

UNITED STATES OF AMERICA
CHESS FEDERATION

FINANCIAL STATEMENTS

Year Ended May 31, 2005

UNITED STATES OF AMERICA CHESS FEDERATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
Year Ended May 31, 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United States of America Chess Federation

We have audited the accompanying statement of financial position of the United States of America Chess Federation (a nonprofit organization) as of May 31, 2005, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States of America Chess Federation as of May 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of unrestricted expenses on pages 15-16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chattanooga, Tennessee
July 13, 2005
(Except for Note C and Note L, as
to which the date is July 28, 2005)

UNITED STATES OF AMERICA CHESS FEDERATION

STATEMENT OF FINANCIAL POSITION

May 31, 2005

ASSETS

OPERATING ASSETS

CURRENT ASSETS

Cash	\$ 390,313
Accounts receivable (net of allowance for doubtful accounts of \$27,649)	270,441
Inventory	49,297
Prepaid expenses	<u>82,124</u>

TOTAL CURRENT ASSETS 792,175

FURNITURE AND EQUIPMENT (net of accumulated depreciation of \$464,122)	<u>53,810</u>
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TOTAL OPERATING ASSETS 845,985

LIFE MEMBERSHIP ASSETS

Cash and investments	511,311
Land	264,000
Construction in progress	<u>19,687</u>

TOTAL LIFE MEMBERSHIP ASSETS 794,998

TOTAL ASSETS \$ 1,640,983

See accompanying notes.

UNITED STATES OF AMERICA CHESS FEDERATION

STATEMENT OF FINANCIAL POSITION

May 31, 2005

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 69,614
Accrued expenses and other liabilities	36,950
Current portion of deferred multi-year memberships	212,697
Current portion of deferred revenue - life and sustaining memberships	<u>114,708</u>

TOTAL CURRENT LIABILITIES 433,969

OTHER LIABILITIES

Deferred multi-year memberships, net of current portion	122,087
Deferred sales and tournament income	74,003
Deferred revenue - life and sustaining memberships, net of current portion	<u>999,512</u>

TOTAL OTHER LIABILITIES 1,195,602

TOTAL LIABILITIES 1,629,571

NET ASSETS

Unrestricted	(388,777)
Temporarily restricted	<u>400,189</u>

TOTAL NET ASSETS 11,412

TOTAL LIABILITIES AND NET ASSETS \$ 1,640,983

See accompanying notes.

UNITED STATES OF AMERICA CHESS FEDERATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Fiscal Year Ended May 31, 2005

UNRESTRICTED REVENUES	
Memberships	\$ 1,882,981
Sales revenues	419,052
Magazine revenues	273,737
Other services	175,921
Tournaments	481,642
Other revenues	60,224
Interest income	5,866
Net assets released from restrictions	<u>10,000</u>
TOTAL UNRESTRICTED REVENUES	<u>3,309,423</u>
UNRESTRICTED EXPENSES	
Magazine	974,559
Cost of goods sold	67,240
Books and equipment costs	14,846
Membership development	354,665
Tournament expenses	588,807
General and administrative expenses	502,960
Overhead expenses	315,693
Governance	33,818
Depreciation and amortization	<u>21,200</u>
TOTAL UNRESTRICTED EXPENSES	<u>2,873,788</u>
NONRECURRING ITEMS	
Gain on sale of property	375,172
Relocation expense	<u>(57,581)</u>
TOTAL NONRECURRING ITEMS	<u>317,591</u>
INCREASE IN UNRESTRICTED NET ASSETS	753,226
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS	
Net assets released from restrictions	(10,000)
Interest income	1,842
Donation of land	<u>264,000</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>255,842</u>
Increase in net assets	<u>1,009,068</u>
Net assets (deficit) at beginning of year	
As previously reported	(876,124)
Adjustment for previously written-off accounts receivable	(66,000)
Adjustment for calculation of sustaining life memberships	<u>(55,532)</u>
Net assets (deficit) at beginning of year as restated	<u>(997,656)</u>
Net assets at end of year	<u>\$ 11,412</u>

See accompanying notes.

