

Finance Update

July 2018

Joyce B., Treasurer

The following update is based on the unaudited financial statements for the period that ended June 30th, 2018:

Change in net assets in the General Fund resulted in an operating deficit of \$59,612. The deficit is related to sluggish literature sales and expenses that only occur in the second quarter, like Conference costs and audit fees. Literature sales are expected to pick up in the third quarter.

Income:

Gross literature sales through June 2018 were \$63,800 (3%) less than sales through June 2017 and \$104,000 (5%) below budget. Contributions through June 2018 were \$68,000 lower (6%) than June 2017 but tracking \$15,000 above budget. *Forum* subscriptions are \$128,966; when compared with last year's subscriptions of \$134,767, they show a decrease of 4.3%.

Expenses:

Actual operating expenses have decreased by \$47,800; they are down 1.76% from last year due to unfilled positions at the World Service Office and general timing of invoices.

Reserve Fund:

The Finance Committee Investment Philosophy is one of growth and income with a moderate risk tolerance; the Board seeks to balance potential risks with higher potential returns. We believe equities should make up a significant portion of the Reserve Fund. In keeping with the Finance Committee Philosophy of meeting at least semiannually with its investment managers, the Finance Committee met face-to-face with the investment managers in July to review its investments. Following the review, the Finance Committee agreed that its current investments are in keeping with AI-Anon's Investment Philosophy as a whole: No changes were recommended to the Board.

Investment income includes a monthly transfer of \$17,300 from the Reserve Fund. The fair value of investments in the Reserve Fund totaled \$5,714,509 at June 30th, 2018, which represents a \$129,000 increase in value over this time last year.

Outlook:

The Finance Committee conservatively estimates each year's income. It scrutinizes the annual budgets of estimated income and expense that are submitted by the WSO, and makes revisions when necessary. With this responsibility in mind, the Finance Committee reviewed the 2018 Revised Budget as presented by the Director of Finance/Operations. While the budget was revised to demonstrate changes in expenses, the bottom line remains as presented and approved during the 2018 World Service Conference. The Finance Committee also scrutinized the recommendation from the Conference Leadership Team for estimated interpretation costs for the 2019 World Service Conference; it found the proposed costs to be financially feasible.

The expectation is to have a strong year for literature sales, with new literature being introduced in July. Contributions are tracking as expected. With a very successful International Convention, the outlook is positive for the last half of the year.