

Date: June 4, 2020

To: The World Service Board of Families Anonymous

From: Financial Oversight Committee

Re: FY2020 Review of FA's Financial Statements & Accountant's Report

We have reviewed certain financial books and records of Families Anonymous ("FA") over the past year. We also have reviewed FA's Balance Sheet Statement as of April 30, 2020 and the Profit and Loss Statement for the year ended April 30, 2020 (together "FY2020" or "financial statements"). These financial statements were prepared by the Treasurer from the general ledger accounts of the organization.

Analytical Review of FA's General Ledger Accounts & Financial Statements:

Quarterly Reviews:

Three committee oversight reports in FY2020 reported the results of tests of the organization's cash accounts. FA's checking and savings general ledger account balances were verified and reconciled with Chase's bank statements at the end of the respective quarters. No discrepancies were noted.

Additionally, the oversight committee provided comparative analysis of Profit and Loss Statements at the end of each quarter in FY2020.

Profit and Loss Statement: (See attached)

The following is a comparative review of FA's Profit and Loss Statement for the 12 months ended April 30, 2020 (FY2020) and April 20, 2019 (FY2019).

Income (Revenue): Total Revenue FY2020 - \$85,367, FY2019 - \$111,971. Comparing FY2020 to FY2019, a material decrease in revenue took place of some \$26,600, a 24% decline. The vast majority (94%) of the waning revenue during the year was attributable to four areas: Sales decline \$7,742; Group Donations declined \$4,428; CPC Donations declined \$10,716; and Individual Donations declined \$1,996.

Cost of Goods Sold - Total Cost of Goods Sold FY2020 - \$12,353, FY2019 - \$17,417. Comparing FY2020 with FY2019 cost decreased by 29%. This came about from a decline of some \$5,000 in printing literature expenses.

Expenses: The Expenses - FY2020 - \$102,150, FY2019 - \$93,086. When comparing FY2020 to FY2019, expenses increased by 9.7%. Relevant increases in year-over-year expenses were incurred in the following accounts: Email & Web Expenses increased \$3,371 (106% increase); Mail room Supplies increased \$643 (75% increase); Postage Purchased increased \$455 (246% increase) and Payroll increased \$3,821 (8.8% increase).

Net Income (Loss): Net loss of \$29,135 was reported for FY2020 and net income of \$1,468 was reported for FY2019. The significant factors contributing to the material weakening of earnings is explained above in the year-over-year changes in revenues, cost of sales and expenses.

Balance Sheet Statement: (See attached)

A comparative analytical review was made of FA's Balance Sheet Statement at April 30, 2020 and April 30, 2019.

Assets: Cash in the checking and savings accounts declined by over \$21,300, (13.8%) comparing the balances at year end for FY2020 with FY2019. The decline in cash balances during the year comes about, for the most part, from declining revenue and increased in expenses during FY2020, as discussed above.

Outside Accountant's Report (Balance Sheet & Income Statement) (See attached)

Income Statement:

FY2020 - Revenues \$85,367, Cost of Sales \$12,353, Expenses \$102,150 and net loss \$29,136. The outside accountant's Income Statements reconciles to FA's Profit and Loss Statements for both fiscal periods.

Balance Sheet:

FY2020 total assets: \$154,047, liabilities \$3,001 and net assets \$151,046. The outside accountant's Balance Sheet Statements reconciles to FA's Balance Sheet Statements. The outside accountant's balance sheet properly classifies Undeposited Funds of \$255 as a cash equivalent. FA's Balance Sheet reflects this account as an Other Current Asset. The accountant's reclassification was proper and necessary.

We recommend acceptance of the outside accountant's report and release of the report to the fellowship.

Yours truly,

David M,
Chairman – Financial Oversight Committee

ATTACHED: FA's Profit and Loss Statements for the year ended FY2020 & FY2019.

FA's Balance Sheet as of April 30, 2020 & April 30, 2019

Outside Accountant's Report - Kevin Currid & Associates, Inc. letter and compiled Balance Sheets at April 30, 2020 & 2019, and Income Statements for the years ended April 30, 2020 and April 30, 2019.

