Supplement to:

Our Stories Disclose Third Edition Committee

Final Report

Area Treasurer

Summary
In August, 2023, Carol H., the Chair of the Our Stories Disclose Committee, contacted me in my capacity as Area Treasurer for assistance in ordering the publication of the 3rd Edition. Current production pricing exceeded the Area's OSD3 presales cash balance. Original pricing at the time the motion to produce a 3rd Edition of Our Stories Disclose at the 2018 Area Assembly was estimated within the $15 per book price range. Post pandemic price increases, including supply chain issue costs, have resulted in higher production costs. Since the Area body approved the motion in 2018, the Area was committed to funding the production. Accordingly, I prepared a proforma budget with the current cost estimate and with 1304 units in presales income to determine a production level required to breakeven on the project so it could be fully self-supporting. The budget was then shared with the Area Electeds and OSD Committee and a collective conscience was reached that production of 2,000 units would allow us to meet presales orders with enough inventory (700 units) remaining for a chance to recoup Area expenditures. I negotiated and signed the production contract. It allowed the publisher a 10% variance on output and the Area was delivered 2200 units (10% over the 2,000 units ordered). The OSD Committee then worked to distribute all presales within four months. We determined post-production sales of the remaining 896 units would best be handled by a separate committee under Archives allowing the original OSD Committee, now in existence for over five years, to complete its purpose and close. The newly formed OSD Sales Committee then determined that pricing at $20 per set to Intergroups, CSOs, Districts, Clubs and Halls and $25 per set to individual members going forward on the remaining inventory would enable the Area to recoup all of its costs. See attached proforma budget dated March 2024.

Accounting

Determining how to reflect the financial activity of 1.) the production of the book, 2.) pre-production sales activity (2018-2023), and 3.) ongoing sales of remaining inventory (2024 forward) was challenging. The Area paid for the production of 2200 sets of books including all incidental and related costs. Through the assistance of a Certified Public Accountant and with input from the Finance Committee and past Area Treasurers, we determined the following accounting approach was consistent with Generally Accepted Accounting Principles (GAAP):

First, we booked all production costs to a new Balance Sheet line item entitled OSD III Inventory because an inventory of Area history books is an asset. Total entries in the Inventory account since 3rd Quarter 2023 total $31,288.90. This approach only affects the balance sheet in that the cost of production decreased the Area's cash balance with a corresponding increase in the Area's inventory, both assets on the balance sheet. Next we transferred all cash sitting in the separate OSD III Bank Account into the Area main checking account and booked it as income in the 3rd Quarter of 2023 totaling $17,722.37 with a corresponding entry of Cost of Goods Sold for $17,722.37, thus reducing the OSD III Inventory asset account by $17,722.37 and increasing the cash account by the same amount. This left a balance of $13,566.53 in the OSD III Inventory account as of today. As we move forward, the Area Treasurer, most likely across the next rotation, will book post-production sales each quarter with a corresponding dollar-for-dollar entry of Cost of Goods Sold. This will increase the cash balance and decrease the inventory balance until the remaining inventory is sold and the Area has recovered its cash investment in the history book.