

The American Contract Bridge League, Inc.
Results of Operations
For the Eight Months ending August 31, 2004

The ACBL reported excess revenues over expenses of \$104,000 for the first eight months of 2004, a drop of \$78,000 from the \$182,000 excess revenue amount for the same period in 2003. The comparisons of revenue and expense for the two years are as follows:

(000's Omitted)	2004	2003	Fav / (Unfav) Change	Fav / (Unfav) %
Revenues	\$ 6,280	\$ 5,957	\$ 323	5.4 %
Expenses	6,176	5,775	(401)	(6.9)
Excess Revenues	<u>\$ 104</u>	<u>\$ 182</u>	<u>\$ (78)</u>	<u>(42.9) %</u>

OPERATING REVENUES

Income recognized on **Membership Dues** was \$47,000, or 1.8%, higher than the \$2,650,000 earned during the first two trimesters of 2003. The number of dues-paying members increased 0.6% while the number of unpaid Life Masters increased by 3.7%.

Category	August 31 2004	August 31 2003	Change vs 2003	% Change vs 2003
Life Masters	45,744	44,967	777	1.7%
Non-Life Masters	104,490	104,395	95	0.1%
Paying Members	150,234	149,362	872	0.6%
Unpaid Life Masters	17,750	17,121	629	3.7%
Total Members	<u>167,984</u>	<u>166,483</u>	<u>1,501</u>	<u>0.9%</u>

The Spring **North American Bridge Championship** in Reno produced a \$385,000 profit on 14,888 tables, which was \$246,000 more than the \$140,000 profit realized last year in Philadelphia on 10,852 tables. The higher profit was attributable to the revenue increase associated with the greater attendance while costs were only slightly higher (\$16,000). The **Summer NABC** in New York produced a net profit of \$172,000 or \$69,000 more than the \$103,000 profit realized in Long Beach in 2003. New York's increased attendance (13,351 tbls vs 12,247 tbls) along with higher entry fees produced an \$116,000 increase in revenues while expenses only increased \$47,000.

The **North American Pairs** event produced an \$18,000 profit as compared to the \$1,000 loss recognized in 2003. The 2004 revenue was slightly higher (+\$7,000) due to greater participation while the costs associated with the transportation of the winners to Reno were lower than estimated by \$12,000.

Lower gross sales volume in **Product Sales** of \$1,310,000 as compared to the \$1,396,000 reported in 2003 was responsible for the \$43,000 decrease in profits.

Investment & Rental Income of \$158,000 was \$36,000 greater than last year's \$122,000 as a result of a \$79,000 lower market value adjustment to our investment portfolio (-\$32,000 vs -\$111,000). Interest earned was \$43,000 less than 2003 due to lower rates while rental income remained \$77,000 for both years.

All other revenues was \$21,000 greater than last year's \$109,000 due primarily to a \$25,000 improvement in management fees charged to affiliated organizations.

OPERATING EXPENSES

Salaries - HQ Staff increased \$59,000, or 2.4%, from \$2,417,000 to \$2,475,000 due to annual merit raises issued in April.

Expenses for **Education programs** increased \$49,000 from \$43,000 in 2003 to \$92,000 this year as a result of the change in the funding of the School Bridge Lessons program, which was previously funded in full by the ACBL Educational Foundation, but is now split 50:50 with ACBL.

Tournament Directors' net profit decreased \$69,000 from \$243,000 to \$174,000 as the League held the percentage increase on session fees in 2004 at 4% as opposed to the 7% increase in recent years which included an additional 3% to help reduce the loss experienced on tournaments on a fully-allocated cost basis.

The costs related to **Building & Grounds** decreased \$35,000 from \$233,000 to \$198,000 as the 2003 results were penalized by a one-time analysis and correction for mold in the Airways office building (\$21,000).

Marketing & Public Relations expenses increased \$203,000 from \$308,000 in 2003 to \$510,000 in 2004. Emphasis has been placed on executing more programs than in previous years and several areas that benefited from this strong support included Unit Cooperative Rebates (+\$28,000), Cooperative Advertising Program (+\$61,000), Educational Activities (+\$25,000), NABC Promotions (+\$23,000), Public Relations (+\$35,000) and various exhibit activities (+\$16,000).

Employee Benefits & Payroll Taxes increased from \$1,127,000 in 2003 to \$1,166,000 in 2004, or \$39,000, as a result of increased health care costs (\$53,000).

