

HIGHLIGHTS OF THE 70TH GENERAL SERVICE CONFERENCE

A REPORT SUBMITTED TO AREA 53 (CENTRAL AND SOUTHEAST OHIO)

JUNE 2020

**SEND COMMENTS, QUESTIONS, OR REQUESTS FOR ADDITIONAL INFORMATION TO
DELEGATE@AREA53AA.ORG**

Introduction

The 70th General Service Conference met via Zoom on May 16-19. It was originally scheduled to be held in New York on April 19-25. The COVID-19 pandemic forced the cancellation of the original plan.

The plan to go virtual required a drastic reduction in the length and the scope of the Conference. A normal physical Conference starts with some preliminary events on Saturday and the Conference officially opening on Sunday. The Conference Committees meet for six hours (or more if necessary) on Monday and Tuesday. The business of the full Conference begins on Wednesday afternoon and goes through Friday night. There are also reports from the Chairs of the three corporate boards, a detailed financial report, presentations on selected topics by delegate members, an all-hands workshop, and several general sharing sessions held during the week. A typical day began at 9 am and ends at 9pm. It is a full schedule that allows for a lot of interaction and information exchanging.

The 70th Conference held no preliminary events and convened on Saturday night for the roll call. The Conference Committees met for three hours on Sunday, no exceptions. Committee Reports were restricted to forty-five minutes each, no exceptions. Work that was not completed in the designated time was automatically forwarded to the 71st Conference. The Conference lasted four days with a maximum of six hours work each day. There were no presentations, workshops, or general sharing sessions.

This report presents the highlights of the Conference. It is reported in three parts. Area-wide Zoom Sharing Sessions will be scheduled for each of these subjects in June.

Part I – “Agenda Item Disposition” starts on page 2. It summarizes the outcome for all of the Agenda Items that were presented to the 70th Conference. More details about each of these items is available on request.

Part II – “Operations Highlights” starts on page 5. It provides a summary of the status of the plans and projects of the General Service Board, A.A.W.S., and the Grapevine.

Part III – “Financial Highlights” starts on page 7. It provides top-line financial results for 2019. The results are unaudited. The audit was delayed by COVID-19 constraints. The audit was promised for early June and an updated financial presentation will be made to the Conference members. The information in this report will be updated where appropriate.

PART I – AGENDA ITEM DISPOSITION

THE MODIFIED CONFERENCE AGENDA PROCESS

- ◆ Met via Zoom, May 16-19. Three hour Committee meetings. 45 minute Committee Reports.
- ◆ The GSB defined “essential business” as the regional trustee elections and approval of the GSB and operating corporation Board slates.
- ◆ Committees were given “item reduction” guidance on the rest of the items to “confine work to that which cannot be forwarded without jeopardizing the future of AA.” Twenty-three items were forwarded before the three-hour committee process began.
- ◆ The committees met to review the remaining items and took the following actions.
 - ◆ Made 17 recommendations to the full Conference. All but one of these became Advisory Actions.
 - ◆ Issued 52 Committee Considerations to the appropriate trustees’ committee or corporate board.
 - ◆ Forwarded an additional 14 items to the 71st GSC.
- ◆ Eight Floor Actions were moved during the Committee Reports. The Conference declined to consider one of them. The remaining seven were forwarded to the 71st GSC.

16 ADVISORY ACTIONS

Agenda

- ◆ 71th GSC Theme: “A.A. in a Time of Change.”
- ◆ Presentation Topics: Practicing Spiritual Principles in a Changing World: Recovery, Unity, Service.
- ◆ Workshop Topic: Inform–Communicate; Involve– Act; Inspire–Attract.

Finance

- ◆ Add “virtual basket” draft language to “Self-Support: Where Money and Spirituality Mix.”

Grapevine

Conference Committee’s name changed to the Conference Committee on Grapevine and La Viña.

Literature

- ◆ Approved video “Your General Service Office, the Grapevine, and the General Service Structure.”
- ◆ Approved A.A.W.S. adopted “Policy on Publication of Literature: Updating Pamphlets and Other A.A. Materials,” noting revised policy addresses concerns expressed by 69th General Service Conference.

