

American Contract Bridge League, Inc.**Results of Operations**

Four Months ending April 30, 2006

Exhibit B

The American Contract Bridge League reported a profit of \$109,981 for the first trimester ending April 30, 2006. This compares favorably to the \$209,594 loss reported for the same period in 2005 and reflects improvement in both revenues and expenses offset by an increase in tournament director net costs.

Amounts	2005 Actual	2006 Actual	Fav/ (Unfav)
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Revenues	\$ 3,131,644	\$3,330,500	\$ 198,856
Expenses	3,250,446	3,100,064	150,382
TDs Net Cost	90,792	120,455	(29,663)
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Net Profit / (Loss)	\$(209,594)	\$ 109,981	\$ 319,575
	=====	=====	=====

OPERATING REVENUES

Income from **Membership Dues** increased \$80,287 from \$1,389,092 to \$1,469,379 as the League benefited from higher dues/fee rates and higher membership figures (trimester ended with 570 more paying members than April 2005).

Revenues from sanction fees increased at **Regional games** by \$26,521 and at **Sectional / STaC games** by \$14,897 as higher table counts were seen across the board. Regional tables were up 22.3%, Sectional tables were up 8.1% and STaC tables were up 6.2%.

The **NABC – Spring** in Dallas drew 10,318 tables and earned a \$215,757 net profit, which was \$121,461 more than the \$94,296 net profit earned in Pittsburgh in 2005. The gain in profitability was the result of increases in revenues of \$87,989 and decreases in expenses of \$33,440. The revenue advances were related to higher attendance (contributing approximately \$45,000) and higher entry fees (contributing approximately \$42,000). Pittsburgh was charged with costs of shuttle service of \$11,205 and \$9,948 in equipment rental charges which were not a problem in Dallas. Also, there was a \$10,124 gain related to the restatement of Tournament Director actual salaries.

The category “**other income**” decreased by \$45,661 in 2006 to \$214,376 from the \$260,037 level attained in 2005 as a result of our loss of tenants in our Airways building at the end of 2005. In the first trimester of 2005, we earned \$39,455 in rental income versus zero in 2006.

OPERATING EXPENSES

Increases in **Health Insurance – Staff** were attributable to the large end of the year premium increases absorbed by the company in excess of employee contributions. Costs, net of employee contributions, increased \$39,280 from \$182,259 to \$221,539. Management strategies to pass along the higher cost of medical care to the employees were put into effect in January and included increases in annual individual contributions ranging from 34 - 79%, along with the introduction of a new higher deductible plan and Health Reimbursement Accounts.

Other Benefits – Staff increased \$23,970 from \$85,903 to \$109,873 primarily as a result of increased Pension Plan expense of \$20,419. An amendment to the plan to exclude new hires from joining the Plan began on March 11, 2006 and will help reduce the annual expense in future years.

A decrease in **Depreciation** of \$51,386 from \$151,735 to \$100,349 in 2006 is the result of slower capital spending in 2006 compared to the first trimester of 2005.

Legal Fees continue to increase as a result of the Baron Barclay lawsuit that began in late 2005. Total legal fees in 2006 of \$92,680 were \$46,343 higher than the \$46,337 booked during 2005's first trimester. Many of the expenses incurred in 2006 will be subject to reimbursement from our insurance carrier and could reduce future trimester expenses.

A decrease in **Marketing/Education** of \$205,728 (from \$356,979 in 2005 to \$151,251 in 2006) can be traced to a reduction in marketing expenditures for the Youth Bridge Initiative Program (\$104,110), a reduction in professional fees used for NABC promotion, club operations & various marketing projects in 2005 (\$35,000), plus the elimination of the Unit Cooperative Rebate which penalized 2005 results by \$60,579.

Finally, the category "**Other Expenses**" increased \$24,168 from \$240,946 to \$265,114 primarily due to the absence of the \$37,970 write-up of previously written off bad debts from United States Bridge Federation and the one-time write off of outstanding bridge bucks that we believed would not be submitted for reimbursement.

TOURNAMENT DIRECTORS NET COST

Tournament Directors net cost experienced increases in salaries of \$89,165 and health insurance of \$32,226 while "other benefits and expenses" decreased \$4,949 for a total increase in expenses of \$116,442. These increases were partially offset by higher session rates charged to tournaments of \$86,779, which reduced the overall net cost increase to \$29,663.

COMPARISON TO BUDGET

Amounts	2006 Budget	2006 Actual	Fav/ Exhibit B (Unfav)
Revenues	\$ 3,363,771	\$3,330,500	\$(33,271)
Expenses	3,227,236	3,100,064	127,172
TDs Net Cost	73,783	120,455	(46,672)
Net Profit / (Loss)	\$ 62,752	\$ 109,981	\$ 47,229

The primary contributors to the \$33,271 unfavorable comparison to budgeted revenues:

<u>Category</u>	<u>Variance</u>	<u>Reason</u>
Membership Dues	-14,922	Due to lower amnesty gains.
Sanction fees	-38,170	Too optimistic across the board.
Other income	-25,637	Lower Bulletin advertising (\$21,571).
NABC – Spring	+52,902	Lodging rebates and fee to locals.

