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FeelGood

Results of Operation Summary
Fiscal Year Ending December 31, 2006

SUMMARY:

2006 was a year marked by impressive achievement both in terms of dollars raised and donated to strategic partners responsible for eradicating pernicious hunger across the globe, as well as important milestones met as outlined in the organization's initial 5 year strategic plan. The following results are an example of our successes and challenges met, this year.

CONTRIBUTIONS:

Total contributions increased by 98% in this our second year of operations. Most impressive within this increase is the amount of new funds generated through concession sales by our students. Concession sales grew by an impressive 220%; from \$7,500 in 2005 compared to \$24,000 in 2006.

Other sources of funds raised include *donor contributions, major events and apparel sales*. Again, the results are positive with donor contributions increasing by 44% from \$42,000 to \$60,000 in 2005 and 2006, respectively. Most noteworthy, however, are the real gains achieved in the number of new individual donors growing from 17 in 2005 to 78 in 2006. This broadening of the base of support is a critical focus for the organization and demonstrates FeelGood's effectiveness in its ability to touch the hearts and minds of many in order to create a grassroots organization capable dramatic change.

Event income was up 136% this year primarily due to a major fund and friend raising event held at Cairnwood Mansion in BrynAthyn, Pennsylvania. This live auction event served as a wonderful vehicle for show casing our organizations work as well as that of our close affiliate, The Hunger Project. The event was highly educational and raised over \$10,000. In addition to this event, the University of Texas held two concerts which were very well attended and served to spread the *FeelGood word that hunger can be ended*. The event was effective and fun way. The students with the assistance of our marketing sponsors GYRO created popular T-shirts as well as recruited 5 local bands to donate their time and effort to the cause. This was a broad and collaborative effort by the students which we hope will continue for years to come and will expand to other universities.

Apparel Sales were introduced this year adding \$11,400 to our revenue stream. This year students introduced the sale of apparel in earnest. Total sales of apparel were over \$11,000 with a net contribution of 27% to the bottom line. This program has been very successful in several respects. For those universities that want to get involved but do not have the time or interest in launching a deli, this initiative gives them the ability to get up and running quickly as a university chapter and helps them begin the process of spreading the word and educating fellow students on the root causes of pernicious hunger and how they can get involved. In addition, the apparel serves as a wonderful marketing tool both on the FeelGood website as well as on a growing number of proud



FeelGood students, family and friends. FeelGood T-shirts are getting the word out and building the FeelGood brand at an impressive pace.

EXPENSES:

In spite of overall expenses increasing by 165% over last year, the organization still realized an increase in Net Income before contributions to our strategic partners of 37%. In terms of controlling costs and effective leveraging of limited resources, the organization gets high marks. *Of this overall increase; 53% is represented by the increase in salaries and related payroll taxes, 14% represents Kiosk expenses, 9% for cost of sales on apparel sales, 7% for event related expenses, 6% for travel, 10% for marketing and all other administrative expenses.*

Payroll Costs:

Total payroll costs have increased exclusively due the artificially low numbers reported in the prior year. Salaries and employment taxes went from \$19,000 to \$37,000 in 2005 and 2006 respectively. Although board approved salary for our executive director remains the same, year over year, during 2005 Kristin Walter volunteered to forfeit a portion of her salary in a desire to keep the organization afloat. We are grateful for the continued inspired leadership and clear direction Kristin Walter provides the organization.

Kiosk Acquisition

Kiosk expense was just over \$9,600 which was the result of the purchase of a state-of-the-art portable kiosk for our newest chapter, the University of Columbia. This expense represents over 9% of total operating expenses; however, given the importance of this purchase, it is our hope to be able to increase this budget item in the future and to focus some of our fund raising initiatives toward expanding in this area.

