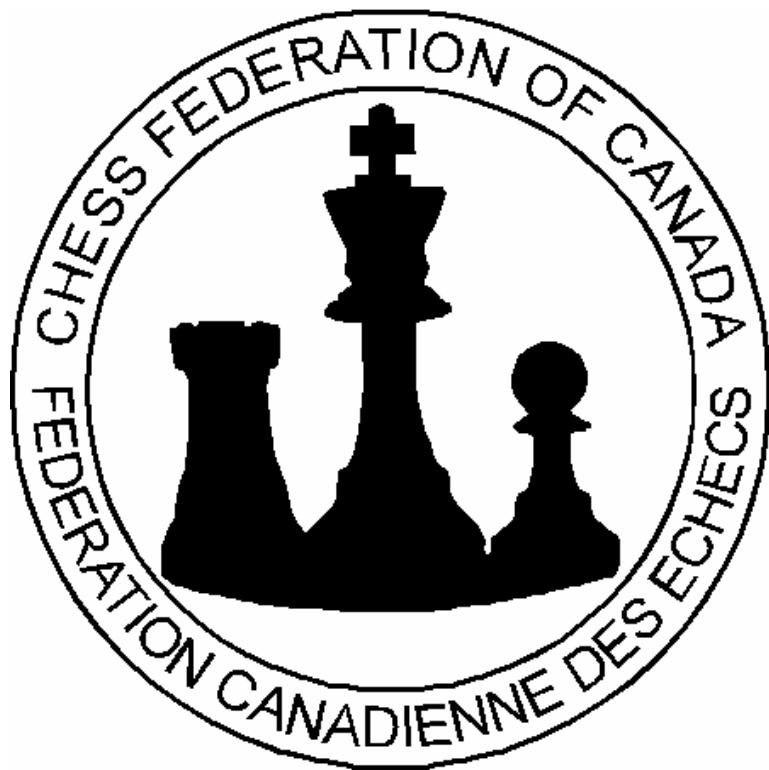


CHESS FEDERATION OF CANADA

GOVERNORS' LETTER ONE

2006-2007



Responses may be mailed, faxed or E-mailed to the Chess Federation of Canada, E-1 2212 Gladwin Crescent, Ottawa, ON, K1B 5N1, fax: 613-733-5209, E-Mail: info@chess.ca

ATTENTION ALL GOVERNORS: Anyone with an E-Mail address can have their Governors' Letter sent to them via E-Mail and save the CFC paper and postage costs. Please E-Mail info@chess.ca if interested.

Deadline for submissions to GL#2 is Friday September 1st, 2006

President's Message

Welcome to all Governors to another year with the CFC. New Governors should pay close attention to Lyle's instructions in his message, found just below. I would also like to thank all of the Governors who supported me for this second term as President.

There are a number of important items in this GL, which is mostly given over to the reports from the Annual General Meeting, held last month in Kitchener.

One important item which was discussed informally at the AGM was re-establishing the CFC Management Committee. Such a committee would be a great asset to the Executive and would be able to assist greatly in maintaining communication between the Business Office and the Board of Governors. As such, we are asking for nominations for positions on this committee; please submit your nomination directly to me at cmallon@chess.ca. Experience with business or finance would be greatly appreciated.

As discussed at the AGM, the Executive is working with Robert Hamilton to map out future plans for the magazine. No decisions on this have yet been made at this point. One of the options on the table is reducing the number of issues per year to four from six, with the idea of spreading the money out over fewer issues and thus being able to produce a higher quality magazine. The Executive welcomes any comments on this or anything else related to possible changes to the magazine.

We are accepting bids for the 2007 Canadian Open / CYCC up until August 30th. Please complete the CFC Bid and Budget forms available on the website and send them in no later than that date.

I wish all our players good luck in the soon to start 2006 Canadian Closed Zonal tournament.

See you next month!

Christopher Mallon
President, Chess Federation of Canada

Message from the Secretary:

"Welcome back my friends to the show that never ends...we're so glad you could attend come inside, come inside" (Emerson, Lake & Palmer 1974)

Let me give a special welcome to those who are new to the Assembly of Governors. I would particularly welcome the re-affiliated Canadian Correspondence Chess Association back to our midst. Most of all I would also like to take this opportunity to welcome the CFC's new Executive Director David Gordon and wish him every success in Ottawa. On a personal note I've always felt that while the CFC is not in a position to give these hard-working folks in the Business Office conditions more fit for a Turkish harem like they deserve we ought to do everything possible to help and support them.

For the benefit of newcomers to the Governors, our Constitution is the CFC Handbook which is available either online or via the CFC Business Office. Each Governors' Letter consists of a

message from one or more members of the Executive, the results of motions voted upon in the previous GL and discussions on any motions pending. Generally a motion gets discussed in two Governors' Letters and voted on in the third. As per normally parliamentary procedure it is possible for a motion to be amended. Many motions originate from members of the Executive but motions from any Governor are welcome – please note that motions do however require a seconder. I often will second motions “for discussion” and while I don't pretend to be the world's greatest parliamentarian I can assist with the wording of motions to ensure they are both consistent with the Handbook and properly reflect what the mover means. When a motion would amend the Handbook, it is very helpful if a motion says “Paragraph __ will be changed to read ...” so that no one is confused. (It should be noted that I receive lots of e-mails from both Executive and Governors some of which is for publication, much of it not. If I am in doubt I will ask but it is very helpful when e-mails for publication are clearly marked as such.)

Most of all though we have the following objectives: (a) that all Governors feel welcome to participate, (b) that the business of the CFC gets done effectively and (c) that the business of the various affiliates gets disseminated at a national level. This is often done in what I feel is one of the most important sections of the Governors' Letters the “Comments from Governors” sections where information is shared among Governors. Past general comments have involved information on inter-collegiate events, FIDE news, how one goes about proposing stamps to Canada Post and much more besides. This is where bids for national events are published. Pretty much anything goes and I try to keep a light touch in editing with formatting and layout being the main job. Occasionally I send e-mails questioning whether someone actually wants a contribution published “as is” but that is rare. I do publish material from non-Governors when judged to be of national interest.

Now down to brass tacks:

The main business of Governors' Letter #1 is the minutes of the Annual General Meeting of the Chess Federation of Canada held in the Kitchener City Council chambers July 17th and 18th. Please be sure to note the appendices for some of the reports presented at the meeting. Most of all please note the financials for the fiscal year ending 30 April 2006 - I hope each of you will read them very carefully and judge for yourselves what they mean.

There is an apostrophe in the name Governors' Letter and this means most of all that this is the journal of the Governors. I look forward to receiving and editing your contributions in the coming year.

Lyle Craver
Secretary, Chess Federation of Canada

Changes of Governors: Please welcome new Governors Jim Ferrier (ON), Larry Luiting (ON), Alfred Pechisker (BC), Caesar Posylek (ON). It should be noted that these sterling gentlemen have been selected by their provincial associations to fill Governor slots formerly held by CFC Executive members.

2006 Annual General Meeting of the Chess Federation of Canada

Part 1: Outgoing Assembly of Governors, Kitchener Ontario 17 July 2006

CFC President Christopher Mallon called the meeting to order at 9:41 am and welcomed the Governors. The president ascertained that sufficient notice of the AGM had been given and declared the Outgoing Assembly opened

The following members of the Outgoing Assembly of Governors were present:

Christopher Mallon

Pierre Dénommée

Wolfgang Ferner

Shawn Geley

Lee Hendon

Martin Jaeger

Richard Keep

Patrick McDonald

Fred McKim

Barry Thorvardson

John Yoos

Also present: Charles Graves, Stephen Wright (BCCF president)

In the absence of the Secretary, Pierre Dénommée was selected as meeting secretary to take down the minutes.

Since there were 20 total votes no one can hold more than two proxies. The following proxies were recorded by the Secretary:

Michael Barron	(voted by Barry Thorvardson)
Lyle Craver	(voted by John Yoos)
Ilia Bluvhstein	(voted by Barry Thorvardson)
Kai Gauer	(voted by Fred McKim)
Hugh Long	(voted by Richard Keep)
Ellen Nadeau	(voted by Lee Hendon)
John Rutherford	(voted by Fred McKim)
Maurice Smith	(voted by Pierre Dénommée)
Nava Starr	(voted by Richard Keep)
Lynn Stringer	(voted by John Yoos)
Howard Wu	(voted by Lee Hendon)

The minutes of the 2005 AGM have already been approved in Governors' Letter #1 of 2005-2006

President's Report:

Fellow Governors,

This past year has been on many fronts a very successful year for the CFC. First of all, a number of our members have achieved various titles from FIDE. Our players have also had good success in tournaments around the world.

The CFC has re-affiliated with both the Canadian Correspondence Chess Association, as well as affiliating with the new FQSE which gives us a provincial affiliate in Quebec for the first time in decades. We look forward to working with both of these organizations in the future to promote chess in Canada.

My congratulations to both our National Team and Women's National Team for their

performances at the Turin Olympiad, with both teams finishing far above their initial rankings! I would like to thank Brian Hartman and his partners in Team Chess Inc., as well as the captains, trainers and most of all the players who made these results possible.

We have hired David Gordon to replace Peter Arseneau as the Executive Director effective August 1st. We wish David great success in his new position with the CFC, and I hope that together we can work to strengthen the Federation on many levels.

A draft set of financial statements prepared by CA Brian Watson are available. There was a huge problem with the bookkeeping this year, and unfortunately there was no way to know about this from reading the interim financial statements provided to the Executive and Governors by the Office. While the Executive has and continues to question various points in these drafts, they are mostly final and will not likely change much if at all from their current state.

The end-of-year financial statement provided by the office showed a tiny loss, in the hundreds. We were expecting this to grow with the expenses for the accountants. Brian Watson recommended Karin Bond as a bookkeeper to come in to the office ahead of him to prepare everything. She originally expected approximately 20 hours of work, but when she came in the books were not in good shape. There were duplicate and triplicate entries, missing information and other issues, and she ended up having to work 50 hours making 30 adjustments. Brian Watson made a further 6 adjustments leaving us at the loss we currently show.

The Executive was just as shocked as the Governors no doubt are to see such a huge difference between the figures from the office and the figures from the accountants. To prevent this from happening again, and to ensure that the Executive and the Governors have accurate information to work with, Brian Watson strongly recommends hiring someone (perhaps Karin Bond who is already now familiar with us) to come in once per month to check the books, as we used to have a couple of years ago. I agree totally with this point.