Policy/Admissions

- ◆ Approved the “Process for Approving Observers to the Conference.”
- ◆ Approved General Service Conference electronic voting for trustee elections starting in 2021.
- ◆ Approved review of dates for the GSC with timing and years to review as requested by the General Manager

Public Information

- ◆ Adjust all AAWS video titles for search engine optimization (SEO)

Report and Charter

- ◆ Amended Article 4 of Conference Charter FROM: “3/4 vote of all conference members” TO: ¾ vote of all Conference members **participating in the vote...**”

Treatment and Accessibilities

- ◆ Update the pamphlet “Bridging the Gap” for currency and inclusion to reach a broader scope of treatment settings; progress report or draft for 2021.

Trustees

- ◆ Recommended nominated slates for: GSB trustees, officers, and the Grapevine Board.

52 COMMITTEE CONSIDERATIONS

Archives

- ◆ Requested possible themes, content ideas and time period for an AA history book after 1955 for 71st GSC report.

Cooperation With Professional Community:

- ◆ Took No Action on discontinuing “AA in Your Community.”
- ◆ Requested update of “AA in Your Community” with focus on modern settings and various formats for 71st GSC Report.

Corrections

- ◆ Requested “The God Word” be added to Corrections Kit; provided suggestions for Kit & Workbook.
- ◆ Heard AAWS publishing report on digital distribution of A.A. literature into correctional settings. Report included update on staple-free pamphlet project.

Finance

- ◆ Discussed revising the pie charts in “Self-Support: Where Money and Spirituality Mix” and **took no action.**
- ◆ Strongly suggested forwarding report on Google Grants and the 7th Tradition to the trustees’ Finance and Budgetary Committee and the appropriate 71st GSC committee.

Grapevine

- ◆ Suggested the proposed book topics for 2021 or later. Grapevine: Step Three & Steps 6 & 7. La Viña: AA & Families in Recovery, Old-timers Stories, Twelve Steps.
- ◆ Considered a change to the first sentence of the A.A. Preamble and **took no action.**
- ◆ Requested Grapevine Board develop examples of generalized language options for the AA Preamble for 2021 GSC.
- ◆ Encouraged Grapevine Board to continue planning for an AA Grapevine Instagram account with 2021 GSC progress report.
- ◆ Suggested annual survey of book topics in English, Spanish and French.

International Conventions/Regional Forums

- ◆ Discussed use of the Lord’s Prayer for closing the Big Meetings at the IC; to be continued in 2021.
- ◆ Discussed ways to encourage interest in Regional and Local Forums and offered suggestions to G.S.O.
- ◆ The committee reviewed and accepted a report outlining the IC pre- and post-cancellation steps taken.

Literature

- ◆ Requested progress report or draft for the following pamphlets: Twelve Steps Illustrated, The Twelve Concepts Illustrated, AAs Three Legacies, Too Young, Young People in A.A., Pamphlet for Spanish Speaking Women in A.A.
- ◆ Requested that draft language on safety to be included in *Living Sober* and “Q & A on Sponsorship” be reviewed for accessibility (reading level).

- ◆ Committee noted the update of “Twelve Traditions Illustrated” addresses a different audience and serves a different purpose than the original and should be considered a new piece instead of a replacement.
- ◆ Discussed not retiring existing “Twelve Traditions Illustrated;” requested written description on how existing version might remain in publication after revised version has been approved.
- ◆ Requested that the trustees’ committee continue to explore a common solution to requests for plain language, accessible translations and large print versions of *Alcoholics Anonymous* as well as workbooks.
- ◆ Requested that the trustees’ make available to the Fellowship as soon as possible “The Big Book: Researching Tools and Access” in all three languages.

Policy/Admissions

- ◆ Requested clarification of specifics for the proposed process for the equitable distribution of workload and a more fully developed process for the 2021 GSC.