A decrease in **Depreciation & Amortization** from \$282,000 in 2003 to \$246,000, or \$35,000 was the result of lower capital spending in the second half of 2003 and continuing through 2004.

Expenses associated with the **ACBL Online** increased \$34,000 from \$12,000 in 2003 to \$47,000 in 2004 as ACBL began winding down its relationship with e-bridge and took a lower revenue position during the last several months.

BUDGET COMPARISONS:

(000's Omitted)	2004 Actual	2004 Budget	Fav / (Unfav) Change	Fav / (Unfav) %
Revenues	\$ 6,280	\$ 6,247	\$ 33	0.5 %
Expenses	6,176	6,374	198	3.1
Excess Revenues	\$ 104	\$ (127)	\$ 231	181.9 %

Positive revenue comparisons to budget include: Sanction Fees (\$39,000), Spring NABC (\$59,000), Summer NABC (\$54,000), Special Event games (\$40,000) and all other revenues (\$11,000).

Negative revenue comparisons to budget were seen in Product Sales (-\$64,000) and Investments (-\$107,000).

Favorable expense comparisons to budget include: Tournament Directors (\$101,000), Postage & Supplies (\$11,000), Member Billing (\$13,000), Travel Staff (\$12,000), Building & Grounds (\$22,000), Marketing & PR (\$99,000), Depreciation & Amortization (\$40,000) and all other expenses (\$20,000).

Unfavorable expense comparisons to budget include: Bulletin (-\$11,000), Education (-\$16,000), Audit, Consulting & Legal (-\$32,000), and Internet/Online Activities (-\$61,000).

FINANCIAL POSITION HIGHLIGHTS:

(Dollars in Thousands)	Asset Balances as of August 31st		Change
	2004	2003	
Cash Reserves	\$ 6,282	\$ 6,240	\$ 0.7%
Current Assets	3,813	3,602	5.9%
Current Liabilities	2,250	2,380	-5.5%
Net Assets *	7,285	7,475	-2.5%
Current Ratio	1.69 times	1.51 times	0.18 times

* As reflected in the GAAP Financial Statements prepared by management. Figures are different from internal reports due to the inclusion of FAS 116 accounting adjustments for member dues restrictions. The above net assets include a positive \$22,000 adjustment in 2004 and a negative \$109,000 adjustment in 2003 for the first eight months of each year.

AMERICAN CONTRACT BRIDGE LEAGUE, INC.
Statement of Revenues and Expenses
For the Eight Months ending August 31, 2004 and 2003
Amounts in Thousands of Dollars

REVENUES	2004 Actual	2003 Actual	2004 vs 2003	2004 Budget	2004 vs Budget
Membership Dues	2,697	2,650	47	2,700	(4)
Sanction Fees	2,299	2,362	(63)	2,260	39
North American Championships					
Spring	385	140	246	327	59
Summer	172	103	69	118	54
Fall	0	0	0	0	0
Prior Years	6	12	(6)	0	6
Special Events					
World Wide Pairs	31	34	(4)	11	19
Instant Match Pt	0	0	0	0	0
N.A. Pairs	18	(1)	18	0	18
Grand National Teams	15	13	1	12	2
Seniors	3	3	1	2	1
N.A. 49ers	0	0	0	0	0
Product Sales	367	410	(43)	432	(64)
Investment & Rental	158	122	36	265	(107)
All other revenues	130	109	21	119	11
TOTAL REVENUES	6,280	5,957	323	6,247	33

EXPENSES	2004 Actual	2003 Actual	2004 vs 2003	2004 Budget	2004 vs Budget
Salaries	2,475	2,417	59	2,485	(10)
BULLETIN	487	509	(22)	476	11
Education	92	43	49	76	16
Tournament Directors	(174)	(243)	69	(73)	(101)
Postage & Supplies	188	178	10	199	(11)
Member Billing	44	50	(6)	57	(13)
Travel - Staff (excludes Board Mtgs)	33	26	8	45	(12)
Buildings & Grounds	198	233	(35)	220	(22)
Marketing & Public Relations	510	308	203	609	(99)
Employee Benefits & Payroll Taxes	1,166	1,127	39	1,167	(1)
President & Board of Directors	213	232	(19)	203	10
Computer Scoring	10	11	(1)	11	(1)
Audit, Consulting & Legal	110	96	14	78	32
Uncollectable A/R	1	1	0	1	1
Depreciation & Amortization	246	282	(35)	286	(40)
General Insurance	179	151	27	177	2
Real Estate Taxes	33	35	(2)	35	(2)
Banking Fees	48	36	12	43	5
Telephone & Utilities	104	91	13	108	(3)
Internet / ACBL Online Activities	47	12	34	(14)	61
All other expenses	164	181	(17)	184	(20)
TOTAL EXPENSES	6,176	5,775	401	6,374	(198)
EXCESS REVENUE / (EXPENSE)	104	182	(78)	(127)	231

