



Al-Anon Family Group Headquarters, Inc.

Financial Report

December 31, 2024

Al-Anon Family Group Headquarters, Inc.

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Independent Auditor's Report

To the Board of Trustees of
Al-Anon Family Group Headquarters, Inc.
Virginia Beach, Virginia

Opinion

We have audited the accompanying financial statements of Al-Anon Family Group Headquarters, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Al-Anon Family Group Headquarters, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Al-Anon Family Group Headquarters, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Al-Anon Family Group Headquarters, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AI-Anon Family Group Headquarters, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AI-Anon Family Group Headquarters, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of 2023 Convention Revenue and Expenses is presented for the purpose 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 relates 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
March 4, 2025



Financial Statements

Al-Anon Family Group Headquarters, Inc.

Statements of Financial Position

December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 3,985,675	\$ 3,554,918
Accounts receivable	159,220	209,572
Inventories of books and other literature	573,247	549,650
Deferred charges and deposits	291,762	200,236
Investments (Notes 4 and 5)	9,198,639	8,468,212
Property and equipment, net (Note 6)	1,278,623	1,286,517
Intangible assets, net (Note 7)	245,411	246,552
Right-of-use assets, operating leases (Note 8)	43,560	59,068
Total assets	\$ 15,776,137	\$ 14,574,725
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 411,904	\$ 446,719
Accrued postretirement health benefits (Note 9)	482,618	580,264
Unearned subscription income	192,903	195,281
Unearned mobile app income	31,732	32,010
Unearned convention and conference income	190,923	151,954
Operating lease liability (Note 8)	43,560	59,068
Total liabilities	1,353,640	1,465,296
NET ASSETS		
Without donor restrictions	14,422,497	13,109,429
Total liabilities and net assets	\$ 15,776,137	\$ 14,574,725

Al-Anon Family Group Headquarters, Inc.

Statement of Activities

Year Ended December 31, 2024

	General Fund	Board Designated Funds		2024 Totals
		Reserve Fund (Note 11)	Building Fund (Note 12)	
REVENUES				
Literature sales	\$ 3,888,585	\$ -	\$ -	\$ 3,888,585
Cost of sales	959,173	-	-	959,173
Gross profit	2,929,412	-	-	2,929,412
Magazine sales	261,867	-	-	261,867
Subscription income	58,296	-	-	58,296
Contributions	3,022,843	-	-	3,022,843
Contributed nonfinancial assets (Note 10)	443,348	-	-	443,348
Investment income, net (Note 4)	80,706	753,778	-	834,484
Total revenue	<u>6,796,472</u>	<u>753,778</u>	<u>-</u>	<u>7,550,250</u>
FUNCTIONAL EXPENSES				
Program services	3,290,359	-	-	3,290,359
Literature distribution services	1,004,547	-	-	1,004,547
General administration	2,039,922	(97,646)	-	1,942,276
Total expenses	<u>6,334,828</u>	<u>(97,646)</u>	<u>-</u>	<u>6,237,182</u>
Change in net assets	461,644	851,424	-	1,313,068
NET ASSETS				
Without donor restrictions, beginning of year	4,580,016	7,438,171	1,091,242	13,109,429
Transfers (Note 12)	166,096	(124,010)	(42,086)	-
Without donor restrictions, end of year	<u>\$ 5,207,756</u>	<u>\$ 8,165,585</u>	<u>\$ 1,049,156</u>	<u>\$ 14,422,497</u>

Al-Anon Family Group Headquarters, Inc.

Statement of Activities

Year Ended December 31, 2023

	General Fund	Board Designated Funds		2023 Totals
		Reserve Fund (Note 11)	Building Fund (Note 12)	
REVENUES				
Literature sales	\$ 4,403,745	\$ -	\$ -	\$ 4,403,745
Cost of sales	1,186,115	-	-	1,186,115
Gross profit	3,217,630	-	-	3,217,630
Magazine sales	262,050	-	-	262,050
Subscription income	54,634	-	-	54,634
Contributions	2,916,398	-	-	2,916,398
Contributed nonfinancial assets (Note 10)	244,657	-	-	244,657
Convention event, net of expenses of \$807,919	187,468	-	-	187,468
Investment income, net (Note 4)	20,014	1,089,174	-	1,109,188
Total revenue	<u>6,902,851</u>	<u>1,089,174</u>	<u>-</u>	<u>7,992,025</u>
FUNCTIONAL EXPENSES				
Program services	3,184,174	-	-	3,184,174
Literature distribution services	890,741	-	-	890,741
General administration	1,750,312	(34,967)	-	1,715,345
Total expenses	<u>5,825,227</u>	<u>(34,967)</u>	<u>-</u>	<u>5,790,260</u>
Change in net assets	1,077,624	1,124,141	-	2,201,765
NET ASSETS				
Without donor restrictions, beginning of year	3,427,360	6,314,781	1,165,523	10,907,664
Transfers	75,032	(751)	(74,281)	-
Without donor restrictions, end of year	<u>\$ 4,580,016</u>	<u>\$ 7,438,171</u>	<u>\$ 1,091,242</u>	<u>\$ 13,109,429</u>

