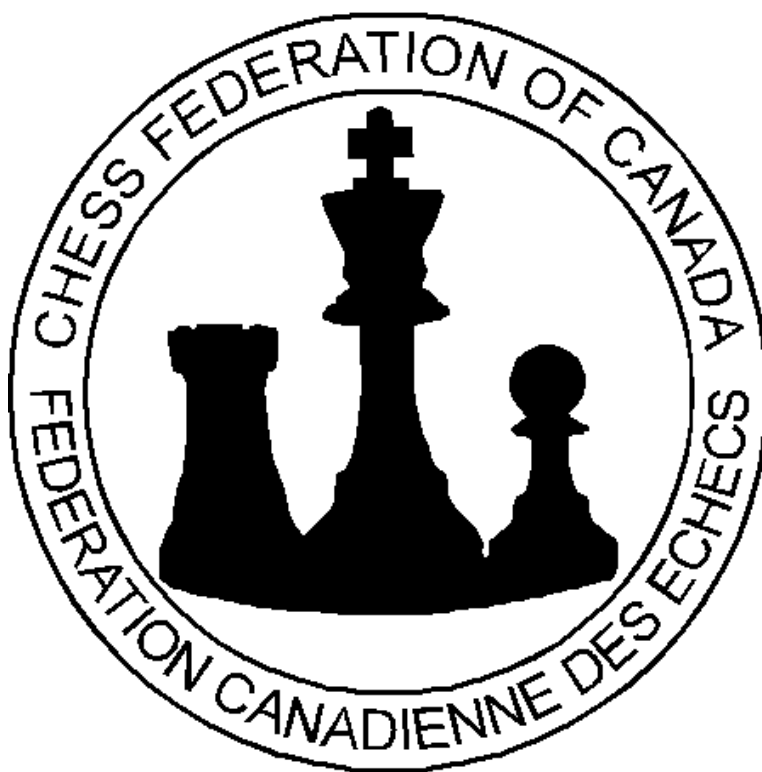


**CHESSE FEDERATION OF CANADA
GOVERNORS' LETTER ONE
2008-2009**



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 Monday, September 1, 2008

President's Message

Dear Governors:

An incredible amount of work has been accomplished in only a short month and I believe that we are well on our way to accomplishing our financial goals.

First of all, we have an agreement with SwissSys to create a ratings program for the CFC that will seamlessly integrate with our existing database. SwissSys will also be modifying SwissSys so that any TD using it can automatically submit the tournament to the CFC for rating. And even better, the CFC will be providing a free copy of SwissSys to all TD's for use with any CFC rated tournament. For those who choose not to use the system, it will be possible to input data in another format. Effectively the CFC will be providing a seamless tool for directing and rating all tournaments in Canada. We are hoping to have this implemented by October 1st.

Secondly, we are very close to a final deal for the Book and Equipment business that will guarantee the CFC a profit.

Thirdly the building is being prepared for sale and the sign should be up next week.

Lastly, discussions regarding the on-line magazine have been delayed due to holidays. I am confident that by mid-September we will have selected a web developer who can build us what we want. We will need input on what should be included and there should be a section on the Governor's Discussion Board where input can be provided. We will also be looking for an editor for the magazine and a job description will be posted shortly.

The Governor's Discussion Board is a potentially wonderful tool for sharing ideas and moving the organization forward. Please try to visit it a couple of times per week at least and make whatever contributions you would like. I will be responding to postings at least twice a week.

Best wishes to all.

Sincerely

David Lavin
President, Chess Federation of Canada

Message from the Secretary:

Let me start with a welcome to both first-time members of the Assembly of Governors and to those who are returning as Governors.

The CFC Online Message Forum is back up and running and Governors are strongly encouraged to make use of it as much as possible. This is at <http://www.chesscanada.info/forum/> The Executive hopes that the GL cycle can be shortened to provide better two-way communication with the Governors and the membership in this way. Special thanks to Chris Mallon for his work on re-launching the site. Please note that all user IDs from the first version of the site are gone and members will need to log in again.

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 in the Governors' Letter 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 will publish material from non-Governors when judged to be of national interest.

Discussions with various Governors have shown they prefer a single column format in Times New Roman 11 so while I would be happy to reformat any Governor's contributions as needed contributions in this format are most particularly welcome.

Now down to brass tacks:

There are two main items in this Governors' Letter. First (and appearing second) are the minutes of the Annual General Meeting of the Chess Federation of Canada held at the Montréal Olympic Stadium July 21st and 22nd. Second (and appearing first) are 4 motions dealing with the restructuring of the Federation. These came out of a CFC Executive meeting held by conference call Sunday, August 3rd. There was another conference call Sunday, August 24th.

The financials presented are the same as were presented in the last Governors' Letter and are given for the convenience of new Governors.

Please note the cut-off date for Governors' Letter #2 – it is shorter than usual but this was done because there are no motions currently on the table though we expect there to be several for GL#2. As such we want to get moving – there is important work to do this year and we expect the Federation to look quite different a year from now as we take the steps that are necessary to ensure the continued survival of the Federation. I'm as interested in the picayune details as anyone but making sure we do what we have to ensure the ongoing carrying out of our mission has got to be #1 on everyone's list!

Like David I urge you to check out the new Message Board – it will be as successful as we make

it.

I have more to say in this Governors' Letter but at this point let me quickly get you all into the "meat" of this GL. Again – to the newcomers, ***"Welcome Aboard!"***

Lyle Craver
Secretary, Chess Federation of Canada

Youth Coordinator Report

After the CYCC, the youth coordinator is very busy organizing the Canadian Team before August 12th. This year we have 24 participants registered for the 2008 WYCC in Vietnam. Payments have been made to the organizers already as the parents met the necessary deadlines for payments to the CFC Office for Hotels and other fees. Thanks to Bob and Bonnie for many hours of work well done. I would like to thank Yan Teplitsky for his help finding flights for participants and parents. Since the cost of paying for the first place qualifier is so high and the CFC is in such a tight financial position, we could not afford the cost of captain-coach, t-shirts....There might be a parent that sponsors the t-shirt and presently I am desperately looking for a team captain; this job is important because the captain is the linkage between the team and the organizers; that person would arrange team meetings, support players in adversity (yes, there is a lot of that!) and help with appeals. Suggestions? All we can offer currently is free room and board in Viet Nam (since we are not paying!)

CYCC 2009: There have been two people from BC who have expressed interest in preparing a bid and hosting the CYCC 2009. I will request that the organizers have the bids ready for the next GL. We need to revamp the prize formula and qualification for the CYCC.

As youth coordinator, I believe strongly in youth chess in Canada. Our youth players are part of the Olympiad teams, are defeating GMs... I see the CFC as an integral part in the development of youth chess. I'm open to suggestions.

Ellen Nadeau

Executive Directors' Report

I am delighted with recent developments at the CFC. From my perspective, this is the start of the 2nd year of the save the CFC campaign. I find myself wanting to repeat here many of my comments in my report to the AGM. Instead, I will invite you to read that report which you should find elsewhere in this GL.

After years of paralysis, last year saw the political leaders finally confront our fiscal problems and propose solutions. It was a painful experience for many, but it has paved the road for action this year. Strong Governor support for the 4 motions passed this week is an encouraging sign of future cooperation.

Current membership stands at 1,855 as of August 1, 2008. This is a modest increase since May 1, 2008 when membership stood at 1,811. There is no doubt membership numbers will suffer with the loss of the printed magazine. My gut tells me perhaps 100 members.

One significant challenge facing the office is collecting delinquent membership dues. I will repeat

my comments from a previous GL, the member database issues from last year have been mostly resolved. Tournament Directors need to be more diligent in collecting membership dues and remitting on a timely basis. Most members are honest, but we all know of those few who are not. We do regularly review and follow up on what we call our "deadbeat" list, those that have played on an expired membership. Often, it is simply due to tournaments getting rated first and membership dues sent in later. Please help out by verifying all players have current memberships, and send in the dues promptly.