The purchase of efficient and effective kiosks for our university chapters has become one of our biggest challenges and possibly one of our greatest opportunities for success. If we look at the break out of our concession sales this year, we see that there is a direct correlation between the sales potential and whether or not a university has 1) a permanent location and or a highly functioning kiosk and 2) University backing; and the two are likely inextricably linked. For example of the \$24,000 of concession sales generated this year, over 85% was generated from one university, the University of Vermont, which in addition to having an extraordinary group of motivated students, has successfully secured a permanent location to conduct their operations. This secure location has the full backing of the university's administration and therefore the students have the benefit of convenience (time is an expensive commodity to students) and moral support. This university has served as an incubator demonstrating to other university students the key components necessary to running a successful FeelGood deli. The second highest producing university is the University of Texas Austin. Although the university is where the organization was born, the students continue to have some significant hurdles that continue to impair their ability to generate more revenue. The students should be commended for dealing with a difficult situation for the longest period



of time. Students have communicated that they would generate significantly more contributions if they did not have to deal with the inefficiencies of hauling all of their equipment, and supplies each time the set up to sell their sandwiches. In addition due to the lack of refrigeration and storage, they are restricted with what they are able to sell.

As a result of these and other observations of our university chapters, we are gaining valuable insight. It is the intention of FeelGood to focus on assisting our current chapters in obtaining permanent location and facilities, whether portable via a kiosk or within the institution's facility.

Cost Of Sales

Total Cost of Goods Sold on FeelGood Apparel was \$9,000 on sales of \$11,400 resulting in a 27% gross margin and represents 13% of total expenses. We anticipate these margins to improve as the organizations implements measures on the FeelGood website to closely monitor and account for all apparel sales. As mentioned earlier, this year we saw students take on the sale of FeelGood apparel as a way to increase their involvement. The University of Pennsylvania devoted their attention to apparel sales and raised just under \$2,000 in doing so. The Director of FeelGood worked closely with the universities faculty and students to help design a program that demonstrated best business practices. Both students and faculty were very appreciative to FeelGood for their support and oversight.

Event, Travel and Administrative Expenses:

Event Expenses represented 7% of our budget and supported \$14,000 of event revenue. In dollars, our event related expenses were just over \$5,000. This represents a 35% margin in real dollars as well as achieving some of the more intangible objectives of friend raising and building our brand and raising awareness surrounding the root causes of hunger. It is difficult to find the balance between having events that are strictly for the purpose of raising needed funds and devoting time and money to events that raise awareness of the important cause.

Travel Expenses represented 6% of our budget with just under \$4,000. It is becoming increasingly apparent that the growth of the organization depends on making a travel budget available for the executive director to visit universities, assist and inspire students in their commitment to running campus delis, to attend industry seminars and ongoing education. Our hope is that with organic growth we will be able to meet these demands.

Administration expenses represented 10% of our overall budget. This includes costs associated with maintaining an impressive website, attractive marketing appeals and solicitation letters, a quarterly newsletter. One of the major contributing factors to our success in consistently generating attractive, consistent and compelling marketing communications is our relationship with GYRO, a well respected marketing firm which provides consistent support, design concepts and materials to the organization free of charge. GYRO's contribution is a critical component to our current success.



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In summary 2006 has been an exciting and eventful year. We are extremely pleased with the financial results and feel comfortable that we are on the path to growth and sustainability.

Respectfully Submitted,

Wendy Walter
Chair, Finance Committee

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Comparative Financial Statements
Year Ending December 31, 2006

	Jan - Dec 2005	Jan - Dec 2006	Total	% Change
Income				
Total Concession Sales	\$ 7,550	\$ 24,162	\$ 31,712	220%
Total Donor Seed Money	41,918	60,175	102,093	44%
Total Event Income	5,994	14,149	20,143	136%
Apparel Sales		11,408	11,408	
Total Income	\$ 55,462	\$ 109,895	\$ 165,357	98%
				%/Total Expenses 2006
Cost of Goods Apparel	800	9,221	10,021	13%
Event Expenses	1,401	5,110	6,511	7%
Interest Expense	677	1,006	1,683	1%
Kiosk Expense	201	9,590	9,791	14%
Total Marketing	1,796	2,554	3,965	4%
Payroll and taxes	18,944	37,585	56,529	53%
Supplies & Postage	2,359	1,407	3,766	2%
Travel & Conferences	470	4,161	4,423	6%
Total Expenses	\$ 26,648	\$ 70,634	\$ 96,688	
Net Operating Income	28,814	39,261	68,075	
THP Direct Contribution	(10,000)	(40,001)	(50,001)	
NI After Contributions	18,814	(740)	18,074	