

Area 45 Budget Notes

2017-2018 Proposed Budget

Introduction

The purpose of these budget notes is to provide insight and context on the discussions of the Budget & Finance Committee during the creation of the proposed budget. Many hours and much thought went into each item and amount. While it is not possible to share every word and emotion, the intent of this document is to highlight relevant information that led to the committee's key decisions.

If passed by the assembly, the budget will provide for the operation of Area 45 from January 1, 2017 through December 31, 2018 at the levels set forth.

In accord with AA's Seventh Tradition, Area 45 strives to be self-supporting in all its affairs. In this spirit of self-support, the Area endeavors to be financially responsible for all Area expenses, including those incurred by those conducting business at the request of Area 45. To remove personal finances as a limiting factor in service work, such expenses should be reimbursed, or noted, for purposes of future budgets; however, the choice to be reimbursed should be left to the individual. Area 45's budget attempts to allocate sufficient funds to cover these expected operating expense, plus an ample reserve, as described in Warranty 2 of Concept XII.

Starting Balances & Planned Spend Down

Through careful and frugal management of Area 45's budget in recent years, a substantial amount of operating funds has accumulated. Based on an analysis of contributions and expenditures over the past 18 months, forward-looking projections indicate that the Area will begin the 2017-2018 period with no less than \$30,000.

The Budget & Finance Committee felt it was important during the next budget cycle to focus these resources toward AA's primary purpose --- helping the alcoholic who still suffers. With that in mind, the committee recommends, and includes in this budget, a planned spend down of excess funds.

Groups are encouraged to continue their regular contributions to all service entities. Groups can refer to the pamphlet "Self-Support: Where Money and Spirituality Mix" for more information about our Seventh Tradition and for examples of contribution breakdowns. Each group is free to decide for itself how and where to best distribute its funds. It is the committee's hope that the decision to ensure all funds are directed towards carrying the message of AA, including what is already entrusted to the Area, will assure continued support.

Income

Essentially all of Area 45's operating funds come from group contributions. The 2017-2018 budget assumes group contributions of approximately \$27,000.00 per year. The committee assumed a small drop (\$1,000/year) from the previous budget estimate. At current rates, the Area account also earns ~\$1 per month, or \$12 per year, in interest.

The Internal Revenue Service (IRS) requires Area 45 to file income tax returns on a yearly basis. All contributions received constitute "income" for tax purposes and must be reported. All income, including cash or other contributions made directly to an Area 45 Committee, must be reported to the

Area Treasurer for inclusion in the income tax filing. All Committees that have separate bank accounts are to provide bank statements to the Area Treasurer.

The 2017-2018 budget does not assume a profit from either the sale of Grapevine or the annual Convention. Any profits from these activities will remain with these committees for future use.

Expenditures

Core Expenses

Similar to previous budgets, this category includes storage space, telephone services, publishing of the Area's handbook, assembly hall rentals, banking fees, bulk mailing fees, insurance, the newsletter, and the Area's PO Box.

Area storage costs decreased by 33% from \$2,400 to \$1,800 due to a favorable change in location. Bulk mailing permit costs decreased by 28% from \$350 to \$250, with actual mailing costs included in committees and panel line items. Total banking charges also decreased from \$300 to \$200.

Increases to the other core costs from the previous budget are in line with verified and expected increases for the period covered by this budget. The allocation for assembly hall rentals for quarterly assemblies increased from \$1,500 to \$2,000 per year. Printing of the Area Handbook is expected to cost \$900 per year vs. \$750 in the previous budget.

The 2017-2018 budget adds a Technology Refresh line item to proactively address aging equipment *before* it breaks. In recent years, emergency approval through right of decision has been used to allocate money when needed. By setting aside funds in advance, equipment can be replaced immediately --- up to the amount agreed upon in the budget --- without waiting for the next assembly or holding an emergency vote.

Excluding the new Tech Refresh item, the total budget for core costs decreased from \$8,010 in 2016, to \$7,940 in 2017 and 2018. Including Tech Refresh, the total is \$8,540 per year.

Committee Expenses

Planned spending by Area Committees increased from \$11,400 total for 2015-2016 to \$16,000 total in 2017-2018. This is in line with the plan to support AA's primary purpose and carry the message while spending down excess accumulated funds.

All committees are important to attracting still suffering alcoholics, and helping foster their recovery. During the budget preparation process, committee chairs provided insight into plans and resource needs for the upcoming period. These plans, projects and requested funding requirements were used to update each committee's allocation to provide maximum support.

The Website committee budget increased from \$50 to \$700 per year. The plan is to modernize and improve the Area 45 website over the next 2 years. In addition to on-going website operations, this amount will enable and support an Ad Hoc Website Redesign committee. No funds are being allocated for server hosting as this will not need to be renewed until 2019.

The Public Information (PI) committee, which did not have its own funding in the previous budget, will have \$500 per year, and the Cooperation with the Professional Community (CPC) committee budget increased by 50% from \$1,000 to \$1,500. These committee chairs provided detailed information during the budgeting process about projects that will be pursued. Interested members are encouraged to reach out to these chairs and offer assistance.