Public Information

- ◆ Reports accepted: aa.org, aagrapevine.org, Meeting Guide App; AAWS YouTube; Google AdWords/Grants; PI Comprehensive Media Plan; Create video shorts based on pamphlets; Relevance/Usefulness of Video PSAs; AA Membership survey. Requested progress reports in 2021.
- ◆ Accepted: PSA “Changes” distribution and tracking information; accepted a new financial reporting system for PSA media valuations; Report on the development of two PSAs.
- ◆ Requested preliminary information before creating “new form of communication” addressing anonymity on social media. Report or draft proposal in 2021.
- ◆ Develop draft plan for AA Podcast for 2021 review.
- ◆ Reviewed P.I. Kit and Workbook: shared concerns on the relevancy of printed workbook and kit; suggested six improvements.

Report and Charter

- ◆ Accepted report from Publishing about timely and accurate preparation & publication of the 2020 GSC Final Report.
- ◆ Discussed restoring two paragraphs with footnote to Concept Eleven essay. **Took no action.**

- ◆ Reviewed draft of *A.A. Service Manual* noting progress; requested update draft in 2021.

Treatment and Accessibilities

- ◆ Suggested that the trustees' CPC/TA committee develop a BTG Workbook (Service piece); progress report for 2021.
- ◆ Suggested CPC/TA committee update existing BTG service materials with current and inclusive language.
- ◆ Suggest reopening call for stories for "A.A. for the Older Alcoholic" with a broad & diverse representation of AA experience

Trustees

- ◆ Approved as eligible for election all Class B trustee candidates for West Central and Western Canada Regional trustee.
- ◆ Recommended revised slate of A.A.W.S. directors; ruled out of order; two Floor Actions forwarded to the GSB.
- ◆ Consider amending Article III of A.A.W.S. Bylaws with 2021 report with language similar to GSB Bylaws.
- ◆ Consider clarifying A.A.W.S. Procedures for Nominating Corporate Board Directors "Past Delegate - not eligible until one year after rotation" point 4, with 2021 report.

37 ITEMS FORWARDED TO THE 71ST GSC

Agenda

- ◆ Review the General Service Conference Evaluation Form, process and 2019 Evaluation Summary.
- ◆ Review the 2019 January conference call participant survey results.
- ◆ Discuss report on the Conference Agenda Process from the trustees' Committee on the General Service Conference.
- ◆ Discuss the General Service Conference schedule

Archives

- ◆ Review Archives Workbook

Cooperation With Professional Community

- ◆ Consider a request to create a pamphlet for mental health professionals.
- ◆ Discuss progress report on LinkedIn page implementation.
- ◆ Review contents of C.P.C. Kit and Workbook.

Finance

- ◆ Consider a request regarding contribution percentages to service entities.
- ◆ Review Self-Support Packet.

Grapevine

- ◆ Review the progress report on AA Grapevine Workbook revisions.
- ◆ Review progress report on actions taken from the findings of the AA Grapevine Fellowship Feedback Survey.
- ◆ Consider a request to develop an AA Grapevine pamphlet on how the AA Grapevine can be utilized to carry the AA message.

Literature

- ◆ The committee recommended that the pamphlet "A.A. for the Black and African-American Alcoholic" be updated. Ran out of time during floor debate; forwarded to the 71st General Service Conference.
- ◆ Review proposed "A.A.W.S. Policy on Conversion of Written Conference-approved Literature and Service Material into Video Format."
- ◆ Consider requests to revise the book *Alcoholics Anonymous*:
 1. Add pages 3 through 41 of the pamphlet "The A.A. Group" as an appendix in the next printing.
 2. Revise the first 164 pages.
- ◆ Consider proposals related to possible Fifth Edition of the book *Alcoholics Anonymous*:
 1. Develop a Fifth Edition.
 2. Develop a Fifth Edition of the book *Alcoholics Anonymous* with updated stories and revisions to Appendices III and V.
 3. Add a proposed addendum to a Fifth Edition foreword of the book *Alcoholics Anonymous* at the time it is published.
- ◆ Consider development of a draft Fourth Edition of the book *Alcoholicos Anónimos*.
- ◆ Consider requests to revise the book *Twelve Steps and Twelve Traditions*:
 1. To remove the phrase "opposite sex" from paragraph two on page 117 in the chapter "Step Twelve."
 2. To reconsider use of the phrase "lustful enough to rape" in paragraph one on page 66 in the chapter "Step Six."
- ◆ Consider request to add a subtitle to the booklet *Living Sober*.
- ◆ Consider requests to revise text related to open meetings in the pamphlet "The A.A. Group."
- ◆ Consider request to revise text related to self-support in the pamphlet "Frequently Asked Questions About A.A."

