

Annual Membership Meeting

Advance Agenda

The annual membership meeting of the Texas Chess Association will be held at 7:30pm on Saturday, August 30 at the Southwest Open to act upon and consider the business described below:

1. Reading of the minutes of the previous meeting
 - a. Approval of the minutes of the 2024 annual membership meeting
 - b. Approval of the minutes of the 2025 junior chess meeting
2. President's Report
3. Vice President's Report
 - a. Presentation of the annual awards
4. Financial report by the Treasurer
5. Committee Reports
 - a. Audit Committee Report
 - b. Bylaws Committee Report
 - i. Adopt new Bylaws (Bylaws Committee)
 - ii. Motion for new Bylaws to take effect immediately (Bylaws Committee)
6. Old Business
 - a. Reform the Bidding Process (Caleb S. Brown)
 - b. Abolish the Defunct Organizers Committee (Caleb S. Brown)
 - c. Reform the Membership Structure and Save Money on Texas Knights (Caleb S. Brown)
 - d. Allow Scholastic Club Teams at TCA Scholastic Events (Caleb S. Brown)
 - e. Texas EB Members on the TCA Board of Directors (Lakshmana Viswanath)
7. New Business
8. Any other business properly presented at the meeting
9. Announcements
10. Adjournment

Committee Motion 1. Adopt New Bylaws

Sponsor: Bylaws Committee

Resolved that the revised Bylaws of the Association be adopted, subject to the transitional provisions attached.

Rationale: Several months ago, the Board of Directors tasked the Bylaws Committee with preparing a comprehensive revision of the Bylaws. After seeking feedback from the membership and certain committees about what changes were needed, the committee prepared new bylaws. This draft was extensively vetted by the Board of Directors (including dozens of written comments and a 3+ hour meeting), leading to some minor changes.

This revision is necessary for several reasons: (1) The Bylaws contain many provisions that are redundant, obsolete or do not reflect how TCA actually operates; (2) A number of critical provisions are confusing and unclear, leading to unnecessary disputes and acrimony; and; (3) The scope of TCA's operations and its volunteer base has grown substantially in recent years and will continue to do so, requiring TCA's organizational structure to be revisited and revised. It should also be noted that TCA is well overdue for a bylaws rewrite as it last occurred in 1987.

Notable changes include:

- ❖ Eliminating confusion and saving thousands of dollars by separating Texas Knights from memberships
- ❖ Empowering the annual membership meeting to recognize deserving volunteers as Honorary Life Members
- ❖ Clarifying that the membership has the final say on all TCA rules and policies
- ❖ Enabling all voting members to vote on important decisions through referendums (even if they are unable to attend a meeting) while preserving the deliberative process of discussing business at meetings
- ❖ Enhancing the representativeness of the Board of Directors and preventing the entire board from changing at the same time by expanding it to eight voting members with two elected every year for four-year terms
- ❖ Clarifying the election rules in the Bylaws to reflect current practices
- ❖ Creating restrictions on the ability of board members to benefit financially from TCA
- ❖ Ensuring that too much power is not concentrated in the same person by splitting the President into two roles, one a leader of the Board (the President) and the other the chief executive of TCA (the Executive Director)
- ❖ Clarifying the role of the Vice President and the other officers to reflect current practices
- ❖ Requiring an annual budget to be approved by the annual membership meeting
- ❖ Adding the Clearinghouse Coordinator and Parliamentarian to the Bylaws
- ❖ Clarifying the selection process for US Chess Delegates to reflect current practices
- ❖ Establishing a Council of Advisors, which would include the regional directors and committee chairs
- ❖ Ensuring proper vetting of board decisions by requiring major policy decisions to be referred to committee for review and discussed at a meeting of the Council of Advisors before adoption
- ❖ Updating the list of committees in the Bylaws
- ❖ Adding new events to the Bylaws, including the Texas Women's Open and Texas Chess Triathlon
- ❖ Exempting tournaments with fewer than 200 players from the background check requirement
- ❖ Allowing bidders to elect to pay a fee set by the Board in lieu of verifying TCA memberships
- ❖ Authorizing TCA tournaments for multiple regions combined and subdivisions of regions
- ❖ Providing flexibility in setting bidding deadlines

The Board of Directors unanimously recommends adoption of this motion. The new bylaws and transitional provisions are incorporated by reference and can be found on the TCA website.

