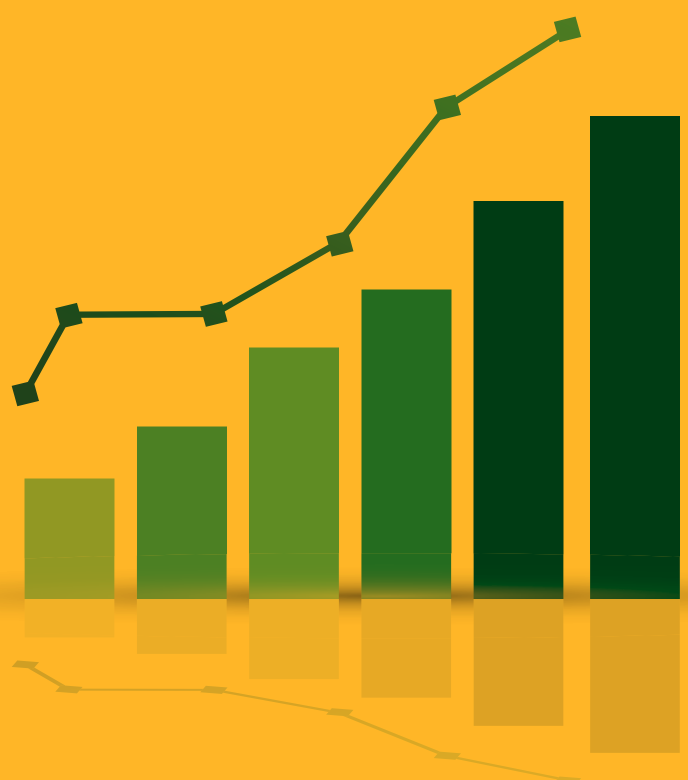
2020

"A Clear Vision for You"

The 70th Annual Meeting of the General Service Conference of

ALCOHOLICS ANONYMOUS



FINANCE REPORT

CONFIDENTIAL

Report of the Independent Auditor

Independent Auditor's Report

July 22, 2020

The Board of Trustees
The General Service Board of
Alcoholics Anonymous, Inc.
475 Riverside Drive, New York, New York 10115

Members of the Board:

We have audited the accompanying consolidated financial statements of The General Service Board of Alcoholics Anonymous, Inc. and its Affiliates, Alcoholics Anonymous World Services, Inc. and Alcoholics Anonymous Grapevine, Inc. (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

Marks Paneth
Accountants and Advisors
New York, NY

THE GENERAL SERVICE BOARD
OF ALCOHOLICS ANONYMOUS, INC.
ALCOHOLICS ANONYMOUS WORLD SERVICES, INC.
ALCOHOLICS ANONYMOUS GRAPEVINE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 — Organization and Nature of Activities: The General Service Board of Alcoholics Anonymous, Inc., ("GSB") and its affiliates A.A. World Services, Inc. ("AAWS") and AA Grapevine, Inc. ("AAGV") (collectively, the "Organization") are not-for-profit organizations organized in New York for the purpose of assisting in the formation of A.A. groups and coordinating the A.A. program of rehabilitating alcoholics throughout the world, and publishing books, magazines, pamphlets and other material directly related to that purpose. The trustees of GSB are ex officio members of AAWS and AAGV, and as such, elect their boards of directors. As members, they also have the sole right to amend the AAWS and AAGV bylaws and approve their budgets.

GSB, AAWS and AAGV are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The activities of GSB are conducted in five separate funds, as follows:

GENERAL FUND — This fund is comprised of those assets not included in any of the other funds and that may be used for any purpose for which the Organization was formed. These purposes presently include activities related to communication and information services to A.A. groups and members, public information, cooperation with the professional community and regional, national and international meetings, conferences and conventions.

RESERVE FUND — This fund was established in 1954 for the purpose of accumulating a prudent operating reserve, which during 1977, was redefined by a special General Service Board Committee as the prior year's combined operating expenses of AAWS, AAGV and the general fund of GSB. The committee also recommended that all investment activities of the operating entities be consolidated into the Reserve Fund. That advisory action was approved by the Board of Trustees and since that time, all funds of the operating entities in excess of those required for working capital have been transferred to the Reserve Fund. Included in such transfers from AAGV have been amounts held for unfulfilled subscriptions reflected as a liability of the Reserve Fund on the accompanying consolidated statement of financial position. Any withdrawals from the Reserve Fund must be specifically authorized by the Board of Trustees upon recommendation of the Trustee's Finance Committee.

CAPITAL PROJECTS FUND — This fund accounts for the cost of leasehold improvements and computer hardware and software incurred under major capital projects and records depreciation on such assets.

POSTRETIREMENT MEDICAL FUND — In 2016, a goal of accumulating assets was established to fund 100% of the liability by 2025.

CONVENTION FUND — A separate fund established to record the direct revenue and expenses of international A.A. conventions held every five years. These events are separate from the regular operations of the General Service Office ("GSO"), but the general fund receives any excess of revenue and pays any excess of expense resulting from the activity.

From a historical perspective, the net direct result of all conventions held to date is approximately an excess of income of $1,350,000 and presently resides with all other income not required for working capital in the Reserve Fund.

Note 2 — Summary of Significant Accounting Policies:

A. ***Basis of Consolidation*** — The consolidated financial statements of the Organization have been prepared by consolidating the financial statements of GSB, AAWS and AAGV. All material intercompany transactions and balances (when applicable) have been eliminated in the consolidation.

B. ***Basis of Presentation*** — The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").

C. ***Net Assets*** — The Organization maintains its net assets under the following classes:

Without donor restrictions — This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of the Organization's operations over which the Board of Directors has discretionary control.

With donor restriction — This represents net assets subject to donor-imposed stipulations that will be met by actions of the Organization or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

All net assets of the Organization are net assets without donor restrictions as of December 31, 2019 and 2018.

D. ***Cash and Cash Equivalents*** — The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

E. ***Investments*** — Investments are stated at fair value. Interest, dividends and gains and losses on investments are reflected in the accompanying consolidated statements of activities as increases and decreases in net assets without donor restrictions.

F. ***Fair Value Measurements*** — Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

G. ***Inventory*** — Inventory is valued at the lower of cost or net realizable value, as determined on the first-in first-out method. Net realizable value is defined as the estimated selling price (in the ordinary course of business) less reasonably expected costs for completion, disposal and transportation. Literature distributed without charge is included in the cost of printing as a reduction of inventory. Inventory costs include paper, printing, binding and shipping.

H. ***Property and Equipment*** — Property and equipment are stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. The Organization capitalizes property and equipment with a useful life of one year or more and a cost of at least $1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the estimated useful life or the term of the lease.

I. ***Revenue Recognition*** — The Organization earns revenue from the publication of magazines and distribution of literature. Magazine revenue is recorded as subscriptions are

fulfilled. Revenue from the distribution of other publications are recognized when goods are shipped. Payments received in advance related to subscriptions are reflected as deferred revenue on the accompanying consolidated statements of financial position.

J. ***Contributions*** — The Organization accepts donations from A.A. groups and members. Contributions are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are considered as increases in net assets without donor restrictions if the restrictions are satisfied in the period in which the contributions are recognized. The Organization does not receive or solicit pledges, so contributions are recorded as revenue when cash is received. For the years ended December 31, 2019 and 2018, all contributions were included in net assets without donor restrictions.

