

AFSA's Financial Picture

Since AFSA's inception in March of 1994, it has provided a steady source of research funds to scientists studying fibromyalgia. An in depth analysis of AFSA's financial picture for its ninth year of operation (July 1, 2001 to June 30, 2002) is provided in this report along with comparisons to previous years.

AFSA's activities from July 1, 2002 through May 31, 2003 are presented as well in the YTD column. So far, we have amassed \$1,064,727 in donations and raised \$78,801 from sales, interest, and other income. Our total revenue plus support since our inception is estimated at \$1,143,528.

Power in Numbers

Patient contributors – the primary force behind the research

As AFSA approaches the end of its first decade, it has reached a major milestone! In November of 2002, with the publication of the Update, we asked you to help us reach the million dollar mark in total contributions raised. Thanks to your generous donations we have achieved that goal. Since the plea went out we have received roughly \$80,000. While a complete breakdown of these funds does not appear in this special edition of the Update (because they are part of the current fiscal year, which will end June 30, 2003), they are listed in the "Year-to-Date" column in the Statement of Revenue and Support.

Throughout this special edition, you have read about the research that AFSA has awarded, and the impact that the AFSA funding has made on the entire field of fibromyalgia research. While there is a tremendous amount of variety in the research that has been funded, one thing remains consistent. All of this research has been made possible by contributions from people like you!

The funds raised by AFSA are almost entirely derived from contributions by individual patients and their loved ones. In addition, because we are an all-volunteer organization and our overhead office expenses are donated freely to us as an in-kind service by *Fibromyalgia Network*, your contributions go almost entirely to our mission. In fact, AFSA has been raising funds for research since 1994, and funding research since 1995. From 1995 through 2002, over 91% of all the contributions raised have gone directly to our mission!

In the two tables on pages 50 and 51, we have presented the totals from our ninth fiscal year, along with the comparable totals

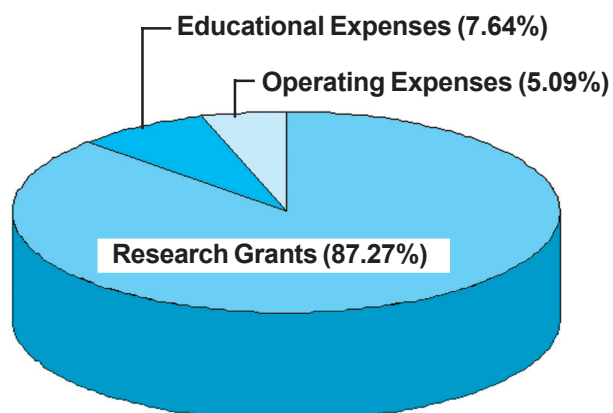
from years past, and the totals so far for the current year. Under the Expenses column, support services for AFSA are broken into two categories: Management and General, and Development. Development costs are those expenses associated with raising funds for AFSA. As you can see, we did not have any expenses related to fund-raising during the fiscal year. Management and General costs (represented as "operating expenses" in the pie graph) include phone charges, office supplies, and other typical operating expenses, as well as AFSA's commercial and liability insurance. The insurance is very important in protecting AFSA's contributions (your money) from any legal action that might occur.

Ninth Fiscal Year

July 1, 2001 – June 30, 2002

AFSA received \$88,263 in public donations during the ninth fiscal year, down from \$102,307 the previous year. The revenue for the year is depicted

Expenses



AFSA's Financial Picture

below as a pie graph. The average donation was \$115 per person, also down slightly from the previous fiscal year. This is understandable, given our nation's economic turndown. At the same time, we saw an increase in large contributions. Nearly forty percent of our support came from contributions over \$1000. While AFSA is extremely grateful for the generosity of our large donors, remember that every dollar counts, and that sixty percent of our support comes in the form of smaller donations! Other income during this fiscal year included sales of AFSA's beautiful note cards (\$488), and transcripts from the AFSA 2000 conference (\$900). On the whole, however, 91.31% of revenue came directly from patient contributions.

Two research projects were funded during the last fiscal year. One was to **Luc Jasmin, M.D., Ph.D.** (\$56,925) and the other was to **Laurence Bradley, Ph.D.** (\$28,049). Research funding accounted for 87% of the year's expenses, educational expenses made up almost 8% and operating expenses comprised just 5% of our spending. Educational expenses included two editions of the AFSA Update as well as information packets that we send out to people inquiring about AFSA. A breakdown of the year's spending is shown in the second pie graph below.

