

**Quarterly Financial Report – Alcoholics Anonymous (“AA”)**  
**June 30, 2025 (Second Quarter) Unaudited Financial Statements**  
**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 73<sup>rd</sup> 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 are subject to revision.

The QFR Consists of:

- Narrative – Parts II through V Below
- AAWS/GSB Financial Statements
  - Comparative Balance Sheet
  - Comparative Income Statement
  - Monthly Income Statement
  - Graphs – Contributions, Gross Literature Sales, Gross Margin, Operating Expenses
  - Capital Projects Report
- AAGV Financial Statements
  - Statement of Activities – Grapevine
  - Statement of Activities – La Viña
  - Statement of Financial Position/Balance Sheet
  - Rolling Cash Flow Forecast
  - Comparative Income Statement

**Note: An Advisory Action of the 75<sup>th</sup> GSC has expanded the QFR Scope to include reporting on current capital projects and current and estimated maintenance costs. This information is included for the first time in this report and will be included in all subsequent QFRs.**

*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 by the Trustees Finance and Budgetary Committee on behalf of the GSB.**

## 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 financial statements that are available to everyone in the Final Conference Report.

### II. A. Executive Summary

For the six months ended June 30, 2025, total operating revenue is \$9,396,205 which is about 5% less than the YTD budget of \$9,942,410. Total operating expenses before depreciation are \$9,339,753, which is about 4% less than the YTD budget of \$9,721,881. Operating surplus before depreciation is \$56,452 compared to a YTD budgeted surplus of \$220,529. Literature accounts receivable is \$713,606, of which 13.9% is current, 38.7% is less than 60 days past due, and 47.4% is more than 60 days past due. The reserve fund is at 6.42 months of 2025 budgeted GSO, GV, and LV operating expenses versus a target range of 9 to 12 months.

### 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                                              | YTD Actual Versus Budget                   | Versus Prior Year (six months ended June 30, 2024) |
|--------------------------------------------------------|--------------------------------------------|----------------------------------------------------|
| Contributions                                          | \$4.643M vs \$5.170M, 10% less than budget | \$4.643M vs \$5.566M, 17% less than prior year     |
| Gross Literature Sales                                 | \$8.426M vs \$8.000M, 5% more than budget  | \$8.426M vs \$7.184M, 17% more than prior year     |
| Net Literature Sales (Gross Margin)                    | \$4.346M vs \$4.375M, 1% less than budget  | \$4.346M vs \$3.666M, 19% more than prior year     |
| Gross Margin as a Percentage of Gross Literature Sales | 51.6% versus 54.7%                         | 51.6% versus 51.0%                                 |
| Operating Expenses before depreciation                 | \$9.340M vs \$9.722M, 4% less than budget  | \$9.340M vs \$9.179M, 2% more than prior year      |
| Operating Surplus before depreciation                  | \$56K vs \$221K                            | \$56K vs \$530K                                    |
| Reserve Coverage (# of months)                         | 6.42                                       | 6.33                                               |

## II. C. Comparative Balance Sheet Notes

*Cash* – Cash increased \$2.285M from one year ago due 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, increased \$607K from one year ago due to increased literature sales. As is usual with increased sales, literature receivables more than 60 days past due also increased, by \$185K from one year ago.

*Prepaid Expense* – Prepaid expense increased by \$3.389M due to International Convention expenditures. Prepaid expenses associated with the Convention will be moved from prepaid expense to the IC income statement as expenses next quarter.

*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 June 30, 2025 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. A 3-year history further reflects this trend:

| Date    | Balance  | Reduction from prior year |
|---------|----------|---------------------------|
| 6/30/23 | \$4.145M |                           |
| 6/30/24 | \$3.164M | 24%                       |
| 6/30/25 | \$3.127M | 1%                        |

*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 \$1.5 million over the past 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 \$9.2 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 premium payments and changes in market value. The liability is recalculated annually by our actuaries based on changes in medical insurance premiums and retiree life expectancies. As of June 30, 2025, the plan had \$4.0 million more investment assets than required to meet benefits when due.

*Accounts Payable and Accrued Expenses* – Accounts payable and accrued expenses increased \$782K from a year ago due to less prompt payment of invoices resulting from lower contributions revenue.

*Deferred Revenue* – Deferred Revenue increased by \$5.931M due to International Convention registration and souvenir book receipts. Deferred Revenue associated with the Convention will be moved from deferred revenue to the IC income statement as revenue next quarter.

*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 June 30, 2025, \$(11.4 M) is a negative liability which represents the fact that assets in the plan exceed benefit obligations. The liability is recalculated annually by our actuaries. As of June 30, 2025, 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. Each July, the budget is reforecast to reflect any actions by the General Service Conference and any needed adjustments to plans and 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 1<sup>st</sup> and 2<sup>nd</sup> 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 2025 Reforecast budget was approved by the GSB on August 4, 2025 meeting and is included in the Financial Statements section of this report.

## **II. F. Income Statement Notes**

*Revenue* – As noted above, contributions were significantly (17%) less than the same period in 2024. The 2024 level carried over from the contributions appeal letter from the General Manager released in the fourth quarter of 2023 which resulted in record contributions for the last two months of 2023 and the first several months of 2024. Contributions were below budget for the first three months of 2025 by 10%. The Self-Support Subcommittee of the AAWS Finance Committee works to increase the effectiveness of communication explaining how contributions make possible essential member services and support for those seeking help.

**In 2024, Seventh Tradition Self-Support contributions covered 60% of operating expenses. We rely on Seventh Tradition contributions and literature sales to serve the Fellowship.**

Overall, operating revenue before literature is 91% of budget due to contributions being below budget. Total operating revenue (including literature) is 95% of budget year to date.

Although net literature sales (aka gross margin) were less than budget, it was significantly higher than the same period in 2024, primarily due to sales of the Plain Language Big Book which was released in November, 2024.

To explain gross margin, if a hard cover Big Book is sold for \$12, \$12 goes to gross sales. If that book cost \$6.12 to print and mail, net sales are what we keep, in this case \$5.88. The Gross Margin percentage on this sale is  $5.88/12.00 = 49\%$ .

*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 previously 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 six months ended June 30, 2025 is \$56K which is less than the \$530K surplus in the first six months of 2024 less than the \$221K year-to-date budgeted surplus.

*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 La Viña 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.

## **Part III: AAGV Financial Statements**

### **III. A. Executive Summary**

Compared to the prior year, the Grapevine bottom line improved by \$246k -- roughly halving the loss from the first six months of 2024 (loss of \$241k vs \$487k). While App subscriptions across all sources increased dramatically from last year (16,468 vs 13,089 or +26%), decreases in print subscriptions offsets those gains resulting in nearly flat performance across all subscriptions (-0.7% ). Both sales and cost of sales are very similar versus prior year for the first six months of 2024. However, gross margin is unfavorable versus budget (\$862k vs \$938k). Sales of subscriptions and books are under budget by \$114k, however, cost of sales is \$38k lower than budget. Book sales are lower compared to last year and the 2025 budget. Operating expenses before depreciation are \$254k or 19% lower than 2024 (though 2% over budget).

La Viña cost of service of \$251k, which is \$2k higher than the budget, and an improvement of \$52k compared to the first six months of 2024. 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.

### III. B. AAGV Key Financial Indicators (“KFI’s”)

**GREEN** – Favorable or neutral Variance

**YELLOW** – Unfavorable Variance, Informative

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

| Indicator                                   | Versus 2025 Budget<br>(Dollars in thousands ‘000)   | Versus Prior Year (June 30, 2024)<br>(Dollars in thousands ‘000) |
|---------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------|
| Total Grapevine (“GV”) Subscription Income  | \$1.006K vs \$1.038K, 3% behind budget              | \$1.006K vs \$1.005K, slightly ahead of prior year               |
| Total GV Print-only Circulation             | 42,165 vs 43,488, 2% behind budget                  | <b>42,165 vs 45,943, a decline of 8%</b>                         |
| GV App + Online + GV Complete Subscriptions | 16,468 vs 17,543, 3% behind budget                  | 16,468 vs 13,089, 26% ahead of prior year                        |
| Total Circulation                           | 58,634 vs 61,031, 4% behind budget                  | 58,634 vs 59,032, a decline of 0.7%                              |
| GV Subscription Net Profit Percentage       | <b>53.6% vs 46.7%</b>                               | 53.6% vs 48.4%                                                   |
| GV Total Gross Margin (all products)        | <b>\$862K versus \$938K, 8% behind budget</b>       | \$862K vs \$869K, a decrease of 1%                               |
| GV Operating Expenses                       | \$107K versus \$1.084K, unfavorable to budget by 2% | \$1.107K vs \$1.362K, a decrease of 19%                          |
| GV Net (Loss)                               | <b>\$(241K) vs \$(141K)</b>                         | (\$241K) vs (\$487K)                                             |
| LV Total Gross Margin                       | \$81K vs \$90K, 10% behind budget                   | \$81K vs \$45K, an increase of 80%                               |
| LV Total Circulation                        | 8,360 vs 8,208 18% ahead of budget                  | 8,360 vs 7,157, 17% greater than prior year                      |
| LV Expenses                                 | \$331K vs \$342K, 3% ahead of budget                | \$331K vs \$348K, a decrease of 5%                               |
| LV Shortfall                                | \$(251K) vs \$(253K), \$2k under budget             | \$(251K) vs \$(303K), a decrease of 17%                          |

### III. C. Statement of Financial Position Notes

*Cash and Cash Equivalents* – Cash decreased from \$286k on June 30, 2024 to \$84k on June 30, 2025. Cash as a percentage of Total Accounts Payable declined to 10%. The high cash position in 2024 was due to a reserve transfer in February 2024 to finance the anticipated AAGV shortfall during 2024. As such, a decline in cash during 2025 was expected. AAGV requested and received a reserve transfer of \$150,000 in February 2025 which is a much lower amount than transfers in recent years. An additional request of \$350,000 was approved and received in August 2025. These funds will be used to pay for items to be sold at the International Convention and to support operations. The controller, publisher and board are closely monitoring cash balances and operations, recognizing the goal of becoming self-supporting in the future.

*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 & La Viña**

The 2025 Reforecast budget was approved by the AAGV Board and the General Service Board at the July 2025 board weekend.

### **Grapevine:**

Throughout 2025, print magazine subscriptions have decreased while the app, online and complete increased. However, sub counts for all formats are below 2025 Budget, all formats have reduced sub counts in the Reforecast.

The Reforecast circulation average is projected to be 58,134 which is 5,364 lower than the 2025 Budget. Our Circulation Consultant expects that print subscriptions will continue to decrease for the remainder of the year. Print subscriptions are down 7% in the first half of 2025. With the number of subscriptions up for renewal for the rest of 2025, we project that trend to continue.

