2027 Budget Feedback - Kaneohe Discussion

https://www.oahuaa.org/2027-oig-budget/

As we review the proposed 2027 O'ahu Intergroup budget, I think it is important that we determine whether the projected income and expenses are realistic and sustainable.

These questions are not intended to criticize anyone's service or work.
They are intended to help the body exercise responsible financial stewardship
and make an informed group conscience.

EDITS:

Gross Income Section monthly avg error:

Avg per month stated as $6,015; should be $5,981

Thank you! You are correct.
The error was caught after the first 2026.09.09 agenda posting

PRE (Payroll Related Expense) monthly avg error

2027 budget in the avg per month column states $6278; s/b $3278
($3000 more than it should be.)

Please correct me if I'm wrong.
It doesn't affect the total reconciled budget number
but in this column, the number seems to be incorrect.

Thank you! You are correct.
The error was caught after the first 2026.09.09 agenda posting

Kaneohe Discussion would like to have the following questions answered for us to make an informed group conscience vote:

1. Are the projected 2027 revenues realistic? Subjectively, yes - but stick with me…
   Are they supported by historical actual income? Yes, see columns 1-4
   How were the budgeted numbers projected? Longer answer, please stick with me::

   Revenues are actually the last consideration in building a budget, not the first, However it is often the first question asked! Thank you for asking and for allowing it to be addressed here:

   A) The 1st step is to start with known historical data, thus the first 4 columns.

   B) Next you project the current year out to year end as best you can. This is done by carefully reviewing known expenses to date and adjusting for inflation where needed. You look at historical increases by vendor and estimate what is expected through the year-end, based on the vendor's behaviour over the past three years.

   C) Next you look for expenses that have not been recorded indicating where we have not been fully self-supporting and add those expenses. When this has occurred and the person paying the expense has intended to donate that item and not seek reimbursement, the expense was recorded and the reimbursement check endorsed and the deposit recorded as a contribution so that it IS appropriately reflected in the books. To my knowledge this was not done prior to 2025. When I became aware in 2025, this was done when I was aware of it. This occurred a number of times in 2026 and I have continued this practice regularly so that the 2027 Budget proposed included these items. Currently, hospitality expenses of the monthly OIG Meeting reflect expenses where corrective treatment did NOT occur, but where costs - from personal experience - could be reasonably estimated.

   D) Activities and Book Bank Literature ***with few exceptions*** are expected to be fully self-supporting. Individual Event budgets are created at the time the event is proposed and executed; OIG acts as a backstop against errant costs where the budget either does not materialize or estimates are flawed. Book Bank Literature COGS are known and we are doing a better job at matching expenses and limiting inventories so that the margin percentages even out. Even with these advances, ***sales revenues and resultant profits are very conservatively estimated***.

E) Once estimated Activity and BBL incomes are known, the contributions portion of income becomes an exercise in mathematics: total expenses less income known equals income needed. Incomes are analyzed for trends from year-to-year, percentages are analyzed, contributor behavior is examined - and sometimes consultation is sought as to why revenues increased for some and decreased for others. A sense is developed. Inflation is analyzed. Prior year figures are inflation adjusted to look further at trends. And then the same methodology is applied to expenses. We look for ways to cut expenses further, we renegotiate with vendors. Ultimately a final number is proposed.

F) Finally, ***if strong opposition remains to OIG being fully self-supporting for the services provided***, we then begin to look at two solutions: either ***what additional services are needed to inspire sufficient additional support***, or ***what services are no longer desired and should be reduced to the level that does garner support?***

2. Is the proposed budget sustainable given the current deficit;

   Yes.

   2026 YTD and PYE *is not currently in deficit*.

   In 2026 only three of eight months have been in deficit, ***and never YTD***.

   By comparison, 2025 experienced 7 months of deficit, nearly an 8th and 9 of 12 months ran a YTD deficit.

   Support began slipping in May, but July and August were the only back-to-back months of deficit, and July was barely that considering it was a three-payroll month.

   The Steering Committee continues to look for opportunities to capitalize savings and look for ways to invest in OIG's future to reinvest, reimagine, and reinvigorate our membership toward boots-on-the-ground service that reaches the next suffering alcoholic.

   What is the plan if projected income does not materialize?

   BTW - Excellent Question!

   2026 Income in total for PYE (Projected Year End) is on track.

   2026 Individual contributions (YTD at 7/31 $2818.47 and 8/31 $3772.87; PYE at 7/31 $4831.66 & $5659.31) are currently below what was budgeted

($7500), but that deficit gap was closed by an individual's In Memoriam contribution ($3,000), therefore the Budget has been exceeded with regard to individual contributions for 2026. But we don't budget for In Memoriam Contributions. Therefore a choice was made to leave Individual Contribution budgeting in line with prior years trend.

