

# **The Chess Federation of Canada**

## **La Fédération canadienne des échecs**

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**July 6, 2004**

### **President's Message**

This is an extra issue of the GL to provide material that will be voted on at the AGM. The motions have been added at the end of the issue in the revised proxy section.

There is one bid for 2005 Canadian Open and CYCC from the Alberta Chess Association. I recommend that Governors approve it.

The 2006 Canadian Open would normally be awarded at the 2005 AGM. I therefore ask Governors to alert us if there are other organizers that want to bid on the Canadian Open and CYCC in 2006. The incoming AGM can then defer the vote on the bid from Kitchener to the next GL to accommodate such bidders. I think awarding the Canadian Open and CYCC early is good in practice.

I would like to recommend to Governors that they vote for the current Executive that is running again and Nathan Divinsky as FIDE Representative and Lyle Craver as Secretary.

Nathan Divinsky has agreed to be our FIDE Representative. He is a former CFC President and has participated in several FIDE meetings in the past few decades. Lyle Craver has an unparalleled record as a CFC Secretary – he produced nine GLs in one year the last time he held the post.

I would like to ask for your support for a second term as CFC President. In many ways it was a difficult year for me and the CFC. There were a lot of changes to the way the CFC does business. The magazine was renamed back to Chess Canada Echecs and we achieved significant savings in its production (\$7,278). As CFC President I changed the way the CFC fundraises and handles donations. Donations to the CFC in 2004 are \$48,178 vs. \$16,310 in 2003. This represents funds that went to chess players representing Canada in some capacity internationally or to promoting chess in Canada. This makes a big difference!

Please forward your proxies to a Governor going to the AGM. If you are forwarding proxies to the CFC Office it will be closed as of Thursday July 8. If you are forwarding proxies to me directly I will be driving up to Kapuskasing Friday, July 9<sup>th</sup>. After that you can e-mail proxies to Ellen Nadeau in Kapuskasing. I would like to thank my Executive and CFC Governors for their support in the last year.

Halldor P. Palsson  
President

Chess Federation of Canada

## **CFC Youth Coordinator Report**

This year was quite busy for me. I started the year off with coordinating the Youth players that were representing Canada at the World Youth Chess Championships. We secured Yan Teplitsky as the coach for the team and made the arrangements with the organizing committee in Greece.

Since I felt it was unfair to have players at the CYCC play seven good games with a time control similar to that of the WYCC and then if they were tied for a top 3 spot in their section, have to play anywhere from an active time control to as short as a blitz time control to decide final placement, I asked the executive to approve inviting any players that even tied for the top 3 spots in each section. This was approved.

In all, we took 27 players to the WYCC! We scored quite respectably too. Since there is really only one official representative from each federation in each section of the World Youth, I took a statistic based on our top scorer in each section versus the top scorer from each other federation represented.

Based on this, out of 84 countries represented, Canada came 15th! Quite respectable indeed. (Please temper this with the knowledge that some countries did not have entries in every section like Canada did. China, in fact, only had 9 of 10 sections entered and in fact outscored Canada.)

At the World Youth, I was also selected to act as a senior Arbiter for the Under 14 boys section. During my work there, I met and became friends with Mr. Gerry Walsh, President to the British Chess Federation. I plan on making use of this contact for my dealings with our own government as I try to secure more support for Chess in Canada.

Next came the Canadian Junior and the Pan Am Qualifier tournaments. After many challenges with these tournaments, they were successfully run in Alberta by the Alberta Chess Association.

Due to low numbers in the Pan Am Qualifier, I would like to open discussions as to whether it might be a better idea to qualify players from the CYCC to the Pan American Youth Chess Festival as well (as was done a few years ago.) The bigger issue here will be finances - how can we raise the finances to send our players to this tournament as well as the WYCC.

Just recently, I went with a strong group of Youth players to Florida to compete in the North American and Caribbean Youth Chess Championships. In all, we had 34 players attend this, the first annual of it's kind. Out of 47 trophies awarded at this tournament (top 10 in each section - only 7 in the 18 and under section) Canadians came home with 24 of them! Over half of the awards went to Canadian Youths!

I have assembled a number of papers and studies on the Benefits of Chess in Education and am currently using them in talks with some school boards and the Ministry of Education about the possibility of incorporating chess into the school curriculum. I am only at the beginning stages of this

just now, but hopefully will be pushing this hard during the next few months. I hope to be able to run our own set of studies in our own school boards to prove to our governments how much of a benefit this will be. If anyone in the chess community has information, studies of their own, or even just anecdotes that they feel would support my talks with the Ministries of Education and/or school boards, please contact me at: [patrick@psmcd.net](mailto:patrick@psmcd.net). I would like to act as a central coordinating point for any of these initiatives as I feel that together and coordinated, we can be much more powerful and effective. Also, if anyone would like to get a copy of these reports and studies that I have compiled, please feel free to contact me.

I have also made initial contacts with the federal government (on hold now because of the election of course) with the goal of having chess officially recognized as a sport. I plan on circulating a letter draft for governors and other chess enthusiasts in Canada to send to their own MP's once I learn a bit more of the ropes and red tape that we will have to surmount. I will ask now for your full support when I get to this stage.