UNITED STATES OF AMERICA CHESS FEDERATION

STATEMENT OF CASH FLOWS

Fiscal Year Ended May 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$1,009,068
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	21,200
Gain on sale of property	(375,172)
Bad debts	79,272
Donation of land	(264,000)
(Increase) decrease in operating assets:	
Accounts receivable	(302,785)
Inventory	38,836
Prepaid expenses	(57,510)
Cash and investments - life membership assets	(511,301)
Increase (decrease) in operating liabilities:	
Accounts payable	18,321
Accrued expenses and other liabilities	(81,535)
Deferred multi-year memberships	46,522
Deferred sales and tournament income	(37,479)
Deferred revenue-life and sustaining memberships	(<u>35,426</u>)
NET CASH USED IN OPERATING ACTIVITIES	(<u>451,989</u>)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of furniture, equipment and building improvements	(49,467)
Net proceeds from sale of property	<u>504,484</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>455,017</u>
Increase in cash	3,028
Cash at beginning of period	<u>387,285</u>
Cash at end of period	<u><u>\$ 390,313</u></u>
SUPPLEMENTAL DISCLOSURE:	
Cash paid for interest	<u><u>\$ 1,199</u></u>

See accompanying notes.

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities. The United States of America Chess Federation (the Federation) was organized in 1939. The purpose of the Federation is educational and instructional. The Federation seeks to broaden and develop chess as art and recreation. The Federation accomplishes this objective by cooperating with schools, colleges, hospitals, military bases, community centers, recreation departments, and other groups and institutions in teaching chess, conducting tournaments, and other activities. In addition, the Federation disseminates information through its publications and representatives.

Basis of Accounting. The financial statements have been prepared using the accrual method of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recognized in the period in which they are earned and expenses are recognized when incurred.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents. For purposes of the statement of cash flows, the Federation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at May 31, 2005.

Provision for Doubtful Accounts. The Federation provides for estimated losses on accounts receivable based on prior bad debt experience and a review of existing receivables. Accounts are charged off as uncollectible if over 365 days old and less than \$1,000, or if the collection efforts are exhausted.

Inventory. Inventory is valued at the lower of cost or market (weighted average method).

Life Membership Assets (LMA). The Federation offers lifetime and sustaining memberships to its members. The membership fees received are designated as LMA assets, which include land, building, cash, and investments. Life membership fees are deferred and recognized in income over a twenty-year period from the date an individual becomes a life member. Sustaining memberships are deferred and recognized in income with half over ten years and the remaining half as part of lifetime memberships.

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS
(Continued)

Investments. Investments are stated at fair market value.

Deferred Multi-Year Memberships and Deferred Sales and Tournament Income. These deferred income categories include multi-year membership income and deferred tournament income for tournaments which have not yet taken place. Income is recognized when earned.

Compensated Absences. Employees' vacation benefits are recognized in the period earned.

Financial Instruments. The Federation believes the carrying amount of cash, accounts receivable (net of allowances), other current assets, accounts payable, line of credit, accrued expenses and other liabilities approximates fair value due to their short maturity.

Tax Exempt Status. The Federation has received a determination letter from the Internal Revenue Service dated March 20, 1980, stating that it is exempt from Federal income tax as a charitable organization pursuant to Section 501(c)(4) of the Internal Revenue Code.

Financial Statement Presentation. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Federation and changes therein are classified and reported as follows.

Unrestricted net assets - Net assets that are not subject to donor imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Federation or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Federation. Generally, the donors of these assets permit the Federation to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at May 31, 2005.

Contributions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received.

