

**Quarterly Financial Report – Alcoholics Anonymous (“AA”)
December 31, 2024 (Fiscal and Calendar Year-end) Unaudited Financial Statements AND
2025 Approved Budgets**

Part I: Overview and Intended Use

The purpose of the Quarterly Financial Report (“QFR”) is to provide regular updates on the financial status of its service entities – the General Service Board of Alcoholics Anonymous, Inc. (“GSB”), Alcoholics Anonymous World Services, Inc. (“AAWS”) and the AA Grapevine, Inc. (“AAGV”) that may be shared with the Fellowship of AA. The operations of these entities include all operations of the General Service Office and Grapevine Office at 475 Riverside Drive in New York City. Pursuant to an Advisory Action of the General Service Conference, this report is distributed each quarter, in English, French and Spanish, to all Conference Members following the quarterly meetings of the GSB. These statements are unaudited and as such as subject to revision.

The QFR Consists of:

- Narrative – Parts II through V Below
- AAWS/GSB Financial Statements
 - Comparative Balance Sheet
 - Comparative Income Statement, Including 2025 Approved Budget
 - Monthly Income Statement
 - Graphs – Contributions, Gross Literature Sales, Gross Margin, Operating Expenses
 - Narrative – 2025 Approved Budget
- AAGV Financial Statements
 - Statement of Financial Position/Balance Sheet
 - Comparative Income Statement, Including 2025 Approved Budget
 - Statement of Activities – Grapevine, Including 2025 Approved Budget
 - Statement of Activities – La Viña, Including 2025 Approved Budget
 - Narrative – 2025 Approved Budget

Note: Balance Sheet and Statement of Financial Position are terms for standard financial reports that show a schedule of assets, liabilities and net assets (assets left over after liabilities). Income Statement and Statement of Activities are both terms for a schedule of revenue, income and gains minus expenses and losses.

**Respectfully Submitted on Behalf of the Trustees Finance and Budgetary Committee and the
General Service Board,**

**Kevin J. Prior, CFA, CPA, Class A (nonalcoholic) Trustee and Chair, Trustees Finance and Budgetary
Committee**

Part II: AAWS/GSB Financial Statements

Consistent with past practice, throughout the year accounting, unaudited reporting, and budgeting for AAWS and the GSB are consolidated. The breakdown for each individual entity is provided annually in the audited financials that are available to everyone in the Final Conference Reports.

II.A. Executive Summary

For the year ended December 31, 2024, total operating revenue is \$19.7 million which is about 0.1% greater than the budget of \$19.7 million. Total operating expenses before depreciation are \$18.7 million, which is about 0.6% less than the budget of \$18.8 million. Operating surplus before depreciation is \$996 thousand compared to a budgeted surplus of \$856 thousand. Literature accounts receivable is \$533 thousand, of which 45.5% is current, 30.4% is less than 60 days past due, and 24.1% is more than 60 days past due. The reserve fund is at 6.47 months of 2024 reforecast GSO, GV, and LV operating expenses versus a target range of 9 to 12 months.

ALL AMOUNTS ARE UNAUDITED AND SUBJECT TO CHANGE. FINAL AUDITED AMOUNTS ARE EXPECTED TO BE DELIVERED AT THE GENERAL SERVICE CONFERENCE.

II. B. AAWS/GSB Key Financial Indicators (“KFI’s”)

GREEN – Favorable Variance

YELLOW – Unfavorable Variance, Informative

RED – Unfavorable, Trustees Finance/Board action and/or discussions ongoing

| Indicator | Versus YTD Reforecast Budget | Versus Prior Year (12 months ended December 31, 2023) |
|--|---|---|
| Contributions | \$11.25M vs \$10.5M, 7% greater than budget | \$11.25M vs \$10.8M, 4% greater than prior year |
| Gross Literature Sales | \$14.5M vs \$16.8M, 14% less than budget | \$14.5M vs \$14.6M, 1% less than prior year |
| Net Literature Sales (Gross Margin) | \$7.6M vs \$8.5M, 10% less than budget | \$7.6M vs \$6.7M, 13% greater than prior year |
| Gross Margin as a Percentage of Gross Literature Sales | 52.9% versus 50.5% | 52.9% versus 46.2% |
| Operating Expenses before depreciation | \$18.7M vs \$18.8M, 0.6% less than budget | \$18.7M vs \$17.5M, 7% more than prior year |
| Operating Surplus before depreciation | \$996K vs \$856K | \$996K vs \$582K |
| Reserve Coverage (# of months) | 6.47 | 7.30 |

II. C. Comparative Balance Sheet Notes

Cash – Cash increased \$4.6M year-over-year. Reflected in this amount are increased Contributions in 2024 and \$3.6M in cash receipts from International Convention registration and souvenir book sales. The International Convention has a separate budget and profit and loss statement, but the funds received to date are recorded on our Balance Sheet in accordance with generally accepted accounting principles (GAAP). This is not additional revenue for the General Service Board or AAWS. There will be associated expenses.

A detailed budget and P&L for the 2025 IC is the responsibility of the convention management vendor Talley Management Group (TMG) with AAWS Board oversight. Reporting on these financials is separate and ongoing and includes a full accounting of Convention income and expenses. However, funds collected to date are our assets and must be included on our Balance Sheet as such.

Accounts Receivable – Accounts receivable, including the receivable from Grapevine, decreased \$347K year-over-year due to more effective collection of literature receivables. Literature receivables more than 60 days past due decreased \$101 thousand year-over-year.

Prepaid Expense – Prepaid expense increased by \$903K due to the recognition of International Convention expenses paid by TMG on our behalf. Prepaid expenses associated with the Convention will be moved to the IC income statement as expenses in July, 2025.

Literature Inventory – Literature inventory was higher in prior years due to the intention to prevent stock-outs during the supply chain issues experienced in 2021 – early 2023. The inventory level as of December 31, 2024 represents “typical” desired levels. Since cash is tied up in inventory before it is sold, the AAWS Board carefully reviews printing of literature to meet needs without maintaining excessive levels of inventory.

Reserve Fund and Grapevine Subscription Liability– See section IV.

Net Fixed Assets – Net Fixed Assets (durable property used for more than one year) decreased by \$1.6 million year-over-year due to depreciation in excess of capital expenditures and amortization of the “Right-to-Use” Asset which quantifies the economic benefit of the leased space at 475 Riverside Drive.

Postretirement Medical Fund – These assets of \$8.8 million and liabilities of \$5.2 million relate to the postretirement medical insurance program which was closed to new hires as of 2016. Asset values vary throughout the year based on changes in market value and medical insurance premiums. The liability is recalculated annually by our actuaries. As of December 31, 2024, the plan had more investment assets than required to meet benefits when due.

Accounts Payable and Accrued Expenses – Accounts payable and accrued expenses decreased \$876 thousand (28%) year over year as improved cash flow enabled more timely payments to vendors.

Deferred Revenue – Deferred Revenue increased by \$4.650M due to the recognition of International Convention registration and souvenir sales. Deferred Revenue associated with the Convention will be moved to the IC income statement as revenue in July, 2025.

Defined Benefit Pension Liability – The defined benefit pension plan was closed to new hires as of January 1, 2013. The assets are held in an irrevocable trust from which benefits are paid. The amount as of December 31, 2024, \$(11.4 M) is a negative liability which represents the fact that assets in the plan exceed benefit obligations. As is the case with the postretirement plan, asset values vary throughout the year based on investment markets and benefit payments. The liability is recalculated annually by our actuaries. As of December 31, 2024, the plan had more investment assets than required to meet benefits when due.

Rent Lease Liability – This reflects the liability for the current lease at 475 Riverside Drive which expires at the end of 2025.

II. D. Reforecast Budget – General (applies to all entities)

The budget, per our Bylaws, is approved by the General Service Board (“GSB”) at its January meeting each year. When needed, the budget is reforecast to reflect any actions by the General Service Conference and any needed adjustments to planning to reflect the actual income and expenses for the year so far. If there is a budget reforecast it is approved by the GSB at its July meeting and from that point forward it becomes the budget for the remainder of the year. The concept of a reforecast budget in July allows for budget revision to reflect any actions by the General Service Conference as well as In Bill W’s words in Concept 11 “At mid-year [the Trustees Finance and Budgetary Committee] will ask for budget revisions if earlier estimates have gone too much wrong”.

The QFRs for the 1st and 2nd Quarters are based on the Original Budget. The QFRs for the third quarter and full-year are based on the Reforecast Budget.

II. E. Reforecast Budget – AAWS/GSB

The 2024 Reforecast Budget was Reported in the Third Quarter QFR.

II. F. Income Statement Notes

Revenue – As noted above, contributions were greater than budget (\$11.25 million versus prior year of \$10.84 million and budget of \$10.50 million). Although gross literature sales and net literature sales were less than budget, the gross margin percentage on those sales (52.9%) was greater than budget (50.5%) due to lower than expected cost of goods sold and lower than prior year (46.2%) due to the literature price increase enacted in 2023 and stabilization of printing costs.

To explain gross margin, if a Big Book is sold for \$11, \$11 goes to gross sales. If that book cost \$5.82 to print and mail, net sales are what we keep, in this case \$5.18. The Gross Margin percentage on this sale is $5.18/11.00 = 47.1\%$.

Expense – Overall, operating expenses before depreciation were slightly below budget.

Operating Surplus before Depreciation – This metric is similar to earnings from operations used in non-profit and for-profit settings. It excludes:

- Depreciation - a non-cash expense for long-lived assets previous purchased and ‘capitalized’
- Support for La Viña (per Advisory Action, the shortfall on publishing La Viña is covered as a service from the General Service Board)
- Volatile financial results such as changes in investments and obligations for pensions and postretirement obligations.

