

**CHESS FEDERATION OF CANADA  
GOVERNORS' LETTER NINE  
2007-2008**



**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](mailto: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](mailto:info@chess.ca) if interested.**

## President's Message

### Dear Governors;

First of all I want to thank you for the opportunity to serve as your President for the past year. I will not seek re-election. Next year as Past President I will serve as best I can.

The Restructuring Committee has been working feverishly and they have almost completed their work. Their report will be circulated via a special emails to the Governors. The contents are confidential.

Amid all the strife which surrounds our Federation it is refreshing to see some positive developments. I thank Eddie Urquhart and Ilia Bluvshstein for their preparatory work with the Olympic Team, and David Cohen for the new energy he has brought to the Olympic Fundraising Campaign. I trust you have all made your donation during the special offer of matching funds.

Finally I want to extend belated congratulations to Yuanling Yuan for her brilliant performance at the Pan Am Women's Chess Championship. Her 6.5/9 score brought home the Silver for Canada!! Born in 1994, WFM Yuanling is performing consistently at master strength. She will be a decided asset on our Women's Olympic Team!

Best regards

*Hal Bond, IO, IA*  
*President, Chess Federation of Canada*

### Message from the Secretary:

I am repeating my lead-off paragraph from GL#8 as it is vitally important that ALL provincial affiliated get in touch with the Business Office with their nominees of Governors for 2008-2009 so that all incoming Governors receive proxy forms. This is most especially true of incoming Governors in 2007-2008.

Here is the calculation of CFC Governor allocations for 2008-2009. I ask that this info be sent to all provincial presidents and secretaries with a view to getting their federation's nominees for the incoming list of Governors. GL #9 will be the last Governors' Letter before the CFC Annual General Meeting and we would like to get all motions to be discussed at the AGM plus the incoming Governors lists as quickly as possible.

**Calculation of CFC Governors for 2008-2009** (Source: <http://www.chess.ca/MemStats.htm>)

		F	H	J	L	O	P	Total	Prorated Total	2008-2009 Governors
Alberta	AB	2	1	26	27	150	29	235	206.00	5
British Columbia	BC		8	40	70	96	25	239	209.00	5
Manitoba	MB			10	4	53	6	73	65.67	2
New Brunswick	NB	2		5	7	52	5	71	65.00	2
Newfoundland	NL			1	6	15	6	28	23.67	1
Nova Scotia	NS			6	14	40		60	58.00	2
Nunavut	NU				1			1	1.00	1
Ontario	ON	9	27	110	164	523	87	920	820.83	17
PEI	PE			3	2	5	2	12	9.67	1
Quebec	QC		16		26	33	10	85	78.33	2
Saskatchewan	SK			3	14	14	1	32	30.33	1
Yukon	YT				1	2		3	3.00	1
USA	US		4		24	11		39		
Foreign	FO		5		6	2		13		

Total	13	61	204	366	996	171	1811
CFC Fee	18	36	24	36	36	12	

The above calculation is done in accordance with paragraph 1 of By-law Number Two of the CFC which can be found at [http://chess.ca/section\\_2.htm](http://chess.ca/section_2.htm) Besides these, the Canadian Correspondence Chess Association President and the Chief Trustee of the Chess Foundation of Canada serve as CFC Governors. As per paragraph 6 the reigning Canadian Closed champion and runner-up are also entitled to serve as Governors.

This Governors' letter is primarily about motions to be voted on at the Annual General Meeting and proxies for that meeting. Governors who need further explanation on the role of proxies and who can vote one should read paragraph 21 of the Rules and Regulations of the CFC found at [http://www.chess.ca/section\\_2.htm](http://www.chess.ca/section_2.htm).

It is difficult to overstate the importance of this year's AGM with the top item expected to be the presentation of the report of the Restructuring Committee. I had hoped the final report would be ready in time for the Governors' Letter to allow a full discussion and still hope it will be distributed by e-mail well before the Annual General Meeting.

I agree with Mr. Stockhausen's comments to the Financials and specifically urge that lest there be any dissension later that a motion be adopted at the AGM formally sanctioning for a three month period following the AGM motions for ratification by the Governors as per Peter's point #7 below. I don't want anyone to feel an "end run" round the Governors is contemplated while not wanting to hold up the changes that surely must come. To quote the Bible: "*Let everything be done decently and in order*".

It has been my pleasure to serve you all and it is my hope to be returned to office as your Secretary, as a Chess Foundation of Canada Trustee (my four year term runs out this year) and a Member of the National Appeals Committee. If this is not to be, then again my thanks to all of you for the privilege.

Sincerely,  
**Lyle Craver**  
*Secretary, Chess Federation of Canada*  
*International Arbiter, FIDE*

### **Message from the Treasurer:**

Dear fellow Governors,

Here is my report on the past ten weeks of activity, in bullet format:

- ✚ We established a formal RFP on our web site and received a number proposals.
- ✚ The Committee has concluded the review of those proposals and the recommendations will be forwarded to the Executive Committee by month end. An interim report was send 10 days ago.
- ✚ Bob Gillanders and I have worked on getting a comprehensive cash flow forecast for this year and this has been circulated to the Executive.
- ✚ Bob Gillanders has provided the preliminary year end Financial Statement, which is included in this GL, together with his comments.

