

2002 Annual Report

(Unaudited)



Narcotics Anonymous

February 2003

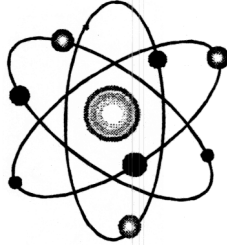
Upper Midwest Service Office of Narcotics Anonymous 2002 Annual Report
310 E. 38th Street, Suite 105, Minneapolis, MN 55409

Twelve Steps and Twelve Traditions of Narcotics Anonymous and the Twelve Concepts of NA Service.

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Upper Midwest Service Office of Narcotics Anonymous



A Nexus for Our Community

www.naminnesota.org

Our Mission, Objective and Purposes.

(excerpted from the Bylaws of the Upper Midwest Service Office, Inc.)

MISSION:

The UMSO shall carry the message of recovery to addicts who still suffer from addiction, and support the efforts of the Narcotics Anonymous Fellowship of the Minnesota Region to provide opportunity for recovery from addiction.

OBJECTIVE:

The UMSO shall provide administrative, organizational and logistical services to the Minnesota Regional Service Conference (MNRSC) of Narcotics Anonymous and the at-large Fellowship of Narcotics Anonymous, and shall perform in other capacities as directed by the MNRSC.

PURPOSES:

To provide service to individual addicts and groups of addicts seeking recovery from addiction, and to the chemical dependency treatment system, and legal and judicial systems within the Minnesota Region; and to assist the general public in understanding addiction and the Narcotics Anonymous (NA) program. These services may include direct and indirect communications with addicts, organizations, agencies, governments and the public at large.

To publish NA meeting lists and distribute NA Fellowship and Conference-approved periodicals, materials and literature, provided by the World Service Office, Inc., to the Narcotics Anonymous Fellowship.

To hold, as a charitable trust, any income produced by the activities specified in this Article or other activities determined by the Board of Directors; and to manage the trust in a manner that enables the activities to be conducted within the spirit of the

Board Goals for 2002

- **Continue Service to the Minnesota Region**
 - ☺ Consistent representation at MNRSC.
 - ☹ Visit each area service committee at least twice.
 - ☺ Report rebate totals to area service committees' quarterly.
 - ☺ Visit MNNAC, Spiritual Refreshment, SMARB & Pig Roast
 - ☹ Visit at least one function in each Area

- **Improve CD Marketing Plan**
 - ☹ Contact 1 chemical dependency professionals each week
 - ☺ Acquire 5 new consistent CD account
 - ☺ Implement a new marketing plan

- **Increase the Effectiveness of the Minnesota Regional Web Site**
 - ☹ UMSO catalog available for download from web page
 - ☹ Web page and content for CD professionals.
 - ☹ Train one new person on maintenance of the web site.
 - ☹ Document procedures for maintaining the web site.
 - ☹ Maintain Accurate Meeting lists & activities on Web Page

- **Financial Goals**
 - ☺ \$73,000 – Total revenues
 - ☹ \$4,000 – Retained earnings
 - ☺ \$55,000 – Total literature sales
 - ☺ \$23,000 – Total sales to non-metro areas
 - ☺ \$5,000 – Literature sales to treatment centers
 - ☺ \$2,500 – Donation
 - ☹ \$2,000 – Memberships
 - ☺ \$3,00 – Clothing sales
 - ☹ \$10,000 – Merchandise sales
 - ☹ \$1,000 – Consignment sales
 - ☺ \$500 – Jewelry sales
 - ☺ \$750 - Shipping receipts

- **Improve Business Processes**
 - ☹ Full Board by end of 2nd quarter
 - ☹ Increase number of active volunteers to 15.
 - ☹ Update and Maintain UMSO Catalog.
 - ☺ Mail orders shipped out next day.
 - ☺ Backorders less than 1% of sales.

Board Goals for 2003

- **Continue Service to the Minnesota Region**
 - ☐ Consistent representation at MNRSC.
 - ☐ Visit each area service committee at least once.
 - ☐ Visit Regional and Area functions.
 - ☐ Make arrangements prior to events, and clearly identify the UMSO at the event.
- **Improve CD Marketing Plan**
 - ☐ Continue to increase revenues and contacts.
- **Increase the Effectiveness of the Minnesota Regional Web Site**
 - ☐ Define each specific benefit we want from our website.
 - ☐ Determine specifically where all content will come from and who will be responsible for updates.
 - ☐ Document procedures for maintaining the web site.
 - ☐ Maintain Accurate Meeting lists & activities on Web Page.
 - ☐ Seat a webmaster.
- **Financial Goals**
 - ☐ Use all of our leased space productively.
 - ☐ Price all our merchandise so it is profitable.
 - ☐ Determine the best way to capitalize on the windfall from the JFT software.
 - ☐ Create a business plan for the next 5 years.
- **Improve Business Processes**
 - ☐ Full Board by years end.
 - ☐ Increase number of active volunteers to 15.
 - ☐ Update and Maintain UMSO Catalog.