There is growth in GV digital formats and there was a boost of approximately 900 app subscriptions during and following the Convention.

The 2025 Budget had Total Subscription Income as \$2,186k. This has been reduced to \$1,990k for the Reforecast – a reduction of \$196k.

On the positive side, direct costs to produce Grapevine subscription items are significantly lower in 2025. This is a combination of reduced print numbers and allocating certain fulfillment and postage expenses to our content products. Additionally, a “Warehousing” line has been created in 2025, to track this cost separately. The 2025 Budget for direct costs was \$1,142k and has been reduced to \$913k – a reduction of \$229k.

### **Content revenue and expenses:**

Content revenue has been under budget throughout 2025, and the Reforecast is reducing the annual revenue to \$1,128k, which is \$154k lower than the 2025 Budget.

As mentioned above, there was an imbalance of fulfillment and postage expenses charged to subscriptions in past years. This has been corrected in 2025; however, this one-time adjustment creates a budget overage in direct costs for Content. Additionally, the shipping costs for the IC Journal were higher than expected. The Reforecast increased the Content Direct Cost to \$395k which is \$77k higher than the 2025 Budget. Content Gross Margin is expected to be \$732k which is \$231k lower than the 2025 Budget.

Overall Gross Margin for Grapevine is projected to be \$1,809k. This is \$198k lower than the 2025 Budget but \$155k higher than 2024.

### **Grapevine expenses:**

The 2025 Reforecast increases Grapevine total expenses to \$2,207k which is \$56k higher than the 2025 Budget of \$2,151k. However, total expenses are projected to be \$313k lower than 2024, due to staff reduction and other expense reductions.



## **LA VIÑA**

La Viña circulation increased 17% during 2024 to 7,492. The 2025 Budget projected that LV circulation to increase an additional 14% in 2025 to 8,538. For the first 6 months of 2025, print subscriptions have been higher than budget while the other formats have been below budget. This is expected to continue but the overall Reforecast circulation is expected to be 8,545 which is slightly higher than the Budget of 8,538 and more than 1k higher than 2024.

However, La Viña's earnings per copy have been under budget. A price increase effective January 1, 2025 is taking longer to impact revenue due to the timing of renewals. La Viña subscription income for the 2025 Budget was \$161k. The Reforecast is reducing this to \$141k. Overall, La Viña Gross Margin on Subscriptions is Reforecast to be \$42,593 which is nearly \$30k lower than the budget, but \$32k higher than 2024.

Content revenue in the 2025 Budget was \$217k and is being reduced to \$182k in the 2025 Reforecast. However, the Reforecast number of \$182k is significantly higher than 2024 content revenue of \$138k. Cost of Goods for Content will be slightly lower than the budget – in line with lower sales.

Overall, the Reforecast is reducing Gross Margin for La Viña by \$60,900 – from a 2025 Budget of \$228k to \$167k. However, this is an improvement of \$55k over 2024.

La Viña expenses are Reforecast to be about \$23k lower than the 2025 Budget. This is due to the salary allocation of Circulation and Business of which a greater percentage is allocated to Grapevine in 2025.

The Reforecast bottom line increases the 2025 La Viña cost of service \$44k over the 2025 Budget.

### **Reforecast Bottom Line**

The Grapevine Reforecast Net Loss is projected to be \$389k which is \$254k more than the 2025 Budget. However, this is an improvement of \$462k over the \$851,732 loss in 2024.

The La Viña Reforecast will have a deficit of \$499,313 to be reimbursed by GSB. The 2025 Budget projected this amount to be \$455,626. However, this is also a significant improvement over last year's cost of service of \$571,939.

## **Part III. F. June 2025 Income Statement Notes**

### **Grapevine:**

The total number of subscriptions is 399 lower than this time last year and under budget by 2,397. As expected, there is growth in digital and app subscriptions and reduced print magazine subscriptions. Total subscription income is under budget but almost equal to last year due to a price increase during 2024. Direct costs are under budget in production and postage, due to a reallocation of expenses of fulfillment and postage costs between our print magazines and books. Even with reduced subscription numbers in 2025, subscription Gross Margin is over budget by \$54k and \$53k higher than last year.

Content income is under the 2025 budget by \$83k and lower than last year by \$7k. Sales of the International Convention Journal were lower than expected and shipping costs to Vancouver were high. Total Cost of Goods Sold is over budget due to the reallocation of fulfillment and postage costs previously discussed. Gross Margin for Content Income is \$130k under budget and 61k lower than last year.

Total Gross Margin is under budget by \$76k and \$8k lower than last year. Subscription gross margin is 54% and content gross margin is 62% for the first 6 months of 2025.

Grapevine Expenses are over budget by \$23k through June 30<sup>th</sup>. The costs for retiree medical, prescriptions and actuarial expense and the AAGV website maintenance are higher than projected.

The Net Deficit for Grapevine is \$141,195 through June 30<sup>th</sup> which is \$99,713 over budget. However, this is an \$246k improvement from last year.

### **La Viña:**

Subscription numbers for La Viña continue to do well. Total subscriptions are over budget by 152 and 1,203 higher than last year. However, the subscription income continues to lag for the print magazine. The ongoing App issue has been addressed and the LV earnings per copy now average approximately \$2.50 which is in line with the budget. We are now addressing how Gift Certificates and subscriptions are being recorded. LV Sub revenue is under budget by \$6,671.

Cost of Goods Sold for subscriptions is over budget by \$622 but Gross Margin is under budget by \$6,094.

La Viña content is under budget by \$3,601 and \$2,500 of the year-to-date profit of the Souvenir Journal has been allocated to La Viña. Direct costs are slightly under budget and gross margin is under budget \$2,852.

Total Gross Margin is under budget by \$8,946.

La Viña expenses are under budget by almost \$11k and \$16k lower than last year.

Overall, La Viña is under budget by \$1,885 and the bottom line improved by \$54,338 over last year.

#### **Part IV: Reserve Fund and Grapevine Subscription Liability**

As of June 30, 2025, the Reserve Fund Assets total \$12.481 million consisting of cash and certificates of deposit. Less the liability for unfulfilled Grapevine subscriptions of \$540k, the Reserve Fund Balance is \$11.941 million. This is net of the \$150K approved by the GSB in February for AAGV operations but does not reflect the draws approved by the GSB in August of up to \$2.1 million for the GSO retrofit and \$350K for AAGV operations.

Based on the expense budgets for GSO, Grapevine and La Viña (total \$22.33 million) the reserve fund balance is equal to 6.42 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.

The AAWS/GSB capital budget reflects the cost of the office renovation expected to begin in August 2025 that will ultimately allow for the elimination of the space on the 8<sup>th</sup> floor when the lease for that space expires at the end of 2025.

#### **Part V: Other Notable Items**

None.

AAWS/GSB

# FINANCIAL STATEMENTS

**Alcoholics Anonymous World Services**  
**General Service Board of Alcoholics Anonymous**  
**Comparative Balance Sheet**  
**End of June 2025**

|                                         | 06/30/25          | 06/30/24          | CHANGE             |
|-----------------------------------------|-------------------|-------------------|--------------------|
| <b>ASSETS</b>                           |                   |                   |                    |
| <b>Current Assets</b>                   |                   |                   |                    |
| Cash                                    | 2,975,812         | 690,469           | 2,285,343          |
| Accounts Receivable (Literature + GV)   | 1,369,773         | 762,481           | 607,292            |
| Prepaid Expense                         | 4,454,798         | 1,065,486         | 3,389,312          |
| Literature Inventory                    | 3,127,234         | 3,164,275         | (37,040)           |
| Reserve Fund                            | 12,481,173        | 12,261,129        | 220,044            |
| <b>Total Current Assets</b>             | <b>24,408,791</b> | <b>17,943,840</b> | <b>6,464,950</b>   |
| <b>Fixed Assets</b>                     |                   |                   |                    |
| Fixed Assets                            | 5,054,797         | 7,441,079         | (2,386,283)        |
| Accumulated Depreciation                | (3,239,453)       | (4,149,071)       | 909,617            |
| <b>Net Fixed Assets</b>                 | <b>1,815,343</b>  | <b>3,292,009</b>  | <b>(1,476,666)</b> |
| <b>Other Assets</b>                     |                   |                   |                    |
| Postretirement Medical Fund             | 9,197,255         | 8,452,935         | 744,320            |
| <b>Total Other Assets</b>               | <b>9,197,255</b>  | <b>8,452,935</b>  | <b>744,320</b>     |
| <b>Total ASSETS</b>                     | <b>35,421,389</b> | <b>29,688,784</b> | <b>5,732,605</b>   |
| <b>LIABILITIES</b>                      |                   |                   |                    |
| Accounts Payable                        | 1,621,416         | 710,333           | 911,084            |
| Accrued Expenses                        | 149,253           | 278,076           | (128,823)          |
| Defined Benefit Pension Liability       | (11,414,732)      | (7,183,690)       | (4,231,042)        |
| Sales Tax                               | 4,198             | 2,136             | 2,062              |
| Deferred Revenue                        | 5,931,070         | 0                 | 5,931,070          |
| Grapevine Subscription Liability        | 540,000           | 540,000           | 0                  |
| Employee Withholding                    | 33,019            | 29,644            | 3,375              |
| Postretirement Benefit                  | 5,189,509         | 5,631,648         | (442,139)          |
| Rent Lease Liability                    | 949,133           | 1,886,482         | (937,349)          |
| <b>Total LIABILITIES</b>                | <b>3,002,865</b>  | <b>1,894,629</b>  | <b>1,108,237</b>   |
| <b>NET ASSETS</b>                       |                   |                   |                    |
| Reserve Fund                            | 11,941,173        | 11,721,129        | 220,044            |
| Postretirement Medical Fund             | 4,007,746         | 2,821,287         | 1,186,459          |
| Capital Projects Fund                   | 715,908           | 1,148,253         | (432,345)          |
| Defined Benefit Pension Liability       | 11,414,732        | 7,183,690         | 4,231,042          |
| General Fund                            | 4,338,965         | 4,919,796         | (580,831)          |
| <b>Total NET ASSETS</b>                 | <b>32,418,524</b> | <b>27,794,155</b> | <b>4,624,368</b>   |
| <b>Total LIABILITIES AND NET ASSETS</b> | <b>35,421,389</b> | <b>29,688,784</b> | <b>5,732,605</b>   |