I am also planning on running for the position of Youth Coordinator (also known as Junior coordinator - BTW: could we change this officially to Youth Coordinator?) for the coming year.

I thank the rest of the executive for their support this year, and to the rest of the chess community in Canada for their support too.

Thank You,  
~^~^~^~^~^~^~^~^~^~^~^~

Patrick S. McDonald  
Chess Federation of Canada Youth Co-ordinator  
[patrick@psmcd.net](mailto:patrick@psmcd.net)

Frank Dixon: Canadian Post-Secondary Chess report, July 2004

It has been an interesting and eventful past 18 months for post-secondary chess in Canada. Here are some of the highlights.

1) The University of Western Ontario organized a tournament in London, Ontario, in January 2003, attracting 12 teams of four players each, and this was billed as the Ontario Inter University Team Chess Challenge. I was invited to direct this tournament, and the event ran smoothly, produced some competitive chess, allowed players to make new friends and contacts, and was enjoyed by all. The University of Toronto wound up as champions for 2003. This was the first event of this type in Ontario since the fall of 1997. There was a report on this tournament in the June 2003 issue of *En Passant*.

2) Queen's University organized a tournament in Kingston, Ontario, in January 2004, attracting 13 teams of four players each, and these included McGill, a Quebec university, whose participation was accepted and welcomed by the organizers. I organized and directed this event, in combination with Alex Lambruschini, President of the Queen's University Chess Club. The champions for 2004 were

the University of Waterloo. The Queen's University Chess Club, with financial assistance from the student government of Queen's, the Alma Mater Society, donated a new championship trophy, the Queen's Cup for Chess, for future annual competition. An article describing this tournament appeared in the June 2004 issue of *Chess Canada Echecs*.

3) A new organization was formed in Kingston during this year's tournament, to develop and encourage post-secondary chess. The Canadian Post-Secondary Chess Association executive was organized, with Alex Lambuschini as Chair, Frank Dixon as ex-officio advisor / liaison (upon the request of the assembled representatives), and with members from each university present at Kingston for the tournament. This new group will work to plan and organize future tournaments, to increase participation, and to develop contacts to facilitate a higher profile for the portfolio of post-secondary chess in Canada, with increased funding to be sought. To this end, the championship for 2005 has been awarded by the CPSCA to the University of Toronto, and scheduled for early January, 2005. Truly national representation is sought this time.

The area of post-secondary chess in Canada has not been developed in an organized manner up to now; the new group has been formed to address this deficiency. I have done some historical research on previous events of this type in Canada, and wrote about this, in the December 1997 issue of *En Passant*. The earliest tournament I have been able to find occurred in Kingston in 1963, and there was a series of similar events in the 1960s. I have heard rumors of tournaments held in the 1970s and 1980s, but so far have not been able to find any hard evidence of these. From 1995-1997, three tournaments were held, in Toronto, Kingston, and Waterloo, respectively, but then the interest faded away until recently. The purpose of the new association is to formalize and regularize competition on an annual basis, and to expand participation, to take advantage of the increasing popularity of chess among young people in Canada, which has been developed by *Chess 'N Math*, and other groups.

Canadian schools have hosted the prestigious Pan-American International Team Championships, on at least three occasions (Montreal 1969, Waterloo 1984, and Toronto 1999). This tournament is open to teams from any post-secondary institution in the western hemisphere. Also, the University of Toronto has performed exceptionally well in this tournament, winning it on six occasions. It should be noted that the U of T does receive significant annual funding for its expenses for competing in the PanAms, and that most other Canadian universities do NOT receive funding on this scale, leaving the players to pay most of their own expenses. However, several other Canadian schools have attended the PanAms in previous years; these include Western, Queen's, Calgary, UBC, McGill, St. Mary's, and perhaps others (I apologize if I have left any out).

For 2003-2004, the Ontario Chess Association granted the University of Western Ontario chess team a sum of \$500 (as reported at the OCA AGM in Brantford, May 2004), for its expenses in competing at the PanAms in December 2003, held in Miami. For each of the next five years, the Ontario Chess Association has budgeted \$400 to assist the area of post-secondary chess in the province. I have recommended to the OCA that this money be allotted to develop the annual tournament, starting with the 2005 event in Toronto.

In the Governors' Letter #5, 2004, I reported on post-secondary chess to CFC Governors, and sought input from them on future directions for this area. No Governors responded. This was somewhat disappointing.

Since this area of formally organized chess is new in Canada, I wish to seek input from Governors assembled at Kapuskasing for the AGM of the CFC in July, 2004, to determine the future direction of this portfolio. To this end, some discussion time should be set aside for Governors to express their ideas.

I recommend:

- 1) That the position of Advisor / Liaison for Post-Secondary chess be placed under the direction of the CFC Youth / Junior Coordinator, who will also interact with the Chairman of the CPSCA.
- 2) That the CFC set aside some funding for 2004-2005 for the area of post-secondary chess development, with most of the emphasis for this on the 2005 tournament in Toronto. I am requesting the sum of \$1,000 for this purpose from the CFC, at this time, to secure a playing site, to assist with pre-tournament publicity, and for trophies for teams and individuals who excel in the championships. An exact budget from the organizers from the University of Toronto is not yet in place, but this will be finalized early in the new academic year (September or October 2004). The head organizer at the University of Toronto is Morgan Mills. Mr. Mills will take over the Chair of the CPSCA from Mr. Lambruschini this fall.
- 3) That a structure and constitution be developed for the CPSCA, to fit within CFC guidelines. This work is ongoing over the summer, being coordinated by Alex Lambruschini.

