



# KREWE OF CHAOS<sup>®</sup>™

A 501(c)3 organization  
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October 5, 2010

With fiscal 2009-10 behind us and our tax returns completed, I thought that this would be a fitting time to write an annual report. I view this first year as a tremendous success given the fact that we only had a vague idea of where we were going and how we were going to get there. Our organization is still new and learning as we go, but with this first year behind us, we can begin to develop a road map for our future.

## **BASIC DEFINITIONS**

Attached to this report is the final version of our Profit & Loss Statement and Balance Sheet for this fiscal year. I would like to take the opportunity to identify and point out a few things to you in hopes of make a bunch of numbers on a piece of paper make some more sense to you, as I know not everyone took "Financial Statement Reading 101 on school.

First I won't assume anything and want to cover a few definitions. **1) Fiscal Year** – "A **fiscal year** (or **financial year**, or sometimes **budget year**) is a period used for calculating annual ("yearly") [financial statements](#) in [businesses](#) and other organizations." This can mean any 12 month period and not just January to December. The Krewe's Fiscal Year is September 1 to August 31. **2) Profit and Loss Statement** (or P&L Statement) -- Income statement of financial performance, is a company's [financial statement](#) that indicates how the [revenue](#) (money received from the sale of products and services before expenses are taken out, also known as the "top line") is transformed into the [net income](#) (the result after all revenues and expenses have been accounted for, also known as the "bottom line"). It displays the revenues recognized for a specific period, and the [cost](#) and [expenses](#) charged against these revenues, and [taxes](#). The purpose of the income statement is to show [managers](#) and [investors](#) whether the company made or lost money during the period being reported." **3) Balance Sheet** -- or statement of financial position is a summary of the financial balances of a [business partnership](#) or a [company](#). [Assets](#), [liabilities](#) and [ownership equity](#) are listed as of a specific date, such as the end of its [fiscal year](#). A balance sheet is often described as a "snapshot of a company's financial condition". The balance sheet is the only statement which applies to a single point in time of a business' calendar year. To make it a little more simple, the P&L Statement is a reflection of our cash flow in and out of the organization for a specific period. The Balance Sheet shows how much money, assets, and debts we have on a certain day (usually the end of a month or year). Hopefully that helped and did not confuse you more.

## **OVERALL FINANCIAL HEALTH**

As I discuss various parts of these financial reports, I will use letters to correspond to them on the appropriate report so you know where to look.

The very first thing most people look at on the P&L Statement is to see if there is a Net Profit or (Loss). **A** This number should always be taken in context with many, many other things and never just by itself. In a "for profit" entity one would expect this to look larger than ours does. Because of who we are and what we do, I would suggest that the far more important number is **B**, Contributions from Programs. This number is the amount of money we gave to other 501(c)3 organizations as a result of our fund raising efforts. This figure is just short of \$10,000. For our very 1<sup>st</sup> year of operation, feeling our way through the start up processes and sorting our way through some new projects, without much of a road map, I would say is more than adequate. I believe that the Krewe of Chaos has lived up to it's mission of providing large scale, quality fund raising events for charitable organizations. Please see the table below for a breakdown of where our money actually went:

Valentines Extravaganza		Boots N' Boxers		AIDS Walk Colorao	
Colo. AIDS Proj. Food Bank	\$1,045.63	SQUID	\$350.00	Colo. AIDS Proj.	\$390.00
MCC Food Pantry	\$205.03	Rocky Mtn. Cares	\$1,500.00	Rainbow Alley*	\$910.00
		Horse Protection League	\$1,500.00		
		Rainbow Alley*	\$2,000.00		
<b>TOTAL</b>	<b>\$1250.66</b>		<b>\$5,350.00</b>		<b>\$1,300.00</b>

\*These amounts are applied against our \$20,000 three year pledge to Rainbow Alley and are not part of Contributions from Programs. **D**

Having said that, there is room for the Krewe to improve. If you look at the Gross Profit **C** you will see that it is almost double what we were able to contribute to our Charity partners. We as the Krewe should begin to work towards reducing this disparity between what the Gross Profit is and what we are able to contribute to our Charity Partners. Most of this will come naturally as we will not have to re-invent certain “wheels” and can use pieces, processes and the like that we now have in place. This should cut our overhead dramatically. This will include things like the costs of incorporating and initial filing fees with the IRS and Secretary of State; the purchase of and set up of our credit card machines; set up charges for our logo at all of our various vendors.

