

Texas Chess Association
Treasurer's Report
For the year ending August 31, 2025

Fellow members,

The Treasurer of the Texas Chess Association (TCA) is pleased to present her report for the year ended August 31, 2025. With the Annual Membership Meeting being held on August 30, 2025, prior to TCA's fiscal year ending August 31, 2025, accounting records used to compile the financial statements, supplemental schedules, and notes to the financial statement are through August 24, 2025, with notes below for activity through 8am on August 30, 2025. A revised report including all activity through August 31, 2025, will be posted to the Association's website in September 2025, after all activity for the Association's accounting period is complete. The Treasurer has included accounting information compiled from the 2024 Treasurer's Report, which she did not prepare or fully review. This information is presented to provide a point of reference and comparison between the two years.

Significant points of interest include an increase of \$6,737 in cash and equivalents and an increase of \$8,800 in liabilities, including \$4,175 in net revenue for the Southwest Open which will be recognized in the subsequent accounting year after the event is completed. It is exciting to see a significant increase of \$2,410 in donations and fundraising over the prior year. Membership revenue decreased by \$3,188, which is mostly attributed to the preceding year being an election year with significant new memberships purchased for new voters.

Memberships are down 1,063 from 2024, but are 287 higher than 2023, and more than double memberships in 2022. It is worth noting that memberships would be much higher if all TCA event organizers required memberships rather than choosing to pay a fee. Memberships identifying all players attending TCA events would help the Association better serve more chess players in Texas, as it would allow for communications and help identify changes in chess participation in specific regions.

Accounting activity for August 25, 2025, through 8am on August 30, 2025 includes a net increase in cash and equivalents of \$159.22, resulting in a bank balance of \$18,285.51, and a PayPal balance of \$4,271.88. Activity during this period consisted of membership purchases, Southwest Open registrations and refunds, and miscellaneous small expenses. There is nothing significant or unusual to report regarding transactions during this time period.

Generally, the Association is stable, but increased revenue is needed to fund scholarships and cover costs for the Texas Knights as publication resumes (see notes). In the long term, additional revenue is imperative to sustain and grow TCA's purpose. Additional points of interest are included in the financial statements, supplemental schedules, and notes to the financial statement.

Respectfully,

Amy Jones, Treasurer

Texas Chess Association
Notes to Financial Statements
August 31, 2025 (*Accounting Through 8/24/2025*)

Note 1: Summary of significant accounting policies

Accounting policies have not formally been adopted by TCA. Policies, based on recommendations from the Audit Committee, will be drafted and implemented before the 2026 Annual Membership Meeting. The Treasurer has made a good faith effort to provide accurate and timely reports with comparability to the previous year's report. Note: 8/31/2024 reports not prepared by the current Treasurer have been rearranged for comparability to the current year.

Note 2: Liquidity and availability of financial resources

All of TCA's assets are liquid and in cash accounts as of the report date. With the exception of \$494 of restricted use assets, assets are available for general use by TCA. An additional \$3000 will be reserved to cover scholarships expected to be paid by August 31, 2026.

Note 3: Nature of the organization:

TCA is a nonprofit organization organized to educate, instruct, and promote the game of chess.

Note 4: Net asset details

\$494 in net assets are restricted for the following purposes: \$300 for a scholarship or program honoring Jim Hollingsworth, \$25 for scholarships, \$5 for the Senior Championship, and \$164 for girls' programs [see also Schedule D]. Additionally, net assets must be reserved to cover scholarship obligations of \$3000 in the coming year.

Note 5: Functional expense allocation

The schedule of functional expense has been omitted from the financial statements. Minimal funds are used for administrative functions and are identified in the Statement of Income and Expense. All other expenses are related to the organizations main purposes.

Note 6: Related-party transactions

All payments made to officers are noted in Schedule I: All Payments Made to Officers. There are no additional related-party transactions to report for the current report year. ending August 31, 2025.

Note 7: Contingencies and commitments

There are no known pending lawsuits, legal disputes, or contractual commitments of TCA, other than venue contracts for the Southwest Open and a pending contract for the 2026 SuperState Scholastic Championships.