When I originally ran for election for President, I wanted to let the Governors “govern” as much as possible; this hadn’t always happened in the past. It seems, however, this year that many Governors were not really interested in doing anything (many not submitting even a single vote). This greatly disappoints me – how can we expect to gain more active members when even our GOVERNORS are not active?

In any event, the Executive ended up being most of the committees on its own. We did have quite a lively discussion concerning the future of the office, to which we invited three governors (one Western, one central and one Eastern) and which ended up with basically 8 different ideas, but it was a good discussion. An official ratings committee has now been formed and we expect the “quick fix” to be announced soon, with a more permanent fix to follow.

Robert Hamilton has a number of interesting ideas about the magazine which we have discussed. At my recommendation he will present these at the Incoming AGM as they concern the future of the magazine.

A new website has been under construction for approximately six months. It is an unfortunately long time to wait and we had hoped originally to have it ready by July 1st, but it is progressing and we appreciate all the work the web designers are doing for us. This new website includes integrated secure logins which gives us many options for providing members-only pages in the future, and will also have a full French translation done.

Memberships have slipped this year, and there doesn't seem to be any one cause for the drop. A membership drive is definitely in order, and I have planned one to coincide with National Chess Week (October 14-22), which is a week full of chess events being run across the country. Both the CMA and the CCCA have agreed to cooperate and attempt to organize events of their own to coincide with this week. The National Chess Week organizers will have a website up and running shortly, which will be announced on the CFC site.

I'd like to thank all the members of the 2005-2006 Executive for their hard work, especially Lyle for setting a new record for number of GLs, and Halldor for signing cheques and checking in on the office on occasion.

Sincerely,

Christopher Mallon
President,
Chess Federation of Canada

Martin Jaeger seconded by Barry Thorvardson proposes the adoption of the president's report.
Motion unanimously carried.

Vice President's Report: (with the Olympic Team in Torino)

Dear Fellow Governors,

As many of you already know from Chris's emails, I have chosen not to seek reelection. This is mainly due to professional reasons in that I plan to continue working hard at TD Canada Trust and do not have the time to devote to the CFC that is required to properly oversee and produce results. Further, I plan to return to school in the next few years but I still have decisions to make on what type of Masters or professional degree to seek beyond my current Bachelor degree.

The team is doing well in Italy. There was a rough round a couple days ago against Malaysia, but with the expert advice of Lev, things are going well and I anticipate some strong results in the next few rounds. Hazel Smith has turned in a few excellent games, one of which I saw was completely a miracle. She is developing into a fine player and I suspect that when she discovers a little more independence, and a little more confidence she will be quite a force. Indeed as Ron has suggested numerous times she could join the men's squad! :-) We should be particularly thankful to the sponsors for making it possible for the delegation to attend. Advertising at the Olympiad is incredible. Fiat, as a major sponsor has many vehicles with chess pieces painted on all over the playing site (I think I saw around 15 vehicles... all very nice, very classy). There is also a water sponsor (bottled water all over), and the City of Torino – which results in all passholders being granted free transit (bus) access. I intend to submit pictures I am taking here for publication in CEC, and those that do not make publication will be available online somewhere.

I would like to point out I firmly believe that we need to change from a paper based magazine to a web based magazine as soon as possible. There are many reasons to do so, but the two main reasons are 1) Cost and 2) technology. I say technology in that the world is moving away from paper based publications and that much more can be done by the web. The cost of publishing pictures, games, and things is virtually nil on the web. No longer would the magazine be subject to a limit on the number of pages, nor would we need to concern ourselves with the start up costs of printing the first X number of issues (I believe the first thousand or so issues is something like \$15,000 to \$20,000? Perhaps Peter would confirm this). Switching to an online format, the CFC would reestablish itself as a leader in online chess publications (note: a few years ago, the CFC was revered for its premiere national website, rivaled by none). Also the speed of distribution is maximally accelerated and the cost of

distribution is virtually eliminated. No more using Canada Post (no more grumbling from BC - for example - about where their issue of CEC is). The ability to download the content directly to databases such as chessbase is a plus for strong players and club players alike.

In terms of reduction of membership fees, I believe the fees should remain the same for the time being (neither increase, nor decrease) as there will continue to be magazine costs due to contractual obligations. Peter can elaborate on this. Eventually the membership fee could be reduced, given proper economic analysis. Therefore I request from the governors a motion proposing the gradual change, with necessary contractual obligations detailed to change the magazine format from paper based to electronic or web based. I strongly support such a motion.

Lastly, a special congratulations to Chris on his recent marriage! Please join me in wishing him all the best in his blessed union.

Sincerely,
Joshua Henson
Vice President

John Yoos seconded by Richard Keep proposes the adoption of the Vice-president's report.
Motion unanimously carried.

Secretary's Report:

On behalf of the CFC Executive I hope I speak for all the Governors in congratulating Mr. Cecil Rosner on his receipt award of the title of FIDE Organizer. Having known Cecil fairly well when I lived in Winnipeg some 20 years ago I have to say it's difficult to think of a more deserving individual.

It has been my pleasure to be your Secretary over the past year and hope to have the privilege of doing so again in 2006-2007. Though some have decried the need for the Governors' Letter in this electronic age I do believe it serves a useful function as the document of record for the Governors in a way no online forum can. I also believe the CFC Forum serves a useful function for quickly discussing and disseminating chess news at the national level. Anyone who has not yet tried out the forum can either go there from the CFC main web page (www.chess.ca) or directly via <http://www.designstesting.com/chessforum/> I recommend anyone who has not yet done so to check it out!

Finally I would like to single out for special thanks Michael Barron, Ilia Bluvstein, Ken Craft, Pierre Dénommée, Mark Dutton, Yves Farges, Wolfgang Ferner, Kevin Pacey, Maurice Smith and Howard Wu all of whom took part in at least 80% of governor votes during 2005-2006 and to the rest of you who made the 2005-2006 Executive and Governors such a privilege to be part of.

*Lyle Craver
Secretary, Chess Federation of Canada*

Barry Thorvardson seconded by Wolfgang Ferner proposes the adoption of the Secretary's report.
Motion unanimously carried.

Barry Thorvardson seconded by John Yoos proposes the adoption of the CFC Financials. Motion unanimously carried.

Treasurer's Report: (See appendix 1) John Yoos seconded by Lee Hendon proposes the adoption of the Treasurer's report. Motion unanimously carried.

FIDE Representative's Report:

Turin May 19 - June 6 2006

The excitement at this FIDE meeting was the election for president. The current president Kirsan Ilyumzhinov won a clear victory 96 – 54 over challenger Bessel Kok. Canada voted for Kok with the rest of Europe and the English speaking countries. It was a serious election and many of the 54 Kok votes simply felt it was time for a change of leadership. No damage was done to FIDE by the contest. There were many rumours of bribery and money changing hands for votes. No one ever approached us with a bribe and this was explained by our seeming incorruptability.

Our own Cecil Rosner was awarded the title of International Organizer and we offer him our congratulations.

There are some rumblings about Canada being its own zone. Only USA, Russia and I believe China are the other single zones. I understand this is brewing in the Association of Chess Professionals. A committee has been struck to examine these things. We do have firm support from the USA and from Mexico (which has a vote on the committee).

I did make inquiries about moving our zonal to odd years from even, and was assured this would cause no problems re titles or norms.

In terms of the Olympiad, our teams did extremely well and much of this is due to Sid Belzberg and Brian Hartmann. Our Canadian team was expected to place 47th out of 150. In fact they scored 29.5 -22.5 to place equal 30th, and on tie break 34th. Our ladies team was expected to place 51st out of 108. They scored 21 - 18 to place equal 33rd and on tie break 41st. The wonderful result was Pascal Charbonneau's victory over Anand and our 2.5-1.5 victory over highly placed India (ranked second behind Russia). Our ladies did very well. On fourth board, Hazel Smith scored 5.5-1.5 out of her first 7 games. She might well have won a board prize if she had not played any more games. But in fact she went on to face tough opponents and ended up with 5.5-3.5.

Nathan Divinsky

June 22 2006

John Yoos seconded by Lee Hendon proposes the adoption of the FIDE representative's report. Motion unanimously carried.

Rating Auditor's Report:

There have been a single incident worth reporting and it concerns the new FIDE Laws of Chess. Since July 1st 2005, the game is automatically lost when the cellular phone of a player rings during the game. A Rating Appeal has been presented when the Chief arbiter of a competition decided to report the result of a game won because a phone rang as an *unrated forfeit*. The winner appealed the decision not to rate the game.

According to rule number 733 of the CFC Handbook, *Games marked F or D (for Forfeit or Default) will not be rated (rule 718) unless they are also marked as R (for Rated)*. Reference to 718 make it clear that *Forfeit or Default* refers to a game in which one or both players did not make a single move. Rule 733 cannot be used to justify the fact that the aforementioned game has not been rated. Apart from defaulted games, all games played in a CFC rated events must be rated; the Chief arbiter has no discretion in this matter. Event though the game must be rated, the

Chief arbiter is entitled to determine the score of the opponent (FIDE Laws of Chess Article 12.2 b.)

Not rating this game would have created a very dangerous precedent because a player in a lost position could have avoided the loss of rating points by simply asking a friend to call him on his cellular phone, thus transforming a rated defeat into an unrated forfeit. As it is written in the FIDE Handbook, games which have started and that are forfeited for any reason *do count*.

John Yoos seconded by Lee Hendon proposes the adoption of the Rating Auditor's report. Motion unanimously carried.

National Appeals Committee: No Appeal has been forwarded to the National Appeal Committee during the past year so no report.

Youth Coordinator's Report:

This year has been another good one for me as Youth Coordinator.

I have been involved in working towards a better built Database for rating tournaments. Once this is complete, ratings should be able to be updated continuously instead of waiting for our 2 week (or more) periods for ratings updates. We are also working towards the possibility of an option for TDs to submit tournament crosstables online!

A major project has been working on a potential agreement with the Chess 'n Math Association (CMA) to work closer together. Part of this agreement could see CMA tournaments being rated by the CFC. This would have the benefit of Canada's youth not needing to go through a "transition" as they move from the CMA Youth tournaments to the CFC all ages tournaments. Their rating would follow them right through. I think that this may have an added benefit with regard to the ratings deflation that is hitting everyone.

