

# 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 reserve fund ownership**
  - **Not \$15.3 m: \$240 per group, \$11.05 per member**
- **Corporate poverty-just enough**
- **Grapevine subscriptions**
- **Lead by example**

# GENERAL SERVICE OFFICE FUNCTIONAL EXPENSES

	<b>2010 ACTUAL</b>	<b>2011 ACTUAL</b>
<b>Group Services</b>	2, 071,372	2,146,558
<b>Public Information</b>	294,861	293,208
<b>Cooperation Professional Community</b>	275,468	318,488
<b>Treatment Facilities</b>	139,315	135,781
<b>Corrections</b>	248,750	235,089
<b>Overseas Services (including Literature Assistance)</b>	547,083	500,345
<b>General Service Conference</b>	724,897	881,318
<b>International Convention</b>	183,206	0
<b>Regional Forums</b>	387,743	382,742
<b>Archives</b>	462,805	521,716
<b>Trustee/Director Activities</b>	355,466	337,441
<b>World Service Meeting</b>	205,594	0
<b>Supporting Services</b>	<u>2,745,552</u>	<u>2,994,453</u>
<b>Total</b>	<u>\$ 8,642,112</u>	<u>\$8,747,139</u>
<b>Increase over prior year</b>	\$(141,651)	\$105,027
<b>% increase over prior</b>	- 1.61%	1.22%

# GENERAL SERVICE OFFICE FUNCTIONAL EXPENSES

	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>
<b>Group Services</b>	\$3,102,073	\$3,035,842	\$3,263,908
<b>Public Information</b>	477,131	432,153	445,832
<b>Cooperation Professional Community</b>	477,274	403,732	484,271
<b>Treatment Facilities</b>	189,918	204,183	206,459
<b>Corrections</b>	378,954	364,572	357,460
<b>Overseas Services (including Literature Assistance)</b>	859,560	801,816	760,790
<b>General Service Conference</b>	1,271,424	1,062,423	1,340,073
<b>International Conventions</b>	359,755	268,511	0
<b>Regional Forums</b>	474,987	568,284	581,972
<b>Archives</b>	680,451	678,296	793,285
<b>Trustee/Director Activities</b>	510,798	520,978	513,089
<b>World Service Meeting</b>	1,437	301,322	0
<b>Supporting Services (Allocated in above numbers)</b>	_____	_____	_____
<b>Total</b>	<u><u>\$8,783,762</u></u>	<u><u>\$8,642,112</u></u>	<u><u>\$8,747,139</u></u>