Well, I have a lot more to say, but I suspect this GL is already overflowing with content.

Sincerely,

Robert Gillanders
Executive Director
August 20, 2008

RESULTS OF VOTING: (conducted by e-mail)

Dear

Governors:

My platform was based on balancing the CFC's operating budget and restoring positive cash flow to the organization. Once these two critical issues are resolved we can focus on growing the organization and building a base for chess once again.

After many many conversations with CFC members, business partners, current and former members of the Executives, and others certain actions have become self-evident. Pursuant to a motion passed at the AGM we attempted to lease the building. We were told that we could, at best, obtain \$5 psf and that there were also five other units in the complex that had been available to lease for months. Even if successfully leased at \$1,000 per month we would still be responsible for taxes, condo fees, and general maintenance. The CFC is not a property management company and acting as such is not an appropriate use of the limited resources we have. We need to sell the building.

I have also examined the activities of the ED, with the incredible contribution of Bob Gillanders (I have never seen anyone work so hard to put himself out of a job!). Rating tournaments takes a lot of his and others time and is actually a money losing activity for the CFC. I have had preliminary conversations with a number of software vendors and I am very confident that a computerized solution will be faster, more accurate, and cheaper. We need to move on this very quickly.

Effectively, the CFC is already out of the book and equipment business. The sad thing is that because negotiations have been so public on ChessTalk, and so drawn out for reasons I cannot fathom, prospective purchasers now know it is a fire sale and the price being offered reflects that. For this reason I feel it is critical to ask the Governors to refrain from publicly discussing these or any motions that involve the finances of the CFC. I also ask that you pass the following motion so that I can negotiate in good faith, and in confidence, with three potential purchasers. Any more public discussion will likely end any prospective deal.

I also have considerable experience with websites and our webmaster did some pro bono work researching the software for an on-line magazine. We can definitely have an on-line magazine for between \$10,000 and \$15,000 that will be a destination for the chess community in Canada. The annual maintenance of such a site will probably be \$2,500 to \$5,000. These numbers are significantly less than the cost of printing and mailing and we will have unlimited pages for local tournaments, announcements, articles, and more. I feel very strongly that we can create a hub for adult and junior chess in Canada. After all, there has to be more to the CFC than a balanced budget!

Lastly, I know that I am asking a lot from the Governors. I am asking you to trust me with negotiating the future of the CFC and many of you don't know me. I can tell you that I negotiate for a living and I'm very good at it. I have the CFC's interests at heart and have no financial interest in any company doing business or potentially doing business with the CFC. There is no potential conflict of interest and this will be evident once any deals are announced.

I can also tell you that if the motions below are passed, I believe that the goal of a balanced budget and positive cash flow will be met in the 2009 calendar year. Overhead is being slashed, unprofitable activities streamlined, and the future looks very bright! Please email me at

davidfl321@yahoo.ca with any questions.

Sincerely,
David Lavin
CFC President

PS. The executive unanimously feels that the rating fee increase and membership fee restructuring that was passed at the AGM were passed in haste. We will revisit this issue by GL2 and well before the January 1, 2009 implementation date.

The 4 motions are:

Motion 2009-01

Be it resolved that the President be authorized to negotiate the sale of the Business Office building and to receive offers subject to Executive Approval (Moved: Chris Mallon / Seconded: Lyle Craver)

Votes Yes (40)

Barron, Bluvshstein, Bond ,Craft, Craver, DeKerpel, Dénomée, Duff, Dutton, Ede, Einarsson, Evans, Farges, Felix, Ficzero, Gladstone, Haley, Hoch, Hughey, Khoudgarian, Langer, Lavin, LeBlanc, Liles, Mallon, Marghetis, McDonald, Nadeau, Niksic, Scoones, Starr, Steer, Stockhausen, Stringer, Thomas, Thorvardson, Van Dusen, Von Keitz, Wu, Zeromskis,

Votes No (3)

Chyurlia, Demian, Palsson

Abstentions (5)

Bunning, Cabanas, Clark, Kosoian, Smith,

Motion Passed

Motion 2009-02

Be it resolved that the President be authorized to explore and negotiate options towards rating system upgrades to a maximum cost of \$ 15,000 subject to Executive approval. (Moved: Chris Mallon / Seconded: Michael Barron)

Votes Yes (41)

Barron, Bluvshstein, Bond, Bunning, Cabanas, Chyurlia, Craft, Craver, DeKerpel, Demian, Dutton, Ede, Einarsson, Evans, Farges, Felix, Ficzero, Gladstone, Haley, Hoch, Hughey, Khoudgarian, Kosoian, Langer, Lavin, LeBlanc, Liles, Mallon, Marghetis, McDonald, Nadeau, Niksic, Scoones, Starr, Steer, Stringer, Thomas, Thorvardson, Von Keitz, Wu, Zeromskis

Votes No (4)

Dénomée, Duff, Palsson, Van Dusen

Abstentions (3)

Clark, Smith, Stockhausen

Motion Passed

Motion 2009-03

Be it resolved that the President be authorized to enter into negotiations towards winding up the books and equipment business. (Moved: Chris Mallon / Seconded: Stijn De Kerpel)

Votes Yes (44)

Barron, Bluvshstein, Bond, Bunning, Chyurlia, Clark, Craft, Craver, DeKerpel, Demian, Dénomée, Duff, Dutton, Ede, Einarsson, Evans, Felix, Ficzero, Gladstone, Haley, Hoch, Hughey, Khoudgarian, Kosoian, Langer, Lavin, LeBlanc, Liles, Mallon, Marghetis, McDonald, Nadeau, Niksic, Palsson, Scoones, Starr, Steer, Stringer, Thomas, Thorvardson, Van Dusen, Von Keitz, Wu, Zeromskis

Votes No (1) Farges

Abstentions (3)

Cabanas, Smith, Stockhausen

Motion Passed

Motion 2009-04

Be it resolved that the President be authorized to enter into negotiations towards an online magazine subject to Executive approval. (Moved: Chris Mallon / Seconded: Stijn De Kerpel)

Votes Yes (45)

Barron, Bluvshstein, Bond, Bunning, Cabanas, Chyurlia, Clark, Craft, Craver, DeKerpel, Demian, Dénomée, Duff, Dutton, Ede, Einarsson, Evans, Farges, Felix, Ficzero, Gladstone, Haley, Hoch, Hughey, Khoudgarian, Kosoian, Langer, Lavin, LeBlanc, Liles, Mallon, Marghetis, Nadeau, Niksic, Palsson, Scoones, Starr, Steer, Stringer, Thomas, Thorvardson, Van Dusen, Von Keitz, Wu, Zeromskis

Votes No (1)

McDonald

Abstentions (2)

Smith, Stockhausen

Motion Passed

Total votes cast: 48 (78.7% of 61 eligible Governors)

Votes were not received (13) from the following Governors: Cole, Daniluk, Divinsky, Erickson, Fleming, Keep, Magyar, McKim, Noritsyn, Pedersen, Samsonkin, Tsui, Urquhart

2008 Annual General Meeting of the Chess Federation of Canada

Minutes of the CFC Outgoing Governors' Meeting

9:00am, July 21, 2008

Archipel Room, Olympic Stadium, Montréal

Attendance

21 people present, 12 outgoing Governors, 9 non-Governors

Outgoing Governors

Micah Hughey
Ellen Nadeau
Ilia Bluvshstein
Michael Barron
Michael von Keitz
Caesar Posylek
Richard Keep
Pierre Dénommée
William Doubleday
Bela Kosoian
Les Bunning
Maurice Smith

