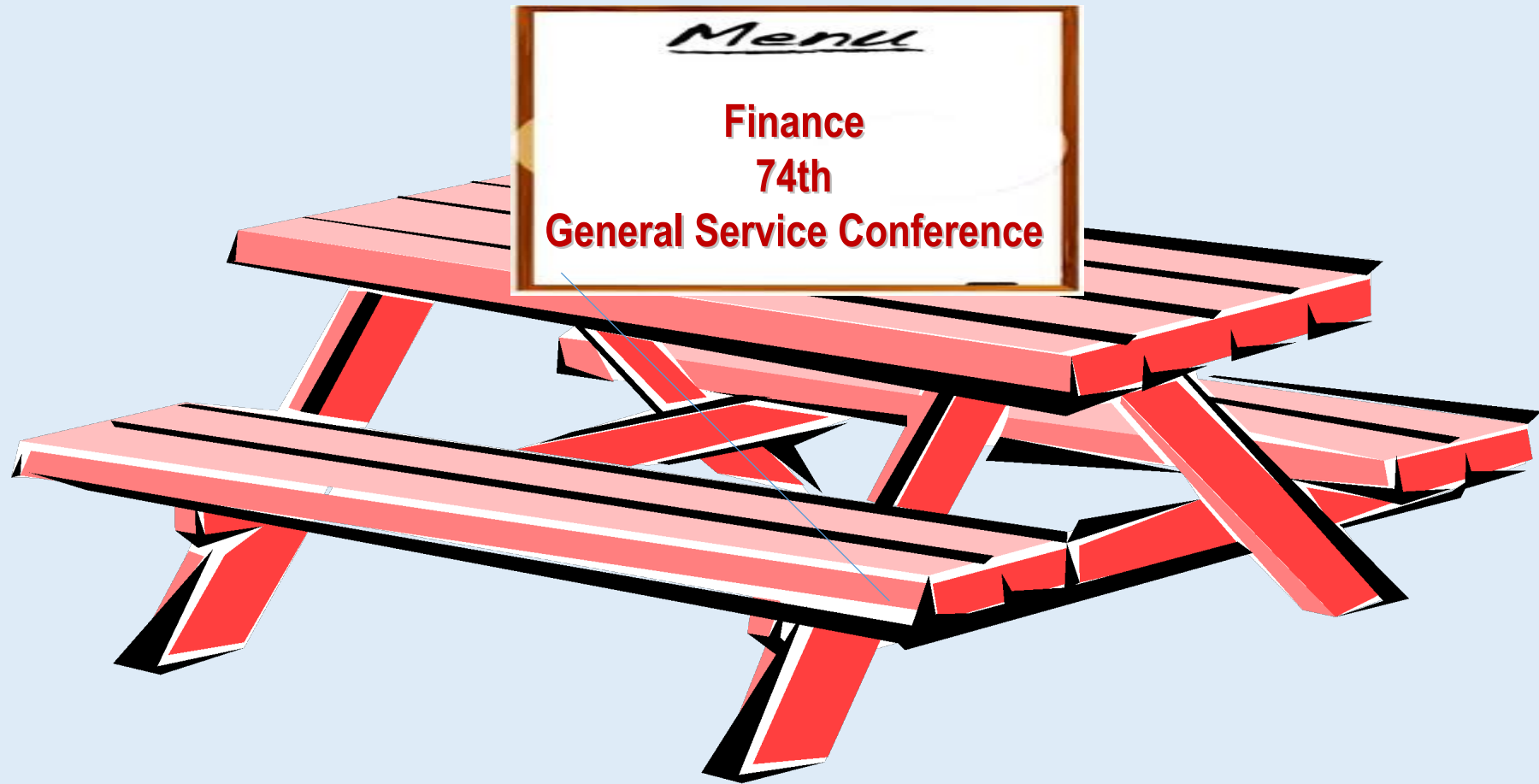


AROUND THE PICNIC TABLE



Kevin Prior, CFA, CPA
Class A (nonalcoholic) Trustee
General Service Board Treasurer

PART I: 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
- Introduce Matthew Becker, CPA, Lead Engagement Partner at BDO

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

Q&A For Auditors



PART II: GSB TREASURERS REPORT

2023 **GSO** FINANCIAL HIGHLIGHTS

- ❖ 7th 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

GSO EXPENSES UNDER BUDGET IN 2023

❖ Under Budget Categories represent 90% of total operating expense

EXPENSE	ACTUAL	BUDGET	DIFFERENCE
Payroll and Benefits	10,349,012	10,561,688	(212,676)
Professional Fees	1,841,628	1,860,409	(18,781)
Printing, Postage, Supplies, and Subs	575,949	613,676	(37,727)
Data, Automation, & Website	573,591	642,844	(69,253)
Insurance	70,884	78,015	(7,131)
Travel & Meetings	2,147,709	2,170,916	(23,207)
Total Operating Expense	17,474,874	17,754,154	(279,280)