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS
(Continued)

Donated Services. The Federation receives donated services from unpaid volunteers who perform a variety of tasks to assist the Federation in its activities. Donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are not provided by donation. If the criteria for recognition are satisfied, donated services are recorded at their fair values in the period received. No donated services met these criteria and none were recorded for the fiscal year ended May 31, 2005.

Functional Allocation of Expenses. The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Receivables. For accounts receivable, the allowance for doubtful accounts is based on management's assessment of the collectibility of specific client accounts and the aging of the accounts receivable. If there is a deterioration of a major client's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Federation could be adversely affected.

Property and equipment. Property and equipment are recorded at cost or, if donated, at fair value at the date of receipt. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets.

NOTE B - PREPAID EXPENSES

Prepaid expenses consist of the following:

Prepaid insurance	\$ 50,730
Prepaid purchases	29,000
Prepaid postage and office supplies	<u>2,394</u>
Total	<u>\$ 82,124</u>

NOTE C - FURNITURE AND EQUIPMENT

Furniture and equipment is summarized as follows:

		<u>Estimated Useful Lives</u>
Furniture and office equipment	\$ 105,021	7 Years
Computer equipment	<u>412,911</u>	3 - 5 Years
	517,932	
Less: accumulated depreciation	<u>464,122</u>	
	<u>\$ 53,810</u>	

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE D - LIFE MEMBERSHIP ASSETS

Cash and investments as of May 31, 2005, consisted of the following:

Cash - Money Market	\$ 411,311
Certificate of deposit - 6 month maturity	<u>100,000</u>
	<u>\$ 511,311</u>

Land, building and improvements consisted of the following:

Land	\$ 264,000
Construction in progress	<u>19,687</u>
	<u>\$ 283,687</u>

Construction in progress consists of architect fees relating to the construction of a new building in Crossville, Tennessee. An additional \$24,000 in architect fees will be due as the project proceeds. On July 28, 2005, the Federation executed a construction loan for \$561,000 from a local bank and signed a construction contract to build a new facility for \$532,400 subject to additions and deductions as provided in the contract documents.

In accordance with Delegate Motion 86-6, the Federation is required to perform an appraisal of its land and building every three years. Based on an appraisal completed on July 15, 2003, the value of the Federation's land is estimated at \$264,000 (unaudited).

NOTE E - DEFERRED REVENUE - LIFE AND SUSTAINING MEMBERSHIPS

The Federation's policy is to defer dues that it receives from life and sustaining members over 20 years from the time they become life members.

The following is a summary of deferred life and sustaining membership income activity for the year ended May 31, 2005:

Deferred Revenue Life and Sustaining Memberships (as restated) - June 1, 2004	\$1,149,646
Membership dues received	14,400
Amount recorded as income	<u>(49,826)</u>
Deferred Revenue Life and Sustaining Memberships - May 31, 2005	<u>\$1,114,220</u>

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS
(Continued)

The following is a schedule of life and sustaining memberships to be recognized in income in future years.

<u>Year Ending May 31,</u>	<u>Lifetime</u>	<u>Sustaining</u>	<u>Total</u>
2006	101,550	13,158	114,708
2007	99,600	10,830	110,430
2008	97,975	9,358	107,333
2009	93,685	7,553	101,238
2010	92,275	6,745	99,020
2011-2015	374,190	12,159	386,349
2016-2020	165,558	--	165,558
2021-2024	<u>29,584</u>	<u>--</u>	<u>29,584</u>
	<u>1,054,417</u>	<u>59,803</u>	<u>1,114,220</u>

NOTE F - ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

Accrued expenses - miscellaneous	\$ 340
Accrued payroll	22,923
Accrued vacation	10,824
Accrued payroll taxes	<u>2,863</u>
	<u>\$ 36,950</u>

NOTE G - NONRECURRING ITEMS

The Federation sold its premises located at 3054 U.S. Route 9W, New Windsor, New York, where its administrative offices were housed for \$539,000. A gain on the sale of \$375,172 is recorded on the Statement of Activities.

