

**AMERICAN CONTRACT BRIDGE LEAGUE, INC.**

## Results of Operations

For the eight months ended August 31, 2005

The American Contract Bridge League reported \$298,000 in excess expense over revenue for the first eight months of 2005, which was unfavorable by \$35,000 to the budgeted excess expense of \$263,000. Total revenue of \$10,391,000 was \$324,000 less than budgeted revenue of \$10,715,000, while expenses of \$10,689,000 were \$289,000 less than budgeted expenses of \$10,978,000.

Amounts in Thousands	Excess Revenue/ (Expense)		Fav/(Unfav) Variance
	2005 Actual	2005 Budget	
Membership Services	\$ 358	\$ 258	\$ 100
Playing at Clubs	555	588	( 33 )
Playing in Tournaments	48	128	( 80 )
Marketing	(1,156 )	(1,138 )	( 18 )
Product Store	( 103 )	( 99 )	( 4 )
Totals	\$ ( 298 )	\$ ( 263 )	\$ ( 35 )

**Membership Services**

The **BULLETIN** generated \$258,000 in direct revenues while receiving allocations of \$1,036,000 in other revenue/membership dues to finish the period with excess revenue of \$183,000. This excess revenue amount was \$24,000 favorable to the \$159,000 excess revenue budget as lower infrastructure & overhead allocations (\$62,000 less) offset lower revenues (\$38,000 less).

**Masterpoint recording** received \$266,000 in revenue allocations, \$5,000 less than the budgeted revenue allocations of \$271,000. Expense allocation of \$247,000 was \$35,000 less than the budgeted allocation of \$282,000, and was the primary factor in the area's \$30,000 favorable comparison (\$18,000 excess revenue versus \$12,000 excess expense budget).

**Customer Service** produced \$17,000 in direct revenue and received other revenue/membership dues allocations of \$1,275,000 resulting in excess revenue of \$157,000. This result was favorable by \$47,000 to excess budgeted revenue of \$110,000. Expense allocation was \$71,000 less than budget, while revenue allocation was \$24,000 less.

**Playing at Clubs**

Lower expense allocation at **Club games** was the primary factor for the \$23,000 favorable excess revenue comparison (\$837,000 actual vs \$814,000 budget). Direct revenue of \$1,321,000 was \$12,000 less than the \$1,333,000 budget, while general overhead allocation was \$42,000 lower.

**Special games** generated \$193,000 in direct revenue (vs \$152,000 budget) but could not overcome \$140,000 in department/infrastructure allocation (vs \$102,000 budget) and \$283,000 in overhead allocation (vs \$113,000 budget). Total excess expense of \$283,000 was \$57,000 unfavorable to the budgeted excess expense of \$226,000.

## Playing in Tournaments

Direct revenue at **Regional games** was \$19,000 lower at \$1,476,000 (vs \$1,495,000 budget) while other revenue/member dues allocation was \$16,000 lower. On the expense side, direct expense was \$24,000 more than budget while overhead allocation was \$96,000 less than budget, which resulted in total excess revenue of \$46,000 as compared to the excess budgeted revenue of \$9,000.

Year to date direct revenue generated by **Sectional games** was \$70,000 lower (\$1,207,000 vs \$1,277,000 budget). While direct tournament director expense and overhead allocations were \$133,000 and \$139,000 lower, respectively. These favorable expense variances were the primary factors in the \$139,000 excess revenue figure as compared with the \$48,000 excess expense budget.

The combined **NABC activity** for Pittsburgh and Atlanta produced direct revenue that was slightly less than budget (\$1,254,000 vs \$1,265,000 budget) and an indirect revenue allocation that was virtually flat (\$67,000 vs \$69,000 budget). Although direct expense was \$9,000 lower than budget, direct TD expense was \$34,000 higher. Department/infrastructure expense was \$121,000 lower while general overhead allocation was \$387,000 greater than budget (\$526,000 vs \$139,000 budget) for an excess expense of \$136,000 compared to a \$167,000 excess revenue budget.

## Marketing

**Marketing & Promotional** expenses of \$1,156,000 were \$18,000 greater than the \$1,138,000 excess expense budget as department/infrastructure expense was \$101,000 higher than budget offset by \$92,000 less in overhead allocations. Revenue of \$30,000 was \$9,000 unfavorable to the budgeted revenue of \$39,000.

## Product Sales

Direct revenue for the **Product Sales** area of \$1,261,000 was \$110,000 less than the \$1,371,000 budgeted revenue as sales weakness was partially offset by increased sales volume at the NABC Gift Store (\$63,000 vs \$33,000 budget). Revenue allocated from non-dues sources was \$8,000 less than budget. On the expense side, total expenses were \$114,000 less than total budgeted expenses as the direct cost was \$23,000 lower, department cost was \$31,000 less and overhead allocation was \$60,000 less than budget. The overall excess expense of \$103,000 was \$4,000 unfavorable to the \$99,000 excess expense budget. The sales area does not receive a membership dues allocation.

