

February 15, 2011

DELEGATE'S REPORT
2011 CONFERENCE OF DELEGATES PAST & PRESENT

This past weekend, I was joined by our Alternate Delegate, Area Chairperson and three Past Delegates at the 2011 East Central Regional (ECR) Conference of Delegates Past & Present in Appleton WI. This event is intended to “provide new delegates with a simulated General Service Conference atmosphere and provide a sharing experience relevant to the upcoming General Service Conference.” Eight of the 14 Delegate Areas that make up the ECR were represented by new Panel 61 Delegates. We were joined at the conference by the immediate past United States Trustee at Large, a current General Service Board (GSB) member serving on the Finance Committee, our own Regional Trustee and several past regional trustees and GSO staff member Warren S.

This conference includes a mock committee session on Friday night to develop a Recommendation to take to the mock General Service Conference floor session on Sunday morning in which all Delegates and Trustees, past and present, consider and vote on the committee's recommendation. We also receive a report from our East Central Regional Trustee. This year a session was added to discuss certain of AA's unaudited yearend financial reports. The conference also includes a number of reports relating to the business of the ECR.

This report includes information from throughout the weekend.

AAWS Inc. Yearend Financial Condition

On an unaudited basis, 2010 yearend total revenue (gross profit from literature, contributions and interest earned) was \$14,277,491, which is approximately \$250,000 (1.8%) less than last year. Total distribution of all books was down 22.6%, with an unaudited gross profit of \$7,867,093 compared to \$8,235,374 last year. This is a reported decrease of \$368,281, or 4.5%. (**NOTE:** Unit sales of Big Books are down from 971,435 in 2005 to 886,873 in 2010.) Contributions for 2010 of \$6,409,285 were \$113,185 (1.8%) greater than prior year. Total Operating Expenses were \$12,975,482 leaving a positive year-end balance of \$1,302,009. The Reserve Fund had a balance of \$11,868,427 which represents approximately 9 months of combined operating expenses.

The 2011 proposed AAWS budget is based on gross profits from literature of \$7,900,000 and contributions of \$6,500,000. That budget, after all expenses, anticipates net income (total revenue less total operating expenses) to be only in the \$340,000 range. This is due to overall rising costs, a rent increase and the E-Book project launch which is budgeted for \$245,000 during 2011 and an additional \$166,000 in 2012. It is not anticipated at this time that funds will be needed from the Reserve Fund for this project.

Grapevine, Inc./LaVina Yearend Financial Condition

Per our Regional Trustee, the continuing financial problems of the Grapevine “monopolized” the January Board weekend. The Grapevine has lost approximately \$1,500,000 in the last 15 years. According to our Trustee, the magazine is provided to about 6% of the AA members in the United States and Canada. Unaudited 2010 year-end losses were \$394,335. During 2010, the GV withdrew \$588,000 from the Reserve Fund to cover this loss and maintain adequate working capital to meet operating expenses. The 2011 projected losses were originally estimated at approximately \$300,000, but now are anticipated to be approximately \$94,000. This is due to the firing of three employees and moving of one to AAWS. There will be another \$100,000 drawdown from the Reserve Fund later this month or in March.

GV circulation dropped almost 9% in 2010. Paid subscriptions in 2010 were 93,104 compared to 102,281 in 2009, 9,177 fewer subscriptions. The 2011 anticipated average paid circulation is 88,235. This is 4,869 fewer subscriptions, representing an additional 5% decrease for 2011. While sales of the Audio Grapevine were down 23% in 2010 and the Digital Archive was down 26% over 2009, the strategic plan being developed to move GV forward into the digital age apparently anticipates that 50% of new GV subscriptions will be digital within 3 years.

In its 15-year history, LaVina has also lost approximately \$1,500,000 with subscriptions representing less than 1% of the AA membership for the U.S. and Canada. Unaudited 2010 losses amounted to \$75,480, compared to losses in 2009 of \$54,468. Projected losses for 2011 are \$114,697. Paid subscriptions for LaVina in 2010 were 8,741 compared to 9,663 in 2009. This is 922 fewer subscriptions, or a 9.5% reduction in subscriptions.

