

UNITED STATES OF AMERICA CHESS FEDERATION
FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

MAY 31, 2020 AND 2019

UNITED STATES OF AMERICA CHESS FEDERATION

YEARS ENDED MAY 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United States of America Chess Federation
Crossville, Tennessee

We have audited the accompanying financial statements of the United States of America Chess Federation (a nonprofit organization) which comprise the statements of financial position as of May 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020 and 2019, and the changes in its

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net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of unrestricted expenses on pages 22 - 23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bible Harris Smith, P.C.

Bible Harris Smith, P.C.
Knoxville, Tennessee
March 10, 2021

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENTS OF FINANCIAL POSITION

ASSETS

| | May 31, | |
|--|---------------------|---------------------|
| | 2020 | 2019 |
| OPERATING ASSETS | | |
| Cash | \$ 1,417,084 | \$ 2,313,516 |
| Accounts Receivable | 3,500 | 31,862 |
| Prepaid Expenses | 10,467 | 8,514 |
| Certificates of Deposit | - | 105,884 |
| Investments | 840,620 | 487,400 |
| Furniture and Equipment (net of accumulated depreciation of \$87,004 and \$122,605 in 2020 and 2019) | 2,079 | 6,886 |
| Total Operating Assets | <u>2,273,750</u> | <u>2,954,062</u> |
| LIFE MEMBERSHIP ASSETS | | |
| Cash and Investments | 556,053 | 549,249 |
| Land | 264,000 | 264,000 |
| Building and Improvements (net of accumulated depreciation of \$257,173 and \$241,158 in 2020 and 2019) | 384,248 | 400,263 |
| Total Life Membership Assets | <u>1,204,301</u> | <u>1,213,512</u> |
| ENDOWMENT FUND | | |
| Cash and Investments | <u>827,723</u> | <u>66,000</u> |
| TOTAL ASSETS | <u>\$ 4,305,774</u> | <u>\$ 4,233,574</u> |

LIABILITIES AND NET ASSETS (DEFICIT)

| | | |
|--|---------------------|---------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 132,412 | \$ 4,556 |
| Accrued Expenses and Other Liabilities | 99,894 | 414,913 |
| Paycheck Protection Program | 229,100 | - |
| Deferred Multi-Year Memberships | 734,617 | 822,515 |
| Deferred Sales and Tournament Income | 16,404 | 18,932 |
| Deferred Scholarships | 80,178 | 49,953 |
| Deferred Revenue - Life and Sustaining Memberships | <u>397,271</u> | <u>406,623</u> |
| TOTAL LIABILITIES | <u>1,689,876</u> | <u>1,717,492</u> |
| NET ASSETS | | |
| Without Donor Restrictions | | |
| With Board Designated Restrictions | 1,314,735 | 1,678,661 |
| Without Board Designated Restrictions | 626,212 | 722,453 |
| With Donor Restrictions | <u>674,951</u> | <u>114,968</u> |
| Total Net Assets | <u>2,615,898</u> | <u>2,516,082</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 4,305,774</u> | <u>\$ 4,233,574</u> |

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED MAY 31, 2020 AND 2019

| | 2020 | 2019 |
|---|----------------------------|----------------------------|
| REVENUES WITHOUT DONOR RESTRICTIONS | | |
| Memberships | \$ 1,836,503 | \$ 2,030,613 |
| Tournaments | 695,114 | 1,089,695 |
| Magazine Revenues | 178,670 | 197,526 |
| Sales Revenues | 120,000 | 120,000 |
| Donations | 433,388 | 147,819 |
| Investment Return | 6,281 | 117 |
| Interest Income | 99,173 | 16,330 |
| Other Services | 279,635 | 349,667 |
| Other Revenues | 62,872 | 71,432 |
| Net Assets Released From Restrictions | - | - |
| Total Revenues | <u>3,711,636</u> | <u>4,023,199</u> |
| EXPENSES WITHOUT DONOR RESTRICTIONS | | |
| Depreciation | 20,821 | 22,259 |
| General and Administrative Expenses | 660,139 | 501,257 |
| Fundraising Expenses | 148,957 | 103,342 |
| Governance | 173,039 | 195,676 |
| Magazine | 836,522 | 818,647 |
| Membership Development | 1,083,605 | 442,738 |
| Overhead Expenses | 81,690 | 83,934 |
| Tournament Expenses | 1,167,030 | 1,612,605 |
| Total Expenses | <u>4,171,803</u> | <u>3,780,458</u> |
| INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>(460,167)</u> | <u>242,741</u> |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Donations | 558,826 | 18,550 |
| Interest Income | <u>1,157</u> | <u>1,122</u> |
| INCREASE (DECREASE) - NET ASSETS WITH DONOR RESTRICTIONS | <u>559,983</u> | <u>19,672</u> |
| Increase (Decrease) in Net Assets | 99,816 | 262,413 |
| NET ASSETS - BEGINNING | <u>2,516,082</u> | <u>2,253,669</u> |
| NET ASSETS - ENDING | <u><u>\$ 2,615,898</u></u> | <u><u>\$ 2,516,082</u></u> |

