ASSURANCE DIMENSIONS

Financial Statements and Independent Auditor's Report

United States of America Chess Federation

June 30, 2026

United States of America Chess Federation

Table of Contents

Independent Auditor's Report 1-2

Financial Statements:

- Statement of Financial Position 3
- Statement of Activities 4
- Statement of Cash Flows 5
- Statement of Functional Expenses 6

Notes to Financial Statements ..... 7 - 17

ASSURANCE DIMENSIONS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

United States of America Chess Federation:

Opinion

We have audited the accompanying financial statements of **United States of America Chess Federation** (the "Federation"), which comprise the statement of financial position as of June 30, 2026, and the related statements of activities, cash flows, and functional expenses for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federation as of June 30, 2026, and the changes in its net assets and its cash flows in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

ASSURANCE DIMENSIONS, LLC
also d/b/a McNAMARA and ASSOCIATES, LLC
TAMPA BAY: 4920 W Cypress Street, Suite 102 | Tampa, FL 33607 | Office: 813.443.5048 | Fax: 813.443.5053
JACKSONVILLE: 7800 Belfort Pkwy, Suite 290 | Jacksonville, FL 32256 | Office: 888.410.2323 | Fax: 813.443.5053
ORLANDO: 1800 Pembrook Drive, Suite 300 | Orlando, FL 32810 | Office: 888.410.2323 | Fax: 813.443.5053
SOUTH FLORIDA: 3111 N. University Drive, Suite 621 | Coral Springs, FL 33065 | Office: 754.800.3400 | Fax: 813.443.5053
www.assurancedimensions.com

"Assurance Dimensions" is the brand name under which Assurance Dimensions, LLC including its subsidiary McNamara and Associates, LLC (referred together as "AD LLC") and AD Advisors, LLC ("AD Advisors"), provide professional services. AD LLC and AD Advisors practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations, and professional standards. AD LLC is a licensed independent CPA firm that provides attest services to its clients, and AD Advisors provide tax and business consulting services to their clients. AD Advisors, and its subsidiary entities are not licensed CPA firms.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Federation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Assurance Dimensions

Tampa, Florida

October 19, 2026

"Assurance Dimensions" is the brand name under which Assurance Dimensions, LLC including its subsidiary McNamara and Associates, LLC (referred together as "AD LLC") and AD Advisors, LLC ("AD Advisors"), provide professional services. AD LLC and AD Advisors practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations, and professional standards. AD LLC is a licensed independent CPA firm that provides attest services to its clients, and AD Advisors provide tax and business consulting services to their clients. AD Advisors, and its subsidiary entities are not licensed CPA firms.

United States of America Chess Federation
Statement of Financial Position
As of June 30, 2026

Assets

CURRENT ASSETS		
Cash and cash equivalents	$	990,176
Accounts receivable		10,255
Prepaid expenses		151,224
Total current assets		1,151,655
LONG TERM ASSETS		
Investments		354,815
Property and equipment, net		433,333
Right of use assets, net		37,035
Total long term assets		825,183
LIFE MEMBERSHIP ASSETS		
Cash		147,323
Investments		1,928,707
Total life membership assets		2,076,030
ENDOWMENT FUND		
Cash		192,168
Investments		3,435,876
Total endowment cash and investments		3,628,044
TOTAL ASSETS	$	7,680,912

Liabilities and Net Assets

CURRENT LIABILITIES		
Accounts payable	$	160,760
Accrued expenses and other liabilities		131,925
Lease liability, current portion		40,575
Total current liabilities		333,260
Deferred multi-year memberships		425,759
Deferred sales and tournament income		22,732
Scholarships liability		301,320
Deferred revenue - life and sustaining memberships		703,167
Total liabilities		1,786,238
NET ASSETS		
Without donor restrictions:		
With board designations		3,014,041
Without board designations		(694,949)
With donor restrictions		3,575,582
Total net assets		5,894,674
TOTAL LIABILITIES AND NET ASSETS	$	7,680,912

The accompanying notes are an integral part of this financial statement.