K. ***Allowance for Uncollectible Receivables*** — The Organization provides a reserve for uncollectible accounts receivable based on management's assessment of the current status of individual accounts outstanding, the creditworthiness of its customers, the aged basis of the receivable and prior historical experience. As of December 31, 2019 and 2018, the Organization determined an allowance of approximately $21,000 was necessary for accounts receivable.

L. ***Functional Allocation of Expenses*** — The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. The Organization only considers costs that are directly spent for the fellowship as program expenses. Other expenses are not indirectly allocated and are considered as supporting services.

M. ***Use of Estimates*** — The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. ***Operating Measure*** — The Organization includes in its definition of operations all revenues and expenses that are an integral part of its program and supporting activities. Changes in retirement liabilities, support for La Viña, and intercompany and interfund transfers are recognized as non-operating activities.

O. ***Reclassification*** — Certain items in prior year supplemental analysis for La Viña that were reclassified to conform to the current year presentation.

P. ***Recent Accounting Pronouncements*** — During the year ended December 31, 2019, the Organization adopted Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*". ASU 2014-09 created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification ("ASC"). Topic 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 30-40, Other Assets and Deferred Costs – Contracts with Customers to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Organization adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. The new guidance did not impact the Organization's change in net assets for the years ended December 31, 2019 and 2018. Further, the Organization did not have any contract assets or contract liabilities as of December 31, 2019 and 2018. Accounts receivable as of December 31, 2019 and 2018 are presented on the accompanying consolidated statements of financial position, and accounts receivable as of January 1, 2018 amounted to $410,999.

ASU 2018-08 provides guidance to assist the Organization in accounting for contributions. The Organization considers whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and a right of return of assets transferred or a right of releases of a resource provider's obligation to transfer assets. ASU 2018-08 was adopted retrospectively and had no impact on the change in net assets for the year ended December 31, 2019.

Note 3 — Liquidity and Availability of Resources for Operating Expenditures: AAWS regularly monitors its financial assets available to meet general expenditures during the course of twelve months. It operates within a budget and anticipates collecting sufficient revenue to cover general expenditures. AAWS and GSB have six non-interest-bearing accounts that enable them to meet these needs.

The Reserve Fund was established in 1954 for the purpose of accumulating a prudent operating reserve, which, during 1977 was re-defined as one year's combined operating expenses of AAWS, AAGV and the General Fund of GSB Since the inception of this fund, the one-year target has changed to nine to twelve months of combined operating expenses. To assure liquidity, the Reserve Fund shall contain investment instruments having maturities of one year or less in an amount equal to the sum of the unearned AAGV subscription liability and the operating cash requirements of the service entities. The balance of the Reserve Fund shall be invested in instruments with maturities of between zero and ten years, provided that at no time shall more than 50% of the principal amount of such balance consist of investments having maturity dates of five or more years.

The Organization considers all expenditures related to its ongoing program as well as services undertaken to support these activities to be general expenditures.

The Organization's liquid financial assets were as follows as of December 31:

	2019	2018
Cash and cash equivalents	$4,362,492	$3,396,035
Investments	22,801,022	21,762,993
Accounts receivable, net	410,999	378,577
Total financial assets	27,574,513	$25,537,605

The Organization's liquid financial assets available to meet general expenditures of the next twelve months were as follows as of December 31:

	2019	2018
Cash and cash equivalents	$4,362,492	$3,396,035
Accounts receivable, net	410,999	378,577
Total financial assets	5,773,491	$3,774,612

The Reserve Fund is not considered available for operations.

Note 4 — Investments: As described in Note 1, all funds of the Organization not required for working capital are invested in the Reserve Fund of G.S.B. In accordance with established policy, the Reserve Fund invests in certificates of deposit.

The postretirement medical fund holds investments designed to assist in reaching the stated goal of accumulating assets equal to 100% of the accrued postretirement health benefits by December 31, 2025. This fund invests in bond and equity mutual funds.

Investments were as follows as of December 31:

	2019	2018
Reserve fund:		
Certificates of deposit	$16,059,350	16,325,250
Postretirement medical fund:		
Mutual funds — bond funds	2,266,304	1,997,301
Mutual funds — equity funds	4,475,368	3,440,442
	6,741,672	5,437,743
	$22,801,022	$21,762,993

Investments are subject to market volatility that could substantially change their carrying value in the near term. Investment activity consisted of the following for the years ended December 31:

	2019	2018
Interest and dividends	$458,345	$392,213
Unrealized (loss) gain	1,008,290	(361,747)
Investment expenses	(35,256)	(35,105)
	$1,431,379	$(4,639)

Note 5 — Fair Value Measurements: The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market value data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in mutual funds are valued on quoted market prices and valued at Level 1. Investments in certificates of deposit are valued using observable market data and are valued at Level 2.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2019 and 2018, there were no transfers.

Financial assets carried at fair value as of December 31, 2019 are classified as follows:

	Level 1	Level 2	Total
Reserve fund:			
Certificates of deposit		$16,059,350	$16,059,350
Postretirement medical fund:			
Mutual funds — bond funds	2,266,304		2,266,304
Mutual funds — equity funds	4,475,368		4,475,368
	$6,741,672	$16,059,350	$22,801,022

Financial assets carried at fair value as of December 31, 2018 are classified as follows:

	Level 1	Level 2	Total
Reserve fund:			
Certificates of deposit		$16,325,250	$16,325,250
Postretirement medical fund:			
Mutual funds — bond funds	1,997,301		1,997,301
Mutual funds — equity funds	3,440,442		3,440,442
	$5,437,743	$16,325,250	$21,762,993

Note 6 — Property and Equipment:

Property and equipment consisted of the following as of December 31:

	2019	2018	Estimated Useful Lives
Furniture and equipment	$953,591	$948,764	8 years
Computers and software	1,519,062	1,812,958	3-5 years
Leasehold improvements	1,192,445	4,131,917	Life of lease
Total cost	3,665,098	6,893,639	
Less: accumulated depreciation and amortization	(1,506,198)	(5,366,156)	
Net book value	$2,158,900	$1,527,483	

Depreciation and amortization expense amounted to $375,844 and $502,128 for the years ended December 31, 2019 and 2018, respectively. Fully depreciated property and equipment amounting to $4,235,803 was disposed of during the year ended December 31, 2019.

Note 7 — Concentration: Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with a bank that may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accounts are insured up to $250,000 per depositor. As of December 31, 2019 and 2018, cash and cash equivalents held in banks exceeded FDIC limits by approximately $1,899,000 and $900,000, respectively.

Note 8 – Postretirement Health Benefits: The Organization provides health care benefits for retired employees, substantially all of whom become eligible if they attain retirement age while working at the GSO. Benefits are provided through health insurance contracts maintained by the Organization.

For employees hired before 2004, 25% of the cost is borne by the retirees.

For employees hired after January 1, 2004 through June 30, 2016, there is a three-tier structure in the level of group medical insurance premiums paid for on behalf of employees who retire directly from the GSO. For employees with 5-9 years of service, the Organization pays 25%, 10-15 years, 50%, and more than 15 years, 75%.

In March 2016, the Organization decided to no longer provide healthcare benefits upon retirement for employees hired after June 30, 2016.

The assumed health care cost trend rate used to measure the expected cost of benefits covered by the plan was 4.5% and 5.1% as December 31, 2019 and 2018, respectively. A discount rate of 3.28% and 4.26% has been used to measure the accrued postretirement health benefit obligation reflected on the accompanying consolidated statements of financial position as of December 31, 2019 and 2018, respectively.