Old Business Motion 1. Reform the Bidding Process

Sponsor: Caleb S. Brown

Resolved that Article IX, Section 3 of the Bylaws be amended as follows:

Change From:

A. Nominations for Regular TCA Tournaments shall be submitted to the President by the June 1. Regular TCA tournament bids are due for the next tournament year. A tournament year is defined as the following January to December from the General membership meeting in September. If there are no nominations for a tournament (or tournaments), the Board of Directors shall solicit proposals for overdue tournament(s). The TCA Board of Directors can solicit bids for scholastic majors if there is no bid turned in two years ahead. On the non-scholastic majors, the TCA board of directors may choose to either wait until the one year deadline to see if a bid is submitted, or the TCA Board of Directors may vote to have TCA organize the event(s). If the Board of Directors cannot find organizer(s) willing to handle the overdue Major Event(s), they will organize the event(s). If a Regular TCA Tournament does not get timely bids for two years, then the Board of Directors can give future options when bids are submitted to the Board. A notice should be placed on the website within two weeks after the bidding deadline so that organizers who are currently working on a bid, can submit their bids. No decision should be made until at least one month after the bidding deadline.

B. Nominations for TCA Tournaments identified as a “Major Event” can be submitted up to two (2) years in advance. The bidding deadline is on July 15th. For major scholastic events in the South, however, the bidding deadline shall be the following January 15, with the bid being awarded at the junior chess meeting.

C. For every successful nomination of a tournament more than one year in advance (that is, receiving the most votes in the annual election), the affiliate will provide a refundable deposit of \$50.00 to TCA within 30-90 days of being notified that their affiliate’s bid won the nomination. TCA will refund the affiliate’s deposit within 30 days after the conclusion of the event.

D. One affiliate cannot host a single specific “Major Event” two years in a row unless there is no other comparable bid for the tournament. Cities within the same Texas Association region should not host a single specific “Major Event” two years in a row unless there is no other comparable bid for the tournament (e.g., cities within the same region should not host the Southwest Open two years in a row, but can host the Texas Junior Championship, the Southwest Open and the Texas State and Amateur Chess Championship in the same year.)

E. A “Priority Rotation Schedule” will begin in 1995 for TCA Tournaments. This rotation schedule will give a higher priority to a city/TCA Region making a comparable bid and, in some cases, this higher priority can result in an automatic award of the tournament to a bidding city/TCA Region. That is, the city/TCA Region which has had a longer time since hosting a tournament may be awarded the tournament without a vote if their bid is reasonably comparable to other bids made for that tournament. Also note that there should be TCA Regional rotation. For example, a Region should not have a tournament three out of four years if there are other Regions with comparable bids that would make the regional rotation more diverse. If there are multiple cities who have somewhat equal lengths of time since hosting the tournament, then the board will make the determination based on TCA Regional rotation. If there is a city with multiple comparable bids and no other cities or regions have bid on it, then award it to the organizer who has not had the tournament in the longest time. If the bids can still not be awarded by the previously stated criteria, ask the appropriate Organizer Committee for their opinion on which is the better bid.

F. The final approving authority for the comparability of bids and “somewhat equal lengths of time” for awarding a tournament to a bidding city shall be the Board of Directors, or in the case of major

scholastic events, the North Texas Organizer Committee for South Texas Scholastic Major Bids and the South Texas Organizer Committee for North Texas Scholastic Major Bids. They should consider the following factors: geographic location, drawing power of the area, finances, organizers' experience, size of the playing site, hotel contracts and that bids meet the TCA guidelines, profitability for the TCA and other relevant criteria. The Committee should first look to see if the bids are comparable while meeting all the guidelines. If the bids are not comparable then the best bid wins. If the best bids are comparable bids then the Committee should look at rotation per Article IX, Section 3 P.