Yours very sincerely,  
Frank Dixon  
Advisor / Liaison, CPSCA  
CFC Governor, Kingston

**Moved Cohen/Rutherford:** "That the CFC condemns the sponsorship of the Kramnik-Leko match by a tobacco company."

Discussion (Cohen):

I think the CFC should protest the sponsorship of the Kramnik-Leko World Chess Championship semi-final match by the Swiss tobacco company Dannemann for three reasons:

1. As Canadians, we must recognize that we are world leaders in the fight against the tobacco epidemic. Our reputation is very important in this area.

2. As adults, we have a responsibility to juniors to ensure that chess is not associated with tobacco.

3. This sponsorship puts our own efforts in Canada to obtain corporate sponsorship at risk. If chess becomes associated with tobacco in the minds of the public, then we undo all of our efforts to associate chess with our current major sponsor, Belzberg Technologies; and with potential future sponsors.

Finally, I think we would get positive publicity for the CFC and for Canadian Chess from an announcement that we condemn this action.

David Cohen  
CFC Governor

### **Peter Stockhausen: Comments to GL#6 And Motions**

#### **Governor's Letters**

2003/2004 proved to be a very poor year as far as our main communication tool is concerned. The general lay out deteriorated markedly from previous years and some GLs were almost impossible to read. This however seemed almost minor when compared to the very poor timing of their appearance.

A timely, well laid out and frequent GL with interesting content should spark interest among the Governors. Therefor we submit the following motions:

#### **Moved Harper/Stockhausen**

Beginning with August 2004 the Governors Letter shall be published monthly. It shall be e-mailed to all Governors and published on the CFC Web site on the third Tuesday of every month.

#### **Moved Harper/Stockhausen**

Beginning with August 2004 the CFC Treasurer together with the CFC Office staff shall publish the full financial statement of the CFC every quarter, in the format that is currently used by the CFC Office.

#### **Peter Stockhausen**

### **Voting Instructions for our new FIDE Representative**

Should the CFC adopt the position of the United States Chess Federation at the upcoming FIDE Congress in Spain in October?

According to Phil Haley the United States Chess Federation submitted the following items to be placed on the agenda for the upcoming FIDE Congress meeting.

1. We express dismay at how FIDE is managed. If at the time of the Congress, if President Ilyumzhinov has failed to meet his financial obligations to FIDE in full, we vote no confidence in his Presidency.
2. The zonal structure should be respected and if a qualifier is unable to participate they may only be replaced by the next in line from the Zonal.

Changing the FIDE leadership it's one of the top priorities of the USCF and the CFC can join that position.

## Proposal To Host The 2005 Canadian Open in Edmonton

Alberta celebrates its 100<sup>th</sup> year as a province of Canada next year. We would like to invite chess players from across the country to come for a visit, and play a bit of chess at Canada's premier tournament, the Canadian Open.

*Organizing Committee:* Ford Wong (Chair), Micah Hughey (Vice-chair), John Quiring (Treasurer), Peter Alderton, Andrea Ottosen, David Ottosen, Adrien Regimbald, Vladislav Rekhson, Bruce Thomas.  
Five of these people were on the organizing committee of the 2000 Open.

*Location:* Delta Edmonton Centre Suite Hotel, in downtown Edmonton.  
The main playing room is about 5800 square feet, air conditioned, carpeted and well lit. The skittles room is a short elevator ride away. The hotel is attached directly to a large mall which provides (among many other things) easy access to restaurants, movie theatres and shopping. Smokers will have to leave the building to light up.

*Dates:* Saturday July 9 through Sunday July 17, 2005.

*CYCC:* We will provide local liaison for the CYCC to be held July 5-8, 2005. We will discuss with the CFC whether we can play a greater role with this tournament.

*Format:* 10-round Swiss system in one section. Proposed schedule of rounds:  
Round 1: Saturday (July 9), 3:00 p.m.  
Round 2: Sunday, 10:00 a.m.  
Round 3: Sunday, 6:00 p.m.  
Round 4 – 8: Monday through Friday, 6:00 p.m.  
Round 9: Saturday, 2 p.m.  
Round 10: Sunday, 11:00 a.m.

*Time Controls:* 40 moves in 2 hours, followed by 20 moves in 1 hour, followed by game in 10 minutes with a 30 second increment. When games reach the third time control, the TD will supply a digital clock. (In essence, the second time control is sudden death, with an increment starting at the end. As most players don't have

digital clocks, we will change clocks at the end and give the players a few extra minutes to adjust to the interruption and the incremental time controls.)

*Prize fund and structure:* Because of the sponsorships already secured to cover operating expenses and promotion, we guarantee that the prize fund will be at least 100% of entry fees collected. (In 2000, the prize fund was approximately 125% of entry fees). There will be class prizes for Under 2200, Under 2000, etc, as is usual at the Open.

Our target is over 200 paid entries and a prize fund of \$25,000.

