



The Chess Federation of Canada La Fédération Canadienne des Échecs

CFC 2008-09 FINANCIAL REPORT

July 2nd, 2009

Dear Stakeholders:

It is an exciting time for the Chess Federation of Canada (CFC). As you know, the torch of CFC management has been passed – and with it, responsibility for the preparation and delivery of financial statements. As such, it is my pleasure to present the following statements along with a statement of cash flows included here as a new feature of this reporting.

The operating loss for fiscal 2008-09 was \$27,752 (includes an added \$2,500 commitment made into the CYCC program). With an additional loss on restructuring and transition plus the gain on the sale of the Ottawa condo unit, the year-end net revenue ended at a surplus of \$14,720. Also note that previous years' losses (2005 to 2008) were understated by a combined amount of \$31,693 (for more information, see notes - point #6). As a result, the 2008 balance sheet as presented last year has been re-stated.

There is cause for optimism, however. The reporting of accounting events and the delivery of financial reports at the CFC has been streamlined, eliminating the delays that have proven troublesome for the Federation in the past. As of today reporting is live, and up-to-date fiscals are available at the click of a button. Each month's P/L is reported within 24-48 hours to the executive after month end (quarterly reports for Governor Letters will also be available within two weeks after each quarter period).

Also encouraging is the impact these changes have had on the Federation's income for May and June 2009 (please see notes - point #7 for more information). Continued reported surpluses should give confidence to decisions for injecting capital investment into member services going forward. When you have good months you have good years, and when you have good years you have a sustainable organization.

In my opinion, these statements reasonably represent the financial happenings of the CFC and are an excellent representation for the year ended April 30, 2009.

Sincerely,

Gerry Litchfield
Executive Director

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

BALANCE SHEET
AS AT APRIL 30, 2009
UNAUDITED

	2009	Re-stated 2008
CURRENT ASSETS		
Cash	\$ 70,404	\$ 20,688
Accounts receivable	2,321	2,819
Inventory	-	23,029
Prepaid expenses	7,167	1,807
	79,892	48,343
CAPITAL ASSETS (note 2)	5,664	85,555
	\$ 85,556	\$ 133,898
CURRENT LIABILITIES		
Accounts payable	\$ 16,674	\$ 33,174
Chess Foundation - Life Memberships	540	4,590
Chess Foundation - Loan	-	30,000
Deferred membership revenue	21,400	23,500
	38,614	91,264
DEFERRED CONTRIBUTIONS (note 3)	8,300	18,712
EQUITY		
Opening balance	23,922	57,173
Net revenue (expenditure) for the year	14,720	(33,251)
	38,642	23,922
	\$ 85,556	\$ 133,898

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

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2009
UNAUDITED

	2009	2008
INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 85,555	\$ 88,846
Purchase of capital assets	5,290	-
Sale of capital assets	(82,154)	-
Amortization of capital assets	(3,027)	(3,291)
Balance - end of year	\$ 5,664	\$ 85,555

UNRESTRICTED

Balance - beginning of year, as previously reported	\$ (29,940)	\$ 20
Correction of prior years revenues (note 6)	(31,693)	(31,693)
Balance - beginning of year, as restated	(61,633)	(31,673)
Net revenue (expenditure) for the year	14,720	(33,251)
Purchase of capital assets	(5,290)	-
Sale of capital assets	82,154	-
Amortization of capital assets	3,027	3,291
Balance - end of year	\$ 32,978	\$ (61,633)

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

**STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED APRIL 30, 2009
UNAUDITED**

	2009	2008
REVENUE		
Sales of books, equipment and software	\$ 66,054	\$ 73,414
Shipping and handling charges	2,535	4,411
Membership fees (note 5)	48,035	51,159
Contribution from Foundation (note 4)	5,682	5,282
Rating fees	25,352	24,600
Publication sales and advertising	-	4,684
Donations	6,130	16,544
Other programs (note 3)	75,964	82,139
Other revenue	19	5,051
	229,771	267,284
EXPENDITURE		
Cost of sales	52,373	49,077
General and administrative		
Salaries, benefits and staff travel	76,703	67,920
Building and equipment expenses	11,435	19,273
Office	25,297	27,421
	113,435	114,614
Programs		
Publications/Webzine	3,486	36,885
International	6,519	10,390
Contributions to clubs and affiliates	4,306	5,000
Contributions to Chess Foundation	1,440	2,430
Other programs (note 3)	75,964	82,139
	91,715	136,844
	257,523	300,535
Revenue (expenditure) from normal operations	(27,752)	(33,251)
Other revenue and expense		
Gain on sale of condo building	52,156	-
Loss on restructuring & transition	(9,684)	-
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ 14,720	\$ (33,251)