United States of America Chess Federation
Statement of Activities
For the Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Memberships	$ 3,046,974	$ -	$ 3,046,974
Tournaments	2,138,773	-	2,138,773
Magazine revenues	360,289	-	360,289
Sales revenues	48,024	-	48,024
Donations	239,287	579,552	818,839
Rating fee revenue	353,036	-	353,036
Other services	102,175	-	102,175
Royalties and miscellaneous revenues	29,517	-	29,517
Total revenue and support	6,318,075	579,552	6,897,627
Net assets released from restrictions	191,921	(191,921)	-
EXPENSES			
Program services	4,016,157	-	4,016,157
Supporting services	2,462,368	-	2,462,368
Total expenses	6,478,525	-	6,478,525
OTHER INCOME			
Investment return	61,408	75,493	136,901
Gain on disposal of fixed assets	2,000	-	2,000
Interest income	148,018	150,442	298,460
Total other income	211,426	225,935	437,361
CHANGE IN NET ASSETS	242,897	613,566	856,463
NET ASSETS AT THE BEGINNING OF YEAR	2,076,195	2,962,016	5,038,211
NET ASSETS AT THE END OF YEAR	$ 2,319,092	$ 3,575,582	$ 5,894,674

The accompanying notes are an integral part of this financial statement.

United States of America Chess Federation
Statement of Cash Flows
For the Year Ended June 30, 2026

Cash flows from operating activities:		
Change in net assets	$	856,463
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		141,560
Unrealized gain on life membership investments		(52,504)
Unrealized gain on investments		(84,397)
Gain on disposal of fixed assets		(2,000)
Changes in operating assets and liabilities		
Accounts receivable		8,292
Prepaid expenses		(43,762)
Accounts payable		71,428
Accrued expenses and other liabilities		(30,082)
Deferred multi-year memberships		6,457
Deferred sales and tournament income		(212,798)
Deferred revenue - life and sustaining memberships		90,498
Deferred scholarships		25,909
Right-of-use asset and lease liability, net		(1,216)
Net cash provided by operating activities		773,848
Cash flows from investing activities:		
Purchase of investments		(1,445,163)
Proceeds from sale or maturity of investments		1,171,852
Proceeds from sale of property and equipment		53,000
Purchase of property and equipment		(100,000)
Net cash used by investing activities		(320,311)
Net increase in cash and cash equivalents		453,537
Cash and cash equivalents, beginning of the year		876,130
Cash and cash equivalents, end of the year	$	1,329,667
Life membership asset cash and cash equivalents	$	147,323
Endowment fund cash and cash equivalents		192,168
Cash and cash equivalents		990,176
Total cash and cash equivalents	$	1,329,667

The accompanying notes are an integral part of this financial statement.

United States of America Chess Federation

Statement of Functional Expenses

For the Year Ended June 30, 2026

	Program Activities				Supporting Services					
	Magazine	Tournament	Programming	Total Program Services	Membership	Governance	G&A	Fundraising	Total Supporting Services	Grand Total
Personnel expense	$ 474,225	$ -	$ 505,346	$ 979,571	$ 200,736	$ 54,384	$ 565,324	$ 113,028	$ 933,472	$ 1,913,043
Tournament expense - domestic	-	1,387,371	-	1,387,371	-	-	-	-	-	1,387,371
IT expenses	-	-	-	-	-	-	826,952	-	826,952	826,952
Tournament expense - international	-	816,054	-	816,054	-	-	-	-	-	816,054
Printing, mailing and postage	465,347	-	-	465,347	-	-	-	-	-	465,347
Bank and credit card charges	-	75,912	12,530	88,442	108,147	-	17,534	-	125,681	214,123
Contract labor	142,592	-	-	142,592	-	-	-	-	-	142,592
Professional fees	-	-	-	-	-	-	108,925	-	108,925	108,925
Programming	-	-	87,760	87,760	-	-	-	-	-	87,760
Insurance	-	-	-	-	-	-	74,780	-	74,780	74,780
FIDE international representation	-	-	-	-	-	58,496	-	-	58,496	58,496
Affiliate commissions	-	-	47,514	47,514	-	-	-	-	-	47,514
Office rent	-	-	-	-	-	-	45,384	-	45,384	45,384
Executive board meetings and travel	-	-	-	-	-	38,966	-	-	38,966	38,966
Travel	-	-	-	-	-	-	20,204	-	20,204	20,204
Utilities	-	-	-	-	-	-	18,829	-	18,829	18,829
Office supplies	-	-	-	-	-	-	16,526	-	16,526	16,526
Development	-	-	-	-	15,757	-	-	-	15,757	15,757
Advertising and promotions	-	-	-	-	-	-	-	6,312	6,312	6,312
Equipment rental	-	-	-	-	-	-	4,177	-	4,177	4,177
Other	1,506	-	-	1,506	-	-	26,347	-	26,347	27,853
Total expenses before depreciation	1,083,670	2,279,337	653,150	4,016,157	324,640	151,846	1,724,982	119,340	2,320,808	6,336,965
Depreciation	-	-	-	-	-	-	141,560	-	141,560	141,560
Total expenses	$ 1,083,670	$ 2,279,337	$ 653,150	$ 4,016,157	$ 324,640	$ 151,846	$ 1,866,542	$ 119,340	$ 2,462,368	$ 6,478,525