*Ancillary events:* A number of side events are planned during the Open, including a speed chess tournament, bughouse tournament, GM lectures and simultaneous exhibitions. We expect that we can provide these events at no charge to the players. We are also planning a Closing Banquet/Closing Ceremonies after round 10. There may also be some Alberta Centennial events to attend (to be determined).

A permanent legacy of the 2000 Open was the Tournament Book, which included almost every game played in the tournament, and featured a number of games annotated by GMs and IMs. We sold over 100 copies of that book, and received many kind comments. We hope to do just as well with the 2005 Open Tournament Book. We hope to be able to put together package deals involving T-shirts, tournament book, closing banquet, etc.

*Accommodations:* The Delta will provide first class accommodations, with rooms at \$89 for single/double, to \$109/quad. There are also suites available at higher prices. Within four blocks of the tournament there are at least a dozen hotels, so players will have a wide variety of accommodations to choose from. Budget-minded players who are willing to trade convenience for money can stay at the university residences, which are reasonably accessible by public transit.

*Sponsorships:* The Alberta Chess Association is the major sponsor of this tournament. If we secure the bid, we will pursue other sponsorships from corporate and government sources (we have a good track record in this regard).

*Participation of notables:* Our goal will be to bring in grandmasters that the rest of the players will want to meet. For example, in 2000 we had 5 GMs from 5 countries, including 3 national champions. One of our featured players was GM Joel Benjamin, who gave a fascinating lecture on the Kasparov vs. IBM chess match (Joel worked for IBM).

*Edmonton:* The capital city of Alberta, is well known for its scenic river valley and numerous art and music festivals. In addition to having a great chess experience, visitors can expect to enjoy the many things that Edmonton has to offer. There are over 40 attractions offering full entertainment and enjoyment to visitors, such as galleries, museums, zoos, historical sites and casinos. Highlights include West Edmonton Mall (800 stores and services, indoor skating rink, 18 hole mini golf course, submarine rides, amusement park, indoor wave pool); Fort Edmonton Historic Site (the largest living history museum in Canada with more than 70 period buildings set in four time periods); the Provincial Museum of Alberta; the Odyssium (Space Science Centre); the Muttart Conservatory; Edmonton Art Gallery; and the Alberta Legislature Building. Visitors intending a longer stay can check out the Rocky mountains, Jasper National Park, the Columbia Ice Fields and Banff.

*Conditions of this proposal:*

1. The CFC will give the organizers (at no charge) the back page of the April (2005) and June (2005) issues of Chess Canada Echecs for ads, and a full page for ads inside each of the October (2004), December (2004), and February (2005) issues.
2. The organizers will provide the CFC with a room with an internet connection at the tournament site, near the skittles room, for the purposes of conducting its business and selling its merchandise. The organizers will also provide a room for the Annual General Meeting of the CFC.

*Conclusion:* Behind this bid stands an organizing team with a wealth of experience and a solid track record. We have the ability and resources to host a worthy Canadian Open in 2005 and we hope the Governors award us this tournament.

## 2005 CANADIAN OPEN BUDGET

### INCOME

1.	Sponsorship	\$ 68,500
2.	Entry Fees	22,000
3.	Package Revenue	5,000
4.	Daily Bulletins	450

**TOTAL INCOME** **\$ 95,950**

### EXPENSES

#### Tournament Expenses

5.	Site Rental	\$ 15,600
6.	Equipment	2,300
7.	Tournament Administration	3,050
8.	Tournament Director	2,645
9.	Organizational Administration	500
10.	Miscellaneous	100
11.	Prize Fund	25,000

#### Promotional Expenses

12.	Advertising	\$ 2,755
13.	Prize Fund Guarantee	3,000
14.	Featured Players	41,000

**TOTAL EXPENSES** **\$95,950**

## **2006 Bid for Canadian Open and CYCC**

### **Organizing Committee:**

Hal Bond, President, SWOCL

Chief Organizer

Patrick McDonald, National Youth Co-ordinator

Web site and publicity

Bill Giannakopoulos, President , Williams Coffee Pub

*Corporate sponsorship*

### **Advertising:**

Chess Canada Echecs

Chess Life

Various National and International Websites

### **Venue:**

***Bingeman's*** Amusement Park and Conference Centre  
425 Bingemans Centre Drive, Kitchener ON N2B 3X7

Bingeman's is a grand facility with something for everyone. Their attractions include:

- Heated wave pool, waterslides, bumper boats.
- 2 mini golf courses, an executive golf course
- batting cages, beach volleyball.
- Over 470 campsites and cabin rentals.
- 45000 square feet of air-conditioned banquet hall space.
- Picnic Shelters and licensed patios
- Internet facilities are currently being enhanced

In addition to great playing conditions we believe that this venue will be very popular with players and families, providing a wide range of recreation and entertainment possibilities between games.