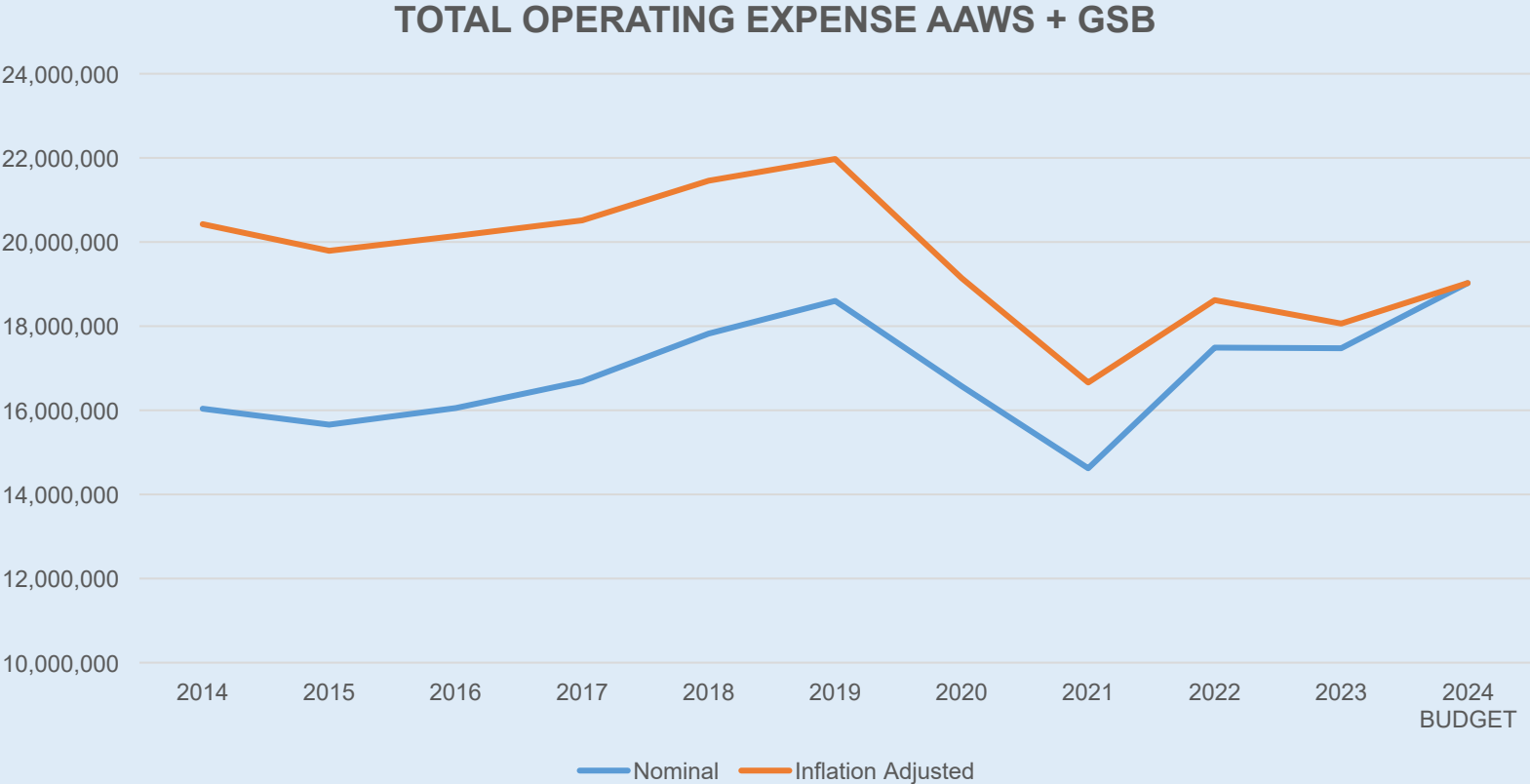
GSO EXPENSES OVER BUDGET IN 2023

❖ Over Budget Categories represent 10% of total operating expense

EXPENSE	ACTUAL	BUDGET	DIFFERENCE
Payroll Taxes	692,343	659,745	32,598
Facility and Equipment	1,223,760	1,166,861	56,899

INFLATION ADJUSTED **GSO** EXPENSE HISTORY

❖ In 2023, operating expense was lower than inflation adjusted operating expense in 9 of the past 10 years.



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.

2024 **GSO** BUDGET

- ❖ Operating revenue \$19,642,359 compared to \$18,056,782 in 2023.
- ❖ Contributions \$10,500,000 compared to \$10,841,419 in 2023.
- ❖ Literature gross margin \$8,492,759 compared to \$6,763,226 in 2023.
- ❖ Total operating expense \$19,024,414 before \$1.02M depreciation compared to \$17,474,874 before \$1.06M depreciation in 2023.
- ❖ Operating surplus of \$617,945 before depreciation compared to \$581,907 surplus in 2023.