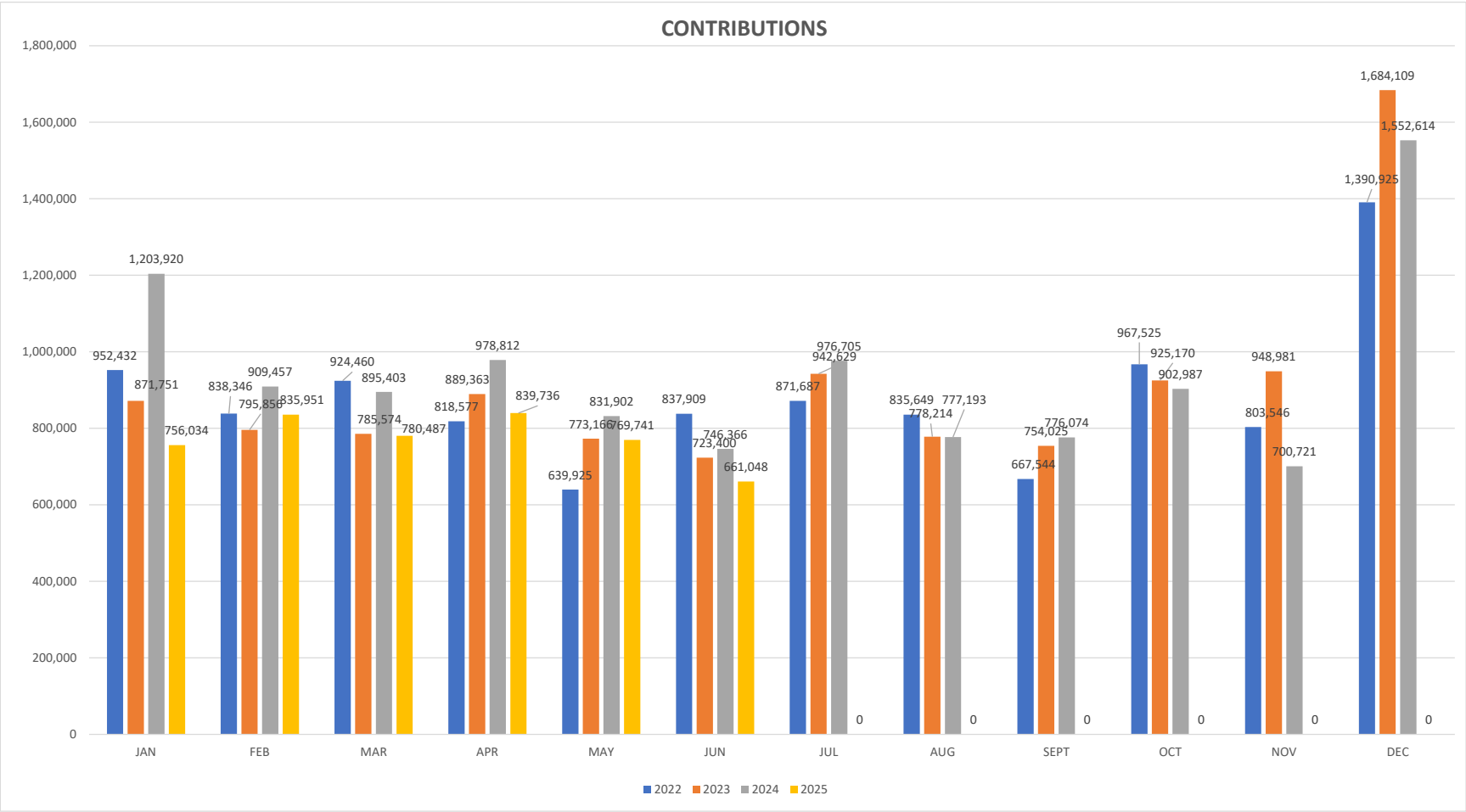
**A.A. World Services and General Service Board**  
**Consolidated**  
**Comparative Income Statement**  
**June-25**

| Account                                                | Current Year<br>June-25 | Last Year<br>June-24 | Variance         | Current YTD<br>Jan-25 to<br>June-25 | Last YTD<br>Jan-24 to<br>June-24 | YTD Variance     |
|--------------------------------------------------------|-------------------------|----------------------|------------------|-------------------------------------|----------------------------------|------------------|
| <b>Operating Revenue</b>                               |                         |                      |                  |                                     |                                  |                  |
| Contributions                                          | 661,048                 | 746,366              | (85,318)         | 4,642,998                           | 5,565,861                        | (922,863)        |
| International (2024 includes WSM)                      | 300                     | 18,748               | (18,448)         | 36,636                              | 76,664                           | (636,308)        |
| General Service Conference                             | 3,600                   | 11,700               | (8,100)          | 370,302                             | 400,469                          | (636,308)        |
| Gross Literature Sales                                 | 1,131,662               | 1,051,549            | 80,113           | 8,425,610                           | 7,184,417                        | 1,241,193        |
| Literature Shipping Charges                            | 25,308                  | 21,586               | 3,722            | 197,394                             | 158,651                          | 38,744           |
| Literature Discounts                                   | (15,940)                | (70,160)             | 54,221           | (570,317)                           | (294,436)                        | (275,882)        |
| Cost of Goods Sold                                     | 525,815                 | 479,125              | 46,690           | 3,706,418                           | 3,383,125                        | 323,293          |
| Gross Margin                                           | 615,216                 | 523,850              | 91,366           | 4,346,269                           | 3,665,507                        | 680,762          |
| <b>Total - Operating Revenue</b>                       | <b>1,280,164</b>        | <b>1,300,664</b>     | <b>(20,500)</b>  | <b>9,396,205</b>                    | <b>9,708,502</b>                 | <b>(312,296)</b> |
| <b>Operating Expense</b>                               |                         |                      |                  |                                     |                                  |                  |
| Salary & Benefits                                      | 882,381                 | 862,606              | 19,774           | 5,536,042                           | 5,615,648                        | (79,607)         |
| Payroll Taxes                                          | 57,601                  | 55,088               | 2,513            | 376,553                             | 395,232                          | (18,679)         |
| Professional Fees                                      | 136,249                 | 142,463              | (6,214)          | 674,938                             | 689,313                          | (14,376)         |
| Printing, Postage, Supplies, and Subscriptions         | 65,315                  | 42,072               | 23,243           | 318,710                             | 236,273                          | 82,437           |
| Data, Automation & Website                             | 24,152                  | 27,611               | (3,459)          | 318,696                             | 263,700                          | 54,996           |
| Insurance                                              | 6,359                   | 6,442                | (83)             | 43,435                              | 38,652                           | 4,783            |
| Facility & Equipment                                   | 108,378                 | 99,285               | 9,094            | 650,628                             | 613,417                          | 37,210           |
| Travel & Meetings                                      | 591,291                 | 25,495               | 565,797          | 1,420,752                           | 1,326,481                        | 94,271           |
| <b>Total - Operating Expense</b>                       | <b>1,871,726</b>        | <b>1,261,062</b>     | <b>610,665</b>   | <b>9,339,753</b>                    | <b>9,178,716</b>                 | <b>161,037</b>   |
| <b>Operating Surplus/(Deficit) Before Depreciation</b> | <b>(591,562)</b>        | <b>39,602</b>        | <b>(631,165)</b> | <b>56,452</b>                       | <b>529,785</b>                   | <b>(473,333)</b> |
| Depreciation Expense                                   | 63,745                  | 70,230               | (6,485)          | 379,949                             | 430,699                          | (50,749)         |
| <b>Operating Surplus/(Deficit) After Depreciation</b>  | <b>(655,307)</b>        | <b>(30,627)</b>      | <b>(624,680)</b> | <b>(323,497)</b>                    | <b>99,087</b>                    | <b>(422,584)</b> |
| Non-Operating Revenue                                  | 331,366                 | 162,499              | 168,867          | 741,743                             | 756,089                          | (14,346)         |
| Non-Operating Expense**                                | 57,770                  | 7,556                | 50,214           | 440,395                             | 847,255                          | (406,861)        |
| <b>Non-Operating Surplus/(Deficit)</b>                 | <b>273,596</b>          | <b>154,943</b>       | <b>118,654</b>   | <b>301,348</b>                      | <b>(91,167)</b>                  | <b>392,515</b>   |
| <b>Total Surplus/(Deficit)</b>                         | <b>(381,711)</b>        | <b>124,315</b>       | <b>(506,026)</b> | <b>(22,149)</b>                     | <b>7,920</b>                     | <b>(30,069)</b>  |

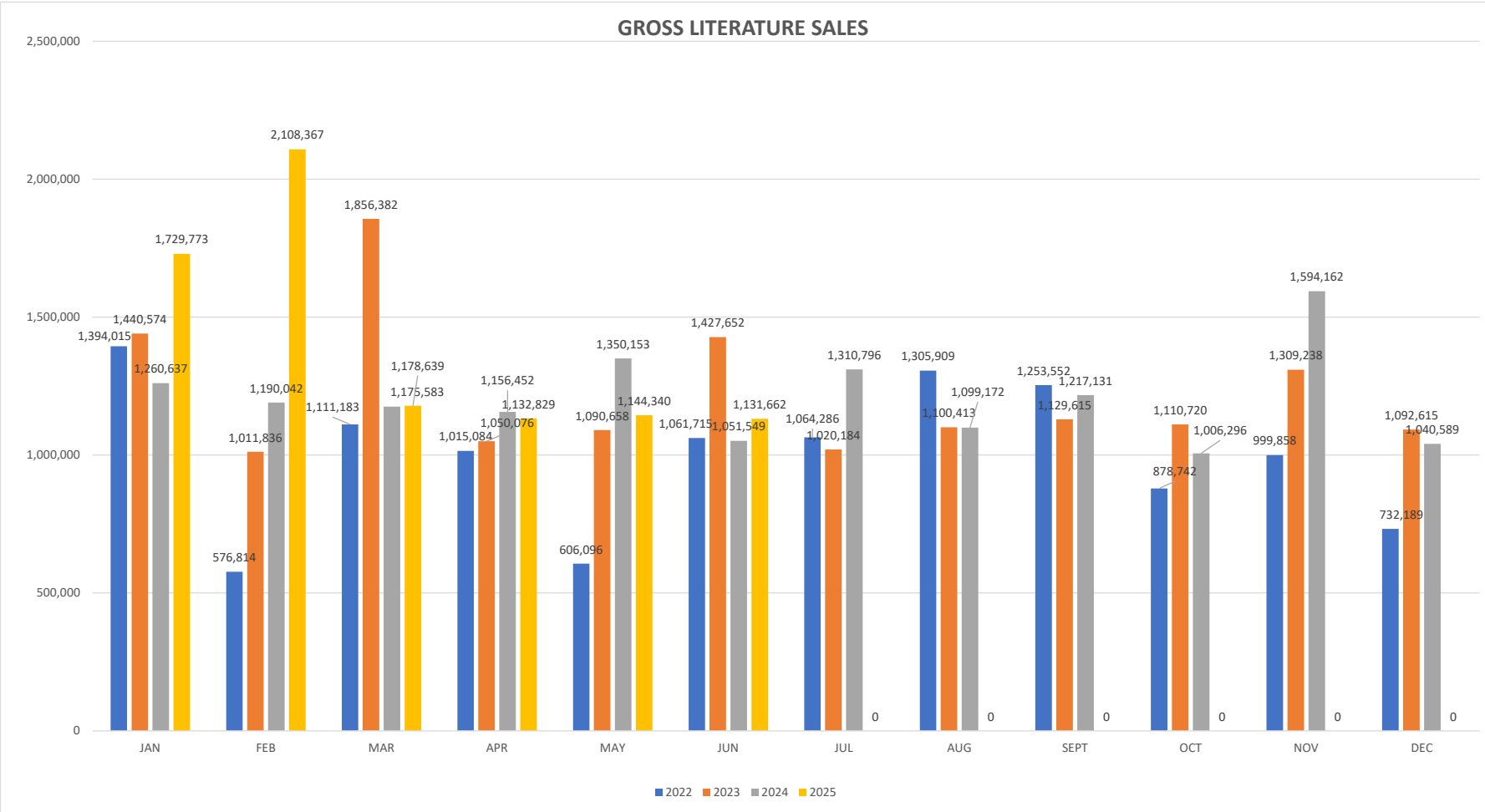
\*\*Withdrawals from the Reserve Fund for Grapevine are an expense for GSB and revenue for GV, netting to 0 on a consolidated basis.