Non-Governors

Richard Bérubé
Paul Roschmann
Bob Armstrong
Eugene Kalwa
Denis Nadeau
Robert Gillanders
David Lavin
J. Ken MacDonald
François Dorion

Present via Proxy

David Steer, proxy to Hughey
Lyle Craver, proxy to Bunning
Gary Gladstone, proxy to Barron
Mark Dutton, proxy to Lavin
Valer Demian, proxy to MacDonald
Hal Bond, proxy to Hughey
Stijn DeKerpel, proxy to Roschmann
Chris Mallon, proxy to Lavin to Dorion
Patrick McDonald, proxy to Gillanders
Lynn Stringer, proxy to Smith
Eddie Urquhart, proxy to Lavin
Phil Haley, proxy to Smith

Ken Einarsson, proxy to Hughey
Peter Stockhausen, proxy to Bunning
Barry Thorvardson, proxy to Armstrong
Nava Starr, proxy to Lavin

J. Ken MacDonald (jkm) volunteered to act as Secretary of the meeting.

Considerable discussion took place regarding Governors present and proxies held. It was determined that no Governor could hold more than 2 proxies in addition to his/her own vote and no non-Governor member could hold more than a single proxy.

The President and Vice-President were not present.

Motion that Maurice Smith act as Chairman of the meeting was made by William Doubleday and seconded by Michael Barron. Approved unanimously.

Maurice Smith was asked to chair the meeting. He did so with a firm hand!

The Chair welcomed all to the meeting and brought up the 1st order of business, the minutes of the Incoming Governors' 2007 meeting. He noted one change that Paul C. Leblanc was appointed a trustee of the Chess Foundation of Canada for one year to expire in 2007. Of course, this should have been 2008.

Motion to accept the 2007 minutes as corrected was made by Richard Keep and seconded by Micah Hughey, approved unanimously.

It is noted that no motion is required on the following reports except for the CFC financials.

These reports go into the minutes regardless.

President's Report, 2007-08

Dear Governors;

First of all I must express my regret for being unable to deliver this message in person. Work commitments have precluded my attendance at the AGM. I am very grateful that former President Maurice Smith has agreed to chair the meeting.

This has been an extraordinary year. You will recall that I ran on a platform of fixing the office and rebuilding the membership. These were to be the first steps of the much more ambitious **Vision 2020**, which dreamt of a Canadian World Champion in the year 2020, enhanced branding of national events, and a member growth rate of about 30% per year.

Fixing the office has proven to be quite a challenge. Membership initiatives were considered almost futile until the office functions were improved. At this writing, Membership Co-ordinator Tony Ficzero is finishing his report and hopes to submit it in time for the AGM.

Our first priority at the office was to understand where we stood financially. Thanks to some prodigious effort by Vice President Stijn DeKerpel and Treasurer Bob Gillanders, the financial statements for 2006-07 were produced by the end of October. The \$50k loss suggested that either

our current operating model was not financially viable, or that staffing changes were needed, or both.

In late 2007, after our Christmas sales catalogue failed to materialize, I asked Bob Gillanders to serve as interim Executive Director. A number of improvements followed very quickly - not the least of which were weekly rating updates and sending out member renewal notices. I wish to thank Bob for his dedicated service despite a 50-75% pay cut. Bob's improvements have stabilized the rating and membership revenue streams, but we are still losing money. In February, a cash flow crunch necessitated a \$30k loan from the Chess Foundation. The next cash flow problem is forecast to arrive within 30-60 days.

Our sales have been hurt by a smaller member base, lack of promotion, increased competition and lack of funding for inventory. Those who believe that our sales success lies on the higher margin equipment side of the business must remember that these importer margins are earned with cash up front and extra staff time. Such resources are no longer available to us.

Much has been communicated about the restructuring efforts that were attempted in April. Words cannot convey my disappointment. The highly anticipated RFP process has failed to provide a solution, and the membership has not been served. I can only hope that this rehearsal has prepared us for the live show that must come with the next term of office.

In closing, I wish to thank the entire Executive for their dedicated service. I have already mentioned Stijn DeKerpel and Bob Gillanders - they were truly outstanding! Patrick McDonald gave us one more year in the thankless, onerous role of Youth Co-ordinator. Secretary Lyle Craver was able to produce 10 GL's this year and has secured some help to update our Handbook this summer. Eddie Urquhart returned as Master's Rep., advancing the Olympic agenda and keeping me sane. Our FIDE Rep. Nathan Divinsky has continued to provide sage counsel while awaiting his successor.

Several others made significant contributions this year. I would like to thank Gordon Ritchie for his time and input. He was an invaluable resource throughout the year. Ilia Bluvshstein has been a key contributor with the Restructuring Committee and the Olympic Teams. Michael Barron has been helping new Canadians change their FIDE flag. Peter Stockhausen has stepped up as Treasurer. Last but not least, thank you David Cohen for rallying the membership around this year's Olympiad!

Respectfully Submitted,

Hal Bond, IO, IA
President, Chess Federation of Canada
July 18, 2008

The President's report was discussed. Between the President's report and the Vice-President's report, there was discussion about when the losses had occurred. There was confusion regarding the roof repairs cost and when it was allocated.

Vice-President's Report

Dear Fellow Governors,

First, let me begin my report by apologizing for not being at the AGM this year. I am unable to make it due to present work commitments.

I began examining the CFC Office about a week after last year's Canadian Open. My findings (after having spent many hours there) were even worse than I had anticipated as while we were cleaning up the books, new liabilities not previously reported were discovered. Simple accounting procedures such as writing off of uncollectible debt (there were debts from 2003 that we had to write off this year!) had not been done in years, resulting in a substantial over-representation of our receivables. I estimate that our actual losses for the previous year were around 60 000. We have made significant strides to turn things around at the Office. My continued thanks to Bonnie Ashford, Paul Beckwith, Vincent Chow and Bob Gillanders for their excellent work in getting things back on track.

In my opinion, the CFC is at a crossroads in terms of its existence and there is a desperate need for a clear vision/plan as to what we do from here. I feel the strong need (if the Governors deem it so) to continue in my role as Vice-President and continue to work on getting the CFC ship turned around.

Respectfully Submitted,

Stijn De Kerpel
CFC Vice-President
Ottawa

Secretary's Report – See 2007-2008 Governors' Letter #9

Robert Gillanders stated that the loss for fiscal 2007 includes approximately \$12,500 for roof repairs. Pierre Dénoimée believes that there is an error and some of this was already counted in fiscal 2006. William Doubleday also questioned his accounting in this area, citing adjustments to the condo reserve account. Robert Gillanders stands by his numbers

9:40am, David Lavin and Bela Kosoian arrived. MacDonald began further discussion on the number of votes present. Further discussion determined that now each Governor could hold 3 proxies in addition to his/her own vote (10% of the votes present either in person or via proxy).

Treasurer's Report

The summary of my comments for my two and a bit months as your Treasurer can be found in GL #9.

There are a few items to add at the time of this writing (17/7/2008), namely:

a, despite best efforts by our ED, Bob Gillanders, we do not have either monthly Financial Statements for May and June, nor an updated cash flow forecast. Bob feels optimistic that these documents might be ready for the AGM.

b, The Restructuring Committee submitted its recommendations to the CFC Executive, but no discussion has taken place at that level. I suppose that the outgoing President will leave

discussions and decisions to the incoming Executive.

c, For primarily personal reasons, I will not seek re-election.

In closing, let me express the hope that my brief tenure has in some (very) small measure contributed a positive impetus at this very difficult time. The new Executive have my best wishes for success.