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020

| | Program Activities | | | Supporting Services | |
|-------------------------------------|--------------------|---------------------|---------------------|---------------------|------------------|
| | Magazine | Tournament | Total Program | Membership | Overhead |
| Advertising and Promotions | \$ - | \$ - | \$ - | \$ 5,851 | \$ - |
| Bank and Credit Card Charges | - | 13,444 | 13,444 | 76,185 | - |
| Commissions | - | - | - | 36,522 | - |
| Contract Labor | 52,813 | - | 52,813 | - | - |
| Delegates Meeting | - | - | - | - | - |
| Election Expenses | - | - | - | - | - |
| Equipment Rental | - | - | - | - | 9,352 |
| Executive Board Meetings and Travel | - | - | - | - | - |
| FIDE International Representation | - | - | - | - | - |
| Insurance | - | - | - | - | 17,766 |
| IT Expenses | 3,604 | - | 3,604 | 690,470 | - |
| Office Supplies | 258 | - | 258 | 20,440 | - |
| Other | - | - | - | 1,680 | 2,700 |
| Personnel Expense | 391,187 | 158,920 | 550,107 | 220,042 | - |
| Printing, Mailing and Postage | 386,979 | - | 386,979 | 32,415 | - |
| Professional Fees | - | - | - | - | - |
| Property and Other Taxes | - | - | - | - | 5,345 |
| Repairs & Maintenance | - | - | - | - | 20,048 |
| Telephone | - | - | - | - | 17,878 |
| Tournament Expense - International | - | 493,451 | 493,451 | - | - |
| Tournament Expense - Domestic | - | 501,215 | 501,215 | - | - |
| Travel | 1,681 | - | 1,681 | - | - |
| Utilities | - | - | - | - | 8,601 |
| Total Expenses before Depreciation | 836,522 | 1,167,030 | 2,003,552 | 1,083,605 | 81,690 |
| Depreciation | - | - | - | - | - |
| Total Expenses | <u>\$ 836,522</u> | <u>\$ 1,167,030</u> | <u>\$ 2,003,552</u> | <u>\$ 1,083,605</u> | <u>\$ 81,690</u> |

(CONTINUED ON PAGE 6)

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2020

(CONTINUED FROM PAGE 5)

| | <u>Supporting Services, continued</u> | | | |
|-------------------------------------|---------------------------------------|-------------------|-------------------|---------------------|
| | Governance | G&A | Fundraising | Grand Total |
| Advertising and Promotions | \$ - | \$ 20,367 | \$ 38,936 | \$ 65,154 |
| Bank and Credit Card Charges | - | - | - | 89,629 |
| Commissions | - | - | - | 36,522 |
| Contract Labor | - | 3,200 | - | 56,013 |
| Delegates Meeting | 12,451 | - | - | 12,451 |
| Election Expenses | 5,265 | - | - | 5,265 |
| Equipment Rental | - | - | - | 9,352 |
| Executive Board Meetings and Travel | 18,520 | - | - | 18,520 |
| FIDE International Representation | 51,231 | - | - | 51,231 |
| Insurance | - | - | - | 17,766 |
| IT Expenses | - | 131,619 | - | 825,693 |
| Office Supplies | - | 14,001 | - | 34,699 |
| Other | - | 87,776 | - | 92,156 |
| Personnel Expense | 85,572 | 256,716 | 110,021 | 1,222,458 |
| Printing, Mailing and Postage | - | 3,340 | - | 422,734 |
| Professional Fees | - | 88,466 | - | 88,466 |
| Property and Other Taxes | - | - | - | 5,345 |
| Repairs & Maintenance | - | - | - | 20,048 |
| Telephone | - | - | - | 17,878 |
| Tournament Expense - International | - | - | - | 493,451 |
| Tournament Expense - Domestic | - | - | - | 501,215 |
| Travel | - | 54,654 | - | 56,335 |
| Utilities | - | - | - | 8,601 |
| | <u>173,039</u> | <u>660,139</u> | <u>148,957</u> | <u>4,150,982</u> |
| Depreciation | | <u>20,821</u> | | <u>20,821</u> |
| | <u>\$ 173,039</u> | <u>\$ 680,960</u> | <u>\$ 148,957</u> | <u>\$ 4,171,803</u> |

