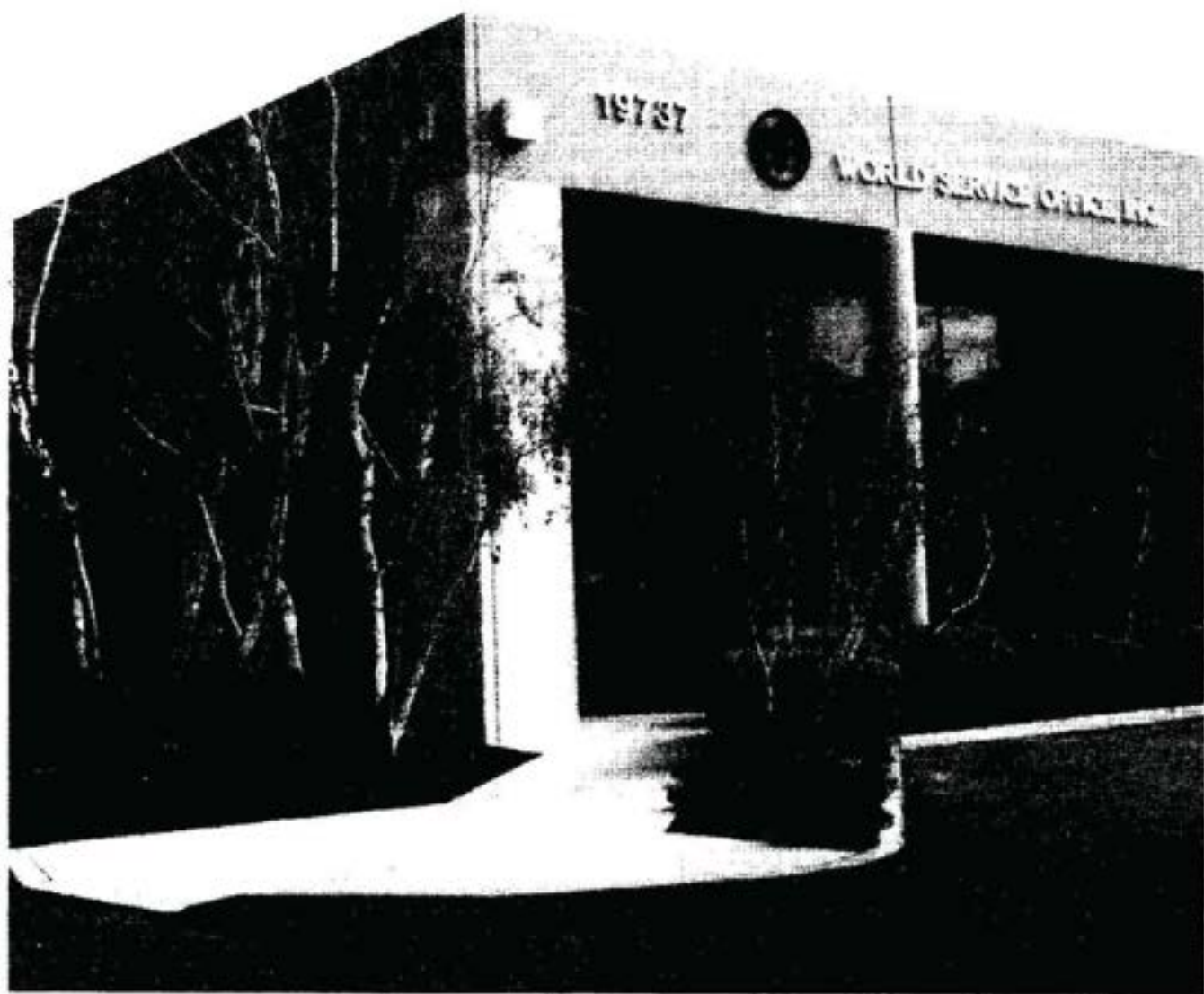




® World Service Office, Inc.

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*1996 annual report*

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## Section One

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*board of directors*

**From the Chairperson of the WSO Board of Directors:**

I wish that the board had better news to report to you this year, yet there is some light of hope upon our horizon, if we can only keep our course. The bad news, unfortunately, is that this year's conference will find the WSO board, along with all conference participants, confronted by difficult times and difficult decisions. The WSO is faced with a continuing decline of Basic Text sales, our principle source of income, together with a lack of new literature products and the ever increasing costs of doing business and supporting a worldwide fellowship.

The board has had to give serious attention to the office's budget, as well as take a careful look at all of the WSO's activities, including its publications and fellowship services operations. The WSO board wants to assure you that we are doing everything we can to provide you with the necessary literature distribution and fellowship services. However, we are faced with the fact that if we do not reduce costs and increase revenues, the WSO could certainly face serious consequences indeed. We also want to assure you that we are prepared to make whatever hard choices that will be necessary to keep our fellowship's primary service center viable and functioning.

**Steps Being Taken**

What are we doing today to ensure this? In our November 1996 meeting, we elected to reduce the WSO staff's healthcare benefits in order to help make up some of the shortfall from literature sales this past year. This reduction in benefits will save the WSO approximately \$60,000 in 1997. We have recommended an *NA Way* proposal to the conference that will save the WSO's budget approximately \$40,000 a year and almost 15% of production-related staff time. We have also ordered that the developmental travel budget be reduced. Additionally, we have designed and instituted a plan to reduce the operating expenses at the WSO-Europe. We are also working to develop sound business relationships with the vendors who produce items sold at NA functions using the NA logo and the NA symbol, so as to better ensure the copyright protection of those properties while enhancing the WSO's ability to pay for staff to maintain those vendor relationships.

More gravely, in March 1997, the board endorsed WSO management's proposal for a reorganization of the World Service Office. The decline in literature sales, and a further projected downturn in sales for the coming year (based on an independent consultant's evaluation of non-fellowship buyers' shifting marketing priorities), have resulted in the office's need to further reduce expenses for the coming year. Having already cut the office's general and administrative budgets severely, along with the other aforementioned cuts, the only place left to trim expenses was in personnel.

Unfortunately, even though the demand for services has continued to escalate, the office has been forced to eliminate some corporate functions as a result of a reorganization of the office's staff. The objective throughout this process has been to develop an organizational pattern that best meets the demands of the new Business Plan. To ensure fair and equitable treatment, WSO management arranged a Task Force to review all personnel actions related to this reorganization and staff reduction, and provided an outside consultant to conduct a two-day workshop in career counseling for the employees whose positions were eliminated. Between some employees leaving the office to pursue other professional goals and others lost as the result of reorganization,

the WSO has experienced an overall reduction in staff of about 19% over the past twelve months. We expect that the reorganization alone will result in a reduction in staff-related expense of nearly \$215,000.

### **Business Plan**

On a somewhat brighter note, the board has developed and begun to institute a WSO Business Plan that targets a number of areas of WSO operations for improvement and/or restructuring in the immediate future. You will read about the specifics of this plan in a later section of this *Annual Report*. For now, let us assure you that we, the WSO Board of Directors, are aware of the seriousness of many of the proposals that we are forwarding at this year's World Service Conference.

To give you one case in point, presented here as simply an example of how we are anticipating the effects of some of our recommendations: We know that the reduction in literature discounts will surely increase the pace at which the Hazelden Foundation eliminates our products from its marketing and sales strategies, thereby affecting the WSO's immediate shortfall in literature proceeds. However, we are developing a plan to reduce the impact of such a reduction in sales to Hazelden by seeking to capture a larger portion of the corrections market than we currently enjoy, a market that Hazelden itself seems to have nearly abandoned. In this way, we are acting to ensure the long-term viability of the WSO, all the time remaining aware that, in the short-term, these changes will be difficult and painful for us as well as for many of our customers.

We hope you will recognize and understand that we have not taken our responsibility lightly in forwarding our recommendations. Indeed, the very existence of our WSO and of world services as we now know them is in jeopardy. In trying to be proactive and provide the necessary leadership to carry our service center and its accompanying services through this new series of challenges, we are taking a difficult stand and making the hard choices necessary to ensure our existence and growth into the twenty-first century.

### **In service...**

The picture I've described to you is surely not as sunny as we'd all like it to be. Yet the fact is, we are taking steps to brighten the future. We hope that you will accept the WSO board's recommendations in the spirit of unity and cooperation in which they are offered. In the meantime, we do thank you for the opportunity to serve a worldwide and growing fellowship.

Finally, the board would like to take this opportunity to express our deepest sadness for the loss of staff member Debbie Goss, who recently passed away. Debbie was known among the staff and trusted servants as a clear and shining light, someone who always brightened our days as she performed her duties cheerfully and with great enthusiasm. The fact that her passing was so unexpected only deepens our sense of great loss—a loss not only of the service that she provided to the board and to the office, but more especially of her gift for sharing her joy in recovery with all whom she met. She will be very deeply missed.

Yours in Service,  
Bob F., chairperson  
WSO Board of Directors



## **board of directors' roster**

The bylaws of the World Service Office, Inc., state that the board of directors has twelve members. Directors must have at least eight years clean.

Three WSO directors are to be elected directly by majority vote of the World Service Conference for one-year terms on the board. They may not serve consecutive one-year terms. Upon completion of their terms, these directors are automatically added to the pool from which the board elects directors to three-year terms.

A total of nine WSO board members are to be drawn for three-year terms by the board itself from a pool of candidates individually elected by majority votes of the World Service Conference. On average, three directors are selected by this method each year. According to WSO bylaws, members remain in the pool for three years. Directors elected from this pool may serve no more than three three-year terms, and they must be individually reelected to the pool by a majority vote of the World Service Conference at the end of each term.

It should be noted that directors are drawn from the pool not only to fill board seats vacated when members' terms expire, but also to fill board vacancies created by the resignation or death of sitting directors.

According to a motion passed by the World Service Conference in 1993, for the purpose of nomination and election for all world service positions, nominees for election to the pool and for direct election to the board are not required to be present at the annual meeting of the World Service Conference.

The following is a list of terms of office for the current membership of the WSO Board of Directors:

<b>NAME</b>	<b>YEAR ELECTED</b>	<b>CURRENT TERM ENDS</b>	<b>FROM</b>
Jane Nickels	1996	1997	Connecticut, USA
Cary Seltzer	1996	1997	Illinois, USA
Laura Jennison	1996	1997	Oregon, USA
Bob MacFarlane	1990	1997	California, USA
Janis Edwards	1993	1997	California, USA
Joe Paumgarten	1993	1997	England, UK
Susan Chess	1995	1998	Washington, USA
Daniel Schuessler	1994	1998	Hesse, Germany
Rogan Allen	1994	1998	Tennessee, USA
Bob Feneran	1992	1999	New Jersey, USA
Mario Tesoriero	1996	1999	NSW, Australia
Mitchell Soodak	1996	1999	New York, USA

## Contact Information

If you have any questions about this report, would like more information about the WSO Board of Directors or the World Service Office, or simply want to share an idea you have about WSO operations, feel free to call one of our members at home:

Rogan Allen, Vice Chairperson	(615) 269-6668
Susan Chess, Treasurer	(360) 371-3197
Janis Edwards	(805) 255-7043
Bob Feneran, Chairperson	(201) 471-3047
Laura Jennison	(541) 344-6040
Bob MacFarlane, Secretary	(619) 274-9576
Jane Nickels	(860) 298-8856
Joe Paumgartten	44-181-561-2920
Daniel Schuessler	49-696-484-9367
Cary Seltzer	(847) 824-5807
Mitchell Soodak	(212) 995-1122
Mario Tesoriero	61-45-796268

**Background**

The WSO Business Plan was developed last year by the WSO Board of Directors in conjunction with WSO executive management after many years of having recognized the need for such a plan. Historically, the first official mention of the need for a business plan appeared in the 1988 *Fellowship Report*, and, a few months later, the 29 October 1988 board minutes indicated the need for a "comprehensive management study." Similarly, the 1989 *Fellowship Report* showed the board chair pointing out the need to "plan with coordination, [in view of] short- and long-term objectives, with financial and human resources taken into consideration in a meaningful and responsible manner" (2).

Even though in June 1991 the new executive director would congratulate the board on having decided to formulate a business plan, we should recall that 1990 and 1991 were hard years for the WSO and for the board as well, as financial difficulties sent both the office and the directors into survival mode for nearly two years. Consequently, there was no time to discuss planning for the long-term, because the short-term viability of the office became priority number one, as everyone simply tried to keep the WSO's doors open.

However, by 1992, the *Annual Report* indicated that the board had begun to develop a business plan for the WSO, yet the plan's development was once again interrupted by the world services' inventory project. Limited financial resources at the office, coupled with attempts to recover from the staff attrition that had been allowed to occur during the previous two years' financial crunch, became the priorities for 1992 and 1993.

**Business Plan Update**

By 1994, the board had begun to develop specific parameters for the business plan, and, by the time of last year's *Annual Report*, the directors had finally unveiled the business plan that is now being researched and implemented. A long time coming, the business plan stands as the culmination of many years of thought and labor by the directors and the office staff. Below is an update on the progress made this past year on the development and implementation of the WSO business plan.

**Goal One:** To institute a quality assurance program at WSO.

**Objective:** That all necessary systems and training be fully integrated by December, 1999.

**Goal One's Progress:** The board has decided that one of the existing managers will be assigned the duties of quality manager. It has also been suggested that the WSO employ the principles from an established and well-recognized quality system such as ISO 9001 and modify that system's application to the WSO. Board research on this goal is ongoing, and progress will be reported in the appropriate world services periodicals.

**Goal Two:** To have a ninety-day operating reserve by 2001.

**Objective:** To establish and maintain an adequate operating reserve.

**Goal Two's Progress:** The WSO's comptroller has drafted a bare bones savings plan in view of the office's current financial straits. In February 1997, the board adopted his recommendation to save \$15,000 during the 1997 budget year. It is expected that the



final budget after adjustments will show an actual savings of approximately \$30,000. Progress on the development of Goal Two will be reported as it occurs.

**Goal Three:** By 31 December 1996, to establish a set of standards for communication and subsequently set new communication goals.

**Objective:** To establish communication standards to address the following critical issues:

- Education and Training of Staff and Trusted Servants
- Technology Planning and Utilization
- Relationship of Management and Leadership
- Relationship with Membership and Service Structure
- Translations

**Goal Three's Progress:** A comprehensive communications proposal has been researched and developed by WSO staff. The plan includes seven general recommendations as to how to proceed with the development of a world services communications plan. Those seven recommendations are:

- (1) Formulate a Communications Task Force (CTF) comprised of WSO staff and members from each of the three arms of world services to perform and/or oversee ongoing design and implementation of communication research and implementation strategies and protocols.
- (2) The CTF discusses, designs and institutes the world services' new organizational identity as a keystone of the future internal and external communications strategy.
- (3) WSO staff (designated staff member, executive management, and managers), working in cooperation with the CTF, design and implement research to audit internal and external communications. Research should target: (1) WSO internal communications; (2) world services' external communications; and (3) WSO interaction with world level trusted servants.
- (4) Designated staff member, in cooperation with managerial staff, develops and implements in-house communications training for WSO staff.
- (5) The CTF, working with designated staff member and executive management, begins examining the relationship between communications and implementing quality management protocols (including "upward" communication such as performance reviews and staff meeting assessment), developing goals and objectives for the implementation of such protocols.
- (6) The CTF, in cooperation with the WSO Board of Directors and WSO staff, examines the relationship between communications research and future marketing and "focus group" activities (as outlined in the business plan), and develops goals and objectives for the implementation of such activities.
- (7) The CTF, working with designated staff member and executive management, discuss, design and begin implementation of communication objectives, strategies, goals, and tasks across world services' communications practices.

Progress on the development and implementation of this goal will be updated regularly through world service periodicals.

**Goal Four:** Suggest (create) a process for new product development.

**Objective:** To develop an annual (three-year) product development plan.

**Goal Four's Progress:** Several ideas for this goal are being considered. For example, one product development plan would identify ten to fifteen project proposals from the World Service Conference Literature Committee files and fellowship input. Then those project proposals would be presented to the Literature Committee for prioritization by the fellowship. Each proposal would suggest a project subject, a process, and a timeline. The implementation of this goal would depend upon staff resources, as well as consultation with the World Service Board of Trustees and the WSO Literature Committee.

**Goal Five:** To identify resources to meet special needs by 31 December 1996.

**Objective:** Identify special skills and non financial resources needed by WSO.

**Goal Five's Progress:** WSO management has compiled a list of professional resources for use by the WSO's translations and production departments. This list will be updated on an annual basis and efforts to expand the list of resources will be ongoing.

**Goal Six:** Develop a sales and marketing plan that benefits WSO and the end user by 31 December 1996.

**Objective:** Increase retention of earnings of WSO while improving services and literature distribution to the end users of our literature.

**Goal Six's Progress:** In February 1997, the WSO board adopted recommendations from the Business Plan Working Group (a working group of the board) regarding the WSO sales policy. The board also reviewed the marketing plan submitted by an outside consultant. Due to the seriousness of these issues, the results of those decisions will be reported in a separate section of this *Annual Report* titled "Sales Policy."

