

Chief Financial Officer's Report Fiscal Year End 09/30/10



Dear Members and Friends:

We seem to have been fortunate once again in yet another turmoil filled economic year. I must thank everyone for doing your best to keep your level of donations and efforts up and helping FIRST during the past year with virtually no deterioration.

Looking at the numbers, our current year Statements of Financial Position, included in this issue, illustrates Net Assets increasing by \$76,902 or 4.9% over last year. Fortunately we were able to minimize our investment losses this year so that the actual value of our investment portfolio increased by \$27,100. We hope to continue this trend with the engaging of an asset manager in the very near future. I have interviewed numerous candidates and have narrowed them down to three choices. We are in the final stages of review.

On the Revenue side (not counting National Conference revenue), we had a slight decrease of 1.2% in overall contributions mostly due to a slightly lower level of restricted donations for research. Many areas of revenue actually increased. Interest income unfortunately decreased by \$9,000 but this trend should be rectified with the addition of an asset manager.

On the operating expense side (not counting National Conference or Grant Expenditures), expenses continued to be relatively in line with prior years and budget. We also continue to be very much in line with national spending levels for Program Expenses (81.9%), Fundraising Expenses (11.0%) and Management & General Expenses (7.1%) which actually decreased just over 2%. Payroll and related expenses increased due to adding a senior staff person dedicated solely to fundraising. Additional budgeted spending included a one-time increase this year for updating our website design and funding the Frontier's Conference just prior to our Family Conference. Based on our experience with the senior development position, the position has been reformatted and a less-senior, part-time person has been added to assist Jean in her efforts.

In closing, I hope all of you have been fortunate in dealing with the continued economic issues facing us each day. It was most wonderful to see so many of you at the Family Conference in Orlando and I hope to see more of you at the next one.

Sincerely,

John J. Schoendorf (EHK member)
CFO, Board of Directors

Fiscal Year 2010 Expense Allocation