Note 8: Fundraising

In the current report year, fundraising has consisted of: donations made through the membership form, donations by a Lifetime Member in honor of Jim Hollingsworth totalling \$1500, a store fundraiser with Kendra Scott, and collections from Benevity. Currently, TCA is launching a TCA merchandise store, which will serve as a fundraiser. The Development Committee has additional ideas which may be used in the coming year.

Note 9: Officer Changes

In June, the elected Treasurer stepped down. Due to the difficulty in finding a replacement, the elected Secretary resigned and was named Treasurer, and a new Secretary was chosen.

Note 10: US Chess States & Affiliates (SAC) Complaint

On May 23, 2025, the TCA Board was notified that the US Chess States and Affiliates Committee (SAC) had accepted jurisdiction over a complaint submitted by Thomas Crane (1286462) and others against the Texas Chess Association (T5011914). The Board's response to the complaint was acknowledged by SAC on June 23, 2025. The Board received the complainant's response on July 7, 2025 and submitted their final statement on July 14, 2025. No ruling has been made. The Board believes the dispute does not fall under US Chess jurisdiction. No financial liability is expected.

Note 11: Texas Knights

The Editor of the Texas Knights resigned on the date the current Board took office. Subsequently, the Board engaged two different Editors, but neither produced an issue of TK for publication. The Board is currently supervising an Assistant Editor, with plans to promote to Editor after the completion of at least one successfully published issue of TK. It should be noted that no TK expense was paid during the current year, but it will resume in the subsequent year assuming successful publication.

Texas Chess Association
Statement of Financial Position
August 31, 2025 (*Accounting Through 8/24/2025*)
(With Comparative Balances for 2024)

	8/24/2025	8/31/2024
Current Assets		
Cash & Cash Equivalents		
Bank of America - Checking	\$ 18,421	\$ 5,438
Bank of America - CD	0	10,156
PayPal	3,977	67
Total Cash & Equivalents	22,398	15,661
Accounts Receivable	0	0
US Chess Vouchers	0	2,700
Prepaid Expenses	0	0
Total Current Assets	22,398	18,361
Noncurrent Assets		
Equipment: 5 DGT Boards - expensed yr. acquired	0	0
Total Noncurrent Assets	0	0
Total Assets	22,398	18,361
 Liabilities		
Current Liabilities: <i>due within 1 year</i>		
Stipends	125	0
Scholarships [Schedule A, Notes 2 & 4]	3,000	2,000
Deferred Rev. - 2025 SWO [Schedule C]	4,175	0
Total Accounts Payable	7,300	2,000
Non-Current Liabilities: <i>due beyond 1 year</i>		
Life Memberships: <i>to be updated for 2026</i>	0	0
Scholarships [Schedule A]	5,500	2,000
Total Non-Current Liabilities	5,500	2,000
Total Liabilities	12,800	4,000
 Net Assets		
Assets Without Donor Restrictions	9,104	14,361
Assets With Donor Restrictions [Schedule D, Note 4]	494	0
Total Net Assets	9,598	14,361
Total Liabilities & Net Assets	\$ 22,398	\$ 18,361

Texas Chess Association
Statement of Income and Expense
For the Year Ended
August 31, 2025 (*Accounting Through 8/24/2025*)
(With Comparative Totals for 2024)

	FYE *8/24/2025*	FYE 8/31/2024
Revenue		
Membership Dues (Net of Fees) [Schedule F]	\$ 5,376	\$ 8,564
Fees from TCA Tournaments [Schedule F]	5,780	3,795
TCA Organized - Online Quick Schol. (Net) [Schedule G]	468	0
Donations - Benevity	200	20
Donations - Public Support (Unrestricted)	1,736	0
Donations - Public Support (Restricted)	330	0
Fundraising	164	0
Interest Income [Schedule E]	120	289
PayPal Cash Back	24	0
Texas Knights Advertisements	0	125
Texas Knights Extra Copies Ordered	0	89
Other - Unknown Correction	0	428
Total Revenue	14,198	13,310
Expense		
Promote Chess Program Expense		
Scholarships - Earned Current Yr [Sched.A]	5,000	6,200
Stipends - National Invitationals [Sched. B]	2,500	2,500
Stipends - US Chess Delegates [Sched. B]	3,300	1,800
Awards & Recognitions	426	0
Chess Sets	0	253
TCA Assistance - Region IV Champ Awards	311	0
Loss on US Chess Vouchers	223	0
Texas Jr. Invitational/Inv. Selection [Schedule G]	1,657	800
Membership - CJA for TCA Creativity Contest	0	24
Total Promote Chess Program Expense	13,417	11,577
Member Benefits		
Texas Knights		
Editor	0	2,400
Paid Contributors	0	450
Publication Expense	0	10,227
Mailing/Distribution	0	1,472
Total Texas Knights	0	14,549
Website		
Webmaster [Schedule H]	900	1,200
Domain	15	0
Hosting	120	0
Total Website	1,035	1,200
Facebook Administrator [Schedule H]	1,950	1,500