Al-Anon Family Group Headquarters, Inc.

Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Literature Distribution Services	General Administration	2024 Total
OPERATING EXPENSES				
Salaries	\$ 1,872,051	\$ 727,022	\$ 656,816	\$ 3,255,889
Employee benefits	426,346	167,016	151,717	745,079
	<u>2,298,397</u>	<u>894,038</u>	<u>808,533</u>	<u>4,000,968</u>
Occupancy costs	156,033	124,189	38,213	318,435
Packing and shipping, net	-	(63,750)	-	(63,750)
Postage	137,064	3,386	36,507	176,957
Telephone	14,932	6,118	41,444	62,494
Stationery and supplies	12,829	904	34,598	48,331
Office services and expenses	170,573	26,298	201,828	398,699
Contributed nonfinancial assets	-	-	443,348	443,348
Repairs and maintenance	-	-	9,528	9,528
Travel and meetings	82,916	-	116,339	199,255
Direct conference costs, net	47,219	-	-	47,219
Professional fees	10,775	-	97,490	108,265
Printing	149,424	-	-	149,424
Canadian office	2,257	-	-	2,257
General service meeting	28,363	-	-	28,363
Public service announcements	72,210	-	-	72,210
Bank fees	-	-	40,106	40,106
Credit card fees	-	-	96,201	96,201
Miscellaneous	-	-	12,896	12,896
	<u>3,182,992</u>	<u>991,183</u>	<u>1,977,031</u>	<u>6,151,206</u>
NONOPERATING EXPENSES				
Depreciation and amortization	63,208	4,957	51,871	120,036
Postretirement health benefits	44,159	8,407	(86,626)	(34,060)
Total nonoperating expenses	<u>107,367</u>	<u>13,364</u>	<u>(34,755)</u>	<u>85,976</u>
Total expenses	<u><u>\$ 3,290,359</u></u>	<u><u>\$ 1,004,547</u></u>	<u><u>\$ 1,942,276</u></u>	<u><u>\$ 6,237,182</u></u>

AI-Anon Family Group Headquarters, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Literature Distribution Services	General Administration	2023 Total
OPERATING EXPENSES				
Salaries	\$ 1,842,855	\$ 675,523	\$ 634,827	\$ 3,153,205
Employee benefits	428,604	158,655	145,621	732,880
	<u>2,271,459</u>	<u>834,178</u>	<u>780,448</u>	<u>3,886,085</u>
Occupancy costs	149,090	118,664	36,511	304,265
Packing and shipping, net	-	(111,668)	-	(111,668)
Postage	125,117	3,632	33,152	161,901
Telephone	10,401	4,163	38,966	53,530
Stationary and supplies	12,991	1,906	34,455	49,352
Office services and expenses	147,514	26,040	162,827	336,381
Contributed nonfinancial assets	-	-	244,657	244,657
Repairs and maintenance	4,780	2,210	10,721	17,711
Travel and meetings	42,987	-	141,007	183,994
Direct conference costs, net	45,331	-	-	45,331
Direct convention costs	807,919	-	-	807,919
Professional fees	13,450	-	68,679	82,129
Printing	163,124	-	-	163,124
Canadian office	1,954	-	-	1,954
General service meeting	359	-	-	359
Public service announcements	95,050	-	-	95,050
Bank fees	-	-	31,621	31,621
Credit card and bank fees	-	-	100,628	100,628
Miscellaneous expenses	-	-	16,754	16,754
	<u>3,891,526</u>	<u>879,125</u>	<u>1,700,426</u>	<u>6,471,077</u>
NONOPERATING EXPENSES				
Depreciation and amortization	60,053	3,305	37,418	100,776
Postretirement health benefits	40,514	8,311	(22,499)	26,326
	<u>100,567</u>	<u>11,616</u>	<u>14,919</u>	<u>127,102</u>
	<u><u>\$ 3,992,093</u></u>	<u><u>\$ 890,741</u></u>	<u><u>\$ 1,715,345</u></u>	<u><u>\$ 6,598,179</u></u>