If Individual Contributions trend does not materialize, the priority of spending will be needed to further control expenses, though there is also currently some room for ***excess*** reserve use - only if needed.

Even though the Group Contribution monthly rate currently exceeds the Group Contribution proposed for both the 2026 AND 2027 budgets, a modest inflationary adjustment was applied to the 2026 budget to arrive at the 2027 budgetary number proposed. This is the conservative approach and counter balances the concerns about individual contribution rates.

Citation: -$300 in net income/loss

-$300 was the 2026 budgeted loss - that did not materialize

and now $1006.93 net income/profit in the 2027 Budget, proposed.

Treasurer's Note:

2027 budgeted net profit will be $0 if the individual contributions rise not to $7700 but to only $6693 and hold at that. Individual Contributions could further fall to $5656 with no net loss as long as the 2026 Group Contribution rate currently trending remains intact. If individual contributions fall below $5656 and/or group contributions fail to maintain their current trend, then a loss is possible. However, the excess prudent reserve in savings through August 31st is sufficient to cover a 2027 net annual loss of $4586, barring any unforeseen losses in the remainder of 2026, which now with the savings of the COM salary through Dec 31st is highly unlikely.

Disclaimer: Dependent upon the skill set of the COM applicant finally selected to begin effective January 1, 2027 as well as benefit offerings required by law, savings in 2026 may well need to be retained for use in 2027, and the 2027 Budget undergo further adjustment.

3. For changes significant from the prior year,
   can the reason for the change be identified and supported?

   The detail given in the NOTES column clearly gives the basis for each calculation and factors affecting the numbers cited. I'm happy to expound on specifics if needed during Q&A. Overall net savings have been realized in 2026 and are expected to continue through year end. However, attracting and retaining

qualified top talent will continue to pivot upon relevant compensation.
We MUST continue to budget properly for the ***POSITION.***

4. Are all known and reasonably anticipated 2027 expenses included in the proposal? (e.g. Moving expense says $0 but we are moving, so maybe we should include estimated costs rather than $0)

   All moving costs are anticipated in 2026 and would not affect the 2027 budget. They will be reflected in the 2026 YE Financials. These affect CASH positions, but I do not anticipate them affecting net 2026 Budget positions, as we are well positioned to generate a net profit, not a net loss as budgeted by year end. Equipment and Services are being rendered by the fellowship (equipment: truck/packing boxes/equipment as well as services: painters/artists/craftsmen time), though out of pocket expenses like supplies, drop cloths, tape, paint, fuel, food, and beverages we expect to cover.

5. What expenses are essential to OIG's primary purpose,
   and which could be reduced or deferred if income is lower than projected?

   All expenses currently proposed support OIG's primary purpose and provide services which the AA fellowship has requested through those groups choosing to send representation to meetings of OIG. The operation of a Central Office, including the provision of a Central Office Manager, Book Bank Literature, equipment and services to operate and answer a 24/7 telephone hotline answered by volunteers, and the provision and maintenance of website to provide information regarding the program of Alcoholics Anonymous including a Meeting List for those meetings on Oahu, attendance at Area Meetings carry voice & vote and be kept abreast of emerging challenges affecting our fellowship locally and globally.

6. What is OG's current prudent reserve?

   Required: $15925. 3 mos in svgs + $5886 current expense in ckg = $21,811
   Excess: $ **4586**. excess in svgs + $2653 excess in ckg = $7,239

Does the proposed 2027 budget anticipate using any portion of the prudent reserve to cover *regular* operating expenses?

No, not at this time as long as the budget proposed continues to be supported as agreed. Prudent reserves exist for the purpose of irregularity, such as an unforeseen financial downturn or a change that was unforeseeable or unavoidable. We have a duty to take measures to see that neither occurs if at all

possible. Passage of a budget and commitment to funding that budget is but one step in the commitment to self-support.

If memory serves, previously an ~~Ad Hoc~~ Finance Committee was formed.
Did that same committee review this proposed budget?

The Finance Committee, like the Activities Committee/Activity Events Committees, and the Volunteer Committee are ***regular OIG Service Committees*** not Ad Hoc Committees and their positions are filled bi-annually with each Panel rotation.

The Finance Committee composition understandably has undergone changes since the beginning of this panel, but current members as well as the immediate past aTreasurer have had input into this budget formation, and review coinciding with the Steering Committee recommendation.

Panel 75 has been committed to cleaning up our financial affairs including the Chart of Accounts; improving readability & related decision making; reconciling accounts for accuracy, and increasing transparency & promoting trust. Currently the Financial Policies are under review for day-to-day operational compliance and agreement with our recently updated S&G.

Thank you for your inquiry, and for allowing the OIG Steering Committee Officers to be of continued service as we honor the trust you place in us by continuing to do our best for OIG and for the A.A. fellowship on Oahu.