

Emergency Budget for 2020-2021

No one could have predicted that we would be where we are financially. As of March 15th, NA World Services literature income dropped to approximately 14% of what it was previously – an 86% decline in literature income. And Canada and Europe have had a very similar decline. Our average number of orders is down by a lesser percentage; the number of orders has decreased approximately 58% comparing the first half of March to the first half of April, so we are filling smaller orders. Not only could this not be predicted but the path forward is equally uncertain. At this point, our best financial projections— and a budget is simply a financial projection— are mere speculation.

We know we are not alone. Many local service offices are also closed and many of our largest contributors, primarily NA regions, have had to cancel events that are an important part of their income. When we evaluated all of these potential impacts to our income, the future looked bleak.

As a result, we were forced to reduce operations accordingly. Before the pandemic, we had already been working at reducing our Overhead expenses and there is very little impact we can have beyond what we have already done. We reduced the level of our staff in Chatsworth from forty-three to nineteen, either through layoff or furlough. We immediately began to perform Minimum Business Operations - receiving mail; checking the online shopping cart for orders; maintaining inventory, production equipment, servers and our website; Intellectual Property management; and providing measured fellowship services based upon a 20-hour workweek for the 19 remaining staff and contractors. Work on the SPAD project is continuing, in that the draft segments are being developed and the fellowship input on the draft segments is being processed. Additionally, we are prepared to support the virtual WSC in the limited scope approved by conference participants. We have looked at the options for economic relief and applied for loans to help us sustain and restore our operations.

The Emergency Budget is based upon the original annualized totals that were provided to you previously in the CAT for fiscal years 2021 and 2022. It begins 1 July 2020 and concludes 30 June 2022. Much of what is shown in the budget is in red text, indicating a change from the version in the CAT. We focused these revisions on the first year, and except for very minor adjustments, left year two as previously presented. Given the level of uncertainty, this budget only makes sense if viewed as our best guess today and with the World Board delegated the authority to adjust the budget, based on changing circumstances, with the understanding that the Board will report to conference participants our financial status and any adjustments made.

The major differences made in the year one – 1 July 2020 to 30 June 2021 – are:

We optimistically estimated income as 75% of what was originally projected and all line items in Gross Literature Income and Cost of Goods, with the exception of Iran, have been adjusted accordingly.

We reduced all contribution line items except for groups and members. Reoccurring member contributions have already increased to almost \$8,000 per month in less than six weeks and expect this to increase more.

The expense line items that are reduced in fiscal year 2021 are:

All travel related expenses have been reduced from the CAT proposal. This includes Literature Production & Distribution travel, Fellowship Support, the SPAD workgroup, and the World Board (in both years).

Developmental Literature was also reduced because the demand has decreased and we do not have the staff to fulfill orders at previous levels. The reduction in Publications was made for similar reasons; demand has decreased and we will not have the staff to create, lay out, and mail paper copies at our previous levels for some time.

In the Allocated Expenses, we reduced both Overhead and Personnel. Many of the expenses in Overhead are rent, equipment leases, and other expenses for which we have existing contracts that cannot be impacted, but we cut where we could because of decreased operations. Personnel is budgeted for the reduced staff levels at 19 to remain in place through the first quarter- the end of September 2020.

Some of these expense reductions may carry over into the second fiscal year, but it is too early to accurately say which and how much.

We made no adjustments to the budget for WCNA 38, and no decisions have been made to affect this event.