

**ALCOHOLICS ANONYMOUS  
INTERIM FINANCIAL UPDATES  
AREA 19 – CHICAGOLAND  
JUNE 2024**

**PRESENTED BY**

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**CLASS A (non-alcoholic) TRUSTEE AND TREASURER  
GENERAL SERVICE BOARD OF AA**

# TOPICS

- 1. 2023 RESULTS**
- 2. 2024 BUDGETS**
- 3. CONFERENCE OUTCOMES**
- 4. RESERVE FUND**
- 5. CONTRIBUTIONS**

# 2023 RESULTS

# 2023 AUDIT RESULTS



- New Audit Firm for 2023 – Per 5-year RFP/Rotation Policy Adopted by Trustees Finance and Implemented by Trustees Audit, GSB, AAWS and AAGV boards

# 2023 AUDIT RESULTS

- Unmodified or “clean” audit opinion on the Consolidated Financial Statements
  - The financial statements are fairly stated in all material respects.
- All records and information requested were freely available for inspection.
- BDO noted that they received full access to all information requested while performing the audit, and acknowledged the excellent cooperation extended by all levels of GSO and GV personnel throughout the course of the work.
- Recognition of Value of Donated PSA airtime -- \$33 million in 2022, \$17 million in 2023. To be recognized annually going forward. Not recognizing the value was considered a significant deficiency.
- 1 control deficiency (100 contributions occurring in 2024 were recorded in 2023)
- 6 recommendations (1 HR, 3 GV, 1 Intercompany, 1 GSB) compared to 5 in 2022

# 2023 **GSO** FINANCIAL HIGHLIGHTS

- ❖ 7<sup>th</sup> Tradition of Self-Support – \$10.84 million up 2.8% from \$10.55 million in 2022
- ❖ Operating Expense before Depreciation - \$17.47 million up 9.9% from \$15.90 million in 2022
  - ❖ Program Service Expense - \$9.00 million up 46.5% from \$6.14 million in 2022
  - ❖ Supporting Services Expense - \$8.47 million down 13.1% from \$9.76 million in 2022
- ❖ Self-Support - covered 62% of operating expense
- ❖ Cost of program services per individual – \$6.43
- ❖ AAWS publishing gross profits – \$6.76 million up 38.2% from \$4.89 million in 2022
- ❖ Operating surplus before depreciation of \$581,907; operating cash increase of \$358,588

# 2023 **GRAPEVINE** FINANCIAL HIGHLIGHTS

- ❖ App launch – September 1, 2023
- ❖ Grapevine paid print subscription income decreased 12% in 2023. Subscription income for the online, complete and mobile app magazine increased 72% due to the mobile app and increased Complete subscriptions.
- ❖ 2023 Grapevine results were a gross margin on subscriptions of \$601,088 and a gross margin of \$562,746 on other published items. Operating expenses of \$2,059,058 resulted in an operating loss of \$888,465 compared to a loss of \$404,940 in 2022.
- ❖ General Fund support of La Viña service activity was \$753,376 in 2023, compared to \$636,604 in 2022.
- ❖ La Viña magazine circulation decreased by 3.0% in 2023 compared to a 4.3% increase in 2022.