## Financial Position

Amts in 000s	August 31 2005	April 31 2004	% Change
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Cash & Investments	\$ 6,294	\$ 6,287	0.1 %
Current Assets	3,512	3,818	( 8.0 )
Current Liabilities	1,552	1,446	7.3
Current Ratio	2.31 x	2.64 x	( 0.33 ) x
Total Net Assets	7,073	7,285	( 2.9 ) %

## Outlook

Management believes that the budgeted loss of \$350,000 continues to be a realistic target for 2005.

Page 6: Fully-allocated Cost Report  
2005 Second Trimester

jack 5 - 2005 Second Trimester (Actual).xls

Lines of Business	Direct Revenue	Allocation of Non-Dues Revenues	Allocation of Membership Dues	Direct Expense	Direct TD Expense	Depart + InfraStructure Expense	Overhead Allocation	Net Profit or (Loss)
<b>Membership Services</b>								
BULLETIN	258,157	3,000	1,033,096	-	-	716,475	394,333	183,445
Masterpoint Recording	-	1,881	263,619	-	-	-	247,292	18,209
Customer Service	17,206	8,579	1,266,145	-	-	7,623	1,127,745	156,562
<b>Playing at the Club</b>								
Club Games	1,321,584	3,453	31,993	-	-	65,867	453,896	837,267
Special Games	192,932	2,353	-	1,916	53,123	140,181	282,788	(282,723)
<b>Playing in Tournaments</b>								
Regional Games	1,476,341	7,276	75,242	1,456	1,084,215	13,055	414,359	45,774
Sectional Games	1,207,399	5,432	68,119	2,011	719,663	66,419	354,266	138,591
NABC Games	1,254,271	5,220	62,209	76,510	320,066	535,242	526,148	(136,266)
<b>Marketing</b>								
Marketing & Promotion	25,591	3,964	-	851	-	663,283	521,119	(1,155,698)
<b>Product Sales</b>								
Product Sales	1,261,343	3,590	-	559,849	-	336,298	471,910	(103,124)
<b>Governance</b>								
Governance	-	-	-	-	-	281,039	(281,039)	-
Affiliated Organizations	-	-	-	-	-	81,778	(81,778)	-
<b>Unallocated Items</b>								
General & Unallocated	3,376,079	(44,749)	(2,800,424)	16,258	(2,177,067)	7,122,754	(4,431,039)	-
<b>Total - All Lines of Business</b>	<u>10,390,903</u>	<u>-</u>	<u>-</u>	<u>658,851</u>	<u>-</u>	<u>10,030,014</u>	<u>-</u>	<u>(297,962)</u>

Budget "as approved" by the Board of Directors at the 2004 Fall Meetings in Orlando, Florida.

Adjustments made to spreadsheet since the board meeting (December 2004):

- 1 Membership services allocation of membership dues has been adjusted to reflect a more recent CPI figure for the 2004 period (3.3% vs 2.5%).
- 2 Previously unallocated revenues were included in the membership dues allocation. This has been changed to allocate non-dues revenues based upon overhead allocation factors.
- 3 NABC director costs revised to avoid double counting, July 2005.

**Page 6: Fully-allocated Cost Report**  
2005 Second Trimester - Budget

jack 5 - 2005 Second Trimester (Budget).xls

Lines of Business	Direct Revenue	Allocation of Non-Dues Revenues	Allocation of Membership Dues	Direct Expense	Direct TD Expense	Depart + InfraStructure Expense	Overhead Allocation	Net Profit or (Loss)
<b>Membership Services</b>								
BULLETIN	285,498	9,664	1,037,743	-	-	734,568	438,802	159,535
Masterpoint Recording	-	6,222	264,805	-	-	-	282,531	(11,503)
Customer Service	18,230	26,386	1,271,840	-	-	8,734	1,198,086	109,636
<b>Playing at the Club</b>								
Club Games	1,333,328	10,966	32,466	-	-	64,578	497,925	814,257
Special Games	151,799	4,153	-	16,581	151,139	101,554	113,011	(226,333)
<b>Playing in Tournaments</b>								
Regional Games	1,495,470	22,851	76,353	3,334	1,058,409	15,364	508,339	9,228
Sectional Games	1,276,838	20,134	69,126	1,666	852,990	71,634	487,713	(47,905)
NABC Games	1,264,792	6,228	63,128	85,400	286,710	655,645	139,445	166,949
<b>Marketing</b>								
Marketing & Promotion	25,773	13,507	-	2,000	-	562,063	613,295	(1,138,078)
<b>Product Sales</b>								
Product Sales	1,370,924	11,711	-	582,929	-	366,620	531,745	(98,659)
<b>Governance</b>								
Governance	64	-	-	-	-	274,755	(274,691)	-
Affiliated Organizations	-	-	-	-	-	85,631	(85,631)	-
<b>Unallocated Items</b>								
General & Unallocated	3,492,777	(131,824)	(2,815,461)	22,100	(2,349,247)	7,323,209	(4,450,570)	-
<b>Total - All lines of Business</b>	<u>10,715,493</u>	<u>-</u>	<u>-</u>	<u>714,010</u>	<u>-</u>	<u>10,264,355</u>	<u>-</u>	<u>(262,872)</u>

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