Report from the Incoming Chairperson

Annual Report as a member of the UMSO Board of Directors

I am now into my second one-year term as a member of the board. I continue to learn more about how this body operates and must say it is a very rewarding experience. I enjoy being a part of an effort that is so concentrated on the ongoing delivery of services for Narcotics Anonymous. I appreciate the opportunity to be involved in the decision-making process of the board and participating in some the other responsibilities I have as a board member. I am referring to the feel good aspects such as working a shift one night a month at the office, traveling to N.A events to market merchandise, and attending Area Service Committees to heighten awareness of "our" service office.

I was involved in the formation and creation of the service office from the very beginning when we considered the idea and knew the office would play a valuable role in the development of N.A, throughout the region. It was great fun gathering support for the creation of the office and sponsoring fundraisers to provide the finances needed to open and operate a self supporting office. I remember attending the Upper-Midwest Regional Conference in Winnipeg where we sought regional support for the office. It was interesting and exiting times that bring back some very fond memories of the people that were a part of that effort.

Presently we have the wonderful opportunity for three more individuals to join us on the board.

If you are interested in finding out more about what this position has to offer you can talk to one of the directors, past or present or you can visit a BOD meeting the 4th Sunday in March.

I came to take and stayed to give.

In the spirit of unity and with gratitude for my recovery through N.A.,

Buddv K.

Report from the Office Manager

Well here you have it, another year at the office and another year of growth. I have been involved with the service office now for 13 years and although it has not replaced my recovery in terms of meetings, it has enhanced my office skills and my abilities to do far more than I thought I was capable of. Every year is a good year this year being no different. I really like who I've become these past 13 years. It has been a very challenging year for us all. We lost many board members this year and have not been able to replace them, which has put extra duties not only on me but the others as well. Given this I feel that we as a board have been able to accomplish many of our goals for this year.

Review of 2002

I am please to announce that I have met the majority of my goals this past year. First I have increased the sales to the professional community by 90%. This was in part to my participation at the CD Conference and more attention to contacting professionals about our services. I will continue to increase our contacts in this area and keep a good working relationship with them.

I have also had an increase over the volunteer staff, a total now of 12 volunteers working at the office. I intend to keep adding volunteers and continue a to nurture these relationships a well.

I have continued to be a source of help to the region and the areas in utilizing our services and information that we can offer them. I will continue to be a resource whenever possible.

On a more personal level I have been continuing my involvement with the financials at the office and in doing so continue to increase my skills not only in this area but others as well. As with anything else the more you do the more you learn.

Goals for 2003

Some goals I would like to accomplish for this next year are:

- ❖ To continue to increase sales to the professionals
- ❖ To develop a strong marketing plan for professionals
- ❖ Increase our event sales
- ❖ Increase our volunteers
- ❖ And to continue our services to the region and areas

I am again looking forward to another challenging and rewarding year here at the Upper Midwest Service Office.

Always In Loving Service,

Penny Spencer
Office Manager UMSO

Treasurer's Report

Gross Profit to Sales	1995	1996	1997	1998	1999	2000	2001	2002
Literature	21%	29%	27%	28%	28%	31%	69%	24%
Merchandise	40%	42%	42%	51%	59%	55%	57%	44%
Clothing				43%	37%	37%	71%	13%
Jewelry	28%	57%	45%	46%	29%	46%	70%	43%
Total Inventory	29%	33%	32%	32%	33%	35%	69%	26%
Net Income to Sales	14%	19%	17%	14%	8%	10%	-7%	1%
Current Ratio	1	2	3.4	13.1	12.7	38.8	5.4	3.7
Operating Performance	55%	52%	41%	32%	16%	19%	-13%	1%

Gross Profit to Sales

Gross profit on literature is in line with what it has been historically, ideally the margin would fall around 35% to better reflect what it actually costs to provide these items.

Our average margin on merchandise is down more than 10 % and our clothing margins are down significantly, so much so as to call for a detailed explanation.

Net Income to Sales

This ratio increased slightly over last years decline. We will continue to grow this number until we reach the optimum capitalization needed to run this business as efficiently as possible. We can then increase our expenses (via expanded services or sales on literature) in order to fulfill our mission statement, and then only to the point that our net income would fall to zero.