Operating Surplus Before Depreciation for the year ended December 31, 2024 is positive \$996 thousand and is favorable versus 2023 (surplus of \$582 thousand) and budget (surplus of \$856 thousand).

Non-Operating Revenue – Non-operating revenue consists of interest on the reserve fund and gains/losses/income on the investments in the postretirement medical fund.

Non-Operating Expense – Non-operating expenses include LaViña support, changes in valuation of pension liabilities, utilization of the World Service Fund and International Literature Fund and reserve fund draws provided to AAGV. Since AAWS and GSB have a consolidated budget, reserve draws for AAWS do not reflect as a non-operating expense on the income statement.

Operating Surplus/(Deficit) before depreciation net of LaViña support – This measure excludes depreciation (non-cash) and all non-operating items except LaViña support, representing the operating results of AAWS/GSB including all commitments that must be funded from Seventh Tradition Contributions, net Literature Sales and other revenue and whether those commitments were fully covered by these revenue streams.

Part III: AAGV Financial Statements

III. A. Executive Summary

Grapevine operating deficit for 2024 was \$818 thousand versus a reforecast deficit of \$682 thousand. This \$136 thousand variance is due to subscription income which is 14% greater than 2023 but 6% below the reforecast budget. Expenses were slightly below budget.

La Viña revenues and expenses for 2024 both approximate budget and are consistent with 2023 results. The net shortfall from La Viña subscriptions and book sales minus expenses does not flow to the AAGV corporate bottom line; instead, per Advisory Action, it is funded by the GSB.

IMPORTANT: ALL AMOUNTS ARE UNAUDITED AND ARE SUBJECT TO CHANGE. FINAL AUDITED AMOUNTS ARE EXPECTED TO BE DELIVERED AT THE GENERAL SERVICE CONFERENCE.

III. B. AAGV Key Financial Indicators (“KFIs”)

GREEN – Favorable or neutral Variance

YELLOW – Unfavorable Variance, Informative

RED – Unfavorable, Trustees Finance/Board action and/or AAGV Board discussions ongoing

| Indicator | Versus 2024 Reforecast Budget (Dollars in thousands ‘000) | Versus Prior Year (December 31, 2023) (Dollars in thousands ‘000) |
|---|--|--|
| Total Grapevine (“GV”) Subscription Income | \$1,945k vs \$2,067k, 6% behind budget | \$1,945k vs \$1,704k, 14% ahead of prior year |
| Total GV Print-only Circulation | 45,048 vs 46,000, 2% behind budget | |
| GV App + Online + GV Complete Subscriptions | 14,142 vs 18,445, 23% behind budget | |
| Total Circulation | 59,189 vs 64,445, 8% behind budget | 59,189 vs 54,569, 8% ahead of prior year |
| GV Subscription Net Profit Percentage | 42.6% vs 46.9% | 42.6% vs 33.7%, reflecting the impact of price increase |
| GV Total Gross Margin (all products) | \$1,621K versus \$1,765k, 8% behind budget | \$1,621k vs \$1,227k, an increase of 32% reflecting higher prices and impact of higher-margin digital products |
| GV Operating Expenses | \$2,438k versus \$2,447k , approximating budget | \$2,438k vs \$2,091k, 17% increase from prior year reflecting Staffing and other costs related to the App |
| GV Net (Loss) before Reserve Transfers | \$(807k) vs \$(672k) | \$(807k) vs \$(857k) |
| LV Total Gross Margin | \$109k vs \$130k, 16% behind budget | \$109k vs \$139k, a decrease of 22% |
| LV Total Circulation | 7,492 vs 7,869 5% behind budget | 7,492 vs 6,392, 17% greater than prior year |
| LV Expenses | \$674k vs \$691k, 2% ahead of budget | \$674k vs \$894k, a decrease of 25% |
| LV Shortfall | \$(565k) vs \$(561k), approximating budget | \$(565k) vs \$(755k), a decrease of 25% |

III. C. Statement of Financial Position Notes

Cash and Cash Equivalents – Cash decreased year-over-year from \$188k to \$122k. Cash as a percentage of Total Accounts Payable remained constant at 20%.

Inventory – Inventory levels decreased from 2023 as a result of smaller print runs which allows for fewer resources to be invested in inventory.

Subscription Liability Fund – See Part IV Below.

Deferred Subscriptions – The total amount of subscriptions received is recorded as “deferred” until the subscription is fulfilled – magazines are mailed or time passes for a digital subscription. Approximately one-third of these amounts are held in the Reserve Fund (See Section IV below) which provides the funding to fulfill obligations to these subscribers should publication of the magazine or support for the app otherwise cease for new subscribers.

II. D. and II. E. Reforecast Budgets – AAGV

The 2024 Reforecast Budget was Reported in the Third Quarter QFR.

Part III. F. Income Statement Notes

Grapevine:

Final 2024 Grapevine subscriptions are 8% higher than the prior year. Subscription Income is below the 2024 Reforecast approximately 5.8% (\$121k). Direct cost for Subscriptions is over the Reforecast by \$20k, but less than 2023 Direct Costs. Overall, Gross Margin for Grapevine subscription income is under 2024 Reforecast by \$141k but did increase \$254k over the prior year.

GV Content income had an excellent year – sales increased nearly 16% over last year. Gross Margin was very close to Reforecast and \$140k higher than last year.

Overall, Gross Margin total is \$1,621k which is \$144k below the Reforecast and \$394k higher than 2023.

While in-app subscription growth continues to be behind forecast, they averaged a steady 51 per week. We are encouraged by members who subscribe to our “online” and “complete” options, which both provide app access. Currently in-app subs total 5,571, but subscribers with access to the apps total 14,142. We plan to release the apps internationally soon and see strong potential for domestic and international app sales at the Vancouver Convention in July 2025.

Year-to-date expenses were very close to the reforecast, but are also higher than last year, as planned. Total expenses are under budget by \$8k and the net shortfall is \$135k higher than the reforecast.

During October, we discovered that our fulfillment vendor did not properly process automatic renewals for several months. We are negotiating significant credit at the time of this writing, which will reduce 2024 expenses when finalized. However, the amount is unknown and not yet reflected in the financial statements.

La Vina:

La Vina's subscription numbers are also up 17% from last year but 5% below the reforecast. This flows through to revenue, which is also lower than the reforecast.

Content revenue for La Vina continues to perform well and contributes far more to gross margin than subscriptions. Gross margin for subscriptions was \$12k and \$97k for content related revenue.

La Vina expenses were below reforecast and are \$220k less than last year (25%). Overall, La Vina's bottom line approximates the reforecast. The total contribution from the General Service Board is \$190k less than last year.

During October, we discovered that our fulfillment vendor did not properly process automatic renewals for several months. We are negotiating significant credit at the time of this writing which will reduce 2024 expenses when finalized. However, the amount is unknown and not yet reflected in the financial statements.

Part IV: Reserve Fund and Grapevine Subscription Liability

As of December 31, 2024, the Reserve Fund Assets total \$12.46 million consisting of cash and certificates of deposit. Less the liability for unfulfilled Grapevine subscriptions of \$540k, the Reserve Fund Balance is \$11.92 million.

Based on the expense budgets for GSO, Grapevine and La Viña (total \$22.112 million) the reserve fund balance is equal to 6.47 months of operating expenses. The goal range is coverage of 9 to 12 months. Note that the calculation is influenced equally by (1) the size of the Reserve Fund Balance and (2) the level of GSO, Grapevine and La Viña expenses.

At its February 3, 2024, the General Service Board authorized a reserve draw of \$150k to fund inventory build for Grapevine/La Viña in anticipation of strong demand for books at the 2025 International Convention in Vancouver, Canada.

The AAWS/GSB capital budget reflects the cost of the office renovation expected to begin in July 2025 that will ultimately allow for the elimination of the space on the 8th floor following when the lease for that space expires at the end of 2025. The amount of potential reserve funding for this project is not known, and no withdrawals have been requested or authorized. See 2025 AAWS/GSB budget narrative for additional discussion.

Part V: Other Notable Items

None.