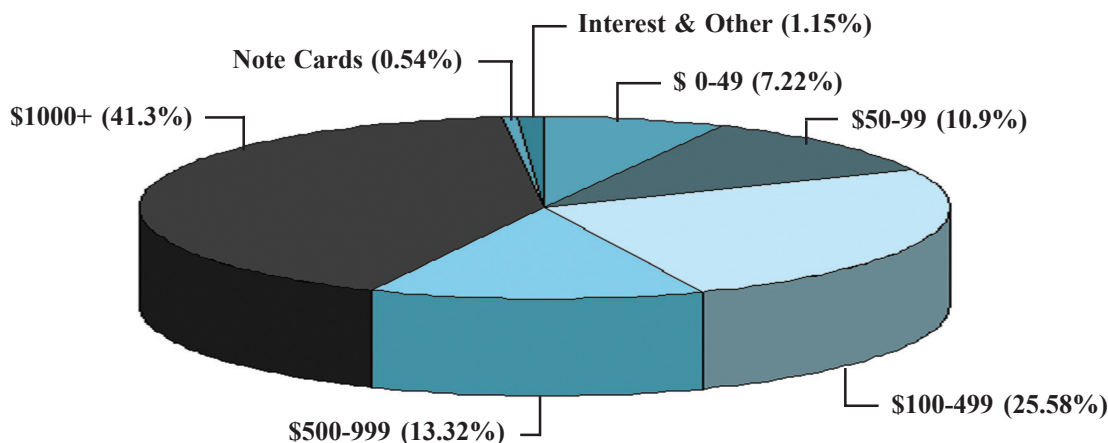
Tenth Fiscal Year (in progress YTD) July 1, 2002 to May 31, 2003

Total revenue and support through May 31, 2003 was approximately \$120,000. One research project has been funded during the current fiscal year (\$37,450). The award went to **Patrick Wood, M.D.** An overview of this project was published in the November 2002 Update, and is also available on our Web site at www.afsafund.org. In addition, Dr. Wood was kind enough to answer questions about his study for this special edition. His answers appear in the Brain Imaging section, on page 33.

The larger than normal educational expenditure includes the November 2002 Update as well as the estimated cost of this special edition. In an effort to raise awareness of AFSA's activities, the November Update was mailed to roughly 25,000 patients (the combined mailing lists of AFSA and Fibromyalgia Network). As a result, AFSA received a significantly larger number of contributions than in the previous year, despite the nation's economic problems and increasing health care costs.

AFSA's fund balance of \$163,911 will help us continue in our mission to support superior research. As the U.S. government aims to cut spending on FMS research, your continued support and feedback will keep the momentum in FMS research going.

Revenue & Support



Notes to Financial Statements

Note 1 - Accounting Policies

Description of operations

The American Fibromyalgia Syndrome Association, Inc. (AFSA) is a non-profit corporation whose primary mission is to encourage scientific research toward finding the cause of and cure for fibromyalgia syndrome and chronic fatigue syndrome, as well as to promote public awareness and understanding of these conditions. AFSA accomplishes this mission by funding exceptional research that is focused on the physiology and treatment of these illnesses. It also educates the public through dissemination of free information packets and newsletters. The majority of AFSA's revenue is derived from contributions from the public and from the sale of informational items.

Inventories

Inventories, which consist of informational note cards and AFSA 2000 syllabuses, are recorded at a first-in, first-out basis.

Donated services

AFSA receives donated services from *Fibromyalgia Network* for certain functions. However, there is no objective basis for measuring the value of donated services. Therefore, no amounts have been included in the accompanying financial statements for these services.

Revenue recognition

Contributors, though often called members, do not receive any goods or services for their contributions that are not available to the general public at no charge. Therefore, AFSA recognizes all contributions as revenues when received, except for pledges. Pledges are recognized as revenue at the time that monies associated with the pledge are received. Contributions and sales are considered to be available for unrestricted use unless specified by the contributor.

Research grants

AFSA's primary goal is to fund medical research projects on fibromyalgia syndrome, chronic fatigue syndrome, and related areas. Each year, AFSA attempts to maximize the amount it awards in grants of this type. To ensure that the most worthy and promising research projects are funded, AFSA utilizes a Medical Advisory Committee (MAC) to review and grade grant applications received by AFSA. The MAC is comprised of many of the most noted investigators in the area of fibromyalgia and chronic fatigue syndrome research. In addition to the MAC, AFSA enlists the advice of other experts in the field on an as-needed, voluntary basis. Grades received from the MAC are the primary tool used by the Executive Committee in deciding which projects should be funded. However, the Executive Committee is ultimately responsible for making all funding decisions.