Al-Anon Family Group Headquarters, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Literature Distribution Services	General Administration	2023 Total
LESS EXPENSES INCLUDED WITH REVENUE ON THE STATEMENT OF ACTIVITIES				
Convention center	\$ 312,869	\$ -	\$ -	\$ 312,869
Event management	78,929	-	-	78,929
Entertainment	2,968	-	-	2,968
Registration & vendors	163,537	-	-	163,537
Simultaneous & ASL interpretation	14,158	-	-	14,158
Food and beverage	110,118	-	-	110,118
Hotel and transportation	54,545	-	-	54,545
Host committee	4,738	-	-	4,738
Pre-convention travel	26,460	-	-	26,460
Printing & supplies	3,245	-	-	3,245
Postage & shipping	10,200	-	-	10,200
Community awareness	777	-	-	777
Insurance, phone & miscellaneous	20,375	-	-	20,375
Scooter rentals	5,000	-	-	5,000
Total expenses included with revenue	807,919	-	-	807,919
Total functional expenses on the statement of activities	\$ 3,184,174	\$ 890,741	\$ 1,715,345	\$ 5,790,260

AI-Anon Family Group Headquarters, Inc.

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ 1,313,068	\$ 2,201,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	205,328	185,673
Net gain on investments	(536,424)	(843,174)
Interest/dividend income reinvested	(297,462)	(249,972)
Change in current assets and liabilities:		
Accounts receivable	50,352	(109,696)
Inventories of books and other literature	(23,597)	(46,966)
Deferred charges and deposits	(91,526)	140,070
Accounts payable and accrued expenses	(34,815)	85,268
Accrued postretirement health benefits	(97,646)	(34,967)
Unearned subscription income	(2,378)	6,657
Unearned mobile app income	(278)	6,066
Unearned convention and conference income	38,969	(447,438)
Net cash provided by operating activities	523,591	893,286
INVESTING ACTIVITIES		
Sale of investments and transfers to operating cash	4,364,429	9,707,114
Purchases of investments	(4,260,969)	(9,798,234)
Purchases of property and equipment	(163,271)	(70,226)
Purchases of intangibles	(33,023)	(50,990)
Net cash used in investing activities	(92,834)	(212,336)
Net increase in cash and cash equivalents	430,757	680,950
CASH AND CASH EQUIVALENTS		
Beginning of year	3,554,918	2,873,968
End of year	\$ 3,985,675	\$ 3,554,918
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Right-of-use asset obtained in exchange for lease liability	\$ -	\$ 13,788

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Note 1 – Organization and Nature of Activities

Al-Anon Family Group Headquarters, Inc. (the “Organization”) is a not-for-profit corporation that publishes and distributes books, pamphlets, and other materials directly related to Al-Anon’s program of assisting families and friends of alcoholics in dealing with the problems of alcoholism. It also assists in the formation of new Al-Anon and Alateen groups and coordinates policy among all such groups throughout the world.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with this method of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The classes of net assets are described as follows:

Net assets without donor restrictions represent unrestricted revenue and contributions received without donor-imposed restrictions. These funds are available for the overall operations of the Organization and can be designated by the Board of Trustees to fund certain projects. See Notes 11 and 12 related to Board designated Reserve and Building Funds. Unrestricted contributions and bequests are recognized as revenue when earned, or when cash is received.

Net assets with donor restrictions are those that are stipulated by donors for specific purposes or are inherently time restricted, such as promises to give. The Organization does not accept restricted contributions and does not solicit promises to give. Therefore, there are no net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with maturities of three months or less and all certificates of deposit to be cash equivalents. Cash and cash equivalents may include checking accounts, savings accounts, repurchase agreements, commercial paper, and money market funds.

Accounts Receivable

Receivables from contracts with customers are reported as accounts receivable. Contract liabilities are reported as unearned income. The Organization considers accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts is required. The Organization’s policy is to charge off accounts receivable when management determines the receivable will not be collected.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Inventories of Books and Other Literature

Inventories are recorded at cost under the first-in, first-out (FIFO) method of accounting. Slow-moving or obsolete items have been written down to net realizable value.

Literature distributed without charge is not accounted for separately but is included in the cost of sales. The cost of non-English literature is charged to expense in the year produced.