**AAWS/GSB
FINANCIAL STATEMENTS
INCLUDING 2025
APPROVED BUDGET**

UNAUDITED

Alcoholics Anonymous World Services
General Service Board of Alcoholics Anonymous
Comparative Balance Sheet
As of December 31
(Thousands of Dollars)

| | 12/31/24 | 12/31/23 | CHANGE | |
|---|---------------|---------------|----------------|--|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash | 5,605 | 978 | 4,627 | Includes convention cash of \$3.6 million - See Notes |
| Accounts Receivable (Literature + GV) | 1,134 | 1,480 | (346) | |
| Prepaid Expense | 1,832 | 930 | 902 | Includes convention prepaid of \$1.2 million - See Notes |
| Literature Inventory | 2,995 | 3,778 | (783) | |
| Reserve Fund | 12,455 | 13,204 | (749) | |
| Total Current Assets | 24,021 | 20,370 | 3,651 | |
| Fixed Assets | | | | |
| Fixed Assets | 4,921 | 7,361 | (2,440) | |
| Accumulated Depreciation | (2,859) | (3,718) | 859 | |
| Net Fixed Assets | 2,062 | 3,643 | (1,581) | |
| Other Assets | | | | |
| Postretirement Medical Fund | 8,790 | 7,950 | 840 | |
| Total Other Assets | 8,790 | 7,950 | 840 | |
| Total ASSETS | 34,873 | 31,963 | 2,910 | |
| LIABILITIES | | | | |
| Accounts Payable | 1,257 | 1,872 | (615) | |
| Accrued Expenses | 902 | 1,163 | (261) | |
| Defined Benefit Pension Liability | (11,415) | (7,184) | (4,231) | |
| Other Liabilities | 30 | 26 | 4 | |
| Deferred Revenue | 4,858 | 208 | 4,650 | Includes \$4.7 million international convention receipts - See Notes |
| Grapevine Subscription Liability | 540 | 573 | (33) | |
| Postretirement Benefit | 5,190 | 5,632 | (442) | |
| Rent Lease Liability | 949 | 1,886 | (937) | |
| Total LIABILITIES | 2,311 | 4,176 | (1,865) | |
| NET ASSETS | | | | |
| Reserve Fund | 11,915 | 12,631 | (716) | |
| Postretirement Medical Fund | 3,600 | 2,318 | 1,282 | |
| Capital Projects Fund | 908 | 1,446 | (538) | |
| Defined Benefit Pension Liability | 11,415 | 7,184 | 4,231 | |
| General Fund | 4,724 | 4,208 | 516 | |
| Total NET ASSETS | 32,562 | 27,787 | 4,775 | |
| Total LIABILITIES AND NET ASSETS | 34,873 | 31,963 | 2,910 | |

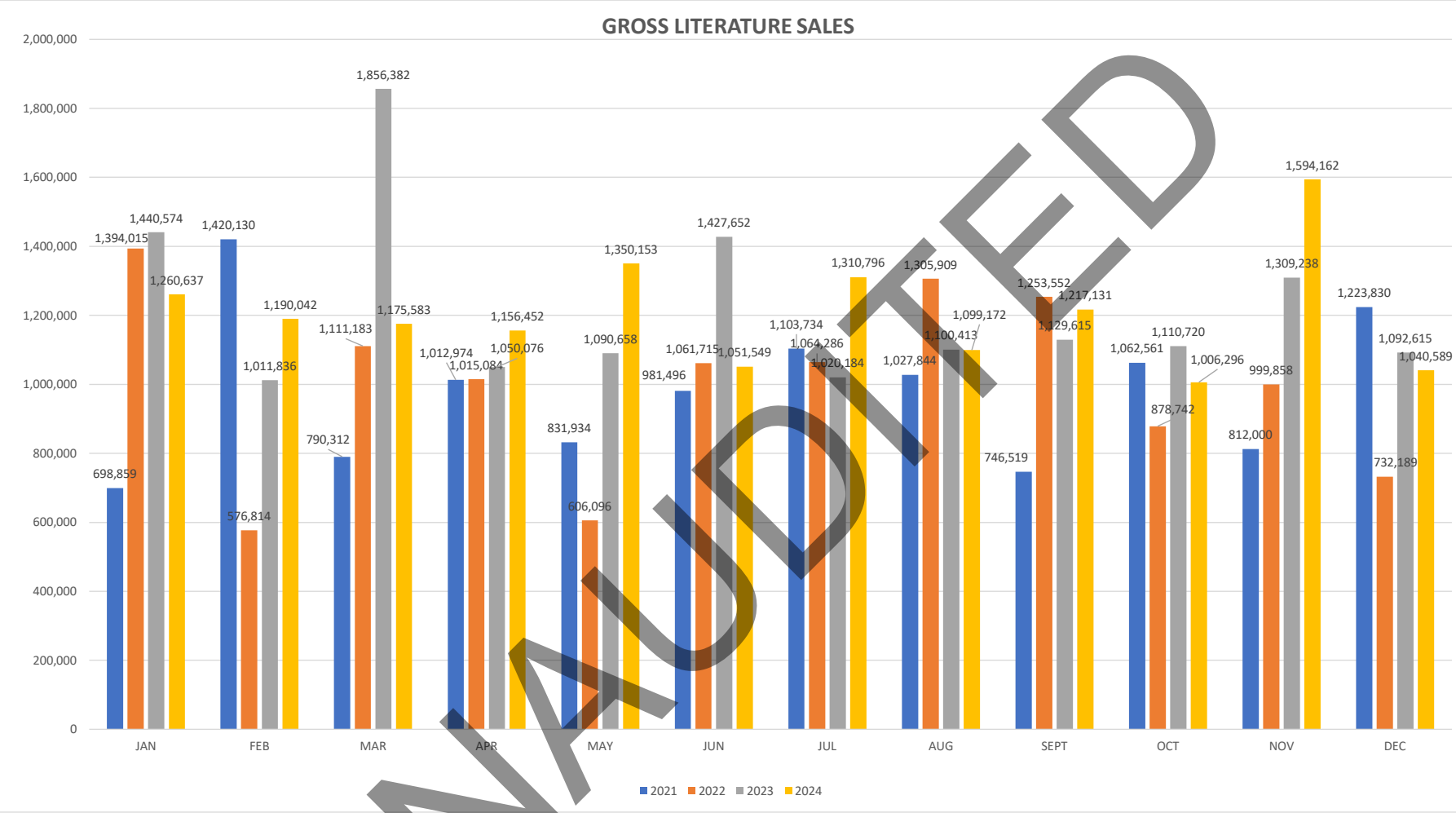
A.A. World Services and General Service Board
Consolidated Comparative Income Statements
(Dollars in Thousands)

| Account | Year Ended December 31, 2024 | Year Ended December 31, 2023 | Variance | 2024 Full Year Reforecast Budget | Variance - Actual to Reforecast | 2025 Full-Year Approved Budget |
|--|---------------------------------|---------------------------------|--------------|--|---------------------------------------|--------------------------------------|
| Operating Revenue | | | | | | |
| Contributions | 11,252 | 10,841 | 411 | 10,500 | 752 | 11,000 |
| International (2024 includes WSM) | 340 | 69 | 271 | 259 | 81 | 90 |
| General Service Conference | 446 | 383 | 63 | 405 | 41 | 415 |
| International Convention (For Sale Items) | 0 | 0 | 0 | 0 | 0 | 268 |
| Gross Literature Sales | 14,452 | 14,641 | (189) | 16,817 | (2,365) | 16,000 |
| Literature Shipping Charges | 340 | 303 | 37 | 336 | 4 | 350 |
| Literature Discounts | (568) | (454) | (114) | (252) | (316) | (400) |
| Cost of Goods Sold | 6,580 | 7,727 | (1,147) | 8,409 | (1,829) | 7,200 |
| Gross Margin | 7,644 | 6,763 | 881 | 8,492 | (848) | 8,750 |
| Total - Operating Revenue | 19,682 | 18,056 | 1,626 | 19,656 | 26 | 20,523 |
| Operating Expense | | | | | | |
| Salary & Benefits | 11,175 | 10,349 | 826 | 11,052 | 123 | 11,233 |
| Payroll Taxes | 752 | 692 | 60 | 776 | (24) | 831 |
| Professional Fees | 1,748 | 1,842 | (94) | 1,863 | (115) | 2,118 |
| Printing, Postage, Supplies, and Subscriptions | 604 | 576 | 28 | 538 | 66 | 575 |
| Data, Automation & Website | 579 | 573 | 6 | 708 | (129) | 702 |
| Insurance | 78 | 71 | 7 | 78 | 0 | 86 |
| Facility & Equipment | 1,287 | 1,224 | 63 | 1,286 | 1 | 1,282 |
| Other | 0 | 0 | 0 | 0 | 0 | 168 |
| Travel & Meetings | 2,463 | 2,147 | 316 | 2,499 | (36) | 2,500 |
| Total - Operating Expense | 18,686 | 17,474 | 1,212 | 18,800 | (114) | 19,495 |
| Operating Surplus Before Depreciation | 996 | 582 | 414 | 856 | 140 | 1,028 |
| Depreciation Expense | 843 | 1,056 | (213) | 950 | (107) | 945 |
| Operating Surplus/(Deficit) After Depreciation | 153 | (474) | 627 | (94) | 247 | 83 |
| Non-Operating Revenue | 1,421 | 1,397 | 24 | 0 | 1,421 | 0 |
| Non-Operating Expense | (3,202) | (627) | (2,575) | 793 | (3,995) | 476 |
| Non-Operating Surplus/(Deficit) | 4,623 | 2,024 | 2,599 | (793) | 5,416 | (476) |
| Total Surplus/(Deficit) | 4,776 | 1,550 | 3,226 | (887) | 5,663 | (393) |
| Operating Surplus/(Deficit) Before Depreciation net of LaViña Support | 431 | (176) | 607 | 287 | 144 | 573 |

