

Around the Picnic Table

Finance Presentation



Terry Bedient
Class A (nonalcoholic) Trustee
General Service Board Treasurer

COMMUNICATING TO THE FELLOWSHIP ABOUT FINANCE

- **Spiritual value of contributing**
- **Examples of how contributions get used**
- **GSB financial stability**
- **Accountability: checks and balances**
- **Humanize the numbers**
 - **Not \$8 m: \$137 per group, \$6.00 per member**
- **Corporate poverty-just enough**
- **Grapevine subscriptions**
- **Lead by example**

GENERAL SERVICE OFFICE FUNCTIONAL EXPENSES

| | 2009 ACTUAL | 2010 ACTUAL |
|--|---------------------------|---------------------------|
| Group Services | 2,126,690 | 2, 071,372 |
| Public Information | 327,107 | 294,861 |
| Cooperation Professional Community | 327,205 | 275,468 |
| Treatment Facilities | 130,202 | 139,315 |
| Corrections | 259,800 | 248,750 |
| Overseas Services (including Literature Assistance) | 589,289 | 547,083 |
| General Service Conference | 871,652 | 724,897 |
| International Convention | 246,637 | 183,206 |
| Regional Forums | 325,637 | 387,743 |
| Archives | 466,497 | 462,805 |
| Trustee/Director Activities | 350,188 | 355,466 |
| World Service Meeting | 985 | 205,594 |
| Supporting Services | <u>2,761,874</u> | <u>2,745,551</u> |
| Total | <u>\$8,783,762</u> | <u>\$8,642,112</u> |
| Increase over prior year | \$(663,498) | \$(141,651) |
| % increase over prior | -7.02% | -1.61% |

GENERAL SERVICE OFFICE FUNCTIONAL EXPENSES

| | 2008 ACTUAL | 2009 ACTUAL | 2010 ACTUAL |
|--|--------------------|--------------------|--------------------|
| Group Services | \$3,278,000 | \$3,102,073 | \$3,035,842 |
| Public Information | 430,301 | 477,131 | 432,153 |
| Cooperation Professional Community | 492,034 | 477,274 | 403,732 |
| Treatment Facilities | 220,987 | 189,918 | 204,183 |
| Corrections | 437,265 | 378,954 | 364,572 |
| Overseas Services (including Literature Assistance) | 795,844 | 859,560 | 801,816 |
| General Service Conference | 1,275,349 | 1,271,426 | 1,062,423 |
| International Conventions | 0 | 359,755 | 268,511 |
| Regional Forums | 674,763 | 474,987 | 568,284 |
| Archives | 830,320 | 680,451 | 678,296 |
| Trustee/Director Activities | 667,571 | 510,798 | 520,978 |
| World Service Meeting | 344,826 | 1,437 | 301,322 |
| Supporting Services (Allocated in above numbers) | | | |
| Total | <u>\$9,447,260</u> | <u>\$8,783,762</u> | <u>\$8,642,112</u> |