Comments to the Financial Statement.

- 1, We continue to lose money and we are in serious trouble.
- 2, We have approximately till September till we have to go to the Foundation for another loan.

- 3, The Restructuring Committee Report to the Executive deals with recommendations to get us out of this dilemma.
- 4, Since it took over four years to get into this mess, it stands to reason that there are no “easy” remedies. And remedies will have side effects.
- 5, The Committee recognizes that there will be a new Executive in a few weeks and these people might have some ideas of their own.
- 6, Time is running low and either the old or the new Executive should act rather sooner than later.
- 7, We advocate that far reaching changes will be subject to Governor’s approval using one week e-mail motions and votes.

Sincerely  
Peter Stockhausen  
Treasurer

### **Youth Coordinators Report – CFC – 2007-2008**

This year started off with a successful trip to Turkey for the World Youth Chess Championships! This year we sent players with entries in every section (12 sections). We had good results with 5 finishes in the top 30 of their sections and one of those in the top 20.

In spite of the upheaval in the CFC, the youth memberships are actually up year over year.

I will be finishing my term at the CYCC in Quebec City which is looking like it will be another successful event.

I will not be seeking re-election this year as I want to focus more on the youth activities in Ontario.

*Patrick S. McDonald*

### **Executive Directors’ Report**

I am relieved that I was able to complete the yearend financial statements in time to be included in this final GL before the AGM. I must continue to warn the reader, as I have with prior financial reports, that various accounts remain unreconciled. My duties as ED over the last 6 months have taken priority, leaving insufficient time and energy to deal with these old issues.

The loss for 2008 is \$ 33,251. The loss is less than 2007 but only marginally when you eliminate the \$ 12,490 for roof repairs included in 2007. The highlights are:

Retail sales continue to decline.

Staff travel is up due to my frequent trips to Ottawa.

Magazine costs up.

On the positive side, the 2007 Canadian Open surplus, and the Bunning donation drive.

Other than these relatively minor changes, we continue to accumulate losses. We have failed to approve and implement the structural changes required.

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.

I am interested in your comments and questions, and in particular those of our new Treasurer.

As for the office operations, we continue to make slow but steady progress.

Respectfully yours,

**Robert Gillanders**  
*Executive Director*  
*June 24, 2008*

### **RESULTS OF VOTING:**

***Motion 2008-10: (Moved/Seconded Peter Stockhausen/Lyle Craver)***

#### **Bonus Points in the Rating System**

##### **A, Participation Bonus**

**(No Restrictions)**

Rated 0000 - 1000	2.00 Points per game played
Rated 1001 - 1800	1.50 Points per game played
Rated 1801 - 2000	1.00 Points per game played
Rated 2001 - 2200	0.75 Points per game played
Rated 2201 +	0.50 Points per game played

##### **B, Result Bonus**

**(Performance Rating must exceed highest CFC Rating ever)**

0% - 59%	No points
60% - 70%	5 Points
71% - 89%	10 Points
90% +	15 Points

**Votes YES: (10)** Craft, Craver, Dénommée, Haley, Long, Mallon, Ritchie, Smith, Stockhausen, von Keitz

**Votes NO: (1)** Barron

**Abstentions: (2)** Bluvshstein, Wright

#### ***Motion Passes***

**Lyle Craver:** This motion is primarily mathematical in nature and made more acute by the current state of our membership. In general in any Elo type rating system there are players entering and leaving the rating pool. Most players improve their chess as a result of participating in tournaments thus increasing their playing strength. Normally a gain in rating from their initial level accompanies this gain in strength. When a player leaves the rating pool he/she is generally higher rated than when they entered the pool and thus when they withdraw from active play (which is NOT the same as withdrawing from the CFC though it often is) they usually take more rating points with them than when they entered. While new players make ratings a non-zero-sum "game", the system is rigged that the average rating generally stays more or less status. This breaks down when the rating pool shrinks and the average rating declines. This rating deflation is what this motion is designed to prevent – and any time a rating boon of this sort is proposed it's going to be controversial because the issue is not to be too much nor too little but just right. That's a judgement call rather than something that can be scientifically determined and this is a reasonable anti-deflationary measure.

**Michael Barron:** I believe before further tinkering with our rating system we need to assess the results of 2006 "rating boon" first. I see more harm than benefit from this boon: tournament participation and CFC membership continued to decline, and I know at least 2 issues caused by the "boon":

1) It almost ruined GTCL Under 2000 League 2006-2007. After the "boon" some active players got more than 200 extra rating points and overcame 2000 mark. Losers immediately started to whine that such players couldn't play in Under 2000 League anymore. Thankfully, GTCL rules clearly state that

eligibility to participate defined by the rating at the start of the season (in October). But if our rules were not clear enough, half of the teams couldn't finish this League.

2) One of Toronto players was deprived of his GTCL Grand Prix prize, which he certainly deserves. The "boon" artificially put him in the next rating class. During 2007 year he played well enough, but anyways lost some of unearned rating points and returned to his usual rating class. The problem is that Grand Prix prizes are limited by rating class, which defined by the rating at the start of the series (in March). Because his rating in March was artificially high, this player was not eligible for the prize in his rating class.