Current Ratio

This ratio compares what we own to what we owe in the short term (one year). The current ratio describes the amount of risk in the business. It means that we own 3.7 times as much as we owe. Most of the debt that we are holding consists of current liabilities to the World Service Office (WSO) and rebates owed to the Minnesota Region's Area Service Committees. Most of what we own is inventory.

Operating Performance

This is the return on investment in the business. We did not do well on operating performance due to decreased profits across the board and increases in expenses primarily related increased office space expenses.

Closing Remarks

2002 was a challenging year for the UMSO, however as 2003 unfolds we are beginning to realize the benefits of moving into our new space and all of our outreach efforts, both professionally and by adding new members to our fellowship. Our revenues are increasing at a brisk pace. In fact, if we examine our sales, the UMSO beat the projections by almost \$9,000 or 13% (JFT money not included. The UMSO is expecting to wrap up the JFT software project in the first quarter.) A very moderate price increase can be expected in 2003.

Thanks NA,

Rick L

Report from the Outgoing Chairperson

Hello All,

This will be my final report as Chair of the UMSO Board of Directors. This past year has been marked by a lot of different changes for me, professionally and personally. These changes kept me from being the active member of the board that I intended to be when I took this position. I was hoping that when it came to writing this report I could have described myself as being an active part of the successes the office experienced this year but, "life on lives terms" had different plans.

The office experienced a short fall of participation, on the board, that hindered its' ability to provide some key services that have been rendered in the past. However, due to some key addicts in recovery, lead by Penny Spencer (UMSO Office Manager) the office, as a whole, was able to finish the year meeting a good portion of its' goals and earning a small profit. The Minnesota Regions' support of the UMSO has always impressed me but I think it's very important for everyone to know how much more the UMSO could do for Narcotics Anonymous in Minnesota if more people, willing to do the work, would step up to the plate and become active members of the board or volunteer at the office.

When I first came to the UMSO BOD, it was very intimidating. As I've stated before, I thought the BOD was a rogue organization that pursued its' own will. I had no understanding of the business side on NA. I had no concept of what the service structure as a whole was about and to put it simply, I was incredibly immature. I came to my first meeting ready to battle over something I knew nothing about, which was typical for me back then, but I was welcomed and included. I couldn't have imagined the changes that would take place in me, as a result of being a part of this service body. I was allowed to lead projects and participate in its' decision-making processes when I didn't have enough clean time to be a director. I found a new level of responsibility and accountability, which lead me to feelings of accomplishment that, again, I never dreamed possible.

The most important thing I learned was that the service structures' primary purpose is not to "carry the message" but to manage the fellowships resources. The service structure doesn't "carry the message", addicts do. The purpose of the service structure is to make available all resources, new and time-proven, to addicts on the front lines of the battle against addiction. The service structure bears a substantial responsibility to those they serve, the groups, and I consider the opportunity to have participated in this process an incredible honor and I'm very grateful to those who came before me. If not for them, the opportunities I've experienced, would not have been available.

When I first joined the board, the presiding Chair asked me what I thought my legacy would be when I finished. I answered with some grandiose ideas and theories. He listened to me and said, "I hope that, to the best of your ability, you finish what you start." I believe I accomplished that with a heartfelt commitment to do the next right thing.

It has been an honor to be of service with and for you all.

In Loving Service,
Steve Reeser
2002 UMSO Chair

Upper Midwest Service Office of NA
Balance sheet
December 31st, 2002

ASSETS

Current Assets

Wells Fargo Checking Account	10,599.39	
Credit Card Deposits	21.61	
Cash on Hand	60.28	
Inventory-Literature	25,283.26	
Inventory-Merchandise	2,237.60	
Inventory-Jewelry	1,262.91	
Inventory-Clothing	935.66	
Inventory-Consignment	220.00	
Inventory Auction/Raffle Items	46.42	
Accounts Receivable	622.73	
Prepaid Insurance	761.27	
Office Rent Deposit	228.48	
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Total Current Assets		42,279.61
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Property and Equipment

Furniture and Fixtures	895.67	
Equipment	3,881.37	
Leasehold Improvements	467.20	
Accum. Depreciation-Furniture	<895.67>	
Accum. Depreciation-Equipment	<3,881.37>	
Accum. Depreciation-Leasehold	<467.20>	
	<hr/>	

Total Property and Equipment		0.00
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Other Assets

Total Other Assets		0.00
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Total Assets		<u>42,279.61</u>
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Upper Midwest Service Office of NA
Balance sheet
December 31st, 2002
(Continued)