## Protected: Delegate Info for AA Members

### Below are files shared by the Delegate for the Area's Information

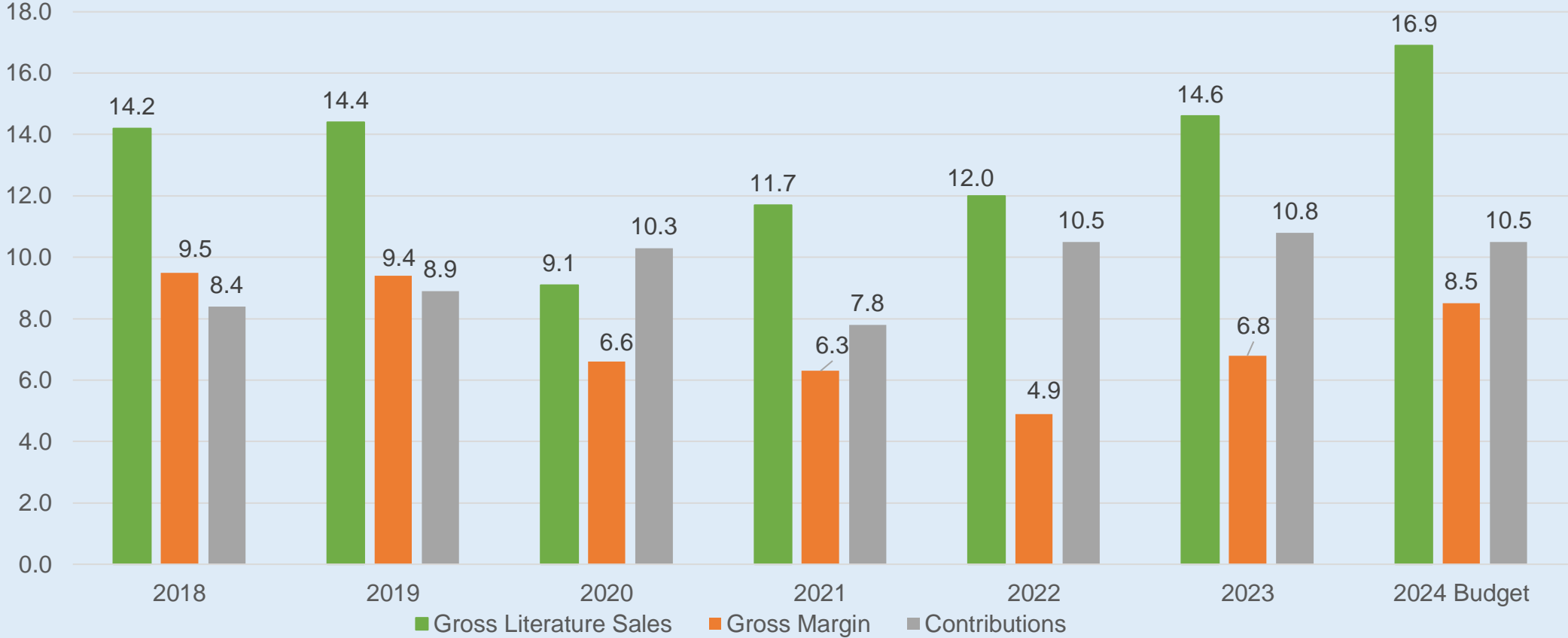
Older information is available in the Area Archives

01. General Service Board Report_no watermark.pdf	May 18 Delegate 73
2024 Conference GVLV Report_ENG.pdf	May 18 Delegate 73
74th GSC_Committee Considerations(English).V2.pdf	May 18 Delegate 73
AA Quarterly Financial Report - March 31 2024.pdf	May 24 Delegate 73
ADVISORY ACTIONS OF THE 74TH GENERAL SERVICE C...	May 18 Delegate 73
Founders Writing Advisory Actions.pdf	Mar 2 Delegate 73
Interim Financial Update 2024.pptx	Mar 15 Delegate 73
PI-A1-2024-CMP.pdf	Feb 25 Delegate 73