Investments

Investments are shown at quoted market prices to represent their fair value. Gains and losses on investments are recognized on the sale or redemption on an average cost basis. The Organization carries substantially all investments in equity securities at fair value and records the subsequent changes in fair values in the Statement of Activities as a component of investment activity, net.

The Board of Trustees may authorize the transfer of net investment income from the Reserve Fund and the Building Fund to the General Fund. The Board has approved the transfer of up to 4% of the fair value of the investment portfolio based on a 36-month average from the Reserve Fund to the General Fund each year.

Property and Equipment

Property and equipment are stated at cost and depreciated by the straight-line method over the following useful lives:

Building	40 years
Building improvements	10 years
Furniture and equipment	3 to 10 years

The Organization's policy is to capitalize property and equipment purchased with a cost greater than \$1,500.

Intangible Assets

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the Organization amortizes intangible assets with a finite useful life. Amortizable intangibles will be amortized straight-line over the life of the agreements.

Lease Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term. The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term. See note 8.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Unearned Subscription Income

The Organization sells subscriptions to a monthly publication called *The Forum*. The Organization records as unearned subscription income the prorated amount of subscriptions which have not been delivered.

The Organization sells yearly subscriptions to premium content delivered via the Al-Anon Mobile App. The Organization records as unearned premium subscription income the prorated amount of content which has not been delivered.

Unearned Convention and Conference Income

The Organization records convention and conference income received prior to the convention or conference as unearned convention or conference income.

Revenue Recognition

The Organization generates revenue primarily from literature sales, magazine subscriptions, and contributions from members. Revenues from nonexchange transactions are accounted for in accordance with the guidance for contributions and promises to give under Accounting Standards Codification (“ASC”) Topic 958, while revenues from exchange contracts with customers are accounted for in accordance with ASC Topic 606. The determination of whether a contract is exchange or nonexchange requires management to exercise judgment and evaluate subjective criteria about whether there is a reciprocal exchange of commensurate value that flows to the direct benefit of the parties to the contract. Although the accounting guidance differs for exchange and nonexchange contracts, in practice, the timing and amount of revenue recognition for the Organization’s contracts generally would not differ significantly under either Topic.

Exchange Contracts Account for Under Topic 606

Revenues for exchange contracts accounted for under Topic 606 include literature sales and magazine subscriptions are reported at amounts that reflect the consideration to which the Organization expects to be entitled in exchange for providing the contracted good or services. The Organization determines the transaction price based on the stated fixed price of the good or annual subscription. The nature of the Organization’s exchange contracts generally does not include variable considerations that require significant judgments to estimate the transaction price or related constraints due to the risk of significant reversal.

Performance obligations are determined based on the nature of delivery of the goods and services provided. Performance obligations for subscription sales are generally recognized over time based on the subscription period. Performance obligations for literature sales are recognized at a point in time when inventory is shipped to the customer. Performance obligations for convention and conference income are recognized at a point in time when the convention or conference occurs.

Contract revenues for 2024 and 2023, are comprised of the following:

	2024	2023
Performance obligations satisfied at a point in time	\$ 3,917,161	\$ 4,620,645
Performance obligations satisfied over time	291,587	287,252
	<u>\$ 4,208,748</u>	<u>\$ 4,907,897</u>

AI-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Receivables consist of amounts for which the Organization has an unconditional right to collect for literature distributed to customers. Receivables are impaired when determined to be uncollectible based on identified risk of nonpayment. The Organization rarely incurs bad debt expense due to the nature of its receivables. Recoveries of accounts previously written off are recorded as a reduction of bad debt expense when received. Interest is not charged on receivables. Collateral is not required to secure outstanding receivables.

The Organization does not incur costs to obtain customer contracts that are incremental to a given contract (e.g., commissions) or recoverable. In some cases, the Organization may receive payment prior to the completion of the performance obligation. Such amounts are considered to be contract liabilities. The balance of contract liabilities at December 31, 2024 and 2023, were \$415,558 and \$379,245, respectively, and was reported as unearned income on the statements of financial position. Total contract liabilities were \$813,960 as of January 1, 2023.

Nonexchange Transactions Accounted for Under Topic 958

Arrangements that are determined to be nonexchange transactions are excluded from the scope of Topic 606 and fall under Topic 958. A nonexchange transaction is not considered to be a reciprocal exchange of goods and services with a customer but rather is tantamount to a contribution from a resource provider.