As described in Note 1, a postretirement medical fund has been created by the Board with the purpose of accumulating assets to fund 100% of the postretirement health benefits liability. As of December 31, 2019 and 2018, this fund had assets with a fair value of $6,846,071 and $5,487,251, respectively. As required under U.S. GAAP, such assets are not reported net of the related postretirement benefit obligation on the accompanying consolidated statements of financial position.

The benefit obligation amounted to $6,398,120 and $6,836,634 as of December 31, 2019 and 2018, respectively. The net change in the retirement liability is reported as non-operating activity in the accompanying consolidated statements of activities and amounted to $883,862 and $1,032,682 for the years ended December 31, 2019 and 2018, respectively.

The net periodic benefit cost for the years ended December 31, 2019 and 2018, amounted to $445,364 and $495,636, respectively.

The expected postretirement benefits to be paid for the next ten years are as follows:

2020	$ 229,167
2021	251,074
2022	262,366
2023	272,606
2024	283,773
2025-2029	$1,500,240

Note 9 — Retirement Plan: The Organization adopted a defined benefit pension plan (the "Plan") effective January 1, 1965 to provide retirement benefits to eligible employees who have completed one year of service.

The Plan provides an annual benefit equal to two percent of final average compensation multiplied by years of service (not to exceed 35 years), less 0.65% of average social security earnings multiplied by years of service (not to exceed 30 years). The social security offset cannot reduce the gross benefit by more than 50%.

During 2017, the Plan was amended to provide a limited window from October 10 through November 22, 2017 to allow deferred vested participants the opportunity to elect to receive a lump sum distribution if the present value of their benefit was less than $100,000 as of December 1, 2017.

The funding status of the Plan as of December 31 is as follows:

	2019	2018
Change in benefit obligation:		
Benefit obligation at beginning of the year	$35,238,092	$36,894,234
Service cost	553,886	562,966
Interest cost	1,460,687	1,284,233
Actuarial (gain) loss	5,116,004	(1,851,266)
Benefits paid	(1,658,231)	(1,652,075)
Benefit obligation at end of year	40,710,438	35,238,092
Fair value of plan assets	39,773,400	33,059,042
Funded status	$(937,038)	$(2,179,050)
Accrued pension benefit obligation recognized in the consolidated statement of financial position	$(937,038)	$(2,179,050)

The components of the net periodic benefit cost for the years ended December 31 are as follows:

	2019	2018
Service cost	553,886	$ 562,966
Interest cost	1,460,687	1,284,233
Expected return on plan assets	(2,302,182)	(2,422,441)
Amortization of prior service cost	22,214	22,214
Amortization of actuarial loss	1,087,338	877,086
Net Periodic cost	$ 821,943	$ 324,058

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the years ended December 31 are as follows:

	2019	2018
Actuarial loss	$ (545,597)	$(2,130,159)
Amortization of prior service cost	22,214	22,214
Amortization of actuarial loss	1,087,338	877,086
Net Periodic cost	$ 563,955	$(1,230,859)

Weighted-average assumptions used to determine benefit obligations were as follows a as of December 31:

	2019	2018
Discount rate	3.22%	4.21%
Salary increases	4.0%	3.0%
Expected long-term return on assets	7.0%	7.0%

Weighted-average assumptions used to determine net periodic pension cost for the years ended December 31, 2019 and 2018, were as follows:

	2019	2018
Discount rate	4.21%	3.55%
Salary increases	4.0%	3.0%
Expected long-term return on assets	7.0%	7.0%

The expected rate of return on plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

The fair value of plan assets as of December 31, 2019 were classified as follows:

	Level 1	Total
Cash and cash equivalents	$ 1,402,203	$ 1,402,203
Mutual funds — domestic equity	22,339,690	22,339,690
Mutual funds — international equity	4,655,271	4,655,271
Mutual funds — bond funds	11,376,236	11,376,236
	$39,773,400	$39,773,400

The fair value of plan assets as of December 31, 2018 were classified as follows:

	Level 1	Total
Cash and cash equivalents	$ 930,500	$ 930,500
Mutual funds — domestic equity	17,825,496	17,825,496
Mutual funds — international equity	3,582,646	3,582,646
Mutual funds — bond funds	10,720,400	10,720,400
	$33,059,042	$33,059,042

The expected benefits to be paid for the next ten years are as follows:

2020	$ 1,862,356
2021	1,899,402
2022	1,949,245
2023	1,996,950
2024	2,066,304
2025-2029	$10,914,799

For both of the years ended December 31, 2019 and 2018, the Organization contributed $1,500,000 to the Plan.

Effective January 1, 2013, the Organization implemented a soft freeze of the Plan. Employees in the Plan as of December 31, 2012 continue to accrue benefits; however, employees hired after that date are eligible to participate in a new defined contribution plan. The Organization contributes 5% of eligible salary plus a 50% match on employee contributions up to a maximum of 5% of eligible salary. For the years ended December 31, 2019 and 2018, contributions to the defined contribution plan amounted to approximately $208,000, and $194,000, respectively.

Note 10 — Commitments and Contingencies:

A. The Organization has a lease agreement for the office space at 475 Riverside Drive in New York City expiring on December 31, 2025. Future minimum annual rent payments related to the lease for each of the five years ended after December 31, 2019 are as follows:

2020	$1,019,000
2021	1,026,000
2022	1,020,000
2023	1,034,000
2024	1,014,000
Thereafter	1,815,000
	$6,142,000

Rent expense for real property amounted to $1,080,450 and $846,761 for the years ended December 31, 2019 and 2018, respectively.

B. The Organization believes it had no uncertain tax positions as of December 31, 2019 and 2018, in accordance with ASC Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Note 11 — Intercompany and Interfund Transactions: As of December 31, 2019 and 2018, GSB owed AAWS $6,651,446 and $4,671,183, respectively, for various organizational expenses.

The Reserve Fund of GSB includes transfers from AAGV that represent amounts held for unfulfilled subscriptions. This balance amounted to $1,893,500 and $1,943,500 as of December 31, 2019 and 2018, respectively. The balance is reflected as an asset of AAGV and a liability of the Reserve Fund of G.S.B on the accompanying consolidated statements of financial position. In addition, as of December 31, 2019 and 2018, the Reserve Fund owes A.A.G.B. an additional $30,435 and $19,560, respectively.

As described in Note 1, funds of the operating entities in excess of those required for working capital are transferred to the Reserve Fund. For the years ended December 31, 2019 and 2018, such transfers made to the Reserve Fund were as follows:

	2019
Transferred from AAWS	$1,400,000
Transferred (to) from AAGV	(44,000)
	$1,356,000

Additionally, $227,917 and $251,000 were transferred from the General Fund and AAWS to the Postretirement Medical Fund for the years ended December 31, 2019 and 2018, respectively. Funds of $458,597 and $32,386 were transferred from the General Fund and AAWS to the Capital Projects Fund for the years ended December 31, 2019 and 2018, respectively.

Note 12 — Subsequent Events: Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through July 22, 2020, the date the consolidated financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the mission, financial condition and results of operations of the Organization will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, we cannot predict the extent to which our financial condition and results of operations will be affected.

