

**CEO REPORT  
PITTSBURGH, PA  
MARCH 2005**

To: ACBL Board of Directors  
ACBL Board of Governors

cc: Peter Rank

**MEMBERSHIP:**

As of March 1, 2005 ACBL had 150,548 paid members, an increase of 688 members over 2004 paid memberships of 149,860. This year we have 5,797 active unpaid Life Members, a decrease of 378 members for a grand total of 156,345 total active members (vs. 156,035 active members in 2004).

New members during 2005 have reached 2,095 compared with the two month new membership figure in 2004 of 1,761, or a gain of 334 new members.

We were able to develop the following exhibit showing historical data that is consistent with our current method of counting members. (Exhibit 1)

**MARKETING:**

The ACBL member portal continues to grow and receive good reviews. From November 15<sup>th</sup> through February 2<sup>nd</sup> new member enrollment increased 63.5% from the same period a year ago. 744 new members have joined on the site.

Renewals on the site also increased from 1,290 to 1,945, a 50% increase. We currently have nearly 51,000 members that have joined, My ACBL. The site has also captured over 16,000 new e-mail addresses from members who have not yet joined the site.

A representative of SyberWorks will be in Pittsburgh to attend the Club Director Courses. The firm has been retained to help launch online director education. The first online course will be the update course with full director training following. In our latest club officials survey 86% of the respondents felt it was very important (46%) or somewhat important (40%) that ACBL provide online club director education.

Representatives of Simpson Communications met with staff in Memphis March 3<sup>rd</sup> to review youth marketing strategies and share the early results of K – 12 surveys. Two Simpson representatives will be joining us this week to meet with members and observe Bridge in action.

Eight teams qualified to compete in the North American College Bridge Teams Championship during the Summer 2005 NABC in Atlanta. The qualify rounds were held Saturday, February 19 on Bridge online. The qualifying drew 25 teams, an increase of 17 from last year. Nice work by the Junior, Education and Marketing departments in the promotion of this growing event. The qualifying teams are from Stanford, UCLA, MIT, Harvard, University of Michigan, University of Nebraska Lincoln, University of Toronto, and Yale.

A team from Thomas Jefferson High School in Alexandria VA placed first in the online High School competition. Team members will receive a \$250 scholarship each.

The early planning stages of ACBL's 75<sup>th</sup> Anniversary (2012) are starting. We have an archivist helping identify, catalog and preserve our books, photographs and artifacts. Plans for making the Encyclopedia of Bridge a living document are in development and we intend to be able to release the new edition to coincide with the Anniversary.

## **TOURNAMENTS:**

January and February tournament tables are lagging 2004's record year. Regionals were down 20% and per table average was down 285 tables per regionals. Sectionals lagged by 8%, however the table average per tournament was down only slightly at 6.7 tables. STaCs also suffered a 7% decrease from last year and the table per event drop was 79 tables per

tournament. Some of this was due to severe weather and a change of dates by regionals. We expect this to reverse starting in March. (Exhibit 2)

Online tables in February will pass the 17,000 mark with e-Bridge and BridgeBase Online leading the way.

### **ACBL PRODUCT STORE:**

All references to ACBL sales are now “ACBL Product Store”. Due to space limitations and other factors for 2005 NABCs, the ACBL Product Store will be the primary vendor this year. We will offer all saleable items at each of the tournaments. In addition, Shop ACBL web page is in the finishing stages of a face lift. The look of this page will be coordinated with the ACBL web site.

### **GENERAL POPULATION SURVEY:**

In mid-February ACBL conducted a survey to determine participation in Bridge by the general population in the U.S. (We were not able to include Canada, Mexico or Bermuda in this survey due to the database that was used).

The survey was done to match U.S. census for gender, age, income, and ethnicity. There are a number of findings that will be helpful for us. Of greatest importance is the number of people that play bridge (11.6%). The final cross tabulations are being finished and the completed survey will be available later this month.

### **PRIVACY POLICIES:**

All of ACBL privacy policies are now complete and available for members on the web site.

## **HUMAN RESOURCES:**

Evaluations by managers have been completed and 2005 goals have been established for ACBL employees. The utilization of software for evaluations has helped to standardize and streamline the process.

We are pleased to announce the addition of Zhigian Xu and Ronald Montgomery to the computer division. They are replacing positions created by the recent departure of James Lowes and Randall Smith. The technology department is still looking for one additional programmer.

## **EDGE TV:**

We are waiting for an official on-air start date from Edge TV. They are slated to launch in the 2<sup>nd</sup> quarter of 2005. Edge TV will be the first 24-hour multi-platform entertainment channel dedicated to games of skill, strategy and chance.

## **ACBLscore:**

The windows version of ACBLscore is nearing completion and a beta test version will be in selected clubs in June. We should have the final version finished and distributed before the January 2006.