Kind Regards
Peter Stockhausen
July 17, 2008

There is no auditor report as there is currently no auditor for the CFC. The previous auditor, Brian Watson resigned in 2007 over the poor state of the financial records. While he was helpful in compiling data for the 2007 financial statements, he did decline to conduct his usual review engagement in favour of a notice to reader engagement. Robert Gillanders explained that, to date, the CFC has not engaged a new auditor as this would be pointless until further improvements are made to the financial records. Further work is required on the 2007 financial statements. Primary concern is on the proper valuation of accounts receivable and inventory.

Executive Directors' Report

The last 12 months have been quite an experience. Before that, I was typical of your average CFC member, and so was blissfully ignorant of the internal workings of the organization. I shall refer to those times now as "the good old days". All kidding aside, after being elected Treasurer last year, I soon realized that the challenges facing the CFC were far greater than I could have imagined. I hope most of you have been following my GL reports. In them, I have attempted to both communicate the severity of our problems, but also of our progress. We have made great strides in the last year, but we still have a long way to go.

I want to thank Hal and Stijn for their courage in stepping forward last year. I am proud to have served on the Bond / DeKerpel team. Sure mistakes were made, but to answer our critics, I would remind them that many, figuratively speaking, had left the CFC corpse for dead. We have dragged the corpse from the burning building; the patient is in the emergency ward awaiting surgery then convalescence and therapy. Let's decide on the treatment, get the families blessing, and get on with it.

I gave you my prescription to tackle the deficit problem in GL9. I will repeat it here:

In my opinion, we should move quickly to get out of the retail business. Any reasonable cost allocation applied against our dwindling retail sales clearly shows a loss. Without the retail business, there is no justification in keeping the CFC office condominium. Sell it. Once we take these 2 giant steps, the rest is relatively easy.

We have increased memberships recently due to improved operations at the office. Further increases will occur if we deliver good service to our members. To provide that service we require qualified, trained, and motivated staff. Cutting costs in this area without a well thought out plan would spell disaster.

When Hal asked to step in as temporary ED, I knew it would be a huge challenge. To my good fortune, I was able to enlist the assistance of my friends, Vincent Chow and Paul Beckwith. We have shared the pay & duties of ED, and worked effectively as a team. I want to thank them both for their assistance. They have played key roles and deserve much of the credit. More importantly, they have allowed me to maintain my sanity.

In a short span of time, I have served on the executive and as TD, and perhaps that has given me a unique perspective on the issues. My words of wisdom would be that good communication and teamwork are key ingredients to solving our problems. I hope we can begin that dialogue on restructuring with the straw vote. I salute Bob and his gang for getting it on the agenda.

Respectfully yours,

Robert Gillanders
Executive Director
July 19, 2008

Robert Gillanders presented his financial report for 2008. He cautioned those present that these statements should not be considered final. Further adjustments are to be expected primarily with receivables and inventory. He is not sure whether the receivables can all be collected. There has not been a proper inventory analysis in two years. During the presentation of the next reports, Robert Gillanders continued to be questioned on his report as references were made to financials. As further reports were presented, more financial questions arose, sometimes due to the reports. Thus, Robert Gillanders was questioned further during the next few reports.

Questions continued on Robert Gillanders' report. He explained how deferred membership fees were applied and when they are/would be taken into revenue.

Junior Coordinator's Report

I am unfortunately quite disappointed with this year's CYCC.

Far too many problems have been dealt with in an inappropriate manner.

The result of some of the decisions made now put funding for several sections in jeopardy.

In one instance a boy was found to be playing in the Under 16 age group when he should have been in the Under 18 age group.

This mistake had been pointed out to the organizers a few times and dismissed by the organizer. When I discovered that the boy was still playing in the wrong section (after 2 rounds) The boy and his father were spoken to by the organizer and yet still he played in the 3rd round in the wrong section! When this was pointed out yet again, he was finally moved into the U18 section but this disrupted – irreparably – the U18 boys and their section pairings. An appeal was launched and, while I may not agree with the actual decision by the appeals committee, I can respect their reasoning and decision. Unfortunately, the mistake was further compounded to disrupt the section and players even more and a poor decision on the part of the organizers was yet once again made.

I would fully question the results of this section for finding the correct U18 boys champion. (I am writing this before I know the final result – at this point, it is either Ling Feng Ye or the boy that was in the wrong section, Haizhou Xu.)

Another problem I discussed with the organizer prior to the start of the event (when I arrived the night before the first round) was the way that it appeared that the organizers were ignoring the rules that were put into place at the 2007 AGM regarding section size. The ruling states that there can be no sections with less than 8 players. Further, while the manner of amalgamating sections is up to the discretion of the organizers, the recommended manner of amalgamating would be to keep within Genders. (U18 girls put together with U16 girls and if necessary with the U14 girls etc.) When I pointed out that keeping the sections apart was contrary to the current CYCC rules, the organizers stated that their “rules” of “no amalgamations” took precedence.

I did point out that this would put the funding of anyone in the U18 Girls, U16 Girls, U14 Girls and U18 Boys in jeopardy. That is a full 4 out of 12 sections that would be put into jeopardy!

A further problem was discovered when a boy that was from Hong Kong that was not a resident nor a citizen was registered in the U14 boys. I explained that this was not possible and with speaking with the mother of this boy (who was understandably upset) I suggested that she get her full entry fee back and the boy could play against byes. We found that the U16 boys was an uneven number of boys and so he could play against the bye from that section every round. She was appreciative of this decision and we proceeded that way. Later in the tournament, I discovered that the organizers, while they had originally agreed to this compromise, now had entered the boy fully into the section and now he was affecting the outcome of the section!

I find that the data collection in the organizers registration manner was severely lacking! They did not even ask for birth dates from registrants! If they had asked for full information most of these problems could have been avoided!

When I had the winners from the Ontario Youth Chess Championships send in their registrations, I had them send FULL information.

I am also VERY disappointed with the turn out for this event. While Quebec has a very active youth chess community, as much as Ontario (perhaps even more kids playing chess in Quebec), there were surprisingly few Quebec players in their home CYCC!

My last calculations had 60% of the entrants from Ontario and only 19% from Quebec! BC had nearly as many registrants as Quebec!

Kalev Pugi Fund Report – distributed to attendees, prepared by Lynn Stringer

The Kalev Pugi Fund provides funding awards to juniors to compete in international events. The principal balance is held by the Chess Foundation.

Each year the Chess Foundation sends interest earned by the fund to the CFC office and is used to pay awards as directed by the fund trustees.

For the principal balance, see the Chess Foundation report.

Report on Receipts & Disbursements by CFC office.

Balance of funds held at April 30, 2007	\$	2,738.07
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Interest received from Foundation (June 2007)	\$	1,025.19
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Awards during the year

Alexandra Botex	\$	500.00
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Alexandra used her award to complete at the XIX Pan American Youth Festival 2008 in Argentina.

Balance of funds held at April 30, 2008	\$	3,263.26
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Awards subsequent to yearend

Bindi Cheng	\$	500.00
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Bindi used his award to compete at the World Open in Philadelphia

Interest cheque received - July 2008	\$	820.00
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Balance as of July 20, 2008	\$	3,583.26
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4 July 2008

CHESS FOUNDATION OF CANADA
2007/2008 TREASURER'S REPORT

1. A financial statement for the year ending 30 April 2008 is enclosed.
2. During this period, receipts from Life Memberships and investment income exceeded disbursements by \$7,033. Assets on hand total \$157,555 and are invested as itemized in the financial statement. This total includes the Pugi Memorial Fund balance of \$20,504.
3. The Foundation Trustees approved a \$30,000 emergency loan to the Chess Federation of Canada during this period. The loan carries zero percent interest. Pending re-payment of

the loan, annual disbursements from the Foundation to the CFC (2007/2008 \$5,682) will be retained by the Foundation and deducted from the amount owed by the CFC to the Foundation.