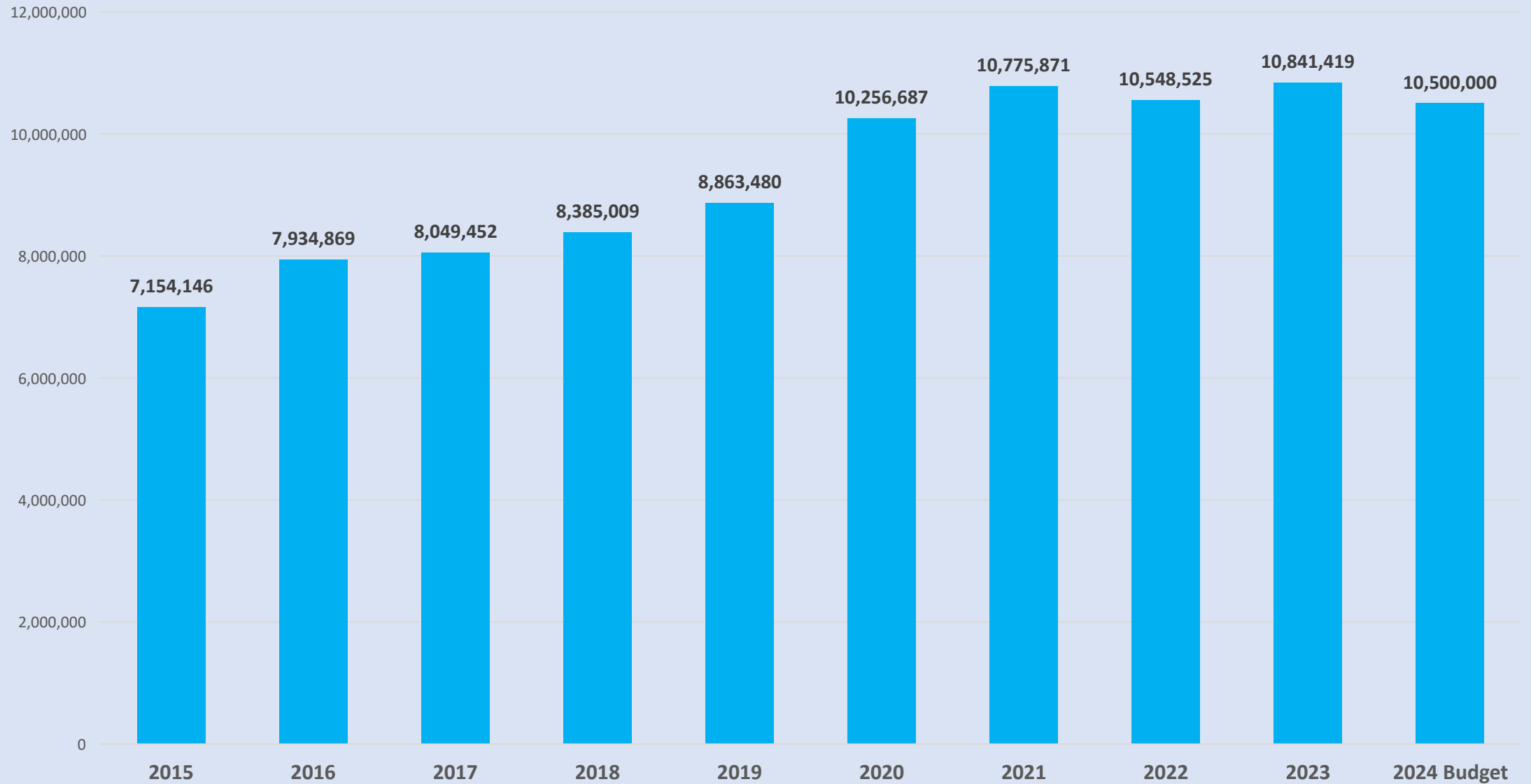
2024 **GRAPEVINE** BUDGET

- ❖ Print magazine circulation expected to decrease to 46,969 from 49,296 in 2023.
- ❖ Online and Complete circulation to increase to 4,625 from 3,002 in 2023.
- ❖ 10,069 new app subscribers compared to 3,400 in 2023.
- ❖ Gross margin on subscriptions \$1,147,021 compared to \$601,088 in 2023.
- ❖ Grapevine net deficit of \$582,572 compared to a net deficit of \$888,465 in 2023.
- ❖ La Viña magazine circulation to increase to 6,782 compared to 6,484 in 2023.
- ❖ General Fund La Viña support of \$569,512 compared to \$753,376 in 2023.