Under Topic 958, nonexchange transactions may be conditional or unconditional. If there is both 1) a barrier and 2) a right of return or release of the resource provider's obligation to transfer assets, then the contribution is conditional. If both criteria are not present, then the contribution is unconditional and is recognized upon satisfaction of any conditions. A contribution also may include a purpose or use restriction on the funding or may be intended for use in a future year and thus have an explicit or implicit time restriction. Once a contribution becomes unconditional, an entity shall consider whether there is a purpose or time restriction prior to recognizing the funds as unrestricted revenue.

Unconditional contributions are considered to be available for unrestricted use. The organization does not accept restricted contributions.

Contributed Nonfinancial Assets

The Organization recognizes contribution revenue for items or services that would be purchased, if not donated, at the fair value of those items at the time the donation is received. During 2024 and 2023, the Organization recognized contribution revenue of \$443,348 and \$244,657, respectively, related to donated marketing services for keywords which link to the Organization's website. The value of the donated non-cash marketing services has been properly reflected in the statements of activities.

Convention Income

The Organization records income related to conventions held net of related costs. In 2023, there was \$995,387 of direct convention revenue and \$807,919 of direct convention expense, resulting in a net income of \$187,468 which is included in the statement of activities. In 2024, there was no convention income, because the Conventions only occur every five years and the next Convention will be in 2028.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Direct Conference Costs

The Organization records direct conference costs net of related income. In 2024 and 2023, there was \$164,317 and \$171,812, respectively, of direct conference revenue and \$211,536 and \$217,143, respectively, of direct conference expense, resulting in a net expense of \$47,219 and \$45,331, respectively, which is included in the statements of activities in program services expense.

General Service Meeting

The Organization records income related to general services meetings net of related costs. In 2024 and 2023, there was \$27,220 and \$-0-, respectively, of general service meeting income and \$55,583 and \$359, respectively, of general service meeting expense, resulting in a net expense of \$28,363 and \$359, respectively, which is included in the general service meeting expenses in 2024 and 2023 within the statements of activities in program services expenses.

Functional Allocation of Expenses

The total program cost of producing and distributing literature includes the cost of literature sold and total literature distribution services expense. Shipping and handling costs are also included. The total expense for 2024 and 2023 includes cost of literature sold of \$959,173 and \$1,186,115, respectively, which is a reduction from literature sales in the statements of activities, plus literature distribution services expense of \$1,004,547 and \$890,741, respectively, for total costs of \$1,963,720 and \$2,076,856, respectively. Included in packing and shipping expense is \$503,754 and \$556,540, respectively, of revenue for shipping cost included in billed amounts for literature and \$440,004 and \$444,872, respectively, of expense, for a net gain of \$63,750 and \$111,668, respectively, which is included in literature distribution services expense on the statements of activities.

Included in general administration expenses is \$33,336 and \$34,383 for fundraising appeal letters for 2024 and 2023, respectively.

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which can be directly associated with a function are charged directly. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, utilities, and office administrative expenses, which are allocated on the basis of estimates of employee resources, square footage, and accounting fees that are allocated entirely to general and administrative.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Management made certain significant estimates in the calculation of liabilities for postretirement health benefits. Postretirement health benefits include estimates of employee retention and health care cost trends. It is reasonably possible that a change in these estimates will occur in the near term. The effects of changes in these estimates cannot be determined.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Concentration of Credit Risk

At times, the Organization has cash and cash equivalents at financial institutions in excess of the federally insured limit. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The Organization places its cash and equivalents with high credit quality financial institutions and may exceed the FDIC limit.

Included in these financial statements are the operations of the Public Information (P.I.) office in Canada. Canadian source revenues are processed in the U.S. office but deposited in a Canadian bank. Likewise, expenses of the Canadian P.I. office were disbursed from the Canadian bank account. Included in net realized gains in Note 4 is a foreign currency loss adjustment of \$92,504 and \$51,841 for 2024 and 2023, respectively.

At December 31, 2024 and 2023, the Organization had cash deposits in a Canadian financial institution of \$910,580 and \$660,380, respectively in Canadian dollars and \$632,195 and \$495,194, respectively in American dollars.