So, I would avoid any changes to the rating system, at least until comprehensive analysis of the recent changes and trends is done.

The integrity and continuity of the rating system are much more important than any perceived benefits, especially when we use CFC ratings to determine eligibility for various events and prizes.

*Pierre Dénommée:* I vote yes for maketing reason, this may attract and retain more players.

*Chris Mallon:* I vote YES to 2008-10, and would like to add the following comment:

"I suspect that this will end up just like the last change to bonus points we made about a year ago when the peak rating provision was removed; our current software can no longer be modified since we no longer have the source code, so this will be another empty change that makes no real difference until we get new rating software."

*Stephen Wright:* I wrote this in the previous GL:

"Is there any mathematical/scientific basis for the motion? For that matter, there was a ratings boon some 18 months ago - have there been any studies to determine if this had the desired effect, or whether further modification (possibly including this motion) is required? Is the rating system being overseen on an ongoing basis?"

There has been no response - I therefore do not have enough objective information to be able to vote on this motion. Sorry, but having people say "it's a good idea" without any analytically support is insufficient justification to modify a ratings system, in my view.

## **Motions for Final Vote at the Annual General Meeting:**

### **Motion 2008-11: (Chris Mallon / Michael von Keitz)**

That the CFC cancel the interim affiliate status of the FQSE.

Please vote Yes          No          Abstain

### **Motion 2008-12: (Chris Mallon / Michael von Keitz)**

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. ":

Interim affiliates must actively seek to renew their affiliate status at each AGM, requiring a simple majority of votes cast to maintain their interim affiliate status. They may also request full affiliate status, and should that motion not pass then a vote would automatically be held on maintaining their interim status for another year.

Please vote Yes          No          Abstain

## 7 CFC Restructuring Motions for CFC Governors' Straw Vote

*(Editorial note: Straw votes are normally done as a "gut check" for the President on the current will of the Governors – since it's the outgoing and not the incoming Assembly of Governors that's voting on these Straw Votes are not normally conducted by proxy at an AGM but given the nature of the issues raised and the extraordinarily nature of this year's AGM I am recommending to the President that these be considered "in order")*

Motion # 1 – Moved – Barry Thorvardson; Seconded – Cesary Posylek: Item 1 set out below is acceptable.

“ **1. Core Roles:** CFC will continue its role re FIDE, international and national events, a national rating system, and a website with membership info, ratings, membership sales, tournament announcements, chess club lists, and news submitted by members (highlights of recent tournament, etc.). Maintenance of these functions will be the responsibility of the Executive Director.”

Motion # 2 – Moved – Michael Barron; Seconded – Barry Thorvardson: Item 2 set out below is acceptable.

“ **2. CFC Revenue:** CFC revenues to come from memberships, rating fees, investments and donations. With the reduced scope of operation, costs for the organization should be less, and it may be possible to reduce annual membership fees and/or rating fees. “

Motion # 3 – Moved – Barry Thorvardson; Seconded – Chris Mallon: Item 3 set out below is acceptable.

“ **3. CFC Membership:** CFC to eliminate tournament memberships – if you want to play in a CFC tournament, you must purchase an annual membership. To encourage individuals to become members, first time CFC members will be given a 40% fee reduction for their first year. “

Motion # 4 – Moved – Michael Barron; Seconded – Mark Dutton: Item 4 set out below is acceptable.

“ **4. Chess Canada:** CFC will terminate the magazine contract with TKS immediately (with the May 2008 issue being the last issue of the magazine). “

Motion # 5 – Moved – Michael Barron; Seconded – Gary Gladstone: Item 5 set out below is acceptable.

“ **5. Retail Business:** Sell off the inventory of the retail business; it will be closed entirely. An alternative but small source of revenue could be established through a commission arrangement with other retailers, such as CMA or Amazon. “

Motion # 6 – Moved – Michael Barron; Seconded – Barry Thorvardson: Item 6 set out below is acceptable.

“ **6. CFC Condominium Office:** The current CFC office would be placed for sale. The office would then be run out of either a small rental space or a home office. “

Motion # 7 – Moved – Michael Barron; Seconded – Nava Starr: Item 7 set out below is acceptable.

“ **7. CFC Staffing:** In light of the reduced business activities of the CFC office (no retail sales and no print magazine), the Executive Committee would undertake a review of the Executive Director and Assistant positions and would recommend appropriate staffing changes if required. This could be from going to part-time, up to complete eliminating of the paid staff, and performing all CFC activities by volunteers. “

“ Backgrounder “ to 7 CFC Restructuring Motions for Straw Vote

June 24, 2008

Prepared by Bob Armstrong, CFC Life Member, Coordinator of Grassroots Campaign

Hi to All Outgoing CFC Governors:

### Introduction

On June 15, a grassroots group, coordinated by me, proposed a CFC restructuring package called the CFC Presidential Campaign Plan of Action ( Revision 4B ). At that date, it had been endorsed by 15 CFC members and former members ( now up to 19 – see list of endorsers at bottom of this backgrounder ). It was published in the Scarborough Community of Toronto Chess News & Views, of June 15. It was also posted on June 15 on both ChessTalk websites and the Ottawa Chess Club message board for public perusal and comment. As of June 22, there had been over 1600 views of this initial version of the platform, and a over 70 replies were generated. We indicated that we intended to bring the platform before the Governors for a straw vote. But given the results of the process the last time a complete package of restructuring was presented to the Governors, we have decided that it is best to canvas the views of the Governors on the restructuring issues, independently of each other – that way a Governor who may object to one individual item, could still vote for all 6 other items, and not have to vote down the whole package, leaving us with no indication of what s/he might have accepted.