### **Tournament Dates:**

**CYCC:** Tuesday August 1-Friday August 4, 2006

**Canadian Open:** Saturday, August 5 – Sunday, August 13.

### **Formats:**

**CYCC:** 7 round swiss with separate sections for each age group and each gender.

**Canadian Open:** 9 round swiss style with 2 sections. Open Section, and Under 1800

### **Time Controls:**

**CYCC:** All moves in 90 minutes with 30 second Fischer Increment.

**Canadian Open:** All moves in 120 minutes with 30 second Fischer Increment.

### **Rounds:**

**CYCC:** 11am and 5pm daily, with round 7 at 11am on Friday. Playoffs will be completed following round 7 on Friday.

**Canadian Open:** 5:00 pm daily, except the final round at 1pm on Sunday, August 13.

**Rated By:** CFC, and FIDE where applicable.

**Equipment provided:** boards, pieces and clocks. DGT broadcast boards top 5 minimum.

**Prize Fund:** Based on Entries \$20,000: Open Section \$15,000 class sections \$5000

<b>Entry fees:</b> Received by:	Jan.31,	March 31,	June 30,	at door
Open Section	\$100,	\$120,	\$140,	\$160
Under 1800:	\$70.	\$85.	\$100.	\$120

**Tournament Directors:** Hal Bond and Patrick McDonald, or other I.A.'s

**Side Events:** These will include Opening and Closing Ceremonies, a blitz tournament, and at least one each of lectures and simul games from marquis players.

**Accommodation:** The full range of accommodation services are available, from On Site Camping to University residences to the upscale Waterloo Inn. Prices and packages will be announced at or before next year's AGM.

Chess Federation of Canada		
2006 CYCC Budget		
Income:		
Entry fees		
200 players @150		30,000
Sponsorship:		
Government		500
Business		500
Private		500
Chess Sponsors		500
Other Income		500
Total Income		\$32,500
Expenses:		
Prize Fund		n/a
Trophies and Medals		1500
Site costs		4000
Advertising		500
TD Fees		2000
Equipment costs		600
Website expenses		300
Organizer commission		\$1,000
CFC rating fees		750

FIDE Rating fee		200
Reception		1,000
		11,850
Net Income to CFC		20,650

Chess Federation of Canada		
2006 Canadian Open Budget		
Income:		
Entry fees		
250 players @100		25,000
Sponsorship:		
Government		1000
Business		5000
Private		1500
Chess Sponsors		1500
Other Income		2500
Total Income		\$36,500
Expenses:		
Prize Fund		20,000
Trophies and Medals		
Site costs		5000
Advertising		500
TD Fees		2000
Equipment costs		1500
Website expenses		500
Invited Players		5,000
CFC rating fees		750
FIDE Rating fee		250
Reception		1,000
		36,500

## **2004 Annual Meeting of the CFC**

July 12th July 13, 2004

**Kapuskasing, Ont.**

### **AGENDA FOR INCOMING ASSEMBLY OF GOVERNORS**

1. Registration of Proxies
2. Election of Governors from Provinces (Territories) without an Affiliated Provincial (Territorial) Association
  - A. North West Territories (1)
  - B. Nunavut Territory (1)
  - C. Quebec (3)
  - D. Yukon Territory (1)
3. Re-Registration of Proxies
4. Introduction and Opening Comments from the Chair
5. Election of Officers
  - i) Board of Directors
    - A. President
    - B. Vice-President
    - C. Secretary
    - D. Treasurer
    - E. FIDE Representative
    - F. Junior Coordinator
  - ii) Officers not on the Board of Directors
    - A. Masters' Representative
    - B. Women's Coordinator
    - C. Rating Auditor
6. Appointment of Auditors
7. Appointment of Chess Foundation of Canada Trustees
8. Appointment of Committee Members
  - A. Kalev Pugi Fund
  - B. National Appeals Committee
9. Bids for 2005 and later events
  - A. 2005 Canadian Open
  - B. 2005 Canadian Youth (U10, U12, U14, U16, U18)
  - C. 2005 Canadian Closed and Zonal
  - D. 2005 Canadian Women's Closed
  - E. 2005 Canadian U20 (Junior)
10. Any other business
11. Location and time of 2005 AGM
12. Adjournment

## **2004 Annual Meeting of the CFC**

July 12th to July 13<sup>th</sup>, 2004

**Kapuskasing, Ont.**

### **AGENDA FOR OUTGOING ASSEMBLY OF GOVERNORS**

1. Registration of Proxies
2. Introduction and Opening Comments from the Chair
3. Minutes of the 2002 Annual Meeting
4. Reports:
  - A. President
  - B. Vice-President
  - C. Past President
  - D. Secretary
  - E. FIDE Representative
  - F. Treasurer
  - G. Rating Auditor
  - H. Junior Coordinator
  - I. Women's Coordinator
  - J. Masters' Representative
  - K. Auditor's Report
  - L. Office Manager
  - M. Chess Foundation
  - N. Kalev Pugi Fund
  - O. National Appeals Committee
  - P. Canadian Correspondence Chess Association
  - Q. Canadian Youth Chess Championship
5. Motions
6. Any other business

## **Proxy Form** **Annual Meeting of the C.F.C. Kapuskasing 2004**

I, \_\_\_\_\_ of \_\_\_\_\_  
a member of the **Outgoing Assembly** of Governors of the Chess Federation of Canada, hereby appoint  
" \_\_\_\_\_  
as my proxy to vote for me and on my behalf in the same manner as I could if personally present at  
the Annual Meeting to be held in Kapuskasing on the 12th to 13th of July, 2004, or at any  
adjournment thereof

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Witness \_\_\_\_\_ Signature of Governor \_\_\_\_\_

Instructions to Proxy:

**Motions for Vote**

Motion 2004-03 Stockhausen/Spraggett CYCC rules

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Motion 2004-04 Dixon/Barron Post-secondary chess in Canada

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Motion 2004-05 Cohen/Rutherford: "That the CFC condemns the sponsorship of the Kramnik-Leko match by a tobacco company."