**Goal Seven:** Reduce the ratio of personnel to 38% (40.2% current), and cost of goods to 32% (34.8% current), of the total of sales (income less discounts) by 2001.

**Objective:** To set and attain efficiency goals for the WSO.

**Goal Seven's Progress:** As mentioned in the statement of the chairperson of the WSO Board of Directors, the WSO has undergone a reorganization of staff and staff functions as the result of a serious downturn in literature sales last year. While this goal recommended a 5.5% reduction in personnel, the WSO has actually suffered a 14% total reduction in personnel, as required by the contingency plan developed for Goal Nine of the Business Plan. Because the conditions that served as the foundation for the original development of this goal have changed dramatically as the result of this downturn in sales, WSO management, along with the board, deemed it necessary to act to preserve the long-term financial viability of the World Service Office.

**Goal Eight:** By 1999, identify and develop additional revenue sources for world services that amount to 25% of operational expenses.

**Objective:** To broaden the revenue base for the combined budget.

**Goal Eight's Progress:** A strategy is currently developing by which to re-educate the fellowship about fund flow—its history, the decisions that have brought us to our present practices, and possibilities for the future.

**Goal Nine:** Develop a contingency plan to address a downturn in revenue of 7.5% or greater.

**Objective:** To have a prearranged strategy that will protect WSO in the event of the above becoming a reality.

**Goal Nine's Progress:** In November 1996, the WSO board recognized that Stages 1 and 2 of the contingency plan needed to be implemented due to the downturn in revenue. General and administrative expenses were cut drastically at that point, and the office's expenses were further reduced by an elimination of some employee healthcare benefits. Stage 3 of the contingency plan was implemented during the last weeks of February and the first weeks in March 1997, and included a 14% reduction in WSO staff to further reduce office operating expense.

**Goal Ten:** Clearly identify routine operations of the WSO.

**Objective:** To identify fixed costs of the WSO operations in preparation for the development of a unified world services budget.

**Goal Ten's Progress:** The WSO board has the list of "basic services" as developed by the Interim Committee in November 1996. Research is being conducted by WSO staff in order to most accurately determine the costs of those basic services, and will report to the board in November 1997.

**Background**

The process of developing the WSO Financial History revealed an underlying philosophy of many aspects of the office's sales policy that had heretofore perhaps been largely unrecognized. Careful review and assessment of our office's history, including the pricing policy of literature, the credit policy on literature purchases, bulk literature discounts, and the sales and licensing agreements, actually demonstrated a single theme: All of these policies were designed to stabilize the WSO and to help further the growth of NA. However, the same assessment also reveals that the policies of the past are insufficient to guarantee our future stability and growth. Accordingly, the WSO Business Plan has been developed with a view toward ensuring the continuing provision of literature production and distribution, along with conference and fellowship services, from your WSO.

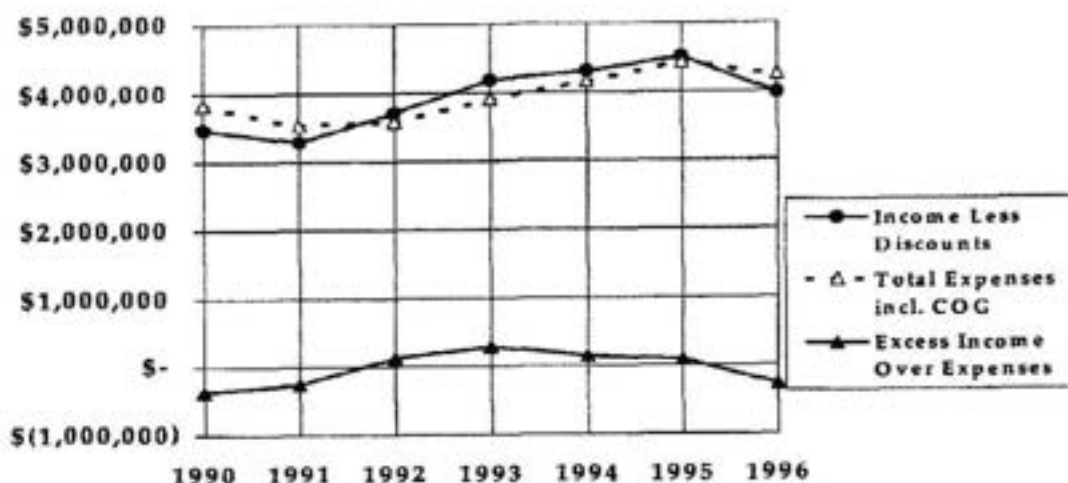
The literature pricing policy, for example, was designed to further the growth and development of Narcotics Anonymous by providing a stable and well-supported central clearinghouse for information, literature, services and guidance (i.e., the WSO). Yet, on the downside, history also demonstrates that reliance upon the proceeds of literature sales to fund the provision of services has been an unstable resource almost since its inception. The fact is, proceeds from literature sales alone will never be sufficient to provide for an ever-growing membership that expects an ever-increasing array of goods and services; reliance on literature sales income is therefore, on its own, not a sound or stable philosophy for our future growth and development.

Similarly, the intent of the credit policy has always been to support and strengthen local NA communities, as was clear in the 1984 and 1985 credit policy statements published by the WSO. However, the office is now faced with the reality that we cannot afford to have so much of our operating reserve distributed among our credit customers while we can't pay our own vendors on our own credit accounts.

Even the bulk literature discount structure was formulated to ensure the strengthening of both the WSO and local NA communities. But, once again, the position of relative strength that the office enjoyed when this policy was formulated has evaporated in the face of growing business costs and expanding fellowship service expectations. The WSO can no longer afford to give so much of a percentage of literature proceeds "back" to local NA communities in the form of bulk literature discounts.

In fact, the board has been increasingly faced with the reality that we have outgrown the policies of the past. While the proceeds from literature sales have gotten us this far, our fellowship, and its service expectations, have now grown beyond the ability of literature proceeds alone to pay for the cost of all of the goods and services the fellowship has come to expect from world services. As the following plot of WSO income and expense demonstrates, the WSO saw a downturn in sales of approximately \$272,000.00 last year. Accordingly, most of the decisions about the WSO sales policy have been based upon the economic reality that now confronts the WSO.

## Plot of WSO Income vs Expense



### Sales Policy Recommendations

During the board of directors' February 1997 meeting, we affirmed the WSO Business Plan Group's proposals regarding the WSO Sales policy that affected the current bulk literature discounts policy; credit policy; shipping and handling policies; distribution; licensing and sales agreements; and product pricing policies. Below is a summary of those proposed changes.

The first change to the sales policy was the adoption of the following philosophy statement. All subsequent sales policy decisions will reflect this philosophy's spirit:

### WSO Sales Policy Philosophy

*The Mission of the WSO, Incorporated is to provide services and support which facilitate the continuation and growth of Narcotics Anonymous worldwide. . . .*

Since its inception, the WSO Sales Policy has been founded upon two fundamental principles: equitable literature distribution, and overall fellowship continuity and growth through a centralized provision of services. Because of this function as a world level clearinghouse for information and guidance, the WSO provides services in addition to literature distribution. Broadly, these services include:

- Informational support to individuals, groups, areas, and regions, as well as local service committees, and
- Administrative support to Narcotics Anonymous World Services

Such services cost money. Thus, our literature is priced in such a way that the costs associated with providing them are offset, in part, by literature sales proceeds. It is only through members in more developed communities "giving it away" through literature purchases to members in developing communities that our growth and stability have been made possible. Our older members' willingness to shoulder the burden until our newer members are able to become



self-supporting makes it possible for our message to be carried to more addicts each year, regardless of their ability to pay today. In this way, "we keep what we have by giving it away" through our sales policy as well as in our program.

### **Bulk literature discounts**

The board unanimously approved the WSO Business Plan Group's proposal to effect an incremental reduction in the WSO's average discount on bulk literature purchases by 10% by the year 2000. This reduction is planned to occur over three successive steps, as follows:

Step One: reduction in the average WSO discount by 5% to begin September 1997 (or, in the case of annual contracts, January 1998).

Step Two: additional reduction in the WSO average discount by 3% to begin January 1999.

Step Three: further reduction in the WSO average discount by 2% to begin January 2000. The reduction schedules, taken directly from the new WSO Sales Policy, are as follows:

### **Single purchase requirement**

From	To	Current	Sept. 1997	Jan. 1999*	Jan. 2000*
\$0.01 -	\$499 =	0%	0%	0%	0%
\$500 -	\$2,499 =	10%	8.00%	6.72%	6.05%
\$2,500 -	\$4,999 =	12.5%	10%	8.4%	7.56%
\$5,000 -	\$9,999 =	15%	12%	10.08%	9.07%
\$10,000 -	\$17,499 =	17.5%	14%	11.76%	10.58%
\$17,500 -	\$19,999 =	20%	16%	13.44%	12.1%
\$20,000 -	\$34,999 =	25%	20%	16.80%	15.12%
\$35,000 -	\$54,999 =	30%	24%	20.16%	18.14%
\$55,000 -	\$80,000 =	35%	28%	23.52%	21.17%

### **Annual contract discounts**

		Current	Sept. 1997	Jan. 1999*	Jan. 2000*
LEVEL 1	\$80,000 - \$104,999	27.5%	22%	18.48%	16.63%
LEVEL 2	\$105,000 - \$129,999	30%	24%	20.16%	18.14%
LEVEL 3	\$130,000 - \$374,999	35%	28%	23.52%	21.17%
LEVEL 4	\$375,000 - \$599,999	37.5%	30%	25.20%	22.68%
LEVEL 5	\$600,000 -	40%	32%	26.88%	24.19%

\*The unusual percentages in these columns will eventually be rounded off to a whole number, but the board has not yet decided how that will occur.

### **Annual Contract Options**

The annual contract provisions are being rewritten to reflect the other changes that have been made to the WSO Sales Policy. The discount thresholds will remain the same but, as the above table demonstrates, annual contracts will also be affected by the decrease in bulk literature discounts.

## **Credit Policy**

The change to the WSO Credit Policy is as follows: Because the WSO is moving to "invoice driven accounting" practices, all customers should be aware that payment for all credit orders will now be due thirty days from the invoice date for all orders shipped. Moreover, *all discounts applied to credit orders are contingent upon the customer's honoring the 30-day payment requirement. Should any credit order become delinquent beyond this limitation, that order will immediately become ineligible for any and all discounts originally assigned, and will revert to standard retail price.*

## **Shipping and Handling Policy**

The WSO management informed the WSO board in February 1997 that the office had lost approximately \$40,000 in shipping costs alone during 1996. Because of this fact, the board is developing recommendations for the most equitable means of assessing a shipping-and-handling fee on all orders shipped from the WSO-Chatsworth. Further developments here will be reported as they occur.

## **Distribution**

The board, along with WSO management, is aware that there are two zones—Latin America and Asia Pacific—that present significant distribution problems due to distance and economic factors. The board is committed to a more centralized distribution of literature, however, which means that the WSO shipping operation must become increasingly efficient if the changing distribution system is to work effectively. In short, the board is currently examining the entire distribution system, and will continue to try to ensure that the good of the entire fellowship be served by any and all developments to our system.

The business plan group has also discussed at length the difficulties associated with the current sales policy for bulk orders and discounts to customers within RSO sales territories. The business plan group is not prepared to make any recommendations beyond the policies that currently exist in the WSO Sales Policy, however.

## **Licensing and Sales Agreements**

According to the board's decisions in February 1997, all current sales and licensing agreements will expire by June 1998. However, the board and the WSO may, at that time, decide to create new agreements with the affected NA communities to ensure that addicts can continue to obtain literature affordably and quickly. Any such new agreements will be brought into line with the changes that are affecting the rest of our worldwide fellowship.

## **Product Pricing Policy**

The WSO's pricing policies, the board agreed, should always seek a balance between the need for resources and the importance of getting literature into our members' hands. The one definite decision the board has made here is to raise the price of keytags and chips by 6 cents apiece, and IPs by 2 cents each in order to bring them more in line with the cost of goods associated with the WSO's other products. This price increase will be effective 1 June 1997.

As many of our members know, the WSO-Canada is a little different from the WSO-Chatsworth and the WSO-Europe in that it functions as primarily a literature distribution warehouse—or, as they say in the business world, a “pull, pack and ship operation.” Still, Heidi Jaklin, our primary staff person there, does answer some calls for meeting information, and the local Toronto area picks up their literature order right at the office, thereby saving some shipping costs. However, there is no real emphasis at the WSO-C on service provision, and there are no walk-in sales. In fact, even the order-entry, inventory, invoicing, and accounting for the Canadian branch occur at the WSO-Chatsworth.

Thus, during the past year, the World Service Office-Canada branch has continued to serve the fellowship and other customers in Canada effectively, though they too have been affected by a downturn in sales nearly identical to the one that has so negatively impacted the WSO-Chatsworth.<sup>1</sup> Our efforts this year have thus been to go a step further in making that operation even more efficient. Heidi has assisted in the evaluation and improvement of our telephone system at WSO-C, which has in turn enabled us to respond more quickly to customer requests and inquiries. She has also taken the initiative to search out better pricing on our phone service and even some of our shipping rates, and we are currently in the process of altering the work-flow and order-processing scheduling so that staff can accomplish more work in less time. We have also developed more specific protocols for dealing with requests that, for various reasons, must be forwarded to the WSO-Chatsworth for replies, which has helped ensure that such correspondence is addressed in a more expedient manner.

All of these efforts have benefited from the additional assistance of our back-up staff, Jacqui Sullivan. Between them, Heidi and Jacqui are responsible for the upkeep and maintenance of the WSO-C facility, as well as its security. They pack and ship all orders for our Canadian members and other customers. They maintain up-to-date files on all invoices as well as all vendor receipts, and also perform the monthly inventory of stock on hand, and spot check inventory upon request. Our WSO-C staff stay busy, and their hard work helps to make this branch of the WSO a successful and efficient operation.

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<sup>1</sup> In fact, the WSO-Canada netted approximately 15% less than anticipated during 1996.

In spite of the fact that the WSO-Europe operated at a loss again in 1996, we have seen an increase in sales there of approximately 18.5% thanks to the improvement upon that operation's efficiency as well as an upturn in sales. We expect this trend in rising income to continue as forecasted, resulting in the WSO-E breaking even by the year 2000 or 2001. Given the struggles we have seen with this operation, we are cautiously enthusiastic about this progress.

One of the primary reasons for the fiscal improvement in the European branch operation is the downsizing which began in the third quarter of 1995. This branch is now operating with a complement of only two employees, and has been in a new and more suitable facility for nearly one year. All indicators point to the following three facts: (1) we are now better equipped to handle all European orders more adequately because all of our stock is in the same building; (2) the fluctuations in workload are now better accommodated by our streamlined order processing system; and (3) the WSO-E is running more efficiently thanks to the fact that we have cut back on some of the general service provision there by forwarding some functions to the WSO-Chatsworth. Nearly all of these improvements were a result of the downsizing called for by the board.

With the loss of one of our long-term employees, Annabel Ahmeen, the current staff at the WSO-Europe, Jonas von Stedingk and Paul DeCock, are handling all of the existing order processing, shipping, and group/fellowship service functions. Jonas works as office manager, and is thus responsible for the administrative and executive responsibilities of the office, while Paul continues to work as warehouseman and shipper. Moreover, because Annabel was responsible for the accounting and group/fellowship services functions, they are now being shared between Jonas and Paul.

While the WSO-E is projected to begin breaking even just after the turn of the century, based on anticipated fellowship growth in Europe, its future is nonetheless uncertain. To what extent will this branch continue to provide services in addition to literature distribution to the European NA communities? Or, on the other hand, will the WSO-E become more like the Canadian operation, serving only as a literature distribution operation? Given the overall financial picture of the WSO's collective operations, these questions loom large for the European branch of our fellowship's primary service center.

## **fellowship intellectual property trust (FIPT)**

### **Background**

The Fellowship Intellectual Property Trust (FIPT) arose out of several motions addressed by the World Service Conference in 1991. At that conference, participants took definitive action in affirming the WSO as the sole publisher and distributor of NA's literature. They also affirmed the WSO's responsibility for protecting that literature, and all of NA's intellectual properties, on behalf of the members of Narcotics Anonymous by holding those properties in trust. The need for a registered trust instrument was recognized, and a working group of regional service representatives was formed to assist the World Service Board of Trustees in developing such a document. Thus, the purpose of the FIPT is to provide clear direction regarding the management and protection of our fellowship's literature, and other intellectual properties, including the management of income deriving from those properties. After considerable fellowship review, discussion, workshopping, and input, the FIPT was adopted by the 1993 World Service Conference.

### **1996**

During 1996, there were three major areas of concern relevant to the FIPT: the registration of our trademarks (that is, our name and logo) in other countries; the use of recovery material on the Internet; and the formulation of a working group to develop recommendations on how to deal with the increasing number of requests from vendors to use our trademarks on merchandise.