The accompanying notes are an integral part of this financial statement.

Note A – Nature of Business and Federation

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.

Note B – Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"). Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Federation and changes therein are classified and reported according to two classes of net assets:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors (the "Board") has designated, from net assets without donor restrictions, net assets for various reasons. These include contributions and other inflows of assets that are neither restricted by donor-imposed stipulations nor time restrictions but may be designated for specific purposes by action of the Board. The Board may elect to designate a portion of these net assets for specific purposes and also has the power to remove such designation at their discretion.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Recently Adopted Accounting Pronouncements

Accounting standards promulgated by the Financial Accounting Standards Board are subject to change. Changes in such standards may have an impact on the Federation's future financial statements. The Federation periodically reviews new accounting standards that are issued. Although some of these accounting standards may be applicable to the Federation, the Federation has not identified any new standard that it believes merits further discussion as the Federation expects that none would have a significant impact on its financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are defined as restricted and unrestricted cash held in depository and money market accounts. Cash is maintained at major financial institutions and, at times, balances may exceed federally insured limits. At June 30, 2026, the Federation's deposits exceeded the amounts insured by the Federal Deposit Insurance Corporation by approximately $514,000.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values. Unrealized gains and losses are included in the statement of activities. Restrictions on investment earnings are reported as increases in unrestricted net assets if the restrictions expire or are otherwise satisfied in the fiscal year in which the earnings are recognized.

Note B – Significant Accounting Policies (continued)

Property and Equipment, Net

Property and equipment are recorded at cost or, if donated, at fair value on the date of donation.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, ranging from 4 to 7 years. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the statements of activities as an increase or decrease in net assets without donor restriction.

Capitalization of internally developed software for internal-use occurs once the research phase of the project is complete and the development phase has begun. The Federation determines that the development phase begins on the date that a detailed development plan and specifications are provided to the software developers. Costs are then capitalized up to the date that the product or enhancement is ready for its intended use, at which point amortization of those costs over their useful lives begins.

Revenue Recognition

All revenues and support are recorded in accordance with either ASC 958, *Not-for-Profit Entities* as contributions with or without donor restrictions or in accordance with ASC 606, *Revenue from Contracts with Customers*, where revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Federation has satisfied the applicable performance obligation over time or at a point in time.

Memberships: One year membership revenue is deemed contributions and recognized as revenue in the year received. Two years membership revenue is deemed contributions and half recognized in the year received and half in the next year. Life memberships are deferred and recognized in income over a thirty-year period from the date an individual becomes a life member.

Tournament revenue: This includes tournament payments received from players and Federations that participate in tournaments during the year. Payments received in advance are recorded as deferred revenue until the month the tournament is associated with.

Donations: These are recognized in the period the commitment is made and are recorded as either with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a time restriction ends or a purpose restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities as net assets released from restrictions.

Magazine, sales, rating fees, and other services revenue: The Federation recognizes revenue from magazines, sales, rating fees, and other services at a point in time when cash is received, and services are provided.

Deferred Revenue

Deferred revenues relate to membership, tournament, and gift certificate payments received in advance of the events. Deferred revenue of approximately $465,000 as of June 30, 2025 was recorded into revenue for the year ended June 30, 2026. As of June 30, 2026, deferred revenue was approximately $1,152,000.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Expenses are charged directly to the respective categories based on specific identification, and certain indirect expenses have been allocated based on a ratio of the program's total direct costs to the Federation's total direct costs.