I can see that this would most likely contribute to keeping these developing chess players "in the fold" and will contribute to an increase in memberships overall.

I hope that we are at the point (as I write this, we are almost there) where you will have a draft "agreement in principle" attached to this GL to initiate governor discussions.

As most of you are also aware, much of my time has also been taken up with dealing with the CYCC and WYCC series of events.

The CYCC remains one of our biggest and most prominent Youth chess events of the year. This year's event hopes to live up to the High Standard reached by our friends in Victoria who put on an incredible show last year.

There was also considerable concerns over the disaster that was the WYCC last year. While I endeavoured to help out our youth and their families by offering to arrange group air fare tickets to France, this unfortunately ended in further disaster as many payments for flights came in late and caused much of the arrangements and confirmations to be "last minute". Under these last minute pressures, there were some misunderstandings with the Air Carrier and several of our people were apparently about to be stranded. Things were worked out and everyone did arrive home safely, but not without a lot of worry.

The WYCC itself was unfortunately very poorly arranged and provisions were not made for the number of people that came. (In my opinion the organizers really have no excuse as they could see by the attendance numbers in the previous few years were increasing and they really did not

have that many more than the previous year.) Accommodation arrangements were strained and as a result of our receiving payments late and subsequently sending our payments in late (in previous years organizers took our numbers from our registration forms in order to plan and we sent in our fees in due course – this year, the organizers refused to accept our registrations until the fees were in their hands.) our people got some of the worst accommodations. The playing facilities themselves were atrocious by all accounts. All these problems mounted into an event that was not very much enjoyed by our people. (We actually still have a claim in to the organizers for fees that were paid for things not received and so due back to us, but unfortunately I fear we will never see any kind of refund.) FIDE has taken a firm stance with the organizers and have banned them from organizing any future events for a number of years.

Another aspect to my activities has been to promote chess in education. I recently did a search for any further studies on this topic and found that the compilation that I have assembled has been placed on a number of web-sites around the world! I am quite happy that my efforts are making their way out to a very broad audience. Anyone that is interested in downloading the compilation of studies and papers about the Benefits of Chess in Education are welcome to go to my personal web site: www.psmcd.net and do so. I only ask that you let me know who you are and what potential uses you have for it and any successes or suggestions you have.

I thank you again for letting me serve this past year as Youth Coordinator for the CFC.

Sincerely,
Patrick McDonald
Youth Coordinator – Chess Federation of Canada

John Yoos seconded by Lee Hendon proposes the adoption of the Youth Coordinator's report.
Motion unanimously carried.

From the Past President

I am deeply concerned about the notice to terminate the employment of our Executive Director, Mr. Peter Arsenau. I was asked by the Executive Director (ED) if I had heard what lead up to this. If I was discovered this is what I could proffer:

- 1) I was a member of the CFC Executive 2005-2006 serving as Past President of the CFC. Prior to that, I was the President of the CFC for two years.
- 2) My only regular duty on the 2005-2006 Executive was to meet with the ED approximately once a week and sign CFC cheques that had been authorized by the CFC President and CFC Treasurer via e-mail.
- 3) I was the individual member of the 2005-2006 CFC Executive that met the CFC ED most frequently because I live in Ottawa. The CFC Secretary and the CFC Treasurer also met with the ED in Ottawa once each at different times.
- 4) The CFC Executive never discussed any performance issues concerning the ED. I have no knowledge of discussions the President of the CFC may have had with other individual members of the CFC Executive concerning these issues. I was never asked by any member of the CFC Executive to follow up with the ED or the CFC Office on any items that were not getting done.
- 5) The CFC Executive never had a performance review of the ED in the 2005-2006 term to date. The first I heard of any dissatisfaction with the ED's performance of his duties was when the ED himself read a portion of a letter from the CFC President addressed to him over the phone Friday,

May 26, 2006. The President has not seen fit to circulate this letter to the Executive or any reasons for his decision.

6) When I served on the CFC Executive starting in 1998 for three years as both Secretary and Vice President, the President of the CFC would at times send me lists of items to work out with the office. Under the direction of the CFC President I settled disputes between the ED, other CFC Office staff and individual CFC members or CFC organizers. I undertook projects that the President had asked the CFC Office to do and they simply refused to undertake, i.e. publishing Chess the Hard Way. Other Ottawa members of the CFC Executive, at various times, would resolve various different issues with the ED of the CFC on behalf of the CFC President or individual members the CFC Executive.

7) The CFC has had difficulties retaining good staff. When I was President the then ED e-mailed the Executive his resignation April 16, 2004.

CFC Executive,

This email is notification of my 2 weeks notice.

My last day of work at the CFC office is April 30th, 2004.

Sincerely,

Gerry Litchfield

Chess Federation of Canada

Fédération canadienne des échecs

info@chess.ca

8) I was not supplied with reasons by Mr. Litchfield at the time of his resignation. Mr. Litchfield had obtained a double digit bonus and a double digit salary increase in June of 2003. Despite this agreement with the CFC, he kept asking me for further increases in salary. I refused to consider these requests/demands/justifications until after the end of the fiscal year (April 30, 2004). As a result, his relationship with me became strained. The day to day supervision of the administration of the CFC office was handled by the then Vice President, Mr. Stijn DeKerpel. Mr. Litchfield was asked by me to stay on longer at the CFC but he refused to consider any employment at the CFC after April 30th, 2004. Mr. Litchfield offered to come in as a consultant to the CFC at a rate of \$50 per hour. This was not something the CFC could afford, so little use was made of his offer.

9) The CFC, like other employers, incurs significant costs when staff turns over at the executive or professional level. A new ED at the CFC must learn a variety of tasks, some of which are complex. The CFC operates on a two year cycle dictated by the chess Olympiad and the FIDE Zonal. It takes time for the ED to move from tasks to managing the CFC. Our current ED finally moved to CFC over to QuickBooks this year. This was something our auditor recommended in 2001 or 2002.

10) CFC Governors can read statements from other Executives on this issue. No member of the CFC Executive replied to my e-mail query on why we were doing this and what cause we had to terminate the employment of the current ED. I think this is highly inappropriate and does nothing to enhance the reputation of the CFC as an employer.

Halldor P. Palsson
Past President of CFC

Business Office Report
NO OFFICE REPORT WAS PROVIDED

Chess Foundation of Canada Report: please see Appendix 2

OTHER BUSINESS:

Motion 2006-15 (Moved Christopher Mallon / Patrick McDonald)
That rating fees be changed to the following:

Standard rated events: \$3 per player for manual submission, \$2 per player for fully electronic submission

Active and Blitz rated events: \$3 per player for manual submission, \$1 per player for fully electronic submission

All-junior events: 50 cents per player

This motion was ruled by the chair to be for discussion only since it had not appeared 30 days before the AGM.

The following amendments to the motion were made:

Amendment 2006-15a: Fred McKim seconded by Jack Yoos propose a 100\$ maximum rating fee per event. Motion carried unanimously.

Amendment 2006-15b: Amendment to Motion 2006-5, add 50\$ registration fee for clubs for electronic submission of rating reports and a maximum of 100\$ per tournament. Vote result Yeas 13, Nays 0, Abstain 2. Motion carried

Because any vote on 2006-15 would be nonbinding, the Assembly voted to RECOMMEND approval of the completed motion to the Incoming Assembly and tabled it to GL1. 14-2-2

The meeting was adjourned at 1:06 pm

Part 2: Incoming Assembly of the Governors, Kitchener Ontario 18 July 2006

CFC President Christopher Mallon called the meeting to order at 9:39 am and welcomed the Governors. The President ascertained that sufficient notice of the AGM had been given and declared the Incoming Assembly opened

The following members of the Incoming Assembly of Governors were present:

Christopher Mallon

Hal Bond

Pierre Dénommée

William Doubleday

Shawn Geley

Lee Hendon

Richard Keep

Patrick McDonald

Fred McKim

Barry Thorvardson

Stephen Wright

Howard Wu

Also present: Brana Giancristofaro, Robert Hamilton

In the absence of the Secretary, Pierre Dénommée is selected as meeting secretary to take down the minutes.

Since there were 24 total votes no one can hold more than three proxies. The following proxies were recorded by the Secretary:

Michael Barron	(voted by Barry Thorvardson)
Ilia Bluvshtein	(voted by Richard Keep)
Hal Bond	(voted by Lee Hendon after Bond left the meeting at 9:40)
Lyle Craver	(voted by Stephen Wright)
Mark Dutton	(voted by Richard Keep)
Kai Gauer	(voted by Fred McKim)
Herb Langer	(voted by William Doubleday)
Ellen Nadeau	(voted by Barry Thorvardson)
Kevin Pacey	(voted by William Doubleday)
Halldor Palsson	(voted by William Doubleday)
Maurice Smith	(voted by Pierre Dénommée)
Nava Starr	(voted by Barry Thorvardson)
Eddie Urquhart	(voted by Fred McKim)
Howard Wu	(voted by Stephen Wright)

Election of Officers:

1. For President: Mark Dutton nominates Christopher Mallon and Maurice Smith nominates Neil Farey. Christopher Mallon accepts and we know that Neil will stand if elected. Vote result: Mallon 23, Farey 1
2. For Vice-President: William Doubleday acclaimed
3. For Secretary: Lyle Craver acclaimed
4. For Treasurer: Pierre Dénommée acclaimed
5. For FIDE Representative: Nathan Divinsky acclaimed
6. For Junior Coordinator, Patrick McDonald acclaimed

Other CFC Positions:

7. Womens' Coordinator: Bela Kosoian acclaimed
8. Rating Auditor: Pierre Dénommée and Eduardo Azmitia are nominated. Vote result: Dénommée 17, Azmitia 3.
9. National Appeal Committee: Gordon Taylor, Maurice Smith, Pierre Dénommée, Mark S. Dutton and Lyle Craver all for a one year term.

Chess Foundation of Canada:

10. Lynn Stringer acclaimed for a four year term. For the one year mandate, Larry Luiting and Shivaharan Thurairasah are nominated: Vote result: Luiting 18, Shivaharan 3 .

As a result the 2006-2007 Board of the Chess Foundation of Canada is as follows: Lynn Stringer (4 year term expires 2010), Maurice Smith (4 year term expires 2009), Lyle Craver (4 year term expires 2008), John Rutherford (4 year term expires 2007), Larry Luiting (one year term expires 2007).

11. Auditor nomination: Mr. Brian Watson, CA is appointed Auditor.

Other Business:

The FIDE Representative was called on to fight to protect the zone status of Canada.