The primary contributors to the \$127,172 favorable comparison to budgeted expenses:

Salaries – Staff	-31,868	Continuation of lower headcount.
Bulletin expense	-24,557	Lower costs with new printer.
Depreciation	-28,655	Slower spending patterns continue.
Marketing	-35,893	Reduced Youth Initiative spending.
WBF expense	-26,782	Timing issue, will reverse in 2 nd Trimester.
Other expenses	-26,160	Various small decreases.
Health Ins – Staff	+29,672	Fewer high deductible enrollees.
Legal Fees	+52,680	Baron-Barclay discussions.

The \$46,672 unfavorable comparison to tournament director costs reflects \$68,810 in lower costs offset by \$115,482 in lower revenues as the market place is apparently reacting to the higher director charges:

Salaries	-33,476
Other Benefits	-35,049
Charges	-115,482

FINANCIAL POSITION

	April 30 2005	April 30 2006	% Change
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Cash Reserves	\$ 6,383,957	\$ 6,021,292	- 5.7 %
Current Assets	\$ 3,484,592	\$ 3,274,685	- 6.0 %
Current Liabilities	\$ 2,177,310	\$ 2,261,848	+ 3.9 %
Current Ratio	1.60 x	1.45 x	- 0.15 x
Net Assets	\$ 7,213,362	\$ 6,860,759	- 4.9 %

ACBL FINANCIAL STATEMENT (Simplified)

	Calendar Year to Date				Projection to End of Year			Projected Calendar Year Results			
	2005 Actual	2006 Budget	2006 Actual	Difference	2005 Actual	2006 Budget	Reforecast	2005 Actual	2006 Budget	2006 Actual	Difference
REVENUES											
Membership Dues	1,389,092	1,484,301	1,469,379	(14,922)	2,866,424	2,968,611	2,949,533	4,255,516	4,452,912	4,418,912	(34,000)
Club Fees	670,981	673,328	665,689	(7,639)	1,218,642	1,346,672	1,354,311	1,889,623	2,020,000	2,020,000	-
Regional Sanction Fees	205,299	257,544	231,820	(25,724)	545,382	515,096	540,820	750,681	772,640	772,640	-
Sectional/STAC Sanction Fees	218,349	245,272	233,246	(12,026)	454,760	490,548	502,574	673,109	735,820	735,820	-
Other Sanction Fees	15,359	16,664	16,244	(420)	32,034	33,336	33,756	47,393	50,000	50,000	-
Spring NABC (Net)	94,296	162,855	215,757	52,902	(498)	2,800	(47,389)	93,798	165,655	168,368	2,713
Summer NABC (Net)	-	-	-	-	274,722	278,404	271,404	274,722	278,404	271,404	(7,000)
Fall NABC (Net)	-	-	-	-	88,048	41,130	41,130	88,048	41,130	41,130	-
Product Sales (Net)	214,159	217,130	222,806	5,676	305,115	347,746	453,070	519,274	564,876	675,876	111,000
Investment Income	64,072	66,664	61,183	(5,481)	131,111	133,336	121,817	195,183	200,000	183,000	(17,000)
Other Income	260,037	240,013	214,376	(25,637)	444,950	517,794	517,381	704,987	757,807	731,757	(26,050)
Total Revenues	3,131,644	3,363,771	3,330,500	(33,271)	6,360,690	6,675,473	6,738,407	9,492,334	10,039,244	10,068,907	29,663
EXPENSES (excl TDs)											
Salaries - Staff	1,266,664	1,287,478	1,255,610	(31,868)	2,540,887	2,575,092	2,611,285	3,807,551	3,862,570	3,866,895	4,325
Health Insurance - Staff	182,259	191,867	221,539	29,672	373,876	389,549	389,877	556,135	581,416	611,416	30,000
Other Benefits - Staff	85,903	109,125	109,873	748	179,615	221,553	220,805	265,518	330,678	330,678	-
Payroll Taxes - Staff	117,457	102,070	102,312	242	182,707	207,235	206,993	300,164	309,305	309,305	-
Bank Fees	46,337	48,832	52,461	3,629	93,081	97,668	94,039	139,418	146,500	146,500	-
Board Expenses (Incl. BOG)	101,535	120,381	106,889	(13,492)	257,608	279,177	293,769	359,143	399,558	400,658	1,100
Building & Grounds (Net)	105,803	101,138	94,333	(6,805)	203,570	202,264	204,828	309,373	303,402	299,161	(4,241)
Bulletin - Printing & Postage	345,189	372,228	347,671	(24,557)	703,464	744,455	741,012	1,048,653	1,116,683	1,088,683	(28,000)
Depreciation	151,735	129,004	100,349	(28,655)	177,949	257,996	241,651	329,684	387,000	342,000	(45,000)
Insurance - General	96,531	100,000	100,579	579	227,433	200,000	211,421	323,964	300,000	312,000	12,000
Legal Fees	46,337	40,000	92,680	52,680	163,704	80,000	22,320	210,041	120,000	115,000	(5,000)
Marketing/Education	356,979	187,144	151,251	(35,893)	517,074	375,966	411,759	874,053	563,110	563,010	(100)
Postage & Supplies	80,093	80,321	67,763	(12,558)	130,783	180,697	172,355	210,876	241,018	240,118	(900)
Telephone	12,152	12,466	9,915	(2,551)	21,888	24,934	24,924	34,040	37,400	34,839	(2,561)
Travel	14,526	22,896	17,495	(5,401)	35,826	46,760	52,861	50,352	69,656	70,356	700
WBF Dues	-	31,012	4,230	(26,782)	96,647	62,038	90,520	96,647	93,050	94,750	1,700
Other Expenses	240,946	291,274	265,114	(26,160)	621,817	592,331	665,073	858,636	883,605	930,187	46,582
Total Expenses	3,250,446	3,227,236	3,100,064	(127,172)	6,527,929	6,517,715	6,655,492	9,774,248	9,744,951	9,755,556	10,605
TOURNAMENT DIRECTORS											
Salaries	764,435	887,076	853,600	(33,476)	1,769,087	1,774,149	1,769,695	2,537,649	2,661,225	2,623,295	(37,930)
Health Insurance	88,132	120,643	120,358	(285)	169,867	244,942	265,227	257,999	365,585	385,585	20,000
Other Benefits & Expenses	180,989	211,089	176,040	(35,049)	376,022	426,431	461,480	557,011	637,520	637,520	-
Total TD Expenses	1,033,556	1,218,808	1,149,998	(68,810)	2,314,976	2,445,522	2,496,402	3,352,659	3,664,330	3,646,400	(17,930)
TD Charges	942,764	1,145,025	1,029,543	(115,482)	2,090,437	2,290,136	2,402,905	3,033,201	3,435,161	3,432,448	(2,713)
Tournament Directors - Net	(90,792)	(73,783)	(120,455)	(46,672)	(224,539)	(155,386)	(93,497)	(319,458)	(229,169)	(213,952)	15,217
ACBL Net Profit (Loss)	(209,594)	62,752	109,981	47,229	(391,778)	2,372	(10,582)	(601,372)	65,124	99,399	34,275