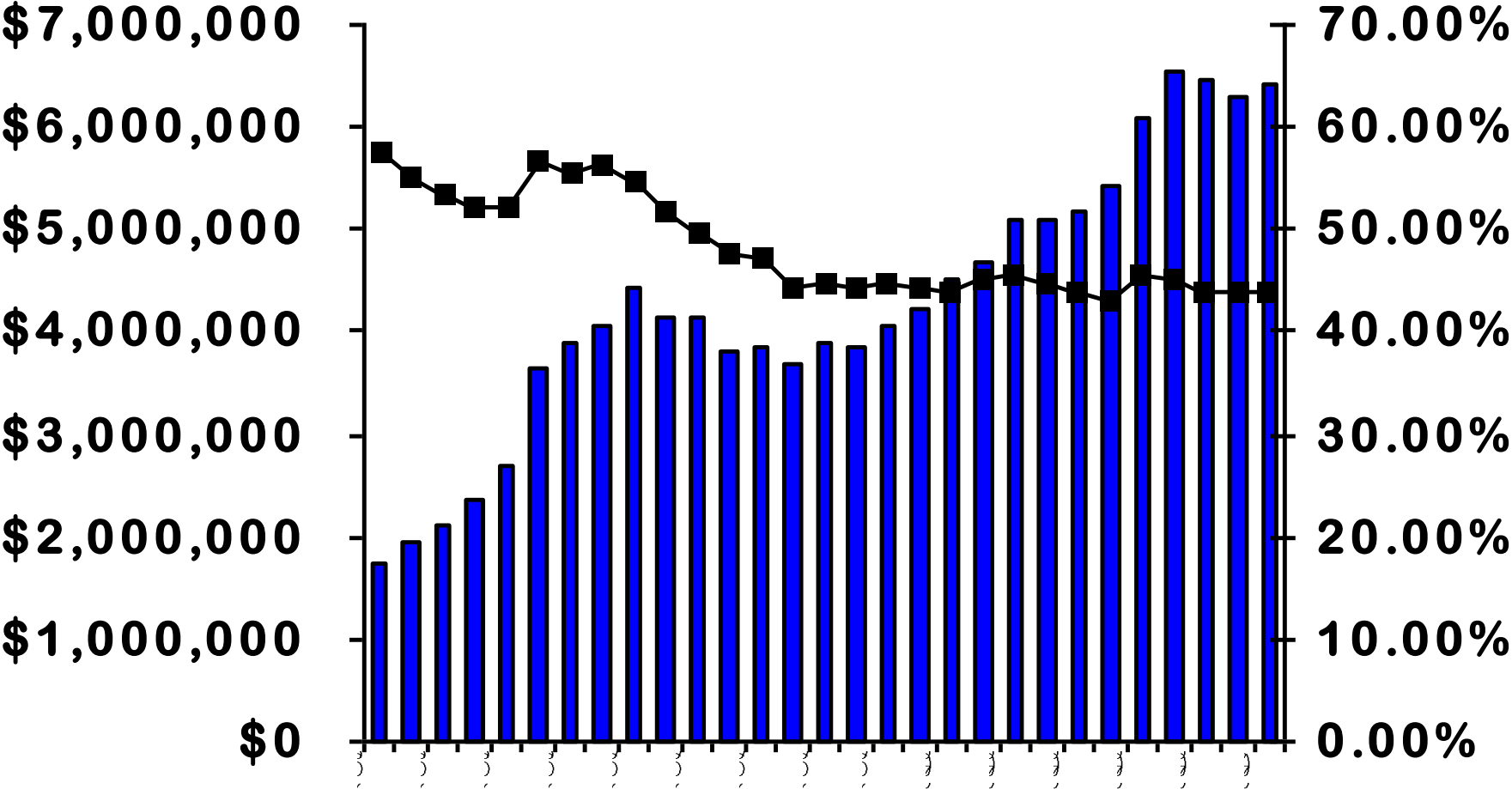
MEMBER STATISTICS

| | 2008 Actual | 2009 Actual | 2010 Actual | 2011 Ideal |
|--|------------------------|------------------------|------------------------|-----------------------|
| Cost of Service per member per year | \$7.04 | \$6.46 | \$6.29 | |
| Cost of Service per group per year | \$157.21 | \$142.64 | \$137.45 | |
| Number of members reported | 1,342,380 | 1,358,879 | 1,373,681 | 1,373,681 |
| Number of groups reported | 60,093 | 61,581 | 62,873 | 62,873 |
| Percentage of Groups Contributing | 44.1% | 44.3% | 44.9% | |
| Contributions per member per year | \$4.69 | \$4.50 | \$4.54 | |
| Contributions per group per year | \$107.55 | \$102.24 | \$99.24 | |
| Literature contribution to Service cost | \$2.35 | \$1.96 | \$1.75 | |

GROUP SERVICE ACTIVITIES

| | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|--------------------|--------------------|--------------------|
| Group Service Staff Activities | \$667,862 | \$693,781 | \$549,542 |
| Box 459 | 439,197 | 365,605 | 305,811 |
| A.A. Directories | 78,773 | 28,393 | 99,167 |
| Records & Files Depts. | 790,995 | 824,816 | 808,665 |
| Contributions, Processing, Verification and Documentation | 955,456 | 870,241 | 961,261 |
| French Services | 25,034 | 29,483 | 27,978 |
| Spanish Services | 38,035 | 35,092 | 34,692 |
| Special Needs | 141,146 | 124,757 | 122,806 |
| Nominating | 141,502 | 129,905 | 125,920 |
| Total | <u>\$3,278,000</u> | <u>\$3,102,073</u> | <u>\$3,035,842</u> |