4. Assets also include an account receivable from the CFC in the amount of \$4,590 comprised of Life Memberships purchased in 2008. The CFC has delayed forwarding these funds due to difficulties with cash flow.
5. A cheque for \$820 will be forwarded to the CFC on behalf of the Pugi Memorial Fund to be used at the discretion of the Pugi Fund trustees to assist promising junior players.
6. Please ask all members to consider the Chess Foundation of Canada when deciding on charitable gifting and/or estate planning. I would be pleased to act as a point of contact for anyone needing further information.

Paul C. Leblanc
Treasurer
250-388-5187
pc-leblanc@shaw.ca

Chess Foundation of Canada
Receipts & Disbursements
Year Ended April 30, 2008

Receipts

Memberships 2007	\$ 2,430
Memberships 2008	4,590
Interest	<u>6,707</u>
	<u>13,727</u>

Disbursements

Chess Federation of Canada (2007)	5,282
Pugi Memorial Fund (2007)	1,025
Osborn Watts & Co. - accounting	<u>387</u>
	<u>6,694</u>

Excess Receipts	<u>7,033</u>
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<u>Assets on Hand</u>	<u>Cost</u>	<u>Market Value</u>
Canacord Capital – cash	\$ 18,354	\$ 18,354
27,201 Money Market Fund (CIBC)	27,201	27,201
16,000 Laurentian Bank GTD 4.22%, due Jan 2011	16,000	16,000
33,000 National Bank GTD 4.10%, due Dec 2010	33,000	33,000
33,000 National Bank GTD 4.5%, due June 2009	33,000	33,000
30,000 Loan – CFC (NIL interest)	30,000	30,000
	<u>\$ 157,555</u>	<u>\$ 157,555</u>

Market Value – investments		
Balance May 1, 2007		155,112
Excess receipts	7,033	
Less unpaid 2008 membership	<u>4,590</u>	<u>2,443</u>
Balance April 30, 2008		<u>157,555</u>

Liabilities

Pugi Memorial Fund		
Principal balance	<u>20,504</u>	
4% thereof		<u>820</u>

Chess Foundation of Canada		
Interest of \$6,707 less \$820 accruing to Pugi Memorial Fund		<u>\$ 5,682</u>

NOTICE TO READER

We have compiled the statement of receipts and disbursements of the Chess Foundation of Canada for the year ended April 30, 2008. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Victoria, BC
June 30, 2008

OSBORN WATTS & CO.
Chartered Accountants

THE CHESS FOUNDATION OF CANADA
(Unaudited)

Financial Record
(at April 30 annually)

	No. of Donations	Amount Received	Interest	Expenses	(Market Value) Investments
1995	NIL	NIL	\$ 7,639.30	NIL	\$ 86,925.70
1996	1	500.00	6,057.94	NIL	86,651.57
1997	1	500.00	8,221.14	NIL	97,161.66
1998	3	570.00	9,371.45	NIL	100,926.97
1999	2	550.00	5,423.01	NIL	103,175.82
2000	1	500.00	5,824.36	NIL	107,662.17
2001	1	500.00	7,925.19	NIL	112,325.55
2002	2	1000.00	4,644.39	NIL	138,896.89
2003	2	931.11	6,419.66	374.50	143,109.46
2004	2	125.00	4,988.04	374.50	150,265.12
2005	NIL	NIL	5,830.74	374.50	151,902.60
2006	1	750.00	6,277.42	390.55	155,468.73
2007	NIL	NIL	6,307.44	386.90	155,111.85
2008	NIL	NIL	6,707.00	386.90	157,555.00

No FIDE Representative's report was submitted. The Chair noted that the FIDE Representative did not attend a FIDE meeting in the past year.

Michael Barron congratulated the Secretary, Lyle Craver, for doing so well getting the G/Ls out during the year.

Robert Gillanders expressed concern that the CFC needs to regain credibility in its financial reporting. He recommended an Audit Committee be appointed. This is common practice in the corporate world. The Audit Committee could consist of 3 governors. Along with the Treasurer, they would have specific responsibility to review the financial reports. He further explained we should find an independent auditor for fiscal 2009. The cost should be approx \$ 3,000. We had received an offer from a member from Iqaluit to do it for travel costs, approx the same.

The question was asked, "How long does Robert Gillanders think it would take to clean up the books?" Reply: approximately a week, but with all the other requirements, there is simply insufficient time.

François Dorion commented that moving the organization to a home office could be a problem if the person doing the job went silent, gave up or some other problem occurred. Les Bunning stated that if the condo was sold, the cash would eventually disappear and so would the CFC. He also thought that "basement records" could be a problem.

The Les Bunning initiative had elicited approximately \$7,500 in donations to the CFC.

This year, the CYCC will have a shortfall in earnings required to pay for the trips to Viet Nam, but there was enough remaining from the previous CYCC to cover this shortfall. There was some discussion regarding the amount showing on the books for the CYCC trips and the cash actually available to pay for the trips.

Various estimates were given regarding the value of the CFC condominium. Generally, \$100,000 to \$130,000 was suggested. David Lavin suggested that commercial property is not doing well in the market at this time. He further stated that it might be better to rent the spare space.

There was some discussion on the relationship between the CFC and the Chess Foundation. Is the Chess Foundation wholly independent? No firm answer was forthcoming. When asked why the loan to the CFC bore no interest rate, Robert Gillanders replied that all interest earned by the Chess Foundation was paid to the CFC anyway, so it did not matter.

Robert Gillanders suggested that the magazine cost was roughly equal to the loss last year and that we could break even without the magazine.

Motion to accept Robert Gillanders' financial report was made by Michael von Keitz, seconded by Caesar Posylek and approved unanimously.

The Youth Coordinator's report was presented. Ellen Nadeau discussed the events described therein. She noted that Patrick McDonald's son was playing in the U18 group. Ellen Nadeau will recommend that citizenship or 12 month residence must be confirmed on applications from here on. She also suggests that some leeway must be given to tournament organizers to deal with abusive parents. She noted that parents are not

allowed in the tournament room, not even outside the room where the participants can visit the washroom! She continued that this year's CYCC was very well run.

A brief history of the CYCC, back to when Larry Bevand ran it, was given by François Dorion. François Dorion was not positive regarding the CYCC and wondered if the CFC should give it up. He was not sure that the CYCC actually promoted chess. Micah Hughey took the opposite viewpoint.

Les Bunning commented regarding the < 8 players per section "rule" and that it had previously been agreed that sections would then be grouped to stop the tiny sections producing a free trip.

Bela Kosoian raised the issue of the 2nd Team Captain (Co-Captains) for the women's Olympic team. Bela thought it would be better to spend that extra airfare cost on developing women's chess in Canada. Bela also thought that a father of one of the players should not be a Team Captain because it could raise the spectre of favouritism even though not present.

The Pugi Fund report was presented. Robert Gillanders was asked if the Pugi fund could be used for a junior on the Olympic teams. His opinion was that we would be criticised for using funds from one program to fund another.

Michael Barron and Bela Kosoian both thought it was better at this stage to wait to purchase the plane tickets in September as they are at high prices due to the season.

Maurice Smith would send all comments regarding the Olympic teams to the Olympic committee.

Ilia Bluvshstein gave an explanation regarding the method of choosing the Olympic teams.

There ensued considerable discussion on the duties of the Olympic team captains.

The Rating Coordinator gave a verbal report, raising the case of a member who painstakingly calculated his rating, including all bonus points. It was inaccurate. Robert Gillanders reported that there is a slight bug in the program that affects a few members. The error in the member's rating has been fixed.