Total Member Benefits	2,985	17,249
Administrative & Other		
Checks	31	0
Election Expense	0	99
Training - Pres.'s Discretion [Sched. I, Note 6]	225	0
Fundraising Supplies	27	0
Insurance - Event	315	315
MailJet Email Server	45	0
PayPal Miscellaneous Fees	12	0
Postage & Shipping	221	0
Travel Reimb. - Pres.'s Discr. [Sched. I, Note 6]	246	0
US Chess Affiliate Membership	40	80
Zoom	223	237
Uncategorized Expense	20	0
Other Expenses	0	0
Total Other	1,405	731
Total Expense	17,807	29,557
Net Income or (Expense)	\$ (3,609)	\$ (16,247)

Texas Chess Association
Statement of Cash Flows
For the Year Ended
August 31, 2025 (*Accounting Through 8/24/2025*)
(With Comparative Totals for 2024)

	FYE *8/24/2025*	FYE 8/31/2024
Cash Flows from Operating Activities		
Cash Received - Memberships & Tournaments	\$ 11,624	\$ 12,359
Cash Received - Donations & Fundraising	2,430	20
Cash Received - Miscellaneous	0	642
Cash Received - Southwest Open	5,492	
Cash Paid - Southwest Open	(1,317)	
Cash Paid - Programs Promote Chess	(7,246)	(16,477)
Cash Paid - TK, Website, Facebook	(2,985)	(17,249)
Cash Paid - Administrative and Other	(1,405)	(731)
Net Cash from Operating Activities	<u>6,593</u>	<u>(21,436)</u>
Cash Flows from Investing Activities		
PayPal Cash Back	24	
Cash Recieved - CD Interest	120	289
Net Cash Flows from Investing Activities	<u>144</u>	<u>289</u>
Cash Flows from Financing Activities	<u>0</u>	<u>0</u>
Net Cash Flows from Financing Activities	<u>0</u>	<u>0</u>
Net Cash Flows from All Activities	<u>\$ 6,737</u>	<u>\$ (21,147)</u>
Cash at Beginning of Year	\$ 15,661	\$ 36,808
Cash at End of Year	\$ 22,398	\$ 15,661

Texas Chess Association
Audit Committee Report
August 14, 2025

Fellow members,

The Audit Committee of the Texas Chess Association (TCA) is pleased to present its report for the years ended August 31, 2023 and August 31, 2024. Upon initial inquiry and review of available records, it was determined that a financial audit was not feasible due to a lack of accounting policies and standard accounting reports. Ideally, the Audit Committee would be able to review financial statements and underlying accounting documentation and reports to ensure accounting records are reasonably complete and accurate. Without accounting ledgers, the committee would need to completely recreate missing accounting ledgers to satisfy this requirement. Procedures were designed and performed by the committee to address completeness and accuracy assertions as the Audit Committee deemed appropriate, but it must be clearly noted that results of those procedures have limited reliability due to unavailable records and reports. The Audit Committee determined that the most useful product it could produce for TCA was a list of recommendations for accounting and internal control policies to be adopted and implemented for future years. The Audit Committee's notable findings and recommendations for accounting and internal control policies are listed below. The attached addendum includes information about changes made by the current administration during the year ended August 31, 2025.

