u>
TOTAL EXPENSES	<u>-</u>	<u>42,254</u>
INCOME (LOSS) FROM OPERATIONS	<u>38,048</u>	<u>3,228</u>

CANADIAN BRIDGE FEDERATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2017

	General Fund	International Fund	Junior Fund	2017	2016
	\$	\$	\$	\$	\$
NET ASSETS - BEGINNING OF YEAR	<u>139,411</u>	<u>56,136</u>	<u>98,264</u>	<u>293,811</u>	<u>291,637</u>
Income (loss) from operations	<u>(13,301)</u>	<u>(15,895)</u>	<u>38,048</u>	<u>8,852</u>	<u>2,174</u>
NET ASSETS - END OF YEAR	<u>126,110</u>	<u>40,241</u>	<u>136,312</u>	<u>302,663</u>	<u>293,811</u>

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Statement of Cash Flows

Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
OPERATING ACTIVITIES		
Income from operations	8,852	2,174
Items not affecting cash		
Amortization of capital assets	1,893	2,377
Loss on disposal of assets		
Fair market value adjustment to investments	<u>(11,246)</u>	<u>(21,031)</u>
	<u>(501)</u>	<u>(16,480)</u>
Changes in non-cash working capital		
Accounts receivable	5,266	(10,597)
HST receivable	2,327	
Prepaid expenses	(1,249)	(557)
Purchase Capital Assets	(1,301)	-
Accounts payable	(2,985)	20,311
Deferred revenue	(8,196)	16,486
Termination liability	<u>794</u>	<u>795</u>
	<u>(5,344)</u>	<u>26,438</u>
Cash flow from operating activities	<u>(5,845)</u>	<u>9,958</u>
INVESTING ACTIVITIES		
Net investment activity	<u>25,000</u>	<u>-</u>
Cash flow from investing activities	<u>25,000</u>	<u>-</u>
INCREASE IN CASH FLOW	19,155	1,858
CASH - BEGINNING OF YEAR	<u>55,362</u>	<u>53,504</u>
CASH - END OF YEAR	<u>74,517</u>	<u>55,362</u>

See notes to financial statements

CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2017

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.

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CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2017

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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. During the year, 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 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 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.

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CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2017

3 INVESTMENTS

	2017	2016
	\$	\$
Term deposits maturing in 2019 with interest rate of 2.2%	93,166	91,166
Mutual funds, measured at fair value	234,145	249,901
TOTAL	327,311	341,067

4 CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
	\$	\$	\$	\$
Bridge screens	7,784	7,784	-	-
Boards and cases	7,318	5,763	1,555	3,110
Projectors	1,039	831	208	416
Computer	1,301	130	1,171	-
Boards	1,500	1,500	-	-
TOTAL	18,942	16,008	2,934	3,526

5 STATEMENT OF FINANCIAL POSITION BY FUND

	General Fund	International Fund	Junior Fund	2017	2016
	\$	\$	\$	\$	\$
Assets					
Cash	74,517	-	-	74,517	53,504
Investments	173,311	17,689	136,312	327,312	320,035
Accounts receivable					
receivable	24,494	-	-	24,494	19,163
HST receivable	1,166	-	-	1,166	-
Prepaid expenses	4,584	-	-	4,584	2,778
Capital assets	2,934	-	-	2,934	5,903
	281,006	17,689	136,312	435,007	401,383
Liabilities					
Accounts payable	40,854	-	-	40,854	23,397
HST payable	-	-	-	-	4,607
Deferred revenue	88,354	-	-	88,354	80,064
Termination liability	3,136	-	-	3,136	1,547
	132,344	-	-	132,344	109,615
Net Assets	148,662	17,689	136,312	302,663	291,768

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CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2017

6 ERIN BERRY MEMORIAL FUND - ASSETS

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash	55,788	45,607
Term deposits maturing between 2016 and 2017 which bear interest between 2.15% and 3.20%.	-	10,000
Due to Canadian Bridge Federation	<u>9,555</u>	<u>8,075</u>
	<u>46,233</u>	<u>47,532</u>

7 DEFERRED REVENUE

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Kingston regionals	-	10,000
CNTC - game fees	724	1,081
COPC - game fees	4,185	5,037
Membership	83,391	80,343
Audrey Grant seminars	<u>-</u>	<u>89</u>
	<u>88,300</u>	<u>96,550</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%

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CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2017

8

	<u>2017</u>	<u>2016</u>
	\$	\$
The following is a summary of activity for the year:		
Investment income	231	554
Bank charges	(50)	(30)
Subsidies paid	<u>(1,480)</u>	<u>(4,900)</u>
Net income (loss)	<u>(1,299)</u>	<u>(4,376)</u>
Balance of commitment - beginning of year	4,033	3,218
Permitted withdrawal of principal	<u>4,753</u>	<u>5,191</u>
Balance of commitment - end of year	<u>7,487</u>	<u>4,033</u>
Memorial Liability		
Memorial liability - opening	47,532	51,908
Net income (loss)	<u>(1,299)</u>	<u>(4,376)</u>
Memorial liability - ending	<u>46,233</u>	<u>47,532</u>

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 cost include compensation for time invested by the Coordinator, trustee expenses and related office expenses. At year-end CBF had an outstanding payable to CBFCF of \$1,702 (2016 - receivable of \$5,,420).

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 \$12,931 (2016 - \$14,965).

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 at December 31, 2017.

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CANADIAN BRIDGE FEDERATION INC.

Notes to Financial Statements

Year Ended December 31, 2017

10

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.

These notes are an integral part of the Financial Statements.

CANADIAN BRIDGE FEDERATION INC.

Statement of Championship Revenue and Expenses

Year Ended December 31, 2017

Schedule 1

2017

	CBC	COPC	CWTC	CNTC	Rookie	STAC
	\$	\$	\$	\$	\$	\$
REVENUE						
Fees	46,478	8,635	-	2,336	1,233	20,359
Individual						
Tourism						
	46,478	8,635	-	2,336	1,233	20,359
EXPENSES						
Sanction fees					- 468	19,252
Directors	26,163					
Caddies	1,600					
Cash prizes	5,650					
Duplication	2,740					
Hospitality	8,710					
Miscellaneous	617				200	
Screens	3,076					
Booklet	745					
Plaques	554				193	
Supplies	-				1,823	
Rent	12,191					
	62,046	-	-	-	1,748	19,252
INCOME FROM OPERATIONS	(15,568)	8,635	-	2,336	(515)	1,107

CANADIAN BRIDGE FEDERATION INC.

Statement of Championship Revenue and Expenses

Year Ended December 31, 2016

Schedule 1

2016

	CBC	COPC	CWTC	CNTC	Rookie	STAC
	\$	\$	\$	\$	\$	\$
REVENUE						
Fees	47,058	9,090	99	3,392	2,396	20,847
Individual						
Tourism	4,130					
	51,188	9,090	99	3,392	2,396	20,847
EXPENSES						
Sanction fees					468	17,394
Directors	20,231					
Caddies	2,520					
Cash prizes	5,650					
Duplication	1,021					
Hospitality	3,389					
Miscellaneous	2,908				100	
Table rental	874					
Booklet	501					
Plaques	486				275	
Supplies	1,590				697	
Rent	6,319					
	45,489	-	-	-	1,540	17,394
INCOME FROM OPERATIONS	5,699	9,090	99	3,392	856	3,453