

January 31, 2024

Dear SE Region Delegates and Alternates,

Questions have begun and it is important that we provide accurate responses while we prepare and translate the full package of financial information to be distributed to all Conference Members. Below are some key bullets in the interim.

The upcoming financial packages, in English, French and Spanish, will include 2023 Q4 Financial Report and the 2024 Budgets for AAWS/GSB and AAGV as well as Reserve Activity up to and including transactions approved at the January 2024 General Service Board weekend.

The timing of this release is as soon as possible but will depend on time to translate and update the summary document to include the changes that occurred at the Q1 GSB meeting (ie: 2 committees reduced their budgets). This timeline is at least 2 weeks from today most likely.

**Highlights of 2023 Revenues are:**

- Contributions – Budget of \$10,500,000 actual \$10,872,239. This is the greatest number of contributions ever received.
- Contributions – Number of groups contributing. Pre-pandemic approximately 28,000. In 2021 a low of 18,558, 2022 saw 19,572, 2023 reached 20,497.
- Gross Literature Sales - \$14,489,002 versus 2022 of \$11,795,264 and budget of 15,582,000.
- Net Literature Sales - \$7,191,125 versus 2022 of \$4,894,113 and budget of \$7,950,000. Gross Margin Percentage of 49.6% versus 2022 of 41.4% and Budget of 50%
- Grapevine - total revenue of \$2,562,978 versus 2022 of \$2,646,860 and budget of \$2,512,000

**Highlights of 2024 AAWS/GSB Budget:**

- Slight positive margin (\$47k) before depreciation of \$1.02 million. Positive Cash Flow of \$1.1 million expected.
- Literature gross sales assumed at same unit volume as 2023 – No revenue is assumed from titles still under discussion by the Conference. Gross margin budgeted at 50%

- Contributions budgeted flat from 2023 budget (\$10,500,000) and less than 2023 actuals (\$10,872,239)
- Six total iterations of the budget were run that resulted from an overall 6% reduction in expenses from version 1 to version 6. Details of both expense reductions and deferred projects are included in the budget package and currently being translated,

**Highlights of the 2024 AAGV Budget:**

- Revenues and overall net loss (\$582k) in line with the 5-year plan (2022 – 2026) which was reviewed by Trustees Finance in January 2023. Per the 5-year plan, Grapevine should be cash flow positive starting in 2025.
- LaViña shortfall covered by GSB reduced from 2023 Reforecast of \$872k to \$582 in 2024
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**Reserve Fund:**

- Draw of \$564,652 to fund year three of the Grapevine 5-year Plan
- Draw of \$500,000 to the General Service Board to ensure sufficient cash on hand to meet liquidity requirements in the second quarter of 2024, which includes \$1.1 million of Conference expenses. This is in response to the cash on hand deficiency carried over since the end of 2022 that was not fully mitigated by positive cash flow results in 2023 that resulted from the generous commitment to self-support from the Fellowship that exceeded both the previous annual record and 2023 reforecast budget for contributions, close management of expenses, and collections of receivables. This draw plus expected positive cash flow in the first quarter of 2024 will fully fund the expenses expected to be paid in the second quarter of 2024.
- Barring unforeseen circumstances, rebuilding of the Reserve Fund could begin as soon as the fourth quarter of 2024.

The recommendations from the trustees’ Finance and Budgetary Committee were approved at the 2024 1<sup>st</sup> Quarterly Board meeting and are as follows:

1. The Trustees Finance and Budgetary Committee **recommended** that the General Service Board Authorize the withdrawal of \$1,064,652 from the Reserve Fund, to be allocated as follows:

\$500,000 to the General Service Board to ensure sufficient cash on hand to meet liquidity requirements in the second quarter of 2024, which includes \$1.1 million of

Conference expenses. This is in response to the cash on hand deficiency carried over since the end of 2022 that was not fully mitigated by positive cash flow results in 2023 that resulted from the generous commitment to self-support from the Fellowship that exceeded both the previous annual record and 2023 reforecast budget for contributions, close management of expenses, and collections of receivables. This draw plus expected positive cash flow in the first quarter of 2024 will fully fund the expenses expected to be paid in the second quarter of 2024.