- ◆ Consider revising the pamphlet “Questions & Answers on Sponsorship”:
 1. Change the suggestion that sponsor and newcomer be of the same sex.
 2. Expand the section on “Service Sponsorship” and retitle the pamphlet to include service sponsorship.
- ◆ Consider request to include a G.S.R. Preamble in the pamphlet “G.S.R.: Your Group’s Link to A.A. as a Whole.”
- ◆ Review recovery literature matrix.

Policy/Admissions

- ◆ Review G.S.O. general manager’s report regarding General Service Conference site selection.
- ◆ Consider a proposed process for how a Conference committee could review, discuss and act on proposed agenda items not forwarded to a Conference committee.
- ◆ Review the Floor Action process.

Report and Charter

- ◆ Discuss General Service Conference *Final Report*.
- ◆ Discuss *A.A. Directories*.

Trustees

- ◆ Consider the revised “Procedures for a Partial or Complete Reorganization of the General Service Board, the A.A.W.S. or AA Grapevine Boards”

8 FLOOR ACTIONS

Floor Actions forwarded to the 71st GSC.

- ◆ Proposal to revise the pie chart percentages in “Self-Support” pamphlet.
- ◆ Consider developing a PSA about AA geared toward minorities.
- ◆ “A.A. for the Black and African-American Alcoholic” be updated to include fresh stories & a new title.
- ◆ Release Ad Hoc report “Google Grants and the Seventh Tradition to members of the 70th GSC.
- ◆ Halt launch of Google AdWords/Grants until GSC71 approves it.
- ◆ Slate of AAWS directors as submitted by conference committee be approved.
- ◆ Approve original AAWS slate of directors nominated by GSB.

Floor Actions the Conference declined to consider.

- ◆ Consider extending the 71st GSC by as many as three working days.

PART II – OPERATIONS HIGHLIGHTS

THE GENERAL SERVICE BOARD

The General Service Structure

- ◆ The General Service Board resides at the bottom of A.A.’s service structure, the Upside Down Triangle.
- ◆ Ultimate authority resides with the groups at the top of the Triangle.
- ◆ Authority is delegated down through the structure to the General Service Conference.
- ◆ The “trustees derive what authority they have from the Conference.”

Board Composition

- ◆ 21 Trustees: 14 Class B (A.A. members) serving 4 consecutive one-year terms; 7 Class A (non-alcoholic) serving 2 consecutive 3-year terms.
- ◆ Class B trustees serve 2 years as a director on the Grapevine or A.A.W.S. Board.
- ◆ The trustees serve on several of the 15 trustees’ committees, which closely mirror the 13 Conference committees.

The Trustees

- ◆ Class A trustees (7) are selected for their professional experience, expertise and familiarity with A.A. They do not have to remain anonymous so can represent A.A. in the public media.
- ◆ Class B regional trustees (6 U.S., 2 Canada) are selected for their service experience and familiarity with A.A. principles. They bring a regional viewpoint to the Board.
- ◆ Class B general service trustees are A.A. members who serve on the A.A.W.S. (2) and Grapevine (2) Boards. They provide professional expertise needed by the respective boards.
- ◆ Class B trustees-at-large (1 U.S., 1 Canada) represent the GSB with general service structures outside the U.S. and Canada.

Role of the Board

- ◆ Custodial relationship: to safeguard the vital services provided for the Fellowship – not to govern.
- ◆ Principal planners and administrators of overall policy and finance.
- ◆ Custodial oversight of the two affiliate corporations, A.A.W.S. and AA Grapevine.
- ◆ Oversee inclusive public relations policy.
- ◆ Maintain relations with general service structures throughout the world.

