



The Chess Federation of Canada

La Fédération Canadienne des Échecs

CFC 2010-11 FINANCIAL REPORT

June 27th, 2011

Dear Stakeholders:

I am happy to report continued improvements for our 2011 fiscal year as presented in these statements. Net revenue is down from \$12,133 to \$2,642 simply for the reason that more funds were contributed to our programs like the newsletter, national events, and the Olympiad. Because fiscal reporting has occurred quickly and accurately, the CFC Executive had the information and confidence to make decisions towards these aims.

Our balance sheet is extremely liquid with a current ratio above 2.5 which allows for easier management of day-to-day operations. Our revenue and expenditure statement is slightly more positive than 2010. For revenues; sales, membership, and foundation interest are all up. Although rating fees revenue is down (2010 was a record year!) we must remember it still ranks 2nd highest in the last 6 years despite CFC absorbing all HST liability for the 3 months February to April. On the expenditure side I believe everything turned out consistently almost exactly on budget. Note #8 on page 7 shows an explicit breakdown of office expenses. Cash on hand dropped slightly as we invested over \$7,000 into capital assets. Because the new website was still under construction, any amortization on it has been deferred to the next fiscal year. Many good quality notes to these statements have been provided on pages 5-7 for those who wish to get oriented further.

As an opinion, until CFC wins a major sponsorship I believe we should just be content to manage it like a chess position, keep accumulating small advantages. I believe this is now happening and the goal should be simple, each year improves on the last. Let's at least do everything to help ourselves instead of dreaming about handouts!

I would also like to mention that although adult members dropped this year by 20, we are still +10 from 2 years ago. The overall membership total is down mostly because we did not hold on to every "P" type. The vast majority of those did switch either to a full junior or family membership. I would be surprised to hear anyone say they would have expected to keep everyone of those.

As bad or good as things are, take my word for it...it could be worse!
To sum up then...stay the course, a thousand points of light, stay the course.

A handwritten signature in black ink, appearing to read "Gerry Litchfield".

Gerry Litchfield

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

BALANCE SHEET
AS AT APRIL 30, 2011
UNAUDITED

	2011	2010
CURRENT ASSETS		
Cash	\$ 15,025	\$ 10,450
In Trust with Foundation	60,072	65,809
Accounts receivable	3,853	4,860
Prepaid expenses	500	3,917
	<hr/> 79,450	<hr/> 85,036
CAPITAL ASSETS (note 2)	<hr/> 8,240	<hr/> 3,319
	<hr/> <hr/> \$ 87,690	<hr/> <hr/> \$ 88,355
CURRENT LIABILITIES		
Accounts payable	\$ 7,729	\$ 8,434
Deferred membership revenue	<hr/> 20,405	<hr/> 20,581
	<hr/> <hr/> 28,134	<hr/> <hr/> 29,015
DEFERRED CONTRIBUTIONS (note 3)	<hr/> 7,839	<hr/> 10,265
EQUITY		
Opening balance	49,075	36,942
Net revenue for the year	<hr/> 2,642	<hr/> 12,133
	<hr/> <hr/> 51,717	<hr/> <hr/> 49,075
	<hr/> <hr/> \$ 87,690	<hr/> <hr/> \$ 88,355

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2011
UNAUDITED

	2011	2010
INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 3,319	\$ 5,664
Purchase of capital assets	7,060	-
Sale of capital assets	-	-
Amortization of capital assets	<u>(2,139)</u>	<u>(2,345)</u>
Balance - end of year	<u>\$ 8,240</u>	<u>\$ 3,319</u>
 UNRESTRICTED		
Balance - beginning of year	45,756	31,278
Net revenue for the year	2,642	12,133
Purchase of capital assets	(7,060)	-
Sale of capital assets	-	-
Amortization of capital assets	<u>2,139</u>	<u>2,345</u>
Balance - end of year	<u>\$ 43,477</u>	<u>\$ 45,756</u>

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED APRIL 30, 2011
UNAUDITED

	2011	2010
REVENUE		
Sales of books and equipment	\$ 28,545	\$ 22,070
Memberships (note 5)	48,112	46,767
Contribution from Foundation	7,263	3,624
Rating fees (note 6)	25,693	28,582
Donations	4,787	11,640
Other programs (note 3)	89,025	58,701
Other revenue	686	532
	<u>204,111</u>	<u>171,916</u>
EXPENDITURE		
Cost of sales	20,129	17,730
General and administrative		
Administration services	44,119	42,939
Office (note 8)	12,664	11,764
	<u>56,783</u>	<u>54,703</u>
Programs		
Publication; e-Newsletter	18,000	7,550
International (note 7)	5,664	8,045
2011 Zonal Championship	2,863	-
2010 Canadian Open	2,128	-
2010 Olympiad	1,085	-
Contributions to clubs and affiliates	3,092	10,948
Contributions to Chess Foundation	2,700	2,106
Other programs (note 3)	89,025	58,701
	<u>124,557</u>	<u>87,350</u>
	<u>201,469</u>	<u>159,783</u>
NET REVENUE FOR THE YEAR	\$ 2,642	\$ 12,133