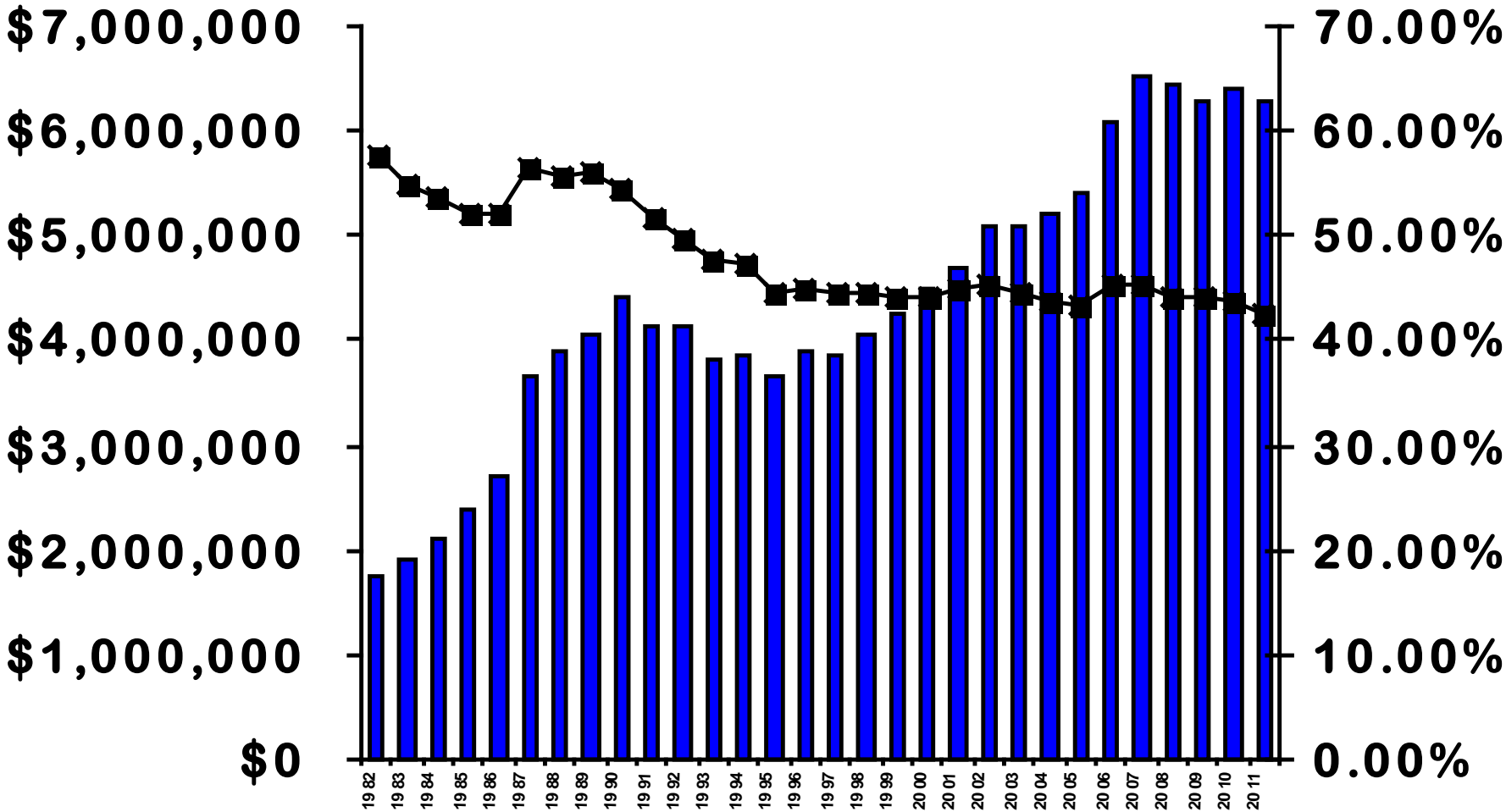
# MEMBER STATISTICS

	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Ideal</b>
<b>Cost of Service per member per year</b>	\$7.04	\$6.46	\$6.29	\$6.32	
<b>Cost of Service per group per year</b>	\$157.21	\$142.64	\$137.45	\$137.01	
<b>Number of members reported</b>	1,342,380	1,358,879	1,373,681	1,384,699	1,384,699
<b>Number of groups reported</b>	60,093	61,581	62,873	63,845	63,845
<b>Percentage of Groups Contributing</b>	44.1%	44.3%	44.9%	42.4%	
<b>Contributions per member per year</b>	\$4.69	\$4.50	\$4.54	\$4.47	
<b>Contributions per group per year</b>	\$107.55	\$102.24	\$99.24	\$96.95	
<b>Literature contribution to Service cost</b>	\$2.35	\$1.96	\$1.75	\$1.85	

# GROUP SERVICE ACTIVITIES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Group Service Staff Activities</b>	\$693,781	\$549,542	\$664,853
<b>Box 459</b>	365,605	305,811	303,879
<b>A.A. Directories</b>	28,393	99,167	100,262
<b>Records &amp; Files Depts.</b>	824,816	808,665	853,912
<b>Contributions, Processing, Verification and Documentation</b>	870,241	961,261	940,651
<b>French Services</b>	29,483	27,978	36,452
<b>Spanish Services</b>	35,092	34,692	23,701
<b>Special Needs</b>	124,757	122,806	170,443
<b>Nominating</b>	129,905	125,920	169,755
<b>Total</b>	<u><u>\$3,102,073</u></u>	<u><u>\$3,035,842</u></u>	<u><u>\$3,263,908</u></u>