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2019

| | Program Activities | | | Supporting Services | |
|-------------------------------------|--------------------|---------------------|---------------------|---------------------|------------------|
| | Magazine | Tournament | Total Program | Membership | Overhead |
| Advertising and Promotions | \$ 996 | \$ - | \$ 996 | \$ 26,615 | \$ - |
| Bank and Credit Card Charges | - | 14,598 | 14,598 | 82,720 | - |
| Commissions | - | - | - | 56,457 | - |
| Contract Labor | 54,700 | - | 54,700 | - | - |
| Delegates Meeting | - | - | - | - | - |
| Election Expenses | - | - | - | - | 8,823 |
| Equipment Rental | - | - | - | - | - |
| Executive Board Meetings and Travel | - | - | - | - | - |
| FIDE International Representation | - | - | - | - | 19,265 |
| Insurance | - | - | - | - | - |
| IT Expenses | - | - | - | - | - |
| Office Supplies | 3,382 | - | 3,382 | 27,595 | - |
| Other | - | - | - | 2,110 | - |
| Personnel Expense | 361,096 | 146,695 | 507,791 | 203,116 | - |
| Printing, Mailing and Postage | 393,449 | - | 393,449 | 44,125 | - |
| Professional Fees | - | - | - | - | - |
| Property and Other Taxes | - | - | - | - | 5,348 |
| Repairs & Maintenance | - | - | - | - | 22,943 |
| Telephone | - | - | - | - | 17,664 |
| Tournament Expense - International | - | 761,336 | 761,336 | - | - |
| Tournament Expense - Domestic | - | 689,976 | 689,976 | - | - |
| Travel | 5,024 | - | 5,024 | - | - |
| Utilities | - | - | - | - | 9,891 |
| Total Expenses before Depreciation | 818,647 | 1,612,605 | 2,431,252 | 442,738 | 83,934 |
| Depreciation | - | - | - | - | - |
| Total Expenses | <u>\$ 818,647</u> | <u>\$ 1,612,605</u> | <u>\$ 2,431,252</u> | <u>\$ 442,738</u> | <u>\$ 83,934</u> |

(CONTINUED ON PAGE 8)

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2019

(CONTINUED FROM PAGE 7)

| | Governance | G&A | Fundraising | Grand Total |
|-------------------------------------|-------------------|-------------------|-------------------|---------------------|
| Advertising and Promotions | \$ - | \$ 3,711 | \$ 1,784 | \$ 33,106 |
| Bank and Credit Card Charges | - | - | - | 97,318 |
| Commissions | - | - | - | 56,457 |
| Contract Labor | - | 1,652 | - | 56,352 |
| Delegates Meeting | 13,465 | - | - | 13,465 |
| Election Expenses | 4,198 | - | - | 4,198 |
| Equipment Rental | - | - | - | 8,823 |
| Executive Board Meetings and Travel | 37,536 | - | - | 37,536 |
| FIDE International Representation | 61,487 | - | - | 61,487 |
| Insurance | - | - | - | 19,265 |
| IT Expenses | - | 138,499 | - | 138,499 |
| Office Supplies | - | 15,498 | - | 46,475 |
| Other | - | 21,262 | - | 23,372 |
| Personnel Expense | 78,990 | 236,969 | 101,558 | 1,128,424 |
| Printing, Mailing and Postage | - | 4,259 | - | 441,833 |
| Professional Fees | - | 35,287 | - | 35,287 |
| Property and Other Taxes | - | - | - | 5,348 |
| Repairs & Maintenance | - | - | - | 22,943 |
| Telephone | - | - | - | 17,664 |
| Tournament Expense - International | - | - | - | 761,336 |
| Tournament Expense - Domestic | - | - | - | 689,976 |
| Travel | - | 44,120 | - | 49,144 |
| Utilities | - | - | - | 9,891 |
| | 195,676 | 501,257 | 103,342 | 3,758,199 |
| Depreciation | | 22,259 | | 22,259 |
| | <u>\$ 195,676</u> | <u>\$ 523,516</u> | <u>\$ 103,342</u> | <u>\$ 3,780,458</u> |

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2020 AND 2019

| | 2020 | 2019 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (Decrease) in Net Assets | \$ 99,816 | \$ 262,413 |
| Adjustments to Reconcile Increase in Net Assets to Net Cash | | |
| Provided by (Used In) Operating Activities: | | |
| Depreciation | 20,821 | 22,259 |
| (Gain) Loss on Disposal of Equipment | - | - |
| Unrealized (Gain) Loss on Life Membership Investments | 35,581 | 9,513 |
| Unrealized (Gain) Loss on Investments | (78,582) | (8,483) |
| Proceeds from Certificates of Deposit | 105,884 | - |
| Reinvested earnings - Certificates of Deposit | - | (1,048) |
| Reinvested earnings - Life Membership Assets | (33,664) | (25,170) |
| (Increase) Decrease in Assets: | | |
| Accounts Receivable | 28,362 | 15,032 |
| Prepaid Expenses | (1,953) | (1,647) |
| Deposits | - | - |
| Cash and Equivalents - Life Membership Assets | 33,665 | (110,205) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 127,857 | (38,821) |
| Accrued Expenses and Other Liabilities | (315,019) | 345,939 |
| Deferred Multi-Year Memberships | (87,898) | 6,102 |
| Deferred Sales and Tournament Income | (2,528) | (16,759) |
| Deferred Revenue-Life and Sustaining Memberships | (9,352) | (5,768) |
| Deferred Scholarships | 30,225 | (11,614) |
| Net Cash Provided By (Used In) Operating Activities | <u>(46,785)</u> | <u>441,743</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (770,225) | (478,917) |
| Sale of Investments | 312,597 | - |
| Net Cash Provided By (Used In) Investing Activities | <u>(457,628)</u> | <u>(478,917)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program | 229,100 | - |
| Net Cash Provided By (Used In) Financing Activities | <u>229,100</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (275,313) | (37,174) |
| EQUIVALENTS | 2,486,654 | 2,523,828 |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>\$ 2,211,341</u> | <u>\$ 2,486,654</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ 2,211,341</u> | <u>\$ 2,486,654</u> |

The accompanying notes are an integral part of these financial statements.