Relocation expense for the year ended May 31, 2005 was \$57,581. Additional relocation expense will be incurred in future years as the move to Tennessee is completed.

NOTE H - OUTSOURCING OF BOOK AND EQUIPMENT BUSINESS

During the year ended May 31, 2004, management of the Federation decided to no longer continue retail sales from inventory maintained by the Federation. The Federation now has an agreement with Chess Café, an unrelated entity, to process all retail sales. The Federation will receive a yearly commission of 13.5% on sales up to \$2,000,000 and 15% on sales in excess of \$2,000,000. The Federation has been guaranteed a minimum of \$350,000 each year.

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE I - COMMITMENTS AND CONTINGENCIES

At any given time, the Federation is involved in various legal actions and claims arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, management is of the opinion that their outcome will not have a significant effect on the Federation's financial statements.

Operating Leases. The Federation leases various equipment under operating leases expiring at various dates through April 2009. Total rental expense for 2005 for all operating leases was \$75,635.

The following is a schedule by year of future minimum lease payments under operating leases as of May 31, 2005, that have initial or remaining lease terms in excess of one year.

<u>Year Ending May 31,</u>	<u>Amount</u>
2006	\$ 2,813
2007	2,813
2008	2,813
2009	<u>2,813</u>
Total minimum lease payments	<u>\$ 11,252</u>

Occurrence-basis insurance policy. The Federation is insured for professional liability under an occurrence-basis policy with an independent insurance carrier. An occurrence-basis policy covers claims resulting from incidents that occur during the policy term, regardless of when the claims are reported to the insurance carrier.

NOTE J - CONCENTRATION OF CREDIT RISK

The Federation has cash deposits with one financial institution located within Tennessee and one within New York at May 31, 2005. The Federation does not require collateral or other support for cash deposits in excess of the federally insured limit of \$100,000 for each financial institution. At May 31, 2005, the Federation's bank balances exceeded the insured limit by \$284,318.

The Federation's life membership money market account and certificate of deposit are uninsured.

NOTE K - PENSION PLAN

Effective January 1, 2002, the Federation is no longer required to make an annual contribution to the organization's retirement plan. Employer contributions are discretionary. Management has elected to not make a contribution for the year ended May 31, 2005.

UNITED STATES OF AMERICA CHESS FEDERATION

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE L - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are comprised of contributions received to fund prizes awarded for the U.S. Chess Championship, provide certain medical and pension benefits to America's top chess players, and land.

Temporarily restricted net assets as of May 31, 2005 are summarized as follows:

Professional Players Health and Benefits Fund	\$ 125,303
Contributions for U.S. Chess Championship prizes	10,886
Land	<u>264,000</u>
Total temporarily restricted net assets	<u>\$ 400,189</u>

On July 15, 2003, the Federation received three acres of land located in Crossville, Tennessee. The City of Crossville gave the land to the Federation as an incentive for them to move their operations to Tennessee. The land was appraised for \$264,000. The Federation decided during 2005 to indeed relocate to Crossville, and the donation is recorded as a restricted contribution for the fiscal year ended May 31, 2005. Operations are in the process of moving to Crossville and the Federation is being housed at no cost in a building owned by Cumberland County, Tennessee, while planning and constructing the new building. The County is also paying for utilities.

The land is subject to various restrictions or use, including the requirement to begin construction of a professional business building within twelve months (plus approved extensions). Construction began on July 28, 2005, on a building which will comply with the restrictions. In addition, the Federation must not sell any portion of the land without first offering it to the City of Crossville for the same per acre price as the original price of \$1, plus improvements and other items, if the land is sold as an undeveloped piece of the original acreage.

NOTE M - PRIOR PERIOD ADJUSTMENTS

In fiscal year 2004, an accounts receivable balance that had been written-off as uncollectible in prior years was restored to accounts receivable and recorded as other revenues. This was done in error, and an adjustment is made to reduce the beginning balance of net assets by \$66,000 to correct it.

