

FREQUENTLY ASKED QUESTIONS ABOUT THE 2023 BUDGET

Q: How did Finance come up with this budget?

A: Finance has a budget sub-committee that meets with the office manager and reviews prior years' budgets, anticipated changes in expenses, ways to reach out to the fellowship for increasing contributions and bookstore revenues, and committee budget needs. The sub-committee then submits the budget to the Finance Committee for approval to submit to CASA. Specifically, the budget developed as follows:

- In its initial form, if everyone had gotten the funding they wanted, the budget had a deficit of \$96,000+.
- We then considered every line item in the request from CASO and trimmed wherever possible. This reduced the deficit in Draft #2 to \$53,500.
- The budget sub-committee then took over. In addition to the expenses of CASO, the expenses of the Trusted Servants and the requests from all the Service Committees were evaluated. After careful consideration, conversations were held with several committee chairmen, which resulted in revised requests for reduced amounts. This resulted in 2023 Budget Draft #3, with a deficit of \$16,385.
- Finally, the budget sub-committee increased some income projections which seemed reasonable and realistic under the circumstances, which resulted in the Draft #4 proposed budget with a deficit of \$3,885.

Q: Will the prudent reserve be below target in 2022 if we approve this budget?

A: No. The prudent reserve is presently at 7.5 months, which is within the target range of our Policy. If we take our current cash on hand and subtract the 2023 budget shortfall the prudent reserve is unchanged and remains at 7.5 months.

Q: Actual 2022 Year to Date Income from contributions is quite a bit lower than the actual 2022 mid-year budget numbers. Why does the 2023 budget project Income at the same amounts as the 2022 Budget?

A: Several points were considered in the development of the 2023 budget:

- The amounts in the budget are the projected total for the year. We develop the monthly budget by simply dividing the approved budget by 12 to allocate an equal amount to each month throughout the year. Experience shows that both Individuals and Groups send Contributions in the greatest amounts toward the end of the year. Therefore, it is expected that the total Contribution Income during the last half of 2022 will exceed the amount for the first 6 months.
- Experience shows that Area 19 membership has historically been generous and steps up with increased contributions when the need is there. In order to inform the membership of the need and answer the question, "where does the money go?" we published the 2021 Annual Report which was mailed to DCM's, GSR's and group Treasurers in the Spring.
- In 2021 we launched "The 7th Tradition Beyond the Group" program, which includes the Faithful Friends and Birthday Plan ideas to encourage greater member participation in the 7th Tradition at the Area level. Among the goals of the program is the hope that additional participation will

make the Contribution Income more predictable and provide a steady income stream. Member participation in these programs has been increasing steadily during 2022 and it is anticipated that this interest will continue to grow.

- Finally, the recovery from the COVID shutdown is ongoing. Prior to COVID there were 3,000+ registered groups. Presently, approximately 2,100 groups are registered and this number continues to grow. Naturally, as the number grows we hope participation the 7th Tradition will also increase.

Q. Why such a large increase in Bookstore Income?

A. Volume in the Bookstore has continued to rise throughout 2022 and it is anticipated that this trend will continue.

Q. Net Income from the Bookstore is in this budget at 35%, but the actual Net Income percentage for 2022 is 24%. Why the large increase?

A. During 2022 actions were taken to move out slow-moving items from the inventory and some discounts were given. This eroded the Net Income for 2022. We expect the new product mix to be more profitable as new items are brought into stock. Also, volume buying capability will result in higher margins.