UNITED STATES OF AMERICA CHESS FEDERATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2020 AND 2019

Note 1 - Nature of Organization and Significant Accounting Policies

The Organization – The United States of America Chess Federation (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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America 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 cash equivalents to include all highly liquid investments available for current use with an initial maturity of three months or less, and cash funds.

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. No allowance is considered necessary at May 31, 2020 and 2019.

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 and sustaining membership fees are deferred and recognized in income over a twenty-year period from the date an individual becomes a life member.

Investments – Investments are stated at fair value. Fair value for all investments is determined by reference to quoted market prices in active markets for identical assets (Level 1). Net realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless its use is temporarily or permanently restricted by explicit donor stipulations or by law.

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 based on management's estimate of: the amount considered a contribution, and recognized upon receipt; the amount considered an exchange transactions, and recognized ratably during the duration of the membership; and adoption of a mid-year cost flow assumption.

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

Financial Instruments and Fair Value Measurements – 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. FASB ASC 820-10, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Federation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Federation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Tax Exempt Status – The Federation operates under 501(c)(3) status. If applicable, the Federation accounts for unrelated business income taxes under the provisions of FASB ASC 740-10. During the years ended May 31, 2020 and 2019, the Federation did not have net income derived from unrelated business activities, and it was determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax exempt status. In years where the Federation has net income derived from unrelated business activities, it would be subject to examinations by taxing authorities generally for three years after filing the federal Exempt Organization Business Income Tax Returns (Form 990T). It is the Federation's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of May 31, 2020 and 2019, the Federation had no accruals for interest and/or penalties.

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.

Net assets without donor restrictions – Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Federation. These net assets may be used at the discretion of the Federation's management and board of directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions – Contributions received are recorded as "with donor restrictions" or "without donor restrictions" 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.

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 provided by individuals possessing those skills and would typically need to be purchased if 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 years ended May 31, 2020 and 2019.

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.

Property and Equipment – Property and equipment are recorded at cost or, if donated, at fair value at the date of receipt. Items with a useful life of greater than one year and a cost of greater than \$500 are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets.

New Accounting Pronouncement - In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Federation has adopted this standard retrospectively to May 31, 2019. However, there is no effect to the Federation's financial statements.

During the first quarter of 2020, the Organization adopted ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. Management believes that the adoption of the new accounting standard provides a better presentation of cash flows to the users of its financial statements. Before the change, restricted cash and restricted cash equivalents were not included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts reported on the statement of cash flows.

The Organization applied the change on a retrospective basis beginning in 2019. The effect of this change was to increase total cash, cash equivalents, restricted cash and restricted cash equivalents at the beginning of the year in the statement of cash flows by \$107,138 for restricted cash included life member assets at the end of fiscal year 2019.

Note 2 – Information Regarding Availability and Liquidity

The Federation strives to maintain liquid financial assets sufficient to cover 120 days of general expenditures. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Federation's financial assets as of May 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include the Life Member Asset Trust which is intended to provide income to support services for life members throughout the term of their membership, a Scholarship Fund to pay for scholarships awarded to students in chess competitions, an Endowment Fund to hold restricted and unrestricted donations for long term investment (the proceeds of which will be used for future programming), and the Reserve Fund which is intended to provide operating liquidity in the event of an emergency or to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also includes net assets with donor restrictions.

The following represents the Federation's financial assets at May 31, 2020 and 2019.

| | May 31, | |
|--|--------------|--------------|
| | 2020 | 2019 |
| Financial Assets at Year End: | | |
| Cash and Cash Equivalents | \$ 1,440,149 | \$ 2,592,538 |
| Accounts Receivable | 3,500 | 31,862 |
| Investments | 2,201,331 | 929,510 |
| Total Financial Assets | 3,644,980 | 3,553,910 |
| Less amounts not available to be used within one year: | | |
| Cash Subject to Donor Restrictions | 26,266 | 180,918 |
| Life Member Assets - Trust Financial Assets | 556,053 | 549,249 |
| Scholarship Fund | 66,899 | 71,228 |
| Endowment Fund | 827,723 | 66,000 |
| Reserve Fund | 1,427,261 | 1,221,756 |
| Less net assets with purpose restrictions to be met in less than a year | - | |
| | 2,904,202 | 2,089,151 |
| Financial assets available to meet general expenditures over the next twelve months | \$ 740,778 | \$ 1,464,759 |

