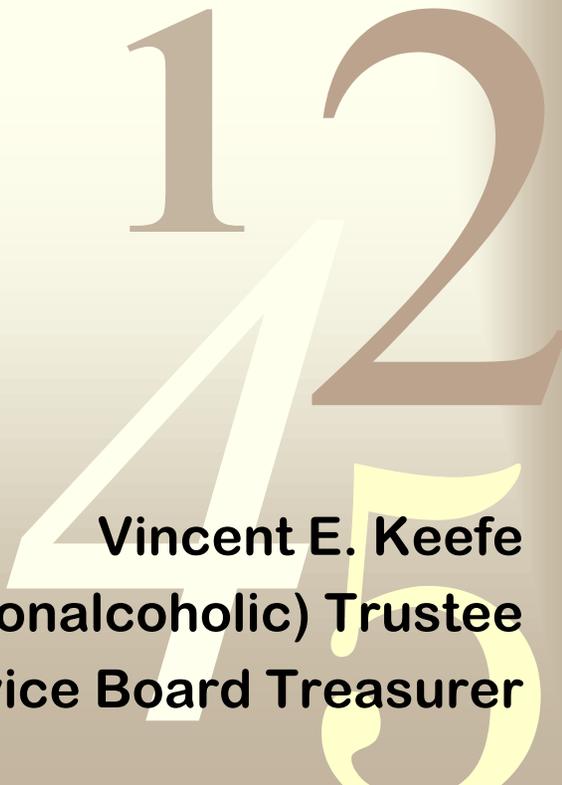


55th
**General Service
Conference
Finance Presentation**

0011



Vincent E. Keefe
Class A (nonalcoholic) Trustee
General Service Board Treasurer



0011

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General Service Office Functional Expenses

	2003 Actual	2004 Actual	2005 Budget
Group Services	\$1,748,082	\$1,712,690	\$1,652,739
Public Information	\$248,325	\$214,290	\$197,154
Cooperation with the Professional Community	\$263,064	\$279,355	\$270,057
Treatment Facilities	\$94,412	\$95,006	\$91,846
Correctional Facilities	\$179,070	\$200,238	\$193,572
Loners and Overseas Services	\$462,818	\$495,086	\$478,613
General Service Conference	\$656,427	\$640,395	\$604,075
International Convention	\$28,943	\$149,769	\$114,783
Regional Forums	\$340,006	\$399,886	\$376,564
Archives	\$437,999	\$527,430	\$409,867
Trustee/Director/Activities	\$267,680	\$305,854	\$295,665
World Service Meeting		\$87,937	\$0
Supporting Services	\$2,361,229	\$2,514,352	\$2,462,903
Total	\$7,088,055	\$7,622,288	\$7,147,838