Exhibit A

The General Service Board of Alcoholics Anonymous, Inc.
Alcoholics Anonymous World Services, Inc. • Alcoholics Anonymous Grapevine, Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year Ended December 31, 2019 (with comparative totals for 2018)

	General Service Board of A.A.									
	General Fund	Reserve Fund	Capital Projects Fund	Postretirement Medical Fund	Pension Benefits	A.A. World Services, Inc.	A.A. Grapevine, Inc.	Eliminations	Consolidated Total 2019	Consolidated Total 2018
ASSETS										
Cash and cash equivalents (Notes 2D & 7)	$2,195,057	$1,785,956		$104,399		$81,282	$195,798		$4,362,492	$3,396,035
Investments (Notes 2E, 2F, 4, 5 & 8)		16,059,350		6,741,672					22,801,022	21,762,993
Accounts receivable, net (Note 2K)						325,015	85,984		410,999	378,577
Inventory (Note 2G)						2,208,647	282,221		2,490,868	1,870,581
Prepaid expenses and other assets	947,835	283,402				440,780	104,335		1,776,352	1,050,205
Due from affiliates/ intercompany funds (Note 11)						6,651,446	1,893,500	(8,544,946)		
Property and equipment, net (Notes 2H & 6)			1,405,274			526,775	226,851		2,158,900	1,527,483
Total Assets	**$3,142,892**	**$18,128,708**	**$1,405,274**	**$6,846,071**		**$10,233,945**	**$2,788,689**	**$(8,544,946)**	**$34,000,633**	**$29,985,874**
LIABILITIES										
Accounts payable and accrued expenses (Note 11)	$6,656,531	$1,923,935				$1,090,152	$199,937	$(8,544,946)	$1,325,609	$1,198,309
Deferred revenue (Note 2I)	3,243,388						1,721,184		4,964,572	1,806,516
Postretirement benefit (Note 8)				6,398,120					6,398,120	6,836,634
Accrued pension benefit (Note 9)					937,038				937,038	2,179,050
Total Liabilities	**$9,899,919**	**$1,923,935**		**$6,398,120**	**$937,038**	**$1,090,152**	**$1,921,121**	**$(8,544,946)**	**$13,625,339**	**$12,020,509**
COMMITMENTS AND CONTINGENCIES (Note 10)										
NET ASSETS – WITHOUT DONOR RESTRICTIONS (Note 2c)	(6,757,027)	16,204,773	1,405,274	447,951	(937,038)	9,143,793	867,568		20,375,294	17,965,365
Total Liabilities and Net Assets	**$3,142,892**	**$18,128,708**	**$1,405,274**	**$6,846,071**		**$10,233,945**	**$2,788,689**	**$(8,544,946)**	**$34,000,633**	**$29,985,874**

The accompanying notes are an integral part of these financial statements.

Exhibit B

The General Service Board of Alcoholics Anonymous, Inc.
Alcoholics Anonymous World Services, Inc. • Alcoholics Anonymous Grapevine, Inc.

CONSOLIDATED STATEMENT OF ACTIVITY

Year Ended December 31, 2019 (with comparative totals for 2018)

	General Service Board of A.A.						A.A. Grapevine, Inc.				
	General Fund	**Reserve Fund**	**Capital Projects Fund**	**Postretirement Medical Fund**	**Pension Benefits**	**A.A. World Services, Inc.**	**Grapevine**	**La Viña**	**Total**	**Consolidated 2019**	**Consolidated 2018**
OPERATING REVENUE AND SUPPORT:											
Gross sales revenue (Note 2L)						$14,405,490	$2,944,736	$132,389	$3,077,125	$17,482,615	$17,189,351
Less: discounts						(190,311)				(190,311)	(215,445)
Net sales						14,215,179	2,944,736	132,389	3,077,125	17,292,304	16,973,906
Cost of literature distributed											
Printing						(2,883,756)	(228,102)	(30,358)	(258,460)	(3,142,216)	(3,058,328)
Direct shipping and warehousing						(1,972,672)	(769,298)	(36,936)	(806,234)	(2,778,906)	(2,498,094)
Gross profit from literature						9,358,751	1,947,336	65,095	2,012,431	11,371,182	11,417,484
Contributions (Note 2J)	8,863,480									8,863,480	8,385,009
Investment income (Notes 2E and 3)		269,442		1,130,919		100	30,918		30,918	1,431,379	(4,639)
TOTAL OPERATING REVENUE AND SUPPORT	8,863,480	269,442		1,130,91		9,358,851	1,978,254	65,095	2,043,349	21,666,041	19,797,854
OPERATING EXPENSES (Note 2L):											
Program services	6,524,317					3,069,354	1,676,207	362,487	2,038,694	11,632,365	11,021,408
Supporting services	3,778,931		196,353	445,364	821,943	3,521,290	307,683		307,683	9,071,564	8,051,537
TOTAL OPERATING EXPENSES	10,303,248		196,353	445,364	821,943	6,590,644	1,983,890	362,487	2,346,377	20,703,929	19,072,945
OPERATING SURPLUS (LOSS)	(1,439,768)	269,442	(196,353)	685,555	(821,943)	2,768,207	(5,636)	(297,392)	(303,028)	962,112	724,909
NON-OPERATING ACTIVITIES AND OTHER (Note 2N):											
G.S.B. support for La Viña	(297,392)							297,392	297,392		
Intercompany and interfund transfers (Note 11)	(1,958,597)		458,597	227,917	1,500,000	(206,250)	(21,667)		(21,667)		
CHANGE IN NET ASSETS BEFORE PENSION-RELATED CHANGES	(3,695,757)	269,442	262,244	913,472	678,057	2,561,957	(27,303)		(27,303)	962,112	724,909
Pension and post-retirement changes other than net period costs				883,862	563,955					1,447,817	(198,177)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(3,695,757)	269,442	262,244	1,797,334	1,242,012	2,561,957	(27,303)		(27,303)	2,409,929	526,732
Net Assets — Without donor restrictions — Beginning of Year	(3,061,270)	15,935,331	1,143,030	(1,349,383)	(2,179,050)	6,581,836	894,871		894,871	17,965,365	17,438,633
NET ASSETS — WITHOUT DONOR RESTRICTIONS — END OF YEAR	**$(6,757,027)**	**$16,204,773**	**$1,405,274**	**$447,951**	**$(937,038)**	**$9,143,793**	**$867,568**		**$867,568**	**$20,375,294**	**$17,965,365**

The accompanying notes are an integral part of these financial statements.

The General Service Board of Alcoholics Anonymous, Inc.
Alcoholics Anonymous World Services, Inc.
Alcoholics Anonymous Grapevine, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019 (with comparative totals for 2018)