Meetings of the General Service Board

- ◆ Met four times between Conferences. The board's Strategic Plan was revised in 2019.
- ◆ Four projects were the board's focus in 2019.

ERP (Enterprise Resource Planning)

- ◆ Launched in August 2019.
- ◆ Provides integrated platform for G.S.O.'s many office-wide business systems.
- ◆ "MyPortal" is replacing FNV. Training for area registrars has begun.
- ◆ A difficult year: implementation delays and cost overruns.

Communication Services Department

- ◆ Inaugurated in November 2019, evolving out of the Communication Services staff assignment.
- ◆ Responsible for A.A. website, YouTube channel, A.A. Meeting Guide app, and other communications and digital media projects and initiatives.
- ◆ An internal "service hub" supporting G.S.O., A.A.W.S., AA Grapevine and the General Service Board.
- ◆ Working closely with Public Information desk and the Publications Department.

Office Space Expansion

- ◆ Additional office space needed to accommodate growth and respond to needs of the Fellowship.
- ◆ Lease signed on open space on 8th floor. Renovation has begun.
- ◆ Publishing Department expected move into new space this spring.

Enhanced digital presence.

- ◆ "reflects needs of our 21st century Fellowship...reach new populations of suffering alcoholics as well as the professional communities..."
- ◆ Grapevine new website launched in January. A.A.W.S. redesign expected in 2020.
- ◆ A.S.L. Big Book & Twelve and Twelve, *Living Sober* audio book in three languages, e-books (most titles in three languages).
- ◆ New video "Your General Service Office, the Grapevine, and the General Service Structure."
- ◆ Search Engine Optimization (SEO), Google AdWords/Grants, Meeting Guide.
- ◆ Three-part *Box 459* series on technology and change.

Finances

- ◆ 2019 (unaudited) deficit **-\$600K**. Pandemic delayed audit. Final results end of May.
- ◆ Four drivers: ERP, lawyer fees, reallocation of LaViña expenses, *Our Great Responsibility*. See Financial Report for details.
- ◆ Contributions up – a record year. Book sales down.
- ◆ 2020 Budget being revised. Expected in July.

A.A.W.S./G.S.O.

The A.A.W.S. Board

- ◆ 9 Directors elected by the General Service Board; meets eight times a year
- ◆ 2 General Service trustees, 2 Regional trustees, 3 Non-trustees directors, G.S.O. staff coordinator, G.S.O. general manager.
- ◆ Responsible for the oversight of the General Service Office.
- ◆ Four main functions of A.A.W.S: Services, Finance, Publishing, Archives.

COVID-19 Impact

- ◆ Normal operations, May 2019 – March 2020 Board Meeting.
- ◆ March – April 2020: offices shut down, employees working from home, IC & 2 regional forums cancelled, Conference postponed - using digital platform, World Services Meeting (in New York) cancelled.

Technology/Communications/Services

- ◆ ERP/MyPortal: Delays and cost overruns. Upside: allowed work at home.
- ◆ Communications Services Dept: website, apps, YouTube, LinkedIn, Meeting Guide.
- ◆ Forums and Events: four Regional Forums, 3 national workshops/seminars in 2019.
- ◆ International: Convention & World Services Meeting cancelled.

Financial – "unaudited snapshot"

- ◆ 2019 audited results expected in June.
- ◆ Contributions \$8.9M, +5.6% vs budget & 2018. Online \$1.0M (11% of total). PayPal is now available for online contributions.
- ◆ 2019 Income Statement deficit **-313.5K**.
- ◆ *Our Great Responsibility* sales 34K vs 100K forecast.
- ◆ Professional fees +\$278K vs budget – contract reviews IC, GSC, ERP, other legal fees.
- ◆ ERP +\$597K over budget.
- ◆ 2020 Budget revision in July.
- ◆ Literature gross profit about \$750K/month first quarter; <\$150K in April.

- ◆ Contributions held trend in April but probable lag from groups not meeting.
- ◆ \$3M reserve drawdown in May for operating expenses; from 9.4 months to about 7 months.