Straw vote on Ethic Committee: the Incoming Assembly recommends the creation of a three members Ethic Committee for assisting the Executive in Ethics matters. The Committee will have only consultative powers and all sanction will have to be voted by the Executive.

There was a discussion on recommendations to the new Executive to carefully consider what is most efficient: renting or being an owner. The actual costs associated with the building maintenance are *apparently* higher then the cost of renting equivalent office space. Experts should be consulted on this issue.

There was a presentation and information session by Brana Giancristofaro of MonRoi.

Robert Hamilton made a presentation about a number of changes he was interested in making to the magazine, including reducing the number of issues per year to four, in exchange for a possibly dramatic increase in quality of each issue. This was referred to a committee and to the Executive.

There were other discussions not resulting in motions concerning extending the term of executive offices to 2 years and on the CYCC and minimum number of players in a section to offer full funding for a rep from that section to go to the WYCC.

Motion 2007-02: (Moved Patrick McDonald / Seconded Chris Mallon)

That the terms of office for the executive members be increased to two (2) years, and further, that the President, Vice President and Youth Coordinator be elected on the odd-numbered years and that the Secretary, Treasurer and FIDE Representative be elected on the even-numbered years. If an office becomes vacant on the non-electing year, that the officer be elected for the remainder of the above stated term. (ie. If the Secretary runs for and wins the office of President, that the vacant secretary position would then be filled for the remaining one year.)

All references in the Handbook to an executive "term" will be rephrased to two years from one. This motion was tabled for consideration in Governors' Letter 1.

The meeting was adjourned at 3:56 pm

RESULTS OF VOTING: none

MOTIONS FOR FINAL VOTE:

Motion 2007-01 (Formerly 2006-15 as amended at the Annual General Meeting) (Moved Christopher Mallon/Patrick McDonald)

a) That rating fees be changed to the following:

Standard rated events: \$3 per player for manual submission, \$2 per player for fully electronic submission

Active and Blitz rated events: \$3 per player for manual submission, \$1 per player for fully electronic submission

All-junior events: 50 cents per player

b) That to further encourage fully electronic submissions, a maximum rating fee of \$100 per

tournament will apply for events submitted in this manner.

c) That chess clubs may pay a fixed \$50 yearly rating fee, entitling them to rate any club events for no additional fee, as long as such events are submitted fully electronically, do not have any entry fees above club and CFC membership fees, and do not have cash or equivalent prizes.

d) That for the purposes of these regulations, fully electronic submission is defined as a tournament report which can be automatically, with minimal human interference, processed by our ratings software.

Background:

These new fees for fully electronic submission will take effect as soon as such submissions are enabled on our web site. This motion has been RECOMMENDED for approval by the 2005-2006 Outgoing Board of Governors at the 2006 Annual General Meeting.

MOTIONS FOR SECOND DISCUSSION: none

MOTIONS FOR FIRST DISCUSSION:

In addition to 2007-02 from the Annual General Meeting:

Motion 2007-03: (Pierre Dénommée / Lyle Craver) "Be it resolved that the Chess Federation adopt the Code of Ethics as presented in Appendix 3 in GL#1"

Pierre Dénommée : There have been discussions at the AGM. This is almost a cut and paste from the USCF rules.

Lyle Craver: Seconded for discussion. We could have used something like this several times in the last decade and it would have made the National Appeals Committee's job easier.

Motion 2007-04: (Pierre Dénommée / Lyle Craver) "Be it resolved that the Chess Federation adopt the Tournament Rules as presented in Appendix 4 in GL#1"

Pierre Dénommée : Our tournament rules are 29 years old and have been inadvertently deleted from our web site. The actual rules are quite out of touch with reality because they do not cover the use of digital clocks.

Lyle Craver: Seconded for discussion. I am not at all sure if I would vote for this as there are provisions I'm undecided on – notably making incremental time controls mandatory except as pre-advertised. I don't favor that at all. I also note that the FIDE standards would seem to make by first edition FIDE Game Timer non-standard since one certainly could not verify whose turn it was at a distance of 10 metres.

General Comments from Governors: none received

APPENDIX 1 a:

CFC Treasurer Report

At the beginning, this looks like a good year for the CFC with only a small deficit despite an unexpected building repair. According to the figures received from the Office by the CFC Executive and published in the Governors' Letters all was going well. When the Auditor began his review, it was found that several accounting errors, some very serious, have been made. The Auditor has sent his preliminary report on July 10th 2006 and there is a huge discrepancy between his figures and what has been used by the executive for decision making. The deficit of \$27,871 is not due to any exorbitant or illogical expenses by the CFC and a huge part of it is not even real spending. The most striking example of a non cash flow expense is the \$11,900 allowance for unsaleable inventory. The Auditor considers that \$11,900 of the CFC current book and equipment inventory cannot be sold, this has been considered as a lost. An expense of \$2,878 has been entered as building depreciation, this is not a real expense and the price of building in Ottawa is rising. There has been a \$4,000 extraordinary expense for building repairs that has been paid in full; most unfortunately, \$8 000 additional repairs will need to be incurred in the 2006-2007 financial year. Finally, a \$5,500 correction to last year revenues have been done when it became obvious that those revenues have been overstated.

The most damaging loss of revenue is in the membership section: \$6,349 has been lost there compared to last year and this is just the tip of the iceberg because we are also losing the sales that those members would have generated. We also suffer a serious loss in general donations¹.

The CFC cannot continue like this for another year without being faced with a very serious cash flow problem². The following remedies are proposed.

1. *Restoring independent bookkeeping*: this good habit had been abandoned but it is essential to accurate financial reporting. Considering the extra amount of work required at the end of the year, the cost would not be so high.
2. *Ensure that the Governors and the Executive get accurate financials*
3. *Equipment sales*: the equipments that are deemed to be impossible to sell by the Auditor will be put on rebate during the Canadian Open in our store.
4. *Membership drive*: raising membership should be the highest priority of the next executive.
5. *Chess Canada Échecs electronic version*: this could lead to savings but we should offer it as an option coupled with a slightly reduced membership fee. There is still a \$12,000 fee paid to the Editor, so we may need to cut further by reducing the number of issues.
6. *Rating automation*: a new rating program is under development. It will enable arbiters to directly enter data in the system, thus reducing the manpower cost of the rating system and, more importantly, it will reduce or eliminate late rating updates.
7. *Arbiters Organisers, and coaches Certification*: this should give rise to a modest extra income.
8. *Commission to the ED (presidential decision)*: in order to motivate our top employee to raise sales, his contract gives him a commission on what he sells.

If all else fails, the following actions will have to be considered, none of them are really appealing. The solutions are based on the fact that with record revenues, the real problem has been

¹ Donations not related to the Canadian participation in international events.

² We should become unable to pay the employees.

accidental overspending.

1. *Lowering the international expenses:* this means sending fewer players abroad.
2. *Reducing the staff in Ottawa.*
3. *Not renewing the entire inventory sold.*
4. *Temporary stopping the publication of CCE*
5. *Mortgage on the building*
6. *Selling the building and moving to a less expensive location by offering every city in Canada a chance to bid to obtain the CFC Office.*

Getting out of the book and equipment sale is not an option because this is our primary stream of income. B&E sales are profitable but our expenses are greater than the profit.

The Canada Revenue Agency Audit for an alleged failure to comply with the rules pertaining to the emission of Charity tax receipts that has been announced to the Governors in Edmonton has not been formally concluded yet. The Registered Charity status is a very important asset for the CFC, the loss of which would be catastrophic for us.

One last note, our accounts receivable have been received, so we do not need to worry about that. We have around \$40,000 in the bank but our liabilities are still larger, with the CYCC coming in first place with a \$29,000 liability

The next fiscal year will present many challenges to the CFC Executive because the situation must be urgently corrected before running out of cash.

The following three appendices follow:

Appendix 1b: Introductory Letter

Appendix 1c: Management Letter

Appendix 1d: Unaudited Financial Statements 30 April 2006

July 25, 2006

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

Dear Board Members:

We have been engaged to perform a review engagement on the financial statements of The Chess Federation of Canada for the year ended March 31, 2006.

Canadian generally accepted auditing standards require that we communicate at least annually regarding all relationships between the Federation and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Institute of Chartered Accountants of Ontario and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client;
- b) Holding a position, directly or indirectly, that gives the right of responsibility to exert significant influence over the financial and accounting policies of a client;
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- d) Economic dependence on a client; and
- e) Provision of services in addition to the review engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between the Federation and our firm that, in our professional judgment, may reasonably be thought to bear on independence that have occurred from May 1, 2005 to July 25, 2006.

Total fees for review engagement services related to the Federation for the year ended April 30, 2006 are \$2,500 plus GST.

Canadian generally accepted standards for audit engagements require that we confirm our independence to management or persons having oversight responsibility for the financial reporting process. However, since the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario deal with the concept of independence in terms of objectivity, our confirmation is to be made in that context. Accordingly, we hereby confirm that we are objective with respect to the Federation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of July 25, 2005.

This report is intended solely for the use of the board of directors, management, and others within the Federation and should not be used for any other purposes.

Yours sincerely,

WATSON FOLKINS COREY LLP

Per: Brian Watson CA
Partner

July 13, 2006

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, 2006 Financial Statements**

During the course of our review of the financial statements of the Federation for the period ended April 30, 2006, 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) The bookkeeper, Karin Bond, corrected the accounting records and verified the bank, checked inventory, payroll, etc. There was additional work on account of staff turnover and due to implementation of a new Quick Books accounting system. This arrangement for an independent bookkeeper is also prudent practice from an internal control perspective in that it provides for a greater segregation of duties.

2) One of the major assets of the Federation is inventory. Our analysis showed that a significant amount of the inventory is not selling or 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) Accounts receivable have more than doubled over last year. Accounts that are over 90 days should be followed up to prevent them from becoming uncollectible.

4) The Federation is at risk with respect to its tax receipting procedures - this could lead to penalties and loss of tax receipting privileges. Canada Revenue Agency (CRA) has implemented intermediate penalties simply for improper receipting. Besides the risk to the Federation, failure to comply with CRA's requirements could expose directors to personal liability and expose donors to the risk that their donation receipt credits could be disallowed.

Note that CRA initiated an audit on the Chess Federation a little over a year ago. Although CRA does not appear to have followed up on their audit we understand that they advised management at that time that the Federation was not in compliance with the rules for donation tax receipts. Our own recent review indicated that the rules for tax receipting are indeed not being adhered to.