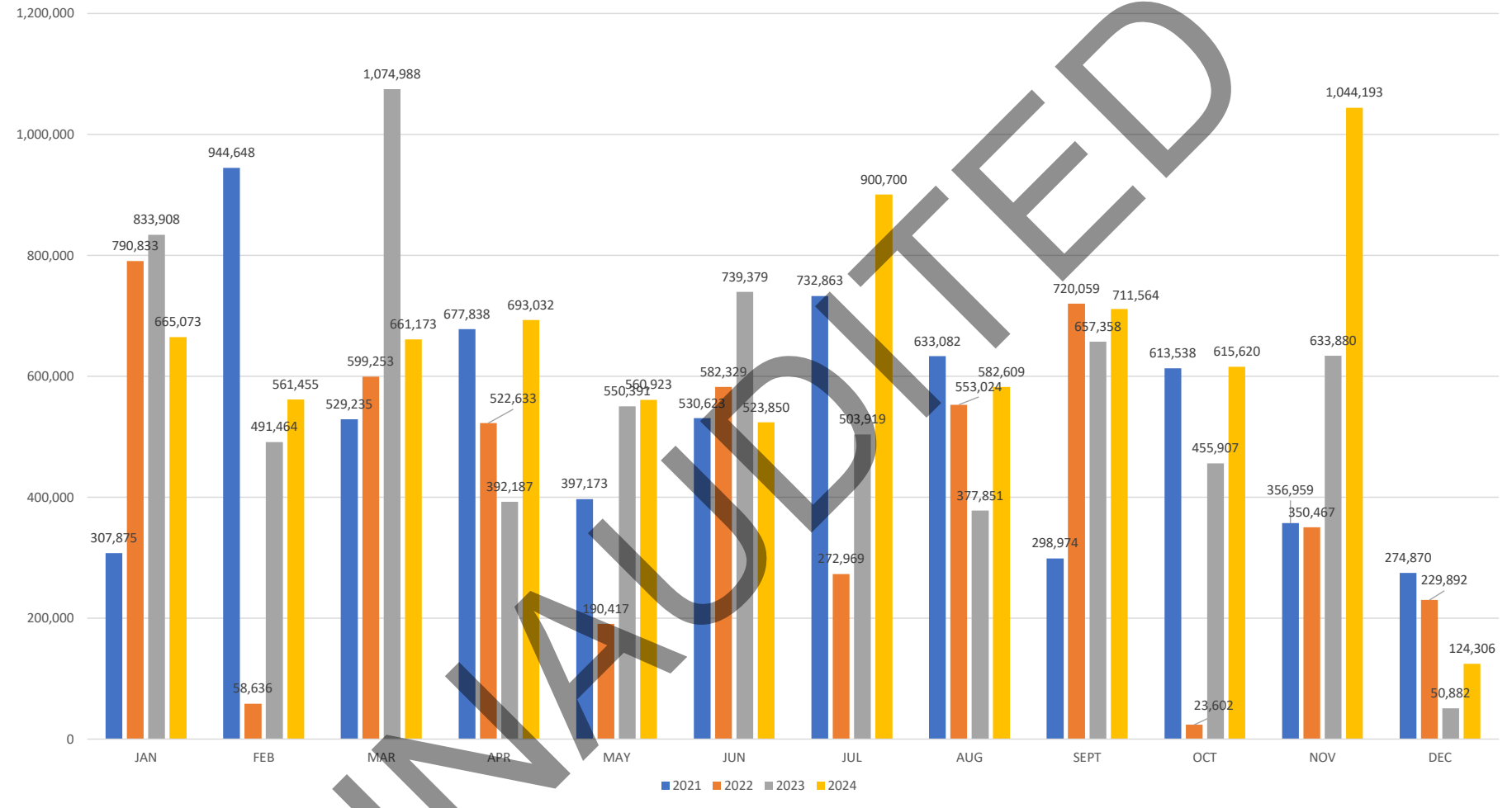
A.A. World Services and General Service Board
 Consolidated
 FINAL Income Statement Compared to Prior Year and Budget
 December 2024

