

ADA Business Enterprises, Inc.

Wholly Owned Subsidiary Annual Report and Financial Affairs

Bulman, Bill, 2025, Illinois, chair
 Rosato, Richard, 2023, New Hampshire*
 Samandari, Nafys, 2025, Arizona
 Farey, Allison, 2025, California
 Mann, Marshall, 2026, Georgia*
 Matin, Britany, 2026, Alabama
 Cohlma, Raymond, Oklahoma (ADA Executive Director)

Doherty, Deborah, chief executive officer

*ADA Trustee

Advancing ADA Strategic Goals and Objectives: Agency Programs, Projects, Results and Success Measures

A wholly-owned for-profit subsidiary of the ADA, ADA Business Enterprises, Inc. (ADABEI) leads in the development of revenue generation by providing best-in-class products, services and opportunities that create value.

In 2022, ADABEI goals Included:

- Create member value and increase member engagement
- Through financially stable program growth, increase non-dues revenue
- Improve organizational effectiveness and alignment with the ADA, state societies, and other subsidiaries to support the ADA's strategic plan

In 2022, all goals for the year were met or exceeded.

- Member Value & Increased Engagement:
 - o Increased the number of leads sent to providers
 - o Worked with providers to improve special member value
 - o Exceeded customer service metrics with providers
 - o Increased financial educational content to new dentists
 - o Increased marketing to key targets (i.e. students, new dentists, non-owner dentists)
- Financial Goals (see tables 1-3):
 - o 2022 total program revenue, compared to 2021, grew by \$278,000 or 4.7%
 - o ADABEI distributed a \$1,500,000 dividend to the ADA in 2022
 - o Renewed five products
 - Fitness Classes (ClassPass)
 - Computers and Technology (Lenovo)
 - Staff Apparel (Lands' End)
 - Luxury Vehicles (Mercedes-Benz)
 - Payroll (OnPay)
 - o Launched three new products
 - Sustainable Cars (Volvo)
 - Branded Gear (Threadfellows)
 - Tours for Active Travel (AHI Further)
- Organizational Effectiveness:
 - o Exceeded state collaboration and marketing goal by 4.0%
 - o Collaborated with ADA and ADA subsidiaries (i.e. ADAPT, Non Dues, Publishing)

Total Program Financials

Total program revenue of \$6,245,000 exceeded the 2023 budget of \$6,171,000 by \$74,000 or 1.2%. Compared to 2021, total program revenue grew by \$278,000 or 4.7%.

Table 1. 2022 Total Program Financials

	2022 Actuals	2022 Budget	Variance (\$)	Variance (%)		2021 Actuals	%
Revenue (ADA and ADABEI)	\$6,245,000	\$6,171,000	\$74,000	1.2%		\$5,967,000	4.7%
Expenses	\$3,501,000	\$3,650,000	\$149,000	4.1%		\$3,479,000	(0.6%)
Net	\$2,744,000	\$2,521,000	\$223,000	8.8%		\$2,488,000	10.3%

ADA Royalties

In 2022, the ADA earned royalties of \$3,672,000 from endorsed providers in the program, exceeding the budget by \$74,000 or 2.0%.

In addition to the royalties, ADABEI also contributed \$1,500,000 in dividends to the ADA in 2022, bringing the total contribution to the ADA to \$5,172,000.

State dental societies may choose to co-endorse products and services and share in program revenue through a license agreement. In 2022, the ADA shared \$1,137,000 in royalties with states.

Table 2. 2022 ADA Financials

	2022 Actuals	2022 Budget	Variance (\$)	Variance (%)		2021 Actuals	%
ADA Royalties	\$3,672,000	\$3,598,000	\$74,000	2.0%		\$3,490,000	5.2%
State Royalty Share	\$1,137,000	\$1,183,000	\$46,000	3.9%		\$1,185,000	4.1%

ADABEI Financials

In 2022, ADABEI earned \$2,573,000 in revenue as a result of fees to ADABEI from the program and finished 2022 with net income (pre-tax) of \$209,000.

Table 3. 2022 ADABEI Financials

	2022 Actuals	2022 Budget	Variance (\$)	Variance (%)
ADABEI Revenue	\$2,573,000	\$2,573,000	\$0	2.6%
Expenses	\$2,364,000	\$2,467,000	\$103,000	4.2%
Net (Pre-Tax)	\$209,000	\$106,000	\$103,000	97.1%

Emerging Issues and Trends

Products

ADABEI continues to focus on the strategic management of endorsed provider relationships, to develop short and long-term approaches to improve member value through product features, pricing and service. In 2022, the program included 27 products and services from 20 providers:

- Credit Card—U.S. Bank
- Credit Card Processing—Best Card
- Patient Financing—CareCredit, LLC
- Practice Financing & Commercial Real Estate—BMO Bank
- Luxury Vehicles—Mercedes-Benz
- Sustainable Cars—Volvo
- Marketing Services, Practice Communication Software, ADA TV and Secure Email—PBHS, Inc. and Revenue Well
- Small Group Tours and Small Group Tours for Active Travel—AHI Travel
- Interpretive Services—CyraCom
- Amalgam Separators, Emergency Medical Kits and Sharps—HealthFirst
- Payroll Services—OnPay
- Staff Apparel—Lands' End Business Outfitters, Inc.
- Office Supplies—Office Depot
- Shipping—UPS
- Fitness—Class Pass
- HIPAA Compliance—Compliance Group
- Student Loan Refinancing and Dentist Mortgages—Laurel Road
- Appliances—GE
- Temporary Staffing—Stynt
- Computers & Technology—Lenovo