G. The award of a bid is binding once it is made.

H. For all approved regional tournaments, in the event of competing bids, the ten Texas regions shall use the established system of bid rotation as stated in Article IX, Section 3.E. The Regional Director (or bid committee) shall make the awarding decision. Any appeals should be made to the TCA Board (or Scholastic Committee). Any bid guidelines for specific tournaments shall be posted on each regional web page.

I. In the case of an opportunity arising, the TCA may choose to run any of its events and/or accept a bid more than two years in advance and may organize the major tournament. The TCA may choose to hire an affiliate to run this event.

Change To:

A. The Board of Directors shall have power to award bids for all TCA events.

B. For regional tournaments, the regional director shall award bids with the consent of the President unless the Board of Directors otherwise provides. The Board of Directors may delegate the awarding authority for other events not awarding state titles to the President or one or more voting members appointed by the President for such purpose.

C. The Board of Directors shall determine the bidding deadlines for all TCA events.

D. One affiliate cannot host the same event two years in a row unless there is no other satisfactory bid for the tournament. A tournament shall not be held in the same city, county or region two years in a row unless there are no viable alternatives.

E. The award of a bid is binding once it is made.

F. TCA may organize any of its events and may hire affiliates to organize events on its behalf. TCA must organize any major event if there is no viable alternative for it to be held.

G. The Board of Directors and the membership shall have concurrent authority to create TCA events in addition to the tournaments enumerated in these Bylaws.

Rationale: This motion is intended to simplify and clarify the provisions of the Bylaws relating to the bidding process as well as provide the Board of Directors with the flexibility it needs to refine that process. Importantly, it will allow for bidding deadlines to be more easily changed to reflect the varying needs of different events and different situations, just as is the case with US Chess National Events that are bid out to affiliates. If passed, this motion will help TCA further its mission of promoting chess throughout Texas.

Old Business Motion 2. Abolish the Defunct Organizer Committee

Resolved that Article VII, Section 5 of the Bylaws be deleted.

Text to be Deleted:

A. The Organizer Committee shall be broken up into a North Texas Organizer Committee with members from North Texas and a South Texas Organizer Committee with members from South Texas. See APPENDIX II. Each Committee must have at least three members. If a committee member has a conflict of interest or financial interest in the awarding of any bid, then that committee member must abstain. To be on the organizer committee, the member must have experience organizing tournaments at hotel/convention centers and Schools/Universities.

B. The Primary Responsibilities of these committee will be:

1. Award the Scholastic Majors when more than one bid. When only one bid, then the committee must also review the bid to make sure it meets the guidelines or to not approve the bid. Note that in the case of only one bid submitted by the bidding deadline, the committee can help the bidder to improve the bid. The North Texas Organizer Committee will award the South Texas Scholastic Major bids, while the South Texas Organizer Committee will award the North Texas Scholastic Major bids. When there is a super state (see Article IX, Section 1 E), the South Texas Organizer Committee awards the bid when it is the North Texas turn to host it and the North Texas Organizer Committee awards the bid when it is the South Texas turn to host it.

2. To act in an advisory capacity to the board with regard to tournaments and tournament bids.

3. In the case of having a major with no bid, the TCA is supposed to run the tournament. The Organizer Committee will advise the board on any questions the board may have and can volunteer to run the event or recommend an Organizer to run it.

Rationale: The organizing committee has not functioned since the pandemic. Since then, the decision to award bids for the scholastic majors has actually been made by the Board of Directors without any review by the committee even though that is in violation of the Bylaws. This motion will ensure that the Board of Directors can continue awarding bids without worrying about the possibility of those decisions being challenged. If this motion passes the President will still have the power to appoint committees to advise the Board of Directors on bids when needed.

Old Business Motion 3. Reform the Membership Structure and Save Money on Texas Knights

Sponsor: Caleb S. Brown

Resolved that Article III of the Bylaws be amended as follows:

Change From:

Section 1. Voting Membership Categories

A. Regular: Any Texas resident may become a Regular Member of the Association upon payment of \$10.00 for one year.

B. Regular Non-subscriber: Any Texas resident may become a Regular Non-subscribing Member of the Association upon payment of \$5.00 for one year. This class of membership does not receive Texas Knights but may participate in TCA tournaments and vote in TCA elections, and does not exclude juniors aged 16 (as of September 1st) or under.