Next I would draw your attention to the Balance Sheet and remind you as you look at these figures, that this was as of August 31, 2010. I would say that our position appears to be quite satisfactory for having just completed our first year. We have cash in the bank; we have assets in the form of sets, credit card machines, curtains, and T-Shirts to sell. Our liabilities are relatively in line with one exception. We are in fact, *behind* on our pledge to Rainbow Alley. **D** This figure reflects what we still owe them before December 31, 2010. Our total pledge to them of \$20,000 has been broken up as follows: \$5,000 due this calendar year, \$5,000 due next calendar year (2011) and \$10,000 due in 2012. As of this date we have only contributed \$2,910.00. This includes the money we raised for AIDS Walk and the money we raised for them from the 2010 Boots n' Boxers.

The Krewe really needs to step up and raise a NET of \$2,090 to keep us current on our pledge before December 31, 2010. We really do not want to carry this forward and put ourselves in a position of having to raise more money the following year, and then even more the year after that.

### **SPECIFIC FUNDRAISING ACTIVITIES**

In this section, I want to look at specific events and activities and discuss their relative success in our goals of raising money for other non-profits. For this you will want to direct your attention to the financial statement titled Profit & Loss by Class. On this document, each event or activity is generally its own “class” so as to isolate it from the others as we analyze it.

**BEER BUSTS:** This is fairly self explanatory. These cost us nothing to produce whatsoever except our own man hours. The money is simply profit from the word go and is generally dumped into our operating funds to cover the costs of the Krewe to operate. However, the Krewe of it's own volition may at any time designate these funds for a specific purpose. As Treasurer I highly recommend doing these as often as possible, without going overboard so as to wear them out or over tax our members.

**BOOTS N' BOXERS:** This one requires some further analysis and thought. We made a gross of \$7,934.00 but only were able to contribute \$3,350. This resulted in a net profit to the Krewe of \$3,398. I realize we kept a larger percentage for ourselves to cover some of our first year operating and start up fees, but we

should look at trying harder keep our overhead for the event down and putting more money in the hands of our charity(s) for this event.

**OPERATIONS:** This is our daily and routine income and expenses. It includes such things as our dues in, monies just given us as a general contribution, sales of pins, T-Shirts, Tattoos etc. and our bank charges, credit card machine purchase and charges, insurance, postage, printing, etc. etc. that cannot or should not be tied to a specific event. Again, much of this is start up costs for our first year of operation. Ideally we would like to see a Net Profit here and not a Net Loss even if it is only \$261.

**PARTY LITE:** This is much like our Beet Busts. This fund raiser(s) cost us nothing and is a generous contribution from Party Lite and the particular consultant. This year they have not produced a significant revenue stream for us, but they are fun and different.

**PRIDE FEST:** This is a combination of the Pridefest event/booth itself and the parade and float. We should give some serious thought to this event and make sure we all understand what the intent is here. As you can see from the figures, this was a loss for us as well. Not a huge one to be sure but we should certainly re-think our goal when we begin to look at this for next year. If our intent is to make money for ourselves or for a charity partner we will need to significantly step our participation. If the goal is simply that of marketing, to remind the community that we are here and of what we do, then simply watching our overhead to see that we do a better job of breaking even is in order. Personally, I believe that it will be unrealistic for us to view this as a real fund raising opportunity as our members attention is almost complete distracted and directed in more than a hundred different directions that weekend.

**SHOWS AUCTIONS GENERAL:** These are general, less involved projects that do not rise to the level of things like Boots n' Boxers but scaled down productions such as a "better-than-average" drag show or event, designed to put a little cash in our pockets. The fund raisers of the Color Teams dictated in our bylaws would fall into this classification. Generally a decent stream of revenue as the out lay of Krewe money in the form of overhead is minimal or donated by those producing the event. Net profit is almost 100% of Gross Profit.

**VALENTINES EXTRAVAGANZA:** In reviewing the figures for this event, keep in mind that it only reflects the Krewe of Chaos' portion of the Gross Profit, Expenses, etc. and does not reflect the total amount raised and split with the Colorado Gay Rodeo Association. Again, we raised a Gross of \$2,350.25 and gave \$1,250.66 to our Charity(s). Needing cash to help fund our start up costs is certainly to blame.

### MISCELLANEOUS

As you have no doubt sensed through this entire missive, my feeling is that for our first year we have done well and can do better. In addition to catching up with our pledge to Rainbow Alley the other thing we need to begin to address is our \$5,000 reserve account. Our bylaws indicate that we should be holding \$5,000 in some sort of interest bearing instrument to act as a reserve fund should a particular event not go as we had hoped. We never expected to be able to simply open the account with an extra \$5,000 that we might have lying around, but that we would begin to grow it gradually. The time has come and we need to begin to set this account up and move money into it.

Respectfully submitted,



Christopher R. Hochmuth  
Treasurer