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INDEPENDENT AUDITOR'S REPORT

**San Diego Intergroup, Inc., DBA Alcoholics Anonymous of
San Diego County**

**Audited Financial Statements
December 31, 2021 and 2020**

Members of the Business Committee:

I have audited the accompanying statement of financial position of the Fellowship of Alcoholics Anonymous in San Diego County as of December 31, 2021 and 2020 and the related statements of support, revenues and expenses and changes in fund balances, and cash flows, and the supplemental schedule of revenue and direct costs for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alcoholics Anonymous of San Diego County as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Revenue and Direct Costs on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Suzanne Davis, CPA
San Diego, California
March 23, 2022

Alcoholics Anonymous of San Diego County
Balance Sheets
December 31, 2021 and 2020

	<u>ASSETS</u>	2021	2020
Current Assets:			
Petty Cash		\$250	\$250
Cash in Checking		55,513	64,515
Credit Card Merchant		722	279
Cash in Savings - CD's		120,226	100,129
Prepaid Expenses		3,242	2,183
Inventory		24,059	28,369
Total Current Assets		204,012	195,725
 Fixed Assets:			
Furniture, Fixtures & Equipment		28,406	27,740
Leasehold Improvements		14,030	7,306
Less: Accumulated Depreciation		(35,872)	(35,046)
Total Fixed Assets		6,564	0
 Total Assets		\$210,576	\$195,725
 Liabilities:			
Accrued Payroll Taxes		1,786	1,376
Accrued Sales Tax		1,352	397
Gift Certificates Outstanding		0	0
Total Liabilities		3,138	1,773
 Fund Balance		207,438	193,952
 Total Liabilities & Fund Balance		\$210,576	\$195,725

The Accompanying Notes are an Integral Part of the Financial Statements

Alcoholics Anonymous of San Diego County
Statement of Support, Revenue and Expenses & Changes in Fund Balances
December 31, 2021 and 2020

	2021	2020
Revenue:		
Contributions	\$158,241	\$140,867
Retail Sales, (Net)	6,789	2,196
Interest	459	1,702
Total Revenue	165,489	144,765
 Expenses:		
Salaries	88,027	82,696
Employee Benefits & Taxes	15,749	16,505
Employer Pension Contribution	155	2,362
Total Salaries, Benefits & Taxes	103,931	101,563
 Operating Expenses:		
Accounting & Legal	3,094	2,675
Auto & Travel	130	370
Bank Charges / Bad Debt	106	285
Committee / Program Expense	4,931	3,077
Insurance, WC & Liability	1,967	1,473
Depreciation Expense	160	0
Minor Equipment Purchase	3,090	0
Rent	23,600	23,120
Repairs & Maintenance	1,415	751
Supplies	3,209	1,984
Taxes	50	80
Telephone	2,536	1,807
Website	169	107
Utilities	3,072	3,099
Total Operating Expenses	47,529	38,828
 Total Expenses	 151,460	 140,391
Excess Revenue / (Expenses)	14,029	4,374
 Fund Balances:		
Beginning of Year (Less Restricted Fund)	193,374	189,000
Restricted Fund balance	35	578
 Ending Fund Balances	 \$207,438	 \$193,952

The Accompanying Notes are an Intergral Part of the Financial Statements

Alcoholics Anonymous of San Diego County
Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Excess revenue over (expenses)	\$14,029	\$4,374
Adjustments to reconcile excess revenue over expenses to net cash used by operating activities:		
Changes in assets & liabilities:		
Decrease (Increase) in:		
Prepaid Expenses	(1,059)	(918)
Inventory	4,310	5,586
Fixed Assets/A/D	(6,564)	
Increase (Decrease) in:		
Payroll Taxes Payable	410	149
Sales Taxes Payable	955	(1,022)
Gift Certificates Payable	0	0
Restricted Fund Balance	(543)	0
Net cash used by operating activities	11,538	8,169
Net Decrease in cash	11,538	8,169
Cash at beginning of year	165,173	157,004
Cash at end of year	\$176,711	\$165,173

The Accompanying Notes are an Intergral Part of the Financial Statements

**Alcoholics Anonymous of San Diego County
Supplemental Schedule of Revenue and Direct Costs**

For the Year Ended December 31, 2021

	Revenue	Direct Costs	Indirect Costs	Net
Retail Sales				
Books	\$56,005	\$48,523		\$7,482
Pamphlets	2,698	2,382		316
Tapes	2,156	1,785		371
Schedules	1,409	2,023		(614)
Tokens	9,961	5,115		4,846
Unallocated Literature Discount			1,789	(1,789)
Credit Card Charges, all categories			1,723	(1,723)
Inventory & Sales Tax Adjustments			2,100	(2,100)
Total	<u>\$72,229</u>	<u>\$59,828</u>	<u>\$5,612</u>	<u>\$6,789</u>

For the Year Ended December 31, 2020

	Revenue	Direct Costs	Indirect Costs	Net
Retail Sales				
Books	\$31,806	\$26,419		\$5,387
Pamphlets	2,183	1,428		755
Tapes	1,183	852		331
Schedules	1,546	1,262		284
Tokens	3,997	2,011		1,986
Unallocated Literature Discount			2,577	(2,577)
Credit Card Charges, all categories			686	(686)
Inventory & Sales Tax Adjustments			3,284	(3,284)
Total	<u>\$40,715</u>	<u>\$31,972</u>	<u>\$6,547</u>	<u>\$2,196</u>

The Accompanying Notes are an Intergral Part of the Financial Statements

Alcoholics Anonymous of San Diego County
Notes to Financial Statements
December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies:

Alcoholics Anonymous of San Diego County is an incorporated, not for profit organization of the various affiliated Alcoholics Anonymous groups in San Diego County. The governing body for the Fellowship is the Coordinating Council, to which each group is entitled to be represented. The financial statements reflect only the accounts and activities of the central office of the Fellowship as the various affiliated groups are autonomous.