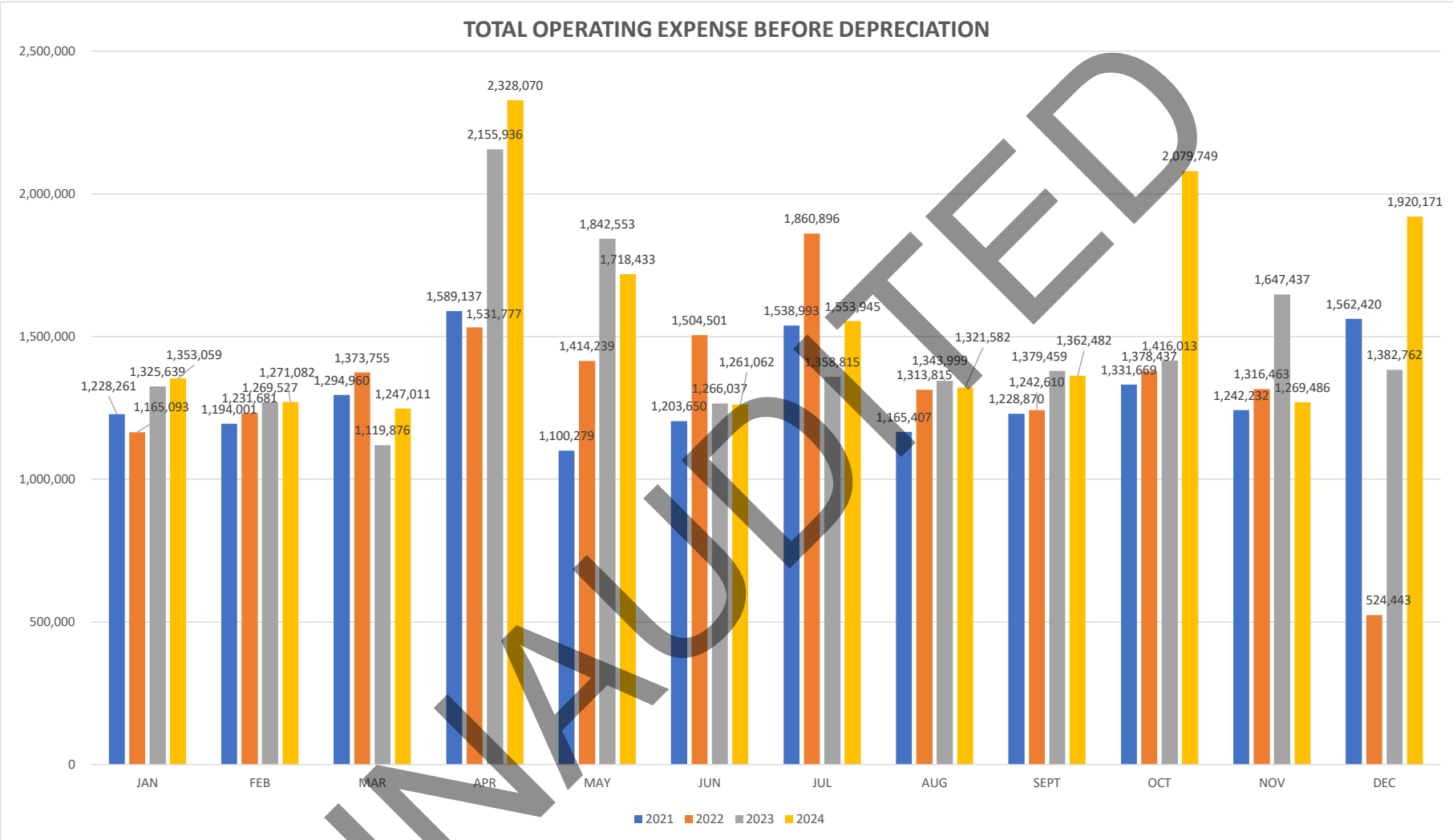
| Account | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | YTD 2024 | Reforecast 1.1 | % of YTD | Budget 6.1 | YTD Actual 2023 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|-------------------|----------------|--------------------|-------------------|
| | | | | | | | | | | | | | | YTD Budget 2024 | Reforecast 1.1 | YTD Budget 2024 | YTD Actual 2023 |
| Operating Revenue | | | | | | | | | | | | | | | | | |
| Total - 40000 - Contributions - Members & Groups | 1,203,920 | 909,457 | 895,403 | 978,812 | 831,902 | 746,366 | 976,705 | 777,193 | 776,074 | 902,987 | 700,721 | 1,552,614 | 11,252,155 | 10,500,000 | 107% | 10,500,000 | 10,841,419 |
| Total - 42000 - International | 5,357 | 522 | 7,357 | 9,352 | 35,328 | 18,748 | 50,766 | 65,172 | 28,174 | 80,755 | 21,996 | 16,530 | 340,037 | 259,000 | 119% | 296,000 | 89,151 |
| Total - 43000 - General Service Conference | 76,607 | 57,671 | 166,382 | 71,810 | 17,300 | 11,700 | 14,200 | 1,655 | 0 | 7,000 | 9,200 | 13,439 | 445,363 | 404,600 | 110% | 404,200 | 382,986 |
| Total Operating Revenue before Literature | 1,285,883 | 967,649 | 1,068,143 | 1,059,975 | 884,531 | 776,814 | 1,041,740 | 843,421 | 804,249 | 990,722 | 731,916 | 1,582,582 | 12,037,555 | 11,163,600 | 108% | 11,149,600 | 11,293,556 |
| Total - 46000 - Literature Sales | 1,185,218 | 1,201,375 | 1,187,960 | 1,173,649 | 1,297,455 | 1,002,975 | 1,239,661 | 1,097,585 | 1,231,468 | 1,016,950 | 1,039,076 | 951,092 | 14,224,464 | 16,901,432 | 84% | 16,901,432 | 14,490,280 |
| Total - Cost Of Sales | 520,144 | 639,320 | 526,787 | 480,617 | 736,532 | 479,125 | 338,961 | 514,976 | 519,904 | 401,330 | 594,883 | 826,785 | 6,579,965 | 8,408,672 | 78% | 8,408,672 | 7,216,949 |
| Literature Gross Margin | 665,073 | 561,455 | 661,173 | 693,032 | 560,923 | 503,850 | 900,700 | 582,609 | 711,564 | 615,620 | 1,044,193 | 124,306 | 8,492,760 | 8,492,760 | 100% | 8,492,760 | 6,763,311 |
| Total Operating Revenue | 1,950,957 | 1,529,104 | 1,729,316 | 1,753,006 | 1,445,454 | 1,300,664 | 1,942,970 | 1,426,030 | 1,515,813 | 1,606,342 | 1,776,110 | 1,706,888 | 19,682,054 | 19,656,360 | 100% | 19,642,360 | 18,056,887 |
| Operating Expense | | | | | | | | | | | | | | | | | |
| 60100 - Payroll & Benefits - Salaries | 581,219 | 691,580 | 703,018 | 715,069 | 1,058,812 | 691,435 | 694,301 | 690,121 | 685,661 | 869,381 | 706,851 | 1,066,418 | 9,153,868 | 9,210,604 | 99% | 9,420,857 | 8,469,058 |
| Total - 60300 - Payroll & Benefits - Employee Benefits | 257,299 | 121,566 | 134,596 | 152,521 | 146,210 | 138,580 | 134,779 | 112,699 | 134,532 | 147,859 | 120,954 | 10,293 | 1,611,888 | 1,431,174 | 113% | 1,267,715 | 1,562,616 |
| Total - 60500 - Payroll & Benefits - Retirement Plan Contributions | 37,882 | 40,024 | 39,739 | 36,208 | 37,298 | 32,951 | 31,669 | 30,856 | 29,628 | 30,812 | 28,674 | 34,153 | 408,155 | 410,211 | 100% | 415,901 | 317,338 |
| Subtotal - 60000 - Payroll & Benefits | 876,400 | 853,171 | 877,353 | 903,797 | 1,242,321 | 862,606 | 860,749 | 833,676 | 845,820 | 1,048,052 | 856,479 | 1,110,864 | 11,176,289 | 11,051,989 | 101% | 11,203,473 | 10,349,012 |
| Total - 60400 - Payroll & Benefits - Payroll Taxes | 68,841 | 67,706 | 60,434 | 57,478 | 85,085 | 55,088 | 55,797 | 53,568 | 52,315 | 64,566 | 51,027 | 79,969 | 752,468 | 776,052 | 97% | 753,212 | 692,343 |
| Total - 70000 - Professional fees | 69,568 | 69,148 | 105,396 | 181,456 | 121,282 | 142,463 | 151,066 | 74,574 | 166,313 | 171,629 | 117,735 | 372,050 | 1,747,679 | 2,863,906 | 84% | 1,821,497 | 1,841,628 |
| Total - 72000 - Printing, Postage, and Supplies Expenses | 39,224 | 34,400 | 25,240 | 36,187 | 32,151 | 42,072 | 53,523 | 51,975 | 103,033 | 55,590 | 42,581 | 61,398 | 604,373 | 538,219 | 112% | 569,769 | 575,949 |
| Total - 73000 - Data, Automation & Website | 43,418 | 61,847 | 22,713 | 34,927 | 73,184 | 27,611 | 53,195 | 66,145 | 46,171 | 46,231 | 45,933 | 59,410 | 578,785 | 702,586 | 82% | 740,663 | 573,591 |
| Total - 74000 - Insurance | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 6,442 | 78,112 | 77,985 | 100% | 82,436 | 70,884 |
| Total - 76000 - Facility & Equipment Expenses | 93,036 | 124,265 | 114,837 | 100,118 | 81,877 | 99,385 | 141,496 | 102,658 | 115,030 | 96,276 | 94,970 | 104,062 | 1,397,410 | 1,285,815 | 100% | 1,277,450 | 1,233,260 |
| Total - 78000 - Travel & Meetings Expenses | 156,130 | 54,104 | 34,595 | 980,665 | 75,492 | 25,495 | 231,677 | 133,045 | 23,359 | 590,963 | 54,318 | 107,174 | 2,462,017 | 2,428,702 | 99% | 2,429,313 | 2,147,709 |
| Total Operating Expense | 1,353,059 | 1,271,082 | 1,247,011 | 1,238,070 | 1,718,433 | 1,261,062 | 1,553,945 | 1,321,582 | 1,362,482 | 2,079,749 | 1,268,486 | 1,920,171 | 18,686,132 | 18,800,214 | 99% | 18,877,813 | 17,474,874 |
| Operating Surplus/(Deficit) Before Depreciation | 597,898 | 258,023 | 482,305 | (675,064) | (272,979) | 39,602 | 388,424 | 104,447 | 153,331 | (473,407) | 506,624 | (213,283) | 895,922 | 856,146 | | 764,547 | 582,013 |
| 76800 - Facility & Equipment Expenses - Depreciation Expense | 77,056 | 69,507 | 71,285 | 71,231 | 71,390 | 70,230 | 69,839 | 69,796 | 70,382 | 68,508 | 67,882 | 66,140 | 843,246 | 950,000 | 89% | 1,020,000 | 1,056,630 |
| Operating Surplus/(Deficit) After Depreciation | 520,842 | 188,516 | 411,021 | (646,295) | (344,370) | (30,627) | 318,586 | 34,651 | 82,949 | (541,914) | 438,742 | (279,423) | 152,676 | (93,854) | | (255,453) | (474,618) |
| Other Income and Expenses | | | | | | | | | | | | | | | | | |
| Other Income | | | | | | | | | | | | | | | | | |
| Total - 45000 - Other Revenue | 56,150 | 243,418 | 250,616 | (257,850) | 301,256 | 162,499 | 207,397 | 192,201 | 193,664 | (108,447) | 16,034 | (176,074) | 1,420,864 | 0 | | 0 | 1,397,013 |
| Total - Other Income | 56,150 | 243,418 | 250,616 | (257,850) | 301,256 | 162,499 | 207,397 | 192,201 | 193,664 | (108,447) | 16,034 | (176,074) | 1,420,864 | 0 | | 0 | 1,397,013 |
| Other Expense | | | | | | | | | | | | | | | | | |
| Total - 92000 - Other Expenses | 24,779 | 23,874 | 19,809 | 17,472 | 15,461 | 7,556 | 20,537 | 29,867 | 20,080 | 9,133 | 11,731 | 54,865 | 268,165 | 193,300 | 139% | 146,600 | 229,585 |
| 92150 - Disbursements from the ILF | 0 | 0 | 3,847 | 113 | 0 | 0 | 0 | 898 | 0 | 0 | 0 | 8,866 | 13,723 | 30,000 | 46% | 30,000 | 17,110 |
| 92600 - Transfers to La Vina | 0 | 2 | 0 | 0 | 148,775 | 0 | 0 | 151,034 | 101,143 | 0 | 37,847 | 133,138 | 571,939 | 569,512 | 100% | 569,512 | 755,749 |
| 93500 - Grapevine Transfers | 564,652 | 9,141 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 573,793 | 0 | | 500,000 | 0 |
| 93800 - Pension | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,140 | 0 | (3,990,586) | (3,976,446) | 0 | | 0 | (2,384,201) |
| 93850 - Post Retirement Medical Plan | 5,481 | 0 | 0 | 6,293 | 0 | 0 | 6,340 | 0 | 0 | 6,681 | 4,525 | (682,595) | (653,275) | 0 | | 0 | 254,364 |
| 93950 - Inventory Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Total - Other Expense | 598,912 | 33,017 | 23,656 | (281,728) | 164,236 | 7,556 | 26,877 | 181,799 | 130,222 | 29,984 | 86,103 | (6,476,313) | (8,202,102) | 792,812 | -404% | 746,112 | (627,474) |
| Net Other Income | (538,762) | 210,402 | 226,960 | (281,728) | 137,019 | 154,943 | 180,519 | 10,403 | 63,442 | (138,401) | 297,931 | 4,300,239 | 4,622,966 | (792,812) | | (746,112) | 2,024,487 |
| Surplus/(Deficit) | (17,920) | 398,018 | 637,980 | (928,023) | (207,850) | 124,315 | 499,105 | 45,054 | 146,941 | (680,315) | 736,673 | 4,020,816 | 4,775,641 | (886,666) | | (1,001,265) | 1,549,870 |





LITERATURE GROSS MARGIN





Alcoholics Anonymous World Services / General Service Board

2025 Consolidated Budget Presentation

During a September 2023 financial strategic planning session, the AAWS Board discussed the importance of improved communications regarding our finances. This includes financial reports, but also financial planning. It was agreed that we would aim to tell more of the story rather than only provide the data. In 2024 an overview of the period from 2018 to 2024 and some key points for the planning for 2024 and beyond were shared. For 2025 we will continue this approach, updating the information to reflect the outcomes of 2024 and the 2025 budget as well as adding information about future planning. We must understand where we are and how we got there to effectively plot a path forward. We hope this information is useful to you, and we welcome your feedback.

“What we were like”

In 2018 and 2019, Finances were stable and getting stronger. The table below outlines how we were doing at that time:

| Key Financial Indicator | 2018 | 2019 |
|---|-----------------|------------------------|
| Seventh Tradition Contributions | \$ 8.4 Million | \$ 8.86 Million, up 6% |
| Gross Literature Sales | \$ 14.2 Million | \$14.4 Million |
| Net Literature Sales (aka Gross Margin) | \$ 9.5 Million | \$9.4 Million |
| Gross Margin Percentage | 66% | 65% |
| Operating Income/(Loss) | \$ 400 thousand | \$ (380 thousand) |
| Reserve Coverage (Months) | 9.7 | 9.2 |
| Reserve Draws | None | None |

2019 had budgeted net income of \$501 thousand but this was not achieved due to expenses that exceeded budget related to contract reviews (which are now conducted via a new streamlined process) and the financial impact of the ERP system implementation (lots of lessons learned moving from a homegrown system involving multiple databases to an enterprise system). Inflation rates were 2%.

Reserve Coverage was within the desired range of 9 to 12 months. For reference, the last time the Reserve Fund was “full” (12 months) was 2011.