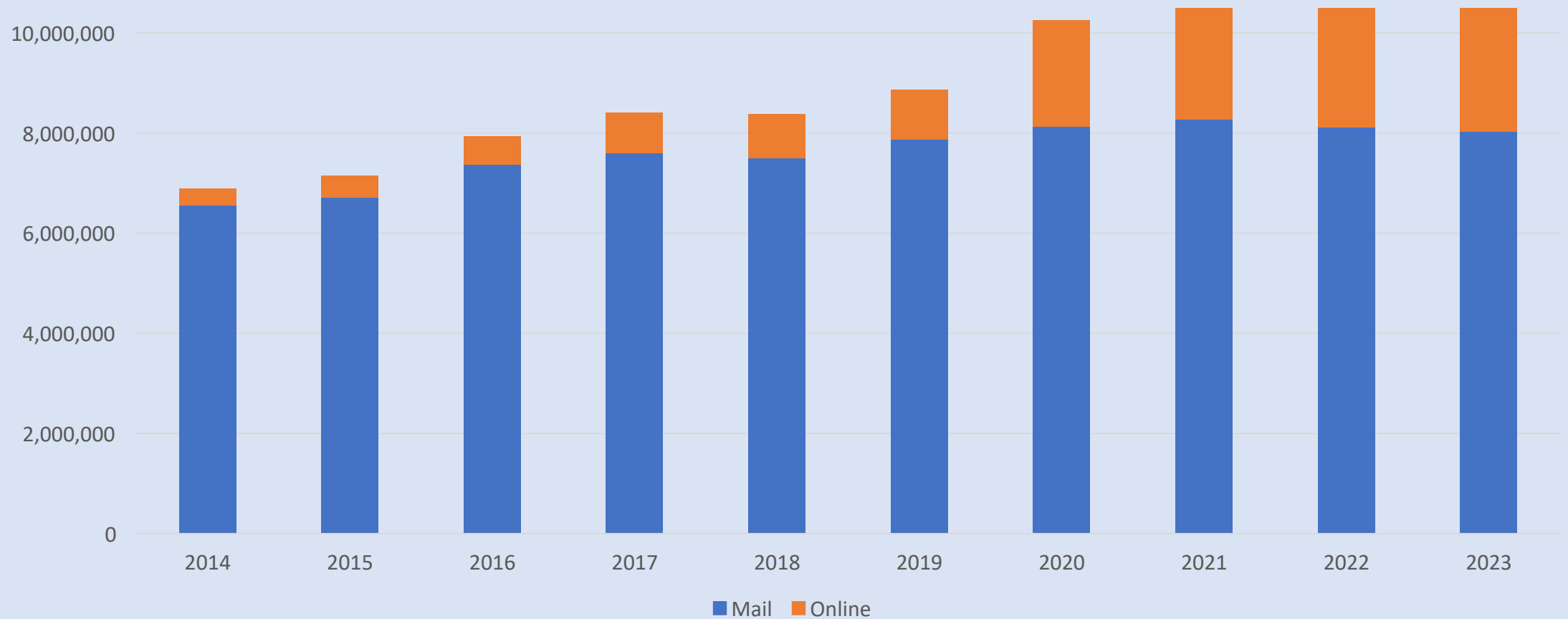
GRATITUDE – 7TH TRADITION



7TH TRADITION SELF-SUPPORT – 2015 – 2024

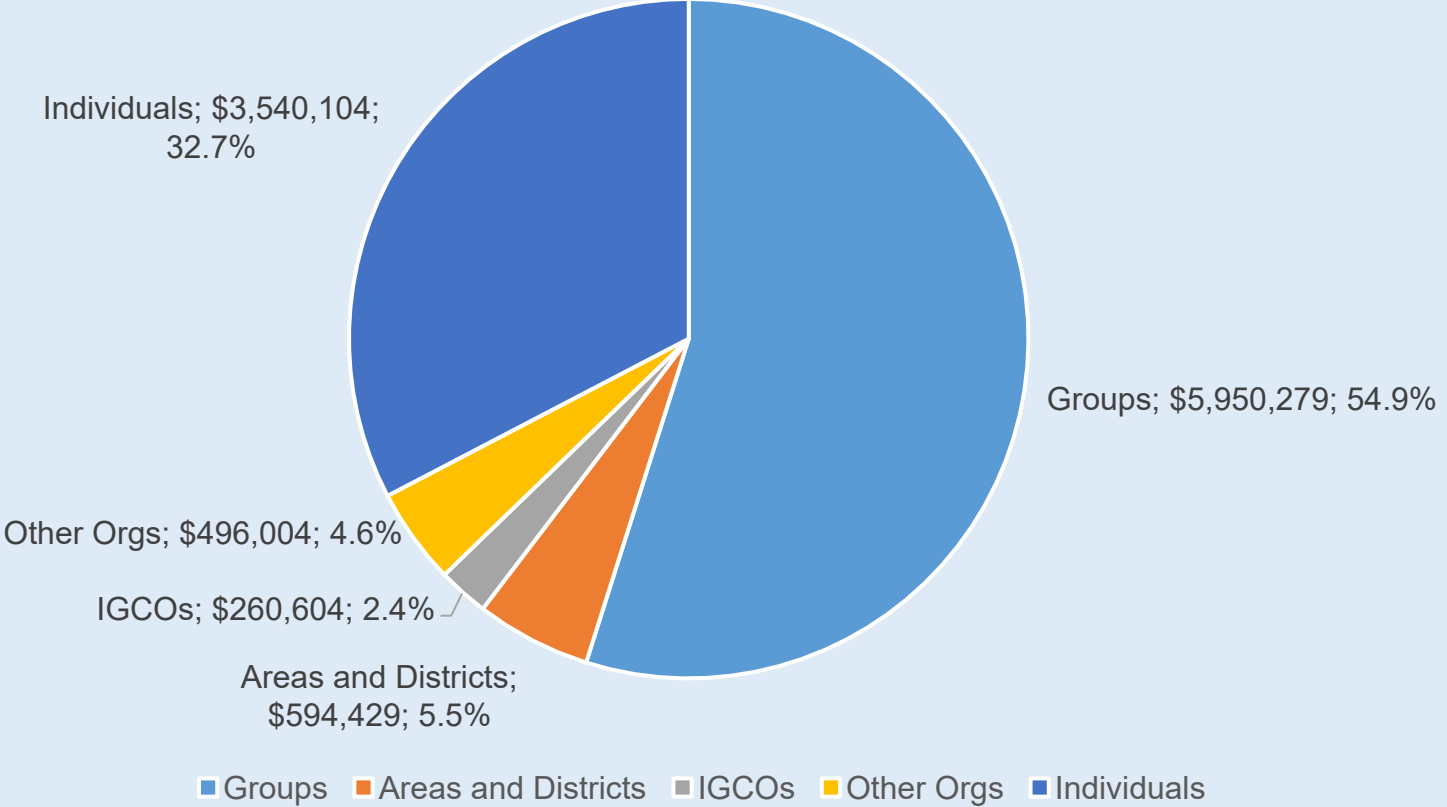


