

ACBL Board of Governors Financial Update

March 11, 2018



2017 Year-End

in 000's	2017 Actual	2017 Budget	\$ Var Fav / (Unf)
Revenues & Gains	\$ 18,258	\$ 17,972	\$ 285
Expenses	<u>17,489</u>	<u>17,910</u>	<u>421</u>
Change from Operations	\$ 769	<u><u>\$ 62</u></u>	<u><u>\$ 706</u></u>
Retiree Medical Plan	(160)		
Net Change	<u><u>\$ 608</u></u>		



2017 Year-End Revenues Versus Budget

- **Membership down \$181K**
 - Membership slightly down, budget included increase
- **TD fees up \$47K**
 - Regional sessions up 2%
- **Other Revenue up \$88K**
 - Includes \$38K gain on foreign exchange and \$37K gain on investments



2017 Year-End Revenues Versus Budget

- **NABC up \$156K**
 - Kansas City down \$31K
 - Toronto up \$73K
 - San Diego up \$114K
- **Tournament fees up \$68K**
 - Includes \$50K from NABC+ Online Game
- **Club Sanction Fees up \$63K**
 - Tables up 4%



2017 Year-End Expenses Versus Budget

- **Meeting Services (NABC) up \$275K**
 - Orlando 2022 contract cancellation \$80K
 - Toronto attrition charges \$80K
 - Toronto convention center costs \$53K
 - TD overtime costs
- **Executive up \$220K**
 - Overlapping CEO costs



2017 Year-End Expenses Versus Budget

- **Marketing Down \$383K**
 - Payroll Costs \$89K
 - Member marketing \$102K
 - Cooperative advertising \$62K
 - School Bridge program \$46K
- **Information Technology down \$129K**
 - Payroll \$51K
 - TourneyTrax Support \$32K
 - Equipment \$15K
 - Various other \$31K



2017 Year-End Change in Net Assets

- **Higher revenue aided by even lower expenses**
 - \$769K increase from operations, \$706K better than budget
 - Net increase of \$608K after Retiree Medical Plan adjustment of \$160K



2017 Year-End

- **Capital Expenditures**

- \$340K approved budget
 - \$463K actually spent
 - AS400 System Replacement costs ramping up

- **Balance Sheet**

- \$2.5MM increase in investments, total now \$7MM
- \$1MM increase in Deferred Membership Revenue, total now \$6MM



2018 Budget vs. 2017

Total Revenue down \$117K, Net Loss of \$471K

- **Lower revenue:**
 - Increased membership revenue partially offsets reduced NABC tables and reduced Tournament Director fees from fewer Regional sessions
- **Invest in key areas to:**
 - Improve & increase TD training, add club support
 - Continue IT initiatives
 - Increase Marketing



Revenue

- **Increases in Revenue**

- **Membership Dues \$685K**

- \$282K from continued benefit of dues restructure
 - \$200K from 25K temporary members
 - \$103K from additional 5K members by year-end
 - \$100K from \$10 increase in new member fees



Revenue

- **Increases in Revenue**
 - **Tournament sanction fees \$110K**
 - Includes \$180K for 3 NABC+ online games
 - **Regionals at Sea \$13K**
 - One additional cruise scheduled for 2018
 - **Educational Programs and Services \$8K**
 - Increase in Regional TAP revenue



Revenue

- **Decreases in Revenue**
 - **Tournament Director Fees \$215K**
 - 1,107 fewer sessions from 5% projected decrease in Regional tables and increased tables per session
 - **NABCs \$579K**
 - \$314K in lower entry fees from 4,327 fewer tables
 - \$260K in reduced local incentives & room rebates
 - **Club Sanction Fees \$37K**
 - Expected 2.5% decline offset by \$12.5K from new member play
 - **Other (foreign exchange, investment gains, etc.) \$95K**



Invest in Field Operations

\$370K

- **Increase Tournament Director Training - \$186K**
 - All part-time TDs will be assigned mentors
 - Increased on the job training
- **Add Management Support - \$110K**
 - New position: Asst. Director of Field Operations
- **Expand club support to include nights and weekends - \$75K**
 - Part-time TDs will be on-call
- **No fee increases for 2018**



Invest in IT & Marketing \$370K

- **IT - Four new positions, Project Manager, Two Developers, & Systems Analyst - \$285K**
 - Ongoing initiatives include: New CRM/ERP operating costs, New Masterpoint engine/results gateway, certification of 3rd party software, rewrite of TourneyTrax, and system security upgrades
- **Marketing – Two new positions, PR Coordinator & Customer Service Representative - \$85K**
 - Increase member recruiting & retention
 - Improve response time to Member inquiries



2018 Budget vs 2017

	<u>2017</u>	<u>2018 Budget</u>
Total Revenues	\$ 18,257,535	\$ 18,140,154
Operating	11,343,074	11,466,392
G&A	6,145,934	6,404,799
Total Expenses	17,489,008	17,871,191
Net	<u>768,527</u>	<u>268,963</u>
Less Investments in:		
Field Operations		370,000
IT		285,000
Marketing		85,000
Change in Net Assets		<u>\$ (471,037)</u>



Capital Budget

- **2 Major Projects**

- **AS400 replacement Project \$350K**

- Complete implementation of CRM/GL

- **HQ Energy Conservation Project \$106K**

- Install LED lighting
 - Seal windows and doors
 - Calibrate heating/air to increase efficiency
 - Three-year payback (\$30K annual energy and maintenance savings)



2019 Improvements

- **Increased Revenues**

- **\$220K Membership dues, full year of 2018 new members plus additional 5,000 in 2019**
- **\$300K NABC Revenue, improved schedule**

- **Decreased Expenses**

- **\$125K Field Operations**
 - \$85K more efficient scheduling, reduced travel & over-time
 - \$40K reduced training costs
- **\$200K IT, completed initiatives and level headcount**



Projected Future Results

in 000s

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues & Gains	\$ 17,354	\$ 18,258	\$ 18,140	\$ 18,684	\$ 19,345
Operating Expenses	11,081	11,343	11,921	12,032	12,273
G&A Expenses	5,688	6,146	6,690	6,671	6,804
Total Expenses	16,769	17,489	18,611	18,703	19,077
Net	\$ 586	\$ 769	\$ (471)	\$ (19)	\$ 268