CONTRIBUTION HISTORY 1982—2010



A.A.W.S. PUBLISHING STATEMENT OF ACTIVITY

| | 2009 ACTUAL | 2010 ACTUAL | 2011 BUDGET |
|---|--------------------|--------------------|--------------------|
| Gross Sales | \$13,758,520 | \$12,470,712 | \$12,800,000 |
| Less Discounts allowed | 282,804 | 286,801 | 285,000 |
| Interest earned | <u>738</u> | <u>559</u> | <u>500</u> |
| Net Sales – Literature (including interest earned) | 13,476,454 | 12,184,470 | 12,515,500 |
| Cost of Literature sold | 3,632,440 | 2,862,290 | 3,038,000 |
| Direct Shipping and Warehousing | <u>1,607,902</u> | <u>1,457,751</u> | <u>1,529,200</u> |
| Gross Profit | <u>8,236,112</u> | <u>7,864,429</u> | <u>7,948,300</u> |
| Gross Profit Percentage | 61.1% | 64.5% | 63.5% |
| Program Expenses | 2,685,283 | 2,672,624 | 2,938,817 |
| Supporting Expenses | <u>1,790,065</u> | <u>1,703,380</u> | <u>1,873,037</u> |
| Total Expenses | <u>\$4,475,348</u> | <u>\$4,376,004</u> | <u>\$4,811,854</u> |
| Excess of Revenue Over Expenses | <u>\$3,760,764</u> | <u>\$3,488,425</u> | <u>\$3,136,446</u> |

LA VIÑA

| Average Circulation | 10,404 | 9,700 | 8,741 | 8,517 |
|----------------------------------|-------------------|-------------------|-------------------|--------------------|
| | 2008 | 2009 | 2010 | 2011 |
| | ACTUAL | ACTUAL | ACTUAL | Budget |
| INCOME | | | | |
| Subscription Income | \$87,038 | \$84,076 | \$80,746 | \$81,926 |
| Back Issues | <u>7,589</u> | <u>12,584</u> | <u>10,812</u> | <u>10,813</u> |
| Magazine Income | 94,627 | 96,660 | 91,558 | 92,739 |
| Income from Related Items | <u>30,008</u> | <u>26,030</u> | <u>28,592</u> | <u>25,733</u> |
| Total La Viña Income | 124,635 | 122,690 | 120,150 | 118,472 |
| Total Direct Costs | <u>79,745</u> | <u>72,285</u> | <u>68,828</u> | <u>73,598</u> |
| Gross Profit | <u>44,890</u> | <u>50,405</u> | <u>51,323</u> | <u>44,874</u> |
| COSTS AND EXPENSES | | | | |
| Editorial Costs | 71,337 | 49,067 | 74,781 | 83,515 |
| Circulation and Business | 44,462 | 48,308 | 47,757 | 69,956 |
| General and Administrative | <u>5,355</u> | <u>7,502</u> | <u>4,265</u> | <u>6,100</u> |
| Total Costs and Expenses | <u>121,154</u> | <u>104,877</u> | <u>126,803</u> | <u>159,571</u> |
| Excess of (Expense) Over Revenue | <u>(\$76,264)</u> | <u>(\$54,472)</u> | <u>(\$75,481)</u> | <u>(\$114,697)</u> |

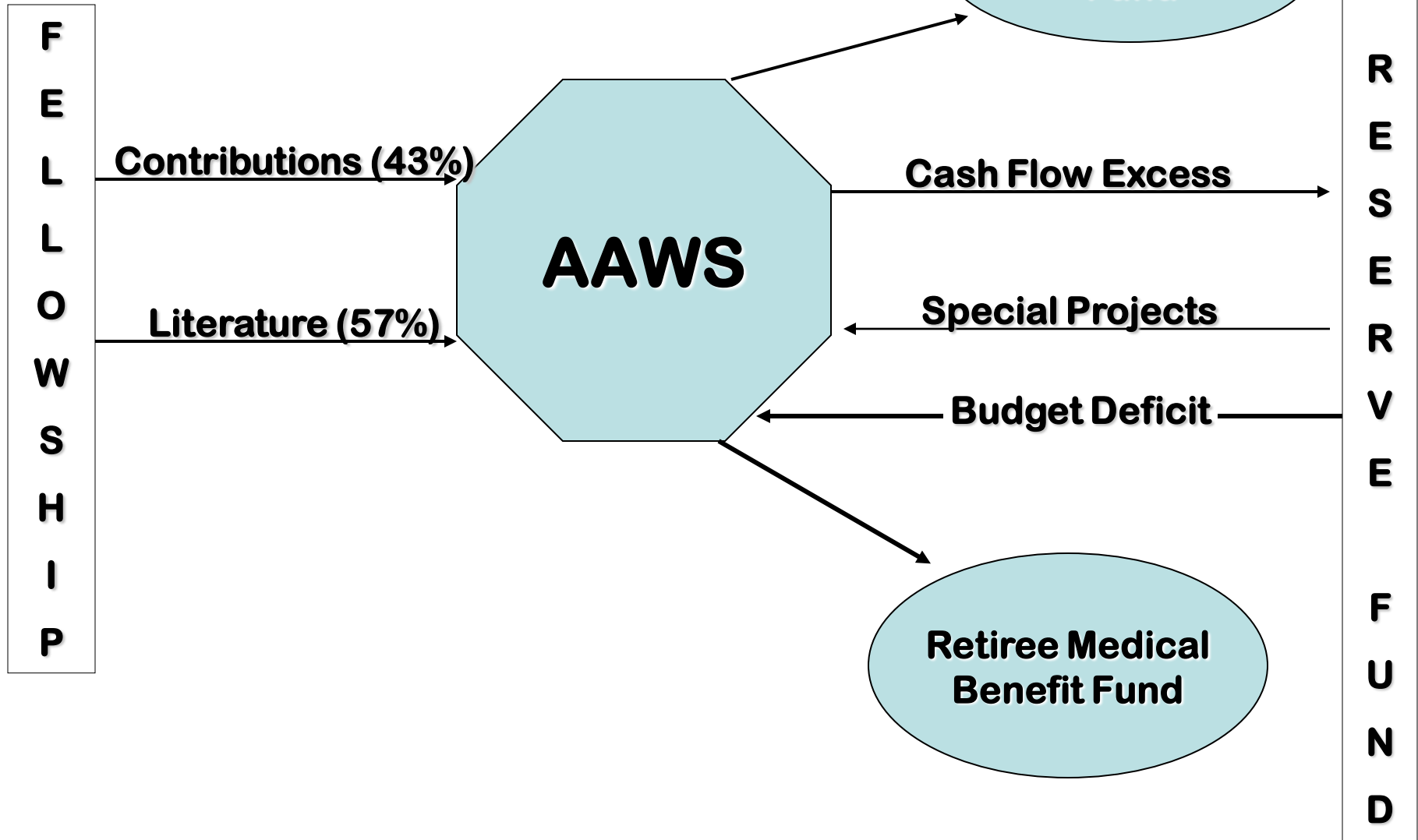
THE A.A. GRAPEVINE, INC. INCOME STATEMENTS