### **Registering Our Trademarks in Other Countries**

During 1996, the WSO spent approximately \$30,000 registering our name and logos in other countries so that they would be protected from trademark infringement. Unfortunately, that amount represented less than one-third of what it would have taken to be sure that our intellectual properties were secure around the globe in 1996 alone. That's right—for the office to have adequately registered our logo and symbol, it would have cost at least \$100,000 in 1996. Why didn't we register these intellectual properties as we should have? The sad fact is that we simply didn't have the money to do so. Moreover, WSO management expects that we will need about a quarter of a million dollars over the next three years to simply stay current with trademark registrations.

Quite frankly, we don't know where all that money is going to come from. It is a difficult situation, of course, and, without deliberate action to address this issue, it can only continue to be cause for serious concern.

### **Recovery Material on the Internet**

The WSO saw a proliferation of requests from areas and regions in 1996 to publish recovery material and related information on the Internet. In response to this deluge of requests, the WSO developed a "position paper" of sorts, and published it on the WSO website. A portion of that paper is quoted here to reiterate the WSO's position on this issue: *"As most of you already know, the WSO is responsible for protecting the fellowship's intellectual property, which includes all of our literature and logos. Almost daily, we receive requests and inquiries regarding the use of copyrighted material on the Internet. Unfortunately, there seems, at present, to be no effective way to adequately guarantee the protection of our copyrights for material posted on the Internet. In plain terms, until the courts make some definite decisions about the relationship of current copyright laws to electronic media, we simply*



*can't afford to take the chance of jeopardizing our fellowship's right to control its intellectual properties by making it available electronically. We believe so strongly in our responsibility to protect that right that the WSO itself does not plan to post any recovery material on the WSO home page or grant any requests to post it elsewhere."*

In effect, in the eyes of the law there is in fact no difference between electronic materials and printed materials. Until such time as this situation changes, the above remains the WSO's position on posting recovery material. We therefore ask all of our members to refrain from posting such material on the Internet.

### **The Vendor Working Group**

During 1996, the WSO was beleaguered with requests from individuals and companies for vendor permits granting permission to use our logos on merchandise to be sold at NA conventions and other activities. So overwhelming were these requests that, for most of the year, one staff member had to assume the responsibility of dealing with them on a nearly full-time basis.

In response to this situation, the WSO board formed a working group to develop a strategy for coping with this growing burden on the WSO's already overtaxed staff. The group hopes to find some way of dealing with this situation that can help pay for the expense of a full-time employee to handle the requests for those licenses.

### **Conclusion**

The FIPT responsibilities placed upon the World Service Office by the NA fellowship remain a challenge in terms of both financial and human resources. In order for the office to continue to try and uphold those responsibilities, it must be recognized that, under our present provisions to utilize funds generated by the sale of literature to pay for the delivery of services, we cannot adequately fulfill the basic responsibilities outlined in the FIPT.

At the same time, we continue to believe that protecting our fellowship's intellectual properties is of paramount importance. This situation has placed us in a very uncomfortable "catch-22," as we continue to be faced with the choice of either continuing to provide services to our members and to the conference's board and committees, on the one hand, or continuing to pay the fees to protect our fellowship's property, on the other. Thus far, we have attempted to strike a balance between these two formidable responsibilities, and we will continue to do so during 1997.

### Prudent Reserve

During WSC 1996, a motion was made by the RSR from the Upper Midwest Region "that the WSO establish an operating reserve of ninety days—to be phased in over five years." This motion was referred to the Board of Directors. The following is our response to that motion.

It's clear that office management and the board of directors have been committed since the mid-eighties to a course of action that would ensure the WSO's ability to build and maintain a prudent reserve. But over the course of our development, operating expenses for the office have been such that they were not able to follow through on their plan to better secure the office's financial stability.

WSO Board of Director minutes from 13 August 1988 demonstrate a concrete commitment to develop a strategy for building a WSO prudent reserve. Those minutes contain a "World Service Office Prudent Reserve Policy."

The above policy seems to have begun to work by the time of the April, 1989 *Fellowship Report*, which indicated that the office's prudent reserve at that time stood at about \$240,000, though this amount was not enough for even one month's operation. However, the 1989 *Fellowship Report* also had begun to ring the first warning signals that WSO income from literature sales was leveling out, and that the office was in for hard financial times. This warning was borne out in the financial developments which occurred during the 1989-90 conference year, with the 1990 *Fellowship Report* indicating a substantial depletion in reserve funds as WSO expenses exceeded income.

In fact, the 1991 WSO Board of Directors section of the *Fellowship Report* details the damage which the WSO's financial difficulties of 1990 had inflicted upon the once-substantial reserve:

For a number of years, the World Service Office had substantial monetary reserves that cushioned us from fluctuations in the state of the economy and value of the U.S. dollar. However, those reserves, once amounting to about \$250,000 U.S., have been reduced to about \$50,000 today. Consequently, we now feel economic and monetary fluctuations acutely and must make plans accordingly. As we seek a balance in our revenue, the services we provide will be subject to a more conservative financial planning process. Until our revenues stabilize, we may be forced to reduce office operations. (7)<sup>2</sup>

The history of the WSO's "prudent reserve" thus continues under a misnomer: the "prudent reserve" referred to in the preceding reports and minutes was never really a

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<sup>2</sup> In keeping with these intentions, a motion to this effect was referred to the BOD at the 1991 WSC: It was M/S/R Shannon L. (RSR, Tri-State)/Ed D. (WSC Chairperson) "To refer to the budget review and utilization committee, for recommendation, the following concept: That the WSO dedicate a portion of its income toward establishing a reserve fund, with a goal of \$750,000 over five years." MOTION REFERRED as follows.

It was M/S/C Ed W. (RSR, Greater New York)/ Dan D. (RSR, Greater Illinois) "To commit/refer to the WSO Board of Directors." MOTION TO REFER CARRIED BY VOICE VOTE

prudent reserve. In point of fact, the "reserve" which the office has attempted (unsuccessfully) to build and maintain for the past fourteen years has always functioned as an operating reserve. The important distinction here is that, as most group treasurers know, a prudent reserve is money and resources that are supposed to remain untouched except in case of an emergency, one that would force the group to go under if it did not tap its reserve resources.

However, as you are aware, Goal Two of the WSO Business Plan is "to have a ninety day operating reserve by 2001." The WSO's comptroller has drafted a bare bones savings plan in view of the office's current financial straits. In February 1997, the board adopted his recommendation to save \$15,000 during the 1997 budget year. It is expected that the final budget after adjustments will show an actual savings of approximately \$30,000. Progress on the development of Goal Two will be reported as it occurs.

### ***The NA Way Magazine***

At the 1996 World Service Conference, the WSO Board of Directors raised the subject of eliminating *The NA Way Magazine*, due primarily to an apparently decreasing fellowship interest (based on dwindling subscriptions). Another major cause for concern was the fact that the magazine was running at an annual deficit of approximately \$130,000.00. At that conference, the following motions were committed to the board of directors for review and consideration:

**Motion #20:** "To make *The NA Way* a special periodical with conference-approved status."

**Motion #21:** "To create a book using selected articles from the first ten years of *The NA Way*."

**Motion #34:** "That the cost of publication of *The NA Way* be reduced by dispensing with the graphic designs and the high-quality paper used on the front and back cover, and that the subscription cost be increased 75%."

**Motion #49:** "To continue publication and distribution of *The NA Way Magazine*."

**Motion #95:** "That the WSO continue publication of *The NA Way* with the provision that—(1) the price be raised, and (2) subscription drives utilizing the current subscriber list be undertaken."

During the past year, the board has honored Motion #49 by continuing to publish the magazine. Additionally, after the 1996 World Service Conference, the WSO Board of Directors charged WSO staff with the responsibility of undertaking a thorough investigation of alternatives to producing *The NA Way* at its present deficit. The directors also requested that the above motions be considered in any and all options under examination.

The results of the board's action this past year culminated in the board's *Conference Agenda Report's* motions regarding *The NA Way Magazine*. Briefly, the rationale for having forwarded those motions is as follows:

### **The NA Way Publishing Model Study**

This independent consultant's study utilized the Magazine Master software program—which is “designed to forecast magazine expenses, revenues, circulation performance, cash flow, and profit/loss”—to build several six-year projection models examining various possible futures of *The NA Way Magazine*. The study drew several conclusions from the forecasts, all of which are essentially summed up in the following statement, taken from the consultant's study: “As you can see, the road to profitability with this magazine is almost impossibly steep. Even under the most ridiculously optimistic scenarios, it falls just short of breaking even.”

### **Developing the new NA Way**

Given this information, WSO staff set out to weigh the possible advantages and disadvantages of a number of options for the magazine. Among the alternatives which have been explored were:

- 1) Continuing to publish and distribute the magazine at a loss (Motion #49)
- 2) Attempting another publication drive (Motion #95)
- 3) Raising the subscription price of the magazine, to better defray publication costs (Motions #34 and #95)
- 4) Lowering the production values of the magazine to reduce publication expenses (Motion #34)
- 5) Eliminating the magazine altogether
- 6) Finding a suitable replacement or reconfiguration of the current publication

Given the elimination of the first five alternatives (the rationale for which has been provided in both the *Conference Agenda Report* as well as in a separate rationale statement from the board), WSO staff set about seeking an alternative for *The NA Way*. The resulting publication which has taken shape out of these various considerations was developed appears as follows.

### **World Service Office “Periodicals Study”**

One of the resources which WSO staff used in formulating the new *NA Way* was a comprehensive “periodicals study” assembled by WSO staff from August, 1992 through June, 1994. The study examined the WSO *Newsline*, *Reaching Out*, *The NA Way Magazine*, *Meeting by Mail*, the *Conference Digest* and *PI News*, the major periodicals produced and distributed by the WSO at the time. Considering this study's recommendations (again, provided elsewhere), WSO staff made the following proposal: to combine the *Newsline*, the *Conference Report*, the *H&I News*, and the *PI News*, into one translated and internationally distributed quarterly periodical.

### **The New NA Way Magazine**

The new *NA Way* is to be a completely new publication. It is intended to be international in scope, publication languages, and distribution, and will be dedicated to serving our members in their groups, speaking to issues which are relevant to those members and their recovery. The new *NA Way* is to be a celebration of our members and of recovery. It will allow members to actually submit an article in one of our fellowship's primary languages, and have that article appear in all of those languages in every NA group in the world. And it will be free to every NA group! We have therefore created the following editorial policy for the new *NA Way Magazine*.



**Purpose:**

To provide all members of Narcotics Anonymous with a quarterly journal, in five languages, which will serve as a source of recovery-oriented, service-oriented, and entertainment information.

**Philosophy Statement:**

*The NA Way Magazine*, published internationally in our fellowship's primary languages, belongs to the members of Narcotics Anonymous. Its mission, therefore, is to provide each member with recovery and service information, as well as recovery-related entertainment, that speaks to current issues and events relevant to each of our members worldwide. In keeping with this mission, the editorial staff is dedicated to providing a magazine that is open to articles and features written by members from around the world, as well as current service and convention information. Foremost, the journal is dedicated to the celebration of our message of recovery—"that an addict, any addict, can stop using drugs, lose the desire to use, and find a new way to live."

**Conclusion**

We hope that you approve of our attempt to provide a viable alternative to the current *NA Way Magazine*. We believe that we have created a publication which maintains the overall spirit of our fellowship's magazine, while adding significant value by providing the new magazine freely to our members, distributing it internationally, translating it into four languages in addition to English, and keeping it open to submissions from our members while expending the magazine's ability to accept submissions from members who don't speak English.

**History of the Low-Cost Basic Text Issue****Background**

Despite the World Service Conference's consistent actions regarding the low-cost Basic Text, participants seem to be faced each year with continuing motions that speak to the creation of this item. Thus, even though the motions to refer this issue to the board in 1996 were defeated, the board still wished, in light of the Colorado Region's motions this year, to take an opportunity to address this issue, particularly in view of the fact that we expect at least 30% of the RSRs at WSC'97 to be new conference participants, who thus may not be aware of the WSC's history on this issue.

The expectations surrounding the creation of a low-cost Basic Text are, at least in part, founded upon the initial assumptions that the board of directors had made about the pricing policy of literature in the years just following the publication of the Basic Text. According to the 1984 *Fellowship Report*, "The board intended and still intends to reduce the price of most if not all items when the short range financial goals have been met."

Those short-range financial goals included (1) Employing a competent professional staff for the successful management and operation of the office; (2) Obtaining adequate quarters both in size and facilities in order to meet needs for inventory space and service functions; (3) Acquiring essential and adequate equipment to meet immediate and future needs of the office in the accomplishment of the wide range of duties assigned; and (4) Establishing sufficient prudent reserve to meet emergency needs and growth demands within the fellowship" (1984 *Annual Report* 5-6).



## The "Georgia Report"

It might appear that those goals had been nearly accomplished way back in 1984. A brief glance at that same *Annual Report*, however, demonstrates that the WSO was, even then, providing a wide array of services to the fellowship. In other words, as the examination of the literature pricing policy's history clearly demonstrates in the WSO Financial History document, the office would fight a continual uphill battle from 1983 until the present in trying to keep pace with the growing demand for WSO services from the fellowship as well as the WSC.

Nevertheless, there has been significant support among certain members of the fellowship for the production of a low-cost text to better suit the needs (and budgets) of newcomers in our meetings. This concern manifested itself, in 1987, in a motion from the Georgia Region that called for an impact study to be conducted investigating the effect of a 25% across-the-board reduction in literature prices.

A relatively forthright essay on "Disposable Income" in the 1987 *Fellowship Report* discusses this growing concern with the use of profits from our literature to fund services by the WSO within the context of the Georgia motion. There is quite a lot to digest in that essay, which makes reference to the pricing policy for literature, the Georgia motion, the low-cost Basic Text, the discount policy for bulk orders of literature, and the office's "prudent reserve." For our purposes here, it is sufficient to note that, while parts of the fellowship were clamoring ever-more-loudly to reduce the price of our literature, the WSO itself was trying to point out that there really wasn't sufficient money in the world service budgets as it was, yet the WSO board had, nevertheless, already chosen to pass some of the inflated literature cost back to the fellowship in the form of bulk rate discounts.

Nonetheless, the Georgia motion passed at the conference, and a resulting impact study was conducted. Known as the "Georgia Report," this study set out to clearly identify the major financial and philosophical issues which a reduction in literature prices raised:

There are two separate issues in this matter. The first is the financial impact of the reduction and the second is the philosophical appropriateness of the impact. If the financial impact would cause a reduction in services, the second question then has to be addressed: Does the Fellowship want to trade the cost saved by the group or member when a book is purchased for a continuation of services provided by WSO? If the answer is that the Fellowship desires to avoid decreasing services provided by WSO, then the price would have to remain the same or other income producing efforts would have to be initiated. . . . ("Georgia Report" 3)

In essence, the choice that this passage outlines between trading the cost each member saves on the Basic Text price for the continuation of WSO services has never changed. Each year, when the latest "low-cost Basic Text" motion hits the floor at the WSC, this choice must be once again examined.

## The "baby blue"

Of course, it would be only two years after the Georgia Report that the "baby blue" illicit text would first make its appearance, indicating that the Georgia Report had failed to satisfy some members of our fellowship.<sup>3</sup> In any event, WSO board minutes make

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<sup>3</sup> The illicit Basic Text controversy which surrounded the "baby blue" cost the fellowship over \$100,000.00 in legal fees to defend our fellowship's literature copyright.

mention of the illicit Basic Text in the context of a *Newsline* article in August 1990, and also demonstrate that the board was seriously considering the production of a low-cost text. However, upon examination, the board decided again that the low-cost text was an imprudent innovation, insofar as it would directly threaten the WSO's ability to meet the demand for services required by the fellowship and the WSC. However, the illicit text controversy had culminated in an agreement between the WSO and the person responsible for the production of the illicit text. That agreement spelled out a series of actions which the WSO was obliged to pursue in order to resolve the matter in the eyes of the court.

### 1991 WSC Motions

Those required actions included placing motions in the *Conference Agenda Report* for the 1991 WSC offering the fellowship a number of options with regard to (1) the production of a low-cost text, given specific parameters to make it less detrimental to the WSO; (2) the WSO's right to be the sole distributor of NA literature on behalf of the fellowship; and (3) the edition of the Basic Text actually accepted by the NA fellowship. Thus, the WSO and the board of directors had to be prepared to move ahead with the production of the Low-cost Text if that were the will of the conference in 1991, as the 1991 *Fellowship Report* spells out. That report discusses the problems which could result from the creation of a Low-cost text, as well as some measures that might be taken to soften the blow of reduced literature proceeds:

As we said before, we recognize the potential of a Low-cost text to increase our fellowship's ability to carry the message to more addicts; therefore, at least in principle, we support the low-cost text. However, we must tell you that if the World Service Conference mandates production of a low-cost text without also supporting measures to mitigate the impact of low-cost text sales on WSO and RSO income, the conference will, in effect, be closing both down. (17)<sup>i</sup>

As mandated by the court, the issues discussed above were put to a vote at the World Service Conference in 1991. The resulting conference actions are quite significant, in that they clearly resolved a number of long-standing controversies within our fellowship. First of all, Affirmation #1 established the WSC's continuing permission for the WSO to hold NA's literature in trust for the fellowship, and Affirmation #2 reinforced this permission by affirming that the WSO is the exclusive publisher and distributor of NA's literature.