Publishing Highlights

- ◆ Big Book/12&12 ASL DVD, also audio book in all three languages.
- ◆ Big Book available in 71 languages; 23 pending; 16 new translations in progress.
- ◆ Large Print – 3 books, 3 pamphlets in 3 languages this summer.
- ◆ Digital distribution/staple-free projects for Corrections are underway.

G.S.O. staff and operations

- ◆ 93 employees: 46 admin, supervisory, A.A. staff, exempt professionals; 47 supporting personnel.
- ◆ More than 3,000 G.S.O. visitors in 2019.
- ◆ Archives >1,450 requests for information; 1,500 new items archived.

AA GRAPEVINE

The A.A. Grapevine Board

- ◆ 9 Directors elected by the General Service Board; meets eight times a year
- ◆ 2 General Service trustees, 2 Regional/At-Large trustees, 1 Class A trustee, 3 Non-trustees directors, AA Grapevine Publisher (serves as president of the corporation)

Financial Support

- ◆ Supported by publication revenues; no individual or group contributions.
- ◆ LaViña shortfall is funded by a transfer from the GSB general fund.

Publishing Highlights

- ◆ 12 issues of Grapevine, 6 issues of LaViña, wall and pocket calendars, 3 e-books.
- ◆ *Take me to Your Sponsor*, French translation of *Emotional Sobriety*, Spanish translation of *One Big Tent*.
- ◆ LaViña Story Archive completed.

Circulation

- ◆ Grapevine 66,376; online 3.152, app 1,654.
- ◆ LaViña: 10,011

Financial – “unaudited snapshot”

- ◆ 2019 audited results expected in June.
- ◆ Grapevine
 - ◆ 2019 net loss **-\$44.5K**.
 - ◆ Total income \$1.9M vs budgeted \$2.1M (-7.5%).
 - ◆ Expenses \$2.0M versus budgeted \$2.2M.
- ◆ LaViña
 - ◆ Gross profit \$84.0K, expenses \$373.4K.

- ◆ Shortfall \$289.3K (made up by transfer from GSB general fund as a service to the Fellowship).

2019 Projects

- ◆ Grapevine website redesign. LaViña being redesigned.
- ◆ Carry the Message: encourage sponsoring subscriptions to both publications.
- ◆ Six “explainer videos” on being a Grapevine or LaViña rep posted to YouTube.
- ◆ Daily Grapevine Quote – 47,437 subscribers. Weekly LaViña Quote – 1,694 subscribers.
- ◆ ePub subscription replacing Grapevine app.

PART III - FINANCIAL HIGHLIGHTS

2019 ISSUES

- ◆ A difficult year. High promise ERP system faced delays and significant cost overruns.
- ◆ MyPortal replacement for FNV contributed to backlog; Area input lockout.
- ◆ COVID office displacement slowed progress.
- ◆ Audits delayed. Expected end of May.

2019 FINANCIAL SUMMARIES (THOUSANDS)

GSO

- ◆ Net loss **-\$380**; budget \$501; 2018 \$395.
- ◆ Revenue \$18,222; budget \$18,160; 2018 \$17,830.
- ◆ Ops Expense \$18,602; budget \$17,659; 2018 \$17,443.

AA Grapevine

- ◆ Net loss **-\$28**; budget **-\$135**; 2018 **-\$149**.
- ◆ Content Income \$2,945; budget \$3,053; 2018 \$2,813.
- ◆ Gross Profit \$1,947; budget \$2,066; 2018 \$1,884.
- ◆ Ops Expense \$2,066; budget \$2,220; 2018 \$2,064.

LaViña

- ◆ Net Loss **-\$297**; budget **-\$166**; 2018 **-\$149**.
- ◆ Content Income \$132; budget \$143; 2018 \$141. (Subscriptions & books).
- ◆ Gross Profit \$65; budget \$82; 2018 \$81.
- ◆ Ops Expense \$362; budget \$247; 2018 \$229.