| <u>AVERAGE CIRCULATION</u> | 104,993 | 102,281 | 93,104 | 88,235 |
|---|--------------------|--------------------|--------------------|-------------------|
| | 2008 | 2009 | 2010 | 2011 |
| | <u>ACTUAL</u> | <u>ACTUAL</u> | <u>ACTUAL</u> | <u>BUDGET</u> |
| Magazine Income | \$2,076,060 | \$2,127,265 | \$2,097,408 | \$2,156,107 |
| Direct Costs: Magazine | <u>826,840</u> | <u>880,094</u> | <u>851,876</u> | <u>843,586</u> |
| Gross Profit on Magazine | <u>1,249,220</u> | <u>1,247,171</u> | <u>1,245,532</u> | <u>1,312,521</u> |
| Other Publishing Income | 759,259 | 794,185 | 834,220 | 771,584 |
| Costs of Goods and Delivery | <u>268,062</u> | <u>256,745</u> | <u>298,923</u> | <u>266,782</u> |
| Gross Profit on Other Items | <u>491,197</u> | <u>\$537,440</u> | <u>\$535,297</u> | <u>504,802</u> |
| Total Gross Profit | <u>1,740,417</u> | <u>1,784,611</u> | <u>1,780,829</u> | <u>1,817,323</u> |
| COSTS AND EXPENSES | | | | |
| Editorial Costs | 600,218 | 663,902 | 736,998 | 691,464 |
| Circulation and Business | 1,070,393 | 1,089,162 | 1,058,525 | 1,006,699 |
| General and Administrative | <u>274,462</u> | <u>210,041</u> | <u>423,143</u> | <u>251,930</u> |
| Total Cost and Expenses | <u>1,945,073</u> | <u>1,963,105</u> | <u>2,218,666</u> | <u>1,950,093</u> |
| Interest Income | <u>66,200</u> | <u>45,900</u> | <u>38,800</u> | <u>38,800</u> |
| Excess of (Expense) Over Revenue | <u>(\$138,456)</u> | <u>(\$132,594)</u> | <u>(\$399,037)</u> | <u>(\$93,970)</u> |

