



The Chess Federation of Canada La Fédération Canadienne des Échecs

CFC 2009-10 FINANCIAL REPORT

June 25th, 2010

Dear Stakeholders:

I am happy to report marked improvements for the 2010 fiscal year as presented in these statements. During the past year we made positive progress in cash flow, and overall net revenues. Also just as importantly, the results of such were reported all year to the CFC Executive almost instantly at the end of each reporting period. Instant reporting of the surpluses was a major factor in the confidence to move ahead and budget the new monthly newsletter, restoring a major membership service, and thus in theory spurring more membership renewals.

Income statement comparisons between fiscal 2010 and 2009 should be put into context; Sales in 2010 dropped by 66%, however the deliberate restructuring of the federation enabled even more significant reduction of expenses to boost overall performance. Membership revenues reported are down slightly, however memberships actually collected are up for the first time in 10+ years. See statements note #5 for an explicit explanation of this apparent paradox. All membership types held steady or increased except the Participating Juniors type which is en route to being phased out. The loss of 76 "P" type members was absorbed by the gain of 29 Adult members. Rating fee revenues went up a healthy 12.7%, see statements note #6 for more info.

Unfortunately there is again a re-statement of previous years, although just 5% in volume of the massive 2009 re-statement, and involving only 2 straight forward issues. 1) Invoices for our North American Zonal fee from fiscal 2006 & 2008 (\$1,500 USD each) were handed to Hal Bond in November 2009, presumably as unpaid. Unfortunately we were not aware of these when I prepared last year's statements. I have inquired further about these invoices to verify they are unpaid, but as yet have not received any correspondence from the FIDE North America treasurer. 2) As I was pressed for time last year, an explicit check of the unearned membership value was not performed. This year I did perform an explicit calculation and can verify the figure now listed on the 2010 balance sheet is 100% correct. However the changes from one year to the next may not be exact, but should be close. These changes should be roughly 50% of the change in memberships collected. 2010 & 2009 look about right, so the \$1,300 discrepancy must have occurred sometime before fiscal 2009. For more information see statements note #8.

Gerry Litchfield

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

BALANCE SHEET
AS AT APRIL 30, 2010
UNAUDITED

	*Re-stated	
	2010	2009
CURRENT ASSETS		
Cash	\$ 10,450	\$ 4,595
In Trust with Foundation	65,809	65,809
Accounts receivable	4,860	2,321
Prepaid expenses	3,917	7,167
	85,036	79,892
CAPITAL ASSETS (note 2)	3,319	5,664
	\$ 88,355	\$ 85,556
CURRENT LIABILITIES		
Accounts payable	\$ 8,434	\$ 19,674
Chess Foundation	-	540
Deferred membership revenue	20,581	20,100
	29,015	40,314
DEFERRED CONTRIBUTIONS (note 3)	10,265	8,300
EQUITY		
Opening balance	36,942	22,222
Net revenue (expenditure) for the year	12,133	14,720
	49,075	36,942
	\$ 88,355	\$ 85,556

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2010
UNAUDITED

	2010	2009
INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 5,664	\$ 85,555
Purchase of capital assets	-	5,290
Sale of capital assets	-	(82,154)
Amortization of capital assets	(2,345)	(3,027)
Balance - end of year	\$ 3,319	\$ 5,664

UNRESTRICTED

Balance - beginning of year, as previously reported	\$ 32,978	\$ (61,633)
Correction of prior years revenues (note 8)	(1,700)	(1,700)
Balance - beginning of year, as restated	31,278	(63,333)
Net revenue (expenditure) for the year	12,133	14,720
Purchase of capital assets	-	(5,290)
Sale of capital assets	-	82,154
Amortization of capital assets	2,345	3,027
Balance - end of year	\$ 45,756	\$ 31,278

THE CHESS FEDERATION OF CANADA
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STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED APRIL 30, 2010
UNAUDITED

	2010	2009
REVENUE		
Sales of books, equipment and software	\$ 22,070	\$ 66,054
Shipping and handling charges	-	2,535
Memberships (note 5)	46,767	48,035
Contribution from Foundation (note 4)	3,624	5,682
Rating fees (note 6)	28,582	25,352
Donations	11,640	6,130
Other programs (note 3)	58,701	75,964
Other revenue	532	19
	171,916	229,771
EXPENDITURE		
Cost of sales	17,730	52,373
General and administrative		
Salaries, benefits and staff travel	1,801	76,703
Administration services	42,939	-
Building and equipment expenses	-	11,435
Office	9,963	25,297
	54,703	113,435
Programs		
Publications/Webzine/E-newsletter	7,550	3,486
International (note 7)	8,045	6,519
Contributions to clubs and affiliates	10,948	4,306
Contributions to Chess Foundation	2,106	1,440
Other programs (note 3)	58,701	75,964
	87,350	91,715
	159,783	257,523
Revenue (expenditure) from normal operations	12,133	(27,752)
Other revenue and expense		
Gain on sale of condo building	-	52,156
Loss on restructuring & transition	-	(9,684)
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ 12,133	\$ 14,720

THE CHESS FEDERATION OF CANADA
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2010
UNAUDITED