Note 3 – Prepaid Expenses - Prepaid expenses consist of the following:

| | May 31, | |
|-----------------------------|-----------|----------|
| | 2020 | 2019 |
| Prepaid Insurance | \$ 2,334 | \$ 847 |
| Prepaid Postage | 8,133 | 5,167 |
| Prepaid Tournament Expenses | - | 2,500 |
| Total | \$ 10,467 | \$ 8,514 |

Note 4 – Furniture and Equipment - Furniture and equipment is summarized as follows:

| | May 31, | |
|-----------------------------------|-----------|-----------|
| | 2020 | 2019 |
| Furniture and Office Equipment | \$ 57,628 | \$ 57,628 |
| Computer Equipment Software | 21,541 | 61,949 |
| Capital Lease- Computer Equipment | 9,914 | 9,914 |
| | 89,083 | 129,491 |
| Less: Accumulated Depreciation | (87,004) | (122,605) |
| Total | \$ 2,079 | \$ 6,886 |

Note 5 – Life Membership Assets (LMA)

Cash and investments consisted of the following:

| | May 31, | |
|--------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Cash- Money Market | \$ 23,065 | \$ 107,139 |
| Securities | 532,988 | 442,110 |
| Total | <u>\$ 556,053</u> | <u>\$ 549,249</u> |

The Federation's securities are reported at fair value in the accompanying statement of financial position.

Fair Value Measurement Using:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--------------------------------|-------------------|--|---|--|
| Beneficial Interest in Assets | | | | |
| Equity Securities May 31, 2020 | <u>\$ 532,988</u> | <u>\$ 532,988</u> | <u>\$ -</u> | <u>\$ -</u> |
| Equity Securities May 31, 2019 | <u>\$ 442,110</u> | <u>\$ 442,110</u> | <u>\$ -</u> | <u>\$ -</u> |

LMA investment return is as follows:

| | May 31, | |
|------------------------|-----------------|------------------|
| | 2020 | 2019 |
| Interest/Dividends | \$ 33,664 | \$ 25,297 |
| Unrealized Gain/(Loss) | (25,806) | (9,513) |
| | <u>\$ 7,858</u> | <u>\$ 15,784</u> |

LMA land, building and improvements consisted of the following:

| | May 31, | |
|--------------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Land | \$ 264,000 | \$ 264,000 |
| Building | 601,704 | 601,704 |
| Building Improvements | 39,717 | 39,717 |
| Total | 905,421 | 905,421 |
| Less: Accumulated Depreciation | (257,173) | (241,158) |
| Total | <u>\$ 648,248</u> | <u>\$ 664,263</u> |

Note 6 – Investments

Investments consist of the following at May 31, 2020 and May 31, 2019.

| | Fair Value Measurement Using: | | | |
|-------------------------|-------------------------------|--|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>May 31, 2020</u> | | | | |
| Equity Securities | \$ 479,062 | \$ 479,062 | \$ - | \$ - |
| Fixed Income Securities | 361,558 | 361,558 | - | - |
| Total | <u>\$ 840,620</u> | <u>\$ 840,620</u> | <u>\$ -</u> | <u>\$ -</u> |

| | Fair Value Measurement Using: | | | |
|-------------------------|-------------------------------|--|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>May 31, 2019</u> | | | | |
| Equity Securities | \$ 217,283 | \$ 217,283 | \$ - | \$ - |
| Fixed Income Securities | 270,117 | 270,117 | - | - |
| Total | <u>\$ 487,400</u> | <u>\$ 487,400</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 7 – Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following:

| | May 31, | |
|---------------------------|------------------|-------------------|
| | 2020 | 2019 |
| Accrued Payroll and Taxes | \$ 12,524 | \$ 11,107 |
| Accrued Vacation | 53,662 | 51,437 |
| Tournament Deposits | - | 268,441 |
| Other Accrued Expenses | 23,495 | 73,715 |
| Grand Prix Fund | 10,213 | 10,213 |
| | <u>\$ 99,894</u> | <u>\$ 414,913</u> |

Note 8 – 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 years ended May 31, 2020 and 2019.

| | |
|---|-------------------|
| Deferred Revenue Life and Sustaining Membership- May 31, 2018 | 412,391 |
| Membership Dues Received | 51,750 |
| Amount Recorded as Income | (57,518) |
| Deferred Revenue Life and Sustaining Membership- May 31, 2019 | 406,623 |
| Membership Dues Received | 44,250 |
| Amount Recorded as Income | (53,602) |
| Deferred Revenue Life and Sustaining Membership- May 31, 2020 | <u>\$ 397,271</u> |