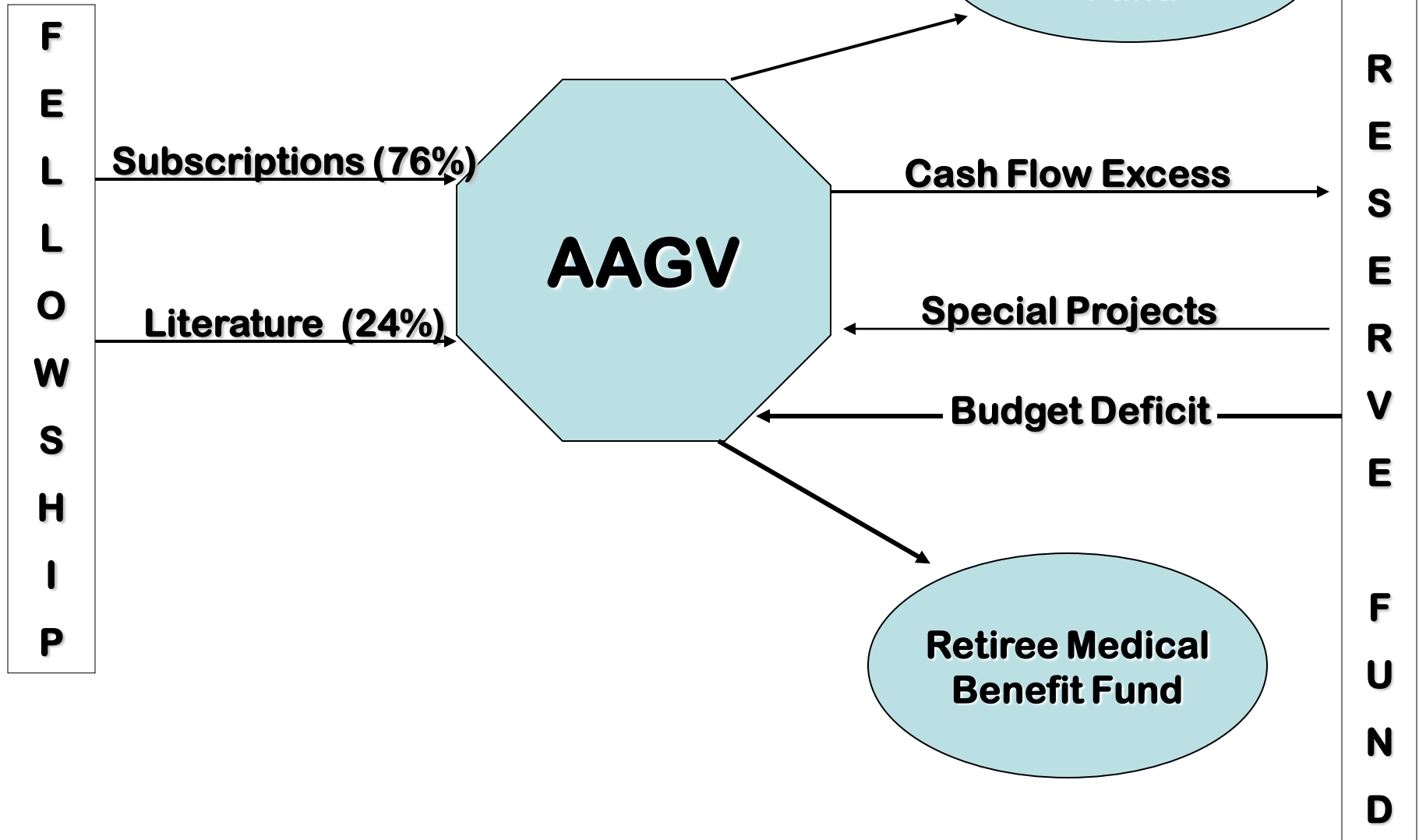
GENERAL SERVICE BOARD FINANCIAL OVERVIEW

| | 2009 | 2010 | 2011 Budget |
|--------------------------------------|--------------------|-------------------|--------------------|
| GENERAL SERVICE OFFICE | | | |
| INCOME | | | |
| Contributions | \$6,296,110 | \$6,408,421 | \$6,500,000 |
| Interest | \$450 | \$555 | \$500 |
| Literature Profits | <u>3,760,764</u> | <u>3,488,425</u> | <u>3,136,446</u> |
| Total Income | \$10,057,324 | \$9,897,401 | 9,636,946 |
| G.S.O. Expenses | <u>8,783,762</u> | <u>8,642,112</u> | <u>9,296,866</u> |
| Profit(Loss) | \$1,273,563 | \$1,255,289 | \$340,080 |
| A.A. GRAPEVINE | | | |
| Publishing Income | 1,784,611 | 1,780,829 | 1,817,323 |
| Interest | <u>45,900</u> | <u>38,800</u> | <u>38,800</u> |
| Total Income | 1,830,511 | 1,819,629 | 1,856,123 |
| Expenses | <u>1,963,105</u> | <u>2,218,666</u> | <u>1,950,093</u> |
| Profit(loss) | (132,594) | (\$399,037) | (93,970) |
| LA VIÑA | | | |
| Publishing Income | 50,405 | 51,323 | 44,874 |
| Expenses | <u>104,877</u> | <u>126,803</u> | <u>159,571</u> |
| Profit(loss) | <u>(54,472)</u> | <u>(\$75,480)</u> | <u>(\$114,697)</u> |
| San Antonio International Convention | | \$844,545 | |
| Excess of Revenue Over Expense | <u>\$1,086,496</u> | <u>1,625,317</u> | <u>\$131,413</u> |