Motion #13 clearly established the conference's will to not consider any other edition of the Basic Text but the Fifth edition as the recognized and accepted "official" Basic Text.

Motion #14 reaffirmed the conference's decision in 1987 not to produce a low-cost text.

And Motion #15 demonstrated that the conference in 1991 did not believe a group tally to be necessary regarding motions 13 and 14.

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<sup>i</sup> The 1991 *Fellowship Report* went on to outline the issue of the Low-Cost text in some detail, and alluded to the earlier Georgia motion and subsequent Georgia Report: "As an aside, it may be useful to recall a similar motion presented to the conference four or five years ago. In 1987, the WSO studied a motion to reduce the price of the Basic Text and our information pamphlets by twenty-five percent. Such a price reduction would have resulted in a substantial loss of service to the fellowship, a loss not outweighed by the benefits individual members might have received from lower-priced literature. Our report on the matter was accepted by the World Service Conference" (14).

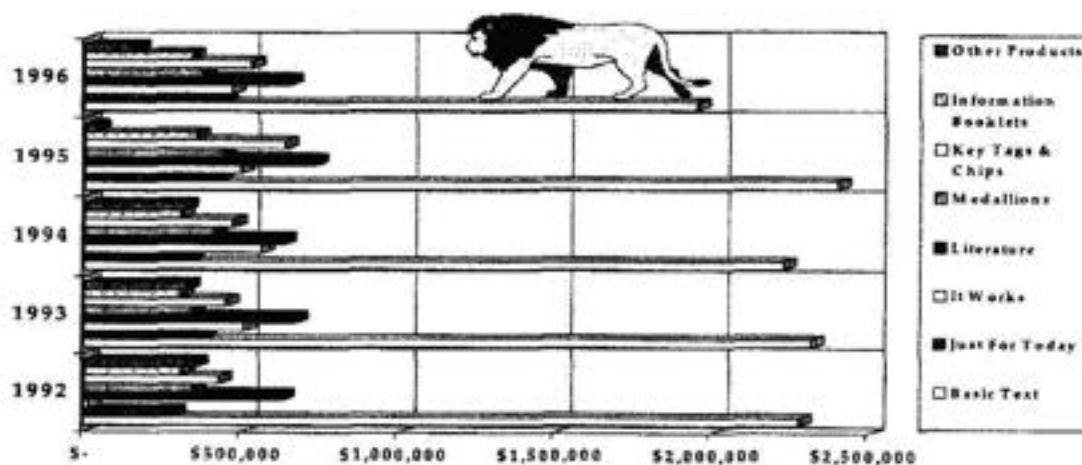
Moreover, further conference action of 1991 offered what was thought, at that time, to be an alternative to the Low-cost Basic Text. That action is reflected in the adoption of the motion for "An Introductory Guide to Narcotics Anonymous" consisting of only Conference-approved literature, as a low-cost inventory item.

Yet, in spite of these definitive actions by the World Service Conference, the 1992 conference saw two new motions requesting a reduction in the price of our Basic Text: one that tried to reduce the price of the Basic Text back to \$8.00 US, its original price prior to the 1 February 1992 10% increase (that motion failed); and another that requested a fellowship-wide referendum on a low-cost Basic Text (that motion was committed to the board of directors).

### More Recent History

Once again, in 1995, the issue of the low-cost Basic Text arose on the floor of the World Service Conference, with a motion that attempted to make Book One of the Basic Text available at the same price as the French and Spanish Basic Texts. That motion was ruled out of order due to the five year moratorium on the text, and the ruling was upheld by the WSC. In fact, the next straw poll at that year's WSC indicated that conference participants objected to consideration of a similar motion that would have had the WSO produce and sell a \$5.00 Basic Text.

## Plot of Sales By Product Line



Similarly, during the 1996 WSC, three motions were again made regarding the creation of a low-cost text: one that again requested that Book One be made available in the same format and at the same price as the French and Spanish versions (that motion was again ruled out of order, and the chair's ruling was again upheld by the WSC participants); another motion that requested that the WSO create a new inventory item, "The Introductory Basic Text," that would have been a text that, again, consisted of only Book One (that motion was again ruled out of order); and a third motion requesting that the WSC direct the WSO to create an additional text on lower quality paper, cheaper

binding or any other available method, including omitting Book Two (that motion failed after a motion to commit the issue to the board of directors also failed).

The history of the low-cost basic text demonstrates that, since the issue was first raised in 1987, the World Service Conference has made consistent decisions about the pricing policy of our literature. Understanding clearly that the proceeds from our literature, and most especially from our Basic Text (see the above Plot of Sales by Product Line), fund the WSO and its accompanying services, the conference has decided time and again to support the WSO's pricing policy of our literature so that such services can continue.



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## Section Two

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*world service office*

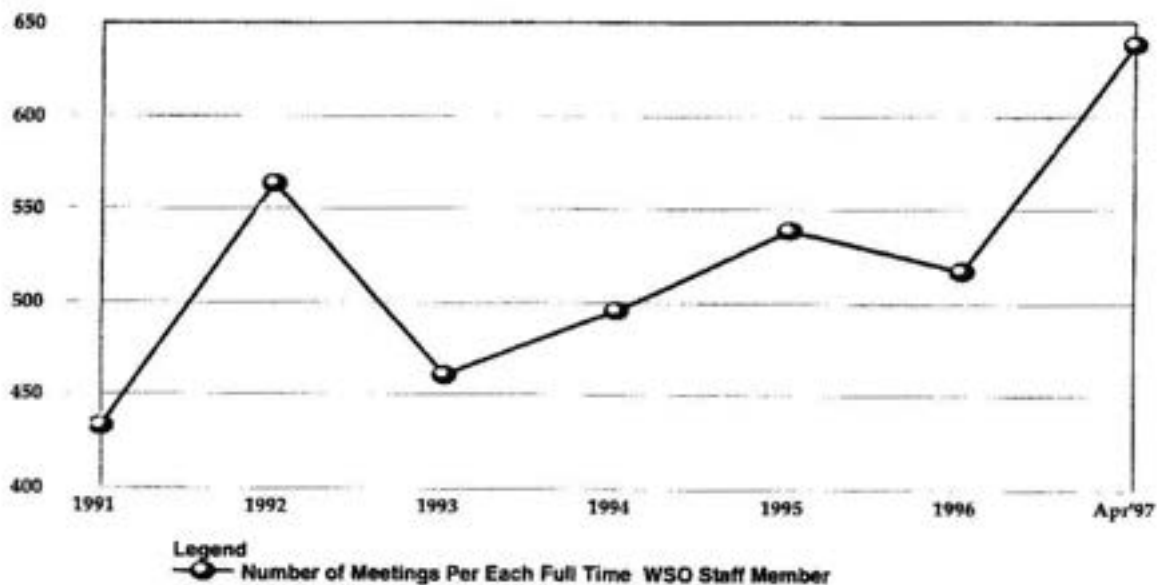




**From executive management—**

Over the past year, WSO management has provided you with as up-to-date information as possible regarding the financial condition of your World Service Office. In the Fall, 1996 *Newsline*, for example, we informed you that we, along with the WSO Board of Directors, had determined that "the WSO, and world services in general, will not, eventually, be able to provide their present level of services to our international fellowship on current income and donation levels." Similarly, the WSO Board of Directors, in conjunction with WSO executive management, informed you in the November 1996 *Conference Report* that "It [had] become increasingly apparent to us that the continued reliance upon literature sales to fund our fellowship's provision of services is not a sound philosophy for the long haul."

The fact is, during 1996, literature sales were down significantly. This downturn in sales is a trend observable across the publishing industry in general, and especially across the recovery-related publishing industry. While this trend helps explain the WSO's shortfall, that explanation provides little relief from a loss last year of about \$272,000, nearly an entire month's operational expenses at the WSO-Chatsworth. What this means in simple terms is that the services we are able to provide are directly affected by this loss in operating income—and this effect ripples out across our fellowship in various ways. As the chairperson of the board of directors has already informed you in this *Annual Report*, the WSO executive management has had to effect a reorganization of the office, resulting in a 14% reduction in staff.



We have also seen two staff members move on to expand and fulfill their own professional goals, and the combined result has been an overall reduction of about 19% in staff. Our reduced staff cuts down our capacity to provide many services, and the reduced income also severely restricts our ability to upgrade services (such as the group and trusted servant database software).

### **Growing Demands Expected**

However, these effects of a loss in operating income, disturbing as they are, represent merely the short-term loss of some specific services enjoyed by our membership. More distressing still is the fact that, without a serious infusion of continuing financial support from all of our members, *the long-term viability of the WSO as we know it today is doubtful*. As the above graph of the Number of Meeting Per Full-Time Staff Members demonstrates, there is an obvious trend of increasing demands that we expect will be placed upon the resources of the WSO. As you can infer, if the office is expected to meet the challenge of providing an ever-increasing array of services to an ever-growing membership population, then the proceeds from literature sales, under our current pricing policy, will never cover the expense of providing all of those services.

There are at least two observations that need to be made about this reality. First, the fact that Narcotics Anonymous is growing is wonderful! It indicates (as we all know from our personal experience) that our program works!—that, indeed, it is working for more addicts in more countries in more languages than ever before. We are all truly part of a growing, vital, worldwide membership organization that is making a tangible difference on our planet (not to mention in our lives). And we have done it, with our higher power's help, fully through our own self-support.

Second, the existence of the WSO has contributed greatly to our explosive growth over the past twenty-five years. Let us remember that NA was started in 1953 and, after nearly a decade of struggle, began to gather steam in the mid-sixties and early seventies. However, it wasn't until the decision was made to incorporate the WSO in 1972 that our fellowship had a central clearinghouse of information and literature distribution. It was the creation of this clearinghouse that fueled our growth from an essentially localized phenomenon in Southern California to the worldwide fellowship we know today.

### **Early Growth and the WSO**

This growth is perhaps best demonstrated by the fact that in September 1972, the WSO financial summary showed an income for the preceding nine months of \$3,618.58. Seventy-two percent of that income had come from donations, and the rest came from literature sales and the proceeds from that year's convention. According to a meeting list from the previous year, there was a total of 44 known NA groups in the world at the time.

Yet, by 1981 (fully two years before the publication of our Basic Text), the WSO's income had reached \$64,987.75. Only eighteen percent of that income had come from donations. Moreover, our fellowship had also grown, by the same year, to over 1,200 meetings, some of which were being held outside the United States.

From these facts alone, the role that the WSO has played in our fellowship's continuing development should be clear. Though NA existed for nearly *twenty years* before the office's incorporation, it had remained an essentially localized phenomenon. It was not until the creation of a central point of information, literature distribution, and guidance that our fellowship began to grow by leaps and bounds. In the twenty five years since

the creation of the WSO, our fellowship has grown beyond our founders' wildest imaginations—to over 20,000 groups, in over seventy countries, with literature translations projects developing in over forty languages.

### **Uncertain Future**

However, the viability of your WSO is now threatened. Declining sales income, coupled with increasing demands upon those dwindling resources, makes a recipe for disaster. The rest of the *WSO Annual Report* is therefore dedicated to making good on the pledge we made to you this year of telling you what we do, how much it costs, and how it relates to our program's primary purpose. We are providing you with this information so that you can determine whether the services we provide are valuable to you—and, quite frankly, whether their value is such that you'll continue to be willing to support them both spiritually and financially.

### **Co-Directors' Address**

We are aware that, in light of the many changes that have occurred at the WSO this past year, there is some speculation as to the office management's goodwill and even competency. In years past, in spite of whatever controversy might be swirling around us, we have tried to refrain from making any comments in any world service publications that might be misconstrued as a staff member or members putting themselves in the "limelight," or using the periodical system as a personal soapbox for issue discussion or demagoguery. Such an action would be an abuse of our positions of responsibility at the WSO. It is certainly not our intention to place ourselves on such a soapbox at this time.

However, when our personal intentions and abilities are questioned by our membership, it is not only a part of human nature to respond to such questions—it is also our duty. As the people charged with the responsibility for our fellowship's primary service center, we are compelled to inform you as to the state of affairs of the office for which you (rightly) hold us accountable.

We therefore want to tell you that yes, the office's present position is threatened. Yet we know from both our past experience (which includes a combined total of over twenty years serving as special workers for NA), as well as from an abiding faith in our second tradition, that the WSO will continue to exist in some form for many years to come. It is our responsibility to see to it that the office does continue, and we will continue to burn the midnight oil to ensure the office's survival until well after we're gone.

Yet, at the same time, our individual personal experience allows us to recall a time when we both helped to start fledgling NA communities ourselves. There was a WSO, it is true. Yet it took over twenty weeks for one of us to actually receive that first piece of literature, which came like a message (of hope) in a bottle from some distant shore. When we called the WSO, we sometimes got a live person on the phone, and we sometimes did not. In many ways, we continue working at the office today because we do recall those early days, and we want to see to it that we never revert back to a time when our primary source of information, literature, and guidance is not as reliable as we've come to expect the WSO to be.

No doubt about it—it hurts deeply when that commitment, and that intention, is questioned by our membership. Yet we will continue to work the late hours, and the weekends, to continue to serve our membership. Why? Because we believe in NA, as

we know you do. And our commitment to the success of our program has never wavered, though our integrity and honor have at times been questioned. The bottom line is really this: we're merely stewards of the WSO—caretakers entrusted with a very special responsibility. But the problems that face the office, and the fellowship at large, are *all* our problems—not just world services' problems, or George and Anthony's problems. They have been created by our fellowship's collective decisions (including those of WSO management, of course), and they require the entire fellowship's cooperation to find solutions.

We work for you, and we want to continue to do so, if you will allow us. It is only in your service that the WSO exists. It is only through your support that the WSO, as we've come to know and rely upon it, will survive.

In Service to Narcotics Anonymous,  
George Hollahan  
Anthony Edmondson  
Executive Codirectors, WSO



## WSO Teams and Staff Assignments (as of December 31, 1996)

### WSO Management Team

Anthony Edmondson	Executive Codirector
George Hollahan	Executive Codirector
Becky Meyer	Assistant Executive Director
Julie Kirkpatrick	Human Resources
Tom Rush	Comptroller
Steve Sigman	Fellowship Services
Bob Stewart	Production and Distribution
Mary VanEvery	Fellowship Services

### Fellowship Services Team

Elaine Adams	Team Assistant
Freddie Aquino	Team Assistant
Tyne Bowman	Team Asst.
Jeff Gershoff	Group Services Supervisor
Oscar Gomez	Team Asst.
Nancy Good	Team Assistant
SaraJo Hampton	Team Asst.
Jane McCrary	Team Assistant
Elodie Micklin	Team Assistant
Uschi Mueller	Translations Supervisor
Eileen Perez	Team Assistant
Carl Prescott	Team Assistant
Steve Sigman	Conference Services
Mary VanEvery	Fellowship Services Mgr.

### Asset Management Team

Sylvia Cordero	Sr. Order Entry Clerk
Trish Jaramillo	Accounting Supervisor
Peggy Labon	Order Entry Clerk
Lynn Long	Network Assistant
Vida Moro	Customer Service
Lori Perea	Network Administrator
Tom Rush	Asset Management Mgr.
Liz Stafford	Accounting Assistant
Angie Stephens	Team Assistant

### Human Resources

Julie Kirkpatrick	Human Resources Mgr.
Dee Price	Receptionist

### Production & Distribution Team

Vincent Alcala	Shipper
Mike Gates	Warehouseman
Carol Kenney	Team Asst.
Jeannie Lamaifa	Purchasing Asst.
Esperanza Lemos	Production Asst.
David Mizrahi	Typographer
Anne Peters	Production Coord.
Marilyn Scott	Production Asst.
Angie Stephens	Team Assistant
Bob Stewart	Production and Distribution Mgr.

### WSO-Europe

Paul de Cock	Warehouseman
Jones von Stedingk	Office Mgr.

### WSO-Canada

Heidi Jaklyn	Shipper
Jacqui Sullivan	Shipping Asst.

### WSO Executive Team

Jeff Baker	Editor
Danae Brockett	Executive Assistant
Anthony Edmondson	Exec. Co-Dir.
Debbie Goss	Executive Assistant
George Hollahan	Exec. Co-Dir.
Becky Meyer	Asst. Exec. Dir.
Mike Polin	WCC Mgr.
Donna Smylie	Executive Assistant
Roberta Tolkan	WCC Assistant
Cynthia Tooredman	Editor

## service delivery

The service delivery section of this year's *Annual Report* is considerably different from what you've seen in years past. Of course, it still contains the statistical information that our members have come to expect from the *Annual Report*. However, this year, we hope to present concerned members with a clearer picture of what actually happens at the WSO each and every day—almost a “guided tour” of the World Service Office.