“What happened”

2020 and 2021 were the pandemic years. AA, which relies heavily on face-to-face communication for recovery and service at all levels, was acutely affected. The biggest impacts were:

- Meetings forced to suspend or transition to online formats
- Closing of the GSO, intergroups, and central offices, followed by virtual operations
- The cancellation of the 2020 International Convention scheduled for July 2020 in Detroit
- Movement of 2 General Service Conferences and multiple Regional Forums to a virtual format

The biggest financial stories during this time were:

- A precipitous drop in literature sales as a result of the loss of in-person gatherings
- A large increase in seventh tradition contributions
- More employees took advantage of early retirement than expected, possibly due to the pandemic
- We did not partake in any of the US financial assistance programs offered to organizations, such as the PPP Forgivable Loan Program and we were not eligible for the Employee Retention Tax Credit
- The financial impact of the Convention cancellation was greatly offset by event cancellation insurance
- Reserve Draws to maintain operations – AAWS and AAGV were able to sustain services and maintain employment for the staff during this time

In 2021, expenses were artificially low due, in part, to the curtailment of almost all travel, which allowed for the operating income shown above. Since reserve fund coverage is reserve balance divided by expenses, these low 2021 expenses made the reserve coverage temporarily higher. Though 2021 had positive operating income, inflation had begun eroding gross margin on literature. Supply chain issues and rapid rises in paper and printing cost meant much of the cash generated in 2021 had to be invested in higher-cost literature inventory. Inflation rates increased up to 4.7% in 2021, 7% in 2022, and 3.4% in 2023.

The days of 60% + gross margin were long over. In 2022 the drop in gross margin resulted in an operating loss of \$1.6 million. During 2023, \$500,000 was drawn from the Reserve Fund to build the Grapevine and LaViña apps, which were launched later in 2023. The 20% literature price increase on April 2, 2023 – the first increase since 2014 – began to reverse the declining gross margin trend. Its full impact was not felt until 2024.

The tables below outline how we were doing through that time:

| Key Financial Indicator | 2020 | 2021 |
|---|--------------------------|--|
| Seventh Tradition Contributions | \$ 10.3 Million, up 16% | \$ 10.77 Million, up 5% |
| Gross Literature Sales | \$ 9.1 Million, down 36% | \$11.7 Million, up 28% |
| Net Literature Sales (aka Gross Margin) | \$ 6.5 Million, down 30% | \$6.3 Million, down 4% |
| Gross Margin Percentage | 71% | 54% |
| Operating Income/(Loss) | (\$ 2.1 million) | \$ 1.6 million |
| Reserve Coverage (Months) | 7.9 | 8.5 (artificially high due to temporarily lower expenses) |
| Reserve Draws | \$4,000,000 | \$250,000 Reinvestment |

| Key Financial Indicator | 2022 | 2023 |
|---|---------------------------|-------------------------|
| Seventh Tradition Contributions | \$ 10.55 Million, down 2% | \$ 10.84 Million, up 5% |
| Gross Literature Sales | \$ 12.0 Million, up 3% | \$ 14.4 Million, up 28% |
| Net Literature Sales (aka Gross Margin) | \$ 4.9 Million, down 22% | \$6.76 Million, down 4% |
| Gross Margin Percentage | 41% | 47% |
| Operating Income/(Loss) | \$ (1.6 million) | \$ 338 thousand |
| Reserve Coverage (Months) | 7.3 | 7.1 |
| Reserve Draws | None | \$500,000 |

“What we are like now”

Detailed information on 2024 results is provided on pages 10 and 11 of this report. 2024 reflects a period of stabilization. Inflation continued at 2.9%.

To help clarify the results of these impacts over this period, see below for graphs to show revenue and expenses over this timeline.

“A vision for you”

The 2025 AAWS/GSB Consolidated Budget

The AAWS Board and the Trustees Finance and Budgetary Committee, along with management, work continuously to assess emerging trends and respond accordingly. This includes advancing or deferring projects based on available resources, need and impact. Priority and emphasis are always given to Conference Advisory Actions. Discussions regarding the importance of the Reserve Fund are ongoing.

The 2025 approved budget is included on the Comparative Income Statement (Page 11) of this Report.

Key Highlights are:

Budgeted Revenue:

- 2025 contributions:
\$11,000,000, which is slightly lower than 2024 actuals.
- 2025 Gross literature sales:
Gross Literature Sales are budgeted conservatively at \$16 million. 2024 actual sales of \$14.5 million included sales of only the first print run of the Plain Language Big Book. The full impact of this new title will occur in 2025. *Note: The literature budget does not anticipate sales of any new items. Any new items that the Conference may approve can be added to the budget at the time of the July reforecast if they are projected to be available prior to the end of 2025.*
- 2025 Gross Margin:
Estimated at 55% of literature sales. The preliminary figure for 2024 actual gross margin is 52.9% of gross sales, we are not anticipating a return to the 2018 gross margin levels of 66%.
- 2025 *International Convention Related:*
The Convention has a separate budget and financial statement. The AAWS/GSB budget does include the margin from for-sale items expected to be sold by AAWS at the Convention and reimbursement of AAWS costs for planning and staffing the Convention.

Budgeted Expenses:

Expenses must always be considered relative to inflation. Operating expenses (including depreciation) included in the budget of \$20.5 million are higher than ever before, but so are costs. In fact, looking at 2014 operating expenses of \$16 million, if these grew by the amount of the Consumer Price Index (inflation) from 2014 to

2024, they would have grown to \$21.2 million over that same period, indicating that, over time, expenses have been contained within the level of inflation or less.

Operating Income:

The budget for Operating income (inclusive of LaViña expenses but before depreciation) is to be \$574 thousand.

Non-cash expense (depreciation):

Depreciation is an accounting practice used to spread the cost of a tangible or physical asset over its useful life. These items were paid for in a prior year, there is no cash expense in the current year. Depreciation reflects the decreasing value of an asset over the period rather than current spending. After subtracting depreciation of \$945 thousand from the Operating Income of \$574 thousand the result is minus \$393 thousand.

Cash Flow:

Net cash flow for 2025 is projected to be a negative \$941 thousand, primarily driven by the budgeted expenditures for office renovation of \$2.03 million. These are capital expenditures, meaning that they will be expensed in future years as depreciation over the term of the new lease (10 years, from 2026 to 2035).

Deferred Projects:

Expenses are budgeted based on the budgets set by each Trustees committee, what is needed to carry out Conference actions, and what is required for services and operations. Proposed expenses are reviewed, prioritized and in some cases deferred pending available funds. See below for a detailed description of the budget process and for an updated list of deferred projects.

| DEPARTMENT | PROJECT | AMOUNT |
|-------------------------|--|----------------|
| Publishing | Audio Pamphlet: "Young People and A.A." The print version began with an Advisory Action in 2016. New stories for the print version were approved by the 72 nd GSC. The quality of these new stories has prompted the idea to do an audio version. The estimate includes all three languages, postproduction and proofreading. . | 40,000 |
| Publishing | ASL digital production – items to be decided | 44,000 |
| Publishing | Audiobook production – professional narration of titles not yet in audio format | 50,000 |
| Public Information | Paid PSA placement on streaming platform. Estimate based on preliminary expense research. | 50,000 |
| Communications Services | Website development: newsroom feature, AA Near You Phase 2, Improved SEO | 50,000 |
| Communications Services | How To Videos | 20,000 |
| Staff Services | Defer hire of Staff member as floater | 100,891 |
| Technology Services | Technology review - consulting on technology plans, validation of assumptions, and benchmarking technology spend | 125,000 |
| Technology Services | International Data Map – Discovery phase postponed to 2025 by Trustees International Committee. This project was first proposed in 2017. | 10,000 |
| Technology Services | AAWS app high level design | 30,000 |
| Technology Services | Artificial Intelligence Discovery Project | 27,000 |
| | TOTAL DEFERRED PROJECTS | 546,891 |

Summary of budget development and approval process

- 1) The AAWS Board began the 2025 budget proposal process in September of 2024 with financial strategic planning discussions.
- 2) The CFO worked with the office to develop a draft budget.
- 3) The draft budget was carefully reviewed by the AAWS Board and shared with the Trustees Finance and Budgetary Committee (TFBC) in a consultative process that resulted in several iterations of the draft budget.
- 4) Version 5.1 was forwarded to TFBC for consideration at the Q1 General Service Board (GSB) meeting. This was accepted and recommended to the General Service Board, with some additional changes to reflect actions taken by other Trustees Committees (for example: Regional Forums add virtual components, changes to the Conference budget).

For further information please refer to the interview with the GSB Treasurer that was included in the Spring 2023 edition of Box 459. Available here: https://www.aa.org/sites/default/files/newsletters/f-36_spring2023_1.pdf

The AAWS Board engages in ongoing Strategic Planning, and financial planning is always large part of the discussion.

As noted in Concept IX “We must think about our service needs as they relate to general economic conditions, group capability, and willingness to contribute. On many such problems often we must try to think months and years ahead.” Concept XI states that in the Trustees Finance and Budgetary Committee “All should be realists, and a pessimist or two can be useful” and goes on to say, “The safe course will usually lie midway between reckless budget-slashing and impudent spending.” We must seek balance and take care to avoid making decisions that look good for the current year but fail to ensure that needed investments are made in the tools that we rely on for services, communications, and operations or result in higher costs later.

Any plan is subject to change pending Advisory Actions of the General Service Conference, therefore traditional strategic planning is not well suited to the consolidated AAWS/GSB services and budgeting. However, we do continuously plan and make estimates for our future reevaluating along the way.

