



**58<sup>th</sup>**

**General Service Conference  
Finance Presentation**

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

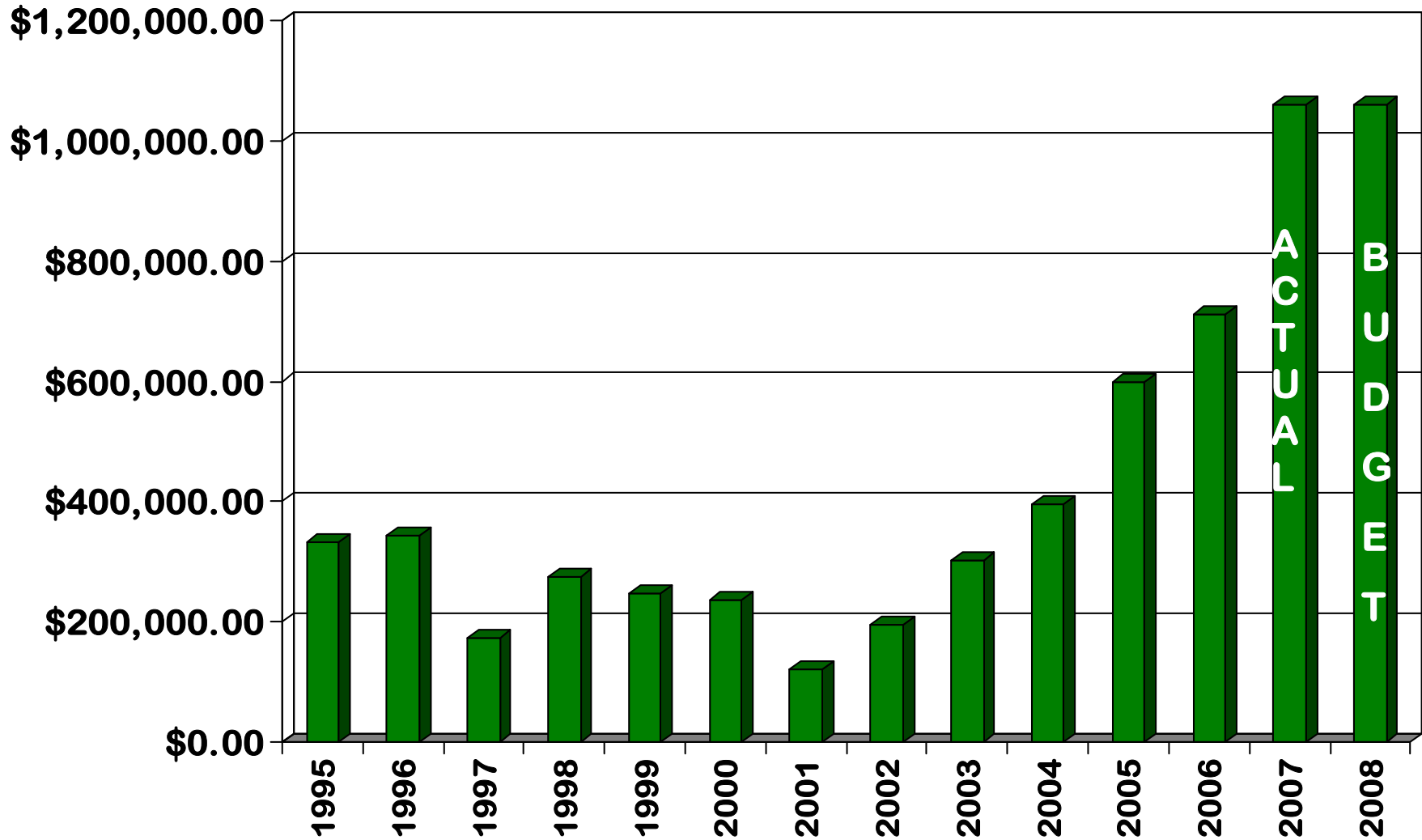
# GENERAL SERVICE OFFICE FUNCTIONAL EXPENSES

	2006 ACTUAL	2007 ACTUAL	2008 BUDGET
<b>Group Services</b>	1,947,456	2,149,244	2,248,110
<b>Public Information</b>	282,265	315,519	330,032
<b>Cooperation Professional Community</b>	310,970	331,896	347,163
<b>Treatment Facilities</b>	88,422	130,561	136,567
<b>Corrections</b>	294,944	267,070	279,355
<b>Overseas Services (including Literature Assistance)</b>	659,604	573,923	600,324
<b>General Service Conference</b>	688,939	720,339	753,474
<b>Regional Forums</b>	393,015	415,380	434,487
<b>Archives</b>	552,949	566,268	592,317
<b>Trustee/Director Activities</b>	338,172	351,247	367,404
<b>World Service Meeting</b>	87,915	0	125,000
<b>Supporting Services</b>	<u>2,627,361</u>	<u>2,706,633</u>	<u>2,831,232</u>
<b>Total</b>	<u>\$8,272,012</u>	<u>\$8,528,080</u>	<u>\$9,045,465</u>
<b>Increase over 2006</b>		\$256,068	
<b>% increase over prior</b>		3.1%	