GROWTH OF ON-LINE CONTRIBUTIONS 2014 – 2023



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

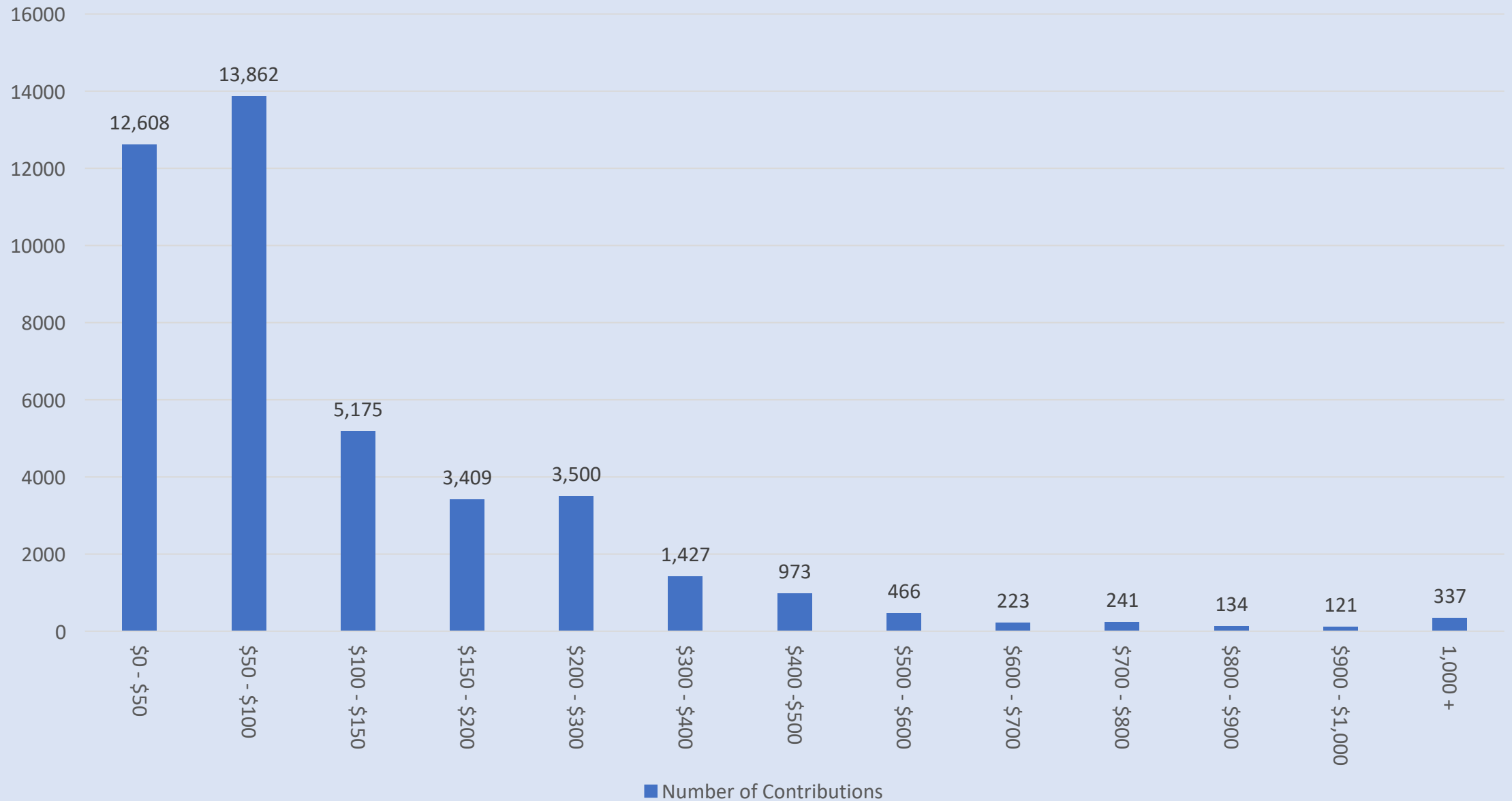
CONTRIBUTIONS BY TYPE OF CONTRIBUTOR 2023



