

CHAPTER II - BUSINESS MANAGEMENT

A. FINANCE

ACBL Investment Policy (742-101) (782-35) (863-121) (952-11)

ACBL Management is encouraged to maximize the yield on its liquid assets by keeping its cash in bank balance to a minimum workable amount and shall be permitted to invest in the following securities whose maturities do not exceed five years from date of acquisition:

- (a) Obligations of the United States in US funds,
Obligations of the government of Canada in Canadian funds.
- (b) Obligations issued or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States:
 - (1) Federal Home Loan Bank
 - (2) Federal National Mortgage Association
 - (3) Government National Mortgage Association
 - (4) Bank or Banks for Cooperatives
 - (5) Federal Land Bank or Banks
 - (6) Federal Intermediate Credit Bank or Banks
- (c) Federally Insured Deposits:
 - (1) Loans of federal funds to financial institutions, provided such funds do not exceed one fourth of one percent of the total deposits of such institutions as shown by its last published statement.
 - (2) Certificates of Deposit of U.S. Financial Institutions up to, but not to exceed, \$100,000 for each financial institution.
 - (3) Bankers Acceptances not to exceed limits stated in (c) (1) above.
 - (4) Certificates of Deposits of Canadian financial institutions with CDIC insurance up to, but not to exceed, C\$60,000.
- (d) Short-term commercial paper of U.S. corporations that carries the highest rating by a reputable national rating agency.

The existing regulation concerning investments is modified to authorize Management to invest a maximum of \$1,000,000 in Liquid Guaranteed Insurance Contracts insured by insurance companies that are A+ Best rated. (Also see 873-45)

Monies Sent to League Headquarters (781-33)

All charges assessed or approved by the ACBL Board of Directors in the past and in the future shall be considered to be in U.S. dollars.

Management is authorized to establish "an ACBL rate of exchange" periodically which could be applied to these charges for remitting monies to ACBL headquarters in foreign currencies, and for the payment of directors' fees and per diem.

Reimbursement of tournament directors' transportation and hotel rooms shall be in the exact amount paid, in the currency in which they were paid. Effective July 1, 1978.

ACBL Financial Statements (804-34)

Copies of the annual audited financial statements shall be available to ACBL members for a service fee of \$15.00.

Budget Approval (821-22)

Upon request, Management will provide the Finance Committee with a detailed analysis of selected items that appear on our financial statements. Such items will be reviewed by the Finance Committee.

Presentation of Annual Financial Statements in the BULLETIN (852-27) (821-22) (902-74A)

The Treasurer shall approve the presentation of the ACBL's annual financial statements prior to publication in the BULLETIN.

Bank Service Fee Charged to ACBL Checking Account (863-28)

Management, in consultation with the ACBL Treasurer, is authorized to maintain a checking account balance in excess of \$100,000.

Investments (873-45)

Investments in time deposits at savings and loan associations or in commercial banks shall be governed by the following restrictions:

1. The institution must be insured by the Federal Savings and Loan Insurance corporation (FSLIC) or by the Federal Deposit Insurance Corporation (FDIC);
2. Investments shall be limited to \$99,000 in any single institution;
3. Interest shall be paid at least monthly; and
4. The instrument shall be held by the ACBL.

Pricing of Promotional and Introductory Materials for Teachers and Clubs (Non-Agenda item approved by the Board for consideration)

A reasonable amount shall be charged for multiple quantities of ACBL promotional materials. Individual members shall continue to receive single or small quantities of such material at no charge upon request. Management is encouraged to develop a kit of various promotional and introductory materials for teachers or clubs available for a fixed price.

Fee Structure for Space at NABCs and Advertising in ACBL Publications (891-85)

All ACBL facilities and services have value and working agreements with other entities, providing for remuneration, shall be made accordingly.

Publishing the Minutes and Financial Statements in the BULLETIN (902-74A) (852-27) (821-24)

A yearly financial statement shall be published in the BULLETIN with an explanation of major year to year variances. Effective with the 1990 Audited Financial Statement.

ACBL Products and Services (941-46)

Effective immediately, Management is authorized to establish the price of all ACBL products and services with the exception of ACBL mailing lists and BULLETIN advertising rates.

Pension Plan Lump-Sum Settlements (952-13)

The ACBL Pension Plan is amended to adopt the calculations of lump sums payable required under The General Agreement on Tariffs & Trade ("GATT"). Effective date January 1, 1996.

Cooperative Advertising (963-103) (973-65)

- A. Management's report on cooperative advertising is approved for implementation.
- B. Management will insure that this program will be adequately publicized to potential participants with specified conditions.
- C. A status report on cooperative advertising will be included in each Publicity Report.