	Program Services																				Supporting Services					
	Literature Distribution	Literature Development	Group Services	Public Information	Cooperation with Profes. Community	Treatment / Accessibility	Correctional Facilities	Loners and Overseas Services	General Service Conference	Regional Forums	Archives	Nominating	Trustee and Director Activities	World Service Meeting	Commu- nication	Spanish Services	International Convention	Grapevine	La Viña	Total Program Services	General Service Board	A.A.W.S.	Grapevine	Total Supporting Services	Total 2019	Total 2018
Salaries	$1,552,143	$158,311	$963,636	$153,290	$106,941	$62,019	$155,720	$284,024	$224,101	$109,248	$394,159	$159,671	$-	$10,884	$125,558	$-	$117,705	$791,214	$269,064	$5,637,688	$1,822,573	$1,463,034	$-	$3,285,607	$8,923,295	$8,445,754
Payroll taxes and benefits (Notes 8 and 9)	648,048	76,023	462,749	73,612	51,354	29,782	74,778	136,392	107,616	101,158	189,280	76,676	-	5,227	60,295	-	56,523	381,310	72,870	2,603,693	923,288	702,566	-	1,625,854	4,229,547	4,113,972
Total Personnel Costs	2,200,191	234,334	1,426,385	226,902	158,295	91,801	230,498	420,416	331,717	210,406	583,439	236,347	-	16,111	185,853	-	174,228	1,172,524	341,934	8,241,381	2,745,861	2,165,600	-	4,911,461	13,152,842	12,559,726
Printing	-	-	179,420	18,701	6,799	4,435	24,572	5,031	61,158	27,438	2,944	-	-	7,120	-	13,220	-	-	-	350,838	10,707	938	-	11,645	362,483	337,937
Mailing, labor, etc.	-	-	104,651	-	1,425	-	2,515	2,810	2,199	3,425	-	-	-	-	-	1,235	-	-	-	118,260	-	-	-	-	118,260	107,070
Postage and express shipping	-	-	179,187	1,027	6,625	2,376	10,306	10,041	30,770	13,776	1,142	-	2,068	-	-	501	483	-	-	258,302	17,985	-	3,082	21,067	279,369	340,126
Editorial services	-	43,803	16,065	-	-	5,340	-	-	9,238	7,373	-	-	-	-	-	-	-	-	-	81,819	3,760	9,738	-	13,498	95,317	183,315
Foreign literature assistance	-	-	-	-	-	-	-	3,585	-	-	-	-	-	-	-	-	-	-	-	3,585	-	-	-	-	3,585	10,344
Selling expenses	141,919	-	-	-	-	-	-	19,411	-	-	-	-	-	-	-	-	-	163,061	6,383	330,774	-	-	-	-	330,774	426,245
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	316,635	361,018	105,680	783,333	783,333	596,352
Contracted services	55,781	67,009	70,611	54,017	96,042	8,436	9,360	39,244	91,633	130,553	81,175	8,860	10,633	67	259	-	7,728	185,718	8,042	925,168	672,818	627,724	-	1,300,542	2,225,710	1,682,745
Occupancy	204,336	37,242	98,598	12,016	12,010	12,694	9,884	17,645	12,076	3,651	91,804	6,003	-	-	-	1,264	-	85,390	-	604,613	300,475	76,235	92,698	469,408	1,074,021	994,211
Telephone and communications	21,172	3,706	23,647	12,050	2,733	835	4,044	6,716	9,102	2,508	13,081	587	2,055	-	-	487	-	-	-	102,723	26,578	7,580	-	34,158	136,881	120,479
Equipment maintenance	17,422	-	3,173	-	-	-	-	-	-	-	11,560	-	-	-	-	-	-	-	-	32,155	15,830	8,145	22,726	46,701	78,856	77,539
Depreciation (Note 6)	95,803	9,980	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,783	-	14,900	58,808	73,708	179,491	234,083
Stationery and office supplies	54	912	80,115	370	1,217	147	2,231	614	14,502	2,975	3,935	45	1,673	-	30	385	3,786	28,819	445	142,255	33,276	40,992	-	74,268	216,523	195,047
Office services and expenses	16,585	859	16,873	439	511	1,462	317	471	110,443	25,846	9,652	1,455	2,451	-	319	152	675	59,002	5,683	253,195	159,102	150,933	13,673	323,708	576,903	573,408
Travel, meals and accommodations	4,339	9,961	3,690	1,597	6,032	4,167	-	-	810,481	103,331	1,699	5,745	557,976	872	2,062	-	2,688	-	-	1,514,640	26,060	158,711	-	184,771	1,699,411	1,754,743
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	8,972	14,376	23,348	23,348	771
Delegate fees	-	-	-	-	-	-	-	-	(368,921)	-	-	-	-	-	-	-	-	-	-	(368,921)	-	-	-	-	(368,921)	(457,935)
Total expenses before pension and capital projects changes	2,757,602	407,806	2,202,415	327,119	291,689	131,693	293,727	525,984	1,114,398	531,282	800,431	259,042	576,856	24,170	188,523	17,244	189,588	1,694,514	362,487	12,696,570	4,329,087	3,631,486	311,043	8,271,616	20,968,186	19,736,206
Less: contributions to retirement plan	-	-	(279,891)	(41,571)	(37,069)	(16,736)	(37,328)	(66,844)	(141,622)	(67,517)	(101,722)	(32,920)	(73,309)	(3,072)	(23,958)	(2,191)	(24,094)	-	-	(949,844)	(550,156)	-	-	(550,156)	(1,500,000)	(1,500,000)
Less: contributions to post-retirement plan	(83,679)	(12,375)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,307)	-	(114,361)	-	(110,196)	(3,360)	(113,556)	(227,917)	(251,000)
Plus: net periodic pension and post-retirement cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,267,307	-	-	1,267,307	1,267,307	819,694
Plus: capital projects depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	196,353	-	-	196,353	196,353	268,045
TOTAL EXPENSES	$2,673,923	$395,431	$1,922,524	$285,548	$254,620	$114,957	$256,399	$459,140	$972,776	$463,765	$698,709	$226,122	$503,547	$21,098	$164,565	$15,053	$165,494	$1,676,207	$362,487	$11,632,365	$5,242,591	$3,521,290	$307,683	$9,071,564	$20,703,929	$19,072,945

The accompanying notes are an integral part of these financial statements.