# CONTRIBUTION HISTORY 1982—2011



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

	<b>2010 ACTUAL</b>	<b>2011 ACTUAL</b>	<b>2012 BUDGET</b>
<b>Gross Sales</b>	\$12,470,712	\$12,768,845	\$13,000,000
<b>Less Discounts allowed</b>	286,801	262,709	285,000
<b>Interest earned</b>	<u>559</u>	<u>486</u>	<u>750</u>
<b>Net Sales – Literature</b> (including interest earned)	12,184,470	12,506,622	12,715,750
<b>Cost of Literature sold</b>	2,862,290	2,967,377	3,143,117
<b>Direct Shipping and Warehousing</b>	<u>1,457,751</u>	<u>1,577,432</u>	<u>1,652,400</u>
<b>Gross Profit</b>	<u>7,864,429</u>	<u>7,961,813</u>	<u>7,920,233</u>
<b>Gross Profit Percentage</b>	64.5%	63.7%	62.3%
<b>Program Expenses</b>	2,672,624	2,710,727	2,811,600
<b>Supporting Expenses</b>	<u>1,703,380</u>	<u>1,950,621</u>	<u>1,791,956</u>
<b>Total Expenses</b>	<u>\$4,376,004</u>	<u>\$4,661,348</u>	<u>\$4,603,556</u>
<b>Excess of Revenue Over Expenses</b>	<u><u>\$3,488,425</u></u>	<u><u>\$3,300,465</u></u>	<u><u>\$3,316,677</u></u>



# LA VIÑA

<b>Average Circulation</b>	<b>9,700</b>	<b>8,741</b>	<b>8,982</b>	<b>8,982</b>
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>Budget</b>
<b>INCOME</b>				
Subscription Income	\$84,076	\$80,746	\$98,135	\$98,135
Back Issues	<u>12,584</u>	<u>10,813</u>	<u>8,428</u>	<u>8,428</u>
Magazine Income	96,660	91,559	106,563	106,563
Income from Related Items	<u>26,030</u>	<u>28,592</u>	<u>22,761</u>	<u>16,067</u>
Total La Viña Income	122,690	120,151	129,324	122,630
Total Direct Costs	<u>72,285</u>	<u>68,828</u>	<u>58,596</u>	<u>50,259</u>
Gross Profit	<u>50,405</u>	<u>51,323</u>	<u>70,728</u>	<u>72,371</u>
<b>COSTS AND EXPENSES</b>				
Editorial Costs	49,067	74,781	84,507	102,970
Circulation and Business	48,308	47,757	54,792	72,570
General and Administrative	<u>7,502</u>	<u>4,265</u>	<u>1,152</u>	<u>2,500</u>
Total Costs and Expenses	<u>104,877</u>	<u>126,803</u>	<u>140,451</u>	<u>178,040</u>
Excess of (Expense) Over Revenue	<u>(\$54,472)</u>	<u>(\$75,480)</u>	<u>(\$69,723)</u>	<u>(\$105,669)</u>

# THE A.A. GRAPEVINE, INC.

## INCOME STATEMENTS

<u>AVERAGE CIRCULATION</u>	<u>102,281</u>	<u>93,104</u>	<u>90,493</u>	<u>86,929</u>
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>BUDGET</b>
<b>Magazine Income</b>	<b>\$2,127,265</b>	<b>\$2,097,408</b>	<b>\$2,316,763</b>	<b>\$2,303,568</b>
<b>Direct Costs: Magazine</b>	<u>880,094</u>	<u>851,876</u>	<u>844,352</u>	<u>826,475</u>
<b>Gross Profit on Magazine</b>	<u>1,247,171</u>	<u>1,245,532</u>	<u>1,472,411</u>	<u>1,477,093</u>
<b>Other Publishing Income</b>	794,185	834,220	640,026	602,500
<b>Costs of Goods and Delivery</b>	<u>256,745</u>	<u>298,923</u>	<u>254,551</u>	<u>227,606</u>
<b>Gross Profit on Other Items</b>	<u>\$537,440</u>	<u>\$535,297</u>	<u>385,475</u>	<u>374,894</u>
<b>Total Gross Profit</b>	<u>1,784,611</u>	<u>1,780,829</u>	<u>1,857,886</u>	<u>1,851,987</u>
<b>COSTS AND EXPENSES</b>				
<b>Editorial Costs</b>	663,902	736,998	651,619	665,352
<b>Circulation and Business</b>	1,089,162	1,058,525	981,393	988,627
<b>General and Administrative</b>	<u>210,041</u>	<u>423,143</u>	<u>226,334</u>	<u>189,724</u>
<b>Total Cost and Expenses</b>	<u>1,963,105</u>	<u>2,218,666</u>	<u>1,859,346</u>	<u>1,843,703</u>
<b>Interest Income</b>	<u>45,900</u>	<u>38,800</u>	<u>24,300</u>	<u>26,000</u>
<b>Excess of (Expense) Over Revenue</b>	<u>(\$132,594)</u>	<u>(\$399,037)</u>	<u>\$22,840</u>	<u>34,284</u>