AAWS



AAGV



THE GENERAL SERVICE BOARD: RESERVE FUND

| | 12-31-2005 | 12-31-2006 | 12-31-2007 | 12-31-2008 | 12-31-2009 | 12-31-2010 |
|--|--------------|--------------|--------------|--------------|---------------|---------------|
| Balance available to cover Operating Expenses | \$9,253,935 | \$10,357,069 | \$11,609,850 | \$11,920,746 | \$12,135,909* | \$14,368,427* |
| Operating Expenses | \$12,765,884 | \$14,043,589 | \$14,439,704 | \$15,424,754 | \$15,327,092 | \$15,271,820 |
| Number of months covered | 8.7 | 8.8 | 9.6 | 9.3 | 9.5 | 11.3 |
| Groups | 58,067 | 58,539 | 58,340 | 60,093 | 61,581 | 62,873 |
| Membership | 1,294,678 | 1,308,712 | 1,310,132 | 1,342,380 | 1,358,879 | 1,373,681 |
| Equivalent Balance per Group | \$159.37 | \$176.93 | \$198.95 | \$198.37 | \$197.07 | \$228.53 |
| Equivalent Balance per Member | \$7.15 | \$7.91 | \$8.86 | \$8.88 | \$8.93 | \$10.46 |

By Conference action, the "Prudent Operating Reserve" was defined as an amount equal to the preceding year's combined operating expenses of A.A. World Services, A.A. Grapevine and the General Fund of the General Service Board. Operating expenses include "office and operating expenses" and do not include the Cost of Products or Manufacturing cost.

*Includes pending transfer

KEY ACTIONS TO MAINTAINING THE RESERVE FUND

- **Reduced the price of the Big Book by \$1 coincident with the publication of the 4th Edition.**
- **Restored the price of the Big Book in July 2004 by raising the price by \$1.**
- **Announced increases in certain book prices and handling charges effective July 1, 2005.**
- **Accomplished a major cost reduction program at the General Service Office to lower our annual operating costs.**
- **Solid growth in contribution stream slipped a little in 2009**
- **Price increases July 2009 (both A.A.W.S. and AAGV) for long term fiscal health.**

INFLATION CALCULATOR

\$1.00

in

1945

had the buying power of

\$11.92

in

2009

\$.08

in

2010

had the buying power of

\$ 1.00

in

1945

Source: U.S. Department of Labor

Estimates for 2011 going forward with slight additional contributions for 2012

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|
| Gross Sales | 12,730 | 12,777 | 13,758 | 12,471 | 12,800 | 12,800 | 12,800 |
| Less: Disc- 30%/20% | -336 | -347 | -283 | -287 | -285 | -350 | -350 |
| Less: Disc- 5% | | | | | | | |
| Net Sales | 12,394 | 12,430 | 13,475 | 12,184 | 12,515 | 12,450 | 12,450 |
| Cost of Manufacturing | 3663 | 3567 | 3573 | 2823 | 3000 | 3135 | 3276 |
| Royalties | 68 | 51 | 59 | 39 | 38 | 0 | 0 |
| Ship & Warehousing | 1617 | 1863 | 1608 | 1458 | 1529 | 1598 | 1670 |
| | | | | 0 | 0 | 0 | 0 |
| Cost of Goods Sold | 5348 | 5481 | 5240 | 4320 | 4567 | 4733 | 4946 |
| GROSS PROFIT | 7,046 | 6,949 | 8,235 | 7,864 | 7,948 | 7,717 | 7,504 |
| Contributions | 6,526 | 6462 | 6297 | 6408 | 6500 | 6765 | 6833 |
| Interest Income | 10 | 6 | 1 | 1 | 1 | 1 | 1 |
| Total Revenue | 13,582 | 13,417 | 14,533 | 14,273 | 14,449 | 14,483 | 14,338 |
| Operating Expenses | 12,564 | 13,692 | 13,259 | 13,018 | 14,109 | 14,744 | 15,407 |
| Net Income (Loss) | 1018 | -275 | 1274 | 1255 | 340 | -261 | -1069 |

