

Date: July 20, 2018

To: The World Service Board of Families Anonymous

From: Financial Oversight Committee

Re: FY2018 Review of FA's Financial Statements, Accountant's Report & Recommendations

We have reviewed certain financial records of Families Anonymous ("FA") over the past year. We also have reviewed the Statement of Financial Position as of April 30, 2018 and the Statement of Financial Income and Expenses for the year ended April 30, 2018 (together "the financial statements") of FA. These financial statements were prepared by the Treasurer from the general ledger accounts of the organization. (See FA statements attached)

Quarterly Reviews: For each of the FY2018 quarters, the oversight committee performed tests on organization's cash accounts. FA's checking and savings general ledger account balances were independently verified and reconciled with the bank statements at the end of each quarter. No discrepancies were noted.

In one quarter, the oversight committee traced bank statements' debit transactions exceeding \$1,000 (over a 3-month period) to the respective FA general ledger accounts. No unusual items or discrepancies were noted.

Annual Analytical Review: A comparative analytical review was made of FA's Statement of Financial Income and Expense accounts for 12 months ended April 30, 2018 (FY2018) and April 30, 2017 (FY2017). When FY2018 is compared to FY2017, material swings in income account balances, both increases and decreases, took place in sales, group donations, CPC donations and individual donations. Overall, total income declined \$12,079 in FY2018 compared to FY2017, a 10.6% decline in year-over-year total income. Total expenses increased \$1,453 in FY2018 compared to FY2017, a 1.5% increase in year-over-year expenses. The decline in total income and slight increase in expenses contributed to an overall net loss of \$6,690 during FY2018. FA reported net income of \$5,672 for FY2017.

A comparative analytical review was made of FA's Statement of Financial Position accounts at April 30, 2018 and April 30, 2017. The cash account balances declined \$7,036 between the two periods, a decrease of 4.3%. Other than the previous noted impact of FY2018 net loss on retained earnings, no other material changes were noted in balance sheet accounts.

Outside Accountant's Report (Balance Sheet & Income Statement). (See attached) FA's FY2018 year-end general ledger account balances were used to prepare the attached Statement of Financial Position (as of April 30, 2018) and Statement of Financial Income and Expenses (May 2017 through April 2018). We compared FA's April 30, 2018 general ledger accounts balances to the outside accountant's compiled Balance Sheet and Income Statement. Total assets reported on the outside auditor Balance Sheet (\$181,523) exceeded by \$689 total assets reflected in the associated general ledger balance sheet accounts of FA (\$180,834). This difference comes about from the outside accountant's reclassification of one of FA's general ledger accounts. The accountant's reclassification was proper and necessary. Otherwise no other material differences were noted. Net Loss of \$6,690 reported on the outside accountant's Income Statement reconciles to the respective income statement account balances in FA's general ledger.

Other than the difference previously noted, no material variances were found in our comparison of FA's general ledger account balances to amounts reported in the outside accountant's Balance Sheet and Income Statement.

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

Yours truly,

A handwritten signature in cursive script, appearing to read "George R.", written in black ink.

George R.,
Chairman – Financial Oversight Committee

ATTACHED: Statement of Financial Income and Expenses (Income Statement) Twelve-months ended FY2018 & FY2017.

Statement of Financial Position (Balance Sheet) As of April 30, 2018 & FY2017
Outside Accountant's Report - Kevin Currid & Associates, Inc. letter and compiled Balance
Sheets as of April 30, 2018 & 2017, and related Income Statements for the years then
ended