C. Student: Any Texas resident who is a full-time student may become a Student Member of the Association upon payment of \$7.50 for one year.

D. Student Online: Any Texas resident who is a full-time student may become a Student Online Member of the Association upon payment of \$3.00 for one year.

E. Junior: Any Texas resident 18 years of age and under may become a Junior Member of the Association upon payment of \$7.50 for one year.

F. Junior Online: Any Texas resident 18 years of age and under may become a Junior Online Member of the Association upon payment of \$3.00 for one year.

G. Family: A household consisting of husband and/or wife, including children (if any) age 18 or under, being Texas residents, may take out a Family Membership upon payment of \$15.00 for one year. They shall receive one subscription to Texas Knights, and all shall be considered members eligible to participate in TCA events.

H. Family Online: A household consisting of husband and/or wife, including children (if any) age 18 or under, being Texas residents, may take out a Family Membership upon payment of \$10.00 for one year. They shall all shall be considered members eligible to participate in TCA events.

I. Life: Any person may become a Life Member of the Association upon payment of \$200.00.

J. Patron: Any member may become a Patron Member of the Association upon payment of \$25.00 for one year. Said Member shall receive Texas Knights by first class mail, have his name displayed in the Texas Knights "Hall of Honor" and be known as a generous supporter of Texas chess.

K. Patron Online. Any member may become a Patron Online Member of the Association upon payment of \$15.00 for one year. Said Member shall have his name displayed in the Texas Knights "Hall of Honor" and be known as a generous supporter of Texas chess.

L. Life Patron. Any member may become a Life Patron Member of the Association upon payment of \$500.00. Said Member shall receive Texas Knights by first class mail, have his name displayed in the Texas Knights "Hall of Honor" and be known as a generous supporter of Texas chess.

M. Blind Membership. A blind person may become a Special Member of the Association upon payment of \$2.00 for one year without the magazine, or \$5.00 for one year with the magazine.

N. Family Patron: Any family member may become a Family Patron Member of the Association upon payment of \$30.00 for one year. Said Member shall have their family name displayed in the Texas Knights "Hall of Honor" and be known as a generous supporter of Texas chess.

O. Family Online Patron. Any family member may become a Family Online Patron Member of the Association upon payment of \$20.00 for one year. Said Member shall have their family name displayed in the Texas Knights "Hall of Honor" and be known as a generous supporter of Texas chess.

Section 2. Nonvoting Membership Categories

A. Junior Tournament: Any Texas resident 18 years of age and under may become a Junior Tournament Member of the Association upon payment of \$2.00. This class of membership does not receive Texas Knights and carries no voting privileges, but may participate in one TCA sponsored tournament. College players in a TCA Scholastic Event with a Collegiate Section may participate as Junior Tournament Members upon payment of the \$2.00 fee.

B. Nonresident. Any person residing in a state other than Texas may become a Nonresident Member at the corresponding dues rate established for members who are Texas residents.

C. Affiliate: Any school, club or organization may affiliate itself with the Association for an annual affiliation fee of \$10. The affiliate shall have no voting privileges but shall receive Texas Knights by mail and one free quarter page advertisement each year in Texas Knights. Foreign affiliates shall receive Texas Knights by mail only if they pay an additional annual surcharge of \$30. Affiliates are not agents of the Association for any purpose.

D. Foreign Member: Any person may become a foreign member of the Association upon payment of \$10.00 for one year. Said member shall not receive Texas Knights and shall have no voting privileges.

Section 3. Renewals

Membership renewals shall be dated from the previous expiration date, if renewed within 30 days following expiration, or for a year from the date of renewal if necessary, to ensure that the renewing member is scheduled to receive one year's worth of Texas Knights before the new expiration date.