Since then our items # 5 and # 7 underwent some minor revision, while keeping the substance of the original platform.

### The 7 Motions & Commentary

So we set out below 7 individual motions, each representing one item of our revised platform. And we are proposing a non-binding “ straw vote “ on these motions. This way, the outgoing Governors can give the incoming Governors some guidance as to their views on each of the restructuring issues, without binding their hands.

Here are the 7 motions ( 7 Governors are involved in bringing these motions ), along with a short commentary on each to flesh them out a bit to help with debate among the Governors on the motions:

Motion # 1 – Moved – Barry Thorvardson; Seconded – Cesary Posylek : Item 1 set out below is acceptable.

“ **1. Core Roles:** CFC will continue its role re FIDE, international and national events, a national rating system, and a website with membership info, ratings, membership sales, tournament announcements, chess club lists, and news submitted by members (highlights of recent tournament, etc.). Maintenance of these functions will be the responsibility of the Executive Director.”

*Commentary:* We did not try to put into the platform everything the CFC is doing now, or will continue to do. We wanted a clean minimalist platform, that fundamentally dealt with restructuring issues. Therefore, for example, there is nothing about CFC promoting chess here. Promoting chess, which includes renewing memberships and growing the membership, is a main goal of the CFC, and our platform does not affect that ( I can advise we had something in the platform in an earlier version, but in trying to trim it down, and reduce the targets, we deleted it - but this doesn't mean we don't still fully support it as a main goal of the CFC ). For the purposes of this motion, it is assumed the ED functions, website and rating system will stay in-house ( though outsourcing the website or rating system is not necessarily excluded )..

Motion # 2 – Moved – Michael Barron; Seconded – Barry Thorvardson: Item 2 set out below is acceptable.



“ **2. CFC Revenue:** CFC revenues to come from memberships, rating fees, investments and donations. With the reduced scope of operation, costs for the organization should be less, and it may be possible to reduce annual membership fees and/or rating fees. “

*Commentary :* We feel that reducing the annual membership in particular should be a priority, if financially feasible after restructuring, since the magazine will no longer be a membership benefit. But we could not definitely promise it until we see our surplus after restructuring. We have also left open the possibility of lowering the rating fee. But some have also suggested that a modest raising of the rating fee might allow a further reduction in the annual membership fee, and this is still possible under this motion..

Motion # 3 – Moved – Barry Thorvardson; Seconded – Chris Mallon: Item 3 set out below is acceptable.

“ **3. CFC Membership:** CFC to eliminate tournament memberships – if you want to play in a CFC tournament, you must purchase an annual membership. To encourage individuals to become members, first time CFC members will be given a 40% fee reduction for their first year. “

*Commentary:* We must support our organization by membership and annual membership fee, if we want it to exist. CFC must have sustainable revenue. Community input has asked for numbers of special case exemptions/partial exemptions for annual memberships. We wanted to make clear that tournament memberships must go, but this issue can be fine-tuned at the time of implementation if special cases seem warranted. Organizers have told us that the annual CFC membership is a hindrance to getting first time tournament players to sign up for tournaments, so our 40% reduction for first-time CFC’ers attempts to ameliorate this difficulty.

Motion # 4 – Moved – Michael Barron; Seconded – Mark Dutton: Item 4 set out below is acceptable.

“ **4. Chess Canada:** CFC will terminate the magazine contract with TKS immediately (with the May 2008 issue being the last issue of the magazine). “

*Commentary:* A 1000 annual adult member small non-profit organization cannot afford a members’ magazine like CFC has been producing ( see losses over last three years ), nor an online version. But this motion does not exclude the possibility of CFC starting an e-mail bulletin to keep in regular contact with the membership ( we simply didn’t want to add it into the platform at this time ). Such e-bulletins can be cheaply produced, and with CFC maintaining a good “ Canadian News “ website, content for the e-bulletin should be relatively easy to deal with.

Motion # 5 – Moved – Michael Barron; Seconded – Gary Gladstone: Item 5 set out below is acceptable.

“ **5. Retail Business:** Sell off the inventory of the retail business; it will be closed entirely. An alternative but small source of revenue could be established through a commission arrangement with other retailers, such as CMA or Amazon.

*Commentary:* Given today’s competition, and the resources required to carry on an efficient retail operation, we feel CFC should get out of the business. We can use the ED hours to promote chess, including growing membership. But we are amenable to some type of commission arrangement with someone like CMA or Amazon.

Motion # 6 – Moved – Michael Barron; Seconded – Barry Thorvardson: Item 6 set out below is acceptable.

“ **6. CFC Condominium Office:** The current CFC office would be placed for sale. The office would then be run out of either a small rental space or a home office. “

*Commentary:* Without the retail operation, the building is not needed, and it has significant costs to carry it and maintain it. The money invested can generate income for CFC. And if the ED operates out of a home office, no office rental either would be required.