THE CHESS FEDERATION OF CANADA
LA FÉDÉRATION CANADIENNE DES ÉCHECS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2011
UNAUDITED

	2011	2010
OPERATING ACTIVITIES		
Net Revenue	\$ 2,642	12,133
Items not requiring an outlay of cash:		
Amortization of capital assets	2,139	2,345
Working capital changes:		
Accounts receivable	1,007	(2,539)
Prepaid expenses	3,417	3,250
Accounts payable	(705)	(11,240)
Chess foundation payable	-	(540)
Deferred membership revenue	(176)	481
Deferred contributions	(2,426)	1,965
	<hr/> 5,898	<hr/> 5,855
INVESTING ACTIVITIES		
New Website	(5,278)	-
Computer equipment	(1,783)	-
	<hr/> (7,061)	<hr/> -
FINANCING ACTIVITIES		
	<hr/> -	<hr/> -
NET DECREASE (INCREASE) IN CASH	\$ (1,163)	5,855

THE CHESS FEDERATION OF CANADA

LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011
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. 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	50%
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 @ 1.00 (ii) Euro payables (566 €) held @ 1.45

2. CAPITAL ASSETS

					2011		2010
		Cost	Accumulated Amortization		Net		Net
Furniture and equipment	\$	5,000	\$ 5,000	\$ 0	\$ 232		
Computer equipment		11,197	9,860	1,337		338	
National library		8,240	7,571	669		837	
SwissSys Development		5,100	4,144	956		1,912	
Website		5,278	0	5,278		0	
TOTAL	\$	34,815	\$ 26,575	\$ 8,240		3,319	

THE CHESS FEDERATION OF CANADA

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NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2011
UNAUDITED

3. DEFERRED CONTRIBUTIONS

	Olympic Donations	Youth CC Program	Kalev Pugi Program	TOTAL
Balance - begin of year	\$ 3,120	\$ 5,262	\$ 1,843	\$ 10,225
Add: contributions	11,192	74,627	820	86,639
Less: recognized as revenue	(14,312)	(72,113)	(2,600)	(89,025)
Balance - end of year	\$ -	\$ 7,776	\$ 63	\$ 7,839

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 (2010 - \$0) and life membership fees of \$2,700 (2010 - \$2,106) have been paid into the Foundation from the Federation. The Foundation has contributed \$7,263 (2010 - \$3,624) in support of the Federation's general operations and \$820 (2010 - \$760) 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, 2011 and 2010 and the years then ended were prepared internally.

	2011	2010
BALANCE SHEET		
Assets	\$ 265,984	\$ 243,128
Liabilities	9,952	8,083
Net assets	\$ 256,032	\$ 235,045
STATEMENT OF REVENUE AND EXPENDITURE		
Revenue	\$ 12,613	\$ 10,153
Expenditure	13,823	4,384
Net revenue for the year	\$ (1,210)	\$ 5,769

THE CHESS FEDERATION OF CANADA
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NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011
UNAUDITED

5. MEMBERSHIP REVENUE		2011	2010
Annual memberships	\$ 42,070	\$ 41,632	
Tournament memberships	4,236	3,510	
Adjustment to deferred revenue	176	-481	
Life memberships	2,700	2,106	
HST adjustment	-1,070	-	
Membership revenue reported	<u>48,112</u>	<u>46,767</u>	
Less: Foundation donation	2,700	2,106	
Net membership revenue	<u>\$ 45,412</u>	<u>\$ 44,661</u>	

Annual paying members 2010 → 2011; Adult (\$36) 975 → 956, Junior (\$24) 176 → 306,
Participating Junior (\$12) 278 → 79, Family (\$18) 18 → 39

6. RATING FEES REVENUE		2011	2010
(a) Domestic	\$ 22,044	\$ 24,262	
(b) FIDE	4,342	4,320	
(C) HST adjustment	-693	-	
TOTAL	<u>\$ 25,693</u>	<u>\$ 28,582</u>	

7. INTERNATIONAL EXPENSES		2011	2010
(a) FIDE - Canada Membership	\$ 1,585	\$ 1,792	
(b) FIDE - Title Applications	606	1,879	
(c) FIDE - Event Rating fees	2,244	2,469	
(d) FIDE - Rating List fees	326	272	
(e) FIDE - Americas Zonal fee	-	1,634	
(f) FIDE - Event Entry fees	588	-	
(g) FIDE - Federation Transfer fees	315	-	
TOTAL	<u>\$ 5,664</u>	<u>\$ 8,045</u>	

8. OFFICE EXPENSES		2011	2010
(a) Storage	\$ 2,773	\$ 2,767	
(b) Credit Card charges	2,451	2,225	
(c) Amortization	2,139	2,346	
(d) Professional fees	1,828	280	
(e) Travel	1,000	1,802	
(f) Advertising	846	619	
(g) Bank charges	735	777	
(h) Other	892	948	
TOTAL	<u>\$ 12,664</u>	<u>\$ 11,764</u>	