The following are CRA's general requirements with respect to which a donation tax credit can be issued:

a) The volunteer has incurred the expenditures on behalf of the Federation.

b) The volunteer has the right to be reimbursed for such expenditures by the Federation under an agreement between the volunteer and the Federation (i.e. the volunteer's activity and expenses are eligible for reimbursement because they are in accordance with Federation policy and programs; there is no personal benefit *per se* to the volunteer).

c) The federation issues the volunteer a cheque for the amount of the expenses claimed by the volunteer and which are supported by receipts (such as airline tickets, hotel bills, etc.).

d) The volunteer freely chooses to give some or all of the reimbursement monies back to the Federation (i.e. there can be no agreement or understanding, written or oral, that the volunteer will return the reimbursement to the Federation).

Note that it is important that there be two separate transactions – the reimbursement payment to the volunteer and the donation by the volunteer to the Federation.

We recommend that Chess Federation personnel become more familiar with tax receipting procedures as outlined in CRA's Charity Newsletters and Charity Division publications. Volunteers should be educated as to the proper requirements.

5) The Federation has incurred significant losses over the past two years and will encounter cash flow problems this year if trends continue. The solution is to increase membership revenues and to improve product sales. The other option is to take steps to significantly decrease general and administrative expenses, including salaries.

6) The following is some commentary on the financial statements:

a) The net loss from operations worsened by \$11,594, from net expenditure of \$16,277 in 2005 to net expenditure of \$27,871 in 2006. This was primarily due to an impairment in membership fees of \$7,559 and an impairment in gross profit on product sales of \$6,605.

b) Sales of books and equipment are down from \$222,878 in 2003 to \$186,769 in 2004 to \$145,398 in 2005, to \$141,883 in 2006. This decrease is due a variety of factors, including increased competition from suppliers selling chess publications and other products via the internet and also due to competition from chess retail stores. The impairment in gross profit over 2005 was mainly due to an additional write off of obsolete inventory of \$3,400 and some shrinkage in the inventory (\$2,177)

c) Looking at the balance sheet, cash decreased by \$50,690, from \$75,705 to \$25,015. This was mainly due to an operational loss of \$28K, increase in accounts receivable of almost \$12K, and a reduction in current liabilities of \$15.6K.

d) Membership fee revenues decreased by \$7,559. This was due to a drop in numbers of members from 2,676 in 2005 to 2,228 in 2006.

e) Donations (excluding donations used for the Chess Olympics and WYCC programs) decreased from \$20,545 in 2005 to \$12,807 in 2006. These basically help to finance the cost of other competitions.

f) Salaries, benefits and staff travel increased from \$50,172 to \$62,159. However this was mostly offset by a reduction in office expense from \$42,171 to \$32,674 as personnel providing "casual" (part-time) labour and professional services went onto salary.

g) Expenditures on programs increased significantly, from \$210,179 to \$233,277, an increase of \$22,092. This was primarily due to the costs of the World Youth Chess Championships and the Olympics.

h) Other programs revenue of \$165,659 (re: the Chess Olympics, CYCC, Pugi Fund and the Patron program) are offset by corresponding expenses for the same amount. The increase of \$44,356 over the prior year is primarily due to activity related to the Chess Olympics and the CYCC programs.

We have reviewed all of the issues and information in this report with Chris Mallon and Peter Arseneau 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 Chris, Peter and Karin Bond. 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 D. Watson CA

cc: Peter Arseneau

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

UNAUDITED FINANCIAL STATEMENTS

APRIL 30, 2006

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, 2006 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. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

WATSON FOLKINS COREY LLP
Chartered Accountants

Ottawa, Ontario
June 30, 2006

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

BALANCE SHEET
AS AT APRIL 30, 2006
UNAUDITED

	2006	2005
CURRENT ASSETS		
Cash	\$ 25,015	\$ 75,705
Accounts receivable	18,989	7,723
Inventory	67,347	70,399
Prepaid expenses	6,456	9,106
	<hr/> 117,807	<hr/> 162,933
CAPITAL ASSETS (note 2)	<hr/> 92,465	<hr/> 96,498
	<hr/> <hr/> \$ 210,272	<hr/> <hr/> \$ 259,431
CURRENT LIABILITIES		
Accounts payable	\$ 14,976	\$ 17,816
Entry fees payable	8,415	17,815
Deferred membership revenue	30,017	33,406
	<hr/> 53,408	<hr/> 69,037
DEFERRED CONTRIBUTIONS (note 3)	<hr/> 19,797	<hr/> 25,456
NET ASSETS		
Invested in capital assets	91,989	96,022
Unrestricted	45,078	68,916
	<hr/> 137,067	<hr/> 164,938
	<hr/> <hr/> \$ 210,272	<hr/> <hr/> \$ 259,431

Approved on behalf of the Board:

Director

Director

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2006
UNAUDITED

	2006	2005
INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 96,022	\$ 97,137
Purchase of capital assets	-	3,874
Disposal of capital assets	-	(300)
Amortization of capital assets	<u>(4,033)</u>	<u>(4,689)</u>
Balance - end of year	\$ 91,989	\$ 96,022
 UNRESTRICTED		
Balance - beginning of year, as previously reported	63,366	78,528
Correction of prior years' revenue (note 7)	5,550	5,550
 Balance - beginning of year, as restated	 68,916	 84,078
Net revenue (expenditure) for the year	(27,871)	(16,277)
Purchase of capital assets	-	(3,874)
Disposal of capital assets	-	300
Amortization of capital assets	<u>4,033</u>	<u>4,689</u>
 Balance - end of year	 \$ 45,078	 \$ 68,916

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED APRIL 30, 2006
UNAUDITED

	2006	2005
REVENUE		
Sales of books, equipment and software	\$ 141,883	\$ 145,398
Shipping and handling charges	7,999	8,722
Membership fees	64,687	72,246
Contribution from related party (note 5)	4,806	3,963
Rating fees	24,019	27,968
Publication sales and advertising	2,348	4,530
Donations	12,807	20,545
Other programs (note 3)	165,659	121,303
Other revenue	414	248
	<hr/> 424,622	<hr/> 404,923
EXPENDITURE		
Cost of sales	102,611	99,521
General and administrative		
Salaries, benefits and staff travel	62,159	50,172
Building and equipment expenses	21,375	16,965
Bad debts	-	979
Office	32,674	42,171
Other executive and administration	397	207
	<hr/> 116,605	<hr/> 110,494
Programs		
Publications	49,183	48,750
International	8,975	21,467
Contributions to clubs, provincial affiliates and the Foundation	9,460	19,665
Other programs (note 3)	165,659	121,303
	<hr/> 233,277	<hr/> 211,185
	<hr/> 452,493	<hr/> 421,200
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ (27,871)	\$ (16,277)

THE CHESS FEDERATION OF CANADA LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2006 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.

(e) Statement of cash flows

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

(f) Estimates and Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results may differ from those estimates.

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2006

UNAUDITED

2. CAPITAL ASSETS

					2006		2005
		Cost	Accumulated Amortization		Net		Net
Land		\$ 20,000	\$ -	\$ 20,000	\$ 20,000		\$ 20,000
Building		145,502	76,690	68,812	71,679		
Furniture and equipment		5,000	4,435	565	707		
Computer equipment		9,224	8,180	1,044	1,559		
National library		8,240	6,197	2,043	2,554		
		\$ 187,966	\$ 95,501	\$ 92,465	\$ 96,498		

3. DEFERRED CONTRIBUTIONS

	Olympic Donations	CYCC Program	Kalev Pugi Fund	Patron Program	TOTAL
Balance - beginning of year	\$ 1,124	\$ 23,144	\$ 1,188	\$ -	\$ 25,456
Add: contributions	59,765	96,610	1,025	2,600	160,000
Less: recognized as revenue	(60,000)	(104,975)	(500)	(184)	(165,659)
Balance - end of year	\$ 889	\$ 14,779	\$ 1,713	\$ 2,416	\$ 19,797

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 and donations 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. The Patron program was established to improve magazine production.

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

4. CONTINGENT LIABILITY

Canada Revenue Agency (CRA) commenced an audit of the Federation's books and it is not yet completed. CRA is contesting the validity of certain tax receipts that have been issued for donations relating to international competitions. CRA has also indicated the possibility of additional liability relating to unremitted payroll deductions; because this amount is unknown, it has not been accrued for in the accounting records.

THE CHESS FEDERATION OF CANADA

LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2006
UNAUDITED

5. 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 \$750 (2005 - nil) and life membership fees of nil (2005 - \$1,070) have been paid into the Foundation from the Federation. The Foundation has contributed \$4,806 (2005 - \$3,963) in support of the Federation's general operations and \$1,025 (2005 - \$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, 2006 and 2005 and the years then ended are based on data provided by another firm of accountants, as follows:

	2006	2005
BALANCE SHEET		
Assets	\$ 155,149	\$ 150,154
Liabilities	-	-
Net assets	\$ 155,149	\$ 150,154

STATEMENT OF REVENUE AND EXPENDITURE

Revenue	\$ 11,216	\$ 7,134
Expenditure	6,221	5,363
Net revenue for the year	\$ 4,995	\$ 1,771

6. FINANCIAL INSTRUMENTS

The carrying value of cash, accounts receivable, accounts payable and entry fees payable approximate their fair value because of the relatively short period to maturity of the instruments. Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant interest, currency or credit risks.

7. CORRECTION OF PRIOR YEARS' REVENUE

The deferred membership revenue of prior years has been corrected by \$5,550.

8. COMPARATIVE FIGURES

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

Appendix 2

Chess Foundation of Canada

2005 – 2006

In addition to the Chess Foundation Financial Report , we are pleased to welcome the following as new Life Members into the Chess Federation of Canada.

Jim Enman
Chris Kuczaj
Ken Craft
Frank O'Brien
Kai Gauer
Torbin Friishe
Peter Zis
Waldemar Friesen
Spenser Martin

The Pugi Fund, which is used to help talented young players travel to FIDE Tournaments to qualify for norms is now at \$1,025.19.

The CFC donated \$750.00 to the Foundation last year and all donations are welcome as only the interest is used yearly.