# 2024 BUDGETS

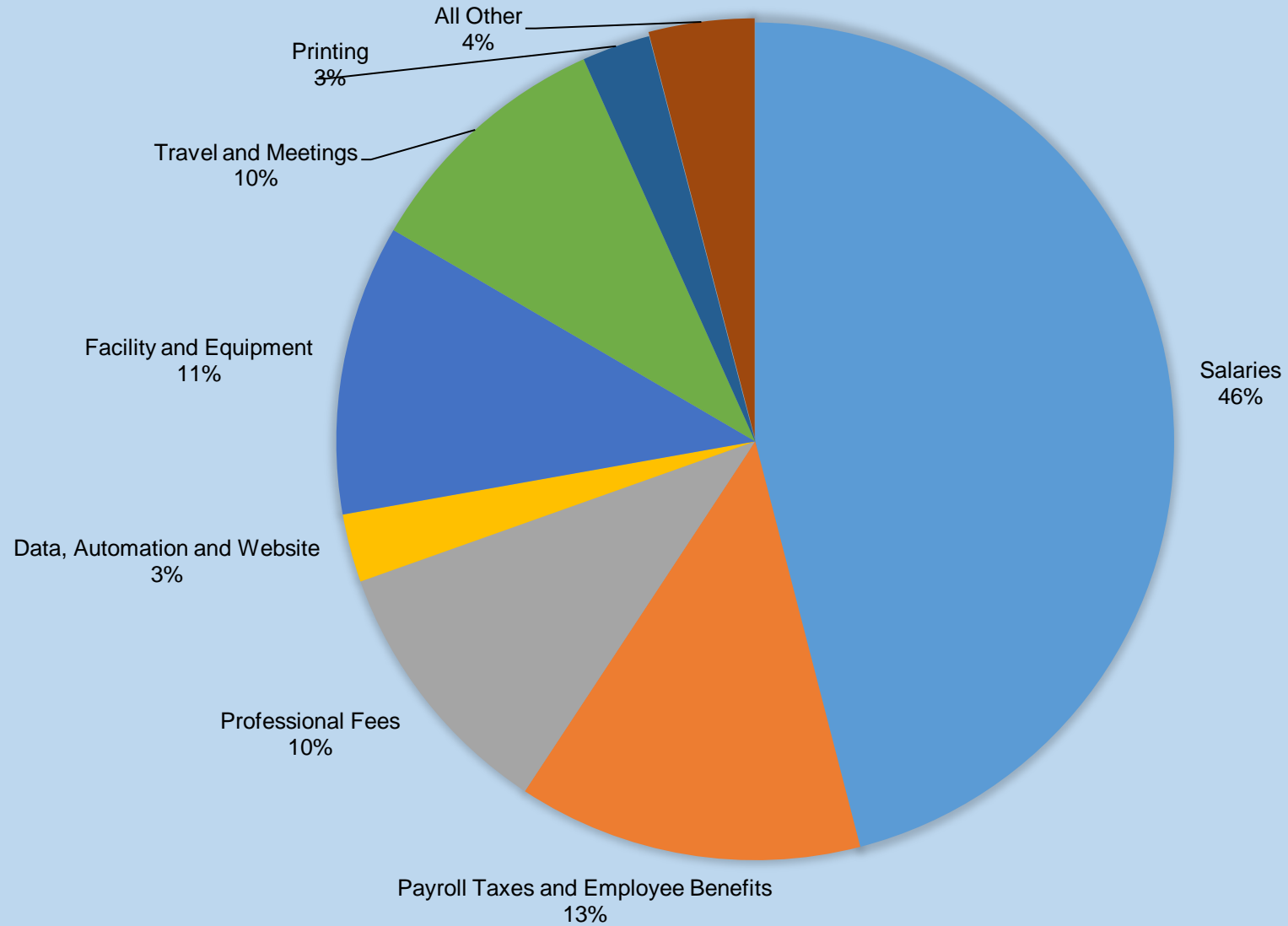
# AAWS/GSB REVENUE DISTRIBUTION (2018 – 2024) (Dollars in Millions)



# CONSOLIDATED (GSO + GV) OPERATING EXPENSES – 2023

## FINANCIAL STATEMENT EXPENSE CATEGORIES

### PERCENTAGE BREAKDOWN



# AAWS/GSB

- Contributions are budgeted at the same level as 2023 budget, though total contributions for 2023 were 4% above this level;
- Gross literature sales assume the same volume of sales as 2023, with only the full-year impact of the 2023 price increase favorably impacting revenue. **There is NO revenue budgeted from any titles approved at the 74<sup>th</sup> GSC.**
- A slight positive margin before depreciation, which is a non-cash expense.
- Expense growth was carefully managed via an iterative budget process with more than 6 versions, in which the final version included 6% lower expenses than the initial version. The AAWS Board and Trustees Finance and Budgetary Committee, along with GSO Staff met extensively over the last four months to collaborate in making these reductions.

# AAWS/GSB REVENUE

	2024 Budget	2023 Actuals (Audited)	Note
Contributions	10,500,000	10,841,000	Budget kept the same as 2023
Net Literature Sales	16,901,431	14,481,000	NO Increase in Volume. Only Impact is Full-Year Impact of April 2023 Price Increase
Literature Gross Margin	8,492,759	6,755,000	
Gross Margin Percentage	50%	46%	2024 Budget is includes full-year impact of price increase

# AAWS/GSB EXPENSES

	2024 Budget	2023 Actuals (Audited)	Notes
Personnel	\$11,957,000	\$11,041,000	Change due to vacant positions and 2024 raises. Number of employees constant - 94
Professional Fees	\$1,821,000	\$1,841,000	Substantially unchanged
Travel and Meetings	\$2,430,000	\$2,148,000	Includes better Conference estimate and costs for World Service Meeting (offset by delegate fees and world service meeting fund)
All Other Operating Expenses	\$2,817,000	\$2,682,000	Driven by data, IT, website and other tech-related costs
Depreciation	\$1,020,000	\$1,056,000	Represents non-cash expense for non-recurring large projects – Netsuite, 8 <sup>th</sup> Floor