General Service Office Functional Expenses

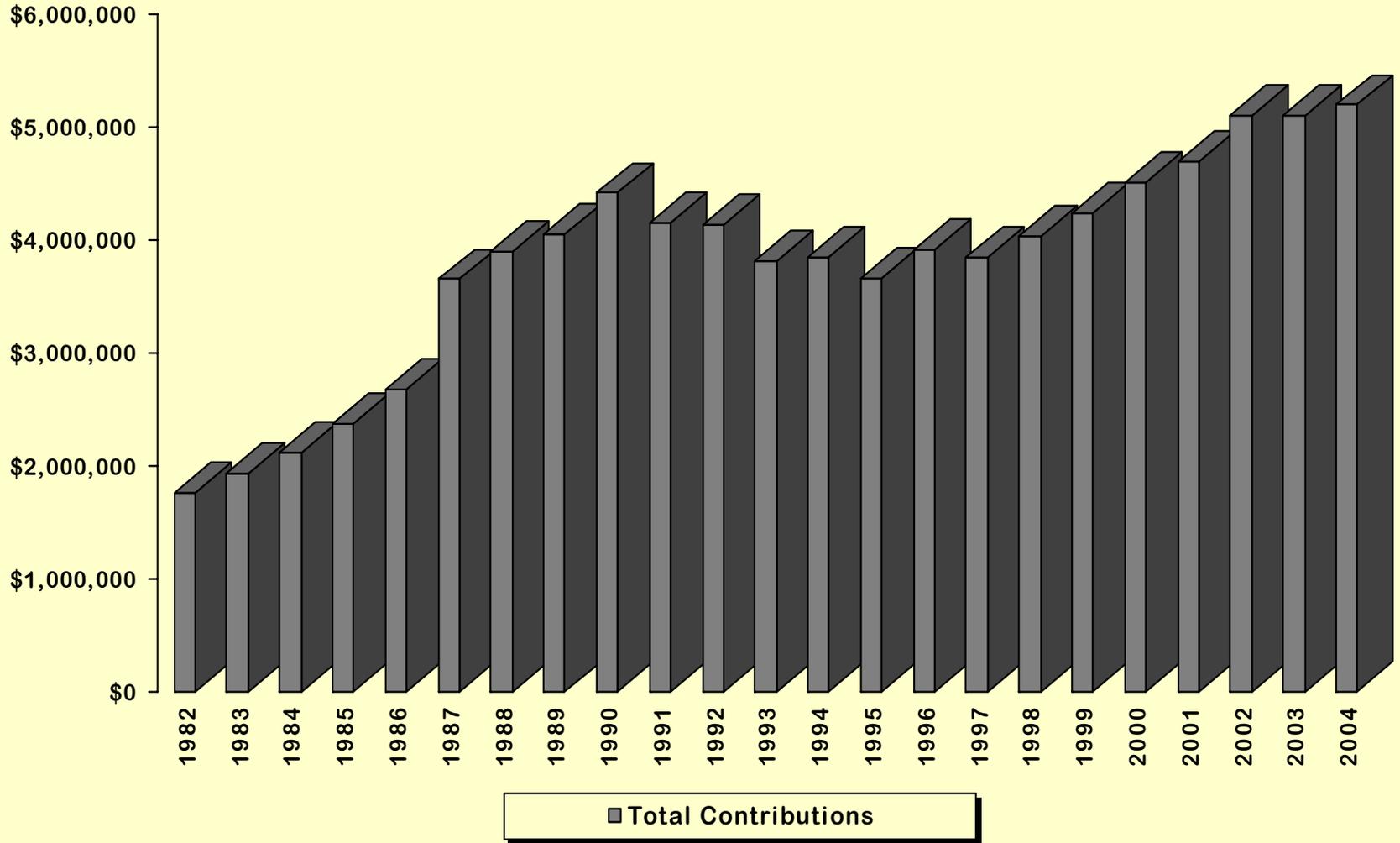
	2003 Actual	2004 Actual	2005 Budget
Group Services	\$2,621,315	\$2,555,752	\$2,521,595
Public Information	\$372,373	\$319,773	\$300,799
Cooperation with the Professional Community	\$394,474	\$416,866	\$412,028
Treatment Facilities	\$141,574	\$141,772	\$140,130
Correctional Facilities	\$268,522	\$298,804	\$295,334
Loners and Overseas Services	\$694,013	\$738,789	\$730,223
General Service Conference	\$984,337	\$955,626	\$921,641
International Convention	\$43,401	\$223,492	\$175,125
Regional Forums	\$509,852	\$596,726	\$574,526
Archives	\$656,796	\$787,057	\$625,339
Trustee/Director Activities	\$401,398	\$456,409	\$451,098
World Service Meeting	\$0	\$131,222	\$0
Supporting Services ¹	\$0	\$0	\$0
Total	<u>\$7,088,055</u>	<u>\$7,622,288</u>	<u>\$7,147,838</u>
Cost per member per year	\$5.55	\$5.92	\$5.56
Cost per group per year	\$124.56	\$132.51	\$124.26

¹Supporting Services have been allocated across the activities to show the fully absorbed cost of each activity.