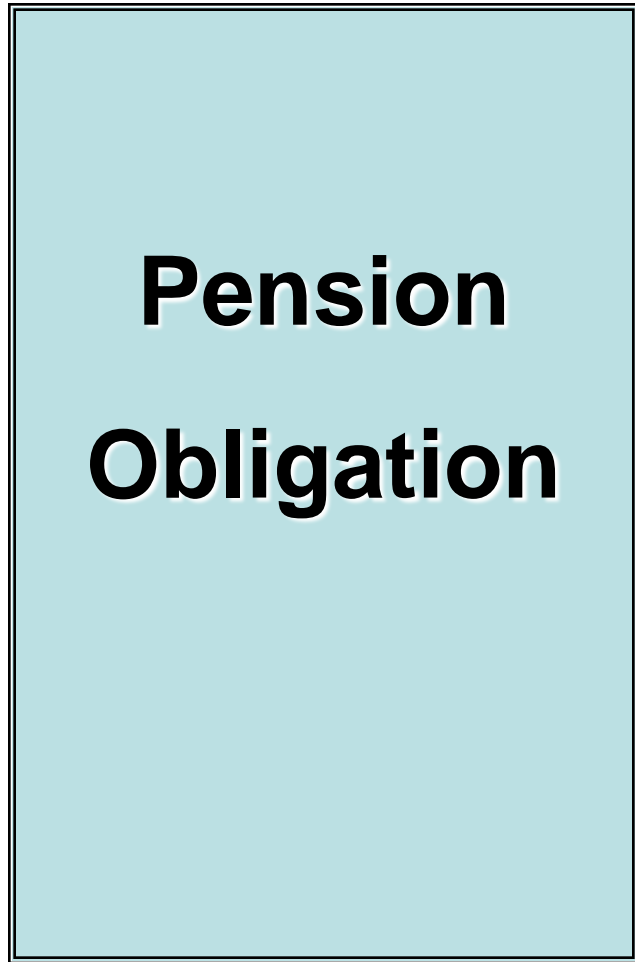
Estimates for 2011 going forward with slight add'l sales and contributions 2012

| | 2007 | 2008 | 2008 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|
| Gross Sales | 12,730 | 12,777 | 13,758 | 12,471 | 12,800 | 13,300 | 13,300 |
| Less: Disc- 30%/20% | -336 | -347 | -283 | -287 | -285 | -350 | -350 |
| Less: Disc- 5% | | | | | | | |
| Net Sales | 12,394 | 12,430 | 13,475 | 12,184 | 12,515 | 12,950 | 12,950 |
| Cost of Manufacturing | 3663 | 3567 | 3573 | 2823 | 3000 | 3135 | 3276 |
| Royalties | 68 | 51 | 59 | 39 | 38 | 0 | 0 |
| Ship & Warehousing | 1617 | 1863 | 1608 | 1458 | 1529 | 1598 | 1670 |
| | | | | 0 | 0 | 0 | 0 |
| Cost of Goods Sold | 5348 | 5481 | 5240 | 4320 | 4567 | 4733 | 4946 |
| GROSS PROFIT | 7,046 | 6,949 | 8,235 | 7,864 | 7,948 | 8,217 | 8,004 |
| Contributions | 6,526 | 6462 | 6297 | 6408 | 6500 | 6765 | 6833 |
| Interest Income | 10 | 6 | 1 | 1 | 1 | 1 | 1 |
| Total Revenue | 13,582 | 13,417 | 14,533 | 14,273 | 14,449 | 14,983 | 14,838 |
| Operating Expenses | 12,564 | 13,692 | 13,259 | 13,018 | 14,109 | 14,744 | 15,407 |
| Net Income (Loss) | 1018 | -275 | 1274 | 1255 | 340 | 239 | -569 |

A.A. Grapevine, Inc., Income Statement 2011 Budget (D#3) Projections for 2011-2013