The Organization sells its publications to affiliated organizations in foreign countries and occasionally purchases foreign language publications from other countries, but not in significant quantities.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and the statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

Presentation of Sales Taxes

The Organization's sales are subject to sales tax imposed by various jurisdictions. The Organization collects that sales tax from customers and remits it to the applicable jurisdiction. The Organization's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

New Accounting Pronouncements

There were no new accounting pronouncements implemented in 2024.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 4, 2025, the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

The Organization operates on a cash-based budget. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Short-term needs are primarily for salaries, purchases of inventory, supplies, board and staff travel, and general administrative expenses. Expenses due in the coming year are covered by funds raised through contributions and literature sales.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

As part of the Organization's liquidity plan, any operational expenditures in excess of anticipated revenue, creating an operational budget shortfall paid for in the same year, are covered by the Reserve Fund.

The Organizations' financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	\$ 3,985,675	\$ 3,554,918
Accounts receivable	159,220	205,572
	<u>\$ 4,144,895</u>	<u>\$ 3,764,490</u>

Note 4 – Investments

Investments at December 31, 2024, are summarized as follows:

	Cost	Fair Value	Unrealized Gain
Equity securities	\$ 4,980,385	\$ 6,178,849	\$ 1,198,464
Debt securities	3,001,083	3,019,790	18,707
	<u>\$ 7,981,468</u>	<u>\$ 9,198,639</u>	<u>\$ 1,217,171</u>

Investments at December 31, 2023, are summarized as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	\$ 539,577	\$ 435,447	\$ (104,130)
Equity securities	4,302,338	5,072,662	770,324
Debt securities	2,945,294	2,960,103	14,809
	<u>\$ 7,787,209</u>	<u>\$ 8,468,212</u>	<u>\$ 681,003</u>

Investment income, net for December 31, 2024 and 2023, are summarized as follows:

	2024	2023
Interest and dividends	\$ 376,242	\$ 340,144
Net realized gains (losses)	(106,899)	6,240
Net unrealized gains	643,323	836,934
Investment expense	(78,182)	(74,130)
Net investment income	<u>\$ 834,484</u>	<u>\$ 1,109,188</u>

Note 5 – Fair Value Measurements

The Organization defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Accounting standards establish a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Current accounting standards expand disclosures about instruments measured at fair value and apply to the other accounting pronouncements that require or permit fair value measurements.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 1 assets include mutual funds, equity, and debt securities, as well as U.S. Treasury securities that are highly liquid and are actively traded in over-the-counter markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument. Level 2 assets include corporate bonds, hedge funds, and agency mortgage-backed debt securities whose value is determined using inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets, and liabilities at fair value:

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Financial sector	\$ 1,110,438	\$ -	\$ -	\$ 1,110,438
Health care sector	856,130	-	-	856,130
Technology sector	1,448,298	-	-	1,448,298
Energy sector	202,237	-	-	202,237
Industrial sector	284,556	-	-	284,556
Emerging markets sector	76,201	-	-	76,201
Consumer discretionary sector	297,161	-	-	297,161
Consumer cyclical sector	376,100	-	-	376,100
Materials sector	7,536	-	-	7,536
Foreign sector	251,518	-	-	251,518
Real estate sector	66,663	-	-	66,663
Large Blend ETFs	862,019	-	-	862,019
Telecommunications sector	339,993	-	-	339,993
	<u>6,178,849</u>	<u>-</u>	<u>-</u>	<u>6,178,849</u>
Debt securities:				
U.S. Treasury securities	277,301	-	-	277,301
U.S. Corporate bonds	-	2,600,800	-	2,600,800
Hedge-funds	-	141,689	-	141,689
	<u>277,301</u>	<u>2,742,489</u>	<u>-</u>	<u>3,019,790</u>
Total fair value measurements	<u><u>\$ 6,456,150</u></u>	<u><u>\$ 2,742,489</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,198,639</u></u>

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets, and liabilities at fair value:

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	\$ 435,447	\$ -	\$ -	\$ 435,447
Equity securities:				
Financial sector	465,544	-	-	465,544
Health care sector	921,527	-	-	921,527
Technology sector	1,165,758	-	-	1,165,758
Energy sector	19,719	-	-	19,719
Industrial sector	343,989	-	-	343,989
Services sector	252,478	-	-	252,478
Consumer discretionary sector	7,513	-	-	7,513
Consumer cyclical sector	412,846	-	-	412,846
Materials sector	50,190	-	-	50,190
Utilities sector	2,455	-	-	2,455
Real estate sector	92,548	-	-	92,548
Large Blend ETFs	922,454	-	-	922,454
Telecommunications sector	415,641	-	-	415,641
	<u>5,072,662</u>	<u>-</u>	<u>-</u>	<u>5,072,662</u>
Debt securities:				
U.S. Treasury securities	237,201	-	-	237,201
U.S. Corporate bonds	-	2,446,053	-	2,446,053
Mortgage-backed securities	-	179,135	-	179,135
Hedge-funds	-	97,714	-	97,714
	<u>237,201</u>	<u>2,722,902</u>	<u>-</u>	<u>2,960,103</u>
Total fair value measurements	<u>\$ 5,745,310</u>	<u>\$ 2,722,902</u>	<u>\$ -</u>	<u>\$ 8,468,212</u>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Note 6 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Property and equipment		
Land	\$ 158,347	\$ 158,347
Building	2,791,878	2,791,878
Building improvements	666,307	623,101
Furniture and equipment	908,400	814,324
	<u>4,524,932</u>	<u>4,387,650</u>
Accumulated depreciation	(3,246,309)	(3,101,133)
	<u>\$ 1,278,623</u>	<u>\$ 1,286,517</u>

Total depreciation expense for 2024 and 2023 is \$171,164 and \$156,196, respectively. Depreciation on the building of \$85,292 and \$84,897 has been included in occupancy costs for 2024 and 2023, respectively.

Note 7 – Intangible Assets

Intangible assets consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Trademarks	\$ 402,922	\$ 369,899
Accumulated amortization	(157,511)	(123,347)
	<u>\$ 245,411</u>	<u>\$ 246,552</u>

Capitalized costs to date represent legal costs incurred to acquire trademarks. Amortization expense of \$34,164 and \$29,477 was recorded during 2024 and 2023, respectively.

Note 8 – Lease Commitments

The Organization has entered into the following lease arrangements:

Operating Leases

The Organization leases office equipment under operating leases that expire in various years through 2027. Lease expense for office equipment was \$19,414 and \$18,078 in 2024 and 2023, respectively.

Short-Term Leases

The Organization leases virtual office space in Canada under a lease which expired May 31, 2021. This lease automatically renewed each year. A new lease commenced in August 2024. This lease automatically renews each month until terminated with 30 days' notice. Lease expense for this office space was \$835 and \$798 in 2024 and 2023, respectively.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

All Leases

The Organization has no material related-party leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease cost which is included in the statements of functional expenses and other required information for the years ended December 31 are:

	<u>2024</u>	<u>2023</u>
Lease cost:		
Operating lease cost	\$ 19,414	\$ 18,078
Short-term lease cost	835	798
Total lease cost	<u>\$ 20,249</u>	<u>\$ 18,876</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 19,414	\$ 18,078
Right-of-use assets obtained in exchange for new operating lease liabilities:	43,560	59,068
Weighted-average remaining lease terms - operating leases	2.72 years	3.69 years
Weighted-average discount rate - operating leases	3.62%	4.02%

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2024, are as follows:

	<u>Operating Leases</u>
2025	\$ 18,873
2026	17,385
2027	10,230
2028	2,051
Total future undiscounted lease payments	48,539
Less imputed interest	(4,979)
Lease liabilities	<u>\$ 43,560</u>

Note 9 – Postretirement Health Benefits

The Organization provides health care benefits for retired employees after age 60 with 20 years of service. Benefits are provided before age 65 through the Organization's normal employee health plan, and then through Medicare supplemental health insurance policies. The Organization bears the entire cost of the premiums.

The plan is unfunded. The assumed health care cost trend rate used to measure the expected cost of benefits covered by the plan is 4.5%. A discount rate of 2.02% has been used to measure the accrued postretirement health benefits liability based on active participants and current mortality rates. The following table sets forth the information regarding the plan at December 31:

	<u>2024</u>	<u>2023</u>
Postretirement benefits liability	\$ 482,618	\$ 580,264
Increase/decrease in accrued benefits liability	\$ (97,646)	\$ (34,967)
Benefits paid	\$ 63,586	\$ 61,293

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

During 1996, the board authorized this liability to be carried by the Reserve Fund. Accordingly, the liability increase was recorded in the Reserve Fund.

Effective January 1, 2018, the Organization elected to no longer offer postretirement health benefits. The exceptions are for those already retired, and active employees that were 65 years of age or older with 20 or more years of service prior to January 1, 2018. As of December 31, 2024 and 2023, sixteen employees and retired employees are eligible for benefits under this plan.