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Accrual Basis

FAMILIES ANONYMOUS INC

Profit & Loss

May 2019 through April 2020

	May '19 - Apr 20	May '18 - Apr 19	% Change
Income			
40000 · Sales	43,563.98	51,305.78	-15.1%
40050 · Apple Sales	187.73	200.31	-6.3%
40060 · Kindle Sales	548.89	527.32	4.1%
40070 · Barnes and Noble sales	10.38	31.14	-66.7%
40500 · Rent Income	2,940.00	3,264.00	-9.9%
41600 · REIM POSTAGE/SHIPPING	3,184.92	4,092.52	-22.2%
41605 · Handling fees	2,623.28	3,045.24	-13.9%
41800 · GROUP DONATIONS	25,090.35	29,517.52	-15.0%
41825 · CPC Donation	0.00	10,716.45	-100.0%
41850 · Individual Donations	7,004.77	9,000.88	-22.2%
41875 · Donation - Pay It Forward	100.00	0.00	100.0%
41950 · INTEREST INCOME	100.73	107.80	-6.6%
41960 · Misc Income	11.94	162.33	-92.6%
Total Income	85,366.97	111,971.29	-23.8%
Cost of Goods Sold			
40700 · PRINTING LITERATURE	0.00	53.00	-100.0%
50000 · Printing Lit/Cost of Goods	12,115.17	17,123.57	-29.3%
50001 · Cost of Goods Sold	237.71	240.71	-1.3%
50100 · Freight In 1	0.00	0.00	0.0%
Total COGS	12,352.88	17,417.28	-29.1%
Gross Profit	73,014.09	94,554.01	-22.8%
Expense			
60000 · Convention "Seed Money" Loan	100.00	0.00	100.0%
60100 · LITERATURE DEVELOPMENT	150.00	117.11	28.1%
60550 · Email & Website Expenses	6,547.66	3,177.34	106.1%
60700 · MAILROOM SUPPLIES	1,496.95	854.38	75.2%
60800 · POSTAGE PURCHASED	640.48	185.23	245.8%
60900 · UPS/DELIVERY	3,910.13	4,546.76	-14.0%
66900 · Reconciliation Discrepancies	0.04	0.00	100.0%
70100 · ANNUAL BUS MEET EXPENSE	79.00	0.00	100.0%
70150 · BOARD OF DIRECTOR'S EXP	347.47	392.40	-11.5%
70200 · DEPRECIATION	0.00	0.00	0.0%
70300 · INSURANCE	3,598.50	3,618.00	-0.5%
70400 · BAD DEBT WRITEOFF	-164.43	0.00	-100.0%
70550 · MISC EXP/BANK CHARGES	-13.83	480.00	-102.9%
70560 · Credit for Returned merchandise	0.00	46.00	-100.0%
70570 · estore Fees	3,983.17	3,919.63	1.6%
70600 · OFFICE SUPPLIES/EXP	1,815.28	2,195.99	-17.3%
70610 · OFFICE MAINTENANCE	0.00	12.00	-100.0%
70630 · Office Computers	434.79	129.65	235.4%
70640 · Professional Services	1,734.00	1,588.00	9.2%
70650 · CONTRACT SERVICES	148.00	148.00	0.0%
70700 · PAYROLL	47,636.18	43,814.90	8.7%
70750 · PAYROLL TAXES	3,645.18	3,350.84	8.8%
70800 · RENT-OFFICE/PARKING	22,443.89	21,367.92	5.0%
70900 · TELEPHONE EXPENSE	2,988.43	2,485.36	20.2%
70950 · UTILITIES	503.76	536.65	-6.1%
71000 · Taxes, Licenses & Permits	125.00	120.00	4.2%
Total Expense	102,149.65	93,086.16	9.7%
Net Income	-29,135.56	1,467.85	-2,084.9%