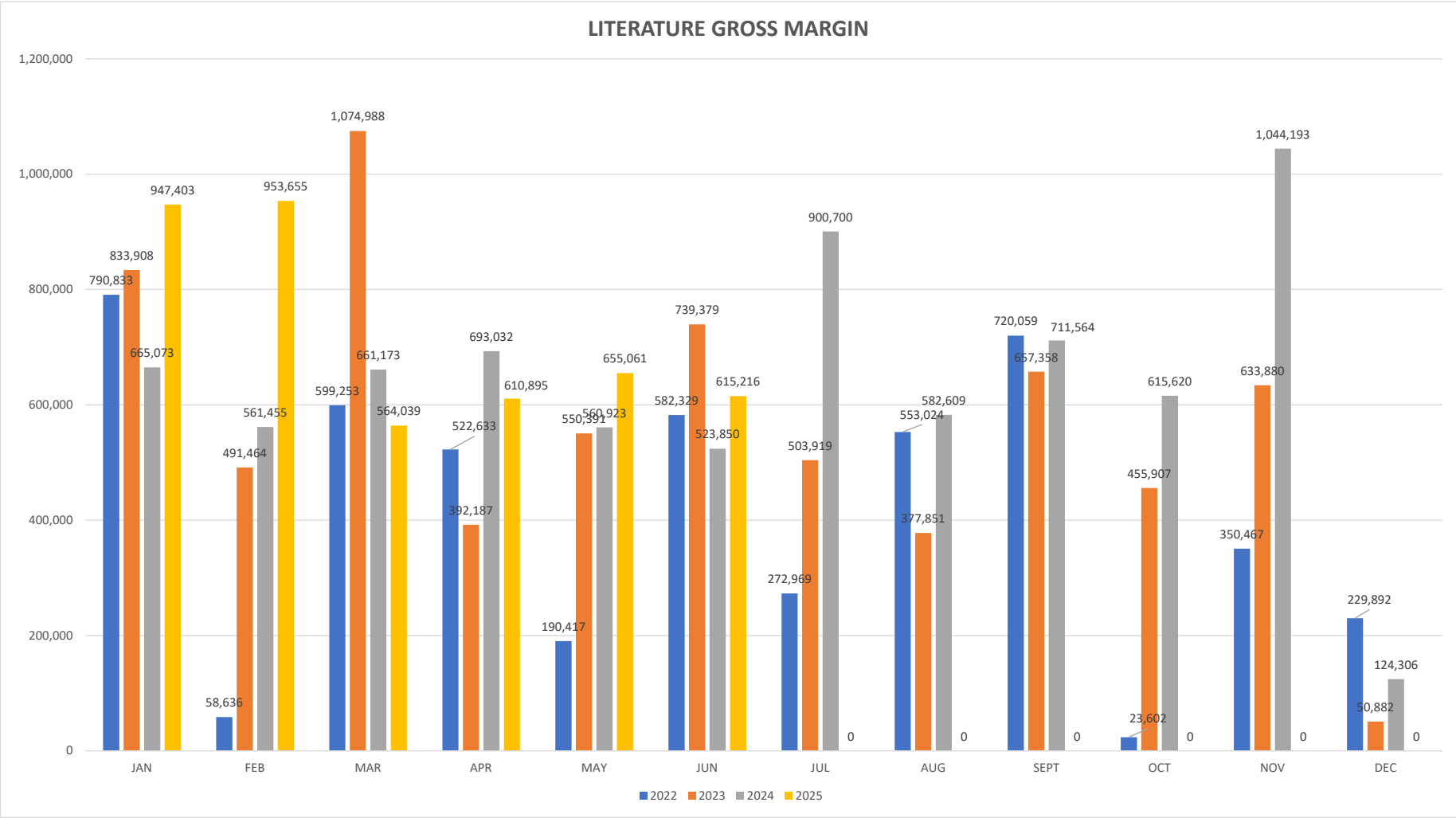
A.A. World Services and General Service Board  
Consolidated  
Income Statement Compared to Prior Year and Budget  
June-25