# KEY POINTS OF PENSION PLAN

- **A.A. Employees Pension Plan began January 1, 1965**
- **Defined Benefit Plan—retirement payments are based on earnings and number of years service**
- **Annual payment to each retired employee equals 2% of final pay times years of service less a social security offset**
- **Fund is completely separate from all other A.A. funds**
- **Committee of directors, retirees and employees has oversight responsibility for plan assets**
- **Fair market value of Fund at 12-31-07 = \$14,001,184**
- **Present value of future benefits = \$18,549,765 at 12-31-07**
- **Under Funded balance = \$4,548,581 at 12-31-07**

# CONTRIBUTIONS TO PENSION FUND 1995 FORWARD



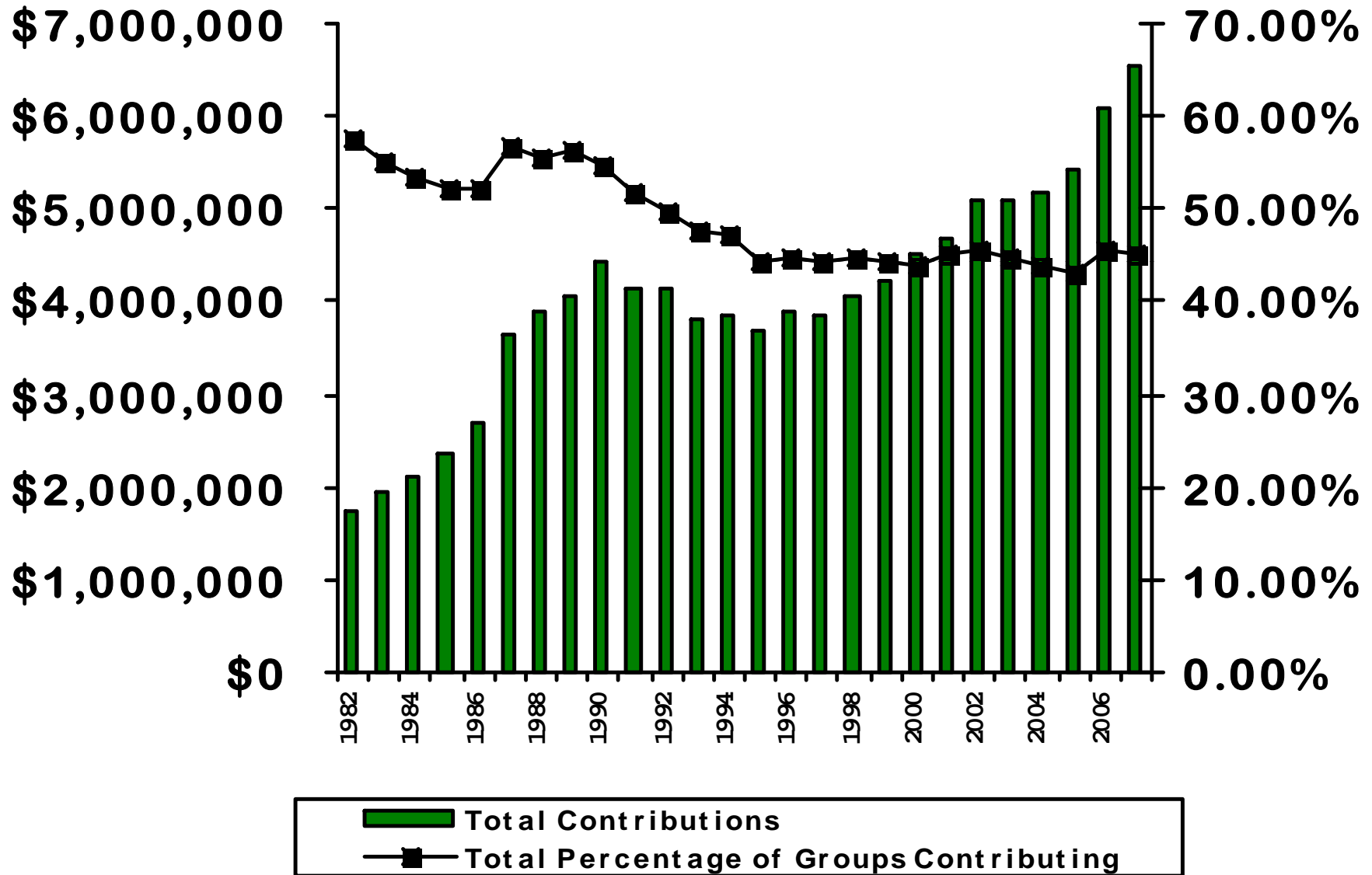
# GENERAL SERVICE OFFICE FUNCTIONAL EXPENSES

