

FINANCIAL STATEMENTS.

F.W.S. Newsletter, January 2008

F.W.S. is getting its act together more and more on the financial and accounting front. This quarter we have both Income Statement and Balance Sheet. (Last quarter we did not have an accurate Balance Sheet yet.) We don't have comparisons to our budget yet, but we will soon. Many people glaze over when presented with financial statements so we've provided some explanatory notes to help make sense of what you are looking at. It's worth taking time to familiarize yourself with these statements because at the end of the day the entire membership of Sex and Love Addicts Anonymous holds the authority and responsibility for our Fellowship-Wide service-structure, and it's good to know what's being done in your name. You might very well find you have something to say about it all. If so, please don't just say it to your bathroom mirror. Let us know, because we need your input.

Note: A correction/clarification is in order from last quarter. In the October, 2007 F.W.S. Newsletter we said that F.W.S. had "lost" \$60,000 during Fiscal Year 2007 (Which ended Sept. 30, 2007). Some members interpreted this to mean that the money had actually gone missing. What we meant was that we had an "operating loss" of \$60,000, which means that we spent \$60,000 more than we took in over the course of the year. An operating loss of that size is very bad news, but not as bad as having the money completely disappear! Let us reassure you that, as bad as things were financially during that fiscal year, every penny we took in, and every penny we spent, was accounted for. Nothing was "lost".

Now to the current financial statements:

Balance Sheet: The Balance Sheet gives a snapshot of our assets and liabilities as of the last day of the first quarter of Fiscal Year 2008 (i.e. December 31, 2007). You can see that we are operating on not very much cash at all. We have more in accounts payable (outstanding bills) than we do in cash. This has gotten better just in the past few weeks, and we are hopeful it will continue to get better, but we are still living right on the edge financially, and we are continuously looking for ways to cut costs without reducing services. A few notes to clarify what you are looking at in the Balance Sheet:

1. The Vanguard Market Index Fund is our main Prudent Reserve Fund, which we keep in case we experience extreme financial difficulty. If it were full it would contain 12 months' operating expenses, which at this time would be \$311,550. So you can see that we are about a hundred grand short of having a full prudent reserve. This prudent reserve is extremely important for our operational security, and it is only accessible under the direst of circumstances.
2. The B of A Prudent Reserve account is our secondary prudent reserve, which is intended to hold 2 months' worth of operating expenses to smooth us through short-term, unexpected ups and downs. Thus it should currently hold \$51,925, and as you can see we are \$49,925 short of that goal. This more "liquid" prudent reserve account is designed to be easier to get at than the main "illiquid" fund mentioned above, but it is still very much a rainy-day fund and something that we place a high priority on filling up.
3. The COGS/TEF account is a temporary reserve where we put aside the cost of replacing whatever literature and merchandise we've sold each week. That way, when it is time to replenish our books, pamphlets, or chips, we have the money available. When we sell a book we receive the full price of the book. But some of that money is not really ours to spend, because we need it to eventually replace that book in our inventory. If we didn't set that money aside in this reserve account, and spent it instead, we would be in big trouble when the time came to buy more books. Indeed, that is exactly what happened last year, which is part of how we got ourselves into such a pickle. That's why we set up this reserve account.
4. Equity simply refers to the difference between our assets and our liabilities. In a private business this would be the value of the business to the owner. For a non-profit like us it just means the total value of the assets of the organization, minus how much we owe. It looks like a really huge number, but almost all of it is tied up either in our Prudent Reserve Fund or in our inventory. The actual amount of money we have to run the organization is still very small.

Comments on the Income Statement follow the Balance Sheet.

**Balance Sheet for
Augustine Fellowship, SLAA, Fellowship-Wide Services, Inc.**

December 31, 2007

	Dec 31, 07
ASSETS	
Current Assets	
Checking/Savings	
BofA Checking	2,046.00
BofA COGS/TEF	4,905.83
BofA Prudent Reserve	2,000.00
Fidelity Mutual Fund Account	3,233.66
Vanguard Market Index Fund	217,474.46
Total Checking/Savings	229,659.95
Accounts Receivable	
Accounts Receivable	3,679.17
Total Accounts Receivable	3,679.17
Other Current Assets	
Inventory Asset	
Booklets	63.00
Bookmarks	120.50
Books	16,366.96
CDs/Tapes	2,798.65
Medallions/Chips	7,344.19
Other Products	761.01
Pamphlets	20,013.28
Starter Kits	8.90
Inventory Asset - Other	34.00
Total Inventory Asset	47,510.49
Total Other Current Assets	47,510.49
Total Current Assets	280,849.61
TOTAL ASSETS	280,849.61
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	16,751.21
Total Accounts Payable	16,751.21
Total Current Liabilities	16,751.21
Total Liabilities	16,751.21
Equity	
Opening Bal Equity	279,558.28
Unrestricted Net Assets	-21,909.45
Net Income	6,449.57
Total Equity	264,098.40
TOTAL LIABILITIES & EQUITY	280,849.61

Income Statement: The Income Statement shows what we took in, and what we spent, over the course of the first quarter of Fiscal Year 2008 (October 1, 2007 through December 31, 2007). The good news is that we did not show an "operating loss" in this quarter. Instead, as you will see at the bottom of the income statement, we showed net income of almost \$6500. That is excellent news because it means we were able to pay off some of our past-due accounts and even begin setting aside a small amount of money to fill up our prudent reserve. A few clarifying comments about the Income Statement:

