

District Director, Joann Glasson
April 2019

ACBL Finances

It is disappointing and distressing to me to report to you that the ACBL financial loss for 2018 was \$1,900,000.

This is an extraordinary number and you, as ACBL members, deserve a complete explanation.

The ACBL budget for 2018 anticipated a loss of about \$450K. The projected loss included an estimated loss on the Hawaii NABC of \$170K, a one time payment to the WBF to support the world championship in Orlando of \$100K and some new projects and initiatives proposed by our former CEO. The decision to hold an NABC in Hawaii and to send the WBF these funds were made several years ago.

As Chair of Finance for the ACBL, I have implemented a process in which the ACBL will look at finance with a longer lens than the one year at a time approach of the past so hopefully some of these long term expensive decisions will be avoided in the future.

When Bahar Gidwani left the ACBL in the spring of 2018, new management immediately began to make some financial cuts that we thought would get us to about breakeven at year end. We were optimistic about the changes that were begun.

So what happened?

Hawaii was a complete disaster for the ACBL. The projected attendance was 8,200 tables. Only 6,000 tables were actually in play. Not only didn't they play, but players who did come to Hawaii elected to stay in alternative housing to the housing guaranteed by the ACBL causing attrition charges of \$480K.

ACBL contracts with host hotels for NABCs guarantee a specific room block in exchange for the use of the ballrooms and other spaces in the hotel. When the rooms sold are less and 80% of those reserved, huge penalties are assessed.

The financial loss at the Hawaii NABC was \$772K.

Bahar Gidwani, the previous CEO, was released from employment by the ACBL in the spring of 2018. He had a three-year employment contract. The contract

settlement went to arbitration. The arbitrator awarded Mr. Gidwani about \$760K on the balance of his three-year contract.

CRM (Customer Relations Management) software, that was purchased by Gidwani, and determined not to be usable, had to be written off, at a cost of \$327K.

A lawsuit by a formal member of the ACBL Board of Directors was settled by the ACBL and their insurance carrier. The cost of the settlement to the ACBL was \$225K.

These four items equal over \$2 million dollars. A terrible one time financial hit for the ACBL.

The good news from the financial perspective is that our new Executive Director, Joe Jones, is hard at work in efforts to put our financial house in order. Joe has a deep understanding of the finances and the 2019 budget that we will present for board approval in Memphis has a projected income of \$621K.

There will be serious discussion in Memphis about reducing the size of the Board of Directors. I am in favor of this process and hope that we can agree on a proposal for change. A smaller board will facilitate decision making and will be much less costly to the ACBL membership.

I promise you two things as your representative to the ACBL Board - I will always provide complete disclosure of what has transpired and I will do everything I can to avoid these disasters in the future.

Please feel free to contact me with any questions on this and any other matters of concern. Joannglasson@msn.com