Expenses:

To a large degree we communicate and provide the resources needed to support services using technology, many of the actions requested by those we serve require technological resources to deliver and due to the nature of technology ongoing maintenance and development are needed. Translation requests have continued to increase, and we must either limit the extent of translations or increase resources to fulfil the requests, study of this is in progress both in GSO and on the AAWS Board. Basic operating expenses and publishing materials are subject to inflation, this is closely watched but difficult to accurately project.

Revenue:

Contributions are typically budgeted based on the prior year, with consideration of trends that may indicate contributions are likely to be higher or lower. Since 2022, contributions have increased steadily at approximately 3% per year.

Literature sales are typically budgeted based on the prior year, with consideration of trends that indicate literature sales are likely to be higher or lower. Further, there is consideration of any new items becoming available in the upcoming budget year. The AAWS Board reviews literature pricing and considers if any changes are needed.

AAWS considered potential new literature items including Fourth Edition Alcohólicos Anónimos (Spanish Language Big Book), Fifth Edition Alcoholics Anonymous (English Language Big Book) as having potential to be additional revenue in upcoming years, pending the outcome of the General Service Conference.

Summary:

Emphasis was placed on the need for continued effective financial management and ongoing focus on the reserve fund. We discussed conducting annual reviews of literature pricing, taking care to ensure timely alignment of pricing with costs. We discussed the importance of advancing discussions to the Conference level, engaging with the General Service Board, and potentially utilizing regional forums for further discussion. We seek to use all available avenues to ensure openness, consistency, and participation; and to support maintaining accountability.

Further reporting from the AAWS Board will take place at the 75th General Service Conference.

UNAUDITED

AAGV

FINANCIAL STATEMENTS

INCLUDING 2025

APPROVED BUDGET

UNAUDITED

AA Grapevine Inc.
Statement of Financial Position (Balance Sheet)
As of December 31, 2024
(Dollars in Thousands)

| | (Unaudited) | (Audited) | Variance |
|---|-------------------|-------------------|--------------|
| | December 31, 2024 | December 31, 2023 | |
| Assets | | | |
| Current Assets | | | |
| Cash And Cash Equivalents | \$ 122 | \$ 188 | \$(66) |
| Accounts Receivable Net | 226 | 275 | (49) |
| Accounts Receivable GSB | 91 | 407 | (316) |
| Subscription Liability Fund | 573 | 573 | - |
| Inventory | 301 | 389 | (88) |
| Total Current Assets | 1,313 | 1,832 | (519) |
| Other Assets | | | |
| Prepaid Expenses/Security | 114 | 66 | 48 |
| Fixed Assets Net | 500 | 508 | (8) |
| Total Other Assets | 614 | 574 | 40 |
| Total Assets | \$ 1,927 | \$ 2,406 | (479) |
| Liabilities and Net Assets | | | |
| Liabilities | | | |
| Accounts Payable | \$ 202 | \$ 239 | \$(37) |
| Inter-Company Due to AAWS | 408 | 689 | (281) |
| Total Accounts Payable | 610 | 928 | (318) |
| Other Current Liabilities | 324 | 151 | 173 |
| Deferred Subscriptions | 1,547 | 1,669 | (122) |
| Total Other Current Liabilities | 1,871 | 1,820 | 51 |
| Total Liabilities | 2,481 | 2,748 | (267) |
| Total Net Assets | (554) | (342) | (212) |
| Total Liabilities And Net Assets | \$ 1,927 | \$ 2,406 | (479) |

AA Grapevine Inc.
Statements of Activities

| | Actual | Reforecast Budget | Actual vs Reforecast Budget | Prior Year as of December 31, 2023 | Actual vs. Prior Year | 2025 Full Year Approved Budget |
|--|---------------------|---------------------|-----------------------------|------------------------------------|-----------------------|--------------------------------|
| Grapevine | | | | | | |
| Circulation (Average Number of Subscribers) | | | | | | |
| GV Print subscriptions | 45,048 | 46,000 | (952) | | | 44,488 |
| GV Complete (Print and Online) | 5,422 | 5,745 | (323) | | | 5,633 |
| GV Online subscriptions | 3,149 | 4,800 | (1,651) | | | 4,410 |
| GV App subscriptions | 5,571 | 7,900 | (2,329) | | | 8,966 |
| Total Circulation | 59,190 | 64,445 | (5,255) | 54,569 | 4,621 | 63,497 |
| Revenue per Print subscription | \$ 2.41 | \$ 2.52 | \$ (0.11) | | | 2.58 |
| Revenue GV Complete (Print and Online) | \$ 3.84 | \$ 3.94 | \$ (0.10) | | | 3.94 |
| Revenue per GV Online subscription | \$ 2.28 | \$ 2.35 | \$ (0.07) | | | 2.74 |
| Revenue per App subscription | \$ 2.57 | \$ 2.64 | \$ (0.07) | | | 2.33 |
| Income | | | | | | |
| Subscription Income | | | | | | |
| Subscription Income | \$ 1,302,244 | \$ 1,396,012 | \$ (93,768) | \$ 1,260,582 | \$ 41,662 | \$ 1,378,461 |
| Mobile App Income | 171,731 | 182,752 | (11,021) | 29,192 | 142,539 | 250,707 |
| Back Issues | 47,543 | 46,711 | 832 | 69,271 | (21,728) | 145,000 |
| GV Complete | 249,766 | 260,224 | (10,458) | 257,241 | (7,475) | 266,643 |
| Prior Year Revenue Adjustment | 87,772 | 87,772 | 0 | - | 87,772 | - |
| GV Online | 86,049 | 93,176 | (7,127) | 87,630 | (1,581) | 145,001 |
| Total Subscription Income | \$ 1,945,105 | \$ 2,066,647 | \$ (121,542) | \$ 1,703,916 | \$ 241,189 | \$ 2,185,812 |
| Direct Cost | | | | | | |
| Magazine Production | \$ 552,737 | \$ 555,306 | \$ (2,569) | \$ 570,235 | \$ (17,498) | \$ 577,600 |
| Audio Production | 28,558 | 19,037 | 9,521 | 20,284 | 8,274 | 27,000 |
| Postage | 508,555 | 494,275 | 14,280 | 533,551 | (24,996) | 500,000 |
| GV App | 25,674 | 27,329 | (1,655) | 4,379 | 21,295 | 37,606 |
| Total Direct Cost | \$ 1,115,524 | \$ 1,095,947 | \$ 19,577 | \$ 1,128,449 | \$ (12,925) | \$ 1,142,206 |
| Net Profit On Subscription | \$ 829,581 | \$ 970,700 | \$ (141,119) | \$ 575,467 | \$ 254,114 | \$ 1,043,606 |
| Content Related Income | | | | | | |
| Books and Booklets | \$ 1,019,634 | \$ 1,022,584 | \$ (2,950) | \$ 884,042 | \$ 135,592 | \$ 1,039,337 |
| International Convention-Related | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 189,410 |
| Other Items | 49,192 | 26,761 | 22,431 | 38,367 | 10,825 | 53,100 |
| Content Related Income | 1,068,826 | 1,049,345 | 19,481 | 922,409 | 146,417 | 1,281,847 |
| Content Related Direct Cost | 277,195 | 254,781 | 22,414 | 270,948 | 6,247 | 318,100 |
| Net Profit Other Published Items | \$ 791,631 | \$ 794,564 | \$ (2,933) | \$ 651,461 | \$ 140,170 | \$ 963,747 |
| Total Gross Margin | \$ 1,621,212 | \$ 1,765,264 | \$ (144,052) | \$ 1,226,928 | \$ 394,284 | \$ 2,007,353 |
| Expenses | | | | | | |
| Editorial | | | | | | |
| Personnel and Temporary Help | \$ 486,701 | \$ 504,486 | \$ (17,785) | \$ 735,550 | \$ (248,849) | \$ 378,665 |
| Professional Fees | 72,177 | 78,174 | (5,997) | 87,361 | (15,184) | 25,000 |
| Occupancy | 23,892 | 30,690 | (6,798) | 30,650 | (6,758) | - |
| Office Supplies, Equipment, Other | 33,957 | 44,736 | (10,779) | 58,176 | (24,219) | - |
| Website | 86,388 | 59,153 | 27,235 | 176,222 | (89,834) | 65,000 |
| Total Editorial | \$ 703,115 | \$ 717,239 | \$ (14,124) | \$ 1,087,959 | \$ (384,844) | \$ 468,665 |
| Circulation And Business | | | | | | |
| Personnel and Temporary Help | \$ 1,016,569 | \$ 1,003,721 | \$ 12,848 | \$ 457,492 | \$ 559,077 | \$ 943,929 |
| Fulfillment Cost | 250,861 | 219,394 | 31,467 | 180,607 | 70,254 | 225,000 |
| Professional Fees | 114,139 | 129,708 | (15,569) | 52,451 | 61,688 | 85,000 |
| Meetings and Conferences | 27,430 | 29,696 | (2,266) | 25,481 | 1,949 | - |
| Occupancy | 32,567 | 34,258 | (1,691) | 30,699 | 1,868 | - |
| Office Supplies, Equipment, Other | 112,444 | 120,114 | (7,670) | 162,755 | (50,311) | 103,538 |
| Website and App | 54,802 | 74,398 | (19,596) | 4,494 | 50,308 | 48,000 |
| Total Circulation and Business | \$ 1,608,812 | \$ 1,611,289 | \$ (2,477) | \$ 913,979 | \$ 694,833 | \$ 1,405,467 |
| General And Administrative | | | | | | |
| Depreciation | \$ 112,512 | \$ 101,429 | \$ 11,083 | \$ 69,172 | \$ 43,340 | \$ 140,000 |
| Occupancy and Insurance | - | - | - | - | - | \$ 67,080 |
| Meetings and Conferences | - | - | - | - | - | \$ 35,000 |
| Office Supplies and Other | 14,223 | 17,357 | (3,134) | 19,722 | (5,499) | 35,003 |
| Total General and Administrative | 126,735 | 118,786 | 7,949 | 88,894 | 37,841 | 277,083 |
| Total Expenses | \$ 2,438,662 | \$ 2,447,314 | \$ (8,652) | \$ 2,090,832 | \$ 347,830 | \$ 2,151,215 |
| Interest on Reserve Fund Subscription Liability | 9,600 | 9,600 | - | 6,760 | 2,840 | \$ 9,000 |
| Net Income (Loss) Grapevine | \$ (807,850) | \$ (672,450) | \$ (135,400) | \$ (857,144) | \$ 49,294 | \$ (134,862) |
| Transfer from Reserve Fund | 564,652 | 564,652 | - | 500,000 | 64,652 | \$ - |
| Net after Transfer from Reserve Fund | \$ (243,198) | \$ (107,798) | \$ (135,400) | \$ (357,144) | \$ 113,946 | \$ (134,862) |