# GENERAL SERVICE BOARD FINANCIAL OVERVIEW

2010

2011

2012  
Budget

## GENERAL SERVICE OFFICE

### INCOME

Contributions **\$6,408,421** **\$6,264,454** **\$6,528,000**

Interest **\$555** **\$169** **\$0**

Literature Profits **3,488,425** **3,300,465** **3,316,677**

Total Income **\$9,897,401** **\$9,565,088** **9,844,677**

G.S.O. Expenses **8,642,112** **8,747,139** **9,696,784**

Profit (Loss) **\$1,255,289** **\$817,949** **\$147,893**

## A.A. GRAPEVINE

Publishing Income **1,780,829** **1,857,885** **1,851,987**

Interest **38,800** **24,300** **26,000**

Total Income **1,819,629** **1,882,185** **1,877,987**

Expenses **2,218,666** **1,859,347** **1,843,703**

Profit (loss) **(\$399,037)** **\$22,838** **\$34,284**

## LA VIÑA

Publishing Income **51,323** **70,726** **72,371**

Expenses **126,803** **140,451** **178,040**

Profit (loss) **(\$75,480)** **(\$69,725)** **(\$105,669)**

San Antonio International Convention **\$844,545**

Excess of Revenue Over Expense **1,625,317** **771,062** **\$76,508**

# GENERAL SERVICE BOARD

## FINANCIAL SUMMARY OF OPERATIONS UNAUDITED 12.31.11

	G.S.O. GENERAL FUND	THE A.A.W.S. PUBLISHING	THE A.A. GRAPEVINE	LA VIÑA	COMBINED ACTUAL	BUDGET
<b>REVENUE</b>						
Net Sales		\$12,506,136	\$2,956,788	\$129,323	\$15,592,247	\$15,555,842
Contributions	\$6,265,649				\$6,265,649	\$6,500,000
Interest	\$170	\$485	\$24,300		\$24,955	\$39,800
International Convention					\$0	\$0
<b>TOTAL REVENUE</b>	\$6,265,819	\$12,506,621	\$2,981,088	\$129,323	\$21,882,851	\$22,095,642
<b>EXPENSES</b>						
Printing		\$2,939,692	\$364,929	\$27,419	\$3,332,040	\$3,437,128
Royalties		\$27,686			\$27,686	\$38,000
Shipping & Warehouse		\$1,577,432	\$733,974	\$31,178	\$2,342,584	\$2,270,718
Program Expenses	\$5,641,042	\$2,757,160	\$1,115,608	\$140,451	\$9,654,261	\$10,556,714
Supporting Services	\$3,106,097	\$1,904,188	\$743,739		\$5,754,024	\$5,709,671
<b>TOTAL EXPENSES</b>	\$8,747,139	\$9,206,158	\$2,958,250	\$199,048	\$21,110,595	\$22,012,231
<b>NET INCOME (LOSS) OPERATIONS</b>	<u>(\$2,481,320)</u>	<u>\$3,300,463</u>	<u>\$22,838</u>	<u>(\$69,725)</u>	<u>\$772,256</u>	<u>\$83,411</u>

### RESERVE FUND

Approximate Reserve Fund Balance at December 31, 2011 available to cover operating expenses

\$14,496,900

Number of months-approximate (December 31, 2011 expenses)