In the following pages you will “meet” the employees of the WSO. You'll “see” them working at their daily responsibilities. And, hopefully, you'll better understand how their efforts help our organization fulfill its primary purpose—to carry the message to the addict who still suffers that there is a better way to live, free from active addiction.

### The Cost of Services

In the *Newsline* this past year, we promised you a more thorough explanation of how the office spends your money (because we work for you, and it really is *your* money)—what services we provide, why we provide them, and how much it costs to provide these services. The chart below shows a breakdown of the WSO's cost allocations for 1996. By way of explanation, it should be noted that the breakout of attributable costs does not always occur across team lines and functions. Instead, when determining the allocation of expenses for any given WSO responsibility, often those expenses occur across teams due to the particular requirements of any given project or task. Though we are moving toward a project-based cost accounting system, for the time-being the information below is the most accurate way we have of portraying the cost of services to our membership, to the World Service Conference, and to the general public.

### World Service Office, Inc. Cost Allocations For the Year Ended 31 December 1996

Function Supported	People	Facilities	Equipment	Postage Telephone Supplies	Travel	Other	Totals
Administrating/WSC*	372,132	45,784	24,872	24,733	8,356	10,539	486,416
Supporting/WSC*	369,612	59,715	29,775	25,115	57,564	12,326	554,107
Group Services	289,931	43,935	23,356	24,351	7,847	23,308	412,727
World Fellowship Dev	69,625	7,317	5,609	11,406	11,514	90,677	196,148
Lit Dev/Creation**	127,085	73,614	10,238	9,766	3,439	12,748	236,890
Lit Sales/Orders/Shipping	380,012	157,155	30,613	14,839	15,466	27,000	625,084
FIPT	48,214	7,661	3,884	5,145	1,305	30,095	96,304
WSO - Canada	57,422	4,374	4,626	4,341	1,554	1,721	74,038
WSO - Europe	28,824	2,195	2,322	3,228	780	864	38,214
Convention Corporation	125,849	26,477	15,244	7,055	11,675	9,558	195,858
<b>Totals</b>	<b>\$1,868,707</b>	<b>\$428,226</b>	<b>\$ 150,538</b>	<b>\$ 129,979</b>	<b>\$119,500</b>	<b>\$218,837</b>	<b>\$ 2,915,786</b>

\*“Administrating the WSC” and “Supporting the WSC” are two different functions. For example, securing hotel facilities for trusted servants would be considered “administrating,” while the cost of providing special workers to assist during the WSC would be considered “Support” services.

\*\* Includes costs associated with the translation of literature not directly attributable to WSTC support.

## **Calculations**

The preceding table represents the costs of running the WSO. Within that table:

- "People" represents WSO personnel costs, which were estimated across various staff functions, and also includes costs associated with administrative functions (payroll allocation, for example) and building overhead.
- "Facilities" includes rent, maintenance, utilities, depreciation of improvements, and interest on the improvements loan, all of which were then allocated based on square footage attributable to each function.
- "Other" primarily reflects two large amounts: approximately \$53,000.00 for air shipping and customs/duties for literature shipments outside of the US and Canada; and about \$59,000.00 in free literature and free publications.
- It should also be noted that many identifiable "direct costs" associated with the branch offices, the convention corporations, and the WSC (along with its boards and committees) have been transferred onto their "Income and Expense Statements" and are not duplicated here.
- A further breakout and explanation of this information is available in the Financial Information section of this report.

## **Thanks and Sadness**

We would like to take this opportunity to express our deepest thanks to the five employees whom we lost this past year due to the reorganization of the WSO: Carl Prescott, Marilyn Scott, Angie Stephens, Carol Kenney, and Danae Brockett. Also, pursuing new personal and professional goals, Lee Manchester resigned from the WSO in December. The service they provided to our fellowship will be greatly missed.

Most especially, however, we must express our grief over the death of Debbie Goss. Her passing came as a horribly unexpected shock, and the entire WSO staff mourns her loss very deeply.

It has been a tough year at the WSO. However we do hope you will enjoy meeting the office's line staff. We hope the following "guided tour" provides you with a much clearer picture of the daily responsibilities of your World Service Office.

### Welcome to the WSO

If you've ever called or visited the World Service Office, chances are the first voice you heard or face you saw belonged to Dee Price. Thus it's only appropriate that your WSO "tour" begins with Dee at the WSO's reception desk. (If you look to your right, you'll see the glass case that holds all six editions of the Basic Text, as well as the NA Tree, our original service manual, the old "H&I Can," and other interesting memorabilia.) As the receptionist for the whole office, Dee is the "voice of the WSO," and she always has a kind and sunny demeanor for the dozens of callers and visitors who contact the office on a daily basis. Dee answers the phone and routes each call to its proper destination (which also means that she must keep track of every single person in the office—and with over 40 employees during 1996, that itself was no small task). She also greets each of our visitors and helps them find the person or service they are seeking.

Dee sorts all of the WSO's mail, which means that she opens about 200 letters and packages every day, then reroutes them to the appropriate department. She occasionally helps out Group Services by assembling starter kits, and she helps the Production Team out by labeling tapes too. She is even called upon to complete some accounting statements for the Asset Management Team once in a while, which means that Dee assists almost every team at the WSO when there is a need. She is also responsible for sending out some of the board and committee mailings, as well as receiving and rerouting the many faxes that come in daily. To sum it up, in many ways Dee serves as the unofficial "public relations" person for the WSO, and anyone who has spoken with her knows that she performs this service most capably and always with a smile.

### Executive Team

The members of the Executive Team include executive codirectors George Hollahan and Anthony Edmondson, and their assistant executive director, Becky Meyer. During 1996, the team's assistants included Debbie Goss, Donna Smylie, and Danae Brockett. Attached to the Executive Team this past year were Lee Manchester, Cindy Tooredman, Jeff Baker, Mike Polin, Roberta Tolkan, Julie Kirkpatrick, and Dee Price.

### Executive Team's Responsibilities

George Hollahan's responsibilities in 1996 included overseeing all work associated with the WSC Administrative Committee, the Interim Committee, and the WSO Business Plan. Anthony Edmondson's duties included all of the work associated with the WSO Board of Directors and the World Convention Corporation. Becky Meyer's work included all of the office's FIPT responsibilities, and she also served as the Transition Group's primary contact. The executives also shared the responsibility for the management of the two WSO branch offices in Belgium and Canada in addition to managing the WSO-Chatsworth. It should be noted too that, while these neat and tidy categories are fine for describing the overall duties of executive management, in reality any one of the executives might deal with any or all of these various responsibilities on any given day. Additional team responsibilities included the publication of the *NA Way*, all writing and editorial work, the World Convention Corporation, and all meeting and event planning.



## **Human Resources**

Julie Kirkpatrick's duties included all the work associated with human resources: implementing and maintaining personnel policies, providing guidance and counseling to employees and management, managing the implementation of the Americans with Disabilities and Civil Rights Acts, ensuring compliance with all regulatory and legal requirements, managing all human resources administrative functions including personnel files, designing and implementing employee communications programs, maintaining a working knowledge of benefit laws and IRS requirements, maintaining the office employees' benefits program, and encouraging the growth, development, training and education of WSO staff. During 1996, Julie also served as project coordinator for the WSC Literature Committee's Step Working Guides project.

## **Executive Assistants**

Debbie Goss worked as executive assistant to Anthony Edmondson this past year, which meant that she kept track of all his appointments, conference calls, and meetings. She also took (and when appropriate responded to) Anthony's voice mail messages. Debbie also worked as administrative assistant to the WSO Board of Directors and the Transition Group. Among these duties included taking minutes of both groups' meetings and conference calls, as well as taking minutes of the WSO Executives Committee's calls. She also revised those minutes based upon trusted servant review and approval, along with assisting Roberta Tolkan with travel and lodging arrangements for both groups. Debbie's job kept her busy, but her grace and enthusiasm allowed her to perform her duties well.

Donna Smylie worked this past year as George Hollahan's assistant, but her duties did not stop there. Donna was responsible for all of the Interim and Administrative committees' minutes, agendas, conference calls, correspondence, summaries of decisions, action item lists, and reports. She also handled the WSC Recognition Assistance Panel correspondence, addressed RSR questions about the World Service Conference, helped develop the *Conference Agenda Report* and the *Conference Reports*, helped revise the 1996 WSC minutes and the TWGSS, and helped prepare the orientation packet for conference participants. It's no wonder Donna got a bit pinched at times during 1996—she had plenty of work to keep her occupied.

Danae Brockett worked as Becky Meyer's assistant during 1996, which meant that she helped with mailings, letters, and other correspondence. She also assisted with the WSO Board of Directors' material and the Transition Group's as well. She kept track of copyrights and trademarks for the WSO, which constituted her primary duties this past year. Danae handled all requests to reprint NA literature, registered new literature with the US Library of Congress, handled all preliminary processes for registering all commercial vendors for the WSO, and responded to questions about service boards' and committees' use of the NA logos. Finally, she also assisted in maintaining our trademark registrations in other countries.

## **Communications, Writing and Editing**

Lee Manchester worked this past year developing the NA World Services Public Relations Work Plan, and assisted with the carrying out of that plan by interacting with professionals and non-governmental organizations internationally. Lee also assisted with the development of the new *NA Way* proposal, along with editing many other WSO periodicals in 1996. In December, Lee decided to leave the WSO in order to pursue new personal and professional goals.



Cindy Tooredman worked as general editor of the WSO this past year, which included the editorial duties for *The NA Way Magazine*. In fulfilling this duty, she reviewed manuscripts, maintained the calendar, puzzle, and sharing sections of the magazine, developed themes for each issue, worked with staff members Anne Peters and David Mizrahi developing the layout for each month's issue, corresponded with members who wrote or phoned their suggestions and concerns about the *NA Way*, and also searched the many local newsletters forwarded to the office for good articles and other material. She also helped develop the material for the new *NA Way* proposal appearing in this year's *Conference Agenda Report*. In addition, her general editorial duties this past year included assisting other special workers, boards, and committees with editorial revisions and writing on a host of projects, including the Step Working Guides.

Jeff Baker worked this past year as a kind of "special projects" writer, researching and drafting the WSO Financial History, the Denver workshop summary, some articles and reports for the *Newsline* and the *Conference Report*, the *NA Way* presentation and proposal, and this *Annual Report* as well. He also assisted in the development of the Transition Group report, and he worked with the WSO Board of Director's Business Plan Group, drafting a number of pieces for them, including the Communications Plan for world services and its accompanying presentation.

Now, let's get on with our tour, and visit the other staff members attached to the Executive Team—the World Convention staff, Mike Polin and Roberta Tolkan.

### **World Convention**

The World Convention is staffed by Mike Polin and his assistant, Roberta Tolkan.

FedEx envelopes, flight itineraries, and a hotel manifest sit on Roberta Tolkan's desk. She is beginning to get travel and hotel arrangements set for the upcoming 1997 World Service Conference. It is Roberta's job to coordinate all of the world service trusted servant travel and hotel arrangements for every board, committee, and conference meeting. The WSO also coordinates the RSR rooming lists for the WSC (at their request), and can even provide travel arrangements should the RSRs request that service.

Roberta's main job, though, is to assist Mike Polin with the hundreds of details associated with our World Convention. Her duties here include helping Mike answer the dozens of weekly phone calls related to conventions across the fellowship, as well as questions about the world convention itself. She keeps track of all world convention pre-registrations, entering them into the WSO's computer system and mailing registration confirmations to the thousands of members who register early. Roberta also works with the local convention visitors bureau to make sure that registered members have a hotel to stay in, thus improving their experience at our fellowship's single largest event.

Roberta works with the hundreds of vendors who service the convention. The audiovisual companies, tape vendors, sound reinforcement companies—you name it—if the service is necessary to carry the convention forward successfully, chances are Roberta has helped them with hotel reservations and correspondence. Roberta also acts as staff support to the World Convention Corporation itself, recording the minutes of their meetings and helping with the generation of their reports to the fellowship as well as assisting with the administration of conference calls. It's also Roberta's job to maintain the speaker tape log and library—she logs the tapes received, copies them for

the committee, and sends them out for review. Finally, Roberta helps the corporation deal with the considerable correspondence necessary to address inquiries and concerns from local conventions as well as the world convention itself.

Mike Polin's office is always busy—in fact, it's difficult to talk with Mike for any length of time at all without being interrupted by a phone call from a vendor, a convention-goer with a question, or even a regional or area convention committee member who has called to seek Mike's experience in the many areas of convention administration. As the manager for the world convention, Mike negotiates all of the hotel and airline contracts associated with the event. He also negotiates with approximately one hundred different vendors for each world convention, including entertainers, sound and lighting companies, caterers and electricians, as well as the various merchandising companies that produce the dozens of convention-related products for sale at every world convention.

Mike also scouts convention sites and negotiates and reviews bid preparations from prospective host cities for upcoming conventions. To get some idea as to what this means, imagine twenty-nine three-hole binders from twenty-nine different cities, each about five inches thick and filled with forty or fifty separately negotiated agreements and arrangements. The hundreds of hours spent in collecting this material will result in the eventual selection of only four cities chosen to host the next series of world conventions. (So far, the 2002 convention is the only one whose site has not yet been selected.) It's a heck of a lot of preparatory work, but its end result is a better planned and executed world convention, which serves to make the experience much more satisfying for the many thousands of members who attend, though most, of course, will never know of what it took to make the convention happen.

Mike is also in charge of arranging all of the world services hotel and airline registrations, managing the travel of world level trusted servants. Creating rooming lists, booking airline tickets, keeping track of travel costs, reviewing and approving each and every ticket for world service travel—Mike and Roberta share a large responsibility seeing to all of these details.

Of course, another growing responsibility for Mike is assisting local convention committees, where he provides various kinds of consultation services. Mike is frequently asked to review and input local convention committee guidelines, hotel contracts, insurance contracts, floorplans, and even to provide conflict resolution in some instances. In fact, the WSO receives dozens of these calls and requests per week. Mike also provides local training in the form of convention workshops. Training usually covers structural and committee issues as well as training for technical skills regarding convention planning. The WSO's convention services also handle many of the questions regarding local fellowship functions and activities, as well as taxes and other legal issues, both for regional convention committees and regional service committees themselves.

Mike and Roberta stay busy, that's for sure. The responsibilities associated with all of these activities help to make our fellowship's conventions the best they can be, and much of the success of our more recent world conventions is directly attributable to Roberta and Mike's hard work.

Now, let's move on to our next team, Fellowship Services.

## **fellowship services team**

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The manager of WSO's Group Services and Translations Departments is Mary VanEvery. In addition to managing all of the work associated with her team's overall responsibilities, group services and translations (in itself a full-time job), Mary is also the World Service Board of Trustees' primary staff contact. Besides attending all of the their meetings, she also attends the WSC Translations Committee meetings as well as works closely with the WSC Literature Committee on their projects. Additionally, she oversees the administration of world services' participation in professional events. Add to that her office management duties and you can see how she stays pretty busy.

Elaine Adams worked this past year as Mary VanEvery's assistant, helping with the administrative support of the World Service Board of Trustees. In this role, she wrote acknowledgment letters for members corresponding with the board, took minutes at the board's meetings, provided travel and lodging coordination with Roberta Tolkan, and did board mailings during 1996. She also had to refer some correspondence to the board itself for their follow-up on issues confronting our local members. She helped with Mary's paperwork, including drafting correspondence, answering e-mail, and handling some of Mary's voicemail messages. Between caring for the board's (and its four committees' work), assisting Mary, and helping out with other mailings and various duties, Elaine had plenty to keep her busy in 1996.

### **Group Services**

During 1996, group services were supervised by Jeff Gershoff, and staffed by Freddie Aquino, Tyne Bowman, Oscar Gomez, Sara Jo Hampton, Nancy Good, and Carl Prescott. Jeff's duties this past year included coordinating the overall workload so that the work moved through the system and coordinating the administration of the WSC H&I, PI and Policy Committees. Jeff also handled difficult questions or complicated calls from our members and from the public-at-large.

It also needs explaining that, while the work is called "group services," that name only begins to describe the various responsibilities handled by the group services staff. The staff as a group are responsible for all of the conference committees' administration, the board of trustees' administration, and putting together the NA Loner Group's *Meeting By Mail*, as well as handling the administrative duties associated with *Reaching Out*, *H&I News*, *PI News*, and the *International Phoneline Directory*. The group services staff also distributes the many trustee bulletins on issues relevant to our membership, and maintains the WSO database by entering and/or updating group and trusted servant information. As the "central nervous system" of our fellowship, the WSO (and particularly group services) also provides hundreds of dollars worth of free literature every year to members around the world seeking a new way of life.