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

| Year Ending May 31, | Lifetime | Sustaining | Total |
|---------------------|-------------------|-----------------|-------------------|
| 2021 | \$ 46,752 | \$ 2,730 | \$ 49,482 |
| 2022 | 40,208 | - | 40,208 |
| 2023 | 39,113 | - | 39,113 |
| 2024 | 33,562 | - | 33,562 |
| 2025 | 37,138 | - | 37,138 |
| 2026-2030 | 105,899 | - | 105,899 |
| 2031-2035 | 61,122 | - | 61,122 |
| Thereafter | 30,747 | - | 30,747 |
| | <u>\$ 394,541</u> | <u>\$ 2,730</u> | <u>\$ 397,271</u> |

Note 9 – Deferred Scholarships

The Federation awarded scholarships as prizes at certain scholastic tournaments. These awards are to be paid to the winners upon proof of enrollment in a post-secondary institution. The liability for the scholarship awards is at the estimated present value of the payments, taking into account a discount rate of 3% and the expected date of payment. It is at least reasonably possible that a change in this liability could occur in the near term.

Future payments are anticipated as follows:

| | |
|--|------------------|
| 2021 | \$ 73,050 |
| 2022 | 3,500 |
| 2023 | 1,750 |
| 2024 | 2,000 |
| 2025 | - |
| Thereafter | - |
| Total | <u>80,300</u> |
| Less: unamortized discount | (122) |
| Present value of Deferred Scholarships at 05/31/20 | <u>\$ 80,178</u> |

Note 10 – Line of Credit and Short-Term Notes Payable

On May 6, 2020 United States of America Chess Federation received loan proceeds in the amount of \$ 229,100 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), the PPP provides loans for qualifying businesses in amounts up to 2.5 times the businesses’ average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over 2 to 5 years at an interest of 1%, with a deferral of payments 10 months after the end of the covered period. United States of America Chess Federation intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the covered period.

Note 11 – Commitments and Contingencies

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.

The COVID-19 pandemic, whose effects first become known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant volatility in value resulting from uncertainty caused by the pandemic. United States of America Chess Federation is closely monitoring is liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on United States of America Chess Federation’s operational and financial performance will depend on certain developments, including the duration and speed of the outbreak and its impacts on United States of America Chess Federation’s customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact United States of America Chess Federation’s financial position and changes in cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of the pandemic.

Note 12 – Concentration of Credit Risk

The Federation has cash deposits with various financial institutions located within Tennessee and the United States at May 31, 2020. The Federation does not require collateral or other support for cash deposits in excess of the federally insured limit of \$250,000 for each financial institution. The Federation’s bank balances exceeded the federally insured limit by approximately \$369,000 and \$1,290,000 at May 31, 2020 and 2019, respectively. The Federation’s money market accounts are covered by SIPC insurance which offers limited protection but does not protect against loss in value.

The Federation’s trade receivables potentially subject the Federation to credit risk. At May 31, 2020 there were no credit risks.

Note 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of contributions received to fund prizes awarded for the U.S. Chess Championship and to provide certain medical and pension benefits to America's top chess players, and land. Net assets with donor restrictions as of May 31, 2020 and 2019 are summarized as follows:

| | May 31, | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| Endowment | \$ 603,164 | \$ - |
| Scholarships | 25,250 | - |
| Professional Players Health and Benefits Fund | 15,006 | 70,186 |
| Crenshaw Endowment | 11,260 | 11,232 |
| Other | 20,271 | 33,550 |
| Total Net Assets with Donor Restrictions | <u>\$ 674,951</u> | <u>\$ 114,968</u> |

Note 14 – Board Restricted Funds

The following board restricted funds are included in Net Assets without Donor Restrictions:

The Scholarship Fund was established to segregate the amount required to pay scholarships awarded as prizes at chess competitions. The Board approved a policy that any scholarships awarded through a Federation sponsored chess competition must be funded at the time of the event. The scholarship money is held in a separate bank account until claimed by the winner upon entering a post-secondary educational institution. The account may also hold donor-restricted funds that have been donated to provide scholarships for specific events. Donor-restricted amounts are reported separately. At May 31, 2020, this Fund had assets of \$80,178 of which \$25,250 is donor-restricted and \$54,928 is Board restricted. At May 31, 2019, this Fund had assets of \$71,228 of which \$30,000 is donor-restricted and \$41,228 is Board restricted.

The Endowment Fund was established in 2019 to create a long-term source of investment income from donations received from benefactor members and from donations from estates. Benefactor members donate \$1,500 beyond the cost of a life membership to benefit the future efforts of the Federation. The endowment was started with the transfer of \$66,000 representing the contributions of the 44 benefactor members at that time. The Board established a policy that the donation component of future benefactor members will be added to the endowment along with the proceeds from any estate gifts. Any earnings of the endowment will be reinvested into the endowment until the fund reaches \$100,000. When the fund exceeds that amount, earnings may be used to fund Federation programs and activities at the discretion of the Board. At May 31, 2020, the endowment balance totaled \$827,723, of which \$603,164 was donor restricted. At May 31, 2019, the endowment balance totaled \$66,000, all of which was board restricted.

