

Date: June 7, 2022

To: The World Service Board of Families Anonymous

From: Financial Oversight Committee

Re: Fiscal Year 2022 Review of FA's Financial Statements & Accountant's Report

We have reviewed certain financial records of Families Anonymous ("FA") over the past year as well as FA's Balance Sheet Statement as of April 30, 2022 and the Profit and Loss Statement for the year ended April 30, 2022. Our review highlights increases and decreases in accounts that materially contributed to changes in FY 2022 assets, liabilities, revenues, cost of sales and expenses.

ANNUAL REVIEW

Profit and Loss Statements (attached)

The following is a comparative analysis of FA's Profit and Loss Statement for the 12 months ended April 30, 2022 (FY 2022) and April 30, 2021 (FY 2021).

Income (Revenue): Total Revenue: FY 2022 - \$100,089, FY 2021 - \$105,149. Comparing FY 2022 to FY 2021, total revenue declined by \$5,060, a 5% decrease.

- Individual donations decreased by \$19,697 when comparing FY 2022 and FY 2021, a 50% decline. However, FY 2021 Individual donations included a \$20,000 donation from one individual. If this one-time unusually high donation was not included in the year-over-year comparison, FY 2022 individual donations would exceed FY 2021 by \$300. Individual donations accounted for 20% of FY 2022 total revenues.
- Group donations of \$29,190, were 29% of total revenues for FY 2022. FY 2021 group donations of \$29,414, were 28% of total revenues.
- Literature sales increased by 20% comparing FY 2022 sales of \$30,783 and FY 2021 sales of \$25,754. Literature sales amounted to 31% of total revenues for FY 2022.

Cost of Goods Sold - Total Cost of Goods Sold: FY 2022 - \$9,449, FY 2021 - \$18,537. Comparing FY 2022 with FY 2021, cost of goods sold declined by 49%, or \$9,087.

The most significant change in cost of sales resulted from an inventory obsolescence charge of \$8,300 in FY 2021. An analysis was made of the various publication titles on hand at the end of FY 2021 and their respective frequency of sales in prior years. The results of the analysis suggest it was likely a significant portion of the publications would not sell. The cost associated with these "obsolete" titles was \$8,300. Although the charge to inventory obsolescence increased costs, it did not require the use of cash and can be viewed as a bookkeeping adjustment necessary to report the net amount of literature inventory on hand that is expected to sell in the future.

Expenses: Total Expenses – FY 2022 - \$90,891, FY 2021 - \$100,024. When comparing FY 2022 to FY 2021, total expenses decreased by 9%, or \$9,133.

- There was a material decrease in in rent for office/parking when year-over-year amounts are compared. Rents declined \$5,639 (23%) from FY 2022 to FY 2021.

Net Income (Loss): Net Loss FY 2022 - \$251, Net Loss FY 2021 - \$13,412. Factors significantly contributing to this favorable change (98%) in net loss comparing FY 2022 to the previous year, are highlighted in the above discussion of revenues, cost of sales and expenses.

Balance Sheet (attached)

The following is a comparative analytical review of FA's Balance Sheets at April 30, 2022 (FY 2022) and April 30, 2021 (FY 2021).

Assets: Total Assets: FY 2022 - \$140,536, FY 2021 - \$150,720.

- Comparing the FY 2022 and FY 2021-year end amounts, combined checking and savings account balances decreased by \$6,032, (4%).
- Literature inventories declined by \$4,154 (23%) comparing the respective year-end amounts.

Liabilities: Total Liabilities: FY 2022 - \$2,988, FY 2021 \$13,085.

- The Paycheck Protection Program ("PPP") passed by Congress as part of the Cares Act authorized forgivable loans to small businesses and nonprofits. A PPP Loan received during FY 2021 in the amount of \$10,072 accounted for 77% of total ending liability balance. The loan was forgiven during FY 2022 and is no longer a liability at the end of FY 2022.

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

Income Statement:

FY 2022 – Revenues \$100,089 Cost of Sales \$9,449, Expenses \$90,891, and Net Loss \$251. The outside accountant's Income Statements reconciles to FA's Profit and Loss Statement and general ledger accounts for both fiscal periods.

Balance Sheet:

FY 2022 - Total Assets \$140,536, Liabilities \$3,152, and Unrestricted net assets \$137,384. The outside accountant's Balance Sheet reconciles to FA's Balance Sheet Statement and general ledger accounts for both fiscal periods.