Section 4. Rights and Privileges

Every member of the Association who is at least 16 years of age as of September 1 and is a resident of Texas shall be a voting member. All voting members are entitled to vote at meetings of the membership and participate in all activities and tournaments sponsored by the Association, except that such events may require an entry fee. All Voting Members may hold office in the Association if duly elected or appointed. Only voting members may hold office or committee seats, and if such membership expires, the position held shall be vacated.

Section 5. Verification of Membership Status

If a person advises an Association Board Member that his dues have been paid and can produce a receipt, check, canceled check or other proof of payment, the person (or family) shall be listed on

the website list of current members. In the absence of proof of payment, the Secretary or the Treasurer or a majority of the Board of Directors may decide to honor or deny the player's request.

Section 6. Discounted Memberships

The Officers of the Association may authorize memberships at a discounted rate for disabled persons or senior citizens on applications stating a specific reason for this type of membership.

Change To:

Section 1. Membership Classes

A. Regular. Any person may become a Regular Member upon payment of \$5 for one year.

B. Student. A full-time student may become a Student Member upon payment of \$3 for one year.

C. Junior. Any person who is under 19 years of age may become a Junior Member upon payment of \$3 for one year.

D. Family. A household, consisting of parents and any children under 19 years of age (or under 24 years of age if full-time students), may purchase a Family Membership for \$10, and upon purchase all such persons shall be considered members for one year.

E. Life. Any person may become a Life Member upon payment of \$200.

F. Patron. Any person may become a Patron Member upon payment of \$25 for one year. Said member shall be recognized as a generous supporter of Texas chess in the Hall of Honor, which shall be published in each issue of Texas Knights and on the website.

G. Life Patron. Any person may become a Life Patron Member upon payment of \$500. Said member shall be recognized in the Hall of Honor.

H. Family Patron. A family may purchase a Family Patron Membership for \$30, and upon purchase all such persons shall be considered members for one year. A family name shall be recognized in the Hall of Honor.

I. Blind. A blind person may become a Blind Member upon payment of \$2 for one year.

J. Affiliate. Any club, school or organization may become an Affiliate Member upon payment of \$10 for one year. Affiliates shall have no voting rights but shall be entitled to one free quarter page advertisement in Texas Knights each year. Affiliates are not agents of the Association for any purpose.

Section 2. Rights and Privileges

Life Members and Life Patron Members shall have the option of receiving Texas Knights by mail without any additional charge. All members shall have electronic access to Texas Knights and may purchase paper subscriptions to Texas Knights at a rate not greater than 110% of printing and mailing costs. Members shall have the right to participate in tournaments and other activities of the Association, subject to any entry fees and such other reasonable limitations as may be consistent with the purposes of the activities concerned. Members with addresses outside of the United States who receive printed copies of Texas Knights may be required to pay additional surcharges.

Section 3. Voting Members

Every member who is at least 16 years of age as of September 1 and a resident of Texas shall be a voting member. Voting members shall have the right to propose motions and vote at membership

meetings. Only voting members may hold office or committee seats, and when such membership ceases, the office or seat held shall be vacated.

Section 4. Honorary Members

Any person who has rendered distinguished service to the chess community of Texas may be declared an Honorary Member by a two-thirds vote at the annual membership meeting. Honorary Members shall enjoy the rights and privileges of Life Members without any payment of dues.

Transitional Provision: Any member who purchased an annual membership carrying the right to receive Texas Knights by mail before the effective date of this amendment shall continue to receive the paper magazine for the unexpired term of the membership without any additional cost unless the member otherwise directs.

Rationale: Based on information provided by the Treasurer, TCA spent approximately \$9,500 on printing and mailing paper copies of Texas Knights over the most recent fiscal year (the amount for the last issue is estimated). If this was divided by the average number of members receiving paper copies, the per member cost is \$22.62 (i.e., an average of 420 copies were mailed; most members are online only). However, members only pay \$5 extra to receive the paper magazine, producing a total loss of approximately \$7,400 every year to TCA.