	<b>2006 ACTUAL</b>	<b>2007 ACTUAL</b>	<b>2008 BUDGET</b>
<b>Group Services</b>	2,853,919	3,148,518	3,246,025
<b>Public Information</b>	413,648	462,216	481,984
<b>Cooperation Professional Community</b>	455,714	486,208	507,001
<b>Treatment Facilities</b>	129,579	191,264	199,443
<b>Corrections</b>	432,229	391,242	407,974
<b>Overseas Services (including Literature Assistance)</b>	966,623	840,764	876,720
<b>General Service Conference</b>	1,009,613	1,055,254	1,100,383
<b>Regional Forums</b>	575,948	608,507	634,531
<b>Archives</b>	810,325	829,550	865,027
<b>Trustee/Director Activities</b>	495,578	514,557	536,561
<b>World Service Meeting</b>	128,836	0	182,203
<b>Supporting Services (Allocated in above numbers)</b>			
<b>Total</b>	<u>\$8,272,012</u>	<u>\$8,528,080</u>	<u>\$9,045,465</u>
<b>Cost per member per year</b>	\$6.32	\$6.49	\$6.88
<b>Cost per group per year</b>	\$141.31	\$146.18	\$154.92
<b>Number of members reported</b>	1,308,712	1,314,552	1,314,552
<b>Number of groups reported</b>	58,539	58,340	58,340

# GROUP SERVICE ACTIVITIES

	<u>2006</u>	<u>2007</u>	<u>2008 BUDGET</u>
<b>Group Services Assignment</b>	514,457	568,928	586,545
<b>Box 459</b>	398,037	423,172	436,277
<b>A.A. Directories</b>	16,592	48,922	50,437
<b>Records &amp; Files Depts.</b>	808,818	847,108	873,342
<b>Contributions, Processing, Verification and Documentation</b>	892,810	936,319	965,316
<b>French Services</b>	19,450	20,059	20,681
<b>Spanish Services</b>	35,023	27,223	28,066
<b>Special Needs</b>	85,574	120,220	123,944
<b>Nominating</b>	<u>83,159</u>	<u>156,567</u>	<u>161,417</u>
<b>Total</b>	<u>\$2,853,919</u>	<u>\$3,148,518</u>	<u>\$3,246,025</u>

# CONTRIBUTION HISTORY 1982—2007



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

	2006 ACTUAL	2007 ACTUAL	2008 BUDGET
<b>Gross Sales</b>	12,006,989	12,730,033	12,700,000
<b>Less Discounts allowed</b>	325,971	336,197	350,000
<b>Interest earned</b>	<u>4,778</u>	<u>5,045</u>	<u>5,000</u>
<b>Net Sales – Literature</b> (including interest earned)	11,685,796	12,393,881	12,355,000
<b>Cost of Literature sold</b>	3,333,773	3,730,431	3,852,000
<b>Direct Shipping and Warehousing</b>	<u>1,472,008</u>	<u>1,616,741</u>	<u>1,675,500</u>
<b>Gross Profit</b>	<u>6,880,015</u>	<u>7,051,709</u>	<u>6,827,500</u>
<b>Gross Profit Percentage</b>	57.3%	55.3%	53.7%
<b>Program Expenses</b>	2,348,996	2,217,369	2,369,097
<b>Supporting Expenses</b>	<u>1,673,279</u>	<u>1,818,531</u>	<u>1,859,753</u>
<b>Total Expenses</b>	\$4,022,275	\$4,035,900	\$4,228,850
<b>Excess of Revenue Over Expenses</b>	<u>\$2,857,740</u>	<u>\$3,015,809</u>	<u>\$2,598,650</u>



# LA VIÑA

<b>AVERAGE CIRCULATION</b>	10,223	10,979	11,000
	<b>2006</b>	<b>2007</b>	<b>2008 Budget</b>
<b>INCOME</b>			
<b>Subscription Income</b>	72,948	84,286	84,286
<b>Back Issues</b>	<u>16,132</u>	<u>17,865</u>	<u>17,865</u>
<b>Magazine Income</b>	89,080	102,151	102,151
<b>Income from Related Items</b>	<u>27,740</u>	<u>44,521</u>	<u>40,800</u>
<b>Total La Viña Income</b>	116,820	146,672	142,951
<b>Total Direct Costs</b>	<u>75,573</u>	<u>78,891</u>	<u>77,793</u>
<b>Gross Profit</b>	<u>41,247</u>	<u>67,781</u>	<u>65,158</u>
<b>COSTS AND EXPENSES</b>			
<b>Editorial Costs</b>	70,471	64,207	78,124
<b>Circulation and Business</b>	37,657	46,925	47,514
<b>General and Administrative</b>	<u>5,123</u>	<u>23,689</u>	<u>6,891</u>
<b>Total Costs and Expenses</b>	<u>\$113,251</u>	<u>\$134,821</u>	<u>\$132,529</u>
<b>Excess of (Expense) Over Revenue</b>	<u>(\$72,004)</u>	<u>(\$67,040)</u>	<u>(\$67,371)</u>