Sincerely,
Lynn Stringer
July 12, 2006

Appendix 3:

The Code of Ethics of the Chess Federation of Canada

PURPOSE AND SCOPE

1. The purpose of this code of ethics is to set forth standards to which the conduct of players, organisers, arbiters, sponsors, and other individuals and entities participating in the affairs of the Chess Federation of Canada (CFC), including tournaments and other activities sponsored by or sanctioned by the CFC, should conform; to specify sanctions for conduct that does not conform to such standards; and to specify the procedures by which alleged violations are to be investigated and, if necessary, the appropriate sanctions imposed.
2. The standards, procedures, and sanctions set forth in this code of ethics are not equivalent to criminal laws and procedures. Rather, they concern the rights and privileges of CFC membership, including, but not limited to, the privilege of participating in tournaments, events, or other activities as a member of the CFC.
3. The standards, procedures, and sanctions set forth in this code of ethics shall apply only to: (A) actions and behaviour by members of the CFC that occur in connection with tournaments or other activities sponsored by or sanctioned by the CFC; and (B) individuals and entities acting in an official capacity as officers or representatives of the CFC. Each member of the CFC and each participant in a CFC activity shall be bound by this code of ethics.

THE CFC ETHICS COMMITTEE

4. The CFC Ethics Committee is appointed in accordance with procedures consistent with the bylaws of the CFC. The committee exists to consider allegations of unethical conduct at or in connection with events sanctioned by the CFC, and allegations of unethical conduct involving the CFC and its activities, in accordance with the standards and procedures contained in this code. The committee will exercise all other duties as may be assigned by the Bylaws or by action of the CFC Assembly of Governors.

STANDARDS OF CONDUCT

5. The actions and behaviour of individuals participating in CFC activities, or in events sponsored by or sanctioned by the CFC, shall be lawful and in accordance with all CFC rules and regulations, and consistent with the principles of fair play, good sportsmanship, honesty, and respect for the rights of others. The following is a list of examples of actions and behaviour that are considered unethical. The list is not intended to be exhaustive, and any action or behaviour that is unlawful or violates CFC rules and regulations, or is inconsistent with the principles of fair play, good sportsmanship, honesty, and respect for the rights of others, may be considered to fall within the scope of this code of ethics.

(a) Intentional violations of FIDE Laws of Chess, CFC Tournament Rules, or of any other regulations pertaining to CFC activities and goals, particularly after being warned.

(b) Cheating in a game of chess by illegally giving, receiving, offering, or soliciting advice; or by consulting written sources; or by tampering with clocks; or by using a computer or in any other manner.

(c) Deliberately losing a game for payment, or to lower one's rating, or for any other reason; or attempting to induce another player to do so. Deliberately failing to play at one's best in a game, in any manner inconsistent with the principles of good sportsmanship, honesty, or fair play.

(d) Deliberately misrepresenting one's playing ability in order to compete in a tournament or division of a tournament intended for players of lesser ability; players with foreign ratings are expected to disclose those ratings.

(e) Participating in a tournament under a false name or submitting a falsified rating report.

(f) Participating in a tournament while under suspension.

(g) Purposely giving false information in order to circumvent or violate any rule or regulation or goal recognised by the CFC.

(h) Attempting to interfere with the rights of any CFC member, such as by barring someone from entering a CFC-sanctioned event for personal reasons. Generally, no individual should be barred from a CFC-sanctioned event for which he or she meets the advertised qualifications, without appropriate due process, and for behaviour inconsistent with the principles of this code and/or the rules of chess. If a ban on future participation is imposed, the individual should be notified of the ban prior to his attempting to appear at future events.

(i) Violating federal, provincial, or local laws while participating in activities that are associated with the CFC.

PROCEDURES

6. Any CFC member may initiate procedures under this code of ethics by filing a complaint in a timely manner with the CFC Commission of Disciplinary an Ethical Actions. In the case of any accusation that does not fall clearly under the "Standards of Conduct" above, aforementioned commission shall have the authority to decide whether the alleged conduct is within the scope of the code of ethics. Relevant complaint will be transmitted to ethics Committee having jurisdiction. If the complaint is transmitted to the CFC ethic committee, in the case of each alleged violation that is within the scope of the code of ethics, the following steps shall occur in a timely manner:

(a) A factual inquiry shall be made by the Ethics Committee, assisted as necessary by the CFC staff. Previous findings of the Ethics Committee or other CFC entities may be included among the evidence considered by the Ethics Committee, if relevant to the circumstances of the present case. As a part of such an inquiry, any person accused of unethical conduct shall have the right to examine the evidence against him or her, the right to respond to the accusation, and the right to produce written evidence in his or her behalf.

(b) Appropriate sanctions, if any, shall be recommended by the Ethics Committee. In recommending sanctions, the Ethics Committee may consider any previous ruling or finding of the Ethics Committee, or other CFC entity, pertaining to the past conduct of the person being sanctioned. In recommending sanctions, the person being recommended for sanctions must be informed of this fact. Any person against whom sanctions have been recommended shall be promptly notified.

(c) Except as specified in 6(e) recommended sanctions shall be deemed final unless appealed to

the CFC Executive by the person or persons upon whom the sanctions have been imposed, or upon the initiative of any member of the CFC Executive. Such an appeal must be made within thirty days of the date that notification of recommended sanctions occurred, except that the CFC Executive may extend the deadline for appeal if in its judgement an unavoidable delay in communications or other valid cause prevented a timely appeal. If an appeal has not been filed by the deadline the recommended sanctions shall be placed into effect.

(d) Upon appeal, a review of the facts and the appropriateness of the recommended sanction shall be undertaken by the CFC Executive. The person against whom the sanction has been recommended, as well as the person filing the initial complaint, shall be given notice of the time and place the CFC Executive will review the case. The person against whom the sanctions have been recommended shall have the right to appear before the CFC Executive and present evidence. In all appeals the recommended sanctions imposed by the Ethics Committee shall not be in effect until the appeal hearing is completed. The recommended sanctions shall be either confirmed, modified, or revoked by the CFC Executive.

(e) If the person against whom sanctions have been recommended is a member of the CFC Executive, he or she may not appeal the sanctions to the CFC Executive, but may appeal to the CFC Assembly of Governors at the next AGM.

(f) If any member of the Ethics Committee or of the CFC Executive has a conflict of interest of any kind that might preclude objective participation in the consideration of any case, that person may not act in the capacity of a committee or Executive member on the case.

SANCTIONS:

7. The following are some of the sanctions that may be imposed as a result of the procedures specified above. In unusual cases, other appropriate sanctions may be imposed, or these sanctions may be varied or combined.

(a) Reprimand. A determination that a member has committed an offence warranting discipline becomes a matter of record, but no further sanction is imposed at the time. A reprimand automatically carries a probation of at least three months, or longer if so specified. If the member is judged guilty of another offence during the probation, he or she is then liable to further sanctions for both offences.

(b) Censure. A determination that a member has committed a serious offence warranting discipline becomes a matter of record, but no further sanction is imposed at the time. Censure automatically carries a probation of at least one year, or longer if so specified. If the member is judged guilty of another offence during the probationary period, he or she is then liable to further sanctions for both offences.

(c) Suspended sentence with probation. A determination is made that the member has committed an offence warranting discipline. When the discipline is imposed and execution thereof suspended, such suspension shall include probation for at least six months longer than the discipline imposed. If the member is judged guilty of another offence during this period, unless otherwise decreed, the original discipline shall be added to such new discipline as may be imposed for the new offence.

(d) Suspension. Suspension is a determination that the member has committed an offence warranting abrogation, for a specified period of time, of all membership rights and privileges.

(e) Expulsion. Expulsion is a determination that a member has committed an offence warranting permanent abrogation of all membership rights and privileges. An expelled member may be readmitted to membership only by the CFC Executive or by the CFC Assembly of Governors.

(f) Exclusion from events. This is a more selective determination that a member has committed an offence warranting abrogation of the right to participate in certain specified events or activities.

8. If the person being sanctioned is a member of the CFC Executive, the Ethics Committee may recommend no sanctions other than censure or reprimand, but may also recommend to the Assembly of Governors other actions.

9. In the case of every sanction that involves suspension or expulsion, a member may not hold any office in the CFC or participate in any capacity in any event or activity sponsored by or sanctioned by the CFC.

10. The CFC Business Office shall be informed in writing of all official determinations by the Ethics Committee, and shall record any recommendations of any sanctions. The CFC Business Office shall inform the CFC Executive of any sanctions recommended.

Appendix 4:

CFC Tournament rules

Administrative rules

The organisation sponsoring the tournament may appoint a local committee to take charge of the arrangements and has the following powers and duties: to appoint the tournament Chief Arbiter unless assignation is mandatory; to make advance arrangements for the tournament, including playing quarters and any equipment to be supplied; to establish the date and time of each session; to establish the conditions of entry; and to be generally responsible for the observance of all CFC procedures and policies.

For the inclusive dates of his play, each player in the tournament must be a CFC member in good standing.

Play shall be governed by the Laws, by the FIDE interpretations of the Laws, by the CFC Tournament Rules and Pairing Rules, and by all CFC procedures and policies.

Additional rules for tournament play

All games must be played in the tournament rooms on the day and at the times specified by the tournament organisers, unless the Chief arbiter makes or accepts other arrangements (e.g., a first-round game may be arranged to be played in advance of the start of a tournament).

If a player wishes to adjust pieces on their squares when his opponent is absent and an arbiter is not available, he may ask a spectator or a player who is not on the move to witness the adjustment. It is only the player whose turn it is to move who may adjust pieces on their squares. If the other player adjusts his own or his opponent's pieces, he may be penalised at the discretion of the arbiter.

The Chief arbiter should stipulate at the beginning of the tournament the direction the clocks are to face, and the players should seat themselves so that the clocks are to the right of the players with the black pieces. For team tournaments, the Chief arbiter is free to place the clocks and the players as he see fit. Mechanical clocks should be set so that each unit will register six o'clock when the first time control expires, one minute being added to the time control when the clocks are set to compensate of any possible minor defects in the accuracy of the clocks of their flags. The players (and when possible, the arbiter) should inspect the clock and its flags for evident defects before and during play.

When the round begins, the clock of each player with the white pieces is started by his opponent, if the latter is present or by an official if both players are absent.