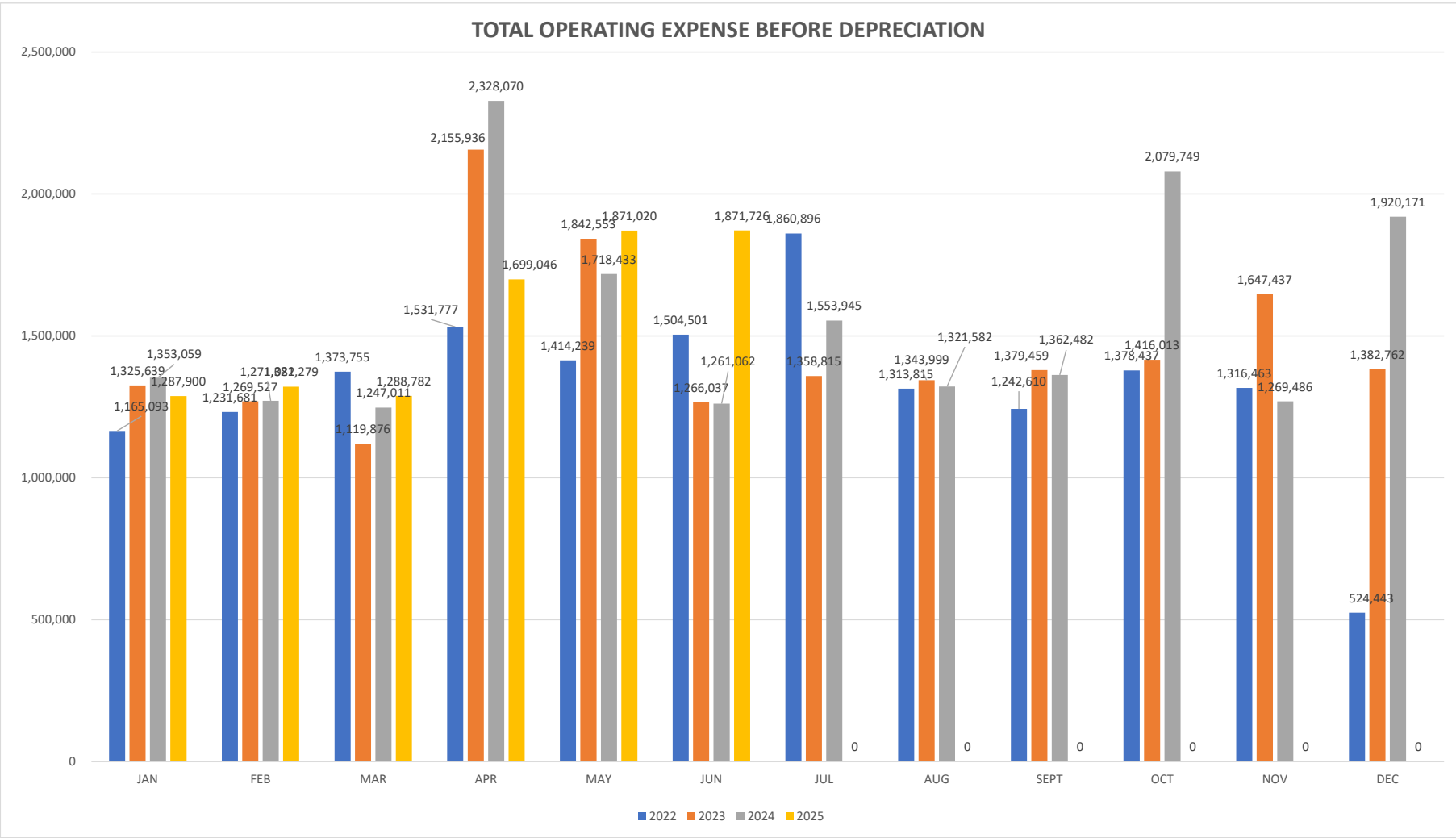
| Account                                                            | Jan-25           | Feb-25           | Mar-25           | Apr-25           | May-25           | Jun-25           | YTD 2025         | % of YTD<br>Budget 5.1 | Budget 5.1<br>YTD Budget 2025 | YTD Actual 2024  |
|--------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------------|-------------------------------|------------------|
| <b>Operating Revenue</b>                                           |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| Total - 40000 - Contributions - Members & Groups                   | 756,034          | 835,951          | 780,487          | 839,736          | 769,741          | 661,048          | 4,642,998        | 90%                    | 5,170,000                     | 5,565,861        |
| Total - 42000 - International                                      | 8,767            | 9,550            | 0                | 6,311            | 11,709           | 300              | 36,636           | 81%                    | 45,000                        | 76,664           |
| Total - 43000 - General Service Conference                         | 0                | 109,417          | 197,985          | 22,600           | 36,700           | 3,600            | 370,302          | 105%                   | 352,410                       | 400,469          |
| <b>Total - Operating Revenue before Literature</b>                 | <b>764,801</b>   | <b>954,918</b>   | <b>978,472</b>   | <b>868,647</b>   | <b>818,150</b>   | <b>664,948</b>   | <b>5,049,936</b> | 91%                    | <b>5,567,410</b>              | <b>6,042,995</b> |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| Total - 46000 - Literature Sales                                   | 1,521,139        | 1,903,971        | 1,186,817        | 1,144,519        | 1,155,210        | 1,141,031        | 8,052,687        | 101%                   | 7,975,000                     | 7,048,632        |
| Total - Cost Of Sales                                              | 573,735          | 950,316          | 622,778          | 533,624          | 500,149          | 525,815          | 3,706,418        | 103%                   | 3,600,000                     | 3,383,125        |
| <b>Literature Gross Margin</b>                                     | <b>947,403</b>   | <b>953,655</b>   | <b>564,039</b>   | <b>610,895</b>   | <b>655,061</b>   | <b>615,216</b>   | <b>4,346,269</b> | 99%                    | <b>4,375,000</b>              | <b>3,665,507</b> |
| <b>Convention</b>                                                  | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |                        | <b>0</b>                      |                  |
| <b>Total Operating Revenue</b>                                     | <b>1,712,204</b> | <b>1,908,573</b> | <b>1,542,511</b> | <b>1,479,542</b> | <b>1,473,211</b> | <b>1,280,164</b> | <b>9,396,205</b> | 95%                    | <b>9,942,410</b>              | <b>9,708,502</b> |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| <b>Operating Expense</b>                                           |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| 60100 - Payroll & Benefits : Salaries                              | 311,411          | 708,841          | 706,447          | 726,809          | 1,115,462        | 711,320          | 4,280,289        | 98%                    | 4,371,980                     | 4,441,135        |
| Total - 60300 - Payroll & Benefits : Employee Benefits             | 279,214          | 139,582          | 164,753          | 145,032          | 146,147          | 134,640          | 1,009,368        | 113%                   | 891,803                       | 950,771          |
| Total - 60500 - Payroll & Benefits : Retirement Plan Contributions | 44,810           | 31,430           | 45,412           | 43,227           | 45,085           | 36,421           | 246,385          | 107%                   | 230,722                       | 223,742          |
| <b>Subtotal - 60000 - Payroll &amp; Benefits</b>                   | <b>635,435</b>   | <b>879,853</b>   | <b>916,612</b>   | <b>915,068</b>   | <b>1,306,694</b> | <b>882,381</b>   | <b>5,536,042</b> | 101%                   | <b>5,494,505</b>              | <b>5,615,648</b> |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| Total - 60400 - Payroll & Benefits : Payroll Taxes                 | 47,893           | 68,671           | 59,678           | 52,442           | 90,267           | 57,601           | 376,553          | 91%                    | 415,697                       | 395,232          |
| Total - 70000 - Professional Fees                                  | 57,601           | 83,967           | 100,691          | 153,318          | 143,112          | 136,249          | 674,938          | 68%                    | 995,164                       | 689,313          |
| Total - 72000 - Printing, Postage, and Supplies Expenses           | 68,071           | 49,234           | 43,978           | 44,843           | 47,269           | 65,315           | 318,710          | 120%                   | 265,593                       | 236,273          |
| Total - 73000 - Data, Automation & Website                         | 45,078           | 79,615           | 36,706           | 41,623           | 91,522           | 24,152           | 318,696          | 103%                   | 309,932                       | 263,700          |
| Total - 74000 - Insurance                                          | 7,251            | 7,450            | 7,458            | 7,458            | 7,458            | 6,359            | 43,435           | 102%                   | 42,515                        | 38,652           |
| Total - 76000 - Facility & Equipment Expenses                      | 106,385          | 103,187          | 105,340          | 115,173          | 112,165          | 108,378          | 650,628          | 99%                    | 654,283                       | 613,417          |
| Total - 78000 - Travel & Meetings Expenses                         | 320,186          | 49,301           | 18,318           | 369,121          | 72,534           | 591,291          | 1,420,752        | 92%                    | 1,544,194                     | 1,326,481        |
| <b>Total Operating Expense</b>                                     | <b>1,287,900</b> | <b>1,321,279</b> | <b>1,288,782</b> | <b>1,699,046</b> | <b>1,871,020</b> | <b>1,871,726</b> | <b>9,339,753</b> | 96%                    | <b>9,721,881</b>              | <b>9,178,716</b> |
| <b>Operating Surplus/(Deficit) Before Depreciation</b>             | <b>424,304</b>   | <b>587,294</b>   | <b>253,729</b>   | <b>(219,504)</b> | <b>(397,809)</b> | <b>(591,562)</b> | <b>56,452</b>    |                        | <b>220,529</b>                | <b>529,785</b>   |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| 76800 - Facility & Equipment Expenses : Depreciation Expense       | 64,285           | 63,510           | 63,352           | 62,718           | 62,339           | 63,745           | 379,949          | 80%                    | 472,816                       | 430,699          |
| <b>Operating Surplus/(Deficit) After Depreciation</b>              | <b>360,018</b>   | <b>523,785</b>   | <b>190,376</b>   | <b>(282,222)</b> | <b>(460,148)</b> | <b>(655,307)</b> | <b>(323,497)</b> |                        | <b>(252,287)</b>              | <b>99,087</b>    |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| <b>Other Income and Expenses</b>                                   |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| <b>Other Income</b>                                                |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| Total - 45000 - Other Revenue                                      | 221,758          | 3,979            | (209,369)        | 59,908           | 334,100          | 331,366          | 741,743          |                        | 0                             | 756,089          |
| <b>Total - Other Income</b>                                        | <b>221,758</b>   | <b>3,979</b>     | <b>(209,369)</b> | <b>59,908</b>    | <b>334,100</b>   | <b>331,366</b>   | <b>741,743</b>   |                        | <b>0</b>                      | <b>756,089</b>   |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| <b>Other Expense</b>                                               |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| Total - 92000 - Other Expenses                                     | 24,612           | 18,542           | 1,862            | 18,380           | 14,214           | 10,991           | 88,600           | 46%                    | 84,200                        | 108,952          |
| 92150 - Disbursements from the ILF and WSM Fund                    | 990              | 660              | 8,422            | 1,916            | 880              | 4,660            | 17,528           | 58%                    | 10,000                        | 3,960            |
| 92600 - Transfers to La Vina                                       | 0                | 43,805           | (12,228)         | 48,317           | 33,663           | 42,119           | 155,676          | 27%                    | 113,907                       | 148,777          |
| 92650 - Grapevine Transfers                                        | 0                | 165,493          | 0                | 0                | 0                | 0                | 165,493          |                        | 0                             | 573,793          |
| 92800 - Pension                                                    | 0                | 0                | 0                | 0                | 0                | 0                | 0                |                        | 0                             | 0                |
| 92850 - Post Retirement Medical Plan                               | 6,592            | 0                | 0                | 6,506            | 0                | 0                | 13,098           |                        | 0                             | 11,774           |
| 92400 - Bad Debt Expense                                           | 0                | 0                | 0                | 0                | 0                | 0                | 0                |                        | 0                             | 0                |
| <b>Total - Other Expense</b>                                       | <b>32,194</b>    | <b>228,500</b>   | <b>(1,944)</b>   | <b>75,118</b>    | <b>48,757</b>    | <b>57,770</b>    | <b>440,395</b>   | 56%                    | <b>208,107</b>                | <b>847,255</b>   |
| <b>Net Other Income and Expense</b>                                | <b>189,564</b>   | <b>(224,521)</b> | <b>(207,424)</b> | <b>(15,211)</b>  | <b>285,343</b>   | <b>273,596</b>   | <b>301,348</b>   |                        | <b>(208,107)</b>              | <b>(91,167)</b>  |
|                                                                    |                  |                  |                  |                  |                  |                  |                  |                        |                               |                  |
| <b>Surplus/(Deficit)</b>                                           | <b>549,583</b>   | <b>299,264</b>   | <b>(17,048)</b>  | <b>(297,432)</b> | <b>(174,805)</b> | <b>(381,711)</b> | <b>(22,149)</b>  |                        | <b>(460,394)</b>              | <b>7,920</b>     |











**A.A. WORLD SERVICES AND GENERAL SERVICE BOARD**  
**CONSOLIDATED**  
**YTD CAPITAL EXPENDITURES**  
**JANUARY THROUGH JUNE 2025**

|                                      | AMOUNT           | ESTIMATED ANNUAL MAINTENANCE                               |
|--------------------------------------|------------------|------------------------------------------------------------|
| <b>Communications</b>                |                  |                                                            |
| Meeting Guide App Development        | 35,468           | Estimated annual Meeting Guide App maintenance is \$38,500 |
| Website Development <sup>1</sup>     | 116              | Estimated annual website maintenance is \$225,000          |
| Digital Publication Platform         | 19,945           | To be determined                                           |
| Analytics Reporting Data Warehouse   | 15,900           | To be determined                                           |
| Audio video equipment                | 6,995            | No maintenance is required                                 |
| <b>Total Communications</b>          | <b>78,424</b>    |                                                            |
| <b>Technology Services</b>           |                  |                                                            |
| Cisco Switches                       | 16,819           | Estimated annual maintenance is \$1,500                    |
| ERP Enhancements                     | (4,825)          | Estimated annual ERP maintenance is \$77,500               |
| Computers and Peripherals            | 15,069           | No maintenance is required                                 |
| <b>Total Technology Services</b>     | <b>27,063</b>    |                                                            |
| <b>Publishing</b>                    |                  |                                                            |
| Digital Publication Platform         | 19,945           | To be determined                                           |
| Digital Video Distribution Phase One | 0                |                                                            |
| Computers and Peripherals            | 8,926            | No maintenance is required                                 |
| <b>Total Publishing</b>              | <b>28,871</b>    |                                                            |
| <b>Office Retrofit</b>               | <b>0</b>         |                                                            |
| <b>TOTAL CAPITAL EXPENDITURES</b>    | <b>134,357</b>   |                                                            |
| <b>CAPITAL EXPENDITURE BUDGET</b>    | <b>2,473,355</b> |                                                            |
| <b>REMAINING BUDGET</b>              | <b>2,338,998</b> |                                                            |
| <b>% OF BUDGET SPENT</b>             | <b>5%</b>        |                                                            |

<sup>1</sup>Capital expenditures for the website were deferred until Quarters 3 and 4 to complete the Digital Publication Platform.