1. The Cost of Goods Sold (COGS) is the part of our revenue from sales of literature and merchandise that we will eventually need to replace what we sold during the quarter. Thus, it does not count as "gross profit" because it is not really ours to spend. Thus, if you want to know what we received from sales of literature and merchandise you have to subtract COGS from operations income. Doing so reveals that we received quite a bit more from contributions than from sales.
2. "Contributions: campaign" refers to contributions that we received during our annual "Gratitude Month" in November. It looks really small because most groups don't mark their Gratitude Month contributions separately, so we really don't know how much we received from Gratitude Month, and it may be that tracking it separately is not really that helpful.
3. The "Dividend, Interest" category is money that we transfer routinely each quarter from our Prudent Reserve Fund to our checking account, at a rate of 1.5% per quarter. These quarterly transfers have been the policy of the Board of Trustees for the past four years. At the present time the Board is considering terminating these transfers, but no decision has been made yet.
4. The expense for BOT (which stands for Board of Trustees) was for a member of the Board to travel to the F.W.S. office in San Antonio, TX to help the General Manager with some financial and operational issues.
5. There is reason to hope that our net income may increase over the coming months as our expenses continue to decrease. Here are some particulars:
 - a. Equipment Rental and Maintenance will go down by as much as \$900/mo as we pay off the leases on the computer equipment we purchased when the office moved to San Antonio.
 - b. Credit Card Fees will go down as soon as our new online store is completed, because it will include a new card-processing service with lower fees.
 - c. Salary Expenses will go down by \$1000/mo in the near future because we are currently paying off some past-due overtime expenses from more than a year ago and that will be completed in a few months.
 - d. We are also actively looking into ways to reduce our office rent, which could result in several hundred dollars savings per month.

This Income Statement obviously has some good news in it, but we are still being very cautious about money, and in particular about taking on any new expenses. As many of you know we are operating on a very bare-bones staff and there are lots of services that people have told us they would like us to be able to provide which we are still not nearly able to provide with the staff we can currently afford. We will continue to manage the office so that the number at the bottom of the Income Statement is in black rather than red, but in order to do more service for the addict who still suffers we will need more money.

**Income Statement for
Augustine Fellowship, SLAA, Fellowship-Wide Services, Inc.**

Fiscal Year 2008, Quarter One
October 1, 2007 through December 31, 2007

	Oct - Dec 07
Income	
ABC/M Income	
ABC/M Registration	103.91
Total ABC/M Income	103.91
Contribution Income- Campaign	
Groups	835.72
Intergroups	25.00
Total Contribution Income- Campaign	860.72
Contribution Income- Regular	
Groups	13,007.48
Individuals	18,194.86
Intergroups	5,540.26
Step Chip Fund	50.00
Total Contribution Income- Regular	36,792.60
Investments	
Dividend, Interest (Securities)	2,531.16
Total Investments	2,531.16
Operations Income	
Booklets	845.00
Bookmarks	37.00
Books	17,055.15
CD's/Tapes	912.08
Medallions/Chips	3,997.00
Other Product Sales	893.50
Pamphlets	8,544.20
Postage	4,985.16
Starter Kits	72.00
The Journal	710.50
Operations Income - Other	-2,377.75
Total Operations Income	35,673.84
Total Income	75,962.23
Cost of Goods Sold	
Cost of Goods Sold	
Booklets	213.28
Bookmarks	895.96
Books	2,601.72
CDs/Tapes	1,243.30
Medallions/Chips	1,148.42
Other Products	413.69
Pamphlets	1,828.18
Starter Kits	17.10
Cost of Goods Sold - Other	151.80
Total Cost of Goods Sold	8,513.45
Total COGS	8,513.45
Gross Profit	67,448.78

Expense	
BOT	
BOT- Other	27.19
BOT Hotel	346.74
BOT Meals	109.28
BOT Travel	<u>342.96</u>
Total BOT	826.17
Conference Expenses	
ABM Hotel	500.00
Conference Committee Expenses	<u>502.97</u>
Total Conference Expenses	1,002.97
Contract Services	
Accounting Fees	248.00
Outside Contract Services	<u>119.90</u>
Total Contract Services	367.90
Facilities and Equipment	
Equip Rental and Maintenance	3,868.68
Property Insurance	961.00
Rent & Parking	7,724.61
Telephone	<u>1,869.08</u>
Total Facilities and Equipment	14,423.37
General Office Expenses	
Bank Fees	269.00
Credit Card Fees	1,922.98
Dues, Fees and Licenses	50.00
Insurance - Liability, D and O	187.34
Mileage	<u>274.00</u>
Total General Office Expenses	2,703.32
Operations	
Computer Supplies	14.19
Consumable Supplies	4,559.56
Miscellaneous Expenses	542.36
Packaging and Supplies	308.26
Postage, Mailing Service	<u>7,910.19</u>
Total Operations	13,334.56
Payroll Expenses	
Employee Benefits	2,766.58
Other Labor	450.00
Payroll Tax Liabilities	1,613.40
Salary Expenses	<u>24,216.31</u>
Total Payroll Expenses	29,046.29
Reconciliation Discrepancies	-0.01
Uncleared Items	<u>-705.36</u>
Total Expense	<u>60,999.21</u>
Net Income	<u><u>6,449.57</u></u>