Motion 11-2008 (That the CFC cancel the interim affiliate status of the FQSE) was moved by Chris Mallon and seconded by Michael von Keitz. It passed by a vote of 21 to 0. A 2/3 majority was required and met based on Article 15, By-Law 1. Pierre Dénommée and Richard Keep are disqualified from voting.

Comments made during the discussion included Denis Nadeau saying he agreed with it because there had been no developments in FQSE. Pierre Dénommée told us that no one seemed interested. He said he had translated many CFC documents into French and they were posted and viewed on-line. There are only 85 CFC members in Québec and, thus, it is not economical to run large events. He said that he ran many small events, but he won all of them by default (yes! deliberate humour!). He also suggested that he was not very interested any longer. He had given it his best shot.

François Dorion told us that the FQE was now empowered to negotiate with the CFC to discuss affiliation. He proposed a model where the CFC focused on international issues, whereas the provinces would develop and promote chess within the provinces. It should be noted François Dorion was speaking personally and not as an official representative from the FQE. Pierre

Dénommée asked if the FQE had removed their stated goal of becoming a direct member of FIDE. François did not know. Pierre suggested that if that objective were not rescinded, it would be a roadblock to reunification.

Motion 12-2008 (To modify By-Law 1, Section 15, of the CFC Handbook dealing with interim provincial affiliates as follows: Add a paragraph after "... are not eligible to participate in that vote.") was moved by Chris Mallon and seconded by Michael von Keitz. For = 12; Against = 5; Abstain = 6. The required 2/3 majority was not achieved, motion is not passed.

The Straw Vote Motions were declared out of order by the Chair as they had already been voted on recently and could not be presented again so soon. Motion to accept the Chair's ruling was made by Les Bunning and seconded by William Doubleday. This was approved by a majority with 3 negative votes and 1 abstention. These straw votes will be presented to the incoming Governors tomorrow who will, in any event, be those required to deal with them.

An amendment to Motion 10-2008 (matches are not to be considered in the bonus point calculation) was moved by Peter Stockhausen and seconded by Lyle Craver. Carried unanimously.

Denis Nadeau commented that the FQE had been very helpful with the CYCC and the COCC. Motion that we thank Maurice Smith for chairing the meeting was moved by William Doubleday and seconded by Richard Keep. Carried unanimously.

David Lavin moved and Richard Keep seconded that we adjourn the meeting. Carried unanimously.

Minutes of the CFC Incoming Governors' Meeting
9:00am, July 22, 2008
Archipel Room, Olympic Stadium, Montréal

Attendance

21 people present, 11 incoming Governors, 10 non-Governors

Incoming Governors

Micah Hughey
Ellen Nadeau
Ilia Bluvshstein
Michael Barron
Michael von Keitz
David Lavin
Richard Keep
Pierre Dénommée
Bela Kosoian
Les Bunning
Maurice Smith

Non-Governors

Richard Bérubé

Paul Roschmann
Bob Armstrong
Eugene Kalwa
Denis Nadeau
Robert Gillanders
J. Ken MacDonald
François Dorion
Caesar Posylek
FQE Observer

Present via Proxy

David Steer, proxy to Hughey
Lyle Craver, proxy to Bunning
Gary Gladstone, proxy to Barron
Mark Dutton, proxy to Lavin
Valer Demian, proxy to MacDonald
Hal Bond, proxy to Hughey
Stijn De Kerpel, proxy to Roschmann
Chris Mallon, proxy to Lavin to Keep
Patrick McDonald, proxy to Gillanders
Lynn Stringer, proxy to Smith
Eddie Urquhart, proxy to Lavin to Dorion
Phil Haley, proxy to Smith
Ken Einarsson, proxy to Bluvshstein
Peter Stockhausen, proxy to Bunning
Barry Thorvardson, proxy to Armstrong
Nava Starr, proxy to Lavin
Ken Craft, proxy to secretary to Gillanders
Fred McKim, proxy to Denis Nadeau

Mr. Maurice Smith agreed to act as Chairman for the meeting.

J. Ken MacDonald (jkm) volunteered to act as Secretary of the meeting.

Considerable discussion took place regarding Governors present and proxies held.
The 1st order of business was the nominations and elections.

No one was nominated for Governor in Northwest Territories, Nunavut or the Yukon. Therefore, these positions remain vacant.

Keep nominated Pierre Dénomée as a Governor representing Québec members. There being no other nominations, Mr. Pierre Dénomée was acclaimed as a Governor.

François Dorion nominated Richard Keep as a Governor representing Québec members. There being no other nominations, Mr. Richard Keep was acclaimed as a Governor representing Québec.

Both agreed to stand as Governors.

The Chair advised us that he would run the meeting in 4 sections, Elections, Appointments, Bids for Events and Restructuring Proposals/Other Business.

ELECTIONS

President

François Dorion nominated David Lavin

Michael von Keitz nominated Robert Armstrong

Mr. Armstrong declined to stand.

Mr. Lavin agreed to stand.

Mr. Lavin is acclaimed.

Mr. Smith offers the Chair to Mr. Lavin who requests that Mr. Smith continue as Chair.

Mr. Lavin makes a few comments. Basically, the CFC is in a financial crisis. Positive cash flow is needed. We have to avoid “paralysis by analysis.” We should get a Real Estate agent involved to understand exactly where we stand regarding the building. We should consider renting. Then we will analyze the proposals, get the numbers and act. Mr. Lavin has talked to the CMA because we need to act now regarding our inventory. We need to get an on-line magazine going. Some had asked Mr. Lavin if he would get bored with this position. His response was, not bored but maybe frustrated. He would like to see a lot of the nonsense on ChessTalk cut out, get a plan and work together.

Mr. Smith said, “For sure you will not get bored but you will get frustrated!”

Vice President

Ellen Nadeau nominates Stijn De Kerpel

He will stand.

Acclaimed.

Secretary

Les Bunning nominates Lyle Craver

He will stand.

Acclaimed.

Treasurer

Blushtein nominates Robert Gillanders

David Lavin nominates Chris Mallon

François Dorion nominates Peter Stockhausen

Stockhausen and Gillanders decline to stand.

Mallon agrees to stand.

Mallon is acclaimed.

FIDE Representative & Zonal President

David Lavin nominates Michael Barron

Mark Dutton nominates Nathan Divinsky

Ellen Nadeau nominates Ilia Blushtein

Les Bunning nominates Maurice Smith

Pierre Dénoimée nominates Bela Kosoian

Ms. Kosoian, Mr. Smith, Mr. Blushtein and Mr. Divinsky decline to stand.

Barron accepts and is acclaimed.

Youth Coordinator

Bela Kosoian nominates Richard Bérubé

Patrick McDonald nominates Jensen (B.C.)
Eddie Urquhart nominates Patrick McDonald
David Lavin nominates Ellen Nadeau
Mr. McDonald and Mr. Bérubé decline to stand. No acceptance had been received from Jensen, so he was considered to decline.
Ellen Nadeau acclaimed.

Women's Coordinator

Richard Keep nominates Bela Kosoian
Ms. Kosoian accepts.
Kosoian acclaimed.

Rating Auditor

Eddie Urquhart nominates Pierre Dénomée
Mr. Dénomée accepts.
Acclaimed.

APPOINTMENTS

Eddie Urquhart is the **Masters' Representative**. He stays until the next Canadian Closed.

Les Bunning clarified an error from last year. The **Masters' Representative** is not an Executive member. This also applies to the **Rating Auditor**.

Auditor(s). Robert Gillanders was asked for his thoughts. "We need to find someone to fill the position. I will discuss possibilities with the Executive."
Richard Bérubé recommends that whoever is chosen, it should be someone who is not related to chess.

Les Bunning moves that this be deferred to the Executive.
Seconded by Michael von Keitz.
Passed unanimously.