Discussion/ Recent Actions related to the Grapevine and LaVina

While it is somewhat difficult at this point to extract from the formal reports, mock GSC committee and floor proceedings and general cussin’ and discussin’ by current and pasts over the weekend, the following is my effort to convey some of what is currently occurring and/or being discussed within AA concerning the Grapevine and LaVina:

- **General Discussion**

Our Regional Trustee confirmed that there is no discussion at the level of the GSB or Grapevine Board concerning the elimination of the Grapevine in its current hardcopy version.

This past weekend, there was discussion, both formal and informal, as to the continued importance of the use of Grapevine as a spiritual tool for personal recovery and to carry our message to the still suffering alcoholic. Personally, I had a sense that there is an emerging dissatisfaction among at least some of those present concerning the current content of the magazine, though I would not pretend to suggest that there was any clear expression as to the direction in which the periodical should head or how it should get there. I refer you to the

report concerning Advisory Action #15 to the GV Board that I submitted on behalf of Area 20. It can be found on the Area website.

- Current Actions

In addition to the employee cuts mentioned above, our Regional Trustee reported on these current actions being taken by our Trusted Servants:

- An ad hoc GSB Finance Committee oversees GV cash flow to monitor projected cash balances, oversee remedial activities, and bring an end to negative cash balances and consequent Reserve Fund draw-downs as soon as possible.
- At the January Board weekend, the GSB refused to approve (by a vote of 15 to 5 with 1 abstention) the full slate of Grapevine Directors. Despite having been asked to reduce the GV Board to seven, that board proceeded (by a 6 to 3 vote) with a nine-member slate, recommending two new candidates to fill vacancies. Our Regional Trustee stated that the primary reason for the GSB decision was that the new candidates' resumes did not have the business, financial, publishing or technology experience. (She had previously stated in an earlier email report that additional considerations were: a) the cost of two additional directors was estimated at \$20,000 to \$25,000 per year; b) the GV outsources much of its work; c) some considered it "unseemly" to have one director for each employee (nine of each), and d) one-third of GV Board was against it.) Our Trustee anticipates a Concept V Appeal from the GSB vote.
- The Trustees Finance Committee recommended to the GSB that a thorough re-evaluation of the Board's commitment to continued production and support of LaVina be undertaken. Our Regional Trustee offered that there are other Spanish-language periodicals available from AA fellowships in other countries; the best-known of these is "Plentitude," published in Mexico and subscribed to by many in the United States.
- Our Trustee reported that an "informal" cooperative "effort" has been begun between AAWS and GV with the de facto establishment of a committee of AAWS/GV representatives including the Board Chairpersons and presumptive chairs of both corporations and the GSO General Manager and new GV Executive Editor. The first item of business, at the request of the GV, was apparently to move the GV staff from their own floor into the AAWS space and sublet the former GV space. There is also discussion to develop a joint AAWS-GV catalogue.

- Grapevine Committee Agenda Items

In her emailed report to the East Central Regional Delegates of February 4, our Trustee referred to the GV Board's having forwarded to the 2011 General Service Conference five Agenda Items for its consideration. At this point, I would direct your attention to the Final Agenda for the General Service Conference, the English and Spanish versions of which our Alternate Delegate has distributed to our DCMs and other Area Committee members and our Web Administrator has been asked to post on our Area website (www.aa-nia.org).

- Mock GSC Agenda Item

In an effort to instill some sense of reality to the “mock” agenda item and peak discussion among those present, the current Delegates presented the following as the “mock” agenda item at the Delegates Past & Present Conference:

It is recommended that the General Service Board consider combining Grapevine, Inc. with AAWS, Inc. and present the options in a report to the 2012 Conference committee.

There was passionate discussion of this “recommendation” on Sunday morning, but the item failed to receive the substantial unanimity of those present to provide direction to our Trustees. (As background, see Concept XI and Bill’s discussion at pp. 54-55 of the Twelve Concepts of World Service.)

I hope this give you all a bit of a sense of what sort of things occur at the annual Conference of Delegates Past & Present, as well as the report that was given by our East Central Regional Trustee concerning yearend financial and some of what occurred at the January Board meeting.

Respectfully submitted,

Ray M.
Delegate
Panel 60/Area 20
(Northern Illinois)