11.3

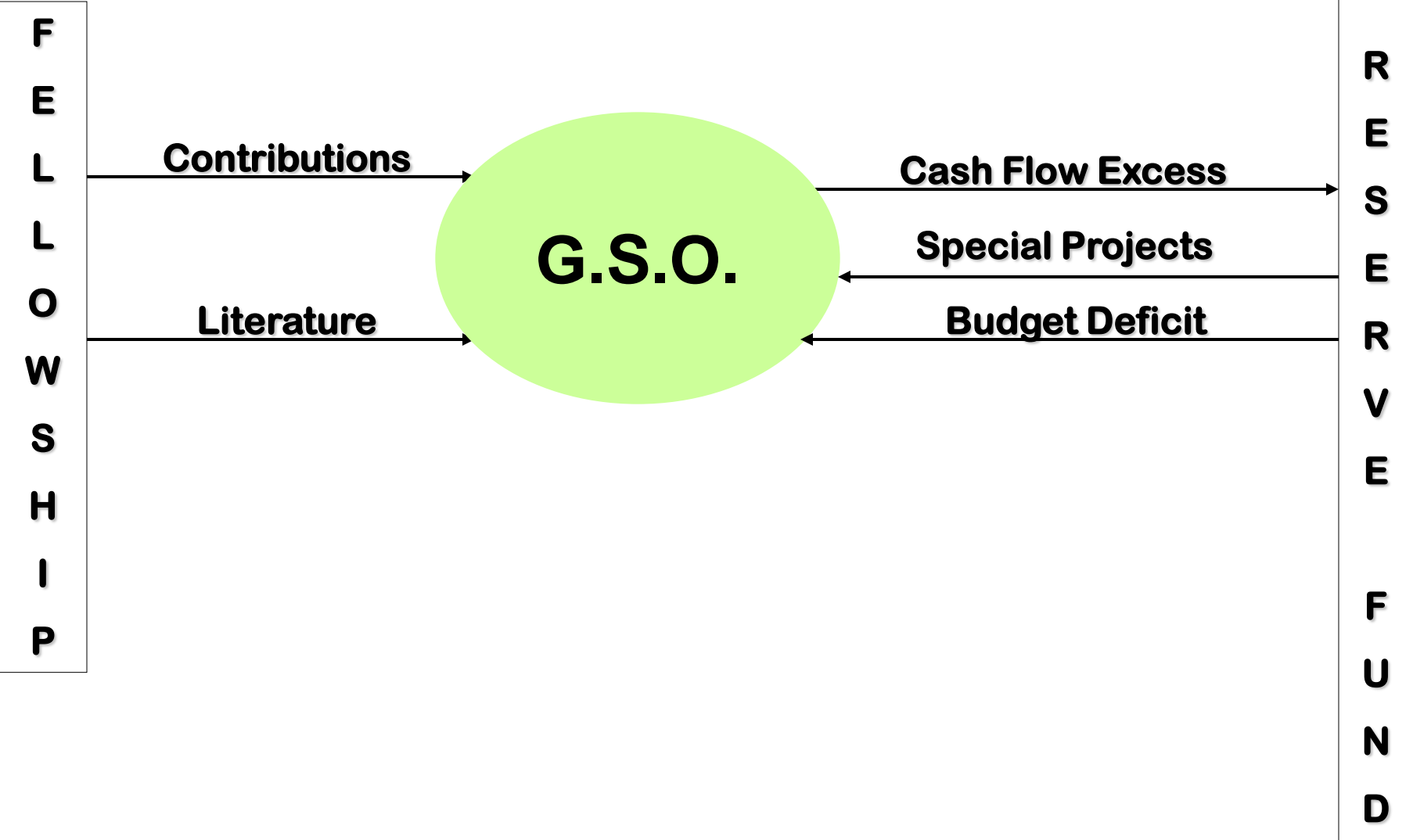
Number of months-approximate (2012 Budget)