When a clock is not available at the beginning of the round, but is brought or obtained later, the following rules apply:

- (a) If both players are present when the round begins, they start play immediately. If a clock becomes available later, the elapsed time of the round is divided equally between the two players.
- (b) If one player is absent when the round begins, he is charged with the elapsed time of the round up to the moment of his arrival. The time from his arrival until a clock becomes available is divided equally between the two players.
- (c) If both players are absent when the round begins, the player with the white men is charged with the elapsed time of the round up to the moment of his arrival. If his opponent arrives still later, he is charged with the difference between White's arrival time and his own. White makes his first move as soon as he arrives, and the time from then until a clock becomes available is divided equally between the two players.

With the exception of any games postponed by consent of the Chief arbiter, all the games of each round must start promptly at the time specified (CFC Tournament Rule Art. 2.1). If feasible, the arbiter should give five minutes warning, then announce that play must begin.

Any player who does not notify an arbiter in advance that he will be unable to play in any round and then defaults the game by not appearing within one hour after the starting time, unless the rules of the competition specify or the arbiter decides otherwise (FIDE Article 6.6) may be fined the sum of 50,00\$ payable to the sponsoring organisation. The player should not be permitted to continue play in the tournament and may be barred by the sponsoring organisation from any of its tournaments until the fine is paid.

In any game without a clock at the beginning of the round, a player loses by default if he does not arrive within one hour after the time specified for the start of play (unless the rules of the competition specify or the arbiter decides otherwise). If neither player arrives within one hour the game is lost by both (FIDE Laws of Chess Article 6.6)

In a rated tournament, any participant who quits the tournament or who is absent for a round of the tournament without previously informing the arbiter is to be considered as having actually played and lost the game, the silence before the default is to be interpreted as giving consent to losing the appropriate number of rating points. The only exception to this rule is where two players who default in a particular round are paired against each other.

The name of every defaulting player will be removed from the pairing list for subsequent rounds. However, a player can, on request, be reinstated on the list after a single default so long as the request is made before the pairing of the round following the default have been made public

When a player's flag falls and it is not clear that he has made the prescribed number of moves, an arbiter, if not already present, is summoned; the arbiter stops both clocks, determines whether the prescribed number of moves has been made, and makes the appropriate ruling.

In the absence of an evident defect, the falling of a clock's flag and the time on the clock indicates the moment at which the player's time control period expires. As the players (and, when possible, the arbiter) should have inspected the clock and its flag for evident defects before and during play, and as one minute has been added (this addition is permitted for mechanical clocks only) to the time control to compensate for any possible minor defects in the accuracy of the clocks, a claim that a flag has fallen prematurely should be accepted only if there is a clear space between the minute hand and the left side of the hour marker when the flag falls.

If the end of a time control period will not be marked by a flag fall because of absence of a flag or a defective flag, the time control period is deemed to have expired when there is a clear space between the clockwise side of the appropriate dial marker and the minute hand.

For mechanical clocks only: when any secondary time-control period is less than one hour, both clocks should be reset by moving them forward one hour, less the secondary time control. If the players are allowed to reset the clock themselves at the end of each time control period or when both players have made the specified number of moves in each time control period, the Chief arbiter must specify the exact procedure to be used in a written and also, whenever possible, oral announcement in advance of the first round.

If the arbiter rules that no time is available to complete a game which must be reinstated or replayed under Article 7 of the FIDE Laws of Chess, he may take whatever action he deems appropriate.

Each player is required to record the moves of the game in a manner specified in Article 8.1 on the scoresheet provided or approved by the tournament organiser.

Except as provided the Laws of Chess no person may act as the deputy of the player in recording moves.

In general, the tournament arbiter may use his discretionary powers to accommodate the rules to the special needs of a handicapped play. However, he must inform each opponent of the handicapped player, before the start of the game, of any such accommodations of the rules he has granted and must ensure that such accommodations do not confer any undue advantage on the handicapped player with respect to his opponent, who must be granted similar accommodations if he requests them.

When a game is completed, the result must immediately be registered officially with the arbiter or his designee. The manner in which the official registration is accomplished (by signed scoresheets, entering the result on a pairing sheet, etc.) is at the arbiter's discretion.

Obvious intoxication from abuse of alcohol or drugs shall be considered to be a diminution of a good playing environment and shall be sufficient reason to declare the game forfeited or to eject the offending player from the event, or both.

During playing sessions players with games in progress should not leave the playing room for extended periods without first informing the arbiter.

The Chief arbiter is a representative of the CFC on the tournament site. He is responsible for the technical management of the tournament and is bound by the Laws of Chess, by the official interpretations of the Laws, by the CFC Tournament Rules and Pairing Rules, and by all CFC procedures and policies.

The Chief arbiter's duties and powers normally include the following: to appoint assistants of various types as required to perform his duties, to accept and list entries, to establish suitable conditions of play and to announce them to the participants, to collect scores and tabulate results, and to report results to the sponsoring organisation and the CFC for the official record.

The Chief arbiter may delegate any of his duties to assistants, but he is not thereby relieved of responsibility for their correct performance. An arbiter, as he must have absolute objectivity, and must be able to devote his full attention to his duties as arbiter, should not, in principle, be a player in any tournament he directs. At the lowest level of tournament, the arbiter may be a player if necessary, but an arbiter who is not a player in the tournament is recommended wherever possible. The chief arbiter is strictly prohibited from being a player in any tournament above the lowest level.

Any pairing software used in a tournament is just an aid to pairing: the Chief Arbiter is always responsible for all pairings including those made by a computer or by any Deputy Arbiter which is part of his team.

The standards of chess equipment of FIDE tournaments are applicable also to CFC tournaments. Unless the organisers have provided standard equipment or designated preferred equipment for all players, Black has his choice of any equipment conforming to these standards. If Black is absent when the round begins and White arrives first, White has the choice. The opponent may not challenge the choice as not conforming unless he can provide or obtain equipment which does conform, or conforms more nearly to these standards. *If neither player has standard equipment, the game shall be played using the one that is closest to the standard. A game not played because neither player has any equipment shall be scored as zero for both players and shall not be rated. In a Swiss tournament, the colour assigned for this game does not count and the players are not considered to have been paired together. Questionable cases are left to the discretion of the arbiter whose decision shall be final. In team competitions, forfeits by lack of equipment must occur on the highest numbered boards; for example, if in a team competition on six boards, only four complete equipment are available, the forfeits must be on board number 5 and 6. Furthermore, in Leagues in which there is a visiting team and a local team, the local team is responsible for providing all the equipment. The local team shall lose by forfeit all matches cancelled for lack of equipment.*

CFC Standards of Equipment for Chess Clock

The following rule states some exception from the general rules that Black has the choice of equipment.

1. Any Chess clock officially endorsed by FIDE is also recognised by the CFC. The game should be played with a FIDE endorsed clock if one is available.
2. A digital clock that can be used to play a game without being reprogrammed during the game has priority.
3. A digital clock that forbids the double fall of the flag when it is used without incrementation is not standard but tolerated in tournament. In order to avoid playing with such a clock, the player having the White piece can use any clock, even a mechanical one. In case of a claim of draw for double flag down, the arbiter shall use his best judgement to decide if the two flags would have been down if the clock have continued to run and doubtful cases shall be rule as drawn. Player using non standard clock should be aware of the risk they are taking.
4. A digital clock incapable of displaying which flag fell first is not standard but tolerated in competition. The player having the white pieces can refuse to play with such a clock if he can supply a digital clock having this capability.
5. A digital chess clock not equipped of a low battery indicator is not standard but tolerated in competition. In order to avoid playing with such a clock, the player having the White piece can use any clock, even a mechanical one.

6. Buzzer, if any, must be deactivated at all time. If the buzzer cannot be turned off, the clock cannot be used in competition (try to imagine 130 clocks ringing at move 40). The arbiter shall use his best judgement to deal with the problem of a rigging clock. Nevertheless, the opponent shall receive at least 2 minutes extra thinking time for the disturbance which means that he will not lose the game on time because of the buzzer.

Rules for playing with digital clocks

1. The player using a digital clock must know how to operate it. The arbiter can forfeit a player who tries to evade a time penalty by refusing to disclose his clock mode of operation.
2. If the low battery indicator is on, a game shall not begin with this clock but the game shall continue if the indicator become active after the game has begun.
3. Digital clock supplied by the organiser are programmed by an arbiter, other clock are programmed by the players unless the arbiter decides otherwise.
4. A player is responsible for all problems caused by his failure to properly program his clock.

Equivalence of time control

For all CFC rated tournament the following time controls are considered equivalent. The intent of the rule is to standardise tournaments in which some players have digital clocks whereas other have mechanical and to enable players with mechanical clocks to register in tournaments with incremental time control.

Eventually, only digital clocks will be used in all tournaments but a transition period is required. Any tournament may choose to use another equivalence if it is announced in advance in all tournament publicity. It is also perfectly acceptable to organise a tournament requiring digital clocks on all boards.

<i>Traditional time control</i>	<i>equivalent time control</i>
40 moves/2h followed by 20 moves/1h followed by 1 hour SD	40 moves/ 100 minutes 20 moves/50 minutes 40 minutes +30 seconds per move
40 moves/2h followed by 20 moves/1h followed by 30 minutes SD	40 moves/ 100 minutes 20 moves/50 minutes 10 minutes +30 seconds per move
40 moves/2h followed by 1 hour SD	40 moves/100 minutes 40 minutes +30 seconds per move
30 moves/1h30 followed by 1 hour SD	30 moves/1h15 minutes 40 minutes +30 seconds per move
61 minutes SD (standard game)	51 minutes SD+10 seconds per move
60 minutes SD (rapidplay)	50 minutes SD+10 seconds per move
30 minutes SD (rapidplay)	20 minutes SD+10 seconds per move
25 minutes SD (rapidplay)	15 minutes SD+10 seconds per move

If the traditional time control is not in this table proceed as follow

- 1) For any non sudden death time control, subtract the whole extra time given by the increment. Example: 20 moves in 1:00h becomes: 20 moves in 50 minutes with the addition of 30 seconds after each move (1:00h – 20x30s = 50 minutes).
- 2) For a sudden death time control in a regular game, assume that the game will last 80 moves. Example: 40 moves in 2 hours followed by one hour sudden death. This will give 40 moves in 100 minutes (100 minutes + 40x30s = 120 minutes = 2 hours). If we assume that the game will last 80 moves, the players will need to play 40 moves in the last time control. 40x30 seconds is 20 minutes. 1 hour – 20 minutes is 40 minutes. The final time control will be 40 moves in 100 minutes followed by the entire game in 40 minutes with the addition of 30 seconds from move one. If this formula lead to non-sense, the organiser is free to use his best judgement to establish an equivalent time control.
- 3) For rapidplay, subtract 10 minutes from the total and add 10 seconds per move.