Note 10 – Contributed Nonfinancial Services

For the periods ended December 31, 2024 and 2023, contributed nonfinancial assets and services recognized within revenue in the statements of activities included:

	<u>2024</u>	<u>2023</u>
Marketing services	<u>\$ 443,348</u>	<u>\$ 244,657</u>

Contributed services were utilized in the following programs:

<u>Contributed Items</u>	<u>Programs</u>	<u>Valuation Basis</u>
Marketing Services	Public Outreach	Value estimated based on estimated costs to acquire similar service in the United States

Note 11 – Reserve Fund

In April 1970, the Board of Trustees funded the Reserve Fund in an initial amount of \$80,000, the purpose of which was to set aside sufficient funds to ensure the continuation of the Organization's essential services and the funding of special projects. The objective for the fund was to maintain an amount equal to one year's operating expenses. Effective July 1, 1999, the Board of Trustees redefined one year's operating expenses to include all expenses of the Organization except for unusual, nonrecurring items in excess of \$100,000. At the same time, the board stated that the Reserve Fund's assets would be measured against the objective using the lower of cost or fair value.

Transfers between funds are reviewed by the Board on a year-to-year basis. Due to net transfers and retained income during the years, the Reserve Fund balance was \$8,165,585 and \$7,438,171 at December 31, 2024 and 2023, respectively.

Note 12 – Building Fund

In July 1995, the Organization established the Building Fund to account for the construction of a new headquarters office and warehouse in Virginia Beach, Virginia. Initial funding was obtained by the City of Virginia Beach Development Authority Industrial Development Revenue Bonds (Series 1995) of \$2,500,000. The final payment of these bonds was made in April 2010.

The final cost of the building was \$2,791,878. The land was purchased during 1995 for \$158,347. Initial furniture and equipment costs were \$755,150 and were capitalized and transferred to the General Fund. Building improvements totaling \$537,515 have been added to the Building Fund. Accumulated depreciation on the building and building improvements was \$2,567,375 and \$2,482,084 at December 31, 2024 and 2023, respectively.

Al-Anon Family Group Headquarters, Inc.

Notes to Financial Statements

December 31, 2024

Transfers were made between the Building Fund and General Fund totaling \$42,086 and \$74,281 in 2024 and 2023, respectively, to accurately reflect the cost less accumulated depreciation of the land and building of \$1,049,156 and \$1,091,242 as of December 31, 2024 and 2023, respectively. The annual transfer between the Building Fund and General fund reflects the net of any future building improvements and annual depreciation.

Note 13 – Retirement Plan

The Organization sponsors a defined contribution plan covering all eligible employees which includes a cash or deferred arrangement that is intended to qualify under section 401(k) of the Internal Revenue Code. The Organization's contribution rate is 4.3% of the first \$25,000 of salary and 8.5% of the excess over that amount. The first 3% of the Organization's contribution is fully vested immediately due to the plan's safe harbor provision. The contributions for 2024 and 2023 were \$196,835 and \$199,001, respectively, and is included in employee benefits on the statements of functional expenses.

Note 14 – Commitments and Contingencies

The Organization entered into a contract with a hotel for the Organization's 2025 World Service Conference that will be held in April 2025. In the event of cancellation as of December 31, 2024, the Organization may be responsible for the food and room cost of approximately \$73,129.

The Organization entered into a contract with a convention center for the Organization's 2028 International Convention that will be held in June 2028. In the event of cancellation, the Organization may be responsible for \$98,900 as of December 31, 2024.

The Organization is subject to occasional legal proceedings in the ordinary course of business. However, management believes that such matters are not likely to have a material adverse effect on the Organization.



Supplementary Information

AI-Anon Family Group Headquarters, Inc.

Schedule of Convention Revenue and Expenses

Year Ended December 31, 2023

REVENUE

Registration and cancellation fees	\$ 798,552
Trailblazers breakfast	97,355
Day of Connecting	87,480
WSC Homecoming	12,000
Total revenue	<u>995,387</u>

EXPENSES

Convention center	312,868
Event management	78,929
Entertainment	2,368
Registration and vendors	163,537
Simultaneous and ASL interpretation	14,158
Food and beverage	1,102
Hotel and transportation	54,545
Host committee	4,738
Pre-convention travel	26,460
Printing and supplies	2,156
Postage and shipping	10,200
Community awareness	777
Insurance, phone and miscellaneous	19,198
Trailblazers Breakfast	41,919
WSC Homecoming	8,508
Day of Connecting	60,279
Big meetings	1,177
Scooter rentals	5,000
Total expenses	<u>807,919</u>
Net revenue	<u><u>\$ 187,468</u></u>