	2010	2009
OPERATING ACTIVITIES		
Net Revenue (Expenditure)	\$ 12,133	14,720
Items not requiring an outlay of cash:		
Amortization of capital assets	2,345	3,027
Gain on sale of condo	-	(52,156)
Working capital changes:		
Accounts receivable	(2,539)	498
Inventory	-	23,029
Prepaid expenses	3,250	(5,360)
Accounts payable	(11,240)	(16,500)
Chess foundation payable	(540)	(34,050)
Deferred membership revenue	481	(2,100)
Deferred contributions	1,965	(10,412)
	5,855	(79,304)
INVESTING ACTIVITIES		
Sale of Ottawa condo unit	-	134,310
SwissSys software development	-	(5,100)
Computer equipment	-	(190)
	-	129,020
FINANCING ACTIVITIES		
	-	-
NET INCREASE (DECREASE) IN CASH	\$ 5,855	49,716

THE CHESS FEDERATION OF CANADA LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2010 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) Amortization

Amortization is provided on the reducing balance basis as follows:

Furniture and equipment	20%
Computer equipment	33%
National library	20%
SwissSys Software	50%

(c) 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.

(d) Foreign Currency Payables Holding

(i) US Dollar payables (\$3,000) held @ 1 (ii) Euro payables (702 €) held @ 1.45

2. CAPITAL ASSETS

	2010			2009		
	Cost	Accumulated Amortization	Net		Net	
Furniture and equipment	\$ 5,000	\$ 4,768	\$ 232	\$	290	
Computer equipment	9,414	9,076	338		504	
National library	8,240	7,403	837		1,045	
SwissSys Development	5,100	3,188	1,912		3,825	
	\$ 27,754	\$ 24,435	\$ 3,319	\$	5,664	

THE CHESS FEDERATION OF CANADA LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2010 UNAUDITED

3. DEFERRED CONTRIBUTIONS

	Olympic Donations	Youth CC Program	Kalev Pugi Program	TOTAL
Balance - begin of year	\$ 1,945	\$ 4,772	\$ 1,583	\$ 8,300
Add: contributions	1,215	58,691	760	60,666
Less: recognized as revenue	-	(58,201)	(500)	(58,701)
Balance - end of year	\$ 3,160	\$ 5,262	\$ 1,843	\$ 10,265

Olympic donations are designated to provide financial support for participation of Canadian representatives in the International Chess Olympiads. The Canadian Youth Chess Championships (CYCC) entry fees cover the cost of sending players to the World Youth Chess Championships (WYCC). The Kalev Pugi Fund was established as a bequest in the Chess Foundation of Canada. Each year interest earned by this fund is transferred from the Foundation to the Federation to provide travel assistance for junior players. Contributions to these programs are recognized as revenue in the year in which the related expenditures are incurred.

4. CHESS FOUNDATION OF CANADA

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 \$0 (2009 - \$0) and life membership fees of \$2,106 (2009 - \$1,440) have been paid into the Foundation from the Federation. The Foundation has contributed \$3,624 (2009 - \$5,682) in support of the Federation's general operations and \$760 (2009 - \$820) towards the Kalev Pugi junior program. The Foundation has not been consolidated with the Federation's financial statements. Financial summaries of the unconsolidated Chess Foundation of Canada as at April 30, 2010 and 2009 and the years then ended were prepared internally.

	2010	2009
BALANCE SHEET		
Assets	\$ 243,128	\$ 161,397
Liabilities	8,083	4,384
Net assets	\$ 235,045	\$ 157,013
STATEMENT OF REVENUE AND EXPENDITURE		
Revenue	\$ 75,962	\$ 6,364
Expenditure	4,384	4,684
Net revenue for the year	\$ 71,578	\$ 1,680

THE CHESS FEDERATION OF CANADA
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NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2010
 UNAUDITED

5. ANALYSIS OF MEMBERSHIP REVENUE	2010	2009
Annual memberships	\$ 41,632	\$ 40,761
Tournament memberships	3,510	3,734
Adjustment to deferred revenue	-481	2,100
Life memberships	2,106	1,440
Membership revenue reported	<u>46,767</u>	<u>48,035</u>
Less: Foundation donation	2,106	1,440
Net membership revenue	<u>\$ 44,661</u>	<u>\$ 46,595</u>

Annual paying members 2009 → 2010; Adult (\$36) 946 → 975, Junior (\$24) 176 → 176,
 Participating Junior (\$12) 354 → 278, Family (\$18) 16 → 18

6. RATING FEES REVENUE	2010	2009
(a) Domestic	\$ 24,262	\$ 22,184
(b) FIDE	4,320	3,168
TOTAL	<u>\$ 28,582</u>	<u>\$ 25,352</u>

7. INTERNATIONAL EXPENSES	2010
(a) FIDE - Canada Membership	\$ 1,792
(b) FIDE - Title Applications	1,879
(c) FIDE - Event Rating fees	2,469
(d) FIDE - Rating List fees	272
(e) FIDE - Americas Zonal fee	1,634
TOTAL	<u>\$ 8,045</u>

8. CORRECTION OF PRIOR YEARS REVENUES

A re-statement of prior years (since 2006) revenues has resulted in an overall reduction (loss) in equity of \$1,700. The figure is comprised of adjustments in A/P, and Deff. Mem. Revenue. The 2009 balance sheet has been re-stated with adjustments as follows; A/P (CR) \$3,000 (relating to 2 x FIDE Americas Zonal Fee invoices \$1,500 USD each for fiscal 2006 & 2008). Deferred membership revenue (DR) \$1,300 to reset to actual - discrepancy believed to have occurred somewhere in fiscal years 2006 to 2008.