11

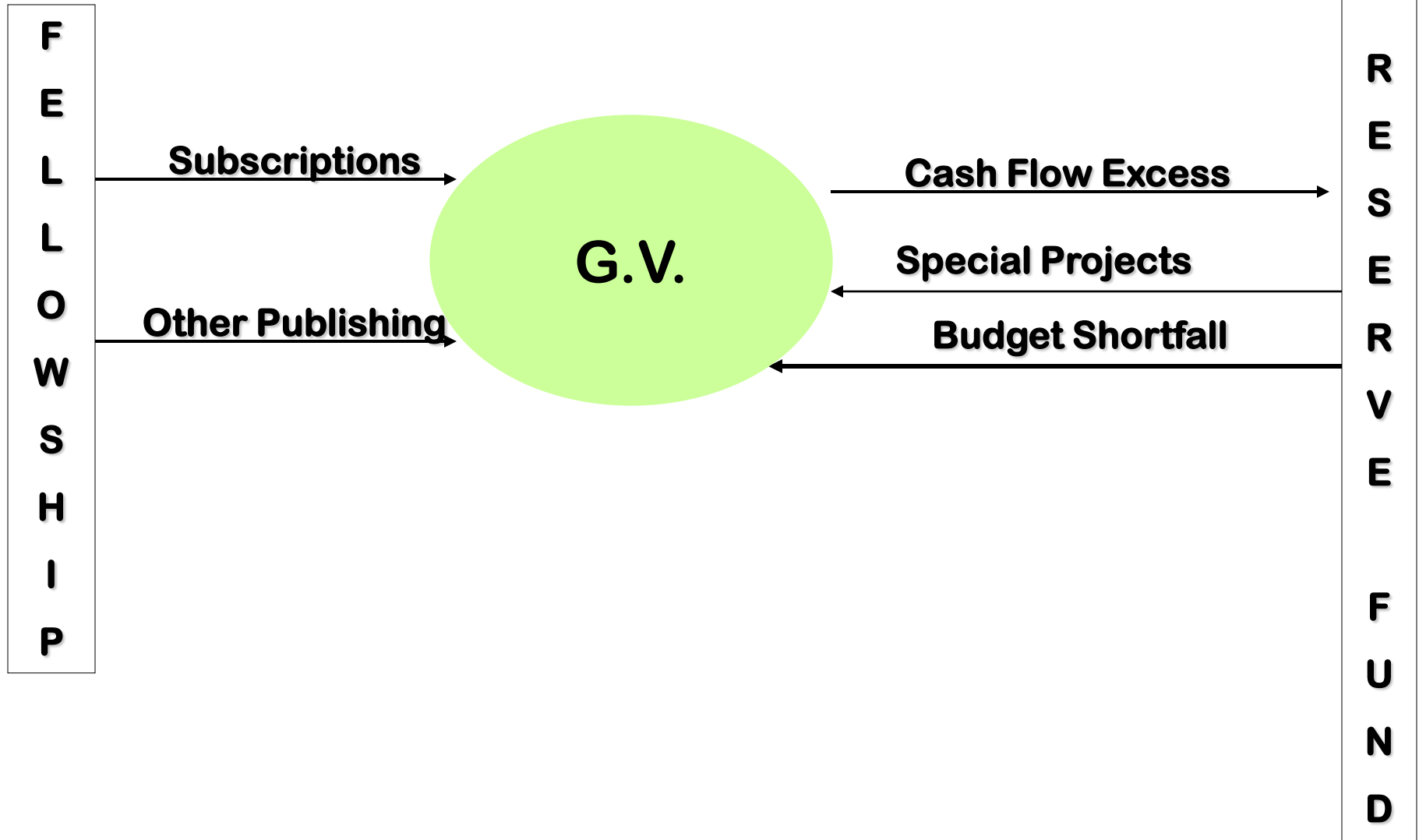
**not counting  
transfers**

**\*Excludes non-operating Funds: Reserve, Capital Projects, Pension, Post-Retirement Medical Benefits**

# General Service Office



# GRAPEVINE



# THE GENERAL SERVICE BOARD: RESERVE FUND

	12-31-2006	12-31-2007	12-31-2008	12-31-2009	12-31-2010	12-31-2011
<b>Balance available to cover Operating Expenses</b>	\$10,357,069	\$11,609,850	\$11,920,746	\$12,135,909*	\$14,368,427*	\$15,296,921
<b>Operating Expenses</b>	\$14,043,589	\$14,439,704	\$15,424,754	\$15,327,092	\$15,271,820	\$15,408,284
<b>Number of months covered</b>	8.8	9.6	9.3	9.5	11.3	11.9
<b>Groups</b>	58,539	58,340	60,093	61,581	62,873	63,845
<b>Membership</b>	1,308,712	1,310,132	1,342,380	1,358,879	1,373,681	1,384,699
<b>Equivalent Balance per Group</b>	\$176.93	\$198.95	\$198.37	\$197.07	\$228.53	\$239.59
<b>Equivalent Balance per Member</b>	\$7.91	\$8.86	\$8.88	\$8.93	\$10.46	\$11.05

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 4<sup>th</sup> 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**