# AA GRAPEVINE

- In response to the need to migrate from a print subscription model to a digital subscription model, the AAGV Board developed a 5-year plan (2022 – 2026) that was reviewed by the Trustees Finance and Budgetary Committee at its January 2023 meeting. Grapevine's 2023 results (Year 2) and 2024 Budget (Year 3) are in-line with this plan. Accordingly, years 2 and 3 called for capital and operating investments into Grapevine operations and in building the Grapevine and LaViña apps. Years 4 (2025) and 5 (2026) of the plan call for Grapevine to be cash flow positive.
- LaViña expenses have been reduced and the net shortfall covered by the General Service Board has been reduced from \$755,749 in 2023 to the 2024 budgeted level of \$569,511 – a drop of nearly \$200,000.

# **CONFERENCE OUTCOMES**



# **CONFERENCE OUTCOMES THAT AFFECT FINANCES?**

## **1. Location Plus Report**

- **Maintain office at 475 Riverside Drive**
- **10 year lease eliminating 8<sup>th</sup> Floor Space and renovation of 11<sup>th</sup> Floor Space**
- **Independent analysis and consideration of other cities and locations**

## **2. Passage of *Plain Language Big Book: A Tool for Reading Alcoholics Anonymous***

- **Future revenue forecasts can consider sales of this new literature; current budgets include \$0**
- **Timing of publication uncertain, given open items, final editing, etc.**

# **CONFERENCE OUTCOMES THAT AFFECT FINANCES?**

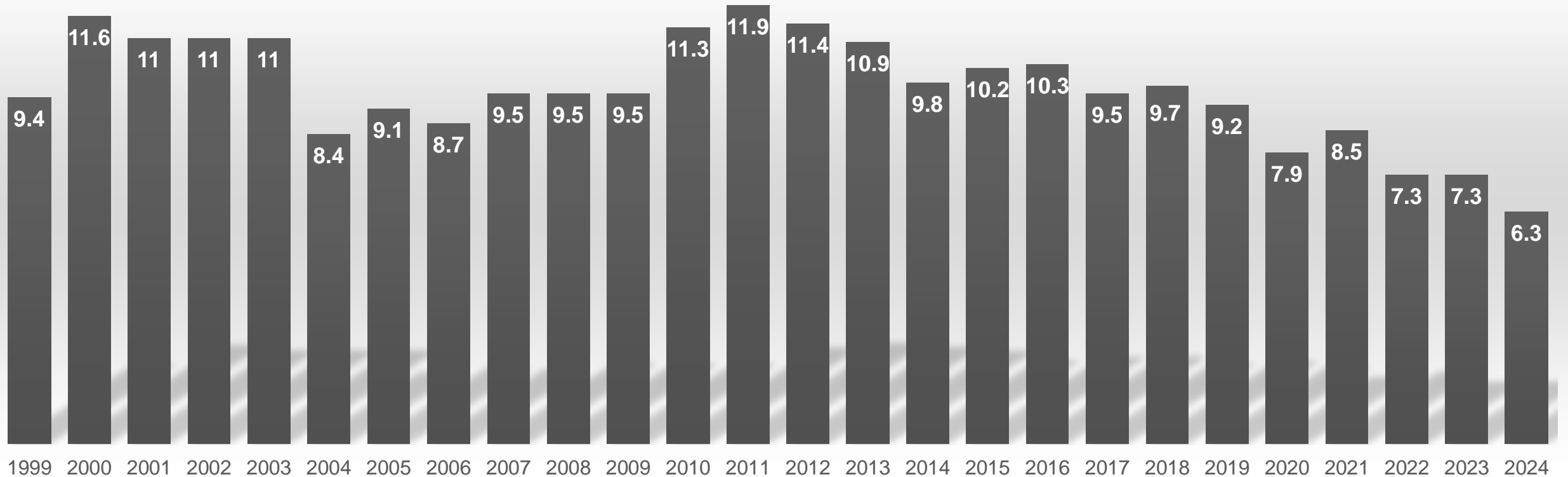
**3. Individual Contribution Limit – Increased from \$5000 to \$7500 per year. Bequest limit remains at \$10,000**

**4. Edit to Self-Support Where Money and Spirituality Mix – Eliminated “account books are available at GSO for scrutiny at any time” replaced with reference to:**