# AAGV

# FINANCIAL STATEMENTS

**AA Grapevine Inc.**  
**Statements of Activities - Actual vs Budget and Prior Year**  
**(Income Statement)**  
**For the periods ending June 30, 2025 and 2024**

|                                                    | Actual           | Budget           | Variance<br>Actual vs<br>Budget | Prior Year       | Variance<br>Actual vs<br>Prior Year |
|----------------------------------------------------|------------------|------------------|---------------------------------|------------------|-------------------------------------|
| <b>Grapevine</b>                                   |                  |                  |                                 |                  |                                     |
| <b>Circulation (Average Number of Subscribers)</b> |                  |                  |                                 |                  |                                     |
| GV Print subscriptions                             | 42,165           | 43,488           | (1,323)                         | 45,943           | (3,778)                             |
| GV Complete (Print & Online)                       | 5,566            | 5,533            | 33                              | 5,492            | 74                                  |
| GV Online subscriptions                            | 4,027            | 4,285            | (257)                           | 2,790            | 1,237                               |
| GV App subscriptions                               | 6,876            | 7,725            | (850)                           | 4,807            | 2,069                               |
| <b>Total Circulation</b>                           | <b>58,634</b>    | <b>61,031</b>    | <b>(2,397)</b>                  | <b>59,032</b>    | <b>(399)</b>                        |
| Revenue per Print subscription                     | 2.53             | 2.59             | (0.06)                          | 2.38             | 0.15                                |
| Revenue per GV Complete (Print & Online)           | 3.97             | 3.94             | 0.03                            | 3.88             | 0.09                                |
| Revenue per GV Online subscription                 | 2.25             | 2.74             | (0.49)                          | 2.22             | 0.03                                |
| Revenue per App subscription                       | 2.55             | 2.33             | 0.22                            | 2.57             | (0.02)                              |
| <b>Income</b>                                      |                  |                  |                                 |                  |                                     |
| Subscription Income                                |                  |                  |                                 |                  |                                     |
| Print Magazine                                     | \$ 641,094       | \$ 669,152       | (28,058)                        | \$ 656,092       | (14,998)                            |
| GV Complete                                        | 132,735          | \$ 129,597       | 3,138                           | 127,906          | 4,829                               |
| GV Online                                          | 54,476           | \$ 66,335        | (11,859)                        | 37,181           | 17,295                              |
| GV App                                             | 105,348          | \$ 100,773       | 4,575                           | 74,232           | 31,116                              |
| GV Back Issues & Prison/Hospital Issues            | 72,619           | \$ 72,500        | 119                             | 21,709           | 50,910                              |
| Prior Year Revenue Adjustment                      | -                | -                | -                               | 87,772           | (87,772)                            |
| Total Subscription Income                          | 1,006,273        | 1,038,357        | (32,084)                        | 1,004,892        | 1,381                               |
| Direct Cost                                        |                  |                  |                                 |                  |                                     |
| Magazine Production                                | 194,789          | 248,133          | (53,345)                        | 234,142          | (39,354)                            |
| Audio Production                                   | 13,260           | 13,500           | (240)                           | 5,777            | 7,483                               |
| Warehousing                                        | 34,069           | 33,600           | 469                             | 22,100           | 11,969                              |
| Postage                                            | 208,993          | 243,016          | (34,023)                        | 245,263          | (36,270)                            |
| GV App                                             | 15,802           | 15,116           | 686                             | 11,050           | 4,752                               |
| Total Direct Cost                                  | 466,912          | 553,365          | (86,453)                        | 518,332          | (51,420)                            |
| <b>Gross Margin on Subscriptions</b>               | <b>539,361</b>   | <b>484,992</b>   | <b>54,369</b>                   | <b>486,560</b>   | <b>52,801</b>                       |
| Content Related Income                             |                  |                  |                                 |                  |                                     |
| Books and Booklets                                 | 448,277          | 519,669          | (71,392)                        | 512,584          | (64,307)                            |
| Audio Products                                     | 18,172           | 19,050           | (878)                           | 4,958            | 13,214                              |
| Specialty Items                                    | 8,083            | 7,500            | 583                             | 7,403            | 680                                 |
| Specialty Items-International Convention           | 42,980           | 54,000           | (11,020)                        | -                | 42,980                              |
| Total Content Related Income                       | 517,513          | 600,219          | (82,706)                        | 524,945          | (7,432)                             |
| Cost of Goods -Books and Booklets                  | 119,453          | 115,000          | 4,453                           | 131,016          | (11,563)                            |
| Cost of Goods-Audio Products                       | 152              | 600              | (448)                           | 465              | (313)                               |
| Cost of Goods- Specialty Items                     | 1,617            | 4,200            | (2,583)                         | 2,961            | (1,344)                             |
| Cost of Goods-IC2025 Journal + Fulfill+Shipping    | 24,539           | 15,000           | 9,539                           | -                | 24,539                              |
| Mailing-Postage, Fulfillment, and Other Services   | 49,420           | 12,500           | 36,920                          | 7,531            | 41,889                              |
| Total Content Related Direct Cost                  | 195,181          | 147,300          | 47,881                          | 141,973          | 53,208                              |
| <b>Gross Margin - Other Published Items</b>        | <b>322,332</b>   | <b>452,919</b>   | <b>(130,587)</b>                | <b>382,972</b>   | <b>(60,640)</b>                     |
| Interest Reserve Fund                              | 4,500            | 4,500            | 0                               | 4,800            | (300)                               |
| <b>Total Gross Margin</b>                          | <b>\$866,193</b> | <b>\$942,411</b> | <b>(\$76,218)</b>               | <b>\$874,332</b> | <b>(\$8,139)</b>                    |

**AA Grapevine Inc.**  
**Statements of Activities - Actual vs Budget and Prior Year**  
**(Income Statement)**  
**For the periods ending June 30, 2025 and 2024**

| <b>Expenses</b>                         | <b>Actual</b>    | <b>Budget</b>    | <b>Variance<br/>Actual vs<br/>Budget</b> | <b>Prior Year</b> | <b>Variance<br/>Actual vs<br/>Prior Year</b> |
|-----------------------------------------|------------------|------------------|------------------------------------------|-------------------|----------------------------------------------|
| Editorial                               |                  |                  |                                          |                   |                                              |
| Salaries                                | 89,085           | 89,984           | (899)                                    | 121,977           | (32,892)                                     |
| Payroll Taxes and Benefits              | 17,287           | 19,896           | (2,609)                                  | 40,506            | (23,219)                                     |
| Freelance/Temp Help                     | 85,217           | 80,000           | 5,217                                    | 75,429            | 9,788                                        |
| Professional fees                       | 10,521           | 12,500           | (1,979)                                  | 51,922            | (41,401)                                     |
| Website Maint./Development              | 37,528           | 32,500           | 5,028                                    | 54,153            | (16,625)                                     |
| Total Editorial                         | 239,637          | 234,880          | 4,757                                    | 343,987           | (104,350)                                    |
| Circulation And Business                |                  |                  |                                          |                   |                                              |
| Salaries                                | 364,496          | 362,226          | 2,270                                    | 373,660           | (9,164)                                      |
| Payroll taxes and benefits              | 121,245          | 114,228          | 7,017                                    | 121,459           | (214)                                        |
| Freelance/Temp Help                     | 4,500            | 3,000            | 1,500                                    | -                 | 4,500                                        |
| Fulfillment                             | 140,864          | 112,500          | 28,364                                   | 104,494           | 36,370                                       |
| Fulfillment vendor credit               | (46,002)         | -                | (46,002)                                 | -                 | (46,002)                                     |
| App Development                         | 24,000           | 24,000           | -                                        | 84,000            | (60,000)                                     |
| Professional fees                       | 54,204           | 42,500           | 11,704                                   | 94,708            | (40,504)                                     |
| Website Maint./Development              | 4,639            | 4,500            | 139                                      | 3,901             | 738                                          |
| Recruitment Fees                        | -                | -                | -                                        | 30,000            | (30,000)                                     |
| AAWS HR Allocation                      | 6,553            | 7,969            | (1,416)                                  | -                 | 6,553                                        |
| Bank/CC service charges                 | 41,050           | 39,260           | 1,790                                    | 37,184            | 3,866                                        |
| Total Circulation And Business          | 715,548          | 710,183          | 5,365                                    | 849,406           | (133,858)                                    |
| General And Administrative              |                  |                  |                                          |                   |                                              |
| Depreciation expense                    | 65,645           | 70,000           | (4,355)                                  | 47,629            | 18,016                                       |
| Meetings and conferences                | 10,629           | 17,502           | (6,873)                                  | 24,941            | (14,312)                                     |
| Occupany & Insurance                    | 31,447           | 33,540           | (2,093)                                  | 40,837            | (9,390)                                      |
| Office supplies and expenses            | 33,148           | 17,501           | 15,647                                   | 54,895            | (21,747)                                     |
| IC2025 Expenses                         | 11,045           | -                | 11,045                                   | -                 | 11,045                                       |
| Total General And Administrative        | 151,914          | 138,543          | 13,371                                   | 168,302           | (16,388)                                     |
| <b>Total Expenses</b>                   | <b>1,107,100</b> | <b>1,083,606</b> | <b>23,494</b>                            | <b>1,361,695</b>  | <b>(254,595)</b>                             |
| <b>Net Income (Shortfall) Grapevine</b> | <b>(240,908)</b> | <b>(141,195)</b> | <b>(99,713)</b>                          | <b>(487,363)</b>  | <b>246,455</b>                               |