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Motion 2004-06 Harper/Stockhausen: "Beginning with August 2004 the Governors Letter shall be published monthly".

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Motion 2004-07 Harper/Stockhausen: "Beginning with August 2004 the CFC Treasurer shall publish the full financial statement of the CFC every quarter".

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Incoming Assembly:

Motion 2005-01 Barron/Kosoian/Starr Olympic Regs Ch 12 CFC handbook

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Motion 2005-02 Quiring/Thomas: Approve the ACA 2005 Canadian Open and CYCC in Edmonton, Alberta.

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

Motion 2005-03 Bond/McDonald: Approve the 2006 Canadian Open and CYCC in Kitchner, Ontario.

YES \_\_\_\_\_ NO \_\_\_\_\_ ABSTAIN \_\_\_\_\_

## Proxy Form

### Annual Meeting of the C.F.C. Kapuskasing 2004

I, \_\_\_\_\_ of \_\_\_\_\_,  
a member of the Incoming Assembly of Governors of the Chess Federation of Canada, hereby appoint  
" \_\_\_\_\_

as my proxy to vote for me and on my behalf in the same manner as I could if personally present at the Annual Meeting to be held in Kapuskasing on the 12th to 13th of July, 2004, or at any adjournment thereof.  
Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Witness \_\_\_\_\_

Signature of Governor \_\_\_\_\_

### Instructions to Proxy

Nominate For: President \_\_\_\_\_

Vice-President \_\_\_\_\_

Treasurer \_\_\_\_\_

Secretary \_\_\_\_\_

FIDE Representative \_\_\_\_\_

Rating Auditor \_\_\_\_\_

Junior Coordinator \_\_\_\_\_

Women's Coordinator \_\_\_\_\_

Vote For: President \_\_\_\_\_

Vice-President \_\_\_\_\_

Treasurer \_\_\_\_\_

Secretary \_\_\_\_\_

FIDE Representative \_\_\_\_\_

Rating Auditor \_\_\_\_\_

Junior Coordinator \_\_\_\_\_

Women's Coordinator \_\_\_\_\_

### Instructions to Proxy:



**Watson Folkins Corey LLP**  
Chartered Accountants

July 2, 2004

Board of Directors  
The Chess Federation of Canada  
E-1 2212 Gladwin Crescent  
Ottawa, Ontario  
K1B 5N1

Dear Board Members:

**Re: Management Letter on the Review Engagement of  
the April 30, 2004 Financial Statements**

During the course of our review of the financial statements of the Federation for the period ended April 30, 2004, we identified some matters which may be of interest to management. A review does not constitute an audit and consequently we do not express an audit opinion on the financial statements. We wish to emphasize that control over and responsibility for the prevention and detection of defalcations or other irregularities or errors or omissions must rest with you.

As a result of our observations on this year's review, we have outlined below some suggestions for your consideration. This letter is not exhaustive, and deals with the more important matters that came to our attention during the review. Minor matters were discussed with your staff.

1) Again the quality of the accounting records was good this year. This is mainly because the bookkeeper, Pat Hendrick, continues to verify the accounting records each month and to reconcile the bank, check payroll, etc. This arrangement is also prudent practice from an internal control perspective in that it provides for a greater segregation of duties. With the changes recently made to the national office staff we recommend that Pat makes a thorough review of the transactions for the beginning of the new fiscal period to ensure that they are being properly recorded.

2) One of the major assets of the Federation is inventory. Our analysis showed that approximately 25% of the inventory is slow moving. Although it is inevitable that a certain amount of inventory will eventually turn out to be unsaleable or obsolete, care should be taken to ensure that these types of losses are minimal. We recommend that you continue to implement special discounts and promotions on these slow moving items.

3) According to revised GST rules for charities, only 60% of the GST collected on taxable sales is to be remitted. However on disbursements, charities can only claim 50% of the GST paid. The Federation has been remitting 100% of all GST collected and claiming a credit of 100% on all GST paid. A rough calculation showed that you have paying approximately \$750 more per year in GST than is required. GST should be filed in accordance with the current rules and adjustments filed relating to earlier years as far back as possible.

The following is some commentary on the financial statements:

i) Net income from operations decreased this year to \$5,738 from \$12,579 last year. The decrease of \$6,841 was mainly due to a decrease in the sale of books, equipment and software as well as increased costs of salaries, benefits and staff travel and a bad debt although this was offset to a degree by increased membership fee and rating fee revenue and lower office expenses and lower costs of publications.

ii) Sales of books and equipment are down from \$222,878 to \$186,769, a decrease of 16.2%. This decrease is due a variety of factors, including increased competition from suppliers selling chess publications and other products via the internet. The gross margin on sales dropped a bit, to 33.1 % from 34.0%.