Motion # 7 – Moved – Michael Barron; Seconded – Nava Starr: Item 7 set out below is acceptable.

**“ 7. CFC Staffing:** In light of the reduced business activities of the CFC office (no retail sales and no print magazine), the Executive Committee would undertake a review of the Executive Director and Assistant positions and would recommend appropriate staffing changes if required. This could be from going to part-time, up to complete eliminating of the paid staff, and performing all CFC activities by volunteers. “

*Commentary:* This item is necessary because we must live within our financial means in future. If, which we don't expect, after restructuring, there is still a deficit, then we wanted to be able to downsize staff to bring us on budget. If however, after restructuring, we have a surplus even with existing staff expenses, which we do expect, then the Executive would be free to determine whether to cut staff, or eliminate staff, to generate more of a surplus, or whether to keep staff hours in order to carry out new tasks with the freed up hours due to restructuring.

#### Voting

We hope the Governors will see these motions and the straw vote process as helpful to moving the CFC further along the path of restructuring, giving for the first time an indication of Governor preferences on most of the restructuring issues.

We would request that these motions be brought on ASAP by the Executive, by e-mail discussion and vote, before the CFC AGM, with a deadline for voting such that the voting results will be available to the July CFC Outgoing Governors' AGM meeting This will then allow the outgoing Governors to make any relevant motions they may wish to at that AGM, and it will give an indication of outgoing Governor preferences to the incoming Governors' AGM meeting.

#### Rationale for an Immediate E-mail Discussion/Vote

I was asked on ChessTalk by Governor Ken Craft why I hoped the Executive would direct this vote as the Grassroots Group has requested. I answered as follows:

“ Hi Ken:

We do not know when the Committee will make its recommendations, and this is a first opportunity this year for the Governors to vote on restructuring issues one by one.

Also, this will be a " straw vote " only, and so will not be binding, and so doesn't conflict with the work of the RFP Committee.

Lastly, the Committee is not the Governors. This will allow the outgoing Governors as a majority to give some non-binding guidance to the incoming Governors.

We hope the Executive will see it this way.

Bob “

We do hope the Executive will see it this way, and that you all will make it known to the Executive that you do want the opportunity to debate these restructuring issues ASAP, which these motions allow.

Thank you for considering our presentation.

List of Endorsers ( as of June 19)

Bob Armstrong – CFC Life Member/former chess club executive  
Chris Mallon – past CFC President/ current OCA President  
Steve Karpik – CFC member/chess club executive  
Rick Garel – CFC member/chess club executive  
Caesar Posylek – CFC Governor/ chess club executive  
Kerry Liles – incoming CFC Governor/ chess club executive/ OCA Executive  
Jerry Kitich – CFC member/former chess club executive  
Dave Broughton – former CFC Governor and Executive / former OCA Director/ former CFC member  
Ken Kurkowski – CFC member  
Frank Dixon – former CFC Governor/ tournament director/tournament organizer/ former chess club executive.  
John Brown – CFC member/ tournament organizer/ chess club executive  
Vlad Dobrich – tournament director/ tournament organizer/ chess club executive/ former CFC member  
Doug Gillis – CFC Member  
Tyler Longo – CFC Member  
Jim Roe – CFC Member  
Luke Peristy – CFC Member  
Dinesh Dattani – CFC Member  
Pino Verde – CFC Member  
Hans Jung - CFC and OCA life member, former CFC governor, former CFC executive, former editor Chess Canada, chess club executive, chess coordinator City of Kitchener, tournament director, tournament organizer, chess promoter.

**General Comments by Governors:**

**Michael Barron:** GTCL, with support of Chess'n Math Association, ran Canadian Junior Chess Championship 2008 in Toronto May 09-13. Please find the Financial Report attached.

The financial transparency still remains the main CFC's problem.

The Executive Director Bob Gillanders is doing good work putting things in order, but he can't resolve all issues at once.

For example, for local Leagues, such as GTCL, the membership rebates are the main source of income, which funds all local chess activities. But we didn't receive any rebates since January 2007! As a result, the level of activity decreases, that causes rightful grunting amongst chess players.

At the same period of time (since January 2007) the GTCL sent to CFC several cheques for the total amount close to \$1,000 – rating fees for GTCL events, collected CFC membership fees, and so on.

I think it doesn't make much sense to send small payments back and forth – it much better to do reconciliation of funds once a year.

I would like to present a Motion regarding this issue for consideration of Annual Meeting.

Any seconder?

**Phil Haley:** The governors's letter is our prime means of communication...not just to the governors but after a space of a day or two, the governors's letter is our vehicle for communications to the chess public at large via posting on the CFC web site. The last governors' letter omitted any mention of the threat of a law suit and omitted the voting results where the names of governors who took the time to conscientiously consider the motion and vote are normally listed with their votes as well as a total of votes for, against and abstain. Please include this information in the present governors' letter. I would also suggest that the last governors letter and now the present one should include an explanation of the

new governors' site with detailed instructions for use and a tabulation of who has logged on and who has not.