### **A "Day in the Life..."**

The group services room is lined with shelves containing already-assembled group starter kits, copies of the *WSO Newslite*, the *Conference Digest*, and other NA periodicals. A table in the center of the room is covered with the IPs and other materials that go into the starter packets, because it's Wednesday, and the kits must be ready to go for Friday (the day that starter packets are mailed out each week). Phones are already ringing, although it's just 8:30 am Pacific Time. The group services staff are gearing up for another day.



Group services staff member Freddie Aquino is picking up the telephone messages left from the night before on the group services extension. The first call is from Abby in Alabama. There is no NA in her home town, she says, and she wants information about how to start a meeting. Freddie writes her name and address down and makes a note to send Abby a group starter packet on Friday. For courtesy's sake, Freddie calls the number Abby has left to tell her that her information is on the way. Come next week, NA will have begun in yet another small town (this time, in Alabama), and Abby will have a better chance of staying clean.

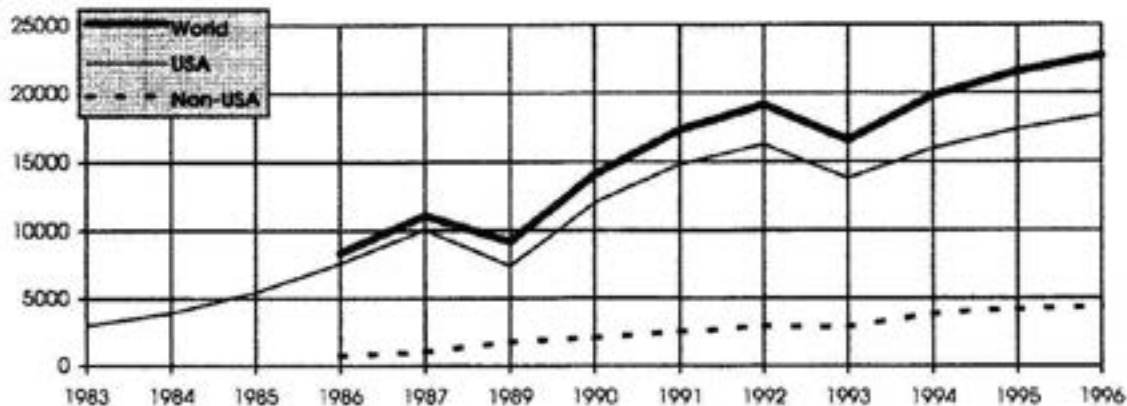
The second message is from a man on the East Coast, whose fourteen year old daughter has run away yet one more time. The man is near tears as he explains how he heard about NA and wants to know what he can do to make his daughter stop using drugs. Freddie makes a note to reply to this man and provide him with a local helpline number, local meeting information, some information about Narcotics Anonymous and what the program actually can offer his daughter, along with Nar-Anon and Families Anonymous contact information. Come next week, the man (and his daughter) will know what NA is, what we offer (and don't offer), and where they can find help.

The next call is more routine: a woman traveling in the Midwest wants to know if there is a meeting in the town where she will be staying for the next few days. Freddie checks the *International Phoneline Directory*, finds a local helpline number and returns the woman's call, leaving a message that tells her how she can contact the local NA community and find her meeting. Tonight, the woman will be sitting in an NA meeting in an unfamiliar town, but she'll be among other addicts who will welcome her and help her feel a part of our worldwide fellowship.

Meanwhile, across the room, Oscar Gomez is answering one of the thousands of letters that the WSO group services handles every year. This particular letter is from a woman who has requested our "handbook" and "all of the information we have on methamphetamines." Oscar's response letter explains that we don't offer that kind of information, but also includes some of our literature and local contact information, should she (or someone she loves) need to find out more about Narcotics Anonymous.

The next letter wants clarification about the meaning of two lines from our Basic Text. A more complicated letter, this one will have to be discussed and answered delicately, for the WSO staff has learned over the years that many such issues are actually local arguments and disputes that members are trying to resolve by going to the only "authoritative" source our fellowship has that answers the phone every day—their WSO. And, because such matters are usually emotionally charged, the WSO staff takes the responsibility of assisting them in the resolution of such disputes quite seriously. While the staff tries always to refer such issues to the member's local service committee or service office (and, when appropriate, to the World Service Board of Trustees), many times members want the "disinterested third party" approach that the WSO offers them in resolving such controversies. Many of the letters Oscar answers (because he is bilingual in English and Spanish) come from Latin America, requesting everything from free literature to information about how to start an NA service structure in a local NA community. Similarly, such letters come in from Europe, Asia, Africa, and the Pacific seeking literature and other kinds of information about NA and NA services.

The following plot of the growth of Narcotics Anonymous Meetings from 1983 through 1996 demonstrates the fellowship's expansion around the world:



## NOTES

1. All data is taken from WSO annual reports. Data reflects counts for meetings registered with the WSO.
2. We have no data for any meetings outside the USA prior to 1986, although we know that meetings were held elsewhere before that year.
3. We have no data for any meetings for 1988. For reasons unknown, that data was not shown in the annual report prepared by the WSO in 1989. Rather than show a gap in the graphs, we've masked 1988 from the charts.
4. The decline in figures for 1989 may be accounted for by a change in the basis for the figures. Prior to 1990, meeting counts were taken from our world directory, which was never purged of outdated information. From 1990 on (when the 1989 count was tabulated), figures were summed from our group registrations database.
5. The meeting count for the USA for 1990 was estimated at 12,000, based on a general examination of the same report from which the precise figures for meetings elsewhere that year were taken.
6. The decline in figures for 1993 may be accounted for by a purging of outdated meeting registrations from our database early in 1994, when the 1993 figures were tabulated. Because we suspected that so many meeting registrations were outdated, we sent notice to all registered meetings that their records would be purged if they did not send back the reply form enclosed with that notice.

Maintaining the WSO's trusted servant database can be quite a daunting task, and the group services staff's ability to answer many of the above requests is directly attributable to the efforts of Tyne Bowman and Sara Jo Hampton, who are diligently entering meeting information and trusted servant updates into the database as Freddie and Oscar do their thing. Of course, Tyne and Sarah share other responsibilities with Freddie and Oscar in answering calls and letters, as well as assisting in WSO committee support from time to time. But they are the ones who faithfully keep our fellowship's only international "telephone book" updated and accurate, day in and day out, creating the database that makes so many of Group Service's efforts possible.

Thanks to their work, when a member needs a local contact number, the WSO is usually able to provide it. When a member wants to know if there is a meeting or service committee near where they live, the WSO can usually provide that, too. And, although the WSO does *not* do Twelfth step calls, some do come in, and the group services crew reroutes them to the appropriate helpline number. In this way, members (and potential members) are guided toward meetings and an introduction to Narcotic Anonymous.



Also during 1996, Carl Prescott assisted Jeff Gershoff with the WSC PI, Policy and H&I committees' work, including conference mailings. Carl assisted with the large and complex conference participant mailings as well. Carl also handled several other projects this past year, including Unity Day, and the *International Phoneline Directory*.

Nancy Good provided WSC Literature Committee support and helped with the WSC H&I committee's administration. Nancy worked on all of the literature committee's mailing for the Step Writing Guides, and handled members' calls regarding that project. She assisted with the WSCLC's written correspondence with members, and helped staff member Roberta Tolkan with arranging the committee members' travel and lodging. Nancy also helped with the total reorganization of H&I-related services at the WSO, which has now been streamlined so that one person can do most of the administrative work and correspondence. Finally, Nancy assisted our human relations person, Julie Kirkpatrick.

All in all, the group services staff stays awfully busy at the WSO. Thanks to their efforts, the office is better able to help our fellowship fulfill its primary objective—supporting the growth and stability of NA worldwide.

Now, let's move on to the Translations staff.

## Translations

The translation staff, supervised by Uschi Mueller, includes Jayne McCrary, Elodie Micklin, and Eileen Perez. As the following "day in the life" of the translations staff demonstrates, their duties vary widely. Yet their efforts help to ensure that more addicts each year have the NA message of recovery available in their own language.

The translation staff's offices are located on the second floor of the WSO. In Jayne McCrary's office, folders are stacked on the floor and on the table, as well as on her desk—they are filled with drafts of translated NA literature in varying levels of development, all moving toward completion. At 7:30 a.m. Jayne is busily typing into her computer corrections to the drafts of a new Swedish IP being developed.

Around 9:00 am, Jayne receives a call from a Korean member. He wants to know if it's OK to start translating some literature into Korean. At this point, the translation process has begun. In a few days, this Korean member will receive translation information from the WSO that has been compiled from members' experience in translating other pieces of literature. This information will help him get started on yet another new NA translation. Among other things, the kit will suggest that the concerned members form a local translation committee (LTC), and that they begin by developing a recovery glossary of "NA language." Eventually, they move on to IP #1 "Who, What How and Why", for it contains all of the major concepts specific and unique to Narcotics Anonymous—concepts like "Higher Power," "the disease of addiction," "surrender," "self-will," and "powerlessness."

It will be Jayne's job to maintain communication with this newly formed LTC (language groups are divided up between the various translations staff members), as they move through the translation process. They will have many questions and concerns, including just being able to get these new (and sometimes very unfamiliar) concepts clarified sufficiently to be able to express them in another language (if, indeed, they *are* expressible, which sometimes proves quite difficult). Eventually, their project will reach the stage of the drafts Jayne has been working on this morning—but, even in the best case scenario, most LTCs find that the process, from initial contact with the WSO to the publication of their first IP, takes a minimum of one year.

As Jayne is handling the Korean member's situation, Elodie Micklin has just received another fax from a country in eastern Europe, requesting that she send information so that their local translation committee can send their camera-ready IP to the WSO for production. This has been an ongoing situation for Elodie, because the members in this local committee are beset by a number of problems. Their local committee's membership has not been stable, and, ironically, the WSO has become the point of continuity for a local committee whose members staff have never met, and who live an ocean away. Their access to computers is also limited, and thus sending their fonts by diskette is expensive for them. Not the least of their problems is the fact that none of these local members speaks or understands English very well. When one considers all of these problems, along with the delays associated with international mail, the actual tediousness of the local committee's work itself (translating is *hard work*), the back-and-forth communication necessary to get the NA concepts just right, the typesetting, the corrections and proofing, and finally, the printing and distribution, it's easy to see why the process takes so long.

**WSO Translations—Aggregate Project Completion and Publication  
1991, 1993\*, 1994, 1995, 1996**

Language	1991	1993	1994**	1995	1996
Brazilian	6	7	15	18	21
Finnish	0	0	0	6	13
French	14	23	25	26	27
German	11	25	29	29	29
Hebrew	0	1	1	2	3
Hindi	0	0	0	2	2
Italian	0	0	0	5	9
Japanese	0	9	9	9	9
Nederlands	0	0	0	2	2
Norwegian	0	4	4	15	15
Portuguese	16	25	25	27	29
Spanish	15	26	27	29	32
Swedish	2	1***	9	11	18
Tagalog	0	0	0	2	2
Turkish	0	0	0	0	1
TOTALS	64	121	144	183	212

\* no records were available for the exact number of items produced in 1992

\*\* from 1994 the count includes approved recovery glossary translation as a completed project

\*\*\* item withdrawn from inventory for revision of terminology

Like Jayne and Elodie, Eileen Perez also corresponds with the local LTCs, and enters corrections into the drafts for whose languages she is responsible (today, it's the Hebrew Basic Text she's been working on). This week is particularly difficult, though, because the World Services Translation Committee is meeting this coming weekend, so Eileen is also rushing around arranging agendas, faxing information to the committee members to help them with their stay, and fulfilling a number of other administrative duties that will help the translation committee perform its work. For this meeting, Eileen must send twenty-five items to about twenty people (ten committee members and usually eight to ten additional people involved in the process) around the world in order to prepare committee members for the upcoming weekend. She rushes downstairs to the shipping area to get half of these packages processed in the DHL computer so they can go into the 3 p.m. DHL pick-up. Eileen also has her hands full these days working with the WSO's graphic artist, the editor, and the proofreader, putting the Spanish *It Works* together. Keeping up with one production schedule for a piece of new translated literature is tough, but juggling the schedules of several projects simultaneously proves even more difficult.

As Jayne, Elodie, and Eileen work to bring these various projects toward completion, Uschi must coordinate projects based upon the World Services Translations Committee's prioritization of projects for the year, along with the WSO's budget limitations. She must check on approvals for contract work such as professional evaluators, copy editors, and production contracts to actually print new materials. And then she'll have to meet with Anne Peters, the WSO's production coordinator, to schedule the various materials for typesetting or other production-related work. As the preceding *Aggregate Project Completion and Publication* graph demonstrates, thanks to the WSO translations staff, members around the world are translating NA literature, sending it to a reliable place to verify its conceptual fidelity and thus ensure that NA is the same all over the world, and enjoying the fact that there is a place that pays for, produces, and distributes that new literature according to professional production standards. Of course, it's all in a day's work for the translations staff.

On our "guided tour," the next stop is the Asset Management Team, so we'll have to walk back down to the first floor. Careful on those stairs!

## asset management team

The Asset Management Team (a.k.a. "Tom's Angels") was "coached" in 1996 by Tom Rush, and consists of Sylvia Cordero, Trish Jaramillo, Peggy LaBon, Lynn Long, Vida Moro, Lori Perea, Liz Stafford, and Angie Stephens. Tom's duties this past year included the training, organization, and development of the Asset Management Team's members. Because he believes in a "hands-on" managerial style, however, Tom periodically handles many of the day-to-day team operations just to keep up with what his staff is doing each day. To have some idea of the juggling act that he has had to perform, given the current state of the WSO's financial resources, imagine a business in which the inventory "turned" (that is, was sold out and replenished) five times in a single year. Business experts Dunn and Bradstreet say turning your company's inventory over five times in one year demonstrates an efficient and well-run operation. The WSO, in fact, turned their inventory over *fifteen times* this past year.<sup>8</sup> Tom Rush, along with his team, were busy people in 1996.

The team's duties fall into four basic categories: customer service, accounting, facilities/equipment management, and data management. Additionally, the Asset Management Team oversees building maintenance, janitorial contracts and services, and negotiating and maintaining the WSO's insurance responsibilities.

### Customer Service

In Sylvia Cordero's office, the desk is covered with sales orders. One of her responsibilities is to enter them into the WSO computer system so that they can be checked with customer order forms and reconciled. She takes about one-quarter of these orders over the phone; one-quarter are faxed to the WSO (the number is 818-700-0700); and one-half come from orders that customers have mailed in. Because Sylvia speaks Spanish, she is also responsible for the orders from Spanish-speaking countries in Central and South America, along with Mexico and Puerto Rico, as well as from Spanish speakers in the United States. She also speaks some Brazilian Portuguese, and thus handles Brazilian orders and inquiries. Sylvia processes all of the sales for WSO-Canada, then faxes those orders to the warehouse in Canada so that they can be filled and shipped (the WSO-Canada is actually "run" from California, and provides only shipping services from the Mississauga, Ontario office).

Additionally, Sylvia is kept busy posting all customers' payments into the computer system, as well as making bank deposits into at least four banks and as many accounts (including DHL wires to the Royal Bank in Canada) on a daily basis. She handles much of the return mail packages too, many of which come back from correctional facilities because the facility is requesting additional security measures. Thanks to Sylvia's personal attention, many of our incarcerated members are able to get badly needed recovery material into their respective institutions.

As Sylvia handles her responsibilities in customer service, Peggy LaBon (also a customer service representative) is surrounded by *NA Way Magazines*—a whole box of them, to be exact. It's time for her to pack "consignment" copies (promotional copies sent upon request to regional offices and other prospective customers). Peggy does this once a month, and at the same time gathers all of the new subscriptions misaddressed to the WSO, the return mail and so forth for the magazine to forward to the fulfillment house so that the *NA Way's* subscription database can be kept up to date.

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<sup>8</sup> As calculated by Dunn and Bradstreet's own *Business Scope* software.



In the meantime, her phone rings: It's a customer wanting to check on an order. She gives the sales order number to the customer, and assures him that his order is on the way. She can take orders over the phone (credit card only for phone orders, though), and she also gets messages every day from customers asking all kinds of questions. How much money does a literature order form cost? (They're free.) Do you have a particular book in stock? (The WSO only stocks Fellowship-Approved literature.) Do you have 18-month keytags, and how do I get some? (We do, and anyone can order them, either over the phone, or by using a literature order form.)

If this weren't enough to keep Peggy hopping, she and Sylvia also maintain the daily records of sales orders—no small task, given that the average number is about forty such orders each and every day. The WSO keeps current files on the last eleven months of daily orders (think about it—forty every day, five days a week, fifty-two weeks a year—that's nearly 10,000 orders a year!), and has an extensive warehouse of files going back several years. Peggy also takes care of disbursements (in other words, she makes sure that the office's bills are being paid). In order to fulfill this responsibility, she enters each payment into the accounts payable system, double checks the amounts, prints the checks, and sends them out so that the WSO's doors stay open. Finally, Peggy and Sylvia handle "walk-ins"—sales to local customers who enjoy the convenience of stopping in at the WSO to purchase literature, keytags and other WSO products.