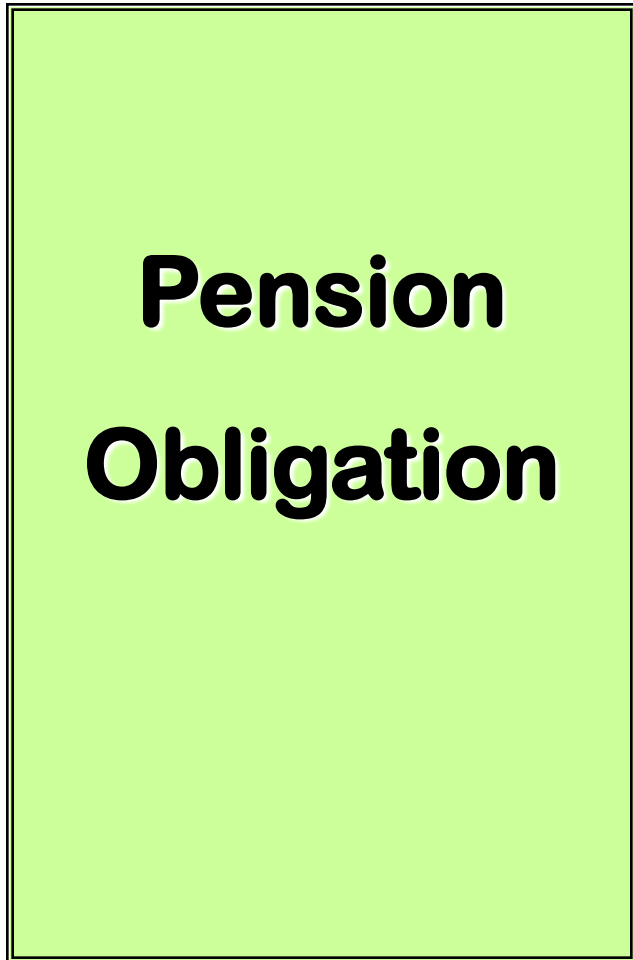
**\$ 1.00**

**in**

**1945**

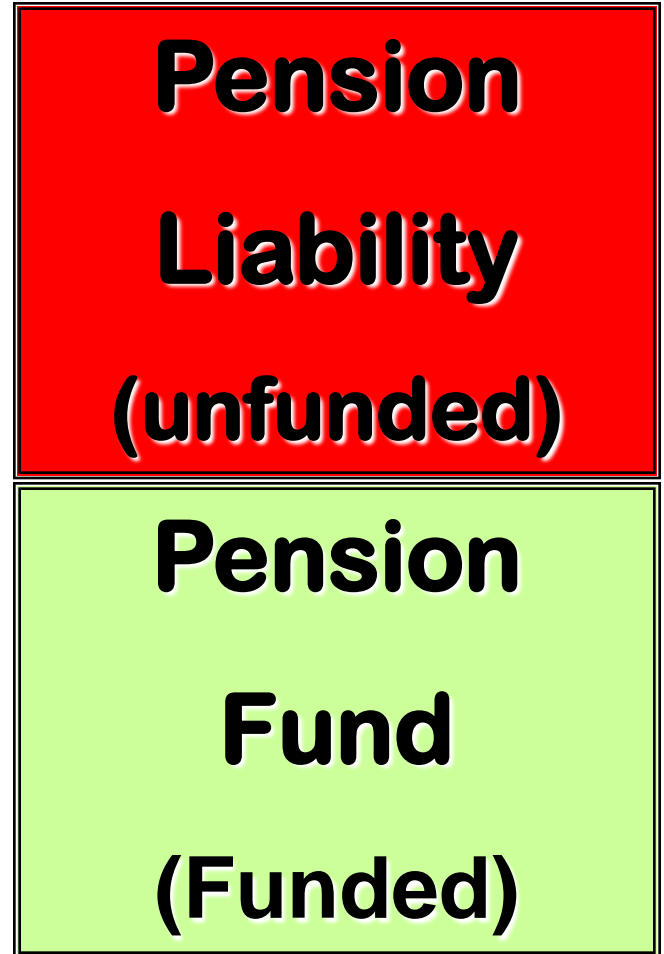
**Source: U.S. Department of Labor**

# A.A. Pension Plan



A

$$A = B$$



B

# G.S.O.-AAGV Pro forma Financial Projections for 2012 Conference Committee on Finance Information

	<u>Unaudited Results 2011</u>	<u>Approved Budget 2012</u>	<u>First Draft Financial Projections 2013</u>	<u>First Draft Financial Projections 2014</u>
<b>G.S.O.</b>	\$819,100	\$147,900	(\$265,000)	(\$721,000)
<b>AAGV</b>	\$23,800	\$34,100	(\$178,200)	(\$320,000)
<b>La Viña **</b>	(\$69,700)	(\$105,700)	(\$109,000)	(\$112,100)
	<u>\$773,200</u>	<u>\$76,300</u>	<u>-\$552,200</u>	<u>-\$1,153,100</u>
<b>Approximate # of months of expenses in Reserve Fund</b>	11.7	11	10.3	9.3

\* Actual Cash flow may differ from Financial statement profit or loss of Reserve Fund balance may be slightly less.