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

Balance Sheet  
As at April 30, 2008  
Unaudited

	2008	2007
<b>CURRENT ASSETS</b>		
Cash	\$ 20,688	\$ 20,141
Accounts receivable	16,647	16,322
Inventory	34,405	41,317
Prepaid expenses	3,807	4,262
	<u>75,547</u>	<u>82,042</u>
<b>CAPITAL ASSETS</b>	<u>85,555</u>	<u>88,846</u>
	<u>\$ 161,102</u>	<u>\$ 170,888</u>
<b>CURRENT LIABILITIES</b>		
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
	<u>86,775</u>	<u>62,011</u>
<b>DEFERRED CONTRIBUTIONS</b>	<u>18,712</u>	<u>20,011</u>
<b>EQUITY</b>		
Opening balance	88,866	137,543
Net Earnings (loss) for the period	(33,251)	(48,677)
Closing balance	<u>55,615</u>	<u>88,866</u>
	<u>\$ 161,102</u>	<u>\$ 170,888</u>

**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
<b>REVENUE</b>		
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
	<b>267,284</b>	<b>285,021</b>
<b>EXPENDITURE</b>		
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
	<b>114,614</b>	<b>126,504</b>
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
	<b>136,844</b>	<b>128,365</b>
	<b>300,535</b>	<b>333,698</b>
<b>NET REVENUE (EXPENDITURE) FOR THE YEAR</b>	<b>\$ (33,251)</b>	<b>\$ (48,677)</b>

**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	<u>51,565</u>	<u>23,810</u>	<u>27,349</u>	<u>51,159</u>
Less: Life memberships sent to Foundation		2,430	-	2,430
Net membership dues	<u>51,565</u>	<u>21,380</u>	<u>27,349</u>	<u>48,729</u>
Life memberships owing to Foundation		<u>4,590</u>	-	<u>4,590</u>

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	<u>1,015</u>	<u>14,434</u>	<u>3,263</u>	<u>18,712</u>

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

## Appendix 2:

### Canadian Junior Chess Championship 2008 Report

Organizer: GTCL

Start: 09/05/2008      Finish: 13/05/2008

#### Revenues:

Entry fees collected                      \$2,850.00      =      \$150.00 \* 19 paid entries

*TOTAL Revenues:*                                      *\$2,850.00*

#### Expenses:

WYCC contribution	\$1,900.00	
Rent		Donated by Chess'n Math Association
Chess Equipment		Donated by Chess'n Math Association
Prizes		Donated by Chess Academy of Canada
Registration Website		Donated by Patrick McDonald
Rating fees		Donated by Chess Federation of Canada
Tournament Director fee	\$500.00	
Tournament Organizer fee	\$150.00	
Refreshment	\$200.00	
Misc (trophy, scoresheets, etc)	\$100.00	

*TOTAL Expenses:*                                      *\$2,850.00*

#### CFC membership fees collected:

First	Last	CFC#	Fee	Type	Province
Jonathan	Tayar	133658	\$43.00	Adult	ON
Ling Feng	Ye	130067	\$24.00	Junior	QC
Nikita	Kraiouckhine	135223	\$24.00	Junior	QC

*TOTAL CFC membership fees:*                      *\$91.00*

*TOTAL CFC Revenues:*                                      *\$1,991.00*

#### Thanks to our sponsors:

Chess'n Math Association  
Chess Academy of Canada  
Chess Federation of Canada  
Patrick McDonald

May 16, 2008

Michael Barron,  
GTCL President



## Appendix 3 – Olympic Team Fundraising Appeal

Please help us raise funds to support Canada at the 38th Chess Olympiad!

Dear CFC Governors,

Our Fundraising Drive for Canada's teams at the 38th Chess Olympiad in Dresden, Germany this November is underway! There are four ways in which you can help.

### 1. CFC Web Site

We spruced up the CFC's web site to make everyone aware of our Fundraising Goals; to show our progress; to recognize our donors; and to make it easy to donate. On both the main web page and on a special page devoted to the olympiad ([www.chess.ca/olympiad.htm](http://www.chess.ca/olympiad.htm)), you'll find a thermometer showing our fundraising target (\$20,000) and amount raised so far (\$1,865). You'll also find a link to an alphabetical list of our donors (name only, not the amount donated). Finally, we give information on how to donate. We can process donations by cheque, and by phone as well as by e-mail or on-line through the sales web page - search the keyword 'donation'.

Action:

Please be sure to tell chess players in your area about our web site. There's a history of Canada at the Olympiads, as well as team player photos and accomplishments.

If you glance at the Menu on the left-hand side of the CFC's web site, you'll notice that we have a new web page: Contact Us ([www.chess.ca/contactus.htm](http://www.chess.ca/contactus.htm)). Please send us your photo and a one sentence biography listing your accomplishments (e.g., university name and degree name; job title and employer; chess titles). For your photo, it should be from the chest up; you should be dressed professionally (no T-shirt) and be standing in front of a blank white (or light-coloured) wall. Alternatively, you can be seated at the chessboard, but must be the only one in the photo. Before posting, your photo will be altered slightly to help prevent it being used illegally, e.g., for identity theft.