Time control to be used

If any of the players has a standard chess clock capable of incrementation, the use of the equivalent time control is mandatory. The players are not permitted to dispense themselves from this requirement; the increment must be used if the clock has the capability even if both players prefer traditional timing. The TDOCP may permit a tournament to ban incrementation, but the permission must be asked at least one month in advance and the fact must be mentioned in all

tournament publicity.

Exceptions to the normal rules

The following exception to normal procedure applies only to large tournaments in which it is impossible to supervise play in all games: infringements of Articles 4.3 and 4.4 must be claimed by the opponent unless an arbiter witnesses a violation.

VARIATION. In a tournament with a large number of players, if the arbiter believes that the Tournament Rules of article 2.5 cannot be applied, the following procedure may be substituted for 2.5. However, written, and also, whenever possible, oral announcement must be made in advance of the first round and the same procedure must be used for all games.

No player may subtract time from a late opponent without starting a clock. If a clock becomes available after the beginning of the round, the arbiter may require that the elapsed time of the round be divided equally between the two players.

- (a) If both players are present when the round begins, they start play immediately.
- (b) If one player is absent when the round begins, play starts when the player who is present starts the clock he has brought or obtained. If he has not brought a clock and is unable to obtain one, play does not start until the opponent arrives.
- (c) If both players are absent when the round begins, play starts when the first player arrives and starts the clock he has brought or obtained. If he has not brought a clock and is unable to obtain one, play does not start until the opponent arrives.

In a large tournament, if it is impractical for the arbiter to announce the beginning of a round, players should be urged, in advance, to begin their games promptly by starting their opponents' clocks. The players should also be informed that no permission is needed to start games at the specified time if the pairings have been posted.

The following exception to normal procedure applies only to large tournaments in which it is impossible to supervise play in all games: infringements of the Laws on Recording of Games (FIDE Laws of Chess Article 8.1) must be claimed by the opponent unless the arbiter witnesses a violation.

The following exception to normal procedure applies only to large tournaments in which it is impossible to supervise play in all games; completion of scoresheets after the time control when a player, extremely pressed for time, has obviously been unable to meet the requirements of the FIDE Laws of Chess Article 8.1, is optional at the discretion of the arbiter.

A player who does not conform to the specifications of the FIDE Laws of Chess Article 9.1 when proposing a draw by agreement (FIDE Laws of Chess Article 9.1) is breaking the Laws of Chess and should be penalised or warned at the discretion of the arbiter.

Unsportsmanlike conduct

It is **unethical and unsportsmanlike** to agree to a draw before a serious contest has begun. The same is true of all agreements to prearrange game results. In cases of clear violations of the **moral principles of the game**, an arbiter should impose penalties at his discretion.

It is **unethical and unsportsmanlike** to deliberately lose a game to lower your rating.

It is **unethical and unsportsmanlike** to deliberately lose a game for payment.

It is **unethical and unsportsmanlike** to lie on your rating in order to register in a tournament or a section of a tournament reserved to players of lower rating or for any other reason.

It is **unethical and unsportsmanlike** to cheat in a game of chess by illegally giving, receiving, offering, or soliciting advice; or by consulting written sources; or by tampering with clocks; or by using a computer or in any other manner.

The player who does not wish to continue a lost game and leaves without being courteous enough to resign or to notify the arbiter may be severely penalised, at the discretion of a arbiter, for poor sportsmanship.

With the permission of the Chief Arbiter and with prior approval from the CFC, in order to prevent insidious draws, the organiser may uses any of the following or a combination of them

- (a) require a minimum number of moves to be played before a draw can be proposed by the players;
- (b) require a minimum time of play before a draw can be proposed by a player;
- (c) require that all proposition of a draw be approved by the Chief Arbiter. If the Chief Arbiter refuses the draw, the game must continue.

Appeals

A player may appeal any ruling made by the chief arbiter or one of his assistants, provided that the appeal is promptly made after the ruling before the appellant completes another move.

The players must continue the game according to the arbiter's instructions. Usually, the chief arbiter will directs that play continue before the appeal is heard, the appellant must continue play "under protest", i.e. without prejudice to his appeal regardless of the outcome of further play. If the appellant wins the game, the appeal is moot. A game will be interrupted pending the result of an Appeal only in exceptional circumstances left to the appreciation of the arbiter.

All appeals must be put in writing within 1/2 hour of the end of the game through the chief arbiter. Any appeal not meeting these requirements is void.

If the chief arbiter believes that the appeal is justified, he may reverse or modify any previous decision made by himself or one of his assistants. If he does not believe that the appeal is justified and so advises the appellant, who nevertheless wishes to pursue the appeal further:

When an appeals committee cannot meet without disturbing the orderly progress of the tournament or when the interior rule does not mandate a local appeal committee, the chief arbiter hears and rules upon the appeal.

Otherwise, the arbiter must appoint a committee of three persons (preferably including at least two CFC Certified Arbiters) to which to refer the appeal, as specified in 5.7. The committee must consist of disinterested persons and be selected in consultation with the appellant and his opponent. If the committee finds that the appeal is clearly groundless, it may authorise the arbiter to penalise the player for that reason. The committee may either specify the penalty or leave it to the arbiter's final determination.

When an appeals committee hears an appeal, all persons except the members of that committee, the chief arbiter, the appellant, his opponent, and the testifying witnesses should be excluded from the hearing. When the committee hears an appeal it must give pre-eminent weight to the arbiter's testimony as to anything said or done in this presence. The appeals committee's decision should be transmitted in writing to the arbiter and signed by the committee members.

An Appeal Committee has great powers that can certainly go beyond the letters of the Laws of Chess in seeking a fair solution.

Interior rules

Interior rules are all the extra regulations applying to a single tournament such as time control, playing schedule, availability of byes...

The responsibility for producing the interior rules rest with the Organiser. The Chief Arbiter is acting as a technical assistant.

Player's Code of Conduct

Respect of the rules

- Games shall be played according to the FIDE Laws of Chess and the CFC Tournament Rules and all CFC procedures and policies. Rules must be applied in good faith.
- The result of a game must be acquired loyally without breaking the sport ethics and cannot be the result of any negotiation. Any behaviour that is harmful to the opponent or that could bring the sport of Chess into disrepute is strictly prohibited.
- The offer of a draw is always unconditional. Draw by agreement cannot occur for reasons outside of the sport context and must occur after a real fight on the chessboard.

Respect of the opponent

- Respect of the opponent implies that a player must refrain from playing using illegal means, outside sources of information or cheating.
- It is forbidden to distract or annoy the opponent in any manner whatsoever.
- It is mandatory to speak to the opponent in a courteous and polite manner.

Respect of the arbiter

- By participating in a CFC rated event, the players accept to play under the authority of an arbiter having all the necessary authority to enforce the rules.

- The arbiter is an official representative of the CFC of the tournament site. He is responsible for the enforcement of the rules and for ensuring good sportsmanship of the participants.
- Faced with an arbiter's ruling during play, a player must obey. He may appeal the ruling orally but should put the appeal in writing as soon as possible. The details on how to appeal shall be given by an arbiter.
- Each player must concur to the application of the rules.

Respect of the organiser

- Each player must concur to the good organisation of the competition.
- The registration in a tournament implies the acceptance of the internal rules of this tournament that must be posted in the playing area.
- A claim against the organiser will be accepted only if it is formulated in a correct manner.

Penalties

Any player who fails to abide by this Code of conduct may receive penalties from the arbiter and disciplinary penalties from the CFC, or one of its provincial affiliates.

Penalties imposed by an arbiter

In case of a dispute, the arbiter should make every effort to reach a resolution of the matter by informal, conciliatory means before he resorts to the exercise of his formal discretionary power to penalize. If such means fail, where penalties are not specifically defined by the FIDE Laws of Chess or the Tournament Rules, the director has discretionary power to impose penalties as follows for infractions and maintenance of discipline:

- a) issue a formal warning;
- b) issue a formal written warning;
- c) fine a player any amount not to exceed \$100.00 payable to the sponsoring organization (the player should not be permitted to continue play in the tournament and may be barred by the sponsoring organization from any of its tournaments until the fine is paid);
- d) advance the time on a player's clock or give his opponent additional time;
- e) cancel a game and rule that a new game be played in its stead;
- f) declare a game lost by a player and won by his opponent;
- g) declare a game lost by both players;
- h) expel a player from the tournament.

FIDE Standards for digital Chess clocks

The requirements for electronic clocks are given below:

1. Clocks must function in full accordance with the FIDE laws of chess.
2. Clocks must function in a way that the use of different clock types (analogue and digital) can be combined in one tournament.
3. Special attention should be given to the correct implementation of passing time controls.
 - a. Both players should have the same amount of time for the same amount of moves.
 - b. In display should at all times be visible the time that is available to complete a player's next move.

4. Clocks must be well designed according to modern electronic standards.
5. Clocks must contain a short user manual on the clock.
6. For battery powered clocks, a low-battery indication is required.
7. In case of a low-battery indication, a clock must continue to function flawlessly for at least 10 hours.
8. Displays must be legible from a distance of at least 3.5. meters (Formula: display height x 300, taking in account a straight line of vision towards the display).
9. From at least a 10 meter distance a player must have a clearly visible indication which clock is running.
10. In case of passing a time control, a “flag” must give clear signal which player passed the time limit first.
11. In case of accumulative or delay timing systems, the clock should not add any additional time if a player passed the last time control.
12. It must be impossible to erase or change the data in display with a simple manipulation.
13. In case of e.g. time penalties, it must be possible that time and move counter corrections are executed within 60 seconds.

Motions for Final Vote:

Motion 2007-01 – Rating Fees

Please vote Yes No Abstain

Motions for Second Discussion:

None

Motions for First Discussion:

Motion 2007-02 – Changes in length of Executive terms

Motion 2007-03 – Proposal: Code of Ethics (see appendix 3)

Motion 2007-04 – Proposal: Tournament Rules (see appendix 4)

Deadline for submissions to GL#2 is Friday September 1st , 2006

Responses may be mailed, faxed or E-mailed to the Chess Federation of Canada, E-1 2212 Gladwin Crescent, Ottawa, ON, K1B 5N1, fax: 613-733-5209, E-Mail: info@chess.ca