Cost Accounting Program (971-106)

Management will incorporate a full cost accounting program for budgeting and financial management purposes.

Marketing and Public Relations Program (972-67)

An overall budget for the marketing and promotion plan shall be set at \$800,000 annually depending on the presentation of a professional marketing plan and budgetary considerations. This will be reviewed annually. A Marketing Director and Sales Director shall be hired.

Financial Ratios Subcommittee (972-123)

- B. At the recommendation of the subcommittee, and as suggested by the League's auditor (Smith & Co., CPAs) the following liquidity measurement is adopted as a long-term guideline for budgetary decisions:

The total of:

Current assets

Plus investments to the extent they are marketable.

Less liabilities not including accrued post retirement health care

Will be sufficient to satisfy four months of general, tournament directors and *Bridge Bulletin* expenses, and not decrease below the amount necessary for three months of such expenses.

Implementation of Policy Functions (983-48) (991-22)

The following items previously passed as Board policy will become operations to be performed by management.

1. Management will send masterpoint notifications as frequently as financially advisable.
2. Management may add to the Mini McKenney, or any recognition program, at any time. They will report to the Board any such changes at its next regular meeting.
3. Management will set the exchange rate applicable to the annual dues of Canadian members.
4. Management will develop and maintain a package of benefits to offer to the Patron Member program.
5. Management is authorized to offer reduced price memberships and commissions/rebates to teachers.
6. Management is authorized to offer bonuses to clubs or teachers for recruiting/retaining members.
7. Management may create and sell scrip for the convenience of the players and tournament

- organizers in necessary and appropriate quantities and denominations.
8. Management is authorized to develop materials needed to implement bridge programs as part of school curriculums.
 9. Management is authorized to negotiate and administer the creation of sponsored trophies.
 10. ACBL will offer a junior entry to all members who qualify as a Junior under ACBL regulations at all NABC=s. Management will set an appropriate table fee.
 11. Copies of the annual audited financial statements shall be available to ACBL members for a reasonable fee to be determined by management.
 12. Management is authorized to establish the price of all ACBL products and services with the exception of sanction fees, membership fees, life master service fees, and tournament director fees.
 13. Management is to publish the *BRIDGE BULLETIN* and be responsible for its editorial content. The number of pages per issue, student supplements, NABC inserts, novice sections and any and all other decisions will be made by the editor and the CEO.
 14. Management will set reasonable and competitive prices for *BULLETIN* advertising, reprints and inserts.
 15. Management is authorized to set a sanction fee for Bridge Ventures events comparable to sanction fees paid by other like bridge events (i.e. regionally-rated event would pay regional tournament sanction fee).
 16. Management is authorized to determine and implement reasonable late fees for reports from units and clubs.
 17. Management shall establish the table fee for tournament supplies annually.
 18. Management may waive or decrease sanction fees for 199er Regionals.
 19. Management will establish annually the charges for printing tournament programs.
 20. Management will determine the prizes, awards and benefits to be offered to the winners of the North American 49er pairs.
 21. Management will determine annually the dollar limits for player reimbursement for travel expenses related to North American Open Pair and Teams finals.
 22. The ACBL Instant Matchpoint Game will award prizes to be determined by management.

23. Management will determine the per diem fee for Tournament Directors charged to tournaments on an annual basis.
24. The Board of Directors retains, without exception, the complete rights of oversight and review of these matters.

Expense Reimbursement (983-120)

The following guidelines for expense reimbursement for non-Board member and Board members traveling on ACBL business other than Board meetings are established:

- A. No per diem will be paid but all reasonable out-of-pocket expenses will be reimbursed.
- B. There will be no reimbursement for expense of guests.

Double Reading Requirement for Financial motions

The double reading requirement on financial matters shall be eliminated (includes sanction fees and dues).

Financial Operating Guidelines (002-24)

The Financial Operating Guidelines subcommittee report is approved.

(See Appendix 3, *Financial Operating Guidelines*)

ACBL Financial Account Signators (002-302) (003-300) (033-11)

1. The following positions are authorized for purposes of establishing company bank and investment accounts for the ACBL, ACBL Charity Foundation and the ACBL Educational Foundation.

(See Appendix 2, *Financial Account Signators*)

Canadian Exchange Rate (003-24)

The Canadian exchange rate for Membership Renewals, Club Sanction Fees, Tournament entry Fees and other Canadian Fund receipts will be reviewed and changed if warranted in increments of 2 Canadian cent or more.

Annual Marketing & Education Budget (023-23)

For the Marketing and Education expenditures, the ACBL CEO has authority to direct funding authorized in the annual budget from existing there Marketing and Education programs to new or other existing programs. This would not include funding in those areas specifically mandated by the Board of Directors regulations.