### 2. Donate \$25

We hired David Cohen to approach corporations for sponsorship for our teams. To have some chance of success, we must show that we, the Canadian chess community support, our own teams. **WE MUST DO THIS BEFORE WE APPROACH THE CORPORATE SECTOR.** We've raised almost \$2,000 from 10 donors, but this is nowhere near enough. We are setting a goal of \$5,000 from at least 100 donors. We must achieve this before-hand, so that we can approach companies and ask them to match.

Action:

Please make a donation of \$25. We know you volunteer your time for the CFC. Now we're asking you to donate a small amount of money, too. It should be affordable for all of you. Please call the CFC now, or send in your cheque today. The sooner we make progress towards this goal, the sooner we can demonstrate that we're behind our teams, and the sooner we can approach the corporate sector for sponsorship. When each of you makes this donation, then we'll have raised over \$3,000 from over 50 donors. We'll be well on our way to these two immediate goals: \$5,000 and 100 donors.

### 3. Help obtain corporate sponsorship

Action:

If you would like Mr. Cohen to approach your employer for sponsorship, or if you would like his help for you to approach your employer, please contact him directly by e-mail at [bw998@freenet.carleton.ca](mailto:bw998@freenet.carleton.ca).

#### 4. Lead the effort in your community to obtain donations

This is the most important of all! First, we cannot rely on sponsorship or large donations. We may have to raise the entire amount ourselves, from our membership. Second, potential sponsors want a benefit, usually publicity. They want to see that if they sponsor chess, that we'll be able to get them mentioned in the media. So, let's put the two together.

##### Action:

Tell the chess players in your community about our Olympiad Fund. Ask for donations, especially at your local Chess Club. Don't be shy about it: \$20-25 is affordable! If you gather up their donations, together with their name and e-mail address, then the Business Office can send them their receipts as soon as you submit them.

Now the hard part: organize a one-day special chess event in your community and tell your local media about it. We're planning a National Chess Day for Sunday, September 21. But don't wait for it. Summer is the perfect time to have a one-day chess tournament outdoors, or in an air-conditioned indoor site. Or, ask a local master to donate his or her time for a simultaneous exhibition, so that all of the proceeds can go to the Olympiad Fund.

Thank you for your continuing support of chess in Canada!

Sincerely,

Hal Bond        Robert Gillanders  
President        Executive Director  
The Chess Federation of Canada

[www.chess.ca/olympiad.htm](http://www.chess.ca/olympiad.htm)  
[info@chess.ca](mailto:info@chess.ca)  
(613) 733-2844

## **Appendix 4: Candidates' Statements**

Dear Governors:

I'm running for CFC President and hope that you will consider voting for me, either in person in Montreal or by proxy.

To give you a sense of where I stand I've asked Bob Gillanders to send this note to everyone. I'm happy to take questions if you send them to me at davidfl321@sympatico.ca. And please include your telephone number as a telephone conversation is so much more personal and productive than an email exchange!

### **Who is David Lavin**

I started playing chess in 1972 at age 14 and was once, very briefly, the youngest chess master in the country. My greatest success was winning a weekend Swiss in London, UK, tied with Murray Chandler, defeating Glenn Flear and others. I also represented Canada in two World under 27 Olympics. My favourite game is my victory over Lawrence Day in the Toronto Closed in 1978. In the early '80's I organized many of the largest and strongest tournaments in Toronto. I was the distributor of NOVAG chess computers in Canada and was Batsford's largest Canadian customer, out-selling the CFC long before the CMA appeared on the scene. On or around 1984 I sold my chess business to Hal Bond.

In 1985 I became a promoter of live events and in 1988 I started The Lavin Agency. We are now one of the largest agencies of its kind in the world, programming keynote speakers for over 1500 conferences worldwide. My clients include some of the world's most recognized names and faces. The CFC's annual revenues and fixed assets total about two days sales of The Lavin Agency. I believe that the CFC's problems must have a reasonable solution.

### **What I hope to accomplish:**

I've read a number of presidential platforms, comments on chesstalk, and I've had a number of conversations with active members of the CFC. I don't think the CFC needs another platform based on tripling membership, doubling revenues, or some other pie-in-the-sky dream. The CFC is in a financial and management crisis. It needs a plan to emerge from this crisis and it needs leadership to execute the plan.

I'm not going to make any promises about what I will accomplish. I will introduce a process by which we can design and implement a practical business plan that will reflect the actual financial circumstances of the CFC. As well, I will present a fairly radical business plan that fundamentally restructures the CFC. I will present both of these plans to the Governors within one month of being elected. I will suggest two weeks of discussion, including establishing at least one conference call between the executive and the governors at my expense. Open communication is key to accomplishing anything meaningful in a short period of time.

### **The Business Plan**

I intend to gather as much financial information as possible as quickly. I also intend to speak to as many organizers across the country as is practical. I think its important to ask local organizers what they need from the CFC, not what the CFC needs from them. chess is going to grow because of committed people on the front lines, not bureaucrats like me. I also need to understand how the CFC got into this financial crisis for the purpose of understanding how decisions got made -- or not made -- and how programs were implemented. I'm not particularly interested in a witch hunt or looking for someone to blame.

The business plan will be fairly short but it will not be a fait accompli. Both documents will be discussion documents. The ideas and observations of dedicated members of the CFC can only make it a better document.

