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**INDEPENDENT AUDITOR'S REPORT**

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

**Audited Financial Statements  
December 31, 2022 and 2021**

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, 2022 and 2021 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, 2022 and 2021, 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  
April 6, 2023

Alcoholics Anonymous of San Diego County  
Balance Sheets  
December 31, 2022 and 2021

	<u>ASSETS</u>	<b>2022</b>	<b>2021</b>
<b>Current Assets:</b>			
Petty Cash		\$250	\$250
Cash in Checking		45,573	55,513
Credit Card/Paypal Merchant		1,017	722
Cash in Savings - CD's		140,638	120,226
Prepaid Expenses		1,463	3,242
Inventory		33,371	24,059
Total Current Assets		<u>222,312</u>	<u>204,012</u>
 <b>Fixed Assets:</b>			
Furniture, Fixtures & Equipment		31,076	28,406
Leasehold Improvements		14,030	14,030
Less: Accumulated Depreciation		<u>(37,241)</u>	<u>(35,872)</u>
Total Fixed Assets		7,865	6,564
 <b>Total Assets</b>		 <u><b>\$230,177</b></u>	 <u><b>\$210,576</b></u>
 <b>Liabilities:</b>			
Accrued Payroll Taxes		1,854	1,786
Accrued Sales Tax		1,330	1,352
Gift Certificates Outstanding		0	0
Total Liabilities		<u>3,184</u>	<u>3,138</u>
 <b>Fund Balance</b>		 <u>226,993</u>	 <u>207,438</u>
 <b>Total Liabilities &amp; Fund Balance</b>		 <u><b>\$230,177</b></u>	 <u><b>\$210,576</b></u>

The Accompanying Notes are an Intergral Part of the Financial Statements

Alcoholics Anonymous of San Diego County  
Statement of Support, Revenue and Expenses & Changes in Fund Balances  
December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Revenue:</b>		
Contributions	\$177,218	\$158,241
Retail Sales, (Net)	3,430	6,789
Interest	808	459
Total Revenue	181,456	165,489
 <b>Expenses:</b>		
Salaries	88,211	88,027
Employee Benefits & Taxes	16,775	15,749
Employer Pension Contribution	0	155
Total Salaries, Benefits & Taxes	104,986	103,931
 <b>Operating Expenses:</b>		
Accounting & Legal	2,585	3,094
Auto & Travel	1,496	130
Bank Charges / Bad Debt	29	106
Committee / Program Expense	9,754	4,931
Insurance, WC & Liability	1,444	1,967
Depreciation Expense	1,213	160
Minor Equipment Purchase	3,749	3,090
Rent	24,080	23,600
Repairs & Maintenance	1,262	1,415
Supplies	4,110	3,209
Taxes	75	50
Telephone	1,758	2,536
Website	75	169
Utilities	5,250	3,072
Total Operating Expenses	56,880	47,529
 Total Expenses	 161,866	 151,460
Excess Revenue / (Expenses)	19,590	14,029
 <b>Fund Balances:</b>		
Beginning of Year (Less Prev Yr Restricted Fund)	207,403	193,374
Restricted Fund balance	0	35
 Ending Fund Balances	 <u>\$226,993</u>	 <u>\$207,438</u>

The Accompanying Notes are an Integral Part of the Financial Statements

**Alcoholics Anonymous of San Diego County**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Excess revenue over (expenses)	\$19,590	\$14,029
Adjustments to reconcile excess revenue over expenses to net cash used by operating activities:		
Changes in assets & liabilities:		
Decrease (Increase) in:		
Prepaid Expenses	1,779	(1,059)
Inventory	(9,312)	4,310
Fixed Assets/A/D	(1,301)	(6,564)
Increase (Decrease) in:	0	
Payroll Taxes Payable	68	410
Sales Taxes Payable	(22)	955
Gift Certificates Payable	0	0
Restricted Fund Balance	(35)	(543)
Net cash used by operating activities	10,767	11,538
Net Decrease in cash	10,767	11,538
Cash at beginning of year	176,711	165,173
Cash at end of year	\$187,478	\$176,711

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, 2022**

	<b>Revenue</b>	<b>Direct Costs</b>	<b>Indirect Costs</b>	<b>Net</b>
<b>Retail Sales</b>				
Books	\$55,073	\$45,634		\$9,439
Pamphlets	4,867	5,224		(357)
Tapes	2,549	2,043		506
Schedules	2,981	4,409		(1,428)
Tokens	12,957	6,482		6,475
Unallocated Literature Discount			7,993	(7,993)
Credit Card Charges, all catagories			2,600	(2,600)
Inventory & Sales Tax Adjustments			612	(612)
<b>Total</b>	<u>\$78,427</u>	<u>\$63,792</u>	<u>\$11,205</u>	<u>\$3,430</u>

**For the Year Ended December 31, 2021**

	<b>Revenue</b>	<b>Direct Costs</b>	<b>Indirect Costs</b>	<b>Net</b>
<b>Retail Sales</b>				
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 catagories			1,723	(1,723)
Inventory & Sales Tax Adjustments			2,100	(2,100)
<b>Total</b>	<u>\$72,229</u>	<u>\$59,828</u>	<u>\$5,612</u>	<u>\$6,789</u>

The Accompanying Notes are an Intergral Part of the Financial Statements

Alcoholics Anonymous of San Diego County  
Notes to Financial Statements  
December 31, 2022 and 2021

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, 2022 and 2021

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 Council Rent (Zoom) for Jan 2023 was also paid in December 2022 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. The final remaining \$35 was used in 2022, leaving a balance of \$0.00 as Reserved Funds at 12/31/2022

Alcoholics Anonymous of San Diego County  
Notes to Financial Statements  
December 31, 2022 and 2021

Note 6. Operating Lease:

The Fellowship has a lease for office facilities, which expires April 30, 2024. For the year ended December 31, 2022, rent expense on the lease totaled \$24,080.00. Future minimum lease payments under the terms of the lease are summarized as follows:

2023 - \$24,560.00
<u>2024 - \$ 8,240.00</u>
<b>Total - \$32,800.00</b>

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 payed out at the employee's current hourly rate. While these values are not shown on the books, a value of \$4,465.37 for employee vacation and sick time is accrued as of 12/31/2022. Per historical practice, this will show as an expense once paid.