FAMILIES ANONYMOUS INC
Statement of Financial Position
As of April 30, 2018

	<u>Apr 30, 18</u>	<u>Apr 30, 17</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
10100 · PETTY CASH FUND	18.96	18.96	0.00	0.0%
10500 · Checking	26,776.35	33,621.06	-6,844.71	-20.4%
10600 · Savings	129,070.94	128,967.25	103.69	0.1%
10900 · estore	0.00	294.49	-294.49	-100.0%
Total Checking/Savings	<u>155,866.25</u>	<u>162,901.76</u>	<u>-7,035.51</u>	<u>-4.3%</u>
Accounts Receivable				
11100 · ACCOUNTS RECEIVABLE	211.73	18.73	193.00	1,030.4%
Total Accounts Receivable	<u>211.73</u>	<u>18.73</u>	<u>193.00</u>	<u>1,030.4%</u>
Other Current Assets				
12000 · INVENTORY	18,908.31	17,347.09	1,561.22	9.0%
12001 · Undeposited Funds	213.88	2,399.15	-2,185.27	-91.1%
12100 · Inventory Asset	674.84	732.21	-57.37	-7.8%
14040 · RENT-SECURITY DEPOSIT	1,531.00	1,531.00	0.00	0.0%
14060 · PREPAID INSURANCE	1,393.67	1,438.00	-44.33	-3.1%
14160 · OTHER PREPAYMENTS	2,000.00	2,000.00	0.00	0.0%
Total Other Current Assets	<u>24,721.70</u>	<u>25,447.45</u>	<u>-725.75</u>	<u>-2.9%</u>
Total Current Assets	<u>180,799.68</u>	<u>188,367.94</u>	<u>-7,568.26</u>	<u>-4.0%</u>
Fixed Assets				
15600 · FURN/FIXT/EQUIPMENT	37,418.70	37,418.70	0.00	0.0%
15700 · LESS ACCUM DEPREC	-37,418.70	-37,418.70	0.00	0.0%
Total Fixed Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0%</u>
Other Assets				
14200 · Display Literature	34.07	34.07	0.00	0.0%
Total Other Assets	<u>34.07</u>	<u>34.07</u>	<u>0.00</u>	<u>0.0%</u>
TOTAL ASSETS	<u>180,833.75</u>	<u>188,402.01</u>	<u>-7,568.26</u>	<u>-4.0%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
20100 · ACCOUNTS PAYABLE	-688.77	16.48	-705.25	-4,279.4%
Total Accounts Payable	<u>-688.77</u>	<u>16.48</u>	<u>-705.25</u>	<u>-4,279.4%</u>
Other Current Liabilities				
24000 · Payroll Liabilities	758.54	872.71	-114.17	-13.1%
25500 · Sales Tax Payable	50.25	109.57	-59.32	-54.1%
Total Other Current Liabilities	<u>808.79</u>	<u>982.28</u>	<u>-173.49</u>	<u>-17.7%</u>
Total Current Liabilities	<u>120.02</u>	<u>998.76</u>	<u>-878.74</u>	<u>-88.0%</u>
Total Liabilities	<u>120.02</u>	<u>998.76</u>	<u>-878.74</u>	<u>-88.0%</u>
Equity				
30100 · FUND EQUITY	181,731.27	181,731.27	0.00	0.0%
32000 · Retained Earnings	5,671.98	0.00	5,671.98	100.0%
Net Income	-6,689.52	5,671.98	-12,361.50	-217.9%
Total Equity	<u>180,713.73</u>	<u>187,403.25</u>	<u>-6,689.52</u>	<u>-3.6%</u>
TOTAL LIABILITIES & EQUITY	<u>180,833.75</u>	<u>188,402.01</u>	<u>-7,568.26</u>	<u>-4.0%</u>

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Accrual Basis

FAMILIES ANONYMOUS INC
Statement of Financial Income and Expense
 May 2017 through April 2018