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2009
UNAUDITED**

	2009
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OPERATING ACTIVITIES	
Net Revenue (Expenditure)	\$ 14,720
Items not requiring an outlay of cash:	
Amortization of capital assets	3,027
Gain on sale of condo	(52,156)
Working capital changes:	
Accounts receivable	498
Inventory	23,029
Prepaid expenses	(5,360)
Accounts payable	(16,500)
Chess foundation payable	(34,050)
Deferred membership revenue	(2,100)
Deferred contributions	(10,412)
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	(79,304)
INVESTING ACTIVITIES	
SwissSys software development	(5,100)
Computer equipment	(190)
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	(5,290)
FINANCING ACTIVITIES	
Sale of Ottawa condo unit	134,310
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NET INCREASE (DECREASE) IN CASH	\$ 49,716

THE CHESS FEDERATION OF CANADA LA FÉDÉRATION CANADIENNE DES ÉCHECS

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2009
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:

Building	4%
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.

2. CAPITAL ASSETS

			2009		2008	
	Cost	Accumulated Amortization	Net	Net		
Land *(Disposed 2009) \$	20,000	\$ -	\$ -	\$ 20,000		
Building *(Disposed 2009)	145,502	-	-	63,418		
Furniture and equipment	5,000	4,710	290	362		
Computer equipment	9,414	8,910	504	468		
National library	8,240	7,195	1,045	1,307		
SwissSys Development	5,100	1,275	3,825	-		
\$	27,754	\$ 22,090	\$ 5,664	\$ 85,555		

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

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2009
UNAUDITED

3. DEFERRED CONTRIBUTIONS

	Olympic Donations	CYCC Program	Kalev Pugi Program	TOTAL
Balance - begin of year	\$ 1,015	\$ 14,434	\$ 3,263	\$ 18,712
Add: contributions	16,442	48,290	820	65,552
Less: recognized as revenue	(15,512)	(57,952)	(2,500)	(75,964)
Balance - end of year	\$ 1,945	\$ 4,772	\$ 1,583	\$ 8,300

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 (2008 - \$0) and life membership fees of \$1,440 (2008 - \$2,430) have been paid into the Foundation from the Federation. The Foundation has contributed \$5,682 (2008 - \$5,282) in support of the Federation's general operations and \$820 (2008 - \$1,025) 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, 2009 and 2008 and the years then ended were prepared internally.

	2009	2008
BALANCE SHEET		
Assets	\$ 161,397	\$ 157,555
Liabilities	4,384	6,502
Net assets	\$ 157,013	\$ 151,053
STATEMENT OF REVENUE AND EXPENDITURE		
Revenue	\$ 6,364	\$ 12,849
Expenditure	4,684	6,889
Net revenue for the year	\$ 1,680	\$ 5,960

**THE CHESS FEDERATION OF CANADA
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NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2009
UNAUDITED

5 ANALYSIS OF MEMBERSHIP REVENUE

	2009	2008
Annual memberships	\$ 40,761	\$ 44,942
Tournament memberships	3,734	2,987
Adjustment to deferred revenue	2,100	800
Life memberships	1,440	2,430
Membership revenue reported	<u>48,035</u>	<u>51,159</u>
Less: Foundation donation	1,440	2,430
Net membership revenue	<u>\$ 46,595</u>	<u>\$ 48,729</u>

Annual paying members 2008 → 2009; Adult (\$36) 996 → 941, Junior (\$24) 204 → 177,
Participating Junior (\$12) 171 → 354, Family (\$18) 13 → 15

6 CORRECTION OF PRIOR YEARS REVENUES

A re-statement of prior years (since 2004) revenues has resulted in an overall reduction (loss) in equity of \$31,693. The figure is comprised of adjustments in A/R, Inventory and other ledger adjustments being set to actual. The 2008 balance sheet has been restated with adjustments as follows; A/R (CR) \$13,828, Inventory (CR) \$11,376, A/P (CR) \$4,489 (relating to a supplier owed from the past and a combination of GST, PST and outstanding vouchers), Prepaid expenses (CR) \$2,000 (relating to membership cards used but not expensed over a long term of years).

7 START OF UPCOMING FISCAL YEAR 2010 - QUICK LOOK: MAY & JUNE 2009

	MAY	JUNE	TOTAL
Revenues	\$ 11,732	\$ 7,815	\$ 19,547
Expenses	<u>8,433</u>	<u>5,701</u>	<u>14,134</u>
Net Income	<u>\$ 3,299</u>	<u>\$ 2,114</u>	<u>\$ 5,413</u>

[Watch for explicit 1st quarter report on schedule for 2009-10 GL#1](#)