## **ACBL STRATEGIC PLAN:**

Upon approval of the Board of Directors, the action items necessary to carry out the long range strategic plan will be developed with the some implemented this year. Thanks to all of you for your guidance, input and support for this project. Management is excited about having this as our road map for the future.

**LEAGUE COUNSEL REPORT**  
**Peter Rank – March 1, 2005**

1. **Blubaugh v. ACBL**

FACTS (Previously Reported): On March 15, 2001 Mr. Blubaugh brought an action in the U.S. District Court in Indianapolis, Indiana for damages and equitable relief against the League in connection with the Determination of the Ethical Oversight Committee, as affirmed by the Appeals and Charges Committee, that Mr. Blubaugh intentionally shuffled and manipulated cards such that his partner would receive known high cards in team games. Mr. Blubaugh was sentenced to an 18 month suspension and a five year probation.

Mr. Blubaugh moved for a TRO to prevent the suspension from taking effect. After a hearing on March 16, 2001 (in which the League was represented by the Indianapolis law firm of Baker & Daniels), the court orally denied such relief. Mr. Blubaugh then amended his complaint two times and filed a motion for preliminary injunction. Mr. Blubaugh's second amended complaint raised new legal theories regarding his claim for relief, including the Sherman Act (antitrust), the Americans with Disabilities Act, breach of contract, defamation, tortious interference with contracts, tortious deprivation of livelihood and gross negligence in handling of confidential evidence. The League's insurance company provided new legal counsel (James S. Stephenson, Esq. of Stephenson Daly Morow and Kurnik in Indianapolis, Indiana) and issued a reservation of rights.

A full day evidentiary hearing was held by the court on the motion for preliminary injunction on May 11, 2001. After Mr. Blubaugh presented his evidence, but before the League presented evidence, the ACBL moved for a denial of preliminary injunction. On May 17, 2001 in an 18 page opinion, the Court granted the ACBL's motion. The Court's denial of equitable relief was based on the facts that Mr. Blubaugh was unlikely to succeed on the underlying case, that the League had afforded Mr. Blubaugh due process under its disciplinary rules and that, under Indiana law, courts do not interfere in the governance of voluntary membership associations like the ACBL unless the association infringes upon a personal liberty or property right having its origins outside the association itself.

Mr. Blubaugh has added the following defendants to the complaint: Chris Compton, Joan Gerard, Dan Morse, John Sutherlin, Peggy Sutherlin, Howard Weinstein and Jeffrey Polisner (all represented by the same insurance appointed counsel as represents the League); and Robert Hamman and Bobby Wolff (represented by other insurance appointed counsel). Mr. Blubaugh has just dismissed the complaint against Dan Morse. All individual defendants have moved the court to dismiss the individual defendants. This motion will probably

**LEAGUE COUNSEL REPORT (continued)**

**Peter Rank – October 21, 2004**

be heard in March 2002. Because of the new defendants, the court has vacated the September, 2002 trial date and will set a subsequent date. In addition, Mr. Blubaugh made a renewed motion for preliminary injunction (based on evidence he obtained in discovery) which was denied by the court without hearing.

The insurance company representing the League made a cash only settlement offer to Mr. Blubaugh which was rejected. Mr. Blubaugh deposed two ACBL directors, the results of which were favorable to the ACBL.

The court has granted defendants' motions to dismiss individual defendants and denied plaintiffs subsequent motions to reconsider the dismissal. Plaintiff continues depositions and has informed ACBL defense attorney that at least six more depositions will be taken.

Mr. Blubaugh has requested that the court extend his time for discovery until April 15, 2003. After that time, League attorney will file a motion for summary judgment which, if granted, would end the case favorably for the League.

The ACBL attorney has filed the League's motion for summary judgment, Mr. Blubaugh has filed his response (along with a proforma three page motion for summary judgment) and ACBL attorney has filed a response. The judge is expected to rule on the ACBL motion in September, 2003.

On February 18, 2004, the court granted the ACBL motion for summary judgment and dismissed all 19 counts remaining in the Blubaugh complaint. Mr. Blubaugh has thirty days to file an appeal with the Federal Circuit Court of Appeals. Failing that, the matter is conclusively resolved in the League's favor.

STATUS: On November 18, 2004 Mr. Blubaugh lost his appeal with the Federal Circuit Court of Appeals and his subsequent petition for rehearing was denied. He has until March 17, 2005 to seek his final remedy – a writ of certiorari with the United States Supreme Court.

**2. Zipporah McKinney v. ACBL**

FACTS (Previously Reported): In 1999 Mrs. McKinney sued the League for alleged wrongful termination and unequal treatment. Baker and Donaldson, legal counsel for the League ("Memphis Counsel"), indicates that this is a very thin lawsuit and plaintiff's attorney has withdrawn. The case is in discovery stage and no activity has occurred. A local rule in the Tennessee Chancery Court requires a dismissal hearing in a matter in which no activity has occurred for 18 months or more. On advice of Memphis Counsel, we are waiting for the court to set this matter on its dismissal docket.