Note B – Significant Accounting Policies (continued)

Functional Expenses (continued)

Expenses are allocated to program and supporting services on the following basis:

- Personnel expenses are allocated on the basis of direct salaries
- Depreciation of property and equipment is allocated on the basis of usage of the assets

Income Taxes

The Federation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Federation periodically assesses whether it has incurred income tax expense or related interest or penalties in accordance with accounting for uncertain tax positions. No such amounts were recognized for the year ended June 30, 2026.

The Federation follows the income tax standard for uncertain tax positions. The Federation has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2026. Should the Federation's tax-exempt status be challenged in the future, the Federation's 2023, 2024, and 2025 tax years are open for examination by the IRS.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the net asset classifications as of July 1, 2026, were reclassified between net assets without donor restrictions and net assets with donor restrictions to conform to the 2026 presentation, with no effect on total net assets or the change in net assets.

Note C – Availability and Liquidity

The Federation's management monitors its liquidity so that it is able to cover operating expenses. The Federation budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board. Management has budgeted approximately $6,517,000 of operating expenses to be paid within one year of the statement of financial position date, and anticipates sufficient membership and tournament revenues, contributions, and support to cover them. The Federation has the following financial assets available within one year of the statement of financial position date for general expenditures: The following reflects the Federation's financial assets as of June 30, 2026, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end:		
Cash and cash equivalents	$	1,329,667
Investments		5,719,398
Accounts receivable		10,255
Total financial assets		7,059,320
Less: donor-imposed restrictions		(3,575,582)
Less: board-designated fund		(3,014,041)
Financial assets available to meet cash needs for general expenditures within one year	$	469,697

Note C – Availability and Liquidity (continued)

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.

Note D – Investments

The Federation categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in the active market that the Federation has the ability to access.
Level 2	Inputs to the valuation methodology include: -Quoted prices for similar assets or liabilities in active markets; -Quoted prices for identical or similar assets or liabilities in inactive markets; -Inputs other than quoted prices that are observable for the asset or liability; -Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The method used for assets measured at fair value for investments available for sale including, equity securities and mutual fund securities, are valued at the closing price reported on the active market in which the securities are traded.

Equities and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income: Valued at amortized cost, which approximates fair value. The amortized cost of an instrument is determined by valuing it at its original cost and thereafter amortizing any discount or premium from its face value at a constant rate until maturity. The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Federation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note D – Investments (continued)

The following table provides information about the Federation's financial assets measured at fair value on a recurring basis as of June 30, 2026:

	Assets Measured at Fair Value at 6/30/26	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment – Reserve Fund:				
Cash and cash equivalents	$ 170,856	$ 170,856	$ -	$ -
Fixed-income securities	354,815	354,815	-	-
	525,671	525,671	-	-
Beneficial interest in Life Membership Asset:				
Cash and cash equivalents	147,323	147,323	-	-
Equity securities	1,378,817	1,378,817	-	-
Fixed-income securities	549,890	549,890	-	-
	2,076,030	2,076,030	-	-
Investment – Endowment:				
Cash and cash equivalents	192,168	192,168	-	-
Equity securities	2,086,925	2,086,925	-	-
Fixed-income securities	1,348,951	1,348,951	-	-
	3,628,044	3,628,044		
Total financial assets measured at fair value	$ 6,229,745	$ 6,229,745	$ -	$ -

The amortized cost and estimated fair value of investments in debt and equity securities as of June 30, 2026, were as follows:

	Amortized/Cost	Unrealized Gains (Losses)	Fair Value
Cash and cash equivalents	$ 510,347	$ -	$ 510,347
Equity securities	3,268,284	197,458	3,465,742
Fixed-income securities	2,255,000	(1,344)	2,253,656
	$ 6,033,631	$ 196,114	$ 6,229,745

Investment income of the Federation for the year ended June 30, 2026 is as follows:

Interest and dividends	$ 298,460
Net realized and unrealized gains	136,901
Total investment income	$ 435,361

Note E – Property and Equipment, Net

Property and equipment along with the related accumulated depreciation consist of the following as of June 30, 2026:

			Years of Depreciation
Furniture and office equipment	$	26,409	7
Internally developed software		840,508	5
Computer equipment		9,914	4
Total property and equipment		876,831	
Less: accumulated depreciation		(443,498)	
Property and equipment, net	$	433,333	

Depreciation expense for the year ended June 30, 2026 was approximately $142,000.

Note F – Deferred Revenue – Life Memberships and Sustaining Memberships

The Federation's policy is to defer dues that it receives from life members over 30 years from the time they become life members. The following is a summary of deferred life membership income activity for the year ended June 30, 2026.