2019 Contributions From Groups, Individuals, Specials, Special Meetings — by Delegate Area *(in U.S. Dollars)*

AREA #	GENERAL SERVICE CONFERENCE AREA	#GPS. REPORTED	#GPS. CONTRIB.	% OF GPS. CONTRIB.	TOTAL GROUP CONTRIB.	MEMBERSHIP	CONTRIBUTION PER CAPITA	INDIVIDUAL MEMBERS	MEMORIAL	SPECIALS[1]	SPECIAL MEETINGS[2]	TOTAL AREA CONTRIBUTIONS	PER CAPITA
1.	Alabama/N.W. Florida	467	191	40.90%	$47,520.99	9,681	$4.91	$7,257.92	$ –	$259.50	$160.00	$55,198.41	$5.70
2.	Alaska	188	110	58.51%	22,951.54	2,934	7.82	2,127.84	–	2,500.00	–	27,579.38	9.40
3.	Arizona	1,092	536	49.08%	164,272.75	25,392	6.47	35,377.59	3,000.00	2,930.00	75.00	205,655.34	8.10
4.	Arkansas	264	136	51.52%	28,082.18	4,615	6.08	1,342.64	221.19	5,431.80	–	35,077.81	7.60
	California												
5.	Southern	1,518	475	31.29%	139,112.17	52,494	2.65	38,814.51	–	580.87	–	178,507.55	3.40
6.	Northern Coastal	2,252	1,245	55.28%	334,641.67	65,117	5.14	89,019.26	120.00	3,273.62	–	427,054.55	6.56
7.	Northern Interior	1,059	459	43.34%	126,426.43	31,276	4.04	13,865.86	26.00	2,168.56	344.00	142,830.85	4.57
8.	San Diego/Imperial	1,113	454	40.79%	100,267.11	29,169	3.44	22,259.38	–	1,540.00	120.00	124,186.49	4.26
9.	Mid-Southern	2,317	920	39.71%	223,271.33	69,783	3.20	40,545.58	–	5,591.61	50.00	269,458.52	3.86
10.	Colorado	991	475	47.93%	124,490.81	21,724	5.73	37,220.72	25.00	16,509.65	–	178,246.18	8.21
11.	Connecticut	1,500	571	38.07%	144,958.03	33,533	4.32	23,478.59	–	14,209.23	1,265.35	183,911.20	5.48
12.	Delaware	293	155	52.90%	49,426.77	4,396	11.24	4,771.67	–	500.00	–	54,698.44	12.44
13.	District Of Columbia	558	206	36.92%	54,015.10	15,060	3.59	11,961.64	–	3,179.81	–	69,156.55	4.59
	Florida												
14.	North	1,063	498	46.85%	157,203.00	24,081	6.53	35,839.69	–	11,473.45	–	204,516.14	8.49
15.	So. Florida/Bahamas/ US V.I./Antigua	2,277	939	41.24%	231,809.50	44,417	5.22	53,073.49	–	76,636.82	6,034.47	367,554.28	8.28
16.	Georgia	816	478	58.58%	135,821.01	19,896	6.83	20,101.51	–	4,895.31	–	160,817.83	8.08
17.	Hawaii	313	175	55.91%	50,159.44	5,476	9.16	2,849.84	–	540.00	–	53,549.28	9.78
18.	Idaho	293	117	39.93%	30,440.77	5,438	5.60	9,204.32	–	2,543.65	860.20	43,048.94	7.92
	Illinois												
19.	Chicago	1,354	349	25.78%	77,346.96	27,046	2.86	21,952.08	5,000.00	3,211.95	–	107,510.99	3.98
20.	Northern	1,391	449	32.28%	78,366.26	24,507	3.20	9,051.33	–	18,436.37	–	105,853.96	4.32
21.	Southern	473	166	35.10%	29,233.91	7,617	3.84	2,848.32	–	1,472.48	–	33,554.71	4.41
	Indiana												
22.	Northern	720	268	37.22%	46,534.57	10,254	4.54	4,172.04	1,150.00	2,244.67	56.70	54,157.98	5.28
23.	Southern	752	299	39.76%	47,424.76	12,308	3.85	13,662.78	–	2,067.00	–	63,154.54	5.13
24.	Iowa	678	319	47.05%	76,600.96	16,046	4.77	6,540.38	–	1,414.38	–	84,555.72	5.27
25.	Kansas	355	157	44.23%	34,391.48	8,313	4.14	9,950.40	–	4,301.93	–	48,643.81	5.85
26.	Kentucky	848	313	36.91%	72,451.61	13,581	5.33	8,371.08	–	1,709.11	–	82,531.80	6.08
27.	Louisiana	707	187	26.45%	46,524.84	12,457	3.73	1,855.92	–	1,220.00	–	49,600.76	3.98
28.	Maine	583	202	34.65%	34,584.93	9,013	3.84	5,573.82	–	16,493.91	–	56,652.66	6.29
29.	Maryland	1,069	491	45.93%	110,957.24	15,822	7.01	17,599.57	25.00	443.81	1,055.50	130,081.12	8.22
	Massachusetts												
30.	Eastern	1,674	565	33.75%	143,885.70	48,746	2.95	24,869.73	300.00	1,496.00	–	170,551.43	3.50
31.	Western	317	155	48.90%	21,532.21	5,260	4.09	6,554.78	–	–	150.00	28,236.99	5.37
	Michigan												
32.	Central	674	252	37.39%	42,004.55	14,947	2.81	12,092.92	–	483.00	–	54,580.47	3.65
33.	Southeastern	1,042	325	31.19%	62,701.15	21,394	2.93	4,478.35	445.00	10.00	–	67,634.50	3.16
34.	Western	657	224	34.09%	44,439.93	12,745	3.49	4,496.67	–	3,108.16	–	52,044.76	4.08
	Minnesota												
35.	Northern	568	285	50.18%	42,676.44	8,431	5.06	7,558.23	25.00	–	–	50,259.67	5.96
36.	Southern	1,226	490	39.97%	116,889.93	29,589	3.95	12,426.06	–	1,337.00	–	130,652.99	4.42
37.	Mississippi	248	69	27.82%	19,043.21	4,856	3.92	1,099.00	–	419.00	–	20,561.21	4.23
	Missouri												
38.	Eastern	642	309	48.13%	74,099.75	10,142	7.31	8,147.49	–	236.00	–	82,483.24	8.13
39.	Western	242	117	48.35%	26,447.57	7,176	3.69	1,160.57	–	1,825.34	–	29,433.48	4.10
40.	Montana	280	143	51.07%	40,949.81	5,522	7.42	5,527.06	–	444.56	124.00	47,045.43	8.52
41.	Nebraska	739	271	36.67%	51,889.93	16,240	3.20	3,884.59	–	900.00	140.24	56,814.76	3.50
42.	Nevada	686	246	35.86%	56,994.79	15,133	3.77	11,035.86	–	4,355.52	–	72,386.17	4.78
43.	New Hampshire	596	264	44.30%	41,474.14	8,973	4.62	6,482.87	1,000.00	8,545.00	–	57,502.01	6.41
	New Jersey												
44.	Northern	1,418	623	43.94%	212,138.13	40,729	5.21	38,146.66	5,060.00	811.00	40.00	256,195.79	6.29
45.	Southern	606	276	45.54%	81,187.09	9,584	8.47	10,413.02	105.00	–	–	91,705.11	9.57
46.	New Mexico	399	187	46.87%	40,637.69	7,294	5.57	14,218.93	–	(1,035.52)	–	53,821.10	7.38
	New York												
47.	Central	797	276	34.63%	52,738.97	10,519	5.01	4,747.63	–	9,068.48	–	66,555.08	6.33
48.	H./M./B.	845	321	37.99%	52,217.74	13,335	3.92	14,060.81	1,000.00	4,662.00	–	71,940.55	5.39
49.	Southeast	1,916	779	40.66%	326,936.86	57,439	5.69	95,551.10	6,465.00	1,409.98	752.00	431,114.94	7.51
50.	Western	348	133	38.22%	25,584.03	5,347	4.78	4,339.05	–	764.41	–	30,687.49	5.74
51.	North Carolina	1,160	671	57.84%	199,025.02	20,403	9.75	34,734.75	1,050.00	6,936.42	–	241,746.19	11.85
52.	North Dakota	178	89	50.00%	28,752.11	3,768	7.63	2,167.65	30.00	4,016.95	–	34,966.71	9.28
	Ohio												
53.	Central & Southeast	903	261	28.90%	37,000.57	10,319	3.59	5,026.94	–	100.00	–	42,127.51	4.08
54.	Northeast	1,741	374	21.48%	54,779.48	20,737	2.64	6,350.51	100.00	2,500.00	–	63,729.99	3.07
55.	Northwest	316	94	29.75%	12,327.65	4,210	2.93	2,000.50	–	152.01	–	14,480.16	3.44
56.	Southwest	585	291	49.74%	48,241.87	9,969	4.84	5,892.68	–	–	–	54,134.55	5.43
57.	Oklahoma	446	165	37.00%	42,555.24	9,145	4.65	3,913.26	50.00	100.00	–	46,618.50	5.10
58.	Oregon	1,284	539	41.98%	132,229.84	23,465	5.64	17,054.21	–	2,437.95	275.59	151,997.59	6.48
	Pennsylvania												
59.	Eastern	1,724	888	51.51%	229,469.12	33,229	6.91	41,545.87	50.00	6,668.50	–	277,733.49	8.36
60.	Western	846	378	44.68%	69,317.19	10,528	6.58	11,391.50	–	2,621.42	–	83,330.11	7.92
61.	Rhode Island	295	121	41.02%	25,957.53	5,780	4.49	4,132.85	–	1,318.32	60.00	31,468.70	5.44
62.	South Carolina	457	229	50.11%	86,139.74	10,363	8.31	9,868.77	2,500.00	3,168.11	–	101,676.62	9.81
63.	South Dakota	166	67	40.36%	11,568.28	4,469	2.59	1,274.00	–	1,551.63	–	14,393.91	3.22
64.	Tennessee	616	284	46.10%	71,089.33	13,048	5.45	7,968.52	25.00	2,726.06	267.00	82,075.91	6.29
	Texas												
65.	Northeast	531	235	44.26%	105,045.74	18,534	5.67	22,186.73	–	6,068.94	–	133,301.41	7.19
66.	Northwest	288	71	24.65%	15,567.25	6,143	2.53	3,465.13	–	1,428.62	–	20,461.00	3.33
67.	Southeast	718	274	38.16%	85,731.85	17,345	4.94	17,720.22	–	245.00	32.42	103,729.49	5.98
68.	Southwest	674	291	43.18%	110,708.53	16,189	6.84	15,530.07	–	1,766.18	–	128,004.78	7.91
69.	Utah	434	171	39.40%	39,996.75	7,810	5.12	4,966.56	–	4,500.00	–	49,463.31	6.33
70.	Vermont	295	141	47.80%	30,561.00	4,721	6.47	3,447.18	–	5,150.00	150.00	39,308.18	8.33
71.	Virginia	1,602	758	47.32%	191,897.24	27,487	6.98	57,983.97	–	4,802.93	148.00	254,832.14	9.27
72.	Western Washington Area	1,662	695	41.82%	179,152.85	33,113	5.41	40,340.49	5,000.00	25,572.08	680.00	250,745.42	7.57
73.	West Virginia	296	108	36.49%	20,805.95	3,122	6.66	2,349.72	–	610.00	–	23,765.67	7.61
	Wisconsin												
74.	N.Wisc./Upper Penn. Mich.	728	281	38.60%	35,793.98	10,471	3.42	5,743.50	25.00	(492.05)	–	41,070.43	3.92
75.	Southern	1,162	521	44.84%	71,049.31	19,757	3.60	4,130.94	500.00	4,397.18	–	80,077.43	4.05
76.	Wyoming	107	43	40.19%	8,374.40	1,837	4.56	1,114.90	–	1,914.56	–	11,403.86	6.21
77.	Puerto Rico	130	57	43.85%	7,162.84	1,258	5.69	619.48	–	393.00	–	8,175.32	6.50
78.	Alberta/N.W.T.	598	246	41.14%	65,912.87	10,117	6.52	6,237.83	–	3,701.25	–	75,851.95	7.50
79.	B.C./Yukon Canada	853	409	47.95%	113,197.59	15,082	7.51	7,691.32	3,742.43	7,160.79	224.89	132,017.02	8.75
80.	Manitoba Canada	131	39	29.77%	8,664.46	3,396	2.55	3,619.20	–	–	–	12,283.66	3.62
81.	N.B./P.E.I.	189	75	39.68%	12,987.00	2,890	4.49	241.00	–	2,710.92	–	15,938.92	5.52
82.	N.S./Nfld/Lab.	221	97	43.89%	20,415.50	3,146	6.49	885.67	35.00	1,851.65	–	23,187.82	7.37
	Ontario												
83.	Eastern	84	248	42.47%	64,034.79	13,849	4.62	3,525.36	–	12,513.86	22.28	80,096.29	5.78
84.	Northeast	145	58	40.00%	10,808.46	1,607	6.73	926.89	–	3,491.29	–	15,226.64	9.48
85.	Northwest	60	19	31.67%	3,729.72	878	4.25	258.06	–	3,048.94	–	7,036.72	8.01
86.	Western	646	238	36.84%	75,618.37	10,990	6.88	3,575.86	–	46,482.94	–	125,677.17	11.44
	Quebec												
87.	Southwest	515	91	17.67%	16,256.55	8,870	1.83	1,642.71	–	12,380.22	–	30,279.48	3.41
88.	Southeast	172	7	4.07%	897.29	3,274	0.27	4,065.55	–	13,520.55	–	18,483.39	5.65
89.	Northeast	358	4	1.12%	873.17	4,406	0.20	816.39	–	32,418.73	–	34,108.29	7.74
90.	Northwest	363	53	14.60%	5,331.55	6,020	0.89	1,320.64	–	84,627.35	–	91,279.54	15.16
91.	Saskatchewan Canada	319	122	38.24%	25,618.97	3,196	8.02	1,643.67	–	4,724.27	–	31,986.91	10.01
92.	Washington State East	536	216	40.30%	40,577.73	6,652	6.10	4,360.52	–	2,524.14	–	47,462.39	7.14
93.	Central California	1,208	511	42.30%	113,147.58	30,163	3.75	20,051.64	–	1,656.18	1,510.00	136,365.40	4.52
	Total U.S. & Canada	**69,466**	**28,180**	**40.57%**	**6,924,130.00**	**1,446,603**	**4.79**	**1,235,764.36**	**37,074.62**	**570,086.31**	**14,597.64**	**8,781,652.93**	**6.07**