## **LEAGUE COUNSEL REPORT (continued)**

**Peter Rank – October 21, 2004**

Memphis counsel determined that the case is still dormant as of February 17, 2004. He will make an informal request to the court clerk to have the case set for the dismissal calendar.

**STATUS:** Nothing heard from the court.

### **3. Logan v. ACBL**

**FACTS (Previously Reported):** On October 2, 2002, ACBL member John W. Logan sued the League in U.S. District Court in Philadelphia under the Americans with Disabilities Act of 1990. He claims that the League has improperly denied him the use of his decks of cards for the partially sighted, even though the League accepts Braille cards and other decks specifically for the partially sighted. League Counsel has filed an answer to Mr. Logan's complaint. League Counsel and ACBL staff has met with Mr. Logan and his attorney in an attempt to reach a settlement in this matter. Response to matters discussed in this meeting is expected in March, 2003.

Settlement negotiations have not succeeded. Counsel for League is being obtained in Philadelphia to proceed with case. League Counsel has received written confirmation from carrier that it will cover these legal expenses.

Counsel for League has filed a motion for summary judgment. Counsel for Mr. Logan did not file a timely answer to this motion. League counsel has requested that the judge dismiss the action with prejudice to Mr. Logan. This request is pending.

The Judge granted our motion for summary judgment. However, subsequently, Mr. Logan moved to reopen the case claiming that he was not properly represented. We opposed his motion in the basis that the summary judgment was entered by the judge after reviewing evidence in the case. On October 21, 2004, the judge agreed with us and denied Mr. Logan's motion.

**STATUS:** Mr. Logan has appealed this decision to the 3<sup>rd</sup> U.S. Court of Appeals and the appeal is pending.

### **4. Lyddon v. ACBL**

**FACTS:** On March 19, 2004, John Lyddon filed an action against the League in the New York Supreme Court (Court of first jurisdiction), requesting the Court to order the League to amend its Bylaws to conform to New York law. Mr. Lyddon is not represented. No damages were requested. The League has retained Andrew Singer, Esq. who has filed an answer and denial on the League's behalf. On May 22, 2004, Mr. Lyddon requested a hearing in this matter. League's attorney will oppose this motion on a number of grounds,

**LEAGUE COUNSEL REPORT (continued)**

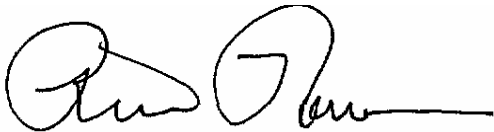
**Peter Rank – October 21, 2004**

including the fact that Mr. Lyddon is currently under suspension resulting from his behavior at the table.

League Counsel has received confirmation from the carrier that it will cover legal expenses to the League's deductible. Mr. Lyddon is now attacking Board of Director election procedures by introducing affidavits of ACBL members allegedly prevented from voting because they did not receive ballots. Mr. Singer has responded to this with affidavits and argument, but it is uncertain as to what action will be taken by the Court at this time given the fact that Mr. Lyddon is representing himself.

STATUS: No further action has been taken by the Court.

Signed:

A handwritten signature in black ink, appearing to read 'Peter Rank', with a long horizontal line extending from the end.

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Peter Rank, Esq.



**American Contract Bridge League, Inc.**  
**Results of Operations**  
For the years ended December 31, 2004 and 2003

The ACBL reported an excess of expenses over revenues of \$65,000 for the year ended December 31, 2004. This is an \$162,000 improvement over the \$227,000 excess of expenses over revenues that was reported for the year ended December 31, 2003. The comparisons of revenues and expenses for the two years:

(000's Omitted)	2004	2003	Fav / (Unfav) Change	Fav / (Unfav) %
Revenues	\$ 9,353	\$ 8,908	\$ 445	5.0 %
Expenses	9,418	9,135	(283)	(3.1)
Excess Revenue/(Exp)	<u>\$ (65)</u>	<u>\$ (227)</u>	<u>\$ 162</u>	<u>71.4 %</u>

### **OPERATING REVENUES**

Income recognized on **Membership Dues** of \$4,060,000 was \$76,000 higher than 2003's \$3,983,000 as the number of dues/fee paying members has increased by approximately 1,000 members from the 2002 low as a result of stronger retention percentages over that same period. The membership figures for the last five years:

Members in 000's	2004	2003	2002	2001	2000
Life Masters	46.0	45.4	44.7	44.2	43.6
Non-Life Masters	104.4	104.6	104.7	107.7	109.1
Paying Members	150.4	150.0	149.4	151.9	152.7
Unpaid Life Masters	18.0	17.2	16.6	16.0	15.3
Total Members	<u>168.4</u>	<u>167.2</u>	<u>166.0</u>	<u>167.9</u>	<u>168.0</u>
Percentage Change	0.7%	0.7%	-1.2%	-0.1%	1.0%

**Sanction fees** decreased \$41,000 from 2003 levels as a result of lower activity at the club level while sanction fee income from tournaments reflected higher attendance and higher revenues.

