

FINANCIAL STATEMENTS.

F.W.S. Newsletter, April 2008

The second quarter of the 2008 Fiscal Year (Jan-Mar) has seen a small uptick in the sense of calm and hopefulness about F.W.S. finances. We took in more money than we spent for the second quarter, and thus did not need to dip into our Prudent Reserve Fund. We have made progress on paying off our modest debts. And it has been several months since the last time we had to worry about where rent or payroll were coming from. Nonetheless we are still operating on a very thin margin and our commitment is to maintain strict fiscal prudence as we gradually work our way towards a fully-funded prudent reserve and a more robust operating budget.

If your eyes glaze over when you look at a page full of numbers, please read on with courage. Hopefully the explanatory notes will shed some light on the Balance Sheet and Income Statement that follow. If not, at least you can say you gave it the old "college try."

Balance Sheet: The Balance Sheet gives a snapshot of our assets and liabilities as of the last day of the second quarter of Fiscal Year 2008 (i.e. March 31, 2008). If you happen to have the Balance Sheet from the last newsletter you can see that we are in a somewhat better position than we were three months ago. Here are a few notes to clarify what you are looking at on the Balance Sheet:

1. The gap between our Accounts Payable (what we owe) and the money available (BofA checking plus Accounts Receivable plus Undeposited Funds) is not as big as it used to be. And so you know, all but \$6000 of the Accounts Payable is current bills that will get paid on or before their due date. That six-thousand is our only real outstanding debt. It represents a balance on a revolving line of credit with the firm that we buy postage from, so we are paying finance charges on that amount, which is not great, but no one is breathing down our neck at this point. Nonetheless, paying off that debt remains a very high priority.
2. 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 more than a hundred thousand short of having a full prudent reserve. What you will also notice if you have the last newsletter is that this Fund contains about \$30,000 less than it did three months ago. Zoiks! That is what happens when your Prudent Reserve is invested in an indexed mutual fund that goes up and down with the tides of the economy.
3. 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.
4. The COGS 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. Since March 31 we have also set up a reserve account for all of the money we receive from ABM registrations so we can keep that safe and separate too.
5. 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.**

March 31, 2008

	Mar 31, 08
ASSETS	
Current Assets	
Checking/Savings	
BofA Checking	1,158.42
BofA COGS	8,314.92
BofA Prudent Reserve	2,000.00
Vanguard Market Index Fund	185,564.46
Total Checking/Savings	197,037.80
Accounts Receivable	
Accounts Receivable	5,390.08
Total Accounts Receivable	5,390.08
Other Current Assets	
Inventory Asset	
Booklets	17.77
Bookmarks	106.82
Books	13,111.16
CDs/Tapes	3,348.51
Medallions/Chips	6,112.56
Other Products	662.84
Pamphlets	23,163.70
Starter Kits	11.68
Inventory Asset - Other	12.36
Total Inventory Asset	46,547.40
Undeposited Funds	2,866.54
Total Other Current Assets	49,413.94
Total Current Assets	251,841.82
TOTAL ASSETS	251,841.82
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	13,143.84
Total Accounts Payable	13,143.84
Credit Cards	
American Express	2,332.81
Total Credit Cards	2,332.81
Total Current Liabilities	15,476.65
Total Liabilities	15,476.65
Equity	
Opening Bal Equity	279,555.28
Unrestricted Net Assets	-21,909.45
Net Income	-21,280.66
Total Equity	236,365.17
TOTAL LIABILITIES & EQUITY	251,841.82

Income Statement: The Income Statement shows what we took in and what we spent over the course of the second quarter of Fiscal Year 2008 (January 1, 2008 through March 31, 2008). Once again we had a positive (though small) net income. That allowed us to further chip away at our past-due accounts, but we have not been able to make any further progress on setting aside a 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 a handful of contributions that we received late from our annual "Gratitude Month" in November.
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 travel (BOT stands for Board of Trustees) was for plane tickets for the Board of Trustees to attend the Annual Business Meeting in Florida in July. This year F.W.S. staff made arrangements early to save as much money as possible.
5. You may notice that we are now taking in more revenue from sales than from contributions. That is because sales went up quite a lot after we introduced the new and improved online store. We are now selling a lot more audio selections in particular.

For those of us whose ability to sleep is dependent upon the stability of F.W.S. finances this has been a more restful quarter than any of the previous eight quarters. However, as many of you know, we are still operating with a tiny staff and are not able to provide the kind of responsiveness that most members would like, and we are a very long way from being able to really carry the message to the addict who still suffers in an effective way.

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

**Fiscal Year 2008, Quarter Two
January 1, 2008 through March 31, 2008**

	<u>Jan - Mar 08</u>
Income	
Contribution Income- Campaign	
Groups	195.00
Total Contribution Income- Campaign	<u>195.00</u>
Contribution Income- Regular	
Groups	13,016.01
Individuals	7,354.50
Intergroups	3,361.11
Total Contribution Income- Regular	<u>23,731.62</u>
Operations Income	
Booklets	1,045.00
Bookmarks	103.00
Books	19,685.80
CD's/Tapes	1,872.20
Medallions/Chips	3,839.50
Other Product Sales	1,481.00
Pamphlets	12,678.00
Postage	5,881.02
Starter Kits	270.00
The Journal	685.00
Operations Income - Other	-2,481.31
Total Operations Income	<u>45,059.21</u>
Uncategorized Income	<u>-13.02</u>
Total Income	68,972.81
Cost of Goods Sold	
Cost of Goods Sold	
Booklets	47.50
Bookmarks	495.29
Books	3,059.80
CDs/Tapes	779.03
Medallions/Chips	1,137.83
Other Products	846.06
Pamphlets	2,585.23
Starter Kits	35.76
Cost of Goods Sold - Other	249.55
Total Cost of Goods Sold	<u>9,236.05</u>
Total COGS	<u>9,236.05</u>
Gross Profit	59,736.76

Expense	
BOT	
BOT Travel	1,204.95
Total BOT	<u>1,204.95</u>
Contract Services	
Accounting Fees	289.00
Outside Contract Services	160.28
Total Contract Services	<u>449.28</u>
Facilities and Equipment	
Equip Rental and Maintenance	2,685.11
Rent & Parking	7,475.43
Telephone	1,121.58
Total Facilities and Equipment	<u>11,282.12</u>
General Office Expenses	
Bank Fees	135.10
Credit Card Fees	1,572.55
Insurance - Liability, D and O	307.01
Mileage	813.35
Profit/Loss	44.90
Total General Office Expenses	<u>2,872.91</u>
Operations	
Computer Supplies	373.52
Consumable Supplies	2,615.39
Packaging and Supplies	1,643.48
Postage, Mailing Service	7,723.33
Total Operations	<u>12,355.72</u>
Payroll Expenses	
Employee Benefits	2,565.27
Payroll Tax Liabilities	2,353.54
Salary Expenses	23,372.20
Total Payroll Expenses	<u>28,291.01</u>
Uncategorized Expenses	<u>53.25</u>
Total Expense	<u>56,509.24</u>
Net Income	<u><u>3,227.52</u></u>