Deferred sustaining life membership revenue was computed incorrectly at May 31, 2004. An adjustment is made to reduce the beginning balance of net assets by \$55,532 to correct the error.

SUPPLEMENTARY INFORMATION

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UNITED STATES OF AMERICA CHESS FEDERATION

SUPPLEMENTARY INFORMATION

SCHEDULE OF UNRESTRICTED EXPENSES

Fiscal Year Ended May 31, 2005

MAGAZINE	
Chess Life printing	\$ 340,866
Chess Life mailing	228,788
Chess Life contributor fees	61,062
Chess Life newsstand sales consulting	8,485
Other Chess Life editorial expenses	2,363
Personnel expense	<u>332,995</u>
TOTAL MAGAZINE	<u>974,559</u>
COST OF GOODS SOLD	<u>67,240</u>
BOOKS AND EQUIPMENT COSTS	
Catalog printing	9,326
Catalog mailing	<u>5,520</u>
TOTAL BOOKS AND EQUIPMENT COSTS	<u>14,846</u>
MEMBERSHIP DEVELOPMENT	
Web service	2,356
Promotions	2,372
Membership forms and supplies	108,669
Mailing list expense	6,000
Other	689
Personnel expense	<u>234,579</u>
TOTAL MEMBERSHIP DEVELOPMENT	<u>354,665</u>
TOURNAMENT EXPENSES	<u>588,807</u>

UNITED STATES OF AMERICA CHESS FEDERATION

SUPPLEMENTARY INFORMATION

SCHEDULE OF UNRESTRICTED EXPENSES

Fiscal Year Ended May 31, 2005
(continued)

GENERAL AND ADMINISTRATIVE EXPENSES	
Travel	\$ 19,136
Postage	67,173
Office supplies	15,437
Professional fees	144,794
Interest expense	1,199
Bad debt expense	13,272
Lease expense	2,100
Other administrative expenses	39,493
Personnel expense	<u>200,356</u>
Total general and administrative expenses	<u>502,960</u>
OVERHEAD EXPENSES	
Rents	59,054
Utilities	12,719
Telephone	55,861
Insurance	31,285
Repairs and maintenance	42,522
Property and other taxes	8,840
Computer software and maintenance	2,119
Minor equipment	4,290
Equipment rental	14,480
Bank charges	1,366
Credit card charge expense	77,910
Miscellaneous	<u>5,247</u>
Total overhead expenses	<u>315,693</u>
GOVERNANCE	<u>33,818</u>
DEPRECIATION	<u>21,200</u>
TOTAL UNRESTRICTED EXPENSES	<u>\$2,873,788</u>

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US Chess Federation
'05-'06 Budget
Worksheet

REVENUES	'04-05 Annualized	'04-05 Actual	May working Budget	'05-06 Proposed Budget	Note
MEMBERSHIPS					
REGULAR	981,000				
SENIOR	106,000				
FAMILY MEMBERSHIP	8,300				
MISC. MEMBERSHIP	15,400				
YOUTH MEMBERSHIP	271,500				
SCHOLASTIC MEMBERSHIP	505,300				
LIFE & SUSTAINING RECOG	70,500				
AFFILIATION	61,400				
TOTAL REVENUE-MEMBERSHIPS	2,019,400.00	1,827,449.35	1,850,000.00	1,850,000.00	
SALES REVENUE					
INTERNAL SALES REVENUE	15,200.00			40,000.00	
B&E OUTSOURCING	350,000.00			200,000.00	
TOURNAMENT CONCESSIONS	0.00				
NET SALES REVENUE	365,200.00	419,051.87	40,000.00	240,000.00	G

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US Chess Federation
'05-'06 Budget
Worksheet