Amounts in 000's	Tables Played		Sanction Fees	
	2004	2003	2004	2003
Annual Club Sanction Fees #	-	-	\$ 95	\$ 99
Rating Point Games *	1,725.3	1,722.7	1,741	1,811
Locally Rated Games #	-	-	49	61
Club Level Games	<u>1,725.3</u>	<u>1,722.7</u>	<u>\$ 1,884</u>	<u>\$ 1,970</u>
Regional Games	172.7	160.3	782	734
Sectional Games	153.2	156.4	484	495
STaCs	94.6	91.3	233	225
Tournament Games	<u>420.5</u>	<u>408.0</u>	<u>\$ 1,499</u>	<u>\$ 1,454</u>
All Games	<u>2,145.8</u>	<u>2,130.7</u>	<u>\$ 3,383</u>	<u>\$ 3,424</u>
Percentage Change	0.7%		-1.2%	

\* Tables played reports typically lag by 6-8 weeks. These results are through October.

# Tables played statistic not available.

The three **North American Bridge Championships** combined to produce \$921,000 in profits in 2004, \$482,000 more than the \$439,000 profit reported for the 2003 events. 2004 attendance of 42,881 tables was 7,380 tables (20.8%) greater than the 2003 attendance of 35,501 tables and was the major factor in the positive profit comparison for all three events this year.

	Location		Tables		Profits - 000s	
	2004	2003	2004	2003	2004	2003
Spring	Reno	Philadelphia	14,888	10,852	\$ 378.7	\$ 136.7
Summer	New York	Long Beach	13,351	12,247	192.8	84.8
Fall	Orlando	New Orleans	14,642	12,402	343.5	205.3
Prior Yrs	-	-	-	-	6.2	12.2
Totals			42,881	35,501	\$ 921.3	\$ 439.0
Percentage Change			20.8%		109.8%	

The large increase in table attendance (+37%) at the Spring 2004 event in Reno was responsible for a \$261,000 increase in revenues with only a slight increase in expenses (\$19,000). New York's higher table count (+9 %) resulted in \$108,000 in increased revenues over the 2003 event in Long Beach with the same operating expenses. Finally, Orlando benefited from an 18% increase in table count to generate \$203,000 greater revenue than New Orleans while holding cost increases to \$65,000 (15%).

**Special Event games** combined for a total profit of \$95,000 in 2004, which was \$19,000 greater than the \$76,000 profit seen in 2003. The North American Pairs event accounted for \$18,000 of that improvement as the cost of the travel/lodging awards to Reno, NV were less than the comparable costs to Philadelphia, PA in 2003. All other special games experienced profit levels that were virtually the same as the previous year.

The net profit realized from our **Product Sales** area was \$520,000, or \$83,000 less than the \$604,000 profit achieved in 2003. Gross sales fell by \$189,000 as the traditional holiday selling season was not as robust as normal.

**Investment Income** of \$190,000 was \$45,000 less than last year's \$235,000 due to lower interest rates (\$35,000) and a negative market value adjustment (\$10,000) on our investments. Rental income in 2004 held constant at \$116,000 as there were no changes in our leasing activities.

The category, "**All other revenues**" was \$36,000 higher in 2004 as a result of increased management fees received from affiliated organizations. This is the first year that ACBL was able to charge the entities based upon actual billable hours and not a flat-rate monthly fee.

## OPERATING EXPENSES

Headquarters' staff **Salaries** increased \$81,000 in 2004 as a result of normal salary increases (\$110,000) offset by several positions which remaining unfilled for portions of the year.

Net **BULLETIN** costs decreased by \$61,000 from \$777,000 in 2003 to \$716,000 in 2004 as costs associated with the production of the larger standard size magazine fell by \$44,000. Although advertising revenue remained flat compared to 2003, net advertising revenue increased by \$17,000 as a result of lower discounts being offered to commercial advertisers.

A change in the School Bridge Lesson series was primarily responsible for the \$74,000 in increased expenses seen in the **Education** category. Increases in classes taught and higher fees paid to qualified teachers resulted in a \$38,000 increase in program costs, while lower funding from the ACBL Educational Foundation increased the ACBL's out-of-pocket an additional \$30,000.

Gross **Tournament Director** expenses increased by \$115,000 in 2004 as compared to 2003, however, gross receipts from session fees increased by \$209,000, resulting in a net increase in the category's profit of \$94,000 over the previous year. These figures do not include any TD benefits or overhead charges.

Reduced operating expenses at the Airways headquarters resulted in lower **Building & Grounds Expenses** of \$49,000. The 2004 operating year experienced lower HVAC maintenance charges (\$20,000) as a result of the efficiencies associated with the new chiller units which were installed in January. The 2003 expenses included one-time expenses related to mold clean-up in the HQ building (\$22,000).