Deferred Revenue Life Membership – June 30, 2025	$	612,669
Membership Dues Received		136,625
Amount Recorded as Income		(46,127)
Deferred Revenue Life Membership – June 30, 2026	$	703,167

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

Year Ending June 30,		
2027	$	43,976
2028		40,091
2029		37,555
2030		36,014
2031		34,859
Thereafter		510,672
	$	703,167

Note G – Scholarships Liability

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.

Note G – Scholarships Liability (continued)

Future payments are anticipated as follows:

2027	$	9,500
2028		15,000
2029		12,000
2030		11,000
Thereafter		268,000
Total		315,500
Less: unamortized discounts		(14,180)
Present value of deferred scholarships at June 30, 2026	$	301,320

Note H – Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of contributions received to fund prizes, primarily in the form of scholarships, for invitational chess tournaments and to provide certain medical and pension benefits to America's top chess players, and land. Net assets with donor restrictions as of June 30, 2026 are summarized as follows:

Endowments	$	2,969,322
Professional Players Health and Benefits Fund		231,619
Crenshaw Endowment		14,763
At Risk Youth		35,432
Women		254,868
Olympiad		42,303
Senior		16,049
Other		11,226
Total net assets with donor restrictions	$	3,575,582

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors.

Endowments	$	114,526
At Risk Youth		15,407
Women		60,594
Other		1,394
Total restrictions released	$	191,921

Note I – Board Restricted Funds

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

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's programs and activities at the discretion of the Board. At June 30, 2026, the endowment balance totaled $3,628,044 of which approximately $3,216,000 is donor restricted and approximately $412,000 is 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 $525,671 at June 30, 2026.

Life Membership Assets (LMA) – The Federation offers lifetime and sustaining memberships to its members. The membership fees received are designated as LMA, which include cash and investments. Life and sustaining membership fees are deferred and recognized in income over a thirty-year period from the date an individual becomes a life member. At June 30, 2026, the LMA balance totaled $2,076,030 and is fully board restricted.

Note J – Endowments

The Federation'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 Federation 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 Federation 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 Federation, and (7) the Federation's investment policies.

Note J – Endowments (continued)

The Federation 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 June 30, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor Restricted Endowment Funds	$ -	$ 3,215,704	$ 3,215,704
Board Designated Endowment Funds	412,340	-	412,340
Total Funds	$ 412,340	$ 3,215,704	$ 3,628,044

Changes in Endowment Net Assets as of June 30, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment Net Assets, Beginning	$ 373,566	$ 2,641,862	$ 3,015,428
Investment return	31,685	225,935	257,620
Additions	7,089	462,433	469,522
Appropriated for expenditure	-	(114,526)	(114,526)
Endowment Net Assets, Ending	$ 412,340	$ 3,215,704	$ 3,628,044

Note K – 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. 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 year ended June 30, 2026, contributions totaled approximately $59,000.

Note L – Leasing Activities

The Federation leases office space in St. Louis, Missouri expiring on June 1, 2027. The monthly base payments are subject to change per year.

The Federation also leases a copier machine and printer, which are expensed as incurred.

The ROU asset for the year ended June 30, 2026 is summarized below:

Operating lease ROU asset	$	185,177
Less accumulated reduction		(148,142)
Balance of ROU asset	$	37,035

Operating lease liability related to the ROU asset is summarized below:

Operating lease liability	$	185,177
Reduction of lease liability		(144,602)
Total	$	40,575

As of June 30, 2026, the minimum lease payments under these leases are as follows:

2027	$	41,238
Total lease payments		41,238
Less: interest		(663)
Present value of lease payment		40,575
Less: current portion	$	40,575
Lease payments, net of current portion	$	-

Total lease expense for the year ended June 30, 2026 was approximately $40,000.

Weighted average remaining lease terms were as follows as of June 30, 2026:

1 year

Weighted average discount rates were as follows as of June 30, 2026:

3.00%

Note M – Commitments and Contingencies

General Litigation

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Federation but which will only be resolved when one or more future events occur or fail to occur. The Federation's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Federation or unasserted claims that may result in such proceedings, the Federation's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Federation's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Note N – Subsequent Events

Management has evaluated subsequent events through October 19, 2026, the date the financial statements were available to be issued.