# THE A.A. GRAPEVINE, INC.

## INCOME STATEMENTS

	AVERAGE CIRCULATION	103,878	106,099	107,000
	2006	2007	2008	
	ACTUAL	ACTUAL	BUDGET	
<b>Magazine Income</b>	1,895,449	1,950,233	2,089,460	
<b>Direct Costs: Magazine</b>	<u>744,084</u>	<u>767,464</u>	<u>790,081</u>	
<b>Gross Profit on Magazine</b>	<u>1,151,365</u>	<u>1,182,769</u>	<u>1,299,379</u>	
<b>Other Publishing Income</b>	616,983	770,244	812,716	
<b>Costs of Goods and Delivery</b>	<u>249,344</u>	<u>285,618</u>	<u>286,130</u>	
<b>Gross Profit on Other Items</b>	<u>367,639</u>	<u>484,626</u>	<u>526,586</u>	
<b>Total Gross Profit</b>	<u>\$1,519,004</u>	<u>\$1,667,395</u>	<u>\$1,825,965</u>	
<b>COSTS AND EXPENSES</b>				
<b>Editorial Costs</b>	503,873	543,903	621,259	
<b>Circulation and Business</b>	949,163	1,041,095	1,089,566	
<b>General and Administrative</b>	<u>183,013</u>	<u>180,223</u>	<u>184,717</u>	
<b>Total Cost and Expenses</b>	<u>\$1,636,049</u>	<u>\$1,765,221</u>	<u>\$1,895,542</u>	
<b>Interest Income</b>	<u>\$68,172</u>	<u>\$72,779</u>	<u>\$72,779</u>	
<b>Excess of (Expense) Over Revenue</b>	<u>(\$48,873)</u>	<u>(\$25,047)</u>	<u>\$3,202</u>	

# GENERAL SERVICE BOARD FINANCIAL OVERVIEW

	2006	2007	2008 Budget	
<b>GENERAL SERVICE OFFICE</b>				
<b>INCOME</b>				
Contributions	6,068,172	6,526,002	6,675,000	
Interest	3,986	4,846	5,000	
Literature Profits	<u>2,857,740</u>	<u>3,015,809</u>	<u>2,598,650</u>	
Total Income	\$8,929,898	\$9,546,657	\$9,278,650	
G.S.O. Expenses	<u>8,272,013</u>	<u>8,528,080</u>	<u>9,037,854</u>	
Profit	657,885	1,018,577	240,796	
<b>A.A. GRAPEVINE</b>				
Publishing Income	1,519,004	1,667,395	1,825,965	
Interest	<u>68,172</u>	<u>72,779</u>	<u>72,779</u>	
Total Income	\$1,587,176	\$1,740,174	\$1,898,744	
Expenses	<u>1,636,049</u>	<u>1,765,221</u>	<u>\$1,895,542</u>	
Profit (loss)	(48,873)	(25,047)	3,202	
<b>LA VIÑA</b>				
Publishing Income	41,247	67,781	65,158	
Expenses	<u>113,251</u>	<u>134,821</u>	<u>132,529</u>	
Profit (loss)	(72,004)	(67,040)	(67,371)	
Excess of Revenue Over Expense	<u>\$537,008</u>	<u>\$926,490</u>	<u>\$176,627</u>	

# THE GENERAL SERVICE BOARD: RESERVE FUND

	12-31-2003	12-31-2004	12-31-2005	12-31-2006	12-31-2007
<b>Balance available to cover Operating Expenses</b>	9,730,931	9,075,510	9,253,935	10,357,069	11,609,850 *
<b>Operating Expenses</b>	12,091,974	12,918,484	12,765,884	14,043,589	14,439,704
<b>Number of months covered</b>	9.7	8.4	8.7	8.8	9.6
<b>Groups</b>	56,904	57,523	58,067	58,539	58,340
<b>Membership</b>	1,284,732	1,286,621	1,294,678	1,308,712	1,310,132
<b>Equivalent Balance per Group</b>	\$171.01	\$157.77	\$159.37	\$176.93	\$198.95
<b>Equivalent Balance per Member</b>	\$7.57	\$7.05	\$7.15	\$7.91	\$8.86

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 Amounts Scheduled to be Transferred from Operating Corporations

# **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**



*Thank You  
for your  
attention!*