Continued emphasis in the **Marketing & Public Relations** area resulted in an \$131,000 increase over 2003's level of \$563,000. Significant increases were seen in public relations (\$24,000), club directors' dinners (\$12,000), patron member program (\$14,000), exhibit activities (\$10,000), surveys (\$13,000), cooperative advertising (\$17,000), unit cooperative rebates (\$29,000) and Educational activities (\$30,000).

The total cost for **Employee Benefits & Payroll Taxes** increased \$124,000 from \$1,712,000 to \$1,836,000 as a result of increased health care (\$71,000), pension (\$33,000) and post retirement health care costs (\$18,000).

**Depreciation & Amortization expense** dropped from \$428,000 in 2003 to \$363,000 in 2004 for a \$65,000 improvement as more expenses were shifted to the second half of 2004 versus the previous year. In addition, the ACBL purchased new chillers (\$100,000) that are depreciated over a seven-year life as opposed to the majority of capital expenditures which are depreciated over 3-year lives.

A continuation of the poor liability market resulted in higher premium costs on **General Insurance expense**. The total expense for 2004 of \$273,000 was \$36,000 higher than 2003's \$237,000.

**Banking fees** of \$90,000 reflect a \$30,000 increase over 2003's \$60,000 level as credit card usage has increased significantly with on-line club reporting and membership renewals being the primary areas. In addition, bank processing fees are higher due to the increased number of transactions related to the various subsidy programs currently offered by the League.

**Internet/ ACBL Online** costs increased \$44,000 from \$4,000 last year to \$48,000 this year, primarily as result of the ACBL winding down its partnership position in the e-bridge on-line games.

**BUDGET COMPARISONS:**

<u>(000's Omitted)</u>	<u>2004 Actual</u>	<u>2003 Budget</u>	<u>Fav / (Unfav) Change</u>	<u>Fav / (Unfav) %</u>
Revenues	\$ 9,353	\$ 9,550	\$ (197)	(2.1) %
Expenses	\$ 9,418	9,522	104	1.1
Excess Revenues	<u>\$ (65)</u>	<u>\$ 28</u>	<u>\$ (93)</u>	<u>(332.1) %</u>

Significant positive revenue comparison was seen in the combined profits for the three NABCs (\$167,000) while major negative revenue comparisons to budget included Product Sales (-\$163,000) and Investment and Rental Income (-\$208,000).

Major favorable expense comparisons to budget include: Tournament Directors (-\$126,000), Marketing & PR (-\$220,000) and Depreciation & Amortization (-\$67,000). Significant unfavorable expense comparisons include: Employee Benefits & Payroll Taxes (\$85,000), President & Board of Directors (\$56,000), Audit, Consulting & Legal Expenses (\$77,000) and Internet/Online Activities (\$69,000).

**FINANCIAL POSITION HIGHLIGHTS:**

<u>(Dollars in Thousands)</u>	<u>Asset Balances as of December 31st</u>		<u>Change</u>
	<u>2004</u>	<u>2003</u>	
Cash Reserves	\$ 6,533	\$ 6,179	\$ 5.7%
Current Assets	3,725	3,753	-0.7%
Current Liabilities	2,612	2,510	4.1%
Net Assets *	7,350	7,159	2.7%
Current Ratio	1.43 times	1.50 times	-0.07 times

\* As reflected in the 2004 Audited Financial Statements. 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 \$256,000 adjustment in 2004 and an negative \$17,000 in 2003.

**AMERICAN CONTRACT BRIDGE LEAGUE, INC.**

## Statement of Revenues and Expenses

For the Twelve Months ending December 31, 2004 and 2003

Amounts in Thousands of Dollars

<b>REVENUES</b>	<b>2004 Actual</b>	<b>2003 Actual</b>	<b>2004 vs 2003</b>	<b>2004 Budget</b>	<b>2004 vs Budget</b>
Membership Dues	4,060	3,983	76	4,050	9
Sanction Fees	3,383	3,424	(41)	3,390	(6)
North American Championships					
Spring	379	137	242	323	56
Summer	193	85	108	118	74
Fall	344	205	138	313	31
Prior Years	6	12	(6)	0	6
Special Events					
World Wide Pairs	13	14	(1)	11	2
Instant Match Pt	23	23	(1)	20	3
N.A. Pairs	41	23	18	52	(11)
Grand National Teams	15	14	1	12	3
Seniors	3	3	1	4	(0)
N.A. 49ers	(0)	(1)	1	(1)	0
Product Sales	520	604	(83)	684	(163)
Investment & Rental	190	235	(45)	398	(208)
All other revenues	183	147	36	177	6
<b>TOTAL REVENUES</b>	<b>9,353</b>	<b>8,908</b>	<b>444</b>	<b>9,550</b>	<b>(198)</b>