While Sylvia and Peggy are working hard keeping our customers happy, longtime employee Vida Moro is invoicing orders that have just been shipped to customers so that the office will have a record of what was shipped, when it was shipped, and how it was shipped (UPS, DHL, US mail, etc.). There's quite a stack of such invoices on her otherwise neat desk that have already been entered into the computer system. Vida enters about fifty such invoices every day, and then files them (the WSO keeps a full year's invoices in the current files at all times so that customers' orders can be traced as quickly as possible). She also helps to coordinate these invoicing operations with her co-workers' duties in the shipping area, ensuring that what is invoiced is what is actually being shipped.

Suddenly the phone rings, and Vida's relaxed posture comes to attention. The phone held to her ear with one hand, she sits alertly with a pen in the other: A customer is calling to place an order. Vida's friendly manner and courteous service help Mike from Rockford, Illinois order his ten bronze medallions over the phone. Like she says, all of the employees in customer service are "just trying to make it right" for the WSO's many customers.

Customer service rep Angie Stephens is in charge of collections and back orders (in addition to handling many smaller special projects for her boss, Tom Rush). It's Angie's job to contact customers who are having difficulties keeping up with their accounts, or who have ordered products that are currently out of stock. In the case of collections, she identifies past due accounts, creates spreadsheets to keep track of them, and makes the necessary arrangements with our customers to help them with their situation. Angie's "people person" attitude also makes her the logical communicator for the whole Asset Management Team, and so she writes all of the correspondence to our customers from the Asset Management folks. She has also been given the responsibility for building maintenance at the WSO, thus ensuring that any difficulties that other staff may be experiencing with the facility itself can be handled effectively and expediently. Angie has the accounting-related responsibility of keeping track of world services' trusted servant expenses, as well as expenses associate with the World Service Conference. She and Lynn Long also maintain the office's inventory on equipment, furniture, and other major items.



From handling customer orders, questions and concerns, to helping the WSO itself to be a better place in which to work, the customer services folks at the WSO are doing their best to keep our customers happy and well-served. Thanks to them, our customers are better assured of receiving first quality service from their World Service Office.

## **Accounting**

Trish Jaramillo's office is neat—a place for everything and everything in its place. And neat is what you want in the person responsible for keeping the financial books for two separate corporations (the WSO and the WCC), two branch offices (the WSO-C and the WSO-E), as well as the World Service Conference. The bookkeeper for all five of these entities, Trish definitely finds it a full-time job. The WCC alone maintains a minimum of five separate bank accounts. Why so many? Well, there's the general account (which can never exceed \$100,000 due to FDIC insurance limitations—and that means more than one account for the WCC right there), the local host accounts that must be opened so that the local convention committee can conduct its regular business, and, as the convention date draws nearer, a corporate account that must be opened and maintained so that the considerable income generated by our fellowship's single largest event can be deposited safely and expediently.

Not only that, she's responsible for training other employees (including the ones in Brussels) in MAS-90 (the WSO's accounting software), and she shares the payroll responsibilities for the office with Liz Stafford. Trish keeps track of inventory advances (making sure that all of the balances are correct between the various office branches and the WSO's general accounts), of all bank account daily balances, and also of the WSO's larger payable accounts with vendors (such as printing companies and so forth). Trish also serves as the accounting supervisor at the WSO.

As Trish is keeping up with her responsibilities, Liz Stafford is cross-checking WSO sales orders with their accompanying customer order sheets before those orders go back to shipping to be filled and shipped. In this way, the WSO can better ensure that our customers are getting what they ordered, and that the money totals are correct. Liz shares the payroll responsibilities with Trish, and also shares the responsibility of keeping track of the thousands of world convention registrations and merchandise purchases with Roberta Tolkan. Liz does the bank reconciliation's for the WSO's dozen or so accounts (some of which have as many as 300 checks to reconcile each month), as well as keeping track of each and every credit card order and receipt handled by the WSO. Liz also handles all of the payables for WSO-Canada (in other words, she sees to it that their bills get paid), and assists with the WCC accounts too. And, finally, it is her responsibility to maintain the WSO's daily financial journals and ledgers so they can be quickly and easily referenced by the WSO auditor and by the executive management of the office as well.

If this year's *Annual Report* helps to demonstrate that providing services to our membership costs money, it's the accounting members of the Asset Management Team who keep track of all the finances so that such services can continue. Though their jobs may not always demonstrate a direct relationship to our membership, nonetheless their responsibilities truly help to make the delivery of services to our members possible.

## **Network Administration/Data Management**

Lori Perea's office looks like an electronics repair shop. Computer hardware, boxes and diskettes of software, and five computers in various states of repair fill the network administrator/programmer's office. Lori's job consists of not only maintaining the computers at the WSO, but also maintaining the database master file (which includes some programming

responsibilities), as well as maintaining the WSO's network system that links all of the employees' computers to a single server. To get some idea of what this responsibility entails, imagine keeping track of a system that contains over 100 databases, 2,101 directories, over 46,000 files, and over 250,000 individual records! She also maintains the security of the WSO's network and information systems, so that confidential information (like personnel files) remains confidential.

Lori also gets plenty of exercise running up and down the stairs at the WSO, because her office is on the first floor, and many of the other employees' computers are on the second. Because it's her responsibility to keep all of the WSO computers in good repair, and because she gets calls from WSO employees every day asking her to help them out with their various digital glitches and malfunctions, Lori gets her Stairmaster exercises at work!

Her pet project right now is overseeing the creation of brand new database software for an ever-expanding worldwide fellowship. This new system will run in a Windows environment (a step up from the current DOS-based system), and will allow for a number of necessary functions that the current system (written in 1987 for a very different-looking NA fellowship and a different set of needs and requirements than we see today) simply can't perform. Of course, the WSO will continue to maintain group and meeting information, trusted servants' information (from all levels of service), periodicals' mailing lists, and the World Convention Corporation database, just as it does now.

Lori also maintains all of the software licensing updates and assures that every bit of software in the WSO computers is legal and paid for under copyright law. After all, a company like the WSO, that pays a lot of attention to its own copyrights, has to put its money where its mouth is, and honor others' copyrights as well. Lori also shares the responsibility for the maintenance of the telephones and voicemail systems with her assistant, Lynn Long.

Lynn keeps track of all of the business machine contracts (for machines such as the computers, typewriters, copiers, fax machines and printers), maintaining the associated paperwork such as service agreements, leases, and so forth. When a WSO staff member needs a computer software program to accomplish a specific task or set of tasks, both Lynn and Lori research available applications for the most appropriate ones to meet the WSO's needs. Lynn also helps maintain the inventory of the WSO's capital equipment.

Lynn shares the hardware maintenance responsibilities with Lori (and so gets some "Stairmaster" exercises herself). Additionally, Lynn is the WSO's "webmaster," which means that she is in charge of maintaining the WSO's site on the World Wide Web. Lynn answers and/or reroutes all of the WSO's email to its appropriate destination (as of right now, the WSO receives an average of 15 email transmissions per day), and also answers most questions about the Internet our customers may have. She also has begun updating the electronic phoneline directory attached to our website on a monthly basis, and coordinates that information with the group services staff so that our members are getting accurate information from both sources. She also coordinates the "Comin' Up" email updates with Cindy Tooredman, the editor of *The NA Way*, in order to keep that information up-to-date and consistent.

Both Lori and Lynn are working to ensure that the WSO's technology is in top running condition, and, thanks to them, the office's data management stays manageable. Given the amount of information the WSO must deal with daily, many of the services the WSO provides to our members and to the public-at-large would simply not be possible without their efforts.

Next stop on the "guided tour—the Production and Distribution Team. Please put on the hard-hat when we go into the warehouse section of the office. And watch out for that forklift!

## **production and distribution team**

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The Production and Distribution Team was managed in 1996 by Bob Stewart, one of the office's longest-term employees. Bob's duties in 1996 included overseeing all aspects of the production of new and existing WSO inventory items, as well as the WSO warehouse, shipping and receiving operations. Bob also oversaw the management of the WSO's branches in Canada and Europe (serving as the main contact for all decisions that could not be made on-site). Bob kept track of all inventory capital as well, including the two branches' inventory as well as that stored at the satellite warehouses (Quebecor and Donnelley). Bob also oversaw most procurement operations (with the exception of computer and telephone procurement), which included everything from paper towels to the forklift to the tape duplication equipment. Keeping track of the hundreds of details associated with these responsibilities seems second nature to Bob, whose memory astounds the rest of the WSO staff.

Carol Kenney worked as Bob Stewart's team assistant, keeping track of the WSO's inventory. Carol was responsible for tracking all purchase orders, along with receipts of the WSO's inventory, not only for WSO-Chatsworth, but for the two WSO branches as well. Thus, Carol had to work hand-in-hand with the employees at the WSO-E and the WSO-C to maintain their inventories, and keep up with any and all necessary adjustments. Carol also spent a great deal of her time interacting with regional service office managers, helping to expedite their orders and meet their needs as quickly as possible. If, for example, one item on an RSO's order was out of stock, Carol did the necessary paperwork to ensure that the rest of the order was shipped on time, so that the RSO could avoid a backorder situation on all but the out-of-stock item. Carol was also responsible for all material acquisitions at the WSO, which meant that, on any given day, she interacted with the WSO's production coordinator, the shipping staff, the comptroller and the other office managers. In this way, Carol served the entire WSO.

### **Shipping**

The shipping team consists of Vince Alcala and Mike Gates, but other WSO staff members Jeannie LaMalfa and Esperanza Lemos work regularly in Shipping too.

It's 7:30 am, and the WSO warehouse is dark. A faint glow emanates from the keytag bins, where several hundred moonlight one year keytags emit a greenish light in the quiet stillness. Vince and Mike arrive and turn on the lights, revealing shelves nine feet high in the shipping area (the warehouse shelves are almost twice that size, and require a forklift to reach the heavy boxes of books and other supplies). The shipping area shelves are stacked to the ceiling with Basic Texts, IPs, and other NA products. Vince starts up the postage machine and the UPS computer, and the men begin another day of shipping at the World Service Office.

By 9:00 am, Vince and Mike are in the middle of packing orders. The order Vince is working on is a simple one: four hundred twenty Basic Texts are being shipped to a hospital in North Carolina. Fifteen boxes, each weighing about forty pounds when it's full, are required to hold that many books. "Yesterday," Vince says, "we had a big order from a regional service office. Two hundred of these boxes, the order weighed over 7,000 pounds!" Meanwhile, Mike is shipping an order for another region, and is loading fifteen boxes of NA keytags (each weighing 32 pounds and containing 2,000 keytags!) onto a pallet to be shipped by freight to the southeastern US.



Outgoing orders range in size from a single thin envelope to the big regional orders mentioned above, but most are somewhere in between. Some European orders must be shipped from the California coast by boat, and can take six to eight weeks to arrive at their destination, while other (domestic) orders are shipped through the WSO's onboard UPS or DHL systems overnight, arriving at our customers' door the very next day. The shipping staff sends out about forty such orders every day, five days a week, fifty two weeks a year—not bad for two guys who have to count every single IP, keytag, and book in every single order, then double check it to make sure it's right. Not bad for guys who have to keep track of over 700 inventory items on a daily basis.

On top of these responsibilities, the guys have to receive and count every order that comes *in* to the WSO as well, along with mailing the special shipments that the WSO regularly must make—things like the considerable material required to facilitate the world convention (such as all the thousands of tee-shirts, mugs and other merchandise, along with all of the administrative apparatus that accompanies our fellowship's single largest event), as well as the *Conference Agenda Report*, and, yes, even the *Annual Report*. Chances are that, if you're holding something from the WSO, it has passed through Mike or Vince's capable hands at least once. Thanks to Mike and Vince, and everyone else who helps out in shipping, our customers can obtain Fellowship-Approved literature in as timely, accurate and dependable a way as possible. So next time you're holding a piece of NA literature, or that brand new keytag or medallion you've been waiting for, give a thought to Vince and Mike, because they're thinking about you every day.

## Production

The production staff was supervised in 1996 by Anne Peters. Production staff members include Esperanza Lemos, Jeannie LaMalfa, David Mizrahi, and Marilyn Scott.

On the first floor of the WSO, Jeannie LaMalfa is making tapes—tapes of the NA Basic Text on audiocassette, that is. It's Jeannie's job to make duplicates on the multicopy high-speed duplicator at the WSO, then affix the labels (sometimes with Dee Price's help) that tell the tape's purchasers which side is which. She also copies and labels all of the IPs on tape, and will soon be copying the *It Works* book too. Jeannie's primary job is in procurement, though. Whether it be paper towels for the break room, office supplies including everything from pencils and paper clips to fax machine toner cartridges, or copy paper and order forms, Jeannie is hard at work pinching every WSO penny until it squeals, getting the most for each WSO dollar while purchasing the supplies necessary to keep the office up and running.

Jeannie also does most of the WSO mailing, which means she's in charge of ensuring that our US postage meter is current. Letters, small packages from customer orders—anything sent through the US Postal Service—Jeannie sends it all out quickly and efficiently. She also helps out in shipping by packing orders and shipping them to our customers on time. In fact, Jeannie can be found almost anywhere in the WSO on any given day, helping the rest of the staff and trying to conserve the WSO's resources on the "little things."

While Jeannie makes her tapes, Esperanza Lemos is running the forbidding "Docutech 135"—literally a room-sized machine that copies, collates, folds, and staples many of the WSO publications and periodicals. Today, "Espy" (her nickname at the WSO, and a term of great affection) is producing *Behind the Walls*, the H&I publication that is being copied, collated, folded, and stitched. The machine whirs, snaps, and crunches its way to the final product spilling out in a neat pile of blue booklets at its opposite end. Yesterday, she ran the *Convention Handbook*, and last week it was the *H&I Handbook*, and the *Newsletters Handbook*. Thanks to

Espy and the Docutech, all of our service handbooks and many of our periodicals are now produced "in-house," including *Meeting by Mail*, *Reaching Out*, the *Guide to Local Services* approval form, and the *Treasurer's Handbook*, as well as the non-English IPs, the non-English *Conference Agenda Reports*, the *Conference Report*, the *Conference Digest*, the large print literature—including the large print Basic Text—and this *Annual Report*.

Of course, in order for her to keep up with the constant demand for printed material, Esperanza must also keep watch over inventory levels of paper and other supplies, always planning ahead to be sure that we don't run short and thus delay big or important jobs. Keeping track of the complex computer-networked Docutech system, as well as all of these other responsibilities, keeps Esperanza hopping. Of course, she also helps Jeannie out with the taping and the mailings, including the DHL and UPS shipments that the WSO sends out daily, and assists in the shipping area as well.

Upstairs, Anne Peters' office is filled with stacked folders, piles of various papers grouped by project, and prototypes of new books and pamphlets. Today, she is coordinating the translations of the *Conference Agenda Report*, seeing the process through from the initial contracting with the translators to the proofreading, typesetting, printing and eventual distribution.

As the production coordinator, Anne's primary responsibility is to oversee the production of literally every product sold or distributed by the World Service Office. To provide some perspective on the enormity of this responsibility, consider this: In 1996, the WSO saw the creation, production and distribution of thirty one new inventory items, including two new French booklets, five new Swedish IPs, a Brazilian booklet and two new Brazilian IPs, two new Italian IPs, two new Portuguese IPs, three new large print items, the *Guide to Local Service in NA* in English, the new 14 carat gold medallion, a new Hebrew IP, six new pieces of Finnish literature including the Just For Today IP, the softcover Spanish Basic Text, the Twelve Concepts poster in English, and the Hebrew Basic Text. The production of these new items was, of course, in addition to maintaining the already existing stock of over 700 inventory items at the WSO and the printed matter for the World Convention Corporation.

In addition, Anne oversees the production of all of world services' periodicals, including *The NA Way Magazine*, *Reaching Out*, *Meeting by Mail*, the *WSO Newslines*, the *Conference Report*, the *Conference Digest*, the *Conference Agenda Report*, the *WSO Annual Report*, *H&I News* and *PI News*. Each of these items has to go through a rigorous production process, including working with out-of-house copyeditors and artists, as well as coordinating the typesetting, editing, printing and distribution responsibilities associated with any literature distribution business. It's Anne's job to get quotes from printers to make sure the office is getting the best production prices it can, and then provide the printers with purchase orders, implement production schedules for the printers, send them the "camera-ready art" (a fancy name for the cover layout, text, and so forth), and even send the printers shipping instructions so they know how and where to ship the products when they're finished.