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

Yours truly,

Chris Z.
Chairman – Financial Oversight Committee

ATTACHED: FA's Profit & Loss Statements – 12 months year ended April 30, 2022, and April 30, 2021.
FA's Balance Sheets at April 30, 2022 & April 30, 2021
Outside Accountant's Report - Kevin Currid & Associates, Inc. Letter, and compiled Balance Sheets at April 30, 2022 & 2021, and Income Statements for the 12 months years ended April 30, 2022, and April 30, 2021.

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 Accrual Basis

FAMILIES ANONYMOUS INC
Profit & Loss
 May 2021 through April 2022

	May '21 - Apr 22	May '20 - Apr 21	% Change
Income			
40000 · Sales	30,783.98	25,753.65	19.5%
40050 · Apple Sales	289.56	310.56	-6.8%
40060 · Kindle Sales	779.99	1,040.41	-25.0%
40070 · Barnes and Noble sales	27.95	20.76	34.6%
40500 · Rent Income	2,546.00	2,784.00	-8.6%
41600 · REIM POSTAGE/SHIPPING	4,579.13	4,631.31	-1.1%
41605 · Handling fees	1,998.14	1,675.74	19.2%
41800 · GROUP DONATIONS	29,189.90	29,414.18	-0.8%
41850 · Individual Donations	19,793.90	39,490.73	-49.9%
41950 · INTEREST INCOME	22.47	24.50	-8.3%
41960 · Misc Income	6.28	3.65	72.1%
41970 · PPP Loan Forgiveness	10,072.00	0.00	100.0%
Total Income	100,089.30	105,149.49	-4.8%
Cost of Goods Sold			
40700 · PRINTING LITERATURE	0.00	0.00	0.0%
50000 · Printing Lit/Cost of Goods	9,264.71	10,131.77	-8.6%
50001 · Cost of Goods Sold	184.67	105.21	75.5%
50800 · Inventory Obsolescence	0.00	8,300.00	-100.0%
Total COGS	9,449.38	18,536.98	-49.0%
Gross Profit	90,639.92	86,612.51	4.7%
Expense			
60100 · LITERATURE DEVELOPMENT	0.00	0.00	0.0%
60550 · Email & Website Expenses	1,547.14	842.70	83.6%
60700 · MAILROOM SUPPLIES	771.87	1,454.23	-46.9%
60800 · POSTAGE PURCHASED	255.97	351.77	-27.2%
60900 · UPS/DELIVERY	5,109.91	5,303.66	-3.7%
70100 · ANNUAL BUS MEET EXPEN...	0.00	404.00	-100.0%
70150 · BOARD OF DIRECTOR'S EXP	344.60	276.49	24.6%
70300 · INSURANCE	3,582.46	3,676.04	-2.6%
70400 · BAD DEBT WRITEOFF	0.00	1.10	-100.0%
70550 · MISC EXP/BANK CHARGES	41.44	71.05	-41.7%
70570 · estore Fees	4,201.80	3,702.41	13.5%
70600 · OFFICE SUPPLIES/EXP	863.26	2,568.22	-66.4%
70610 · OFFICE MAINTENANCE	2.50	0.00	100.0%
70630 · Office Computers	259.46	294.98	-12.0%
70640 · Professional Services	1,289.50	1,285.00	0.4%
70650 · CONTRACT SERVICES	148.00	148.00	0.0%
70700 · PAYROLL	47,832.90	48,265.95	-0.9%
70750 · PAYROLL TAXES	3,659.17	3,692.36	-0.9%
70800 · RENT-OFFICE/PARKING	18,495.20	24,134.48	-23.4%
70900 · TELEPHONE EXPENSE	1,856.98	2,941.19	-36.9%
70950 · UTILITIES	533.37	490.12	8.8%
71000 · Taxes, Licenses & Permits	95.00	120.00	-20.8%
Total Expense	90,890.53	100,023.75	-9.1%
Net Income	-250.61	-13,411.24	98.1%