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iii) There were no significant changes to the balance sheet. Cash increased by \$6,583 primarily due to net revenue of \$5,738 and amortization of capital assets of \$4,487.

iv) Membership revenues increased by \$1,439 from \$69,921 to \$71,360. Although there was an increase of 206 members from 2,563 last year to 2,769 this year, this was mainly caused by an increase of 212 new participating junior members from Northern Ontario. Effective September 1, 2003 there were price increases (averaging about 10%) to all categories of membership fees. It should be noted that the increased revenue arising from more participating junior members (paying lower fees) was offset by decreased revenue from fewer regular members (paying higher fees).

v) Rating fees increased by \$8,827, from \$19,506 in 2003 to \$28,333 in 2004. This increase is primarily due to a price increase of 50% on September 1, 2003.

vi) Salaries, benefits and staff travel increased by \$11,519, from \$47,476 in 2003 to \$59,195 in 2004 (it totaled \$81,497 in 2002). This increase in 2004 was due to the fact that much of the work was handled by one staff person in 2003 whereas there were 1 1/2 staff for 2004.

vii) The bad debt of \$3,925 arose from an advance payment to a clock manufacturing supplier who went bankrupt.

viii) Office expenses decreased by \$4,188, from \$36,436 to \$32,248. This decrease was mainly due to a decrease in professional fees of \$4,142 (due to additional bookkeeping assistance and consulting fees for the database required in 2003).

ix) Publications expenses decreased by \$7,278, from \$57,161 to \$49,883. The decrease was due to the use of less expensive paper stock and negotiation of a new contract which has lower editorial costs.

x) Note that contributions to clubs, provincial affiliates and the Foundation of \$19,218 (2003 - \$20,518) and a significant portion of the international expenses of \$43,737 (2003 - \$10,597) were primarily financed by donation revenues of \$48,178 (2003 - \$16,310). There was a substantial increase in international competition activity in 2004.

xi) Other programs revenue of \$36,255 (re: the Chess Olympics, CYCC and Pugi Fund) are offset by corresponding expenses for the same amount. The decrease of \$45,112 over the prior year is primarily due to the fact that there was no activity re: the Chess Olympics in 2004.

We have reviewed all of the issues and information in this report with Peter Arseneau and Gerry Litchfield and received their comments thereon. We would also like to express our appreciation for the co-operation which we received during the course of our review from Peter, Gerry and from Pat Hendrick. We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Yours sincerely,  
WATSON FOLKINS COREY LLP

*Brian Watson*

Brian D. Watson CA

cc: Peter Arseneau

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

UNAUDITED FINANCIAL STATEMENTS

APRIL 30, 2004

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**Watson Folkins Corey LLP**  
Chartered Accountants

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## REVIEW ENGAGEMENT REPORT

**To the Members:**  
**The Chess Federation of Canada/**  
**La Fédération canadienne des échecs:**

We have reviewed the balance sheet of the Chess Federation of Canada/ La Fédération canadienne des échecs as at April 30, 2004 and the statements of changes in net assets and revenue and expenditure for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Federation.

A review does not constitute an audit and consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

*Watson Folkins Corey LLP*

**WATSON FOLKINS COREY LLP**  
Chartered Accountants

Ottawa, Ontario  
June 11, 2004

*Brian Watson (613) 244-6090 / Ray Folkins (613) 789-5820 / John Corey (613) 728-9369*

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

BALANCE SHEET  
AS AT APRIL 30, 2004  
UNAUDITED

	2004	2003
<b>CURRENT ASSETS</b>		
Cash	\$ 32,380	\$ 25,797
Accounts receivable	7,702	7,471
Inventory	91,252	95,723
Prepaid expenses	5,279	2,391
	<hr/> 136,613	<hr/> 131,382
<b>CAPITAL ASSETS (note 2)</b>	97,137	101,624
	<hr/> \$ 233,750	<hr/> \$ 233,006
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,489	\$ 17,474
Entry fees payable	9,097	3,905
Due to the Chess Foundation of Canada (note 4)	-	1,175
Deferred membership revenue	38,448	35,716
	<hr/> 55,034	<hr/> 58,270
<b>DEFERRED CONTRIBUTIONS (note 3)</b>	3,051	4,809
<b>NET ASSETS</b>		
Invested in capital assets	97,137	101,624
Unrestricted	78,528	68,303
	<hr/> 175,665	<hr/> 169,927
	<hr/> \$ 233,750	<hr/> \$ 233,006

Approved on behalf of the Board:

Director

Director

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 2004**  
**UNAUDITED**

	2004	2003
<b>INVESTED IN CAPITAL ASSETS</b>		
Balance - beginning of year	\$ 101,624	\$ 105,297
Purchase of capital assets	-	1,250
Amortization of capital assets	(4,487)	(4,923)
<b>Balance - end of year</b>	<b>\$ 97,137</b>	<b>\$ 101,624</b>
 <b>UNRESTRICTED</b>		
Balance - beginning of year, as previously reported	\$ 63,008	\$ 46,756
Correction of prior year's revenue (note 7)	5,295	5,295
Balance - beginning of year, as restated	68,303	52,051
Net revenue for the year	5,738	12,579
Purchase of capital assets	-	(1,250)
Amortization of capital assets	4,487	4,923
<b>Balance - end of year</b>	<b>\$ 78,528</b>	<b>\$ 68,303</b>