A.A.W.S./G.S.O (thousands)

2019 Income Sources

- ◆ Net Sales \$14,406; 2018 \$14,236.
- ◆ Gross Profit \$9,359; 2018 \$9,453 [51%]
- ◆ Contributions \$8,816; 2018 \$8,385. [49%]

Book Sales Analysis

- ◆ 1,682,524 books sold, +0.5% growth.
 - ◆ 914, 386 Big Books (54%)
 - ◆ 48% hard copy
 - ◆ 34% soft cover
 - ◆ 11% pocket edition
 - ◆ 7% large print
 - ◆ 303,731 12 & 12 (18%)
 - ◆ 43% hard copy
 - ◆ 47% soft cover
 - ◆ 10% large print
 - ◆ 130,583 Daily Reflections (8%)
 - ◆ 111,619 Living Sober (7%)
 - ◆ 28,142 Great Responsibility (2%)
[100,000 books budgeted]
 - ◆ 47,850 E-books, all titles (3%)

2019 Publishing Income (thousands)

- ◆ Net Sales \$14,259; budget \$14,775
- ◆ Cost of Sales \$2,646; budget \$3,100
- ◆ Shipping/WH \$1,956; budget \$1,900
- ◆ Gross Profit \$9,657; budget \$9,775
- ◆ *Our Great Responsibility* shortfall major source of the negative variance.

2019 Contributions (7th Tradition)

- ◆ 2010 \$6M, 2015 \$7M, 2017 \$8M,
- ◆ 2019 \$8.8M.
 - ◆ 28,180 groups \$6.9M [41% of groups]
 - ◆ Avg. group contribution \$246
 - ◆ Individuals \$1.3M [16% of total]
- ◆ Self-Support goal: groups and members contributions fully fund the G.S.O.

On line Contributions (thousands)

- ◆ 2019 \$1,001 [11% of total]
- ◆ 2010 \$87 [1%], 2015 \$434 [6%], 2017 \$802 [10%], 2018 \$880 [11%]
- ◆ Processing cost of on-line contributions one-fourth that of mail-in contributions.

Price of the Big Book – an interesting factoid.

- ◆ 1st Edition 1939 \$3.50 --> 2019 \$64.24
- ◆ 2nd Edition 1955 \$4.50 --> 2019 \$43.31
- ◆ 3rd Edition 1976 \$5.65 --> 2019 \$26.11
- ◆ 4th Edition 2001 \$6.00 --> 2019 \$8.81
- ◆ 2019 Actual (G.S.O.) \$9.50

Operating Expenses

- ◆ 2019 expenses exceeded budget by \$943K (17%.)
- ◆ Contracted services were over +\$832K to implement ERP.
- ◆ Professional fees were over +\$318M for “lawyer fees associated with major contracts” (International Convention, Conference).
- ◆ LaViña transfer was +\$132K greater than budget, as costs were reallocated between Grapevine and LaViña.

2020 Budget

- ◆ Meaningless. Being reviewed and new assumptions are being established.
- ◆ Anticipate budget in July.
- ◆ 2020 YTD Literature sales
 - ◆ Q1: \$730K/month
 - ◆ April: \$145K
- ◆ 2020 YTD Contributions
 - ◆ \$670K/month
 - ◆ April: \$540K
- ◆ Anticipate \$700K shortfall next 3 months at current levels.
- ◆ Gap will increase with closing Convention costs and capital costs (ERP, 8th floor move)

GRAPEVINE

2019 Circulation

- ◆ Print 66,376 vs budget 69,139
- ◆ Online 3,152 vs budget 3,894
- ◆ App 1,654 vs budget 3,053

Circulation Trends

- ◆ Print 2015-2019: 71966, 71811, 69249, 66857, 66376. Steady decline.
- ◆ Online 2015-2019: 5233, 5030, 4077, 3390, 3152. Steady decline.
- ◆ App 2015-2019: ---, 588, 2003, 2053, 1654
- ◆ App has been discontinued; new ePub replacement.

2019 Sources of Income (thousands)

- ◆ Print \$1,866; budget \$1,921; 2018 \$1,835
- ◆ Online \$92; budget \$115; 2018 \$101.
- ◆ App \$26; budget \$60; 2018 \$42.
- ◆ Books \$8323; budget \$861; 2018 740.
- ◆ Other \$127; budget \$96; 2018 \$96
- ◆ Total \$2,945; budget 3,053; 2018 \$2,813
- ◆ Books & other now 33% of total income.