<b>EXPENSES</b>	<b>2004 Actual</b>	<b>2003 Actual</b>	<b>2004 vs 2003</b>	<b>2004 Budget</b>	<b>2004 vs Budget</b>
Salaries	3,753	3,673	81	3,728	25
BULLETIN	716	777	(61)	714	1
Education	145	70	74	114	30
Tournament Directors	(235)	(141)	(94)	(109)	(126)
Postage & Supplies	303	284	19	299	4
Member Billing	64	73	(9)	85	(21)
Travel - Staff (excludes Board Mtgs)	53	38	15	68	(15)
Buildings & Grounds	311	359	(49)	330	(19)
Marketing & Public Relations	694	563	131	914	(220)
Employee Benefits & Payroll Taxes	1,836	1,712	124	1,751	85
President & Board of Directors	357	345	12	301	56
Computer Scoring	15	15	(0)	17	(2)
Audit, Consulting & Legal	194	201	(7)	117	77
Uncollectable A/R	1	1	(0)	1	(0)
Depreciation & Amortization	363	428	(65)	430	(67)
General Insurance	273	237	36	265	8
Real Estate Taxes	49	52	(3)	52	(3)
Banking Fees	90	60	30	65	25
Telephone & Utilities	151	134	17	162	(11)
Internet / ACBL Online Activities	48	4	44	(21)	69
All other expenses	239	251	(12)	239	(1)
<b>TOTAL EXPENSES</b>	<b>9,418</b>	<b>9,135</b>	<b>282</b>	<b>9,522</b>	<b>(104)</b>
<b>EXCESS REVENUE / (EXPENSE)</b>	<b>(65)</b>	<b>(227)</b>	<b>162</b>	<b>29</b>	<b>(94)</b>

Description	Current Year	Last Year
-----		
Assets		
Current Assets		
Cash	319,072.61	551,180.73
Investments	1,452,767.93	1,272,912.78
Accounts Receivable less Allowance	399,458.20	407,063.74
Due from Affiliates	80,736.07	53,663.10
Inventories	916,799.29	910,604.92
Prepaid Expenses	503,297.52	501,778.12
Other Current Assets	53,066.56	55,810.55
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Total Current Assets	3,725,198.18	3,753,013.94
Investments	4,761,019.04	4,354,491.47
Investments in Subsidiary	1,000.00	1,000.00
Property and Equipment	1,554,144.86	1,623,560.72
Less Accumulated Depr		
Video Costs less Accum Amort	.00	.00
-----		
Total Assets	10,041,362.08	9,732,066.13
=====		
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	277,877.63	372,229.17
Due to Affiliates	.00	.00
Accrued Expenses:		
Taxes	9,035.00	5,348.00
Tournaments	147,482.00	154,854.00
Other	485,751.31	482,344.54
Accrued Pension Cost	291,897.00	176,016.00
Accrued Post Ret Health	862,062.00	866,750.08
Unredeemed Scrip/Gift Cert	102,185.55	92,883.55
Deferred International Fund	105,206.57	83,122.32
Deferred Junior Fund	120,063.65	71,656.17
Unit Dues Payable	210,662.15	204,340.40
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Total Current Liabilities	2,612,222.86	2,509,544.23
Unit Dues Refunds Payable	79,071.61	63,561.74
Total Liabilities	2,691,294.47	2,573,105.97
Net Assets		
Unrestricted	3,634,492.78	3,699,539.17
Temporarily Restricted	3,715,574.83	3,459,420.99
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Total Net Assets	7,350,067.61	7,158,960.16
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Total Liab and Net Assets	10,041,362.08	9,732,066.13
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# ACBL

## Strategic Plan 2005 – 2009

March 8, 2005

# SITUATION SUMMARY

- Technology is changing the game.
- The customer / member base is aging.
- ACBL resources are devoted primarily to service not promotion.
- The current brand for bridge is a challenge.

# The ACBL Mission

What business is ACBL in?

Why does it exist?

**The mission of the ACBL is to promote and sustain the game of bridge**

To this end, the ACBL will...

- Serve the bridge-related interests of our membership
- Act as the governing body for bridge in North America
- Ensure the development of future bridge players
- Enhance the awareness of all forms of bridge



# ACBL Guiding Principles

1. The ACBL will promote bridge as: Social activity, available to all, mentally challenging, rewarding on many levels.
2. The ACBL will manage a rating system to measure achievement.
3. The ACBL will encourage, enforce and model ethical behavior.
4. The ACBL will promulgate and enforce zero tolerance policies.
5. The ACBL will expect accountability from governing bodies, management, staff and members.
6. ACBL tournaments will be held to the highest standards.
7. The ACBL will address itself to the diverse skills of its members.
8. The ACBL will be managed and operated in a fiscally responsible manner.