Exhibit B**Notes:**

1. Club Fees Include Sanction Fees + Rating Point Fees
2. NABCs could be combined, if desired
3. TD Charges for NABCs = Actual Salaries, Benefits, etc. For Regionals, Sectionals, etc. = Charges from schedules
4. Marketing/Education includes all non-people expenses from those departments

Note: The expectation is that this report would be given to the BOD. Jerry needs to decide how much he wants to give to the BOG. Our suggestion is that only columns 2, 3, 9, 10 and 11 be shown.

ACBL
Balance Sheet
As of April 30, 200606/12/06
12:02:26

Description	Exhibit B	
	Current Year	Last Year

Assets		
Current Assets		
Cash	203,443.38	902,572.49
Investments	1,491,861.81	987,981.79
Accounts Receivable less Allowance	389,610.46	320,236.94
Due from Affiliates	60,089.95	80,495.74
Inventories	769,459.91	762,305.95
Prepaid Expenses	299,894.24	378,206.05
Other Current Assets	60,325.54	52,793.06
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Total Current Assets	3,274,685.29	3,484,592.02
Investments	4,325,965.71	4,493,403.16
Investments in Subsidiary	1,000.00	1,000.00
Property and Equipment Less Accumulated Depr	1,585,691.58	1,477,644.81
Video Costs less Accum Amort	.00	.00
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Total Assets	9,187,342.58	9,456,639.99
	=====	=====
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	60,328.23	51,987.10
Due to Affiliates	.00	.00
Accrued Expenses:		
Taxes	2,124.56	3,585.00
Tournaments	8,132.28-	4,614.19-
Other	493,205.38	408,460.31
Accrued Pension Cost	250,906.00	313,456.00
Accrued Post Ret Health	866,393.70	855,583.52
Unredeemed Scrip/Gift Cert	99,556.55	74,353.55
Deferred International Fund	111,664.38	132,262.98
Deferred Junior Fund	241,184.65	189,938.49
Unit Dues Payable	144,616.96	152,297.02
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Total Current Liabilities	2,261,848.13	2,177,309.78
Unit Dues Refunds Payable	64,735.28	65,980.42
Total Liabilities	2,326,583.41	2,243,290.20
Net Assets		
Unrestricted	3,039,382.96	3,385,832.90
Temporarily Restricted	3,821,376.21	3,827,529.39
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Total Net Assets	6,860,759.17	7,213,362.29
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Total Liab and Net Assets	9,187,342.58	9,456,652.49
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