The Accessibility and Special Needs and Young People committees, similar to Public Information, did not have a budgeted funding in previous years, but will have \$500 per year in 2017-2018. Archives, Budget & Finance, DCM/GSR Orientation, Policy & Charter, Registration, Workshop, and Newsletter committees all received nominal increases to cover printing and mailing costs moved from the Core Expenses category.

Several committees determined that a lower level of funding was sufficient. Due to the continued success of the LIPS can program, the Corrections committee costs no longer include the purchase of literature. As mentioned in the Income section of these notes, the Grapevine committee will retain all proceeds from on-going sales, therefore their allocation was reduced by the amount removed from income.

Jal-Con remains unchanged from the previous budget at \$1,250 per year.

Event Expenses

The fact that the Area is in a position to be self-supporting --- thanks to the continued support of groups' contributions --- has been reiterated throughout these notes. One of the most important functions, if not *the* most important, of the Area is to send the Delegate to the General Service Conference each year to conscious of members of AA within the Area. With that in mind, the Budget & Finance Committee decided to begin moving toward full self-support of this cost in 2017-2018.

The minimum contribution requested by GSO from the Area to cover all travel, lodging and meals for the Delegate in New York, is currently \$1,600. In previous budgets, the Area contributed only the minimum. The actual cost incurred by GSO is closer to \$7,600 per Delegate as of 2015. More than half of all Areas contribute more than the minimum, and almost 10% contribute the full cost. The 2017-2018 Area 45 budget increases the contribution from \$1,600 to \$3,000 in 2017, and \$4,000 in 2018. While this is still only half of the actual cost, the committee felt it was prudent to take measured steps toward full self-support, ensuring the Area does not put itself in any financial jeopardy by moving too fast.

No change was made to the Area's portion of the Day of Sharing, setting aside \$200 which is matched by each of the three Intergroups.

The Mini-Conference budget increased by \$200 from \$600 to \$800 due to increased printing costs for background materials provided to participants.

The NERAASA budget increased to enable the full panel to attend on an annual basis, and the NERAASA budget for committee chairs (registration only) was increased to match the # of committee chairs (17).

The total allocation across both years for NERD and NERF was reduced by \$300 or 5%.

Mileage and Travel reimbursement was decreased from \$0.50 per mile to \$0.40 per mile in the previous budget, and will be maintained at that level for 2017-2018. Reimbursement includes the cost of any tolls incurred. Travel within one's home section will only be reimbursed for trips over thirty (30) miles. Panel members are encouraged to carpool when traveling to the same destination. When it is possible to obtain common transportation, such as a van provided by Area 45, the mileage reimbursement is disallowed. Weekend events typically require a 2 night stay. Budgets for these weekend events are based on 3 double occupancy rooms for 2 nights and does not include a meal reimbursement for travel times under 3 hours.

Panel Expenses

The two-year total budget for the 6 members of the panel will decrease by 26% from \$14,400 in 2015-2016 to \$10,600 in 2017-2018. Costs related to printing and event-specific travel are in fact covered within specific Event Expense line items. It is believed this is a potential reason why the Area's account has been accumulating funds, and correcting this portion of the budget will help ensure improved accuracy moving forward.

Existing Budget Policies

These budget notes focus primarily on the changes from previous budgets and are not intended to exhaustively address every possible situation or question that may arise. Generally, unless revisions are proposed, the knowledgeable guidance provided in the past by our trusted servants in prior Area budget notes remains valid and valuable precedent. The Area 45 Handbook, the A. A. Service Manual and 12 Concepts for World Service also provide guidance on many issues not addressed in these or prior Area 45 budget notes. Of course, final responsibility and the ultimate authority for the Area's operation will always reside in the collective conscience of our whole fellowship.

The Bottom Line

This budget is designed to intentionally spend down idle resources by \$7,678 in 2017, and another \$6,178 in 2018, leaving the Area with over \$16,000 in operating funds at the end of 2018. The Area 45 operating budget floor is currently set at \$4,000.00, exclusive of the amount held in reserve. If the Treasurer anticipates a treasury balance nearing this figure, the Budget & Finance Committee will reconvene and all new expenditures will require the unanimous consent of the full committee until the budget shortfall is addressed and resubmitted to the assembly. Area 45 continues to maintain a prudent reserve separate from this budget.

A Final Note from the Budget & Finance Chair

Planning a budget, putting it on paper, and ensuring all groups weigh in and approve of how Area 45 intends to use contributions to accomplish AA's primary purpose is only the beginning of this process. By tracking actual expenses against these line items, maintaining an accurate inventory of income & expenses, the Area can learn and continuously improve future budgets. With this in mind, the Budget & Finance Chair will review actual spending vs. this budget on a quarterly basis with the Treasurer.

Please consider joining a committee today. Thanks to all members and groups for supporting Area 45.