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 Accrual Basis

FAMILIES ANONYMOUS INC
Balance Sheet
 As of April 30, 2020

	<u>Apr 30, 20</u>	<u>Apr 30, 19</u>	<u>% Change</u>
ASSETS			
Current Assets			
Checking/Savings			
10100 · PETTY CASH FUND	18.96	18.96	0.0%
10500 · Checking	3,230.97	14,694.73	-78.0%
10600 · Savings	129,275.71	139,175.53	-7.1%
10900 · estore	0.00	497.94	-100.0%
Total Checking/Savings	<u>132,525.64</u>	<u>154,387.16</u>	<u>-14.2%</u>
Accounts Receivable			
11100 · ACCOUNTS RECEIVABLE	0.00	-161.26	100.0%
Total Accounts Receivable	<u>0.00</u>	<u>-161.26</u>	<u>100.0%</u>
Other Current Assets			
12000 · INVENTORY	16,721.68	20,748.68	-19.4%
12001 · Undeposited Funds	255.00	139.15	83.3%
12100 · Inventory Asset	1,626.01	1,101.37	47.6%
14040 · RENT-SECURITY DEPOSIT	1,531.00	1,531.00	0.0%
14060 · PREPAID INSURANCE	1,388.17	1,391.67	-0.3%
14160 · OTHER PREPAYMENTS	0.00	2,000.00	-100.0%
Total Other Current Assets	<u>21,521.86</u>	<u>26,911.87</u>	<u>-20.0%</u>
Total Current Assets	<u>154,047.50</u>	<u>181,137.77</u>	<u>-15.0%</u>
Fixed Assets			
15600 · FURN/FIXT/EQUIPMENT	37,418.70	37,418.70	0.0%
15700 · LESS ACCUM DEPREC	-37,418.70	-37,418.70	0.0%
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Other Assets			
14200 · Display Literature	0.00	34.07	-100.0%
Total Other Assets	<u>0.00</u>	<u>34.07</u>	<u>-100.0%</u>
TOTAL ASSETS	<u>154,047.50</u>	<u>181,171.84</u>	<u>-15.0%</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
20100 · ACCOUNTS PAYABLE	157.50	118.55	32.9%
Total Accounts Payable	<u>157.50</u>	<u>118.55</u>	<u>32.9%</u>
Other Current Liabilities			
20900 · Convention	1,725.84	0.00	100.0%
24000 · Payroll Liabilities	1,118.14	800.39	39.7%
25500 · Sales Tax Payable	0.00	71.32	-100.0%
Total Other Current Liabilities	<u>2,843.98</u>	<u>871.71</u>	<u>226.3%</u>
Total Current Liabilities	<u>3,001.48</u>	<u>990.26</u>	<u>203.1%</u>
Total Liabilities	<u>3,001.48</u>	<u>990.26</u>	<u>203.1%</u>
Equity			
30100 · FUND EQUITY	179,731.27	179,731.27	0.0%
32000 · Retained Earnings	450.31	-1,017.54	144.3%
Net Income	-29,135.56	1,467.85	-2,084.9%
Total Equity	<u>151,046.02</u>	<u>180,181.58</u>	<u>-16.2%</u>
TOTAL LIABILITIES & EQUITY	<u>154,047.50</u>	<u>181,171.84</u>	<u>-15.0%</u>

Kevin Currid & Associates, Inc.
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To the Board of Directors of Families Anonymous, Inc.
Des Plaines, IL

We have compiled the accompanying balance sheets of Families Anonymous, Inc. as of April 30, 2020 and 2019, and the related income statements for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

KEVIN CURRID & ASSOCIATES, INC.

Kevin Currid + Associates, Inc.

May 18, 2020

Families Anonymous, Inc. Balance Sheet

	April 30,	
	2020	2019
Assets:		
Current assets:		
Cash & cash equivalents	\$ 132,780.64	\$ 154,526.31
Inventory	18,347.69	21,850.05
Prepaid expenses & other current assets	2,919.17	4,795.48
Total current assets	154,047.50	181,171.84
Property & equipment		
Furniture, fixtures, & equipment	37,418.70	37,418.70
Less accumulated depreciation	(37,418.70)	(37,418.70)
Total property & equipment	0.00	0.00
Total assets	\$ 154,047.50	\$ 181,171.84
Liabilities:		
Current liabilities:		
Accounts payable	\$ 157.50	\$ 118.55
Convention payable	\$ 1,725.84	\$ -
Payroll taxes payable	1,118.14	800.39
Sales tax payable	0.00	71.32
Total current liabilities	3,001.48	990.26
Net Assets:		
Total unrestricted net assets	151,046.02	180,181.58
Total liabilities & net assets	\$ 154,047.50	\$ 181,171.84

Families Anonymous, Inc. Income Statement

	For the years ended April 30,	
	2020	2019
Revenues:		
Literature sales	\$ 44,322.92	\$ 52,226.88
Contributions	32,195.12	49,234.85
Shipping & handling income	5,808.20	7,137.76
Rental Income	2,940.00	3,264.00
Interest Income	100.73	107.80
	85,366.97	111,971.29
Cost of sales	12,352.88	17,417.28
Gross profit	73,014.09	94,554.01
Expenses:		
Payroll expense	51,281.36	47,165.74
Rent & utilities	25,936.08	24,389.93
Internet & website expense	6,547.66	3,177.34
Postage & delivery	6,047.56	5,586.37
Bank charges & e-store fees	3,969.34	4,399.63
Insurance	3,598.50	3,618.00
Professional fees	1,882.00	1,736.00
Supplies	1,815.28	2,195.99
Other expenses	921.87	700.05
Public information & literature	150.00	117.11
	102,149.65	93,086.16
Net Income	\$ (29,135.56)	\$ 1,467.85