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 Accrual Basis

FAMILIES ANONYMOUS INC
Balance Sheet
 As of April 30, 2022

	<u>Apr 30, 22</u>	<u>Apr 30, 21</u>	<u>% Change</u>
ASSETS			
Current Assets			
Checking/Savings			
10100 · PETTY CASH FUND	18.96	18.96	0.0%
10500 · Checking	15,888.31	21,942.81	-27.6%
10600 · Savings	114,322.68	114,300.21	0.0%
10900 · estore	184.39	0.00	100.0%
Total Checking/Savings	<u>130,414.34</u>	<u>136,261.98</u>	<u>-4.3%</u>
Other Current Assets			
12000 · INVENTORY	13,744.78	17,899.06	-23.2%
12001 · Undeposited Funds	0.00	479.85	-100.0%
12100 · Inventory Asset	1,318.07	1,424.60	-7.5%
12200 · Inventory Reserve	-7,778.73	-8,300.00	6.3%
14040 · RENT-SECURITY DEPOSIT	1,531.00	1,531.00	0.0%
14060 · PREPAID INSURANCE	1,306.67	1,423.13	-8.2%
Total Other Current Assets	<u>10,121.79</u>	<u>14,457.64</u>	<u>-30.0%</u>
Total Current Assets	<u>140,536.13</u>	<u>150,719.62</u>	<u>-6.8%</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>
TOTAL ASSETS	<u><u>140,536.13</u></u>	<u><u>150,719.62</u></u>	<u><u>-6.8%</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
20100 · ACCOUNTS PAYABLE	164.00	0.00	100.0%
Total Accounts Payable	<u>164.00</u>	<u>0.00</u>	<u>100.0%</u>
Other Current Liabilities			
20900 · Convention	1,725.84	1,725.84	0.0%
24000 · Payroll Liabilities	1,138.21	1,170.91	-2.8%
25500 · Sales Tax Payable	123.91	116.09	6.7%
26000 · PPP Loan	0.00	10,072.00	-100.0%
Total Other Current Liabilities	<u>2,987.96</u>	<u>13,084.84</u>	<u>-77.2%</u>
Total Current Liabilities	<u>3,151.96</u>	<u>13,084.84</u>	<u>-75.9%</u>
Total Liabilities	<u>3,151.96</u>	<u>13,084.84</u>	<u>-75.9%</u>
Equity			
30100 · FUND EQUITY	179,731.27	179,731.27	0.0%
32000 · Retained Earnings	-42,096.49	-28,685.25	-46.8%
Net Income	-250.61	-13,411.24	98.1%
Total Equity	<u>137,384.17</u>	<u>137,634.78</u>	<u>-0.2%</u>
TOTAL LIABILITIES & EQUITY	<u><u>140,536.13</u></u>	<u><u>150,719.62</u></u>	<u><u>-6.8%</u></u>

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To the Board of Directors of Families Anonymous, Inc.
Des Plaines, IL

Management is responsible for the accompanying financial statements of Families Anonymous, Inc. which comprise the balance sheets as of April 30, 2022 and 2021 and the related statements of income for the years then ended. We have performed the compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all the disclosures and the display of comprehensive income required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the display of comprehensive income 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, the financial statements are not designed for those who are not informed about such matters.

KEVIN CURRID & ASSOCIATES, INC.

Kevin Currid & Associates, Inc.

June 2, 2022

Families Anonymous, Inc. Balance Sheet

	April 30,	
	2022	2021
Assets:		
Current assets:		
Cash & cash equivalents	130,414	136,742
Inventory, net of reserve	7,284	11,024
Prepaid expenses & other current assets	2,838	2,954
Total current assets	140,536	150,720
Property & equipment		
Furniture, fixtures, & equipment	37,419	37,419
Less accumulated depreciation	(37,419)	(37,419)
Total property & equipment	0	0
Total assets	140,536	150,720
Liabilities:		
Current liabilities:		
Accounts payable	164	0
Convention payable	1,726	1,726
Payroll taxes payable	1,138	1,171
PPP Loan	0	10,072
Sales tax payable	124	116
Total current liabilities	3,152	13,085
Net Assets:		
Total unrestricted net assets	137,384	137,635
Total liabilities & net assets	140,536	150,720

Families Anonymous, Inc. Income Statement

For the years ended April 30,

	2022	2021
Revenues:		
Literature sales	31,881	27,129
Contributions	48,984	68,905
Shipping & handling income	6,577	6,307
Rental Income	2,546	2,784
PPP Loan Forgiveness Income	10,072	0
Other Income	6	0
Interest Income	22	25
	100,089	105,150
Cost of sales	9,449	18,537
Gross profit	90,640	86,613
Expenses:		
Payroll expense	51,492	51,958
Rent & utilities	20,886	27,566
Postage & delivery	6,138	7,110
Bank charges & e-store fees	4,243	3,773
Insurance	3,582	3,676
Internet & website expense	1,547	843
Professional fees	1,438	1,433
Supplies	863	2,568
Other expenses	702	1,097
	90,891	100,024
Net Income	(251)	(13,411)