**AA Grapevine Inc.**  
**Statements of Activities - Actual vs Budget and Prior Year**  
**(Income Statement)**  
**For the periods ending June 30, 2025 and 2024**

| <b>La Vina</b>                                     | <b>Actual</b>    | <b>Budget</b>    | <b>Variance<br/>Actual vs<br/>Budget</b> | <b>Prior Year</b> | <b>Variance<br/>Actual vs<br/>Prior Year</b> |
|----------------------------------------------------|------------------|------------------|------------------------------------------|-------------------|----------------------------------------------|
| <b>Circulation (Average Number of Subscribers)</b> |                  |                  |                                          |                   |                                              |
| LV Print subscriptions                             | 7,689            | 7,570            | 119                                      | 6,782             | 907                                          |
| LV Complete                                        | 158              | 196              | (38)                                     | 107               | 51                                           |
| LV Online subscriptions                            | 83               | 88               | (5)                                      | 53                | 30                                           |
| LV App subscriptions                               | 430              | 354              | 76                                       | 215               | 215                                          |
| <b>Total Circulation</b>                           | <b>8,360</b>     | <b>8,208</b>     | <b>152</b>                               | <b>7,157</b>      | <b>1,203</b>                                 |
| Revenue per Print subscription                     | 2.41             | 2.75             | (0.34)                                   | 2.46              | (0.05)                                       |
| Revenue per LV Complete (Print & Online)           | 4.19             | 3.95             | 0.24                                     | 3.54              | 0.65                                         |
| Revenue per LV Online subscription                 | 2.26             | 2.18             | 0.08                                     | 1.72              | 0.54                                         |
| Revenue per App subscription                       | 2.45             | 2.20             | 0.25                                     | 1.13              | 1.32                                         |
| <b>Income</b>                                      |                  |                  |                                          |                   |                                              |
| Subscription Income                                |                  |                  |                                          |                   |                                              |
| Print Magazine                                     | 55,491           | \$ 60,777        | (5,286)                                  | 50,112            | 5,379                                        |
| LV Complete                                        | 1,982            | \$ 2,060         | (78)                                     | 1,137             | 845                                          |
| LV Online                                          | 563              | \$ 540           | 23                                       | 274               | 289                                          |
| LV App                                             | 3,166            | \$ 2,198         | 968                                      | 727               | 2,439                                        |
| LV Back Issues                                     | 7,159            | 9,500            | (2,341)                                  | 7,381             | (222)                                        |
| Prior Year Revenue Adjustment                      | -                | -                | -                                        | (6,177)           | 6,177                                        |
| <b>Total Subscription Income</b>                   | <b>68,359</b>    | <b>75,075</b>    | <b>(6,716)</b>                           | <b>53,454</b>     | <b>14,905</b>                                |
| Direct Cost                                        |                  |                  |                                          |                   |                                              |
| Magazine Production                                | 30,181           | 32,500           | (2,319)                                  | 30,412            | (231)                                        |
| Audio Production                                   | 5,235            | 5,417            | (182)                                    | 5,235             | -                                            |
| Postage                                            | 13,197           | 11,250           | 1,947                                    | 12,459            | 738                                          |
| LV App                                             | 262              | 330              | (68)                                     | 109               | 153                                          |
| <b>Total Direct Cost</b>                           | <b>48,875</b>    | <b>49,497</b>    | <b>(622)</b>                             | <b>48,215</b>     | <b>660</b>                                   |
| <b>Gross Margin on Subscriptions</b>               | <b>19,484</b>    | <b>25,578</b>    | <b>(6,094)</b>                           | <b>5,239</b>      | <b>14,245</b>                                |
| Content Related Income                             |                  |                  |                                          |                   |                                              |
| Books and Booklets                                 | 82,929           | 85,501           | (2,572)                                  | 58,861            | 24,068                                       |
| Audio Products                                     | -                | 125              | (125)                                    | 45                | (45)                                         |
| Specialty Items                                    | 2,096            | 2,500            | (404)                                    | 2,212             | (116)                                        |
| 10% of Convention Journal Income                   | 2,500            | 3,000            | (500)                                    |                   | 2,500                                        |
| <b>Total Content Related Income</b>                | <b>\$ 87,525</b> | <b>\$ 91,126</b> | <b>\$ (3,601)</b>                        | <b>\$ 61,118</b>  | <b>\$ 26,407</b>                             |
| Cost of Goods                                      | 26,405           | 27,001           | (749)                                    | 21,564            | 4,841                                        |
| <b>Gross Margin - Other Published Items</b>        | <b>\$ 61,120</b> | <b>\$ 64,125</b> | <b>\$ (2,852)</b>                        | <b>\$ 39,554</b>  | <b>21,566</b>                                |
| <b>Total Gross Margin</b>                          | <b>80,604</b>    | <b>89,703</b>    | <b>(8,946)</b>                           | <b>44,793</b>     | <b>35,811</b>                                |



**AA Grapevine Inc.**  
**Statements of Activities - Actual vs Budget and Prior Year**  
**(Income Statement)**  
**For the periods ending June 30, 2025 and 2024**

| Expenses                                  |                  |                  | Variance         |                  | Variance             |
|-------------------------------------------|------------------|------------------|------------------|------------------|----------------------|
|                                           | Actual           | Budget           | Actual vs Budget | Prior Year       | Actual vs Prior Year |
| Editorial                                 |                  |                  |                  |                  |                      |
| Salaries                                  | 83,438           | 85,890           | (2,452)          | 93,390           | (9,952)              |
| Payroll taxes and benefits                | 35,324           | 30,694           | 4,630            | 30,375           | 4,949                |
| Freelance/Temp Help                       | 14,361           | 20,000           | (5,639)          | 12,126           | 2,235                |
| Professional fees                         | 1,435            | 2,500            | (1,065)          | 7,067            | (5,632)              |
| Website Maint./Development                | 7,489            | 8,675            | (1,186)          | 14,354           | (6,865)              |
| Total Editorial                           | 142,048          | 147,759          | (5,711)          | 157,312          | (15,264)             |
| Circulation And Business                  |                  |                  |                  |                  |                      |
| Salaries                                  | 79,535           | 90,853           | (11,318)         | 82,134           | (2,599)              |
| Payroll taxes and benefits                | 32,758           | 31,627           | 1,131            | 27,773           | 4,985                |
| Freelance/Temp Help                       | -                | 3,000            | (3,000)          | 8,170            | (8,170)              |
| Professional fees                         | 8,210            | 7,000            | 1,210            | 23,365           | (15,155)             |
| Fulfillment - Subscription orders         | 31,075           | 17,250           | 13,825           | 15,330           | 15,745               |
| AAWS HR Allocation                        | 1,404            | 1,406            | (2)              | -                | 1,404                |
| Total Circulation And Business            | 152,982          | 151,136          | 1,846            | 156,772          | (3,790)              |
| General And Administrative                |                  |                  |                  |                  |                      |
| Depreciation expense                      | 12,979           | 20,001           | (7,022)          | 8,750            | 4,229                |
| Meetings & Conferences                    | 4,367            | 5,616            | (1,249)          | 5,222            | (855)                |
| Occupany & Insurance                      | 15,809           | 15,930           | (121)            | 18,293           | (2,484)              |
| Office Supplies & Expense                 | 1,823            | 1,500            | 323              | 1,354            | 469                  |
| IC2025 Expenses                           | 1,250            | 300              | 950              |                  | 1,250                |
| Total General And Administrative          | 36,228           | 43,347           | (7,119)          | 33,619           | 2,609                |
| <b>Total Expenses</b>                     | <b>331,258</b>   | <b>342,242</b>   | <b>(10,984)</b>  | <b>347,703</b>   | <b>(16,445)</b>      |
| <b>Total Operating Income (Shortfall)</b> | <b>(250,654)</b> | <b>(252,539)</b> | <b>1,885</b>     | <b>(302,910)</b> | <b>52,256</b>        |
| <b>Contribution from GSB</b>              | <b>250,654</b>   | <b>252,539</b>   | <b>(1,885)</b>   | <b>302,910</b>   | <b>(52,256)</b>      |
| <b>Net Income (Shortfall) La Vina</b>     |                  |                  |                  |                  |                      |

**AA Grapevine Inc.**  
**Statements of Financial Position**  
(Balance Sheet)  
**June 30, 2025 and 2024**

|                                     | June 30, 2025       | June 30, 2024       | Variance            |
|-------------------------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                       |                     |                     |                     |
| Current Assets                      |                     |                     |                     |
| Cash And Cash Equivalents           | \$ 84,484           | \$ 286,291          | \$ (201,807)        |
| Accounts Receivable Net             | 277,516             | 182,397             | 95,119              |
| Accounts Receivable GSB             | 97,479              | 151,822             | (54,343)            |
| Subscription Liability Fund         | 540,000             | 540,000             | -                   |
| Inventory                           | 391,249             | 327,746             | 63,502              |
| Total Current Assets                | 1,390,728           | 1,488,256           | (97,529)            |
| Other Assets                        |                     |                     |                     |
| Prepaid Expenses                    | 71,510              | 55,415              | 16,095              |
| Security Deposits                   | 14,756              | 13,841              | 915                 |
| Mobile App Net                      | 370,078             | 375,165             | (5,087)             |
| Fixed Assets Net                    | 66,774              | 89,412              | (22,638)            |
| Total Other Assets                  | 523,118             | 533,833             | (10,715)            |
| <b>Total Assets</b>                 | <b>\$ 1,913,846</b> | <b>\$ 2,022,089</b> | <b>\$ (108,244)</b> |
| <b>Liabilities and Net Assets</b>   |                     |                     |                     |
| Current Liabilities                 |                     |                     |                     |
| Accounts Payable                    | \$ 362,095          | \$ 125,569          | \$ 236,526          |
| Inter-Company Due to AAWS           | 531,247             | 416,297             | 114,950             |
| Total Accounts Payable              | 893,342             | 541,866             | 234,563             |
| Other Current Liabilities           |                     |                     |                     |
| PR Tax And Benefits Payable         | 2,462               | 2,471               | (9)                 |
| Accrued Expenses                    | 22,404              | 123,793             | (101,389)           |
| GST Payable                         | -                   | -                   | -                   |
| NYS Sales Tax                       | -                   | -                   | -                   |
| Deferred Income Subscriptions       | 1,651,831           | 1,558,212           | 93,620              |
| Deferred Income-IC 2025             | 21,431              | -                   | 21,431              |
| Gift Certificate CTM                | 8,878               | 19,253              | (10,375)            |
| Total Other Current Liabilities     | 1,707,005           | 1,703,728           | 3,277               |
| Total Liabilities                   | 2,600,347           | 2,245,594           | 237,840             |
| Net Assets                          |                     |                     |                     |
| Net Assets - Beg Bal                | (1,193,257)         | (341,525)           | (851,732)           |
| Transfer from Reserve Fund          | 747,664             | 597,664             | 150,000             |
| Consolidated Net Income (Shortfall) | (240,908)           | (479,644)           | 238,736             |
| Total Net Assets                    | (686,501)           | (223,505)           | (462,996)           |
| Total Liabilities And Net Assets    | <b>\$ 1,913,846</b> | <b>\$ 2,022,089</b> | <b>\$ (225,156)</b> |