Groups Outside the U.S. & Canada	6,478.77
Total groups	6,930,608.77
Individual, in-memoriam & special meetings	1,287,436.62
Specials	570,086.31
Total groups, individual, memorial, special and special meeting	8,788,131.70
Other Contributions	28,648.64
Grand Total	8,816,780.34

CONTRIBUTION COMPARISON – 2019–2018 *(in U.S. dollars)*

	#GPS. REPORTED	#GPS. CONTRIB.	% OF GPS. CONTRIB.	TOTAL GROUP CONTRIB.	MEMBERSHIP	TOTAL PER CAPITA INCLUDING SPECIALS, ETC.
U.S. & Canada 2019	69,466	28,180	40.57%	6,930,608.77	1,446,603	6.09
U.S. & Canada 2018	68,478	28,314	41.35%	6,711,832.22	1,418,177	5.83
Increase (Decrease)	988	(134)	-0.78%	218,776.55	28,426	0.26

	2019	2018
EST. COST OF SERVICES PER CAPITA	8.16	8.06

(1) A Special contribution is one that comes from any number of A.A. entities that is not an A.A. group. For example, a conference, a committee, an area, a district, an intergroup, etc.
(2) A Special Meeting is a meeting that does not want to be a group but does want to contribute to the General Service Board.

The General Service Board of Alcoholics Anonymous, Inc. and Affiliates

Consolidated Statement of Cash Flows

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$2,409,929	$526,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension related changes other than net periodic pension cost	(563,955)	1,230,859
Postretirement related changes other than net periodic cost	(883,862)	(1,032,682)
Unrealized loss (gain) on investments	(1,008,290)	361,747
Bad debt	23,348	771
Depreciation and amortization	375,844	502,128
Sub-total	353,014	1,589,555
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable, net	(55,770)	(24,196)
Inventory	(620,287)	(49,596)
Prepaid expenses and other assets	(726,147)	(305,217)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	127,300	(132,817)
Deferred revenue	3,158,056	(58,436)
Postretirement benefit	445,348	495,636
Accrued pension benefit	(678,057)	(1,175,942)
Net Cash Provided by Operating Activities	2,003,457	338,987
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(29,739)	(1,361,144)
Acquisition of property and equipment	(1,007,261)	(220,386)
Net Cash Used in Investing Activities	(1,037,000)	(1,581,530)
NET DECREASE IN CASH AND CASH EQUIVALENTS	966,457	(1,242,543)
Cash and cash equivalents — beginning of period	3,396,035	4,638,578
CASH AND CASH EQUIVALENTS — END OF PERIOD	$4,362,492	$3,396,035

The accompanying notes are an integral part of these consolidated financial statements.