The Reserve Fund was established in May 2017 to set aside money for use in the case of extreme emergency. The Board set a goal for the reserve to be between six and twelve months of Federation operating expenses. Any distribution from the reserve requires an affirmative vote of the Executive Board which outlines the emergency and establishes that the emergency cannot be met in other ways. Earnings of the reserve are being reinvested until the reserve meets the funding target which is presently \$2,000,000. The fund was initially established with \$800,000, followed by two additional deposits of \$200,000 each. The balance in the reserve fund was \$1,427,261 and \$1,221,756 at May 31, 2020 and 2019 respectively.

On July 15, 2003, the Federation received three acres of land located in Crossville, Tennessee. As a restriction on the use of the donated land, the Federation must not sell any undeveloped 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. After considering the nature of these restrictions management has re-characterized the land from Net Assets With Donor Restrictions to Net Assets Without Donor Restrictions (Board Designated).

Certain reclassifications have been made to the 2019 financial statements in order to conform with the current year presentation. These reclassifications had no effect on total net assets at May 31, 2019, or the changes in net assets for the year then ended.

Note 15 – Endowments

The Organization's endowment includes assets held by the Federation, the income from which is available to support the Federation. Its endowment includes both donor-restricted funds and funds designated by the Executive Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Executive Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Executive Board of the Federation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies, approved by the Executive Board, for endowment assets as follows:

- Objective – To have investment and spending policies designed to balance the current goals of US Chess with its future need, in order to achieve parity in supporting both current and future generations of US Chess member and other beneficiaries of US Chess programs.
- Risk Philosophy – Moderate risk level to preserve principal and produce a total return sufficient to protect the purchasing power of the assets from inflation after meeting annual spending requirements.
- Asset Mix –
 - Cash: 5%-10%
 - Bonds, Fixed Income ETF: 45%-50%
 - US Equity, Indexes ETF: 25%-35%
 - Global Equity, Indexes: ETF: 25%-35%
 - Hedge Fund Strategies, Buy-Writes: 0%-10%
 - Private Equity/Venture Capital: 0%-5%
 - Natural Resources: 0%-5%
 - Real Estate: 0%-5%
- Performance Standard – Total return is expected to outperform a benchmark composite return for a similar asset mix.
- Withdrawal and Liquidity – The Executive Board will determine how and when to distribute the Endowment Fund. The Endowment Fund threshold base is \$100,000 before distributions are considered by the Executive Board.

Endowment net asset composition by type of fund as of May 31, 2019 and 2020,

| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
|---|-------------------------------|----------------------------|----------------------------------|
| May 31, 2019 Donor Restricted Endowment Funds | \$ - | \$ - | \$ - |
| Board Designated Endowment Funds | - | 66,000 | 66,000 |
| Total Funds | <u>\$ -</u> | <u>\$ 66,000</u> | <u>\$ 66,000</u> |

| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
|---|-------------------------------|----------------------------|----------------------------------|
| May 31, 2020 Donor Restricted Endowment Funds | \$ - | \$ 603,164 | \$ 603,164 |
| Board Designated Endowment Funds | 224,559 | - | 224,559 |
| Total Funds | <u>\$ 224,559</u> | <u>\$ 603,164</u> | <u>\$ 827,723</u> |

Changes in Endowment Net Assets as of May 31, 2019 and 2020,

| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
|--|-------------------------------|----------------------------|----------------------------------|
| May 31, 2019 Endowment Net Assets, Beginning | \$ - | \$ - | \$ - |
| Designated for Endowment | - | 66,000 | 66,000 |
| Investment Income | - | - | - |
| Unrealized Gains (Losses) | - | - | - |
| Fiduciary Fees | - | - | - |
| Appropriated for Expenditure | - | - | - |
| Endowment Net Assets, Ending | <u>\$ -</u> | <u>\$ 66,000</u> | <u>\$ 66,000</u> |

| | Without Donor Restrictions | With Donor Restrictions | Total Net Endowment Assets |
|--|-------------------------------|----------------------------|----------------------------------|
| May 31, 2020 Endowment Net Assets, Beginning | \$ - | \$ 66,000 | \$ 66,000 |
| Designated for Endowment | - | 770,445 | 770,445 |
| Investment Income | - | 1,053 | 1,053 |
| Unrealized Gains (Losses) | - | (9,775) | (9,775) |
| Fiduciary Fees | - | - | - |
| Appropriated for Expenditure | - | - | - |
| Endowment Net Assets, Ending | <u>\$ -</u> | <u>\$ 827,723</u> | <u>\$ 827,723</u> |

Note 16 – Retirement Plan

Effective January 1, 2016, the Federation established a 401(k) plan covering employees with six months of service who have attained the age of 21. Retirement plan administration expenses of approximately \$ 5,029 and \$5,800 were paid during the years ended May 31, 2020 and 2019, respectively. For the period of June 1, 2019 through December 31, 2019 the plan allowed for an annual determination by the Executive Board of a contribution to all eligible employees. Effective January 1, 2020 the Federation has a safe harbor plan that requires a 3% contribution to all employees and a 50% matching contribution on the first 5% for employees voluntarily participating in the plan. For the years ended May 31, 2020 and 2019, contributions totaled \$35,287 and \$13,964, respectively.