- Financial reports available, including the Quarterly Report and Conference Report**
- Where they may be obtained – AA.org, GSO. Should also have listed Area Website?**

# RESERVE FUND

# RESERVE FUND RATIO NUMBER OF MONTHS COVERAGE 1999 – 2024



# Reserve Fund Rollforward Since 2020

	GROSS RESERVE	NET RESERVE
BEGINNING BALANCE (1/1/2020)	\$ 17,678,273	\$ 16,204,773
EARNINGS (2020 – 2023)	676,089	676,089
REDUCTION IN FUNDING PERCENTAGE OF AAGV SUBSCRIPTION LIABILITY (2021 – 2024)	(933,500)	0
COVID WITHDRAWAL (2020)	(4,000,000)	(4,000,000)
REINVESTMENT (2021)	250,000	250,000
GRAPEVINE APP BUILD (2023)	(500,000)	(500,000)
GRAPEVINE FUNDING – YEAR 3 FUNDING OF 5-YEAR PLAN (2024)	(564,652)	(564,652)
WORKING CAPITAL – GSB/AAWS (2024)	(500,000)	(500,000)
ENDING BALANCE (2/1/2024)	\$ 12,106,210	\$ 11,566,210

# **WHEN CAN RESERVES BE REBUILT?**

**JAN 2024 SHOULD BE THE END OF THE DRAW  
CYCLE.**

**YEAR 4 (2025) OF GRAPEVINE PLAN IS CASH FLOW  
POSITIVE**

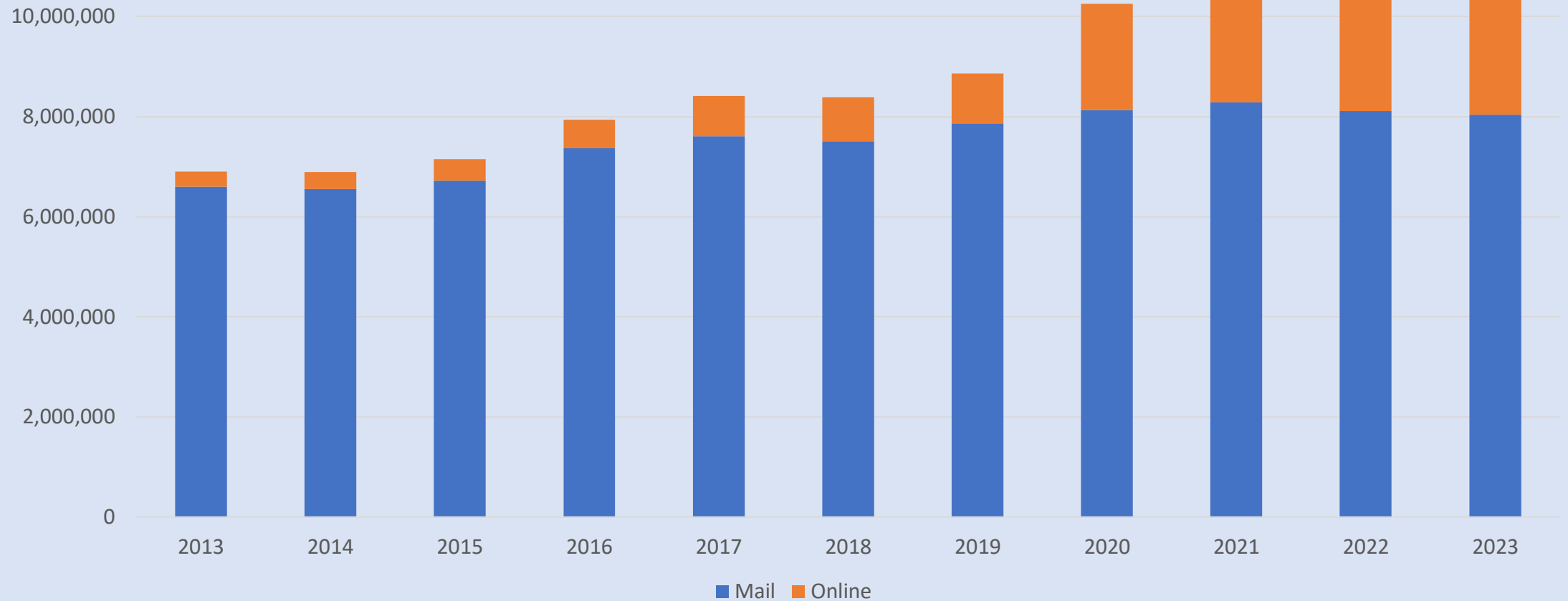
**AAWS/GSB STABLE**

**NO ADDITIONAL DRAWS EXPECTED OR PLANNED**

**RESERVE PLANS CAN NOW INCLUDE EXPECTED  
REVENUE FROM PLAIN LANGUAGE PUBLICATION**

# CONTRIBUTIONS

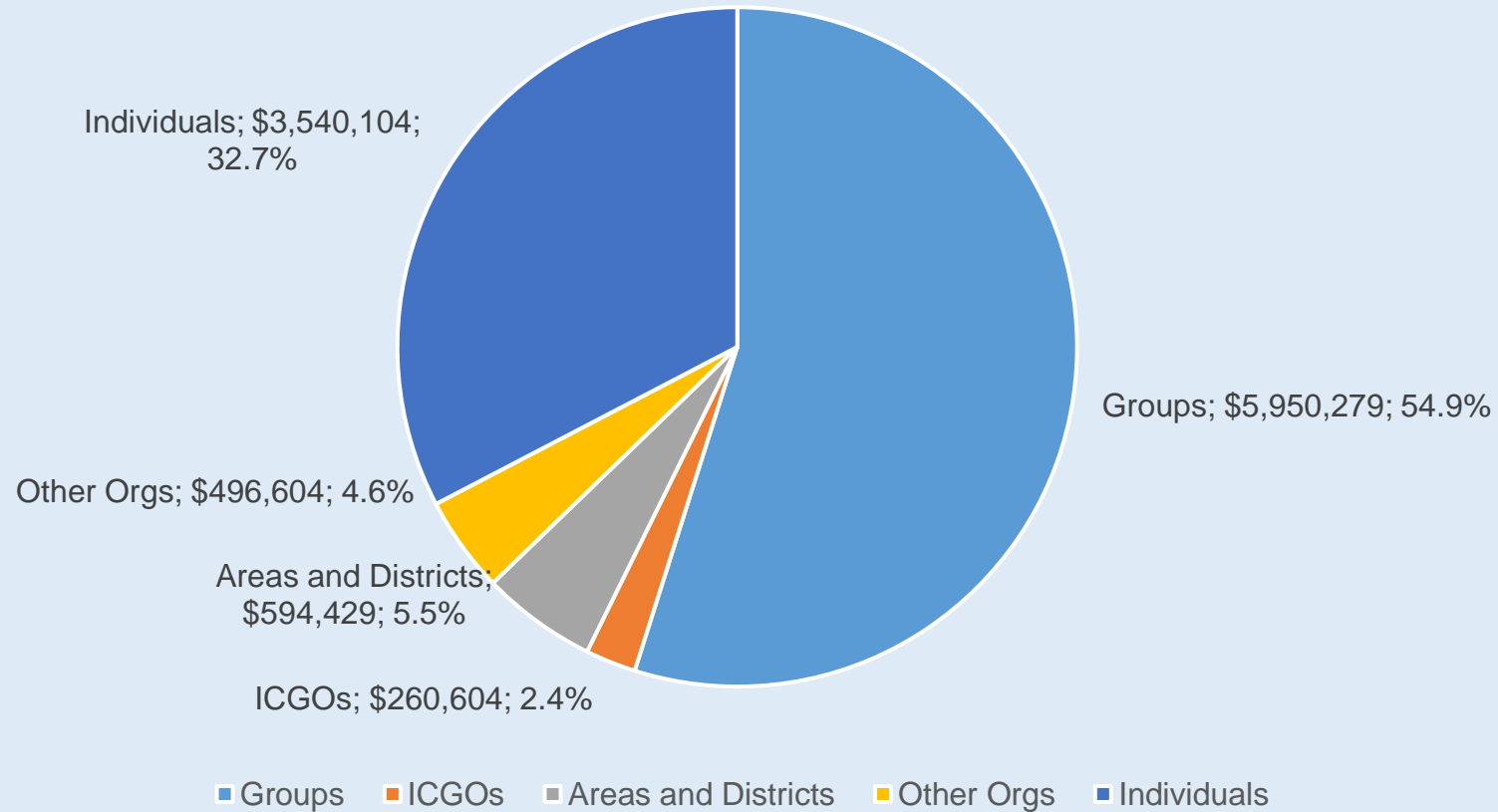
# GROWTH OF ON-LINE CONTRIBUTIONS 2013 – 2022