Fees for ACBL Affiliates (031-15)

Management is authorized to collect fees for ACBL services to affiliated organizations.

Competitive Bidding Policy (033-10) (092-66)

Item 002-300, the ACBL competitive bidding policy, is amended to include the following exceptions:

ACBL COMPETITIVE BIDDING POLICY

A competitive bidding policy is designed for use when a project warrants the time expended by both the vendor and the purchaser. Typically, these are large dollar purchases. For the purposes of this policy, we will use a minimum amount of \$50,000 when implementing the competitive bidding policy. In addition, for proposed expenditures of amounts more than \$50,000 and less than \$100,000, the bidding policy may be waived with the unanimous consent of the CEO, the President and the Treasurer or their designees.

When the ACBL is interested in purchasing a product or service and the cost of that product warrants a competitive bid, the following will be followed.

- \$ Determine detailed specifications and criteria that will be established for the produce or service.
- \$ Ensure the market consists of an adequate number of sellers to warrant the procedure. Three to eight sellers is the acceptable number of suppliers to query. If there are not enough sellers in the market, the operating bidding policy will be in effect.
- \$ Verify the validity of the sellers= ability to supply the known quality and specifications of the desired produce or service.
- \$ Allow sufficient time for the seller to gather the necessary information to adequately respond to the request for proposal. Adequately define the due date for receiving responses.

- \$ Require a sample of the product being purchased from each bidder for comparative purposes.
- \$ Request a written response when clarification is needed from a bidder on some element of the proposal.
- \$ Bids will be extensively reviewed and compared to specifications and to each other as to cost and quality. A report will be written to the CEO/CFO comparing the proposals by cost and by the important elements of the specifications. Important deficiencies of the proposal must be prominently mentioned. The report will make a recommendation to the CEO/CFO,
- \$ Give reasons for the selection that was made, as well as reasons why the other top bidders were not selected.
- \$ In those situations where sufficient expertise is not available within Management to properly evaluate the product or service, Management will seek out that expertise from members of the Board of Directors or from members of the ACBL. In those instances where the needed expertise cannot be found, Management will consider using an independent paid consultant.
- \$ Management at all times retains the right to refuse any and/or all bids.

All exceptions to the ACBL competitive bidding policy require prior approval by the ACBL Board or ACBL Executive Committee and subsequent notification to the Audit Committee.

These are the exclusions to the above policy.

- Purchases of utilities, such as water, sewage, etc., where competitive sources are not available.
- Purchases of proprietary maintenance contracts, i.e., where alternate Authorized sources are not available.
- Purchases of maintenance contracts where use of alternate sources is inconsistent with the best interest of the League.
- Purchases involving major repairs, where bidding requirements are waived by the CFO due to the urgency of repair.
- Purchases involving a documented sole source of supply, either where Purchasing has exhausted the search for additional suppliers or where comparable products available from multiple sources are found not to meet the requirements of the League.

(See Appendix 4, *Competitive Bidding Policy*)

Financial Operating Guidelines (033-32)

Potential Member Marketing

The guideline for potential member marketing will be in the range of 12 B 15% of the total budgeted expenses per year. The actual budget in any year will be the amount needed to fund those projects presented by Management and/or approved by the Board of Directors.

Annual Audit (041-47)

The Audit Committee shall cause there to be an audit of all funds, properties, accounts, and liabilities of the ACBL. Said annual audit report shall be provided to the Board of Directors and the Board of Governors and be made available to the membership for its consideration at the annual membership meeting. Upon the request of any member of the ACBL, for a reasonable fee, the Treasurer shall furnish said member with a copy of said audited financial statement. A summary of the audited financial statement together with the Treasurer's report shall be published in *The Bulletin*, and a full report shall be provided to District Presidents.

The Treasurer shall provide both the Board of Directors and the Board of Governors with a complete financial report of each North American Bridge Championship.

ACBL Cost Allocation Guidelines (043-34)

The finance committee has adopted the following changes to the ACBL fully allocated cost method:

1. The presentation format will change from five (5) categories to four (4) categories:

Old Presentation	New Presentation
_____	_____
Membership Activities	Membership activities
Club Activities	Club Activities
Tournament activities	Tournament activities
Product Sales	-----
Other non-mission activities	Other activities

- a. Membership will consist of Bulletin, Masterpoint recording and customer service. Customer service is defined as contact with existing members.
- b. Club activities will consist of Rating point games and Special Event games.
- c. Tournament activities will consist of Regional games, Sectional games and NABC's.