\*\* Currently Funded by General Service Board General Fund

**THE AA GRAPEVINE, INC.**  
**INCOME STATEMENT**  
**PROPOSED 2012 BUDGET AND PROJECTIONS FOR 2013 & 2014**

(These Projections assume current levels of promotion)

	2011 Budget	2011 Actual	2012 Budget Draft #2	2013 Projection	2014 Projection
PAID PRINT CIRCULATION AVERAGE	89,024	90,493	86,929	84,755	83,009
GV ONLINE CIRCULATION AVERAGE			4,324	4,207	4,557
<b><u>INCOME FROM MAGAZINE</u></b>					
Subscription Income	2,036,017	2,174,509	2,107,159	2,054,461	2,012,138
Undeliverable write offs		5,281			
Back issues	42,379	38,551	38,659	38,659	38,659
Digital		14,961	14,329		
GV Online		24,205	134,909	131,258	142,490
Audio Grapevine	26,083	16,516	8,512		
DA Subscription	<u>51,628</u>	<u>42,740</u>			
<b>TOTAL MAGAZINE INCOME</b>	<b>2,156,107</b>	<b>2,316,763</b>	<b>2,303,567</b>	<b>2,224,379</b>	<b>2,193,288</b>
<b>TOTAL DIRECT COSTS</b>	<b>843,586</b>	<b>844,352</b>	<b>826,475</b>	<b>831,698</b>	<b>839,767</b>
<b><u>GROSS PROFIT ON MAGAZINE</u></b>	<b><u>1,312,521</u></b>	<b><u>1,472,411</u></b>	<b><u>1,477,092</u></b>	<b><u>1,392,680</u></b>	<b><u>1,353,521</u></b>
<b>OTHER PUBLISHING INCOME</b>	771,583	640,025	602,500	502,000	428,600
<b>TOTAL DIRECT COSTS</b>	<b><u>266,784</u></b>	<b><u>254,552</u></b>	<b><u>227,606</u></b>	<b><u>199,639</u></b>	<b><u>171,912</u></b>
GROSS PROFIT ON MAGAZINE RELATED ITEMS	<u>504,799</u>	<u>385,474</u>	<u>374,895</u>	<u>302,361</u>	<u>256,688</u>
<b>TOTAL GROSS PROFIT</b>	<b><u>1,817,320</u></b>	<b><u>1,857,885</u></b>	<b><u>1,851,987</u></b>	<b><u>1,695,041</u></b>	<b><u>1,610,209</u></b>
<b><u>INTEREST</u></b>					
Cash Flow	<u>38,800</u>	<u>24,300</u>	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>
Reserve Fund	<u>38,800</u>	<u>24,300</u>	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>
<b>TOTAL INCOME</b>	<b><u>1,856,120</u></b>	<b><u>1,882,185</u></b>	<b><u>1,877,987</u></b>	<b><u>1,721,041</u></b>	<b><u>1,636,209</u></b>
<b>COSTS AND EXPENSES</b>					
Editorial costs	699,464	651,620	665,352	685,313	705,872
Circulation and business	1,006,702	981,394	988,628	1,018,287	1,048,835
General and administrative	<u>251,930</u>	<u>226,334</u>	<u>189,925</u>	<u>195,622</u>	<u>201,491</u>
<b>TOTAL COSTS AND EXPENSES</b>	<b><u>1,958,096</u></b>	<b><u>1,859,347</u></b>	<b><u>1,843,347</u></b>	<b><u>1,899,221</u></b>	<b><u>1,956,198</u></b>
<b><u>NET INCOME (LOSS) FOR PERIOD</u></b>	<b><u>(101,976)</u></b>	<b><u>22,838</u></b>	<b><u>34,083</u></b>	<b><u>(178,180)</u></b>	<b><u>(319,989)</u></b>

# **Around the Picnic Table**



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