# Success Measures

1. Membership growth

Retention

New

2. Number of Players Overall

Internet

Youth

3. Number of Sanctioned Tables

4. Revenue Generated

# Key Functions (measurable objectives)

1. Sanction Tournaments
2. Member Services
3. Marketing
4. Leadership
5. Education
6. Operations / Administration
7. Board Development

## ACBL Strategic Plan: 2005 - 2009

Objective #1: Sanction Tournaments				Measure: Sanction Fee Revenue Goal: Increase 50% by 2009
Strategies	Who	Date	Resources	Status
1.01 Continue sanctioning of regional, sectional, club and special event games.	CTD	On-going	Staff Budget	Developing fully computerized sanction process
1.02 Continue and expand the sanctioning of online club games.	CTD	On-going	DCMS Staff	Currently sanctioning 150,000 tables/year
1.03 Develop a pilot program for online sectional and regional tournaments.	CTD	2007	Staff Online Sites \$30K	Undeveloped
1.04 Develop a "World Open Tournament" with rubber bridge and SAYC as the main event.	CTD CEO	2006-2008	Staff, Sponsorships & Partnerships	Undeveloped
1.05 Develop club sanction that does not require strict adherence to Laws of Duplicate Contract Bridge.	EAO	2005-2007	Management ACBL Laws Commission	Conceptualized

## ACBL Strategic Plan: 2005 - 2009

Objective #2: Provide Quality Member Services				Measure: North American Member Surveys Goal: Sustain customer rating of at least 3.3 on a 4.0 scale
Strategies	Who	Date	Resources	Status
2.01 Address complaints, problems and questions within one business day.	DCS	On-going	Staff CSM	Currently two business days
2.02 Develop web site to include more quizzes, games and learning.	DOM	2005 – 2006	Staff \$5K/yr	In early development
2.03 Bridge Bulletin available electronically through the Member portal.	Editor DOM	2008	Editorial Staff \$100K R & D	Undeveloped
2.04 Develop ranking system based on current performance.	BoD DOM CTD	2007 – 2008	\$25K R & D Staff	Conceptualized
2.05 Survey ACBL membership on an annual basis.	DOM	On-going	Staff	In progress

## ACBL Strategic Plan: 2005 - 2009

Objective #3: Expand the awareness of and participation in bridge.				Measure: Brand awareness and participation Goal: 40% awareness of bridge, 20% playing from surveys
Strategies	Who	Date	Resources	Status
3.01 Develop a comprehensive, long-range marketing plan, directed at 50+ age group	DOM	2005 – 2009	Ad Agency/PR Firm \$200K/yr	Conceptualized
3.02 Market ACBL web site as THE source for teaching bridge online.	DOE	2005 – 2009	Staff \$25,000/Yr	Conceptualized
3.03 Develop product placement in movies, novels, television, and news	DOM	2007 – 2008		Undeveloped
3.04 Develop sponsorships/partnerships for major events and activities.	CEO EAO	2005 – 2009	Fund Raiser Staff	Undeveloped
3.05 Develop More methods to grow youth bridge.	DOM	2005 – 2009	Staff, Simpson existing budget	In development

## ACBL Strategic Plan: 2005 - 2009

Objective #4: Position ACBL as the authority on Bridge in North America.				Measure: Number of interactions Goal: Web site hits 40% increase
Strategies	Who	Date	Resources	Status
4.01 Develop e-publications similar to Marketing Matters for distribution to units and districts on a regular schedule.	DOM	2005 - 2009	\$10K/yr Staff	Undeveloped
4.02 Develop quarterly electronic communications to NBOs and international bridge organizations	EAO	2005 – 2009	\$10K/yr	Undeveloped
4.03 Evaluate and revise all materials for clubs, units and districts.	DOE	2005 – 2010	Staff Budget	In progress
4.04 Track and monitor trends and purposes appropriate opportunities.	CEO	On-going	Staff	In progress

## ACBL Strategic Plan: 2005 - 2009

Objective #5: Provide professional development for teachers and directors.				Measure: Survey of Participants Goal: 90% satisfaction rate
Strategies	Who	Date	Resources	Status
5.01 Develop education for teachers and directors online.	DOM	2005 – 2009	\$37K/yr SyberWorks Staff	In development
5.02 Require continuing education and retesting of TDs.	CTD	2005 – 2007	\$25K/yr	In development
5.03 Develop new teaching materials	DOM	2005 – 2007	Staff, Author \$100K	Undeveloped
5.04 Implement a comprehensive strategy to expand youth education in bridge.	DOM	2005 – 2006	Simpson Staff	In progress