Net AAGV Change in Net Assets per 2023 Grapevine Audited Financial Statements

(357,144)

AA Grapevine Inc.
Statement of Activities

| | Actual for the Year Ended December 31, 2024 | 2024 Reforecast Budget | Actual vs Reforecast Budget | Prior Year Ended December 31, 2023 | Actual vs. Prior Year | 2025 Full Year Approved Budget |
|---|---|---------------------------|--------------------------------|---------------------------------------|--------------------------|-----------------------------------|
| La Viña | | | | | | |
| Circulation (Average Number of Subscribers) | | | | | | |
| LV Print subscriptions | 7,006 | 7,300 | (294) | | | 7,683 |
| LV Complete (Print and Online) | 131 | 113 | 18 | | | 200 |
| LV Online subscriptions | 80 | 56 | 24 | | | 92 |
| LV App subscriptions | 275 | 400 | (125) | | | 563 |
| Total Circulation | 7,492 | 7,869 | (377) | 6,392 | 1,100 | 8,538 |
| Revenue per Print subscription | \$ 2.28 | \$ 2.46 | \$ (0.18) | | | 2.78 |
| Revenue LV Complete (Print and Online) | \$ 3.64 | \$ 3.54 | \$ 0.10 | | | 4.02 |
| Revenue per LV Online subscription | \$ 1.80 | \$ 1.72 | \$ 0.08 | | | 2.19 |
| Revenue per App subscription | \$ 1.26 | \$ 2.50 | \$ (1.24) | | | 2.32 |
| Income | | | | | | |
| Subscription Income | | | | | | |
| Subscription Income | \$ 96,039 | \$ 102,510 | \$ (6,471) | \$ 81,590 | \$ 14,449 | \$ 128,153 |
| Mobile App Income | 2,077 | 3,352 | (1,275) | 313 | 1,764 | 7,840 |
| Back Issues | 14,062 | 16,049 | (1,987) | 15,803 | (1,741) | 19,000 |
| LV Complete | 2,853 | 2,332 | 521 | 4,704 | (1,851) | 4,827 |
| Prior Year Revenue Adjustment | (6,177) | (6,177) | 0 | - | (6,177) | - |
| LV Online | 863 | 559 | 304 | 9,379 | (8,516) | 1,202 |
| Total Subscription Income | \$ 109,717 | \$ 118,625 | \$ (8,908) | \$ 111,789 | \$ (2,072) | \$ 161,022 |
| Direct Cost | | | | | | |
| Magazine Production | \$ 62,292 | \$ 60,805 | \$ 1,487 | \$ 43,463 | \$ 18,829 | \$ 65,000 |
| Audio Production | 12,680 | - | 12,680 | 13,271 | (591) | - |
| Postage | 22,866 | 20,076 | 2,790 | 24,632 | (1,766) | 22,500 |
| LV App | 310 | 1,573 | (1,263) | 50 | 260 | 1,176 |
| Total Direct Cost | \$ 98,148 | \$ 82,454 | \$ 15,694 | \$ 81,416 | \$ 16,732 | \$ 88,676 |
| Gross Margin On Subscription | \$ 11,569 | \$ 36,171 | \$ (24,602) | \$ 30,373 | \$ (18,804) | \$ 72,346 |
| Content Related Income | | | | | | |
| Books and Booklets | \$ 128,927 | \$ 126,411 | \$ 2,516 | \$ 124,342 | \$ 4,585 | \$ 201,669 |
| Other Items | 8,659 | 6,457 | 2,202 | 14,708 | (6,049) | 15,250 |
| Content Related Income | 137,586 | 132,868 | 4,718 | 139,050 | (1,464) | 216,919 |
| Content Related Direct Cost | 40,230 | 39,502 | 728 | 30,322 | 9,908 | 61,502 |
| Gross Margin Other Published Items | \$ 97,356 | \$ 93,366 | \$ 3,990 | \$ 108,728 | \$ (11,372) | \$ 155,417 |
| Total Gross Margin | \$ 108,925 | \$ 129,537 | \$ (20,612) | \$ 139,101 | \$ (30,176) | \$ 227,763 |
| Expenses | | | | | | |
| Editorial | | | | | | |
| Personnel and Temporary Help | \$ 258,889 | \$ 286,791 | \$ (27,902) | \$ 433,436 | \$ (174,547) | \$ 273,167 |
| Professional Fees | 10,167 | 14,508 | (4,341) | 30,203 | (20,036) | 5,000 |
| Occupancy | 9,769 | 17,505 | (7,736) | 14,145 | (4,376) | - |
| Office Supplies, Equipment, Other | 8,187 | 11,110 | (2,923) | 10,492 | (2,305) | - |
| Website | 15,354 | 17,354 | (2,000) | 80,364 | (65,010) | 17,350 |
| Total Editorial | \$ 302,366 | \$ 347,268 | \$ (44,902) | \$ 568,640 | \$ (266,274) | \$ 295,517 |
| Circulation And Business | | | | | | |
| Personnel and Temporary Help | \$ 247,940 | \$ 231,789 | \$ 16,151 | \$ 204,827 | \$ 43,113 | \$ 249,868 |
| Fulfillment Cost | 52,021 | 30,102 | 21,919 | 56,549 | (4,528) | 34,500 |
| Professional Fees | 37,180 | 32,365 | 4,815 | 23,657 | 13,523 | 14,000 |
| Occupancy | 7,299 | 12,915 | (5,616) | 10,222 | (2,923) | - |
| Office Supplies, Equipment, Other | 8,609 | 8,923 | (314) | 17,869 | (9,260) | 2,813 |
| Total Circulation and Business | \$ 353,049 | \$ 316,094 | \$ 36,955 | \$ 313,124 | \$ 39,925 | \$ 301,181 |
| General And Administrative | | | | | | |
| Depreciation | \$ 18,959 | \$ 27,350 | \$ (8,391) | \$ 13,086 | \$ 5,873 | \$ 40,000 |
| Meeting and Conference | - | - | - | - | - | 11,231 |
| Occupancy and Insurance | - | - | - | - | - | 31,860 |
| Office Expenses and Other | - | - | - | - | - | 3,600 |
| Total General and Administrative | 18,959 | 27,350 | (8,391) | 13,086 | 5,873 | 86,691 |
| Total Expenses | \$ 674,374 | \$ 690,712 | \$ (16,338) | \$ 894,850 | \$ (220,476) | \$ 683,389 |
| GSB Support | 565,449 | 561,175 | 4,274 | 755,749 | (190,300) | 455,626 |
| Net La Viña Shortfall | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net LaViña Operations per 2023 Grapevine Audited Financial Statements | | | | (755,749) | | |

Note> GSB Support for LaViña during the year will differ from amounts shown in the GSB financial statements due to the timing of incurrence of expenses and the process of seeking reimbursement from the GSB.

2025 BUDGET NARRATIVE

Grapevine

Grapevine average circulation in 2024 is now over 59,000 per month (all formats) which is a 9% increase over the 2023 average circulation of 54,569. We have experienced the largest subscription growth with the App and with the online version of the magazine. Print magazine subs declined slightly during 2024 and Complete subs remained constant.

The average sub count in the 2025 budget is forecasted to be 63,497.

Grapevine is developing strong marketing campaigns to increase App subscriptions, especially toward the 30K members who have downloaded the app but have not yet subscribed. We also expect to see growth during the International Convention.

Overall, 2025 Subscription revenue is projected to be \$2.2 million. Gross margin on subscriptions is projected to be \$1.0 million in 2025.

Grapevine has budgeted a deficit of \$134k. This deficit approximates budgeted depreciation (non-cash) and capital expenditures are minimal. As such, this deficit is not expected to result in a reserve fund draw. The draw that is requested in 2025 is to allow for an inventory build leading up to the International Convention.

La Viña

Subscription revenue:

La Vina circulation increased an incredible 17% during 2024. The 2025 budget La Vina subscriptions includes circulation of 8,538.

Content Income:

Content Income is an important revenue source for La Vina. Historically, it is significantly larger than subscription income. With additional offerings in 2025, Content Income is expected to be almost \$217k with a gross margin of \$155k.

La Vina will have a deficit of \$455,626 to be reimbursed by GSB. This is a reduction from the \$565k support required in 2024 (unaudited, subject to change) and a 25% reduction from the support level required in 2023. This is the result of both revenue growth and prudent reduction in costs.