\$564,652 to Grapevine to fund year three of the Grapevine 5-year plan covering the period January 1, 2022, to December 31, 2026. This five-year plan, reviewed by the Trustees Finance and Budgetary Committee at its January 2023 meeting, called for capital investment and operating support of approximately \$1.1 million in year 2 (2023) and operating support of approximately \$565k in year 3 (2024), with the expectation that Grapevine operations would be cash flow positive and not require operating support starting in year 4 (2025).

2. The Trustees Finance and Budgetary Committee **recommended** that the General Service Board approve the 2024 AAWS/GSB Budget with Contributions Revenue of \$10,500,000, Gross Margin on Literature Sales of \$9,142,359, Operating Expenses of \$19,025,113, Support for LaViña of \$569,512 and a net income before depreciation of \$47,734. Deducting depreciation of \$1,020,000 and the budgeted distribution from the International Literature Fund of \$30,000, the net budgeted deficit for 2024 is \$1,002,266.

3. The Trustees Finance and Budgetary Committee **recommended** that the General Service Board approve the 2024 Grapevine (excluding LaViña) budget with Gross Margin on Literature and Subscription sales of \$1,907,115, operating expenses of \$2,499,287, expected interest on unearned subscription receipts invested in the Reserve Fund of \$9,600, resulting in a net budgeted deficit of \$582,572.

4. The Trustees Finance and Budgetary Committee **recommended** that the General Service Board approve the 2024 LaViña Budget Consisting of Gross Margin on Literature and Subscription sales of \$118,861, expenses of \$688,373, and funding from the General Service Board, per Advisory Action, in the amount of \$569,512, resulting in a net result of \$0.

5. The Trustees Finance and Budgetary Committee, based upon updated subscription data, approved the adjustment in the calculated amount of the subscription liability to be held in the Reserve Fund from \$573,012 to \$540,000, allowing for \$33,012 in excess

funds to be withdrawn from the Reserve Fund and provided to Grapevine. The Funding percentage of this liability at 34% did not change.

The principle of participation is critical to meeting our financial challenges. Since the call for help in November, this is being met with average number of groups and member's participating in December increasing from an average of 6,900 to more than 9,000. This brought contribution totals for the month and year to the highest ever received to over 1.65 million in December and more than 10.8 million for the year.

January contributions is still being process but both participation and totals are well above average! (I think I heard 300k in January with the highest previous total for the month of January being 225k).

### **2024 Grapevine, Inc. Budget**

The 2024 budget significantly lowers the shortfall for Grapevine (nearly \$300k improvement vs. 2023 July Forecast) and La Viña (nearly \$200k improvement). It also provides for the resources to expand the sales of magazine subscriptions, app subscriptions, books, audio books and other products.

### **GV & LV Apps:**

- Downloads GV = 26,623; New in-app subscriptions = 5,305 (iOS 4,745, Android 560). GV Digital and Complete subs.
- Downloads LV = 1,061; New in-app subscriptions = 143 (iOS 117, Android 26)
- Past month GV iOS use: 20,505 sessions on 3,072 devices
- App user ratings: Google Play 4.8/5; Apple 4.1/5
- Current position on Apple Top 200 Magazine and Newspaper apps: 32 — just behind Boston Globe but ahead of Bon Appetit, The LA Times and Vanity Fair
- Total app sales to top \$100,000 by end of January. GV Inc. revenue to date \$66,455
- App attraction efforts: A 13-point plan coming out of our last strategic planning meeting issued to staff and board. Teams developing action plans.

### **Other Digital Outreach:**

- Podcast: Over 726,000 downloads, continues to grow with this month's listenership up 11% over previous month; podcast averaging 857 listens a day, 6,000 a week, 24,000 a month.
- Instagram: Grapevine 11,500 followers, La Viña 1,565 followers
- YouTube: 12,400 subscribers, 239 videos with 181,874 views. The podcast is now available on YouTube. Grapevine Channel subscribers and any YouTube

user who watches AA related content will get exposure to the podcast on their feeds.

- New YouTube playlist “Blessed” released in January with RSS feed for Podcast.

Hope this snippet helps your reporting until the full report comes out in approximately two weeks.

Best,

Tom