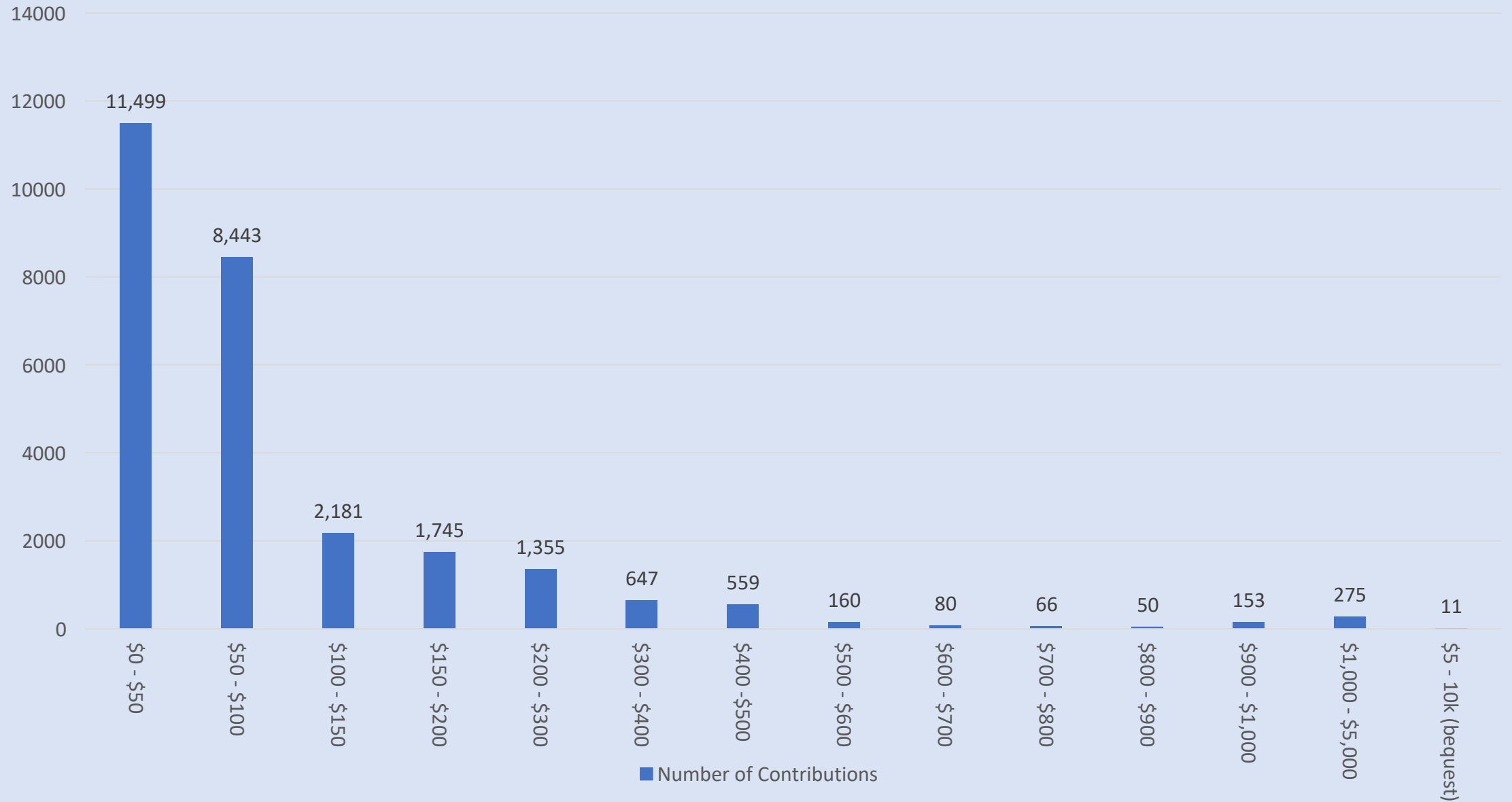
CONTRIBUTIONS STATISTICS 2023

INDIVIDUALS	
7 th Tradition Self-Support Contributions	3,540,104
Average Contribution	129.88
Most Common Contribution	50.00
Number of Contributions	27,235
GROUPS	
7 th Tradition Self-Support Contributions	5,950,279
Number of Active Groups	57,222
Number of Groups Contributing	18,105
Percentage of Groups Contributing	31.64
Average Contributed by a Group During the Year	328.65

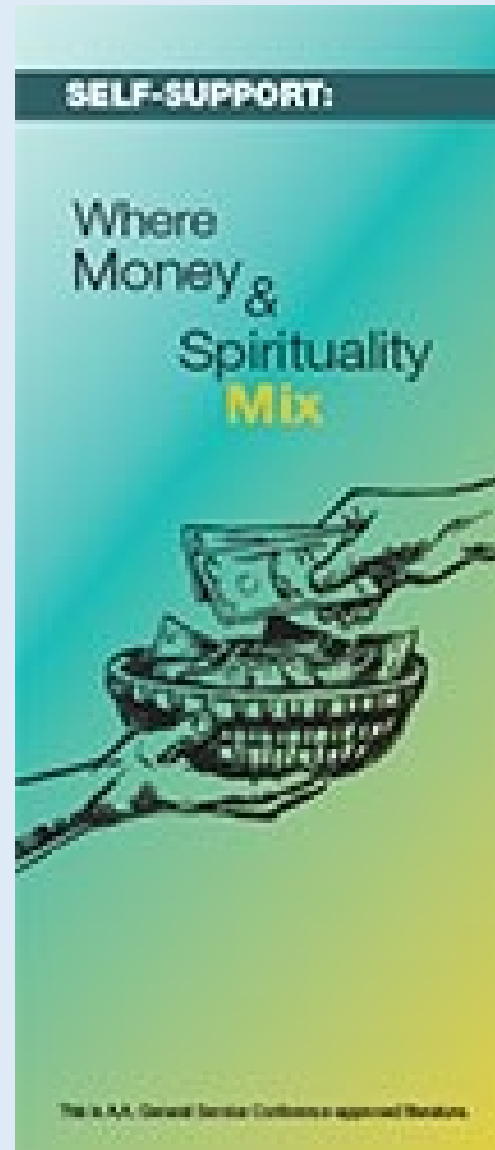
Number of Group Contributions by Dollar Value 2023



Number of Individual Contributions by Dollar Value 2023

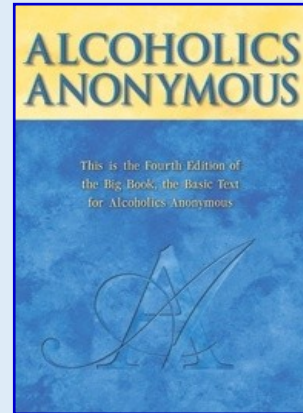
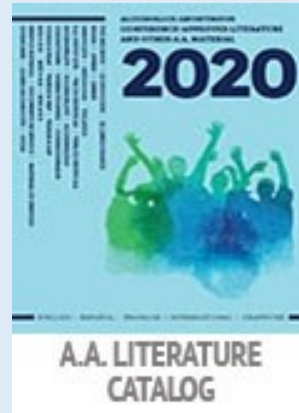


THROUGH OUR OWN SELF-SUPPORT

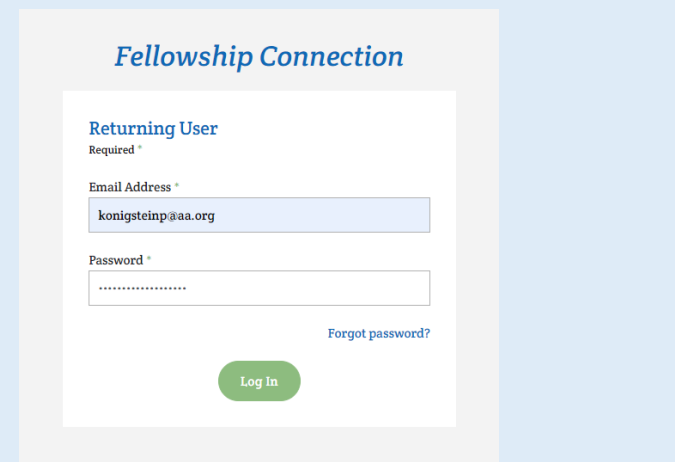


G.S.O.'s TWO BASIC FUNCTIONS

• Publishing



• Services on Behalf of the G.S.B.