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	967.16	
GIFT CERTIFICATE	10.00	
World Service Office NA	9,633.96	
Parable Design Jewelry	186.15	
Area of Hope Rebate	105.54	
Back To Basics Area Rebate	236.99	
Central Minnesota Area Rebate	58.60	
New Directions Area Rebate	52.97	
Northern Lights Area Rebate	97.27	
Open Door of SE Area Rebate	59.47	
Recovery in the Heartland ASC	38.50	
South Sub Fireside Area Rebate	89.46	
Upper Midwest Region Rebate	15.34	
Minn Sales Tax Payable	0.29	
Mpls Sales Tax Payable	0.46	
SUTA Payable	<22.40>	
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Total Current Liabilities		11,529.76
 Long-Term Liabilities		
<hr/>		
Total Long-Term Liabilities		0.00
Total Liabilities		11,529.76
 Capital		
Retained Earnings	30,351.26	
Net Income	398.59	
<hr/>		
Total Capital		30,749.85

Total Liabilities & Capital

42,279.61

**Upper Midwest Service Office of NA
Income Statement
December 31st, 2002
And
Adopted 2003 Budget**

	Year to Date Actual	Year to Date Budget	2003 Budget
Revenues			
Sales-Literature	60,862.31	55,000.00	67,000.00
Sales-Merchandise	6,819.00	5,000.00	7,500.00
Sales-Jewelry	1,059.00	500.00	1,300.00
Sales-Clothing	1,703.70	1,500.00	1,800.00
Sales-Consignment	95.00	300.00	100.00
Donations	6,115.41	4,500.00	5,000.00
UMSO Membership	708.58	1,500.00	800.00
Copies	70.58	50.00	100.00
Shipping Receipts	1,219.65	1,500.00	1,500.00
Contract Services	0.00	20,000.00	16,000.00
Total Revenues	<u>78,653.23</u>	<u>89,850.00</u>	<u>101,100.00</u>
Cost of Sales			
PAD Discounts	33.35	150.00	40.00
COGS-Literature	46,101.24	38,000.00	48,000.00
COGS-Merchandise	3,819.94	2,725.00	4,200.00
COGS-Jewelry	599.21	250.00	600.00
COGS-Clothing	1,480.04	700.00	1,600.00
COGS-Consignment	90.00	300.00	100.00
Literature Inv. Adj.	<1,070.17>	0.00	
Merchandise Inv. Adj.	11.56	0.00	
Jewelry Inv. Adj.	27.20	0.00	
Clothing Inv. Adj.	<336.93>	0.00	-
Freight In	0.24	50.00	50.00
Total Cost of Sales	<u>50,755.68</u>	<u>42,175.00</u>	<u>54,590.00</u>
Gross Profit	<u>27,897.55</u>	<u>47,675.00</u>	<u>46,510.00</u>

(Continued)

	Year to Date Actual	Year to Date Budget	2003 Budget
Expenses			
Parking and Tolls	29.00	0.00	
Insurance	255.75	1,000.00	,200.00
Legal	35.00	150.00	150.00
Accounting	703.90	800.00	200.00
Website Expense	244.80	250.00	250.00
ACCOUNTING ERR	<25.67>	0.00	
Maintenance and Repairs	59.77	0.00	
Office Supplies	1,056.76	1,200.00	1,000.00
Bank Charges	35.00	100.00	50.00
Credit Card Processing	340.90	500.00	350.00
Wages Expense	8,400.00	8,400.00	8,400.00
Training	0.00	150.00	
Freight	2,152.51	2,000.00	2,200.00
Postage	186.72	500.00	200.00
Licenses and Fees	25.00	0.00	25.00
Printing and Copying	435.53	750.00	500.00
Interest Expense	17.00	0.00	
Rent-Office	5,234.01	8,400.00	9,000.00
Telephone	2,649.64	1,500.00	2,000.00
Bad Debt Expense	<47.69>	0.00	
Travel	397.03	860.00	500.00
Meals	15.00	0.00	
Area Donations	783.94	1,000.00	800.00
Area Rebates	1,553.87	1,000.00	1,500.00
Starter Kits	166.10	160.00	160.00
PAD Expenses	32.13	0.00	20.00
Newsletter Expenses	1,149.49	1,500.00	
Meeting Lists	84.62	150.00	100.00
Spiritual Refreshment	0.00	800.00	-
JFT SOFTWARE	500.00	2,500.00	2,500.00
Other Expenses	606.82	720.00	500.00
Fed Employment Taxes	642.60	521.00	640.00
Medicare	0.00	122.00	125.00
State UI Taxes	0.00	120.00	125.00
NSF Checks	15.00	250.00	50.00
Cash Short and Over	<236.64>	200.00	200.00
Gifts	1.07	200.00	

Total Expenses	<u>27,498.96</u>	<u>35,803.00</u>	<u>32,745.00</u>
Net Income	<u>398.59</u>	<u>11,872.00</u>	<u>13,765.00</u>