- d. Other activities will include Product Sales and Marketing
2. Allocation procedures will change to include:
- a. After allocation of direct expenses and direct TD expenses to each of the applicable lines of business, each department expense will be allocated base upon the percentage of time spent within each line of business.
 - b. All unallocated overhead will then be allocated to each line based upon the sum of ½ of the direct TD expense and the departmental allocation for each line of business.
 - c. The other revenue component of other activities (rental and investment income, affinity programs and management fees) will be allocated based upon departmental expenses for each line of business.
 - d. Membership dues will then be allocated:
 - i. Based upon the excess expenses in 2003 of Bulletin, MP recording and customer service.
 - ii. Remainder allocated to Rating Point Games, Regional, Section, and NABC tournaments based upon weighted tournament revenues.
 - e. Weighted tournament revenues defined as number of people playing each type of tournament times that average net fee received by the ACBL for such event.
 - f. NABC revenues will be normalized to average two-year results.
 - g. The time allocation grid will include the following categories:
 - i. Bulletin - time spent by anyone on articles, ads, or other material with the expressed purpose of ending up in the Bulletin.
 - ii. MP recording – time spent by anyone on recording master points using ACBLScore, programming in ACBLScore, masterpoint races or discussing masterpoints with individuals on the phone.
 - iii. Customer service – time spent on external customers and/or giving a member something for which he has requested. However, specific type questions relating to marketing, clubs, sectional, regionals, or NABC’s should be charged to those categories.
 - iv. Clubs – time spent answering questions from club managers, processing monthly reports, scanning monthly reports, or general service to clubs.
 - v. Regionals – time spent scheduling, reviewing, processing, talk about, or working with Rregionals in any way.
 - vi. Sectionals – time spent scheduling, reviewing, processing, talking about, or working with sectionals or STaC’s in any way.
 - vii. NABC’s – time spent by anyone gathering materials, making arrangement for the NABC, or answering questions of the coordinators and others.
 - viii. Special – special events (primarily NAP and GNT) or special tournaments. Special tournaments are any support that we lend to the USBF, WBF, or CBF when they use our TDs and/or our resources.
 - ix. Marketing – Efforts to retain members or doing things that will make a prospect or a member want to be a member that is not defined as customer service. (Example: Teacher program & support)

- x. Sales – any activity that supports the sales or merchandise.
- xi. Infrastructure – anything that does not fit into one of the above categories.
- h. NABCs will be charged the actual cost (including benefits) of the TDs working at that tournament. Sectional, Regional, and StaC will be charged the published session fees of the TDs working at those tournaments.
- i. Membership dues will be allocated to the Bulletin, MP recording, Customer Service, Marketing, and Bridge Playing (clubs and tournaments) functions. In future years, the pro rata share of membership dues assigned to these categories shall be that dollar amount taken in the FY 2003, expanded by the annual CPI rate since that year. The disposition of any excess after these categories have been covered will be determined by the ACBL board.
- j. Application programming should be charged to the appropriate category.
- k. Fifty percent (50%) of tournament directors' salaries will be omitted from the calculation of overhead expenses.

Certificate of Incorporation (052-10)

The Articles of Incorporation are amended to reflect 1) that the Corporation office is located at 2990 Airways Boulevard, Memphis, TN 38116 and 2) that the post office address to which the Secretary of State shall mail a copy of process against the Corporation served upon the Secretary is American Contract Bridge League, 2990 Airways Boulevard, Memphis, TN 38116.

League Counsel shall cause the appropriate form to be filed with the State of New York.

D & O Insurance (062-)

Moved by Sue Himel, seconded by Joan Gerard that the ACBL shall purchase D & O Insurance from Philadelphia Indemnity Insurance Company, quotation number 1768682, and does direct the President to execute said policy as soon as possible.

Educational / International Fund NABC Day (062-40)

The day at NABCs designated as Educational Foundation day / International Fund day will be eliminated.

Headquarter Monthly Updates on Real Estate (091-65)

The ACBL Treasurer will be provided monthly updates of all developments concerning the purchase and construction of our new Headquarters, and he'll monitor as well on a monthly basis the adherence to our competitive bidding policy concerning this project.

ACBL Financial Information Availability (092-65)

In addition to the ACBL financial report annually published in the *ACBL Bulletin*:

- a) the ACBL financial report presented by the ACBL Treasurer at each Board of Governors meeting be published (with appropriate commentary describing what the data represents) on the ACBL website no later than one week following the conclusion of the NABC during which such report was presented at the Board of Governors meeting
- b) the annual audited ACBL financial statement be published on the ACBL website no later than one week after the conclusion of the Spring NABC.