	May '17 - Apr 18	May '16 - Apr 17	\$ Change
Income			
40000 · Sales	51,816.44	60,242.16	-8,425.72
40050 · Apple Sales	218.33	265.17	-46.84
40060 · Kindle Sales	621.70	622.74	-1.04
40070 · Barnes and Noble sales	15.57	41.52	-25.95
40500 · Rent Income	3,163.00	2,805.00	358.00
41600 · REIM POSTAGE/SHIPPING	4,402.03	4,609.98	-207.95
41605 · Handling fees	3,338.68	3,691.27	-352.59
41800 · GROUP DONATIONS	27,539.37	37,229.97	-9,690.60
41825 · CPC Donation	2,500.00	0.00	2,500.00
41850 · Individual Donations	8,091.02	4,279.39	3,811.63
41875 · Donation - Pay It Forward	0.00	0.00	0.00
41900 · OTHER DONATIONS	0.00	-0.01	0.01
41950 · INTEREST INCOME	106.31	105.61	0.70
41960 · Misc Income	14.70	13.19	1.51
Total Income	101,827.15	113,905.99	-12,078.84
Cost of Goods Sold			
50000 · Printing Lit/Cost of Goods	15,800.82	18,129.07	-2,328.25
50001 · Cost of Goods Sold	42.95	261.64	-218.69
50100 · Freight In 1	0.00	0.00	0.00
50900 · LESS ENDING INVENTORY ADJ	1,376.82	0.20	1,376.62
Total COGS	17,220.59	18,390.91	-1,170.32
Gross Profit	84,606.56	95,515.08	-10,908.52
Expense			
60100 · LITERATURE DEVELOPMENT	0.00	300.00	-300.00
60550 · Email & Website Expenses	2,855.16	2,065.21	789.95
60700 · MAILROOM SUPPLIES	706.86	708.14	-1.28
60800 · POSTAGE PURCHASED	969.02	430.46	538.56
60900 · UPS/DELIVERY	5,195.25	5,324.15	-128.90
61500 · Admin Postage	0.00	12.12	-12.12
66900 · Reconciliation Discrepancies	0.06	0.00	0.06
70150 · BOARD OF DIRECTOR'S EXP	433.07	108.30	324.77
70200 · DEPRECIATION	0.00	1,235.46	-1,235.46
70300 · INSURANCE	3,672.33	3,842.17	-169.84
70400 · BAD DEBT WRITEOFF	82.26	0.00	82.26
70550 · MISC EXP/BANK CHARGES	424.72	-48.76	473.48
70560 · Credit for Returned merchandise	0.01	0.00	0.01
70570 · estore Fees	3,649.06	3,258.71	390.35
70600 · OFFICE SUPPLIES/EXP	1,647.48	1,610.00	37.48
70630 · Office Computers	845.07	222.93	622.14
70640 · Professional Services	1,565.75	1,494.75	71.00
70650 · CONTRACT SERVICES	99.00	99.00	0.00
70700 · PAYROLL	42,802.76	41,084.98	1,717.78
70750 · PAYROLL TAXES	3,274.45	3,691.30	-416.85
70800 · RENT-OFFICE/PARKING	20,283.81	21,836.20	-1,552.39
70900 · TELEPHONE EXPENSE	2,166.59	1,877.78	288.81
70950 · UTILITIES	523.37	570.20	-46.83
71000 · Taxes, Licenses & Permits	100.00	120.00	-20.00
Total Expense	91,296.08	89,843.10	1,452.98
Net Income	-6,689.52	5,671.98	-12,361.50

Kevin Currid & Associates, Inc.
328 Carpenter Drive
Palatine, IL 60067
Tel. (847) 502-6604 Fax (847) 574-7588

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, 2018 and 2017, 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.

June 21, 2018

Families Anonymous, Inc. Balance Sheet

	April 30,	
	2018	2017
Assets:		
Current assets:		
Cash & cash equivalents	\$ 156,080.13	\$ 165,300.91
Inventory	19,583.15	18,079.30
Prepaid expenses & other current assets	<u>5,859.24</u>	<u>5,021.80</u>
Total current assets	181,522.52	188,402.01
Property & equipment		
Furniture, fixtures, & equipment	37,418.70	37,418.70
Less accumulated depreciation	<u>(37,418.70)</u>	<u>(37,418.70)</u>
Total property & equipment	<u>0.00</u>	<u>0.00</u>
Total assets	<u><u>\$ 181,522.52</u></u>	<u><u>\$ 188,402.01</u></u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ -	\$ 16.48
Payroll taxes payable	758.54	872.71
Sales tax payable	<u>50.25</u>	<u>109.57</u>
Total current liabilities	808.79	998.76
Net Assets:		
Total unrestricted net assets	<u>180,713.73</u>	<u>187,403.25</u>
Total liabilities & net assets	<u><u>\$ 181,522.52</u></u>	<u><u>\$ 188,402.01</u></u>

Families Anonymous, Inc. Income Statement

	For the years ended April 30,	
	2018	2017
Revenues:		
Literature sales	\$ 52,686.74	\$ 61,196.03
Contributions	38,130.39	41,709.35
Shipping & handling income	7,740.71	8,307.73
Rental Income	3,163.00	2,805.00
Interest Income	106.31	105.61
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Total revenues	101,827.15	114,123.72
Cost of sales	<hr/>	<hr/>
	17,220.59	18,394.87
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Gross profit	84,606.56	95,728.85
Expenses:		
Payroll expense	46,077.21	44,776.28
Rent & utilities	22,973.77	24,284.18
Postage & delivery	6,871.13	6,474.87
Bank charges & e-store fees	4,073.78	3,423.72
Insurance	3,672.33	3,842.17
Internet expense	2,855.16	2,065.21
Professional fees	1,664.75	1,593.75
Supplies	1,647.48	1,610.00
Other expenses	1,460.47	451.23
Depreciation	-	1,235.46
Public information & literature	-	300.00
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Total expenses	91,296.08	90,056.87
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Net Income	<u>\$ (6,689.52)</u>	<u>\$ 5,671.98</u>