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED APRIL 30, 2004**  
**UNAUDITED**

	2004	2003
<b>REVENUE</b>		
Sales of books, equipment and software	\$ 186,769	\$ 222,878
Shipping and handling charges	11,440	12,775
Membership fees	71,360	69,921
Contribution from related party (note 4)	5,394	3,619
Rating fees	28,333	19,506
Publication sales and advertising	4,820	5,816
Donations	48,178	16,310
Other programs (note 3)	36,255	81,367
Other revenue	2,995	1,247
	395,544	433,439
<b>EXPENDITURE</b>		
Cost of sales	124,878	147,048
General and administrative		
Salaries, benefits and staff travel	59,195	47,676
Building and equipment expenses	17,669	17,059
Bad debt	3,925	-
Office	32,248	36,436
Other executive and administration	2,798	2,998
	115,835	104,169
Programs		
Publications	49,883	57,161
International	43,737	10,597
Contributions to clubs, provincial affiliates and the Foundation	19,218	20,518
Other programs (note 3)	36,255	81,367
	149,093	169,643
	389,806	420,860
<b>NET REVENUE FOR THE YEAR</b>	<b>\$ 5,738</b>	<b>\$ 12,579</b>

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**  
**UNAUDITED**

**1. SIGNIFICANT ACCOUNTING POLICIES**

(a) Organization

The Chess Federation of Canada / La Fédération canadienne des échecs was incorporated as a not-for-profit organization under the Canada Corporations Act and is a registered charity under the Income Tax Act. The Federation's mission is to promote and encourage generally in Canada, the knowledge, study and playing of the game of chess.

These financial statements do not include the accounts of the Chess Foundation of Canada as detailed in note 4.

(b) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the average cost basis.

(c) Amortization

Amortization is provided on the reducing balance basis as follows:

Building	4%
Furniture and equipment	20%
Computer equipment	33%
National library	20%

(d) Revenue Recognition

The organization follows the deferral method of accounting for revenues. Membership fees are recorded as revenues in the period to which they relate. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable only if the amount to be received can be reasonably estimated and collection is reasonably assured.

**2. CAPITAL ASSETS**

			2004	2003
	Cost	Accumulated Amortization	Net	Net
Land	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Building	142,852	70,891	71,961	74,959
Furniture and equipment	5,000	4,117	883	1,104
Computer equipment	8,000	7,199	801	1,195
National library	8,540	5,048	3,492	4,366
	\$ 184,392	\$ 87,255	\$ 97,137	\$ 101,624

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2004**  
**UNAUDITED**

**3. DEFERRED CONTRIBUTIONS**

	Olympic Donations	CYCC Program	Kalev Pugi Program	TOTAL
Balance - beginning of year	\$ 1,169	\$ 2,474	\$ 1,166	\$ 4,809
Add: contributions	1,364	32,036	1,097	34,497
<u>Less: amount recognized as revenue</u>	-	(34,655)	(1,600)	(36,255)
Balance - end of year	\$ 2,533	\$ (145)	\$ 663	\$ 3,051

Olympic donations are designated to provide financial support for participation of Canadian representatives in the International Chess Olympiads. The Canadian Youth Chess Championships (CYCC) entry fees cover the cost of sending players to the world championships. The Kalev Pugi Fund was established as a bequest in the Chess Foundation of Canada. Each year interest earned by this Fund is transferred from the Foundation to the Federation to provide travel assistance for junior players.

Contributions to these programs are recognized as revenue in the year in which the related expenditures are incurred.

**4. RELATED PARTY TRANSACTIONS**

The Chess Foundation of Canada is effectively controlled by The Chess Federation of Canada since the Federation appoints the Foundation's Board of Trustees. The Foundation was established as a trust to financially help the Federation promote and develop chess. Donations of \$25 (2003 - \$500) and life membership fees of \$6,488 (2003 - \$2,975) have been paid into the Foundation from the Federation. The Foundation has contributed \$5,394 (2003 - \$3,619) in support of the Federation's general operations and \$1,026 (2003 - \$1,025) towards the Kalev Pugi junior program.

The Foundation has not been consolidated with the Federation's financial statements. Unaudited and unconsolidated Chess Foundation of Canada financial summaries as at April 30, 2004 and 2003 and the years then ended are based on data provided by another firm of accountants, as follows:

	2004	2003
<b>BALANCE SHEET</b>		
Assets (investments)	\$ 148,383	\$ 144,285
Liabilities	-	-
<b>Net assets</b>	<b>\$ 148,383</b>	<b>\$ 144,285</b>
<b>STATEMENT OF REVENUE AND EXPENDITURE</b>		
Revenue	\$ 9,718	\$ 10,388
Expenditure	5,620	5,000
<b>Net revenue for the year</b>	<b>\$ 4,098</b>	<b>\$ 5,388</b>

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**THE CHESS FEDERATION OF CANADA**  
**LA FÉDÉRATION CANADIENNE DES ÉCHECS**

NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2004  
UNAUDITED

5. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared as it would not provide significant additional information.

6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current presentation.

7. CORRECTION OF PRIOR YEARS' REVENUE

A correction of \$5,295 has been made to unearned membership revenue of prior years.

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