2019 Direct Costs of production (thousands)

- ◆ Print \$667; budget \$648; 2018 \$625.
- ◆ Online \$26; budget \$26; 2018 \$24.
- ◆ App \$5; budget \$8; 2018 \$7.
- ◆ Books/Other \$299; budget \$304; 2018 \$273.
- ◆ Total \$998; budget \$987; 2018 \$929.

2019 Gross Profit Summary (thousands)

- ◆ Income \$2,945; Budget \$3,053; 2018 \$2,813
- ◆ Costs \$997 Budget 987 2018 929
- ◆ Gr Profit \$1,948 Budget \$2,066; 2018 \$1,884
- ◆ Gr Margin 66%. 68%. 67%

2019 Costs and Expenses (thousands)

- ◆ Editorial \$606; budget \$801; 2018 \$ 658
- ◆ Circulation \$1,091; budget \$1,183; 2018 \$658
- ◆ Admin. \$309; budget \$237; 2018 \$379
- ◆ Total \$2,006; budget \$2,220; 2018 \$2,064

2019 Net Income Summary (thousands)

- ◆ Gross Profit \$1,948; budget \$2,066; 2018 \$1884
- ◆ Expenses \$2,006; budget \$2,220; 2018 \$2,064.
- ◆ Net Profit **-\$ 28**; budget **-\$135** ; 2018 **-\$149**

Profit Trends 2014-2019

- ◆ Magazine Gr Profit \$1529, 1418, 1449, 1394, 1322, 1240 – steady decline.
- ◆ Other Gr Profit \$509, 551, 456, 538, 562, 656
- ◆ Net Profit \$326, 241, 165, 126, **-149, -28**

LAVIÑA

Circulation Trend

- ◆ 2019 Circulation 10,150.
- ◆ Flat circulation since 2005
 - ◆ High 2007 10,979
 - ◆ Low 2010 8,741

2019 unaudited Gross Profit Statement

- ◆ Subscriptions: \$111K; Budget \$126K
- ◆ Related Items: \$21K 17K
- ◆ Total Income \$132K \$143K
- ◆ Content costs, \$67K. 61K
- ◆ Gross Profit \$65K \$ 81K

2019 Unaudited Net Profit Statement

- ◆ Gross Profit \$65K Budget \$ 81K
- ◆ Expenses
 - ◆ Editorial \$226 \$142
 - ◆ Circulation. 131 81
 - ◆ Admin 6 6
 - ◆ Total Exp. \$ 363 \$ 229
- ◆ Net Profit **-\$298** **-\$148**

Expense Reallocation from GV to LV

- ◆ LaViña and the Grapevine are independent publishing units. Revenue and direct expenses have been separated since LaViña began operation in 1996. There are also some shared activities and expenses such as overhead and facility costs.
- ◆ Until this year, they did not try to allocate these shared expenses between the two units. Instead, Grapevine picked up all of the costs. This had the effect of overstating Grapevine’s expenses and understating LaViña’s costs;
- ◆ In 2019, Grapevine’s costs were \$200K under budget while LaViña’s were \$120K over budget. Some part of both of these variances was due to the cost reallocation.

La Viña Accounting Treatment

- LaViña reports an independent Income Statement. So far, it has always had an operating deficit. This shortfall is not reported as a loss. Rather it is covered by the General Service Board’s General Fund as a “service” cost.

RESERVE FUND

- ◆ Exists for circumstances like this.
- ◆ Established at 9 to 12 months of combined operating funds.
- ◆ History:
 - ◆ 2000-2003: average 11.2 months.
 - ◆ 2005-2009: average 9.1months
 - ◆ 2010-2016: average 10.9 months
 - ◆ 2017-2019: average 9.5 months
 - ◆ 21st Century high: 2012 11.9 months
 - ◆ 21st Century low: 2004 8.4 months
- ◆ Current situation
 - ◆ December 31, 2019: \$16,202,404 (9.4 months)
 - ◆ Reserve withdrawal of \$3M in May, reducing it to about 7 months.