

ADA Business Enterprises, Inc.

Wholly Owned Subsidiary Annual Report and Financial Affairs

Maher, John, 2021, Wisconsin, chair
 Doroshow, Susan B., 2022, Illinois*
 Samandari, Nafys, 2024, Arizona
 Bulman, Bill, 2024, Illinois
 Rosato, Richard J., 2023, New Hampshire*
 Farey, Allison, 2025, California
 Cohlmia, Raymond A., Illinois (ADA Executive Director)

Doherty, Deborah, chief executive officer

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 2021, 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 2021, 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. dental schools and small to mid-size practices)
 - Financial Goals (See Tables 1-3):
 - o 2021 total program revenue was \$5,995,000, exceeding plan by 8.1%
 - o Launched six new products
 - Mortgage (Laurel Road)
 - Office Supplies (Office Depot)
 - HIPAA Compliance (Compliance Group)
 - Fitness (Class Pass)
 - Temporary Staffing (Stynt)
 - Marketing (Revenue Well)
 - Organizational Effectiveness:
 - o Exceeded State Collaboration and Marketing Goal by 7.6%
 - o Exceeded Member Awareness Efforts by 36.9%
 - o Built Content and Provider Offers to Help Dentists Manage COVID
 - o Collaborated with ADA and ADA subsidiaries (i.e. ADAPT, Non Dues, Publishing)
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Total Program Financials

Through December 2021, total program revenue of \$5,995,000 exceeded budget of \$5,544,000 by \$451,000 or 8.1%. The primary drivers were the rebound of nearly all ADABEI products impacted in 2020 by the pandemic, specifically the financial related products, including Credit Card, Patient Financing and Credit Card Processing.

Table 1. 2021 Total Program Financials

	2021 Actuals	2021 Budget	Variance (\$)	Variance (%)
Revenue (ADA and ADABEI)	\$5,995,000	\$5,544,000	\$451,000	8.1%
Expenses	\$3,453,000	\$3,312,000	(\$141,000)	(4.3%)
Net	\$2,542,000	\$2,232,000	\$310,000	13.9%

ADA Royalties

In 2021, the ADA earned royalties of \$3,560,000 from endorsed providers in the program, exceeding the budget by \$430,000 or 13.7%. The positive variance was driven by the rebound of financial related products, including Credit Card, Patient Financing and Credit Card Processing.

State dental societies may choose to co-endorse products and services and share in program revenue through a license agreement. In 2021, the ADA shared \$1,190,000 in royalties with states. States, through 2021, co-endorse 682 products.

Table 2. 2021 ADA Financials

	2021 Actuals	2021 Budget	Variance (\$)	Variance (%)
ADA Royalties	\$3,560,000	\$3,130,000	\$430,000	13.7%
State Royalty Share	\$1,190,000	\$1,021,000	\$169,000	16.6%

ADABEI Financials

In 2021, ADABEI earned \$2,477,000 in revenue as a result of service fees to ADABEI from the program and finished 2021 with net income (pre-tax) of \$214,000.

Table 3. 2021 ADABEI Financials

	2021 Actuals	2021 Budget	Variance (\$)	Variance (%)
ADABEI Revenue	\$2,477,000	\$2,414,000	\$63,000	2.6%
Expenses	\$2,263,000	\$2,291,000	\$28,000	1.2%
Net (Pre-Tax)	\$214,000	\$123,000	\$91,000	74.0%

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 2021, the program included 26 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 Harris Bank
- Luxury Vehicles—Mercedes-Benz
- Marketing, ADA TV and Secure Email—PBHS, Inc. and Revenue Well
- Tours & Cruises—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—Laurel Road
- Mortgages—Laurel Road
- Appliances—GE
- Temporary Staffing—Stynt
- Computers & Technology—Lenovo

2022 Outlook

ADABEI Board: Thank you to the ADABEI Board members, whose terms ended in 2021, for their dedicated service, professional expertise and strategic direction during their tenure.

Maher, John, 2021, Wisconsin, chair
 O'Loughlin, Kathleen, Illinois (ADA Executive Director)

Summary: ADABEI finished 2021 well and in 2022, is projected to generate total program revenue of \$6,171,000, growth of \$176,000 and 2.9% versus 2021 actuals. The projected revenue increase is due to improved product performance, compared to 2021 activity. Through March, 2022, total program revenue of \$1,612,000 exceeded budget of \$1,525,000 by \$87,000 or 5.7%.

**ADA Trustee*