TCA cannot afford this loss. It does not match up with our 501(c)(3) educational mission of promoting chess in Texas. We should be using this money to help people in need, such as by sending needy scholastic players to national events or supplying chess sets to help start more chess clubs throughout the state. Losing this much money on paper and ink simply makes no sense. If people want paper, that is fine. They just should have to pay the cost of it. And if that is too much, they can read it online for free.

This motion will solve this problem by separating the magazine from the membership structure and requiring members to pay a print opt-in fee if they want to continue receiving the magazine by mail. This solution is almost identical to the change US Chess successfully implemented in 2019.

This motion would also make a few other changes to the membership structure, such as abolishing the obsolete junior tournament membership and expanding family memberships to include college students under 24. It would also allow for honorary memberships which have historically been awarded on several occasions but are technically not allowed under Robert's Rules of Order unless expressly stated in the Bylaws.

Old Business Motion 4. Allow Scholastic Club Teams at TCA Scholastic Events

Sponsor: Caleb S. Brown

Resolved that Article IX, Section 1 of the Bylaws be amended as follows:

E. Texas Scholastic Championship: This tournament shall be a four-section individual event with team prizes. These sections may be subdivided with the approval of the Scholastic Committee. The Primary section will include kindergarten through third grade. The Elementary section will include kindergarten through sixth grade. The Middle School section will include fifth through ninth grade. Fifth and sixth graders in a middle school are not allowed to play down into the Elementary section. Ninth graders will be allowed to play up into the High School section. No player may play for a school that the player does not attend. The High School section will include ninth through twelfth grades. Ninth graders in high school will not be allowed to play down into the Middle School section. Home schooled and private schooled students will be delineated as follows: Primary K-3, Elementary K-5; Middle 6-8; High School 9-12. A scholastic team shall consist of any four students from the same school **or scholastic chess club**, and may be designated at the conclusion of the tournament to include the top scorers from that school **or club**. **The Scholastic Committee shall determine the definition of a scholastic chess club.** Team scores in the Primary section apply only toward Primary team prizes, and may not be transferred to the Elementary team competition. Only Texas residents or students enrolled in secondary or primary schools (including home schools) in Texas may play in this event. Students not assigned a grade in school will be assigned a grade at the tournament based on their age as of September 1 of that school year as follows: six years old is assigned first grade, seven years old is assigned second grade, and so on through grade twelve. Starting in 2017, this tournament will be split into a South Texas Scholastic Championship and a North Texas Scholastic Championship. Every three years, starting in 2021, there will be a 'super state'. That is where the North and South are combined into one tournament. The super state will alternate between North and South every three years. If no acceptable bid is turned in for a state scholastic, the ~~Texas Chess~~ Association will organize this tournament or hire someone to organize it for them. These are Major Events.

P. Texas Grade Championships. This event shall be split up into the South Texas Grade Championships and the North Texas Grade Championships. These events shall be held in the fall, concurrently with a separate tournament for each grade K-12. There shall be individual and team trophies. A team shall consist of any three players from the same school **or scholastic chess club**, and may be designated at the conclusion of the tournament to include top scorers from that school **or club**. Sections may be combined if deemed necessary, but trophies shall be awarded for all grades represented. This tournament is opened to any pre K-12th grade student either living or attending school in Texas. Note that a South Texas player may play in the North Texas Grade tournament. A North Texas player may play in the South Texas Grade tournament. The Texas Collegiate Championship will be held at either the South Texas Grade Championship in even number years and at the North Texas Grade Championship in odd number years. If in an even number year there is no bid awarded for the South Texas Grade Championship, then the North Texas Grade Championship may host the Texas Collegiate Championship. Similarly, if there is no bid for the North Texas Grade Championship in an odd number year, the South Texas Grade Championship may host the Texas Collegiate Championship. These are a Major Event(s).

R. Texas Girls Championship. Only Texas female residents or students enrolled in secondary or primary schools (including home schools) in Texas may play in this event. This event shall be held in the fall prior to the Texas Grade Championships. There shall be individual and team trophies. A team shall consist of any four players from the same school **or scholastic chess club**, and may be designated at the conclusion of the tournament to include the top scorers from that school **or club**.