TOTAL WEB SERVICE REVENUE	0.00	4,000.00	0.00	0.00
MAGAZINE REVENUE				
CHESS LIFE SUBSCRIPTIONS	33,300.00			
CHESS LIFE NEWSTAND SALES	7,100.00			
CHESS LIFE TLAS FEE	61,000.00			
CHESS LIFE ADVERTISING & MISC	169,100.00			
TOTAL MAGAZINE REVENUE	270,500.00	273,841.74	270,000.00	295,000.00 H
OTHER SERVICES				
RATING FEES/CROSSTABLES	119,400.00			
MAILING LIST SALES	15,400.00			
CERTIFICATION FEES	700			
TOTAL OTHER SERVICES REVENUE	135,500.00	135,844.90	136,000.00	136,000.00
TOURNAMENT REVENUE	538,000.00			
CORRESPONDENCE CHESS FEES	13,700.00			

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US Chess Federation
'05-'06 Budget
Worksheet

SPONSORSHIP	10,700.00			
TOTAL TOURNAMENT REVENUE	562,400.00	521,596.30	510,000.00	590,000.00
OTHER	3,500.00			
ROYALTIES	20,500.00			20,000.00
ENDORSEMENTS				
TV/NET RIGHTS				
GENERAL DONATIONS	3,000.00			3,000.00
EXHIBITIONS	13,100.00			
TOTAL OTHER REVENUE	40,100.00	701,261.10	23,000.00	23,000.00
TOTAL REVENUE	3,393,100.00	3,883,045.26	2,829,000.00	3,134,000.00
COST OF SALES				
NET PURCHASES	19,300.00			40,000.00
CATALOG PRINTING	4,800.00			5,000.00
CATALOG MAILING	3,100.00			3,000.00
INDIRECT SALES EXPENSES				
DELIVERY	9,100.00			9,000.00
TOTAL COST OF SALES	36,300.00	67,239.56	57,000.00	57,000.00

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US Chess Federation
'05-'06 Budget
Worksheet

GROSS PROFIT	3,356,800.00	3,815,805.70	2,772,000.00	3,077,000.00
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OPERATING EXPENSES

MAGAZINE EXPENSES

CHES LIFE PRINTING	346,300.00
CHES LIFE MAILING	231,000.00
CL NEWSTAND SLS CONSULTING	8,400.00
CL CONTRIBUTORS FEES	61,400.00
OTHER EDITORIAL EXP.	2,600.00
RENT OF THE BUILDING	
CHES LIFE DESIGN	

TOTAL MAGAZINE EXPENSES	649,700.00	641,563.98	698,700.00	750,000.00	A
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TOTAL BOOKS AND EQUIPMENT EXPEN	0.00	14,845.50	0	0.00
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WEB SERVICES AND TECHNOLOGY EXPENSES

WEBSITE DESIGN & MAINT	3,000.00		25,000.00
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US Chess Federation
'05-'06 Budget
Worksheet

OTHER TECHNICAL EXPENSES				3,000.00	
COMPUTER SOFTWARE AND HARDWARE				32,000.00	
TOTAL WEB SERVICES AND TECH	3,000.00	2,998.88	36,000.00	60,000.00	B
PROMOTIONAL EXPENSES	3,300.00			3,000.00	
CLUB DEVELOPMENT AND ORGANIZATION				6,500.00	
SCHOLASTIC PROMOTIONS	50			13,500.00	
MEMB. FORMS AND SUPPLIES	93,200.00			100,000.00	
RATING SUPPLEMENTS	19,400.00			20,000.00	
MAILING LIST EXPENSES	6,500.00			6,500.00	
TOTAL PROMOTIONAL EXPENSES	122,450.00	117,087.82	149,500.00	149,500.00	C
TOURNAMENT EXPENSES	354,100.00				
CORRESPONDENCE CHESS EXP.	600				
EXHIBIT EXP.					
WORLD YOUTH EXP.	3,700.00			28,000.00	
PAN AMERICAN YOUTH FESTIVAL EXP.				15,000.00	
WORLD JUNIOR EXP.				2,250.00	