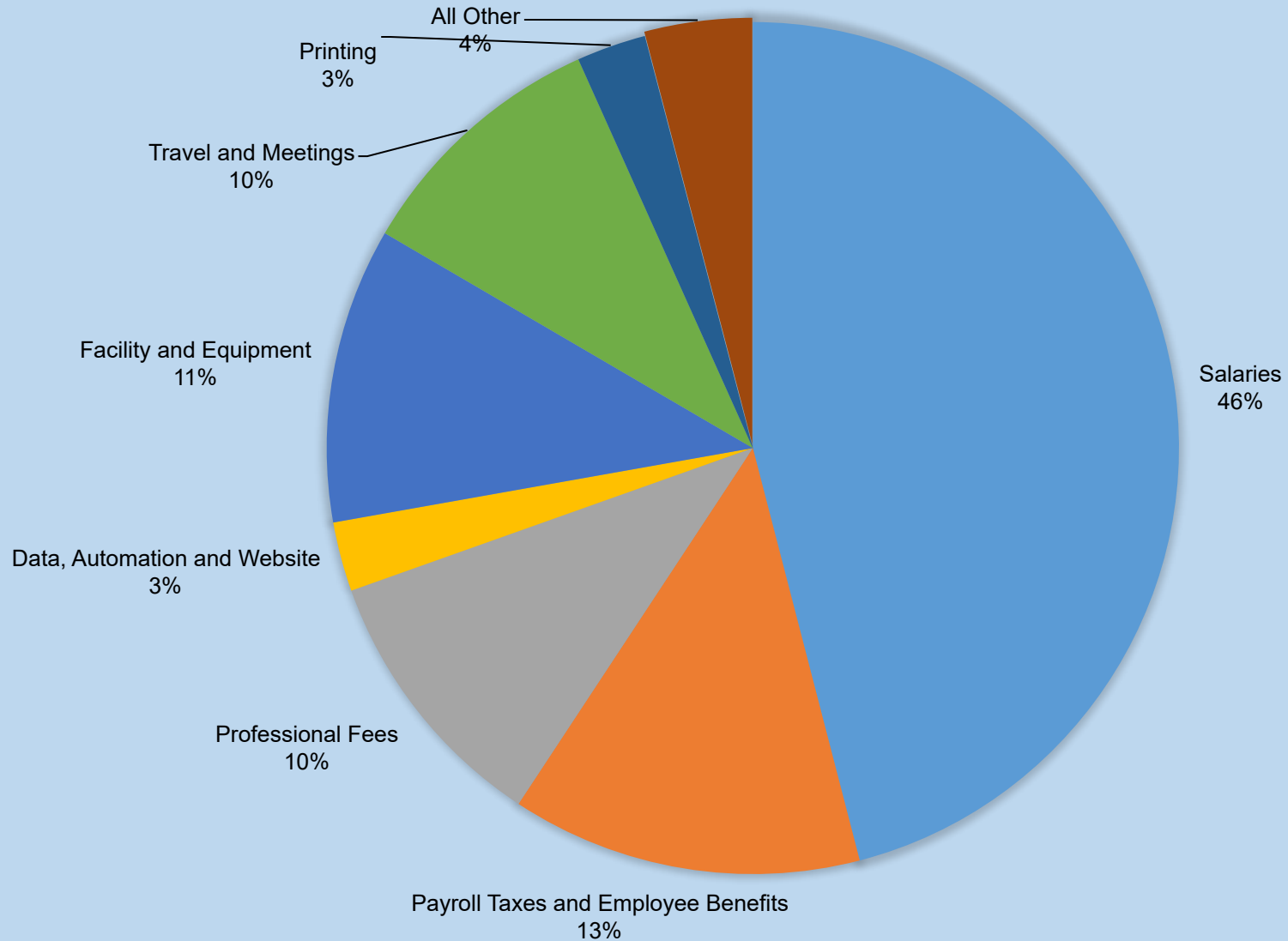
AAWS – PUBLISHING – 2023 ACTUAL vs 2023 BUDGET

	2023 ACTUAL	2023 BUDGET	INCREASE (DECREASE)
Gross Sales – Literature	14,641,118	15,900,000	(1,258,882)
Discounts	(453,706)	(715,500)	(261,794)
Shipping Charges	302,805	397,500	(94,695)
Net Sales - Literature	14,490,217	15,582,000	(1,091,783)
Cost of Literature Sold - Printing	7,726,991	7,632,000	94,991
Gross Profit	6,763,226	7,950,000	(1,186,774)
Gross Profit Percentage	46.2%	50.0%	(3.8%)

CONSOLIDATED (GSO + GV) OPERATING EXPENSES – 2023

FINANCIAL STATEMENT EXPENSE CATEGORIES

PERCENTAGE BREAKDOWN



2023 PRUDENT RESERVE

Beginning Balance January 1, 2023	12,924,561
Investment Earnings	206,301
Drawdowns	(500,000)
Additions	0
Ending Balance December 31, 2023	12,630,862