The accompanying financial statements are presented on the accrual basis in accordance with generally accepted accounting principles whereby all income is recognized when earned and expenses are recognized when incurred.

Public support consists solely of voluntary contributions collected from individuals participating in meetings. All contributions and donations are considered available for unrestricted use since they are not generally specifically restricted by the donors. However, restricted donations are allowed and do occasionally happen and are recorded as such in the Equity section of the Balance Sheet.

Pledges for contributions are recorded as received. Inventories of books, literature, tokens, cassettes and stickers held for resale are recorded at the lower of cost or market using the first-in, first-out method. A physical inventory is taken at the end of the year of said materials.

Fixed assets are maintained on the books and recorded at cost. Depreciation is computed on the straight-line method over the estimated useful life of the assets. The estimated useful lives of the assets range from 3 to 10 years. In some cases (ie, small furniture or office equipment), all the depreciation is taken within the fiscal year (Code Sec. 179).

Note 2. Donated Services:

A substantial number of volunteers have donated significant amounts of their personal time in the Fellowship's program for a variety of services. The financial statements do not reflect any amounts for said donated services as they are not specialty services and no objective basis is available to measure the value of such services.

Alcoholics Anonymous of San Diego County
Notes to Financial Statements
December 31, 2021 and 2020

Note 3. Income Taxes:

The Fellowship operates as a not-for-profit entity and, therefore, files the Non-Profit tax return Form 990, Return of Organization Exempt from Income Tax under Section 501(c)(3) to the Internal Revenue Service; Form 199, Exempt Organization Annual Information return under Section 23701(d) and Form CT-2, Periodic Report to the State of California.

Note 4. Prepaid Expenses:

The Fellowship is invoiced for General Liability and Workman's Compensation Insurance before the expense is actually incurred. Such expenses are paid and recorded as Prepaid Expenses and then expensed evenly over the next 12 month insurance period. Employee Medical insurance and Office rent for Jan 2022 was also paid in December 2021 and recorded as a prepaid expense.

Note 5. Reserved Funds:

The Fellowship operates solely on financial donations from its members and other affiliated groups. Normally these donations are for general use and are unrestricted.

Literature Racks - In 2013, a member made a financial donation of \$452.71 for the sole purpose of purchasing Literature Racks for pamphlets. On 7/29/14, an additional donation was received, bringing the reserved total to \$472.71. During the 2015 year, additional donations totaling \$60 were made specifically for the purchase of Literature Racks, as well as \$256.55 of these reserved funds being used to purchase racks. In 2016 an additional \$100 was donated for purchases, but no funds were used. In 2017 and 2018 there was no activity, leaving a balance of \$376.16 at 12/31/18. In 2019, \$257.19 of the funds were used to purchase Literature Racks, leaving a balance of \$118.97 allocated as Reserved Funds. In 2021, \$83.97 of these funds were used to purchase Literature Racks, leaving a balance of \$35 as the remaining unused reserved funds.

Anniversary Breakfast – Excess funds from the sale of tickets to the Fellowships annual Anniversary Breakfast event were unused in 2019 and were set aside for the 2020 Anniversary Breakfast event costs. These funds totaled \$458.77. Due to COVID-19, there were no events in 2020. In 2021, these funds were fully utilized for the Anniversary Breakfast leaving a balance of zero.

Alcoholics Anonymous of San Diego County
Notes to Financial Statements
December 31, 2021 and 2020

Note 6. Operating Lease:

The Fellowship has a lease for office facilities, which expires April 30, 2024. For the year ended December 31, 2021, rent expense on the lease totaled \$23,600.00. Future minimum lease payments under the terms of the lease are summarized as follows:

2022 - \$24,080.00
2023 - \$24,560.00
<u>2024 - \$ 8,240.00</u>
Total - \$56,880.00

Note 7. Pension Plan:

The Fellowship provides a 403(b) retirement plan for full time employees. Each employee may elect to make a tax-deferred contribution at their own discretion for each pay period. The benefit contribution from Alcoholics Anonymous of San Diego is 10% of the elected employee contribution up to an annual limit of \$500.00.

Note 8. Accrued Vacation & Sick time:

Vacation & Sick time are accrued per pay period for Employees and, when used, are paid out at the employee's current hourly rate. While these values are not shown on the books, a value of \$4,135.66 for employee vacation and sick time is accrued as of 12/31/2021. Per historical practice, this will show as an expense once paid.

Alcoholics Anonymous of San Diego County
Notes to Financial Statements
December 31, 2021 and 2020

Note 9. 2020/2021 Circumstances:

A common term for 2020 was “Pivot”, and Alcoholics Anonymous of San Diego did this well. Due to the COVID-19 pandemic, no in-person events were allowed beginning in March. Meetings were revamped, moved to ZOOM and accessible online. The Bookstore closed for in person shopping and moved strictly to online and telephone orders with contactless “Curbside” pickup. Both of these changes made it possible to continue services throughout 2020 and into 2021. Alcoholics Anonymous was able to fully reopen June 2021.

Connie Larkin, the Central Office Manager of 23 years, announced her retirement in October 2020, to be effective 1/31/2021. Judi Teaze began her tenure as Office Manager upon Connie’s retirement.