Description	Current Year	Last Year
Assets		
Current Assets		
Cash	541,149.36	707,626.17
Investments	1,554,453.13	937,089.45
Accounts Receivable less Allowance	360,845.66	421,364.11
Due from Affiliates	39,431.37	48,642.90
Inventories	766,659.69	839,029.39
Prepaid Expenses	504,749.25	591,518.04
Other Current Assets	46,003.71	56,447.43
Total Current Assets	3,813,292.17	3,601,717.49
Investments	4,186,864.93	4,594,854.64
Investments in Subsidiary	1,000.00	1,000.00
Property and Equipment Less Accumulated Depr	1,601,785.09	1,713,369.16
Video Costs less Accum Amort	.00	.00
Total Assets	9,602,942.19	9,910,941.29
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	64,460.35	335,339.60
Due to Affiliates	.00	.00
Accrued Expenses:		
Taxes	10,642.75	1,800.00
Tournaments	90,949.83	99,784.26
Other	451,636.34	447,782.09
Accrued Pension Cost	312,112.62	103,379.93
Accrued Post Ret Health	851,940.62	880,191.20
Unredeemed Scrip/Gift Cert	88,777.55	82,768.55
Deferred International Fund	133,503.74	200,018.04
Deferred Junior Fund	96,854.92	55,406.73
Unit Dues Payable	170,631.72	173,922.96
Total Current Liabilities	2,250,224.94	2,380,393.36
Unit Dues Refunds Payable	67,293.30	55,605.76
Total Liabilities	2,317,518.24	2,435,999.12
Net Assets		
Unrestricted	3,803,632.56	4,108,820.11
Temporarily Restricted	3,481,791.39	3,366,122.06
Total Net Assets	7,285,423.95	7,474,942.17
Total Liab and Net Assets	9,602,942.19	9,910,941.29

760	Meeting Services	
434	NABC - Summer 2004	
	Description	Total

Revenue		
5410.	Tournament Revenue	744,233

	Revenue	744,233
Cost of Sales		
6360.	Tournament Supply Expens	9,141
6370.	Hand Record Expense	674
6630.	Daily Bulletin Expense	36,432

	Cost of Sales	46,247
Operating Expenses		
7310.	Computer Scoring Expense	15
8100.	Salaries - Regular	3,633
8130.	TD Session Fees	134,473
8170.	Contract Labor	16,475
8180.	Contract Labor 1099	1,001
8300.	Travel	60,362
8340.	Lodging	54,492
8346.	Lodging Rebates	<32,608>
8348.	Housing Bureau	27,319
8350.	Business Meals	893
8360.	Catering	21,717
8370.	Entertainment	672
8401.	Overnight Mail Charges	1,294
8402.	UPS Charges	43
8403.	Freight Expenses	3,358
8420.	Supplies	2,082
8430.	Certificates-Awards-LM C	31
8440.	Printing Expenses	7,122
8470.	Equipment Purchased Exp	1,334
8510.	Equipment Maint	250
8540.	Purchased Services	1,369
8560.	Equipment Rental	30,296
8600.	Telephone	2,799
8700.	Professional Fees	2,623
8750.	Banking Fees	155
8800.	NABC Prizes	5,484
8810.	Per Table Fee to Locals	143,797
8820.	NABC Gratuities	1,100
8825.	NABC Souvenir Program	4,192
8835.	NABC Seeder Exp	1,561
8845.	NABC Appeals & Charges	6,332
8850.	NABC Volunteer Lodging	15,161
8860.	NABC Workers Appreciatio	674
8900.	Advertising and Promotio	5,000

	Operating Expenses	525,911
Other Income and Expenses		

Other Income and Expenses		

	Net Income (Loss)	172,175