

## **Greater Toronto Area Intergroup (GTAI) Finances – FAQ**

### **Q. What are the responsibilities of the Finance Committee?**

A. The responsibilities are outlined in the GTAI Operating Procedures & Guidelines which are posted on the web site – [www.aatoronto.org](http://www.aatoronto.org)

Some of these are:

- the financial soundness and well-being of the operations of the Intergroup Office
- the presentation to the EC for approval of a draft annual budget for the Intergroup Office, including recommendations regarding compensation for employees
- the presentation to GTA Intergroup for approval of an annual budget for the Intergroup Office previously approved by the EC
- the presentation of monthly statements of income and expense and monthly balance sheets to GTA Intergroup
- the presentation of quarterly budget variance reports to GTA Intergroup
- Making available, upon request, a yearly total of donations /commitments from individual groups for their records *only*

### **Q. Why is the GTAI Prudent Reserve (PR) so high?**

A. The GTAI Prudent Reserve Policy is calculated based on the following which is similar to that of AA World Services:

- One (1) year of GTAI Operating Costs (\$220,000 to \$230,000) - refer to the pamphlet *“Self-Support: Where Money and Spirituality Mix”*
- Plus 50% of the anticipated operating expenses of the Ontario Regional Conference (ORC) which equals about \$55,000.
- The policy allows for a variance of approximately +/- 15% of the target amount

### **Q. Our group and district have 3-4 months of expenses as a PR. Why does GTAI need 12 months of expenses as a PR?**

A. GTAI has expenses not seen by groups or districts including staff costs, telephone and other office operating costs, comprehensive insurance coverage and web hosting costs to name a few. In addition, there are committee expenses (Treatment, corrections etc.) that are not usually a consideration for groups. The GTAI's PR policy is similar to that of AA World Services.

### **Q. Under what circumstances would the PR be used?**

A. Funds would be transferred from the PR to the operating bank account when there are insufficient funds available to meet the payment of incurred and anticipated expenses etc.

### **Q. Is the PR professionally managed?**

A. Yes. The assets are held by RBC Dominion Securities. The same investment professional has been managing the funds for approximately 25 years.

**Q. Are there management fees associated with management of the PR?**

A. No. It is only when investments are bought or sold (which is rare) that the bank charges a small amount for transaction fees.

**Q. Are the PR funds invested? If so, invested in what?**

A. Currently, the PR funds are invested in high quality fixed income instruments issued by provinces and highly rated corporations.

**Q. Our intergroup representative continually reports that GTAI has incurred deficits. Why is this and is it sustainable?**

A. GTAI receives a significant portion (around 40%) of contributions from members and groups during the annual Gratitude Month campaign which occurs in October with funds being received into November and December. This influx of contributions is meant to provide operating funds for GTAI for the first 9-10 months of the upcoming year which usually results in monthly operating deficits.

Donations from individuals and groups cover the costs to operate GTAI. A deficit can also occur if the donations (the only source of revenue) do not meet/exceed the expenses.

**Q. Does GTAI financially support the annual Ontario Regional Conference?**

A. No, the ORC is intended to be financially self-sustaining. The ORC Advisory Committee oversees the annual budget, monitors progress and reports to GTAI on final results. The ORC retains any annual surplus and is responsible for any deficits.

**Q. Are GTAI's financial statements audited?**

A. An audit is conducted by an independent accounting firm every four years (coincides with leap years) and a review is completed in the intervening years. Audited/reviewed financial statements are posted to the GTAI website.

**Q: Why can't we use what appears in the retained earnings accounts instead of the PR? What does the retained earnings account consist of?**

A: GTAI is a Not for Profit organization and as such the Retained Earnings should be called Accumulated Surplus (or Net Assets). Unfortunately, Retained Earnings is a pre-determined account in the accounting software used and the title cannot be changed.

What you see in the Accumulated Surplus (or Retained Earnings or Net Assets) account does not represent cash available for expenditures etc. Cash available is reflected in the balance sheet accounts titled Bank account, cash on hand etc.

Accumulated Surplus is the sum of all surplus/deficits and financial activity since GTAI began keeping accounting records, presumably from close to when GTAI began in the early 1950s.

Note: The basic accounting equation is  $Assets - Liabilities = Surplus (or Net Assets)$ .

**Q: How can donations be made? Will a tax receipt be issued?**

**A:** Tax Receipts will be issued for individual donations of \$20 or more.

Donations can be made:

- Via your group
- Mail in cheques made out to Toronto Intergroup
  - Mail to - 234 Eglinton Avenue East. Toronto, Ontario. M4P 1K8.
- Online via the website – payments are secured using pay pal (<https://aatoronto.org/about/7th-tradition/>)

**Q: How much can an individual member donate at one time?**

**A:** An individual member can donate any amount at one time but the total donation by an individual cannot exceed \$3,000 in one year.

**Q: What is the limit of a bequest?**

**A:** \$5000

Questions relating to the GTAI finances can be sent to: [financechair@aatoronto.org](mailto:financechair@aatoronto.org)