Conflict of interest

All members of AFSA's Board of Directors and Medical Advisory Committee are governed by a conflict-of-interest policy. This policy precludes members from voting on motions with respect to which he/she may have a conflict of interest. Conflict of interest is deemed to exist if the member would directly benefit, personally or professionally, from a motion that has been made.

Note 2- Tax Status

AFSA is a not-for-profit voluntary health organization, exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and Sections 23701d of the General Statutes of California. AFSA's advanced ruling period under Federal law ended June 30, 1998. AFSA has now received its final approval as a publicly supported organization described in sections 170(b)(91)(A)(1) or in section 509(a)(2) of the Internal Revenue Code.

Balance Sheets

	Year 1 93-94	Year 2 94-95	Year 3 95-96	Year 4 96-97	Year 5 97-98	Year 6 98-99	Year 7 99-00	Year 8 00-01	Year 9 01-02
ASSETS									
CASH AND EQUIVALENTS									
Unrestricted	11,483	4,431	10,136	67,712	136,268	124,855	134,671	114,139	106,736
Restricted	0	0	0	0	0	0	0	0	0
Prepaid expenses - postage	286	765	0	0	597	948	399	549	549
Inventory			1,949	0	0	0	0	0	0
TOTAL CASH	11,769	5,196	12,085	67,712	136,865	125,803	135,070	114,688	107,285
TOTAL ASSETS	11,769	5,196	12,085	67,712	139,865	125,803	135,070	114,688	107,285
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	0	23	0	0	0	0	0	0	0
FUND BALANCES									
Unrestricted	11,769	5,173	12,085	67,712	136,865	125,803	135,070	114,688	107,285
Restricted	0	0	0	0	0	0	0	0	0
TOTAL FUND BALANCES	11,769	5,173	12,085	67,712	136,865	125,803	135,070	114,688	107,285
TOTAL LIABILITIES AND FUND BALANCES	11,769	5,196	12,085	67,712	136,865	125,803	135,070	114,688	107,285

AFSA's Financial Picture

Statement of Revenue and Support, Expenses and Changes in Fund Balances

Year-end June 30, 2002 (with comparable totals for 2001, 2000, 1999, 1998, 1997, 1996, 1995, and 1994)

	Year 1 93-94	Year 2 94-95	Year 3 95-96	Year 4 96-97	Year 5 97-98	Year 6 98-99	Year 7 99-00	Year 8 00-01	Year 9 01-02	Current YTD
<u>REVENUE AND SUPPORT</u>										
Contributions	18,115	70,623	97,520	142,519	235,522	109,783	81,495	102,307	88,263	118,580
Note Cards	-	-	12,195	13,174	12,436	2,019	740	824	488	1,170
AFSA 2000 Seminar Fees	-	-	-	-	-	-	-	13,370	-	-
AFSA 2000 Transcripts	-	-	-	-	-	-	-	1,450	900	250
Abstracts & Calendars	-	6,165	3,556	720	895	59	0	0	0	0
Interest and Other	0	0	0	0	15	2,407	3,218	2,620	230	
TOTAL REVENUE AND SUPPORT	18,115	76,788	113,271	156,413	248,868	114,268	85,453	120,571	89,781	120,000
<u>EXPENSES</u>										
PROGRAM SERVICES										
Research Awards	0	59,420	89,704	81,957	153,225	109,708	49,407	84,300	84,974	37,450
EDUCATIONAL ACTIVITIES										
AFSA Update	4,500	16,259	13,326	7,547	7,923	10,914	20,130	4,292	7,442	21,000
AFSA 200 Seminar	-	-	-	-	-	-	-	45,623	-	-
SUPPORT SERVICES										
Management and General	872	3,029	1,671	4,490	5,598	4,659	6,263	7,506	4,954	4,000
Development	974	4,676	1,662	6,788	12,969	0	385	20	0	
TOTAL EXPENSES	6,346	83,384	106,363	100,782	179,715	125,281	76,185	141,741	97,370	62,450
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES										
	11,769	(6,596)	6,908	55,631	69,153	(11,012)	9,268	(21,170)	(7,589)	
<u>FUND BALANCES</u>										
Beginning of Year	0	11,769	5,173	12,081	67,712	136,865	125,852	135,120	113,950	163,911
End of Year	11,769	5,173	12,081	67,712	136,865	125,852	135,120	113,950	106,361	163,911