## ACBL Strategic Plan: 2005 - 2009

Objective #6: Maximize Organization Effectiveness and Efficiency.				Measure: Degree of strategy implementation Goal: Strategies 100% implemented
Strategies	Who	Date	Resources	Status
6.01 Review and adjust as appropriate the structure of ACBL and its policies, functions and activities.	CEO BoD	2006	Management, staff, budget	Undeveloped
6.02 Establish a clear division of responsibility between staff and Board of Directors.	BoD	On-going	BoD	Undeveloped
6.03 Develop a succession plan for key ACBL employees.	CEO	2006 – 2009	\$30K	Conceptualized
6.04 Require all sanctioned club games to use ACBLscore.	DOM	2007	Club managers Staff	Undeveloped
6.05 Commit to long-range planning with annual updates.	CEO BoD	2005 – 2009	All	In development

## ACBL Strategic Plan: 2005 - 2009

Objective #7: Board Development				Measure: Goal:
Strategies	Who	Date	Resources	Status
7.01 Evaluate different structure and process for Board meetings and committees.	President	2006	BoD	Undeveloped
7.02 Consider redistricting and restructuring.	President	On-going	BoD Redistricting committee	Undeveloped
7.03 Volunteer leaders commit to continuing education.	BoD	2006 – 2009	\$15K/yr	Undeveloped

# Resource Summary

Annual

One time only

\$327K

\$285K

\*\*All are incremental increases

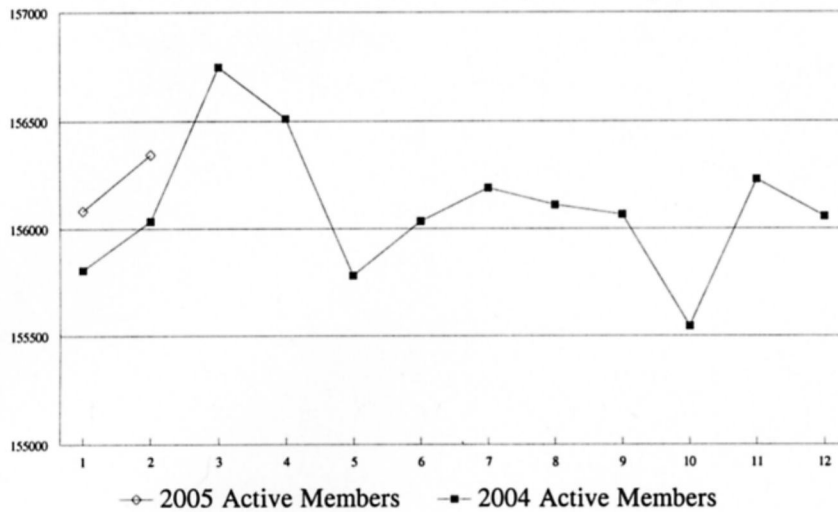
# Exhibit A

## ACTIVE MEMBERSHIP RENEWAL STATISTICS

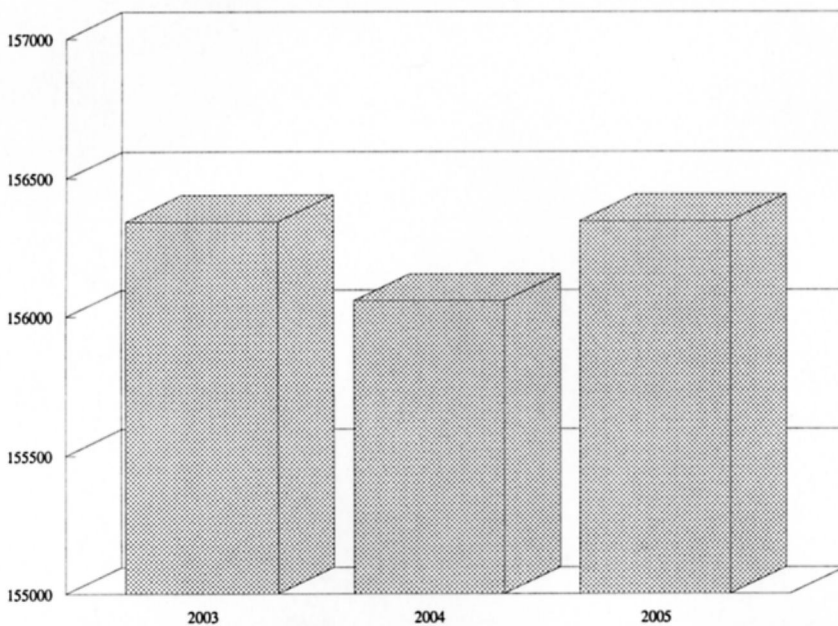
February

Member Category	2005	2004	Change	%
Life Masters	46,018	45,400	618	1.4%
Non-Life Masters	104,530	104,460	70	0.1%
Paying Members	150,548	149,860	688	0.5%
Active Unpaid LM	5,797	6,175	(378)	-6.1%
Active Membership	156,345	156,035	310	0.2%

## Active Membership - By Month



## Active Membership - Year End



End of the year figures, except for current year, which is current month.

# Exhibit B

[illegible]