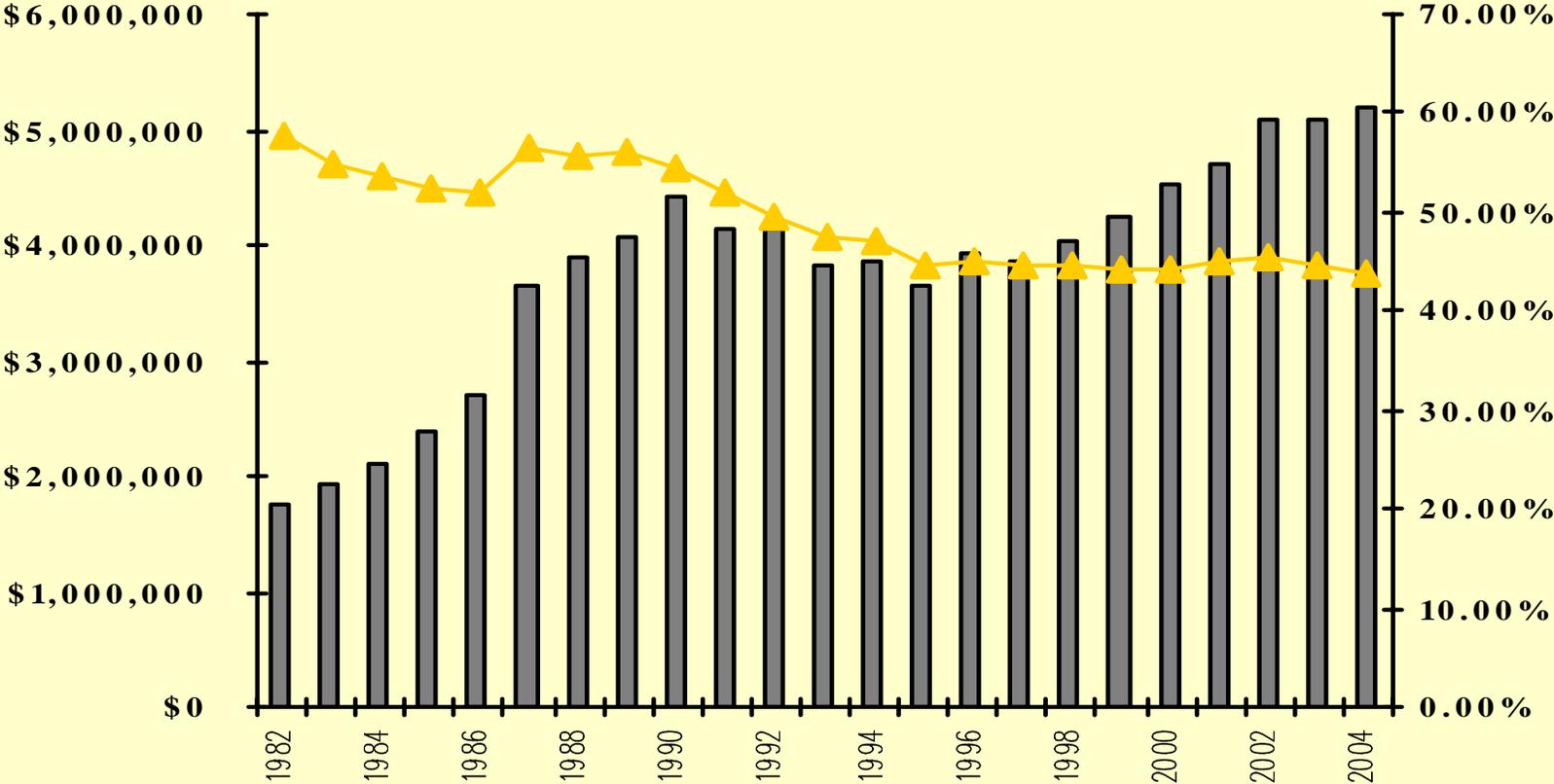
Group Service Activities

	2003 Actual	2004 Actual	2005 Budget
Group Services Assignment	\$705,043	\$570,772	\$563,143
Box 459	\$344,904	\$384,441	\$379,303
A.A. Directories	\$62,288	\$36,755	\$36,264
Records & Files Departments	\$691,080	\$711,739	\$702,227
Contributions Processing Department	\$661,892	\$758,736	\$748,596
French Services Other	\$27,937	\$6,632	\$6,543
Spanish Services Other	\$128,171	\$86,677	\$85,519
Total	<u>\$2,621,315</u>	<u>\$2,555,752</u>	<u>\$2,521,595</u>

20 Year Bar Chart of Contributions



20 Year Bar Chart of Contributions & Total Percentage of Groups Contributing



A.A.W.S. Publishing Statement of Activity

	2003 Actual	2004 Actual	2005 Budget
Gross Sales	\$10,769,046	\$11,620,495	\$11,400,000
Less Discounts Allowed	\$308,578	\$322,934	\$275,000
Interest Earned	\$2,194	\$1,758	\$2,000
Net Sales: Literature [including interest earned]	\$10,462,662	\$11,299,319	\$11,127,000
Cost of Literature Sold	\$4,369,867	\$4,317,747	\$4,175,000
Direct Shipping and Warehousing	\$1,384,345	\$1,268,972	\$1,216,373
Gross Profit	\$4,708,450	\$5,712,600	\$5,735,627
Program Expenses	\$1,864,570	\$2,042,563	\$1,974,546
Supporting Expenses	\$1,502,314	\$1,552,467	\$1,500,770
Total Expenses	\$3,366,884	\$3,595,030	\$3,475,316
Excess of Revenue Over Expenses	<u>\$1,341,566</u>	<u>\$2,117,570</u>	<u>\$2,260,311</u>