Chess Foundation of Canada Trustees

Two positions are open, a 1 year term and a 4 year term. Paul Leblanc's and Lyle Craver's terms have expired.

A question was asked regarding who decided on the loan to the CFC. The response was all 5 trustees. The vote was 5-0 in favour. David Lavin suggested we should consider Ian Kilgour and Rob Morrison because of their investment experience.

4 Year term

Pierre Dénomée nominates Lyle Craver
Bela Kosoian nominates Les Bunning

Robert Gillanders nominates Paul Leblanc
Mr. Bunning declines to stand and Mr. Leblanc and Mr. Craver accept.
Neither is present, so we vote by a show of hands. 2 abstain, Leblanc receives 15 votes and Craver 9 votes. Leblanc is the new trustee for a 4 year term.

1 year term

Michael von Keitz nominates Lyle Craver

Ilia Bluvshstein nominates Micah Hughey

Mr. Hughey and Mr. Craver agree to stand. Mr. Hughey speaks to the meeting about his experience in Alberta and Edmonton chess administration. Mr. Bunning speaks to the meeting about Mr. Craver's qualifications and background.

Secret ballot voting takes place.

Mr. Hughey receives 21 votes and Mr. Craver 7.

Mr. Hughey is elected to a 1 year term.

Kalev Pugi Fund Trustees

Three trustees are required. The incumbents were Patrick McDonald, Lynn Stringer and Hugh Brodie. These trustees serve for a 1 year term.

Richard Keep nominates Ellen Nadeau

Michael von Keitz nominates Lyle Craver

Ilia Bluvshstein nominates Micah Hughey

Les Bunning nominates Lynn Stringer

Bela Kosoian nominates Les Bunning

Mr. Bunning declines to stand, the rest accept.

Mr. Hughey spoke before the vote as to his qualifications. Mr. Bunning spoke for Mr. Craver's qualifications. Mr. Smith spoke for Ms. Stringer. Ms. Nadeau spoke for herself.

Various methods of voting are discussed. Secret ballot is used. Ms. Nadeau, Mr. Craver and Ms. Stringer are elected.

National Appeals Committee

5 members are required. It is noted that there were no appeals in the past year.

Pierre Dénommée nominates Maurice Smith

Michael von Keitz nominates Mark Dutton

Bela Kosoian nominates Les Bunning

Richard Keep nominates Pierre Dénommée

Les Bunning nominates Lyle Craver

Micah Hughey nominates Vlad Rekhson

Ilia Bluvshstein nominates Eddie Urquhart

Michael Barron nominates Ilia Bluvshstein

David Lavin nominates Gordon Taylor

All accept to stand for election.

1st round of voting elects Maurice Smith, Mark Dutton and Pierre Dénommée.

4 are tied for the last 2 positions, Lyle Craver, Vlad Rekhson, Eddie Urquhart and Ilia Bluvshstein.

The second ballot elects Vlad Rekhson and Ilia Bluvshstein.

Past President

Under Section 2, By-Law 2, Article 10, any Past President can be elected to fill this position even though it traditionally has gone to the immediate Past President. David Lavin nominates Les Bunning. Hal Bond stands automatically.

Les Bunning speaks to the reason for this unusual step. Because of the threatened Statement of Claim against the CFC by TKS, we may be required to counter-claim against Bond. He caused the problem and may be conflicted. Robert Gillanders speaks in support of Hal Bond and says that this unprecedented action to remove him as Past President is totally inappropriate.

An election is held.

Hal Bond receives 14 votes, Les Bunning, 12 votes. Mr. Bond is elected.

BIDS

A bid from Edmonton for the Canadian Open Chess Championship, 2009, was presented by Micah Hughey.

Many questions were asked. Mr. Hughey will get back to Bela Kosoian regarding a potential prize for top female. Michael Barron asked Mr. Hughey to try to bid for the CYCC events and hold them on July 7 to 10, 2009. Time limits and norms were discussed. Mr. Hughey advised the meeting that 10 rounds would be required to have norms because they are not going to use accelerated pairings. They had found in the past that the possible match-ups with a GM were good advertising and a good draw for the average player. Many in the meeting thought norms should be available somehow. It will take an extra round to accomplish this. For the moment, norms are up in the air.

The bid calls for free advertising for the event from the CFC. Mr. Lavin thought the entry fees were low and, if raised, the committee could pay something to the CFC. Mr. Hughey advised that the grants from the Alberta Government through their Casino Plan were strictly forbidden to be used for prizes or advertising. Thus, anything paid anywhere else had to come from the entry fees. Mr. Bunning suggested that the entry fees could be raised, but remain lower for "locals."

There was considerably questioning from David Lavin and Ken MacDonald regarding the fact that the CFC would realize little from the event except some new members. Robert Gillanders thought we were a little aggressive in our questioning. François Dorion wondered if other organizations would give free advertising, e.g., FQE or USCF. He didn't think so.

Mr. Hughey asked us to change the bid as follows: (i) Remove # 1 under conditions; (ii) 9 rounds still open to discussion; (iii) The last round will commence at 11:00am and NOT at NOON.

Pierre Dénoimée moves that we accept the bid.
Fred McKim seconds the motion.
Unanimously approved.

To date, we have not received any bids for the 2009 CYCC, 2009 Canadian Closed or the 2009 Women's Closed. Michael Barron said that he would not organize the 2009 Canadian Junior because the CFC has not offered support.

Re-structuring Committee Proposals

5 Bids were received for the RFP. All failed in one way or another.

Reduce membership fees and increase rating fees.

Terminate the printed magazine.

Eliminate family membership fees? Tournament fees would be \$10 and \$5.

The office requires more automation. We need to automate ratings and payments.

They note that it is not only in Canada that membership is down.

We should eliminate retail, at least the books. Maybe sell the business to CMA.

Sell or rent or part of the office.

The best bids came from CMA and FQE. The other bids were limited in scope.

The Restructuring Committee could not accept a bid.

This information and these recommendations were sent to the previous Executive. Now they are presented to the current Executive.

Pierre Dénoimée noted that an automated rating system was proposed, but there was no cash to

do it.

François Dorion made the following points:

What is missing is how to get some cash from the Provincial Associations;

Ratings are the 2nd main source of revenue;

The FQE thinks the CFC should be the sole rating system in Canada (speaking for himself and not the FQE);

The FQE also believes that the CFC should administer all titles (speaking for himself and not the FQE);

Selling our only asset might not be as good as renting and keeping a small part to hold archives. They could be lost if we don't have a central area. He has had examples of this occur.

Bela Kosoian proposes that we have 1 or more fundraisers and that they keep a percentage of the cash raised. This was suggested earlier, but never followed up.

Maurice Smith advises that Lyle Craver wants all motions here to go to G/L # 1.

Ilia Bluvstein wonders if the CFC could be run from home and whether we could purchase an existing rating system.

A suggestion was made that it would cost about \$5,000 to \$10,000 to get a rating system going.

Ilia Bluvstein thinks it would cost closer to \$50k than \$5k. He also commented that we need better relations with the CMA and the FQE.

Les Bunning commented that we lose money now. We can't go on doing cheap ratings any longer.

Bob Armstrong thinks these proposals would be too costly for the once a year tournament player.

Micah Hughey wonders if a 3 month or 6 month membership would help.

Armstrong Motions

These proposals are attached to the minutes.

The Chair ruled # 1-2-7 out of order. He expected to have short discussions on # 3 and simply vote on # 4-5-6.

Item # 3, Micah Hughey moved that we split the two sentences into 2 motions.

Ellen Nadeau seconded this.

Approved.

Item 3, 1st Motion, 15 in favour, 7 against, 3 abstained, Approved. (May deal with exceptions later.)

Item 3, 2nd motion, 12 in favour, 11 against, 3 abstained. Approved.