2020 GSO Budget

Reforecast Budget 2.1

	Original 2020 Budget	Reforecast 1.0	YTD Actual (June)	July	August	September	October	November	December	Total Balance of Year	Full Year
REVENUE:											
Gross Literature Sales	14,750,000	10,000,000	4,918,121	500,000	600,000	700,000	800,000	900,000	1,000,000	4,500,000	9,418,121
Discounts	200,000	135,593	49,694	7,550	9,060	10,570	12,080	13,590	15,100	67,950	117,644
Net Sales	**14,550,000**	**9,864,407**	**4,868,427**	**492,450**	**590,940**	**689,430**	**787,920**	**886,410**	**984,900**	**4,432,050**	**9,300,477**
Cost of Goods Sold:											
Manufacturing	2,750,000	1,864,407	1,215,721	98,490	118,188	137,886	157,584	177,282	196,980	886,410	2,102,131
Warehouse & Shipping	2,000,000	1,355,932	634,817	69,329	83,117	96,906	110,694	124,483	138,272	622,801	1,257,617
Total Cost of Goods Sold	**4,750,000**	**3,220,339**	**1,850,537**	**167,819**	**201,305**	**234,792**	**268,278**	**301,765**	**335,252**	**1,509,211**	**3,359,748**
Gross Profit from Literature Sales	**9,800,000**	**6,644,068**	**3,017,890**	**324,631**	**389,635**	**454,638**	**519,642**	**584,645**	**649,648**	**2,922,839**	**5,940,729**
Contributions:											
Individual/Groups	9,000,000	8,000,000	4,086,924	883,579	900,000	900,000	900,000	900,000	900,000	5,383,579	9,470,503
Area Delegate Fees	-	167,400	147,600	19,800	-	-	-	-	-	19,800	167,400
Additional Area Contributions	-	85,000	103,346	-	-	-	-	-	-	-	103,346
World Service Meeting & ILF	-	15,000	20,468	-	-	-	-	-	-	-	20,468
Total Contributions	**9,000,000**	**8,267,400**	**4,358,338**	**903,379**	**900,000**	**900,000**	**900,000**	**900,000**	**900,000**	**5,403,379**	**9,761,717**
TOTAL REVENUE	**18,800,000**	**14,911,468**	**7,376,228**	**1,228,010**	**1,289,635**	**1,354,638**	**1,419,642**	**1,484,645**	**1,549,648**	**8,326,218**	**15,702,447**
EXPENSES											
Payroll & Benefits											
Salaries	8,547,225	8,547,225	3,917,965	925,000	620,000	586,000	541,000	541,000	811,500	4,024,500	7,942,465
Severance	-	-	-	-	-	500,000	500,000	-	-	1,000,000	1,000,000
Payroll Taxes	640,000	640,000	329,461	69,375	46,500	43,950	40,575	40,575	60,863	301,838	631,299
Insurance	1,450,000	1,450,000	703,230	117,000	22,805	110,000	110,000	110,000	110,000	579,805	1,283,035
Retirement	1,875,000	510,000	178,728	30,000	30,000	30,000	30,000	30,000	30,000	180,000	358,728
Subtotal Payroll & Benefits	**12,512,225**	**11,147,225**	**5,129,384**	**1,141,375**	**719,305**	**1,269,950**	**1,221,575**	**721,575**	**1,012,363**	**6,086,143**	**11,215,526**
Other Expenses											
Other program printing	355,000	177,500	49,763	41,041	100,000	-	-	-	-	141,041	190,804
Mailing, labor etc.	140,000	70,000	28,074	4,700	4,700	4,700	4,700	4,700	4,700	28,200	56,274
Postage & express	350,000	175,000	34,084	5,700	5,700	5,700	5,700	5,700	5,700	34,200	68,284
Editorial services	95,000	95,000	18,082	3,013	3,013	3,013	3,013	3,013	3,013	18,078	36,160
Other literature assist	10,000	10,000	1,485	-	-	-	-	-	-	-	1,485
Selling expenses	221,330	169,382	151,722	16,573	13,000	13,000	13,000	13,000	13,000	81,573	233,295
Professional fees	360,000	360,000	232,110	25,000	25,000	25,000	25,000	25,000	25,000	150,000	382,110
Contracted services	1,673,805	1,673,805	961,098	202,425	113,110	142,386	109,498	110,110	107,204	784,733	1,745,831
Occupancy	1,046,500	1,046,500	480,525	83,705	80,200	80,200	80,200	80,200	80,200	484,705	965,230
Telephone	145,000	145,000	79,123	13,000	13,000	13,000	13,000	13,000	13,000	78,000	157,123
Furniture & equip maint.	56,000	56,000	15,198	2,600	2,600	2,600	2,600	2,600	2,600	15,600	30,798
Furniture & equipment	130,000	130,000	17,663	3,500	3,500	3,500	3,500	3,500	3,500	21,000	38,663
Stationery & office expense	180,000	150,000	42,293	7,000	7,000	15,000	15,000	10,000	7,000	61,000	103,293
Office service & expense	420,000	620,000	222,511	37,000	37,000	37,000	37,000	37,000	37,000	222,000	444,511
Travel, meals, & accommodations	1,100,000	550,000	179,674	4,500	2,000	2,000	2,000	2,000	2,000	14,500	194,174
Bad debts	4,000	4,000	2,392	300	300	300	300	300	300	1,800	4,192
TOTAL OTHER EXPENSES	**6,286,635**	**5,432,187**	**2,515,796**	**450,057**	**410,123**	**347,399**	**314,511**	**310,123**	**304,217**	**2,136,430**	**4,652,226**
Total Expenses	**18,798,860**	**16,579,412**	**7,645,180**	**1,591,432**	**1,129,428**	**1,617,349**	**1,536,086**	**1,031,698**	**1,316,580**	**8,222,573**	**15,867,752**
Net Income (Loss)	**1,140**	**(1,667,944)**	**(268,952)**	**(363,422)**	**160,207**	**(262,711)**	**(116,444)**	**452,947**	**233,069**	**103,646**	**(165,306)**
Cumulative Net Income (Loss)				**(632,373)**	**(472,167)**	**(734,877)**	**(851,322)**	**(398,375)**	**(165,306)**		
Balance Sheet Accounts											
Leasehold Improvements (8th Floor)	1,000,000	1,000,000	352,882	124,187	497,466	-	-	-	-	621,653	974,535
Literature Assets			161,000	-	-	-	-	-	-	161,000	161,000
NetSuite Implementation			145,909	24,282	85,704	85,704	85,704	85,704	85,704	452,802	598,711
PC, Equipment etc.			50,000	-	-	-	-	-	-	-	50,000
Website			62,085	17,431	20,000	20,000	20,000	20,000	20,000	117,431	179,516
Items, Vendors & Projects Removed/Adjusted From Operations											
Other Program Printing:					-	48,500	8,000	11,200	201,400	269,100	-
Contracted Services:					21,500	21,500	21,500	21,500	21,500	107,500	107,500
Professional Fees					14,000	14,000	14,000	14,000	14,000	70,000	70,000
Website					66,130	66,130	66,130	66,130	66,130	330,650	330,650
TOTAL SAVINGS					**101,630**	**101,630**	**101,630**	**101,630**	**101,630**	**777,250**	**777,250**

Published by **Alcoholics Anonymous World Services, Inc.**
475 Riverside Drive, Room 1100, New York, New York 10115
(212) 870-3400 • www.aa.org

September 2020