The "artwork" that Anne sends out is made possible by David Mizrahi, the WSO's typographer. The contents of his office reflect his craft—a drafting table, a large computer monitor, and printouts of shiny and colorful artwork for previous *NA Way Magazines* as well as new WSO products in their various stages of production. David's responsibilities include the typesetting of all of the WSO's pamphlets, booklets, and books (including the typesetting for publications in ten different language groups). He also typesets WSO periodicals such as *The NA Way Magazine*, *Meeting by Mail*, *Reaching Out*, the *Conference Digest* (in five languages), and the *WSO Newslines*. David also designs many of the graphics used by the office, and by world



services more generally. For example, he has done graphic illustrations for the *NA Way*, has designed the world convention registration forms (in five languages), some WCNA merchandise, the WCNA program brochure, and all of the on-site signs for the world convention. David has also redesigned many of our existing publications to bring them up to current professional publication standards. Designing the prototypes for new publications and periodicals, David also does some word processing, particularly in creating the formats for non-English translated material, as well as edits to other reports and publications.

As David and Anne perform their respective duties, Anne's assistant Marilyn Scott is proofreading the large print Basic Text, comparing it with the Fifth Edition to make sure that there aren't any discrepancies between the two. Last week, Marilyn "proofed" the new *It Works* on audiocassette, comparing it with the written version to ensure that both are identical. Marilyn also assists Anne in handling purchase orders for literature printing and binding, as well as other standard clerical duties such as faxing, memo writing, and filing for the production staff.

In addition to helping Anne with the above duties, Marilyn also helps Esperanza with in-house production (putting together new publications and boxing them for storage), and helps Jeannie with mailings, and Dee Price with telephone "relief" so Dee can take breaks and lunch (the phone is always staffed during business hours). Finally, Marilyn is in charge of assigning new international standard book numbers (ISBN's) to each new piece of literature produced by the WSO.

Thanks to the production staff, our fellowship's recovery literature and service materials are improving every day in appearance, quality, availability, and cost-effectiveness. Thanks to our production staff, the WSO is better able to meet one of its primary responsibilities—producing and distributing literature as well as other recovery-related materials to a growing worldwide fellowship, putting literature into the hands of addicts, thus helping our members to further the primary purpose of our program.

## group and meeting information

As a preface to this year's Group and Meeting Information section of the *Annual Report*, the WSO would like to express our appreciation for the groups, areas, and regions who continue to provide us with regularly updated contact information. When you help us by sending completed registration forms, we're better able to help members in your areas and regions to find meetings and contacts.

We also want to express our continuing commitment to providing this kind of information to our members. To this end, we have allocated nearly \$40,000 of our budget this coming year to the development of new database software that will better help us meet the needs of a growing fellowship. With your continuing support and assistance, we will keep striving to make our group information as accurate, up-to-date, and easily accessible as possible.

Region	Groups	Meetings	Groups no addr	% Grps no addr	RSC Addr	Total Areas	ASCs w/addr	% Areas no addr
Alabama/NW Florida Region	104	270	10	10%	Yes	11	8	27%
Alaska Region	38	65	7	18%	No	3	1	67%
Alaska Region	114	139	13	11%	Yes	7	6	14%
Aotearoa New Zealand Region	88	95	46	52%	Yes	3	2	33%
Argentina Region	33	59	2	6%	Yes	1	0	100%
Arizona Region	159	253	10	6%	Yes	8	7	13%
Arkansas Region	68	178	9	13%	Yes	8	4	50%
Australian Region	281	299	114	41%	Yes	16	13	19%
Best Little Region	39	116	5	13%	Yes	3	2	33%
Brazil Region	182	338	18	10%	Yes	13	11	15%
British Columbia Region	223	258	24	11%	Yes	16	15	6%
Buckeye Region	126	129	37	29%	Yes	7	5	29%
California Inland Region	144	162	8	6%	Yes	5	5	0%
California Mid-State Region	113	159	0	0%	Yes	7	7	0%
Carolina Region	328	714	108	33%	Yes	21	11	48%
Central California Region	162	198	4	2%	Yes	5	4	20%
Chesapeake/Potomac Region	300	330	85	28%	Yes	13	9	31%
Chicagoland Region	287	320	29	10%	Yes	12	8	33%
Colombia Region	64	136	28	44%	Yes	2	0	100%
Colorado Region	117	181	15	13%	Yes	7	4	43%
Connecticut Region	229	251	2	1%	Yes	9	8	11%
Denmark Region *	62	68	4	6%	Yes	6	6	0%
Finland Region *	17	22	7	41%	Yes	0	0	
Florida Region	315	472	50	16%	Yes	17	14	18%
France Region	42	47	0	0%	No	2	1	50%
Freestate Region	418	673	48	11%	Yes	7	5	29%

Region	Groups	Meetings	Groups no addr	% Grps no addr	RSC Addr	Total Areas	ASCs w/addr	% Areas no addr
Georgia Region	257	510	33	13%	Yes	14	10	29%
German Speaking Region	166	184	11	7%	Yes	6	6	0%
Greater Illinois Region	84	191	5	6%	Yes	8	7	13%
Greater New York Region	1024	1249	227	22%	Yes	19	10	47%
Greater Philadelphia Region	297	409	96	32%	Yes	17	10	41%
Guatemala Region *	10	45	3	30%	Yes	0	0	
Hawaii Region	77	79	3	4%	Yes	6	6	0%
India Region	61	100	13	21%	Yes	4	5	-25%
Indiana Region	221	244	51	23%	Yes	10	8	20%
Iowa Region	149	201	51	34%	Yes	14	5	64%
Ireland Region	39	45	0	0%	Yes	3	3	0%
Israel Region	35	90	33	94%	Yes	0	0	
Italy Region	47	86	10	21%	No	5	3	40%
Japan Region	51	62	2	4%	Yes	11	2	82%
Kentuckiana Region	125	183	26	21%	Yes	8	4	50%
Le Nordet Region	30	31	0	0%	Yes	7	1	86%
Lone Star Region	130	696	13	10%	Yes	9	4	56%
Louisiana Region	167	255	12	7%	Yes	10	5	50%
Metro Detroit Region	360	390	87	24%	Yes	10	5	50%
Mexico Region	24	106	6	25%	Yes	1	0	100%
Michigan Region	186	293	7	4%	Yes	12	10	17%
Mid-America Region	90	215	2	2%	Yes	9	9	0%
Mid-Atlantic Region	196	296	37	19%	Yes	14	11	21%
Minnesota Region	144	153	35	24%	Yes	8	4	50%
Mississippi Region	60	150	11	18%	Yes	5	2	60%
Montana Region	40	67	6	15%	Yes	3	1	67%
Mountain Valley Region	88	104	2	2%	Yes	5	4	20%
Mountaineer Region	57	88	0	0%	Yes	5	5	0%
Nebraska Region	53	70	2	4%	Yes	7	6	14%
New England Region	342	377	17	5%	Yes	17	14	18%
New Jersey Region	265	309	2	1%	Yes	10	8	20%
No Regional Service Committee	13	22	1	8%	No	5	3	40%
North East Atlantic Region	83	113	16	19%	No	7	8	-14%
Northern California Region	825	1029	37	4%	Yes	18	16	11%
Northern New England Region	115	126	7	6%	Yes	5	4	20%
Northern New Jersey Region	288	307	59	20%	Yes	13	10	23%
Northern New York Region	191	240	13	7%	Yes	11	6	45%
Ohio Region	225	252	11	5%	Yes	11	7	36%

Region	Groups	Meetings	Groups no addr	% Grps no addr	RSC Addr	Total Areas	ASCs w/addr	% Areas no addr
OK Region	114	332	16	14%	Yes	4	1	75%
Ontario Region	248	296	18	7%	Yes	19	15	21%
Pacific Cascade Region	203	265	16	8%	Yes	12	9	25%
Panama Region	23	98	4	17%	Yes	1	1	0%
Peru Region	21	112	7	33%	Yes	1	1	0%
Philippines Region	15	17	0	0%	No	0	0	
Portugal Region	171	178	0	0%	Yes	9	9	0%
Puerto Rico Region	36	45	17	47%	Yes	0	0	
Quebec Region	223	238	58	26%	Yes	12	7	42%
Region of the Virginians	251	330	38	15%	Yes	12	7	42%
Rio Grande Region	66	98	17	26%	Yes	6	4	33%
San Diego/Imperial Region	245	364	25	10%	Yes	9	7	22%
Show-Me Region	274	475	21	8%	Yes	13	9	31%
Sierra Sage Region	55	72	5	9%	Yes	4	4	0%
South Dakota Region *	24	43	3	13%	Yes	2	1	50%
South Florida Region	265	362	2	1%	Yes	9	9	0%
South Mountain Region *	10	11	0	0%	No	1	0	100%
Southern California Region	699	777	17	2%	Yes	17	16	6%
Southern Idaho Region	73	94	2	3%	Yes	6	4	33%
Southern Nevada Region	40	90	0	0%	Yes	2	1	50%
Spain Region	48	82	12	25%	No	5	3	40%
Sweden Region	92	143	26	28%	No	4	2	50%
Tejas Bluebonnet Region	188	469	13	7%	Yes	9	7	22%
Tri-State Region	386	419	6	2%	No	15	14	7%
UK Region	307	317	107	35%	Yes	14	11	21%
Upper Midwest Region	36	45	1	3%	Yes	5	3	40%
Upper Rocky Mountain Region	36	104	3	8%	Yes	9	2	78%
Uruguay Region *	3	4	2	67%	Yes	0	0	
Utah Region	51	52	3	6%	Yes	6	5	17%
Volunteer Region	148	305	26	18%	Yes	9	5	44%
Washington/N. Idaho Region	341	455	11	3%	Yes	19	16	16%
Western New York Region	142	161	2	1%	Yes	4	4	0%
Wisconsin Region	156	193	40	26%	No	17	10	41%
<b>Regional Total</b>	<b>15658</b>	<b>22245</b>	<b>2148</b>	<b>14%</b>		<b>791</b>	<b>565</b>	<b>29%</b>

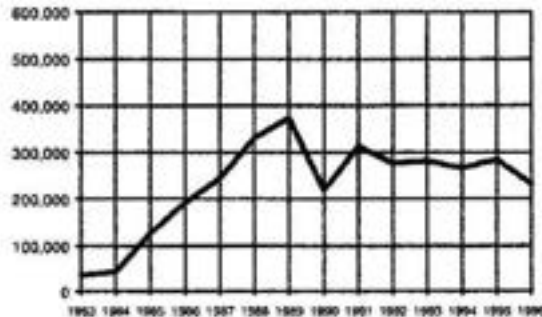
Region	Groups	Meetings	Groups no addr	% Grps no addr
Antigua and Barbuda	1	3	0	0%
Aruba	9	32	6	67%
Austria	1	1	0	0%
Bahrain	1	5	0	0%
Barbados	2	5	0	0%
Belgium	14	15	4	29%
Belize	1	3	0	0%
Bermuda	5	5	0	0%
Bolivia	4	8	2	50%
Bulgaria	3	3	0	0%
Chile	7	21	6	86%
China (Mainland)	1	1	0	0%
Costa Rica	3	17	1	33%
Czech Republic	1	3	0	0%
Dominican Republic	1	4	0	0%
Ecuador	17	54	0	0%
Egypt	2	1	2	100%
El Salvador	6	29	2	33%
Ethiopia	1	1	0	0%
Greece	9	23	3	33%
Grenada	1	1	0	0%
Honduras	2	6	0	0%
Hong Kong	2	3	0	0%
Iceland	1	1	0	0%
Iran	1	1	0	0%
Iraq	1	1	0	0%
Jamaica	3	16	0	0%
Kenya	15	16	0	0%
Kuwait	1	2	0	0%
Laos	1	1	1	100%
Latvia	1	1	0	0%
Lithuania	2	2	0	0%
Luxembourg	2	2	0	0%
Malaysia	2	3	0	0%
Maldives	2	3	0	0%
Malta	2	2	0	0%
Martinique	1	2	0	0%
Mozambique	1	2	1	100%
Nepal	1	1	0	0%
Netherlands	7	9	0	0%

Region	Groups	Meetings	Groups no addr	% Grps no addr
Nicaragua	1	6	0	0%
Nigeria	1	1	0	0%
Northwest Territories	1	1	0	0%
Norway	13	14	1	8%
Pakistan	3	9	0	0%
Poland	4	4	0	0%
Russian Federation	5	13	1	20%
Saint Lucia	2	1	2	100%
St Vincent /Grenadines	1	1	0	0%
Saudi Arabia	1	3	0	0%
Singapore	1	2	0	0%
South Africa	20	20	16	80%
South Korea	2	2	1	50%
Switzerland	15	15	0	0%
Thailand	1	1	0	0%
Trinidad and Tobago	21	22	11	52%
Turkey	1	4	0	0%
Ukraine	2	2	1	50%
United Arab Emirates	1	2	1	100%
Venezuela	9	24	1	11%
Virgin Islands	13	36	5	38%
Western Samoa	1	3	0	0%
Yukon Territory	4	8	2	50%
Zimbabwe	1	1	1	100%
<b>Country Total</b>	<b>262</b>	<b>504</b>	<b>71</b>	<b>27%</b>
<b>GRAND TOTAL</b>	<b>15920</b>	<b>22749</b>	<b>2219</b>	<b>14%</b>

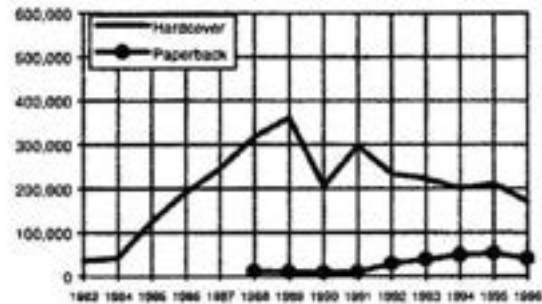


## additional sales charts

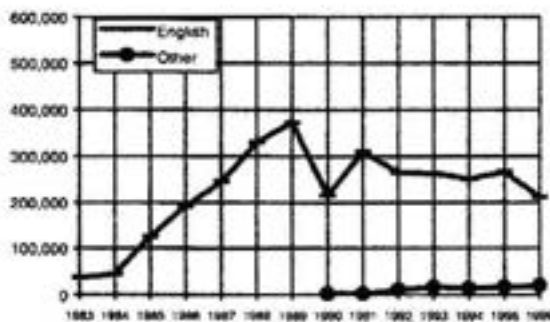
### UNIT SALES CHARTS, 1983-1996



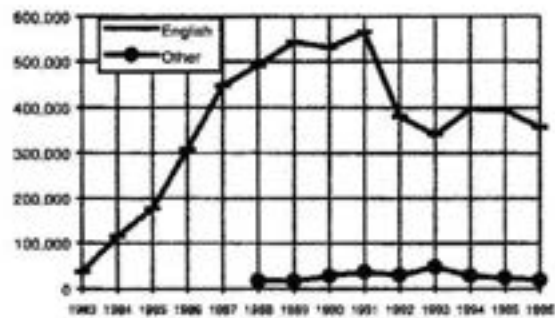
**BASIC TEXT**  
ALL EDITIONS, ALL LANGUAGES



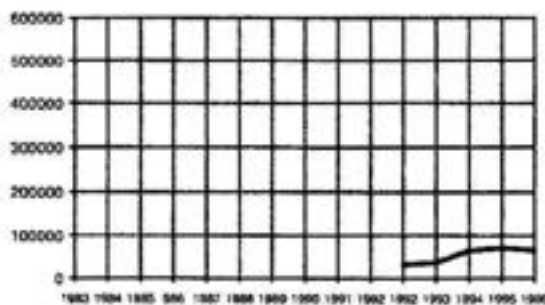
**BASIC TEXT, ENGLISH,**  
HARDCOVER AND PAPERBACK



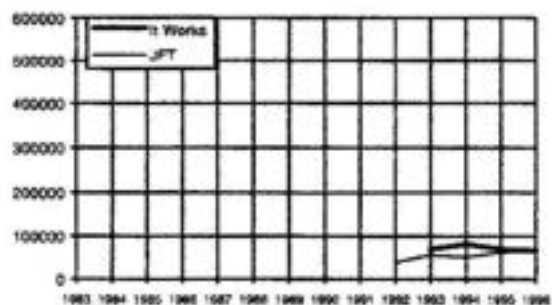
**BASIC TEXT: ALL EDITIONS,**  
ENGLISH AND OTHER LANGUAGES



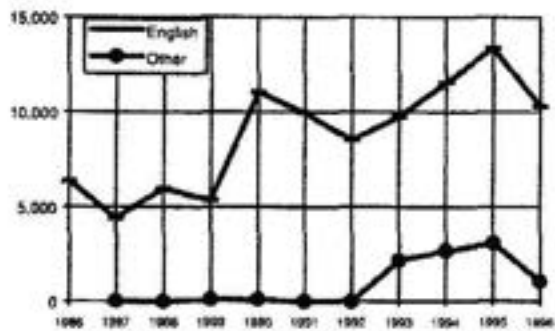
**WHITE BOOKLET**  
ENGLISH AND OTHER LANGUAGES