Note 17 – Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

Certain reclassifications have been made to the prior period statement of financial position and statement of cash flows in order to confirm with current year presentation.

| | May 31, | |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| Cash and Equivalents, as originally presented | \$ 1,417,084 | \$ 2,379,516 |
| Endowment Cash | 771,192 | - |
| LMA Cash | 23,065 | 107,138 |
| Total: | <u>\$ 2,211,341</u> | <u>\$ 2,486,654</u> |

Note 18 – Subsequent Events

Management has evaluated subsequent events through March 10, 2021, the date the Financial Statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED STATES OF AMERICA CHESS FEDERATION
SUPPLEMENTARY INFORMATION
SCHEDULES OF UNRESTRICTED EXPENSES
YEARS ENDED MAY 31, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| MAGAZINE | | |
| Advertising | \$ - | \$ 996 |
| Contract Labor | 52,813 | 54,700 |
| IT Expenses | 3,604 | - |
| Office Supplies | 258 | 3,382 |
| Personnel Expense | 391,187 | 361,096 |
| Printing, Mailing, and Postage | 386,979 | 393,449 |
| Travel | 1,681 | 5,024 |
| TOTAL MAGAZINE | 836,522 | 818,647 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Advertising and Promotions | 20,367 | 3,711 |
| Contract Labor | 3,200 | 1,652 |
| IT Expenses | 131,619 | 138,499 |
| Office Supplies | 14,001 | 15,498 |
| Other | 87,776 | 21,262 |
| Personnel Expense | 256,716 | 236,969 |
| Printing, Mailing, and Postage | 3,340 | 4,259 |
| Professional Fees | 88,466 | 35,287 |
| Travel | 54,654 | 44,120 |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES | 660,139 | 501,257 |
| TOURNAMENT EXPENSES | | |
| Bank and Credit Card Charges | 13,444 | 14,598 |
| Personnel Expenses | 158,920 | 146,695 |
| Tournament Expense - International | 493,451 | 761,336 |
| Tournament Expense - Domestic | 501,215 | 689,976 |
| TOTAL TOURNAMENT EXPENSES | 1,167,030 | 1,612,605 |
| MEMBERSHIP DEVELOPMENT | | |
| Advertising and Promotion | 5,851 | 26,615 |
| Bank and Credit Card Charges | 76,185 | 82,720 |
| Commissions | 36,522 | 56,457 |
| IT Expenses | 690,470 | - |
| Office Supplies | 20,440 | 27,595 |
| Other | 1,680 | 2,110 |
| Personnel Expenses | 220,042 | 203,116 |
| Printing, Mailing, and Postage | 32,415 | 44,125 |
| TOTAL MEMBERSHIP DEVELOPMENT | 1,083,605 | 442,738 |
| Subtotal current page | \$ 3,747,296 | \$ 3,375,247 |

(CONTINUED ON PAGE 23)

The accompanying notes are an integral part of these financial statements

UNITED STATES OF AMERICA CHESS FEDERATION
SUPPLEMENTARY INFORMATION
SCHEDULES OF UNRESTRICTED EXPENSES
YEARS ENDED MAY 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Subtotal from previous page | \$ 3,747,296 | \$ 3,375,247 |
| OVERHEAD EXPENSES | | |
| Equipment Rental | 9,352 | 8,823 |
| Insurance | 17,766 | 19,265 |
| Other | 2,700 | - |
| Property and Other Taxes | 5,345 | 5,348 |
| Repairs and Maintenance | 20,048 | 22,943 |
| Telephone | 17,878 | 17,664 |
| Utilities | 8,601 | 9,891 |
| TOTAL OVERHEAD EXPENSES | <u>81,690</u> | <u>83,934</u> |
| DEPRECIATION | <u>20,821</u> | <u>22,259</u> |
| GOVERNANCE | | |
| Delegates Meeting | 12,451 | 13,465 |
| Election Expenses | 5,265 | 4,198 |
| Executive Board Meetings and Travel | 18,520 | 37,536 |
| FIDE International Representation | 51,231 | 61,487 |
| Personnel Expense | 85,572 | 78,990 |
| TOTAL GOVERNANCE EXPENSES | <u>173,039</u> | <u>195,676</u> |
| FUNDRAISING | | |
| Advertising and Promotions | 38,936 | 1,784 |
| Personnel Expense | 110,021 | 101,558 |
| TOTAL FUNDRAISING EXPENSES | <u>148,957</u> | <u>103,342</u> |
| TOTAL UNRESTRICTED EXPENSES AND LOSSES | <u><u>\$ 4,171,803</u></u> | <u><u>\$ 3,780,458</u></u> |

The accompanying notes are an integral part of these financial statements.