Rationale: Presently, the Bylaws only allows for school teams at these events. This is a problem as it effectively bars players from schools without significant chess activity as well as homeschoolers from competing as teams. By leveling the playing field for team competition, this motion would encourage more participation in these events and support membership growth.

Old Business Motion 5. Texas EB Members on TCA Board of Directors

Sponsor: Lakshmana Viswanath

Any elected US Chess executive board member from Texas, will be a member of the board of directors.

Appendix A. Audit Committee Report

Fellow members,

The Audit Committee 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 records, the committee would need to completely recreate missing accounting ledgers to satisfy this requirement. Procedures were designed and performed 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. PayPal account statements for 8/31/2023 and 8/31/2024 did not reconcile to the financial statements, and the PayPal account balance was omitted from the 8/31/2022 financial statement. Note: 8/31/2022 cash and equivalent balances were reviewed because they are the beginning balances for the year ended 8/31/2023.
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 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.
 - 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.

Appendix B. Bylaws Committee Report

The committee mostly worked on preparing new bylaws this year. Since the revision is discussed in the rationale for the motion to adopt new bylaws, there is no need to discuss it here. We do, however, give our thanks to everyone who filled out the bylaws revision survey and all of the committee members who participated in this process.

The membership also referred three motions to the committee at the 2024 annual meeting and one motion at the 2025 junior chess meeting. These motions are discussed below:

1. The first motion simplifies the bidding process and ensures that bidding rules reflect current practices. This proposal has been incorporated into the new Bylaws.
2. The second motion strikes the Organizers Committee from the Bylaws, which has not functioned for at least five years. The new Bylaws omits this committee. However, under the new Bylaws, the Executive Director would be allowed to appoint committees for organizing events. It is expected that ad hoc committees would be appointed as needed for major events organized by TCA.
3. The third motion separates Texas Knights from the membership structure. If it passed, members would have to pay the actual cost of the paper magazine to receive it by mail. It is expected that this motion would save thousands of dollars a year since the cost of printing and mailing Texas Knights costs substantially more than the \$5 extra someone pays for a membership with the paper subscription. The Membership Committee also reviewed this motion and had no objections. Accordingly, this motion has been included in the new Bylaws with only a few minor changes.
4. The fourth motion adds US Chess Executive Board members to the TCA Board of Directors. If passed, Vish, the motion sponsor, would immediately become a voting member of the Board. While the committee believes that the advice of EB members like Vish is valuable, the consensus was that only elected representatives of TCA members should be voting board members. Instead, the new Bylaws creates a Council of Advisors and any US Chess Executive Board members from Texas would be ex officio members of the Council (in addition to the regional directors, committee chairs and several others).

If the new Bylaws are adopted, most of these motions will be moot. The fourth motion would not necessarily be moot but should be defeated for the reasons above.

Earlier this year, the committee chair updated the Bylaws to reflect all bylaws amendments that had been duly adopted by the membership but not yet included in the Bylaws. The last update occurred in 2021.

The Bylaws Committee consists of Caleb Brown (chair), David Ortiz, Jonathan Huerta and Ambica Yellamraju. Jaime Rios was also a member but recently left due to personal reasons.

Appendix C. Other Helpful Materials

Members may find the following materials to be helpful:

- Minutes of the 2024 annual membership meeting:
https://docs.google.com/document/d/1F0_tZlrURNc2VQ7fE4OjYYePVh0tlvOXj-2ymtWrX2U/edit?usp=drive_link
- Minutes of the 2025 junior chess meeting:
https://drive.google.com/file/d/1tGahtPxPIT6_9AOY8Ag3cLXWvfX-6Sy1/view?usp=drive_link
- TCA Bylaws: <https://texaschess.org/wp-content/uploads/2025/01/Bylaws-of-the-Texas-Chess-Association-1.9.2025.pdf>
- TCA Archives: <https://drive.google.com/drive/u/3/folders/1WdQ4a5YcCRfnp8s24B3U-2R9-CCZk3DO>
- Two-Page Summary of Robert's Rules of Order:
https://assembly.cornell.edu/sites/default/files/roberts_rules_simplified.pdf