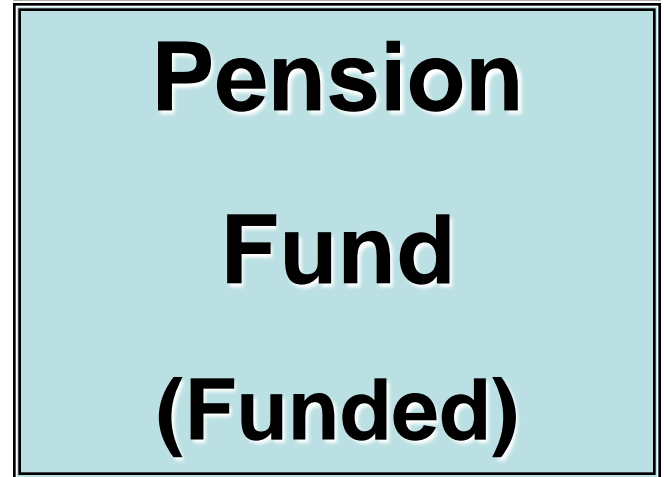
| | | 2010 Budget | 2010 Actual | 2011 Budget | 2012 Budget | 2013 Budget | |
|---|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|
| %WEB SUBS | | | | | 9.50% | 19.91% | |
| PAID CIRCULATION AVERAGE | | 92,000 | 93,104 | 88,235 | 92,082 | 9,891 | |
| INCOME FROM MAGAZINE (Schedule 1) | | | | | | | |
| WEB SUBS | | | | | 8,747 | 18,496 | |
| USPS PER SUB | | | | \$4.49 | \$4.85 | \$5.24 | |
| FULFILLMENT SUB | | | | | \$1.71 | \$1.71 | |
| Subscription Income | | 2,161,457 | 1,985,953 | 2,036,017 | 2,124,786 | 2,143,545 | |
| Single Issue Income | | | | | | | |
| Misc Magazine Income and Undeliverable write offs | | 53,319 | (2,742) | | | | |
| Back Issues | | 42,379 | 43,750 | 42,379 | 42,379 | 42,379 | |
| Audio Grapevines | | 26,096 | 23,135 | 26,083 | 26,083 | 26,083 | |
| DA Subscriptions | | <u>50,987</u> | <u>47,312</u> | <u>51,628</u> | <u>51,628</u> | <u>51,628</u> | |
| TOTAL MAGAZINE INCOME | | 2,340,238 | 2,097,408 | 2,156,107 | 2,244,876 | 2,263,544 | |
| Less cost of printing | | 327,721 | 275,281 | 265,281 | 265,281 | 265,281 | |
| SAVINGS DUE TO CONVERSION TO WEB SUB | | | | | (21,600) | (43,200) | |
| Mailing | Service/Fulfillment | 148,526 | 150,708 | 150,708 | 157,279 | 158,661 | |
| SAVINGS DUE TO CONVERSION TO WEB SUB | | | | | (14,940) | (31,592) | |
| | postage | 430,012 | 387,386 | 396,497 | 446,887 | 486,878 | +8% PER YEAR |
| SAVINGS DUE TO CONVERSION TO WEB SUB | | | | | (42,450) | (96,945) | |
| Audio Grapevine | | 25,200 | 23,900 | 23,900 | 24,617 | 25,356 | +3% PER YEAR |
| Digital Magazine | | 1,500 | | 7,200 | 7,416 | 7,638 | +3% PER YEAR |
| TOTAL DIRECT COSTS | | <u>932,959</u> | <u>837,275</u> | <u>843,586</u> | <u>822,489</u> | <u>772,077</u> | |
| GROSS PROFIT ON MAGAZINE | | <u>1,407,279</u> | <u>1,260,133</u> | <u>1,312,521</u> | <u>1,422,387</u> | <u>1,491,466</u> | |
| OTHER PUBLISHING INCOME | | 929,957 | 834,218 | 771,584 | 771,584 | 771,584 | |
| TOTAL DIRECT COSTS | | <u>313,627</u> | <u>308,821</u> | <u>266,782</u> | <u>274,786</u> | <u>283,029</u> | +3% PER YEAR |
| GROSS PROFIT ON MAGAZINE RELATED ITEMS | | <u>616,330</u> | <u>525,397</u> | <u>504,802</u> | <u>496,798</u> | <u>488,555</u> | |
| TOTAL GROSS PROFIT | | <u>2,023,609</u> | <u>1,785,530</u> | <u>1,817,323</u> | <u>1,919,185</u> | <u>1,980,021</u> | |
| INTEREST | | | | | | | |
| RESERVE FUND | | <u>45,900</u> | <u>38,800</u> | <u>38,800</u> | <u>38,800</u> | <u>38,800</u> | |
| | | <u>45,900</u> | <u>38,800</u> | <u>38,800</u> | <u>38,800</u> | <u>38,800</u> | |
| TOTAL INCOME | | <u>2,069,509</u> | <u>1,824,330</u> | <u>1,856,123</u> | <u>1,957,985</u> | <u>2,018,821</u> | |
| COSTS AND EXPENSES (Schedule 2) | | | | | | | |
| EDITORIAL COSTS | | 838,252 | 736,998 | 691,464 | 712,208 | 733,574 | +3% |
| CIRCULTION AND BUSINESS | | 1,227,345 | 1,058,525 | 1,006,699 | 1,066,900 | 1,098,907 | +3% + 30K |
| GENERAL AND ADMINISTRATIVE | | 249,655 | 423,142 | 251,930 | 259,488 | 267,272 | +3% |
| TOTAL COSTS AND EXPENSES | | <u>2,315,252</u> | <u>2,218,665</u> | <u>1,950,093</u> | <u>2,038,596</u> | <u>2,099,754</u> | |
| NET INCOME (LOSS) FOR PERIOD | | <u>(245,743)</u> | <u>(394,335)</u> | <u>(93,971)</u> | <u>(80,611)</u> | <u>(80,933)</u> | |

A.A. Pension Plan



A

$$A = B$$



B

Around the Picnic Table

Finance Presentation



Terry Bedient
Class A (nonalcoholic) Trustee
General Service Board Treasurer