Item # 4, 14 in favour, 1 against, 10 abstain, approved.

Now, items 5-6 are ruled out of order due to ongoing negotiations.

Maurice Smith asked David Lavin to take the Chair so he could make a motion. This occurs.

Maurice Smith moves that the CFC terminate the paper magazine, get rid of books through a sale, keep the software and equipment business, clean up one level of the CFC condo and rent one level to someone. Seconded by Les Bunning.

There was considerable discussion regarding an on-line magazine.

It is agreed that this motion should be broken into smaller motions. It is withdrawn.

Maurice Smith moved that the following go to G/L # 1. Seconded by Les Bunning.

Lease ½ the building. Approved.

Get out of the book business. Approved.

Terminate the paper magazine. Approved.

David Lavin suggested that we could vote on leasing half the building at this time. Moved by Maurice Smith and seconded by Les Bunning. Approved unanimously.
The Chair is handed back to Maurice Smith.

Other Business

Les Bunning moves as follows. Peter Stockhausen seconds.

Unless a bid specifically specifies that they will not do so, the organizers of both the CYCC and the Canadian Open must provide at no cost to the CFC a suitable space, in terms of size and location, where the CFC can sell books and equipment. The CFC may conduct these sales from its own stocks or may contract this right out if it deems appropriate to do so.

For 20. Against 2. Approved.

A motion was put forward regarding the use of the 2007 CYCC balance to be applied to older CYCC losses. Ellen Nadeau spoke against this and there was considerable discussion. The motion is withdrawn.

Discussion centered on the funding issue for the WYCC trip to Vietnam. The funds raised at this year's CYCC will not be sufficient to pay for the trip. The motion passed at last year's AGM to curb costs by combining sections was not followed. Ellen Nadeau discussed the situation and that the surplus of \$ 14,434 from the 2007CYCC should be available to help pay for the Vietnam trip. Les Bunning proposed that the surplus from the 2007CYCC program should be taken into CFC general revenues to recover losses from prior years. Robert Gillanders challenged him on his claims of prior year losses since the financial statements show a surplus. Gillanders further stated that to earn credibility it was important to honour our obligations. He further noted that some members had refused to donate to the Olympic fund out of fear the money would go elsewhere. The discussion moved onto how to keep our costs under control. David Lavin proposed we cap the maximum airfares by major cities. David Lavin and Ellen Nadeau will work to keep costs down.

The following is moved by Les Bunning and seconded by Peter Stockhausen.

Effective January 1, 2009, the membership fee for adult members shall be \$30. The membership fee for junior members shall be \$20. The CFC will discontinue selling family memberships and junior participating memberships effective January 1, 2009. Effective January 1, 2009, the tournament membership shall be \$10 per tournament for adults and \$5 per tournament for juniors. Players in a tournament in which all of the players are juniors shall not be required to be members but shall be required to submit the CFC rating fee of \$5 per player. Effective January 1, 2009, the CFC rating fee shall be \$5 per player per tournament or match.

Michael Barron suggested that this is too early to do this. These ideas require analysis. We need to study it. Considerable more discussion ensued. Ilia Bluvstein suggested that we need a

business case first. Bob Armstrong favours the motion. David Lavin suggests we could change it if required.

14 in favour, 8 against, 3 abstentions. Approved.

Pierre Dénommée recommends that we have an Ethics Committee. The Chair deferred this to the Executive.

Michael von Keitz moves that the TD Certification program be re-instated immediately. (The OCA is planning to act unilaterally, so there is the potential to work with them.) He further moves that there should be an active French page on the website (a mirror of the English page). Finally, he moves that the CFC should align with an on-line chess site ("the official website of the CFC"). This would give mutual benefits. The Chair deferred these items to the Executive.

Bela Kosoian again wants us to consider a fundraiser. Robert Gillanders thinks we should consider David Cohen as a fundraiser. Ilia Bluvshstein and Bela Kosoian discuss various methods and Micah Hughey thinks there is no reason to only have a single fundraiser.

Ilia Bluvshstein moves that we create a Fundraising Committee, David Lavin seconds the motion. For = 17, against = 0, abstain = 1. Approved.

Phil Haley wants better communication to the Governors. David Lavin wants better communication from the Governors.

Michael von Keitz moves we adjourn the meeting, Denis Nadeau seconds the motion. Unanimously approved.

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

Balance Sheet
As at April 30, 2008
Unaudited

	2008	2007
CURRENT ASSETS		
Cash	\$ 20,688	\$ 20,141
Accounts receivable	16,647	16,322
Inventory	34,405	41,317
Prepaid expenses	3,807	4,262
	75,547	82,042
CAPITAL ASSETS	85,555	88,846
	\$ 161,102	\$ 170,888
CURRENT LIABILITIES		
Accounts payable	\$ 28,685	\$ 35,281
Chess Foundation of Canada - Life Memberships	4,590	2,430
Chess Foundation of Canada - Loan	30,000	-
Deferred membership revenue	23,500	24,300
	86,775	62,011
DEFERRED CONTRIBUTIONS	18,712	20,011
EQUITY		
Opening balance	88,866	137,543
Net Earnings (loss) for the period	(33,251)	(48,677)
Closing balance	55,615	88,866
	\$ 161,102	\$ 170,888

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

Statement of Revenue and Expenditures
For the year ended April 30, 2008
Unaudited

	2008	2007
REVENUE		
Sales of books, equipment and software	\$ 73,414	\$ 103,151
Shipping and handling charges	4,411	6,824
Membership fees	51,159	51,565
Interest earned from Chess Foundation of Canada	5,282	5,252
Rating fees	24,600	23,486
Publication sales and advertising	4,684	2,378
Donations	16,544	24,168
Surplus donated from Canadian Open 2007	5,051	-
Other programs (see supplementary information)	82,139	64,681
Other revenue	-	3,516
	267,284	285,021
EXPENDITURE		
Cost of sales	49,077	78,829
General and administrative		
Salaries, benefits and staff travel	67,920	62,500
Building and equipment expenses	19,273	30,175
Bad debts	-	5,319
Office	27,421	28,510
	114,614	126,504
Programs		
Publications	36,885	31,773
International	10,390	13,904
Contributions to clubs and affiliates	5,000	18,007
Contributions to Chess Foundation of Canada	2,430	-
Other programs (see supplementary information)	82,139	64,681
	136,844	128,365
	300,535	333,698
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ (33,251)	\$ (48,677)

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

Supplementary Information
For the year ended April 30, 2008
Unaudited

Analysis of Membership fees	2007 Year	2008 1st half	2008 2nd half	2008 Year
Annual membership fees collected	43,289	20,263	24,679	49,070
Tournament memberships collected	2,559	1,117	1,870	2,987
Adjustment to Deferred revenue	5,717	-	800	800
Life memberships	-	2,430	-	2,430
Membership fees reported	51,565	23,810	27,349	51,159
Less: Life memberships sent to Foundation		2,430	-	2,430
Net membership dues	51,565	21,380	27,349	48,729
Life memberships owing to Foundation		4,590	-	4,590

The organization follows the deferral method of accounting for revenues. Membership fees are recorded as revenues in the period to which they relate.

Deferred Contributions	Olympic Donations	CYCC Program	Kalev Pugi Program	Total
Balance, April 30, 2007	440	16,833	2,738	20,011
Add: Contributions	575	79,240	1,025	80,840
Less: amount recognized as revenue		<81,639>	<500>	<82,139>
Balance, April 30, 2008	1,015	14,434	3,263	18,712

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

MOTIONS FOR FIRST DISCUSSION: none

General Comments from Governors: none received

Motions for Final Vote: none

Motions for Second Discussion: none

Motions for First Discussion: none

Deadline for submissions to GL#2 is Monday, September 1, 2008
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