### **Implementation**

I believe I have a reputation for getting things done quickly, efficiently, under-budget, and with relatively few bruised egos and broken bones. I see no reason why the implementation of the plan cannot start within days of the final decision, with all the bricks in place by mid to late September. The key though, is sustainability. The plan has to be implemented in a way that ensures that it is sustainable for the long term.

### **My assumptions**

Chess can only grow through the efforts of committed local organizers.

The CFC needs to understand what its stakeholders -- members and organizers -- expect and need from it.

The CFC needs to understand what value it can provide to local organizers and individual members within a realistic financial framework.

The CFC needs to understand what its role is, not what wishful thinkers believe it should be.

The CFC needs to, at a bare minimum, break-even financially.

The CFC must have timely and accurate financial statements prepared professionally. The Treasurer's role should simply be to manage that process.

### **Keeping an open mind**

I know very few of the people who are currently involved in the CFC. Of those I know, some I have a great deal of respect for and some I am indifferent to. I will attempt to deal with everyone in a fair and open manner. However, I will not be seeking the advice of the current President, Mr. Hal Bond.

### **Conclusion:**

I know that for many of you this will seem vague. It is. I can promise what questions will be asked. I can promise what process will be adhered to. I can promise that a business plan will be tabled within one month of taking office. I can promise that it will be implemented quickly and effectively. I firmly believe that this process will provide a sustainable platform for the CFC over at least the next three years. I think it is foolish and reckless to promise more.

Unfortunately, the CFC is in crisis mode and more knee-jerk suggestions and arm-chair quarterbacking will simply exacerbate the problem.

I hope that you will contact me with your suggestions and ideas and that you will trust me with your vote in July.

Yours,

David Lavin

# Proxy Form

## Annual Meeting of the C.F.C. Montreal 2008

I, \_\_\_\_\_ of \_\_\_\_\_,  
a member of the **Incoming Assembly** of Governors of the Chess Federation of Canada, hereby appoint  
“ \_\_\_\_\_ ”  
as my proxy to vote for me and on my behalf in the same manner as I could if personally present at the Annual Meeting to be held in Montreal 21-22 July 2008, or at any adjournment thereof.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Witness \_\_\_\_\_ Signature of Governor \_\_\_\_\_

### Instructions to Proxy

Nominate For:	President	_____
	Vice-President	_____
	Treasurer	_____
	Secretary	_____
	FIDE Representative	_____
	Rating Auditor	_____
	Junior Coordinator	_____
	Women's Coordinator	_____
Vote For:	President	_____
	Vice-President	_____
	Treasurer	_____
	Secretary	_____
	FIDE Representative	_____
	Rating Auditor	_____
	Junior Coordinator	_____
	Women's Coordinator	_____

### Instructions to Proxy:

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*Please note any additional instructions to the proxy on the back of this page.*

## Proxy Form Annual Meeting of the C.F.C. Montreal 2008

I, \_\_\_\_\_ of \_\_\_\_\_  
→  
a member of the **Outgoing Assembly** of Governors of the Chess Federation of Canada, hereby appoint  
“ \_\_\_\_\_  
”

as my proxy to vote for me and on my behalf in the same manner as I could if personally present at the Annual Meeting to be held in Kitchener on the 21 – 22 July 2008, or at any adjournment thereof.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day  
of \_\_\_\_\_ 2008.

Witness \_\_\_\_\_ Signature of Governor \_\_\_\_\_

### **Instructions to Proxy:**

### **Motions For AGM Final Vote:**

#### **Motion 2008-11: (Chris Mallon / Michael von Keitz)**

That the CFC cancel the interim affiliate status of the FQSE.

Background: The FQSE has apparently done virtually nothing except recruit volunteers for its board and ask for donations - no tournaments, no signs of new memberships. They've had two years. "Interim" is not forever, it was intended to be a stepping stone to full affiliate status. I also note as per By-Law 1, Section 15, any Governors elected by the FQSE are not permitted to vote on this motion, which otherwise requires a 2/3 majority of votes cast.

Please vote : Yes      No      Abstain

#### **Motion 2008-12: (Chris Mallon / Michael von Keitz)**

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. ":

Interim affiliates must actively seek to renew their affiliate status at each AGM, requiring a simple majority of votes cast to maintain their interim affiliate status. They may also request full affiliate status, and should that motion not pass then a vote would automatically be held on maintaining their interim status for another year.

Please vote : Yes      No      Abstain

AGM Straw Vote # 1 – (relations with FIDE and role of Executive Director)

Please vote : Yes      No      Abstain

AGM Straw Vote # 2 – (CFC Revenues)

Please vote : Yes      No      Abstain

AGM Straw Vote # 3 – (Elimination of Tournament Memberships)

Please vote : Yes      No      Abstain

AGM Straw Vote # 4 – (Termination of TKS magazine contract)

Please vote : Yes      No      Abstain

AGM Straw Vote 5 – (Sale of Books & Equipment business)

Please vote : Yes      No      Abstain

AGM Straw Vote 6 – (Sale of Business Office)

Please vote : Yes      No      Abstain

AGM Straw Vote # 7 – (Review of CFC Staffing)

Please vote : Yes      No      Abstain

**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](mailto:info@chess.ca)**