La Viña

	2003 Actual	2004 Actual	2005 Budget
CIRCULATION	9,222	9,316	9,500
INCOME			
Subscription Income	\$67,152	\$69,182	\$68,259
Back Issues	\$5,400	\$6,248	\$9,000
Other Related Items		<u>\$13,876</u>	<u>\$27,752</u>
Total Magazine Income	\$72,552	\$89,306	\$105,011
Total Direct Costs	\$63,630	\$66,530	\$67,476
Gross Profit on Magazine	<u>\$8,922</u>	<u>\$22,776</u>	<u>\$37,535</u>
COSTS AND EXPENSES			
Editorial Costs	\$62,949	\$65,780	\$67,735
Circulation and Business	\$53,726	\$61,560	\$59,143
General and Administrative	<u>\$3,885</u>	<u>\$3,490</u>	<u>\$4,495</u>
Total Costs and Expenses	<u>\$120,560</u>	<u>\$130,830</u>	<u>\$131,373</u>
Net Income (loss) for period	<u>-\$111,638</u>	<u>-\$108,054</u>	<u>-\$93,838</u>

The A.A. Grapevine, Inc.

Income Statements

	2003 Actual	2004 Actual	2005 Budget
Average Circulation	112,614	108,203	106,500
Magazine Income	\$1,691,467	\$1,895,960	\$1,883,278
Direct Costs: Magazines	<u>\$535,315</u>	<u>\$721,841</u>	<u>\$758,051</u>
Gross Profit on Magazine	<u>\$1,156,152</u>	<u>\$1,174,119</u>	<u>\$1,125,227</u>
Other Publishing Income	\$604,332	\$567,269	\$650,970
Direct Costs: Other Income	<u>\$185,820</u>	<u>\$163,140</u>	<u>\$189,047</u>
Gross Profit on Special Items	<u>\$418,512</u>	<u>\$404,129</u>	<u>\$461,923</u>
Total Gross Profit	<u>\$1,574,664</u>	<u>\$1,578,248</u>	<u>\$1,587,150</u>
Costs and Expenses			
Editorial Costs	\$465,647	\$441,491	\$466,757
Circulation and Business	\$850,977	\$929,967	\$995,380
General and Administrative	<u>\$309,524</u>	<u>\$198,955</u>	<u>\$159,280</u>
Total Cost and Expenses	\$1,626,148	\$1,570,413	\$1,621,417
Interest Income	<u>\$56,850</u>	\$53,110	<u>\$52,050</u>
Net Income (Loss)	<u>\$5,366</u>	<u>\$60,945</u>	<u>\$17,783</u>

General Service Board Financial Overview: 2004

	2004	2003	2005 Budget
General Service Office			
Income			
Contributions	\$5,191,634	\$5,100,338	\$5,275,000
Interest	\$2,671	\$3,185	\$2,500
Literature Profits	\$2,115,812	\$1,339,372	\$2,258,311
Total Income	\$7,310,117	\$6,442,895	\$7,535,811
G.S.O. Functional Expenses	\$7,622,288	\$7,088,055	\$7,464,728
Deficit		-\$312,171	-\$645,160
A.A. Grapevine			
Publishing Income	\$1,578,248	\$1,574,664	\$1,587,150
Interest	\$53,110	\$56,850	\$52,050
Total Income	\$1,631,358	\$1,631,514	\$1,639,200
Expenses	\$1,570,413	\$1,626,148	\$1,621,417
Profit		\$60,945	\$5,366
La Viña			
Publishing Income	\$22,780	\$8,922	\$37,535
Expenses	\$130,830	\$120,560	\$131,373
Deficit		-\$108,050	-\$111,638
Grapevine Digital Archiving Project		-\$74,842	-\$119,932
Overall Deficit for 2004		-\$434,118	-\$4,972

The General Service Board: Reserve Fund

	12-30-01 Actual	12-30-02 Actual	12-30-03 Actual	12-30-04 Actual
Balance available to cover operating expenses	\$10,537,382	\$10,826,990	\$9,730,931	\$9,075,510
Operating Expenses	\$11,462,173	\$11,580,000	\$12,091,974	\$12,918,484
Number of months covered	11.0	11.2	9.7	8.5
Equivalent balance per _____ groups	56,210	56,629	56,904	57,523
Member	1,257,775	1,265,090	1,284,732	1,286,621
Reserve per group	\$187.46	\$191.19	\$171.01	\$157.77
Reserve per member	\$8.38	\$8.56	\$7.57	\$7.05

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” not Cost of Product or Manufacturing costs.

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

Pending Expenditures Not Yet Budgeted

ONE TIME COST	
Office Carpet	\$200,000
G.S.O. Digital Data Base Projects	\$100,000
Cassette & Film Archival Preservation Projects	\$200,000
Total	<u>\$500,000</u>
RECURRING COSTS	
FAS 106 Post Retirement Medical Benefit Costs	\$250,000

**Thank you
for your
attention!**