Findings:

1. The Treasurer told us she reconciled bank and paypal statements to the Treasurer's reports, but there was no policy requiring them to be reviewed or preserved for future use. We did not view any previously prepared reconciliations, but based on accounting for the year ending August 31, 2025, the 8/31/2024 bank and paypal statements and Treasurer's report reconciled.
2. The change in cash and cash equivalents from 8/31/2022 to 8/31/2023, and from 8/31/2023 to 8/31/2024, as reported on financial statements were found not to equal to net profit and loss adjusted for balance sheet items reported on financial statements for the same periods.
3. Transactions between TCA and officers were found to not be properly disclosed in financial statements. This included one payment to F&B Trophies, owned by TCA President Franc Guadalupe, in the amount of \$10,900, which was determined to be related to the 2023 SuperState Scholastic Championship.
4. Tangible assets and liabilities were not presented in annual financial statements.
5. TCA is missing the most basic accounting and internal control policies and procedures. Through 8/31/2024, TCA did not have policies or procedures in place to ensure completeness and accuracy of accounting records and financial statements, and did not have policies in place to discourage and detect fraud or misconduct. This leaves TCA without adequate means of reliably determining financial position or comparing previous

years for future planning and budgeting. It also leaves TCA vulnerable to fraud, misappropriation of funds, and errors due to reliance on faulty information.

6. The Audit Committee noted that compliance with some reporting requirements were absent.

Recommendations:

1. Adopt an accounting policy, including, but not limited to:
 - a. Utilize electronic accounting software for bookkeeping.
 - b. Book assets and liabilities, including, but not limited to:
 - i. Tangible assets.
 - ii. Scholarships payable within one year.
 - iii. Scholarships payable in more than one year.
 - iv. Amortizable life memberships (30 years).
 - v. Unearned revenue.
 - c. Disclose donor-restricted assets.
 - d. Prepare two-year comparative statements for annual membership meetings.
 - e. Prepare basic year-to-date and/or monthly trial balance reports for the Board at an interval as deemed acceptable by the Board.
 - f. Ensure financial statements are balanced; for example, verify that net income and expenses are reconciled to the change in cash and equivalents.
 - g. Require disclosure of dealings, including reimbursements, between TCA and any elected officer.
2. Establish internal control policies, including, but not limited to:
 - a. Require periodic bank and PayPal account reconciliations to the general ledger be completed by someone without account access and without responsibility for bookkeeping.
 - b. Require segregation of duties.
 - c. Conduct an annual inventory of tangible assets, including DGT boards.
3. Maintain lists, calendars, and schedules, including, but not limited to:
 - a. Calendar of filing requirements and dates.
 - b. Tangible assets owned by TCA.
 - c. Prizes and compensation paid for 1099 reporting.
 - d. Scholarship winners with contact information and expected date of payout.
 - e. Lifetime membership list with contact information and applicable annual amortization.
 - f. Donor lists including donations with restrictions.
 - g. Legal and volunteer expenses for financial statement disclosure.
4. Practical considerations:
 - a. Hire a bookkeeper (when feasible).
 - b. Adopt a conflict of interest policy.
 - c. Adopt a whistleblower policy.
5. Budgetary process:
 - a. Adopt a budget policy.

- b. Prepare an annual budget.
- c. Analyze and report to the Board variances between actual and budgeted income and expenses.

In conclusion, missing policies for accounting and internal control put TCA at risk and should be remedied as soon as possible to mitigate future harm or unintended liability. Good policies protect not only TCA, but also its volunteers tasked with handling TCA's finances. The Audit Committee recommends that accounting and internal control policies be adopted and implemented as soon as practicable.

Respectfully submitted,

Amy Jones, Audit Committee Chair
Caleb Brown, Audit Committee Member
Kirk Tribes, Audit Committee Member

Addendum

Current Year Accounting Function Changes: The TCA Officers installed at the September 1, 2024, Annual Membership Meeting, have not formally adopted accounting and internal control policies, but they have updated several accounting procedures during the current year. Then Secretary, Amy Jones, prepared 1099s for the 2024 calendar year for applicable payees in early 2025. On June 11, 2025, after many months of searching for a replacement for the Treasurer who wished to resign, the Secretary, Amy Jones, resigned as Secretary and was appointed Treasurer. Since changing roles, the new Treasurer recorded all current year activity in Wave Accounting, and she is working to implement many of the Audit Committee's suggestions above.