**AA Grapevine Inc.**  
**Rolling Cash Flow Forecast**  
**For the Twelve Months Ended December 31, 2025**

|                                                               | ACTUAL             |                    |                    |                  |                    |                    | FORECAST           |                    |                    |                    |                    |                    |                  |
|---------------------------------------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|                                                               | Jan-25             | Feb-25             | Mar-25             | Apr-25           | May-25             | Jun-25             | Jul-25             | Aug-25             | Sep-25             | Oct-25             | Nov-25             | Dec-25             | Total            |
| <b>Grapevine &amp; La Vina Revenue</b>                        |                    |                    |                    |                  |                    |                    |                    |                    |                    |                    |                    |                    |                  |
| <b>Consolidated Net Income (Shortfall)</b>                    | <b>\$ (51,038)</b> | <b>\$ (40,427)</b> | <b>\$ (74,300)</b> | <b>\$ 27,133</b> | <b>\$ (62,789)</b> | <b>\$ (45,547)</b> | <b>\$ (12,695)</b> | <b>\$ (25,248)</b> | <b>\$ (30,878)</b> | <b>\$ (46,536)</b> | <b>\$ (28,934)</b> | <b>\$ (13,746)</b> | <b>(405,006)</b> |
| Accounts Receivable                                           | (46,646)           | (40,025)           | 8,514              | (22,722)         | 667                | 8,315              | (24,000)           | -                  | -                  | -                  | -                  | -                  | (115,897)        |
| La Vina Reimbursement Billed                                  | (31,159)           | (48,317)           | (34,186)           | (42,119)         | (55,037)           | (39,836)           | (38,501)           | (43,231)           | (33,298)           | (50,115)           | (39,782)           | (43,732)           | (499,313)        |
| La Vina Reimbursement Received                                | 44,335             | 43,805             | 31,577             | 48,317           | 33,663             | 42,119             | 55,037             | 39,836             | 38,501             | 43,231             | 33,298             | 50,115             | 503,834          |
| Draw from Reserve Fund                                        |                    | 150,000            |                    |                  |                    |                    |                    | 350,000            |                    |                    |                    |                    | 500,000          |
| Inventory                                                     | (50,230)           | 12,680             | (25,674)           | (17,667)         | 14,371             | (25,722)           | (18,000)           | 5,000              | 5,000              | 2,000              | -                  | -                  | (98,242)         |
| Purchase of Fixed Assets                                      |                    |                    | -                  |                  |                    | -                  |                    |                    | (3,000)            | (3,000)            |                    | (3,000)            | (9,000)          |
| Depreciation/Amortization                                     | 12,566             | 12,481             | 12,458             | 12,373           | 14,040             | 15,000             | 15,000             | 15,000             | 15,000             | 15,000             | 15,000             | 15,000             | 168,918          |
| Accounts Payable                                              | 121,920            | (52,426)           | (2,214)            | (52,736)         | 20,783             | 135,325            | 20,000             | (200,000)          | (5,000)            | (5,000)            | (5,000)            | -                  | (24,348)         |
| Intercompany Due AAWS Charged                                 | 46,531             | 33,597             | 48,620             | 46,695           | 46,188             | 48,000             | 48,000             | 48,000             | 48,000             | 48,000             | 48,000             | 48,000             | 557,631          |
| Intercompany Due AAWS Paid                                    | (47,473)           | (47,473)           | (51,451)           | -                | -                  | (43,440)           | (43,440)           | (94,891)           | (95,000)           | (52,000)           | (52,000)           | (52,000)           | (579,168)        |
| Deferred Income                                               | (38,414)           | 9,739              | 64,713             | 18,208           | (18,441)           | (51,710)           | 15,000             | 10,000             | 10,000             | 2,973              | 3,000              | 3,000              | 28,068           |
| Int'l Conv Journal & other new content                        | 2,715              | 2,100              | (12,922)           | 6,072            | (43,400)           | -                  | -                  | -                  | -                  | -                  | -                  | -                  | (45,435)         |
| Investment - Mobile App                                       | (4,000)            | (4,000)            | (4,000)            | (4,000)          | (4,000)            | (4,000)            | (4,000)            | (4,000)            | (4,000)            | (4,000)            | (4,000)            | (4,000)            | (48,000)         |
| Gift Certificates                                             | (2,504)            | 500                | 268                | 3,356            | 2,500              | 500                | 500                | 500                | 500                | 500                | 500                | 500                | 7,620            |
| <b>Total Adjustments to reconcile Net Revenue to Net Cash</b> | <b>7,641</b>       | <b>72,661</b>      | <b>35,703</b>      | <b>(4,223)</b>   | <b>11,332</b>      | <b>84,549</b>      | <b>25,595</b>      | <b>126,213</b>     | <b>(23,298)</b>    | <b>(2,411)</b>     | <b>(985)</b>       | <b>13,883</b>      | <b>346,668</b>   |
| Cash at Beginning of Period                                   | 121,573            | 78,177             | 110,411            | 71,814           | 94,724             | 43,587             | 82,589             | 95,489             | 196,453            | 142,277            | 93,330             | 63,714             | 121,573          |
| <b>Cash at End of Period</b>                                  | <b>\$ 78,177</b>   | <b>\$ 110,411</b>  | <b>\$ 71,814</b>   | <b>\$ 94,724</b> | <b>\$ 43,587</b>   | <b>\$ 82,589</b>   | <b>\$ 95,489</b>   | <b>\$ 196,453</b>  | <b>\$ 142,277</b>  | <b>\$ 93,330</b>   | <b>\$ 63,714</b>   | <b>\$ 63,851</b>   | <b>\$ 63,852</b> |

**A.A. Grapevine Inc.**  
**Consolidated Comparative Income Statements**  
**(Dollars in Thousands)**

| Account                                                                                                                                            | Six Months Ended<br>June 30, 2025 | Six Months Ended<br>June 30, 2024 | Variance     | 2025 YTD Budget | Variance -<br>Actual to Budget | 2025 Full-Year<br>Approved<br>Reforecast |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|--------------|-----------------|--------------------------------|------------------------------------------|
| <b>Grapevine</b>                                                                                                                                   |                                   |                                   |              |                 |                                |                                          |
| <b>Operating Revenue</b>                                                                                                                           |                                   |                                   |              |                 |                                |                                          |
| Subscriptions                                                                                                                                      | 1,006                             | 1,005                             | 1            | 1,038           | (32)                           | 1,990                                    |
| Book and Other Content Sales                                                                                                                       | 518                               | 525                               | (7)          | 600             | (82)                           | 1,127                                    |
| <b>Total Operating Revenues</b>                                                                                                                    | <u>1,524</u>                      | <u>1,530</u>                      | <u>(6)</u>   | <u>1,638</u>    | <u>(114)</u>                   | <u>3,117</u>                             |
| <b>Cost of Goods Sold</b>                                                                                                                          | <b>662</b>                        | <b>660</b>                        | <b>2</b>     | <b>700</b>      | <b>(38)</b>                    | <b>1,308</b>                             |
| <b>Gross Margin</b>                                                                                                                                | <b>862</b>                        | <b>870</b>                        | <b>(8)</b>   | <b>938</b>      | <b>(76)</b>                    | <b>1,809</b>                             |
| <b>Operating Expense</b>                                                                                                                           |                                   |                                   |              |                 |                                |                                          |
| Editorial                                                                                                                                          | 240                               | 344                               | (104)        | 235             | 5                              | 486                                      |
| Circulation and Business                                                                                                                           | 715                               | 850                               | (135)        | 710             | 5                              | 1,410                                    |
| General and Administrative                                                                                                                         | 86                                | 120                               | (34)         | 68              | 18                             | 167                                      |
| <b>Total - Operating Expense</b>                                                                                                                   | <u>1,041</u>                      | <u>1,314</u>                      | <u>(273)</u> | <u>1,013</u>    | <u>28</u>                      | <u>2,063</u>                             |
| <b>Operating (Deficit) Before Depreciation</b>                                                                                                     | <b>(179)</b>                      | <b>(444)</b>                      | <b>265</b>   | <b>(75)</b>     | <b>(104)</b>                   | <b>(254)</b>                             |
| Depreciation Expense                                                                                                                               | 66                                | 48                                | 18           | 70              | (4)                            | 144                                      |
| <b>Operating (Deficit) After Depreciation</b>                                                                                                      | <b>(245)</b>                      | <b>(492)</b>                      | <b>247</b>   | <b>(145)</b>    | <b>(100)</b>                   | <b>(398)</b>                             |
| Interest on Reserve Fund                                                                                                                           | 4                                 | 5                                 | (1)          | 4               | 0                              | 9                                        |
| Transfer from Reserve Fund                                                                                                                         | 0                                 | 0                                 | 0            | 0               | 0                              | 0                                        |
| <b>Non-Operating Surplus</b>                                                                                                                       | <u>4</u>                          | <u>5</u>                          | <u>(1)</u>   | <u>4</u>        | <u>0</u>                       | <u>9</u>                                 |
| > Reserve Fund transfer of \$150k is not listed as it is to purchase inventory for sale at the International Convention, not to support operations |                                   |                                   |              |                 |                                |                                          |
| <b>Total Surplus/(Deficit)</b>                                                                                                                     | <b>(241)</b>                      | <b>(487)</b>                      | <b>246</b>   | <b>(141)</b>    | <b>(100)</b>                   | <b>(389)</b>                             |

|                                    |              |              |             |              |             |              |
|------------------------------------|--------------|--------------|-------------|--------------|-------------|--------------|
| La Vina                            |              |              |             |              |             |              |
| <b>Operating Revenue</b>           |              |              |             |              |             |              |
| Subscriptions                      | 68           | 53           | 15          | 75           | (7)         | 142          |
| Book and Other Content Sales       | 88           | 61           | 27          | 91           | (3)         | 182          |
| <b>Total Operating Revenues</b>    | <b>156</b>   | <b>114</b>   | <b>42</b>   | <b>166</b>   | <b>(10)</b> | <b>324</b>   |
| <b>Cost of Goods Sold</b>          |              |              |             |              |             |              |
|                                    | <b>75</b>    | <b>69</b>    | <b>6</b>    | <b>77</b>    | <b>(2)</b>  | <b>157</b>   |
| <b>Gross Margin</b>                | <b>81</b>    | <b>45</b>    | <b>36</b>   | <b>89</b>    | <b>(8)</b>  | <b>167</b>   |
| <b>Operating Expense</b>           |              |              |             |              |             |              |
| Editorial                          | 142          | 157          | (15)        | 148          | (6)         | 295          |
| Circulation and Business           | 153          | 157          | (4)         | 151          | 2           | 287          |
| General and Administrative         | 37           | 34           | 3           | 43           | (6)         | 78           |
| <b>Total - Operating Expense</b>   | <b>332</b>   | <b>348</b>   | <b>(16)</b> | <b>342</b>   | <b>(10)</b> | <b>660</b>   |
| <b>Operating (Shortfall)</b>       | <b>(251)</b> | <b>(303)</b> | <b>52</b>   | <b>(253)</b> | <b>2</b>    | <b>(493)</b> |
| Support from General Service Board | 251          | 303          | (52)        | 253          | (2)         | 493          |
| <b>Net</b>                         | <b>0</b>     | <b>0</b>     | <b>0</b>    | <b>0</b>     | <b>0</b>    | <b>0</b>     |