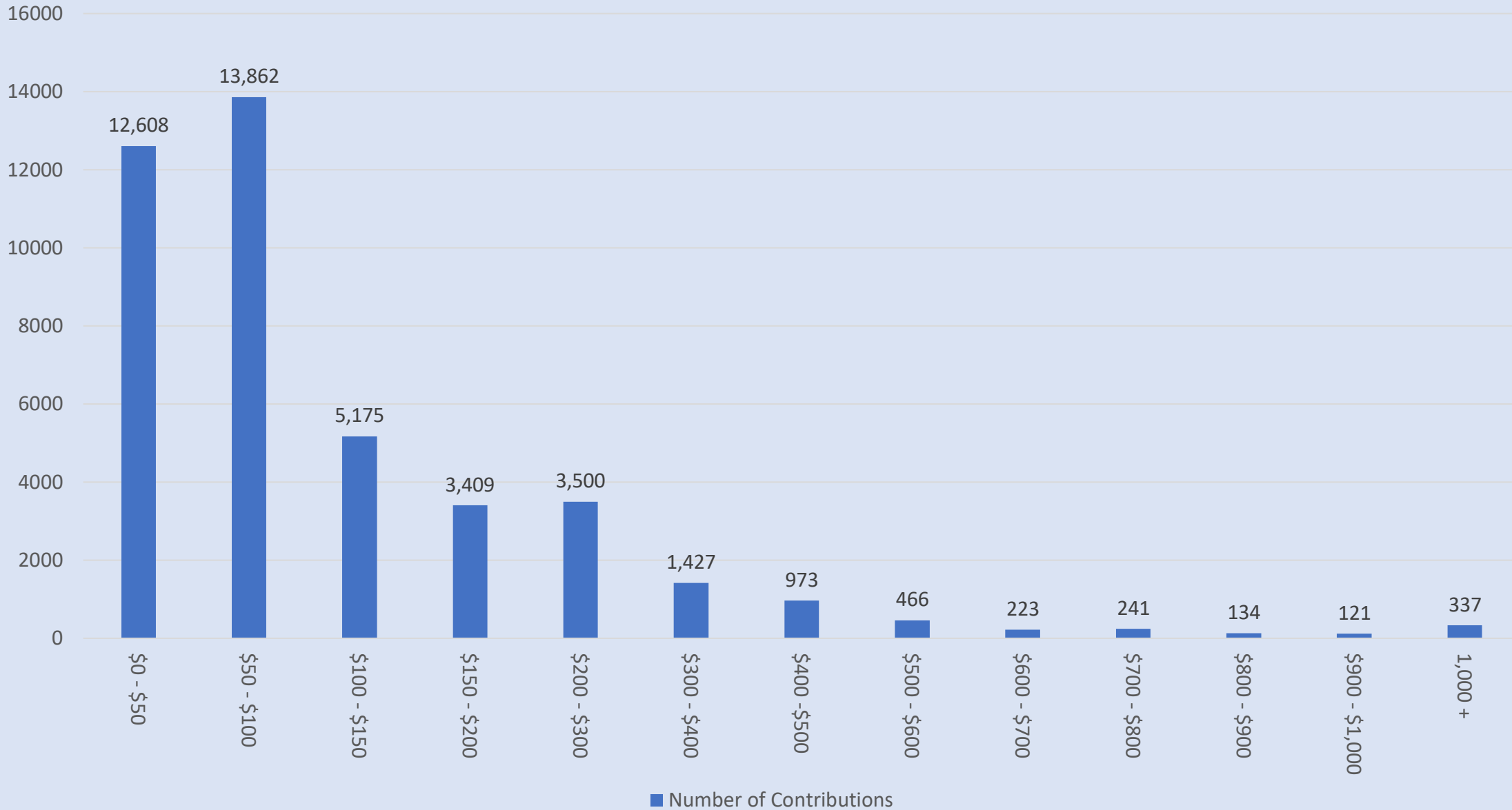
A mail contribution costs \$5.60 to process. An online contribution costs \$2.93 to process, a \$2.67 savings.



# CONTRIBUTIONS BY TYPE OF CONTRIBUTOR (2023)



# Group Contributions by Value (2023)



**THANK YOU**