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US Chess Federation
'05-'06 Budget
Worksheet

PAN AMERICAN JUNIOR				2,250.00	
FIDE OLYMPIAD EXP.	36,000.00			50,000.00	
NATIONAL ELEM.				71,000.00	
NATIONAL JUNIOR HIGH				64,000.00	
NATIONAL HIGH SCHOOL				57,000.00	
US JUNIOR OPEN				0.00	
US JUNIOR INVITATIONAL				5,500.00	
US CADET				0.00	
NATIONAL YOUTH ACTION				26,000.00	
COLLEGIATE FINAL 4				8,000.00	
NATIONAL K-12/COLLEGIATE	8,000.00			58,000.00	
WORLD TEAM INVITATIONAL				25,000.00	
US OPEN AND OTHER EVENTS AT THE ANNUAL COVENTION				76,000.00	
TOTAL TOURNAMENT EXPENSES	402,400.00	435,269.48	418,000.00	488,000.00	D

PERSONNEL EXPENSES

SALARIES & WAGES	711,900.00
PAYROLL TAXES	75,900.00
HEALTH BENEFITS	80,000.00
EMPLOYEE INCENTIVES	1,000.00

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US Chess Federation
'05-'06 Budget
Worksheet

RELOCATION TN	47,200.00				
TOTAL PERSONNEL	916,000.00	887,318.86	900,000.00	900,000.00	
 GEN. AND ADM EXP					
TRAVEL & ADMINISTRATION	56,600.00			50,000.00	
POSTAGE	69,100.00			70,000.00	
OFFICE SUPPLIES	16,000.00			16,000.00	
PROF. LEGAL AND AUDIT FEES	161,000.00			250,000.00	
TOTAL GEN. AND ADMIN EXP.	302,700.00	456,020.77	286,000.00	386,000.00	E
 OVERHEAD EXPENSES					
UTILITIES	13,900.00			10,000.00	
TELEPHONE	56,200.00			60,000.00	
INSURANCE	86,000.00			86,000.00	
REPAIRS & MAINT	44,100.00			15,000.00	
PROPERTY & OTHER TAXES	7,200.00			700.00	

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'05-'06 Budget
Worksheet

OFFICE EQUIPMENT	7,000.00			30,000.00
DERECIATION	25,900.00			25,900.00
RENTAL	61,100.00			6,600.00
EQUIPMENT RENTAL	13,800.00			13,800.00
BANK CHARGES	1,000.00			500.00
CREDIT CARD CHARGES	16,500.00			30,000.00
MISC	55,700.00			50,000.00
TOTAL OVERHEAD EXP.	388,400.00	336,893.45	271,300.00	328,500.00

GOVERNANCE EXPENSES

EXECUTIVE BOARD MEETINGS	27,700.00			27,700.00
FIDE DUES, EF, DELEGATES & ZONAL				

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US Chess Federation
'05-'06 Budget
Worksheet

ELECTION				11,000.00	
TOTAL GOVERNANCE EXP.	27,700.00	33,817.85	27,700.00	38,700.00	
TOTAL EXPENSES	2,812,350.00	2,925,816.59	Err:522	3,100,700.00	
NET INCOME	544,450.00	889,989.11	Err:522	-23,700.00	

Notes

- A No June CL scholastic mailing in '04
- B We owe Dell \$17,110.56. Paid \$4,535.00 in June & July. (23% interest)
- C Can see some savings here with online, CD, and eDelivery
- D National High School expenses were off by \$27,000
- E due to professional/contracted services
- F spent \$11,000 on NY vote count
- G Counting \$200,000 from B & E

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US Chess Federation
'05-'06 Budget
Worksheet

H counting \$100,000 increase in CL advertising
I part of inventory write-off
Does not include new sponsorships or income from US Chess Trust