Composition of Ending Balance	
Cash	2,706,106
Certificates of Deposit (CDARs)	10,449,356
Accrued Interest	48,413
Less Grapevine subscription liability	(573,012)
Ending Balance	12,630,862

Number of Months Expenses Held	Based on 2023 expenses	Based on 2024 expenses
January 1, 2023	7.35	6.98
December 31, 2023	7.18	6.82

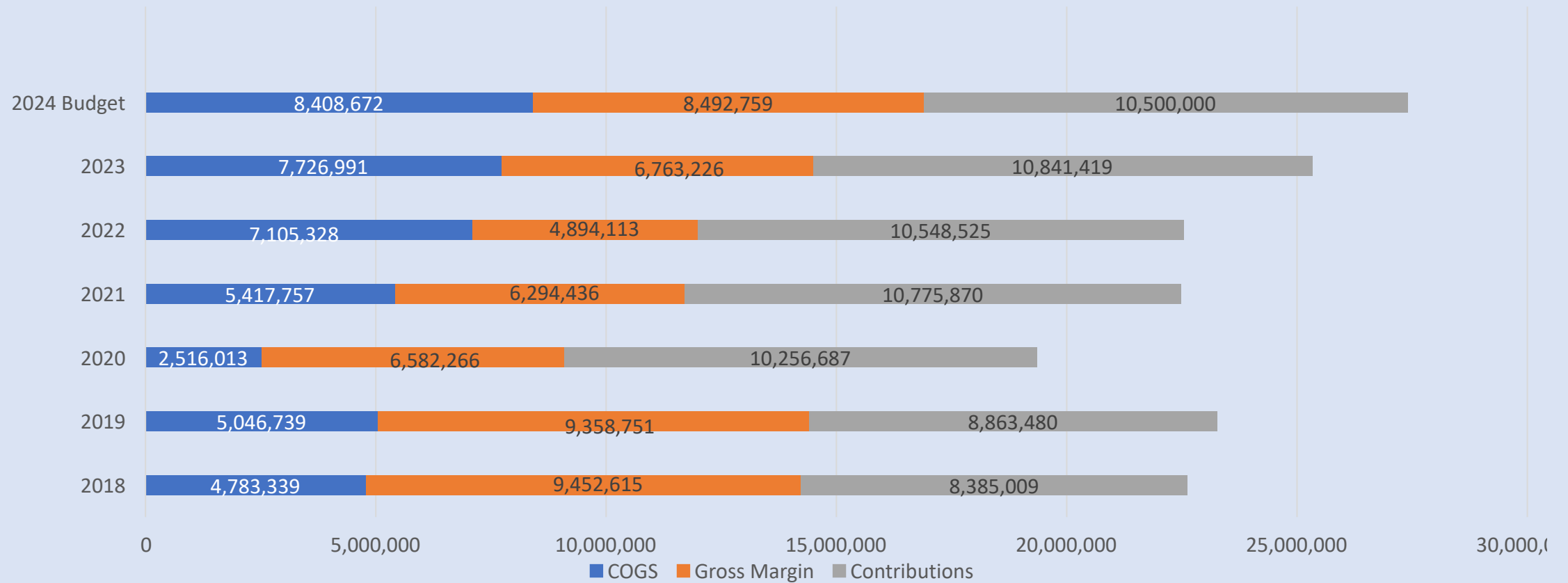
USES OF GSB's RESERVE FUND

- ❖ Concept of GSB's Prudent Reserve – not same as in your Home Group's reserve
- ❖ GSB's Reserve Fund covers much more
- ❖ In 1967, the General Service Conference issued the Advisory Action that “The GSB make use of investment income from the Reserve Fund for whatever purpose the Board may authorize”.
- ❖ Broadly, this could include, whether planned or unplanned:
 - ❖ Operating Deficits of AAWS or Grapevine
 - ❖ Periodic expenditures such as an office renovation or major technical upgrade
 - ❖ Extraordinary expenses outside of “normal” operations

RESERVE FUND POLICY

- ❖ 1977 Advisory Action established the upper limit of the reserve fund as 12 months of operating expense of GSB, AAWS, and GV combined
- ❖ A 1981 Advisory Action specified that a lower limit not be provided. However, a 9 month lower limit appears in Conference Finance Committee reports throughout the history of the reserve.
- ❖ Policy adopted by GSB in 2022 includes:
 - ❖ a 9 to 12 month goal range
 - ❖ At least 50% of the portfolio available within one year
 - ❖ GSB must authorize transfers into and withdrawals from the Reserve Fund
 - ❖ In the event of emergencies such as a bank failure or inability to meet payroll, Trustees Finance and Budgetary Committee may authorize a withdrawal. If the Committee is unable to be gathered within the needed timeframe, two officers of the GSB may authorize.

GSO REVENUE TREND



THANK YOU

- ❖ Paul Konigstein, Chief Financial Officer
- ❖ Zenaida Medina, Controller
- ❖ Donna Chahal, Grapevine Controller
- ❖ Diana L, Conference Coordinator, for her patience
- ❖ All of the employees of both A.A.W.S. and Grapevine
- ❖ Members of Trustees' Finance and Budgetary Committee, along with members of the Finance Committees of A.A.W.S. and Grapevine and the Conference Finance Committee
- ❖ Our Independent Auditors – BDO USA
- ❖ Our outsourced accounting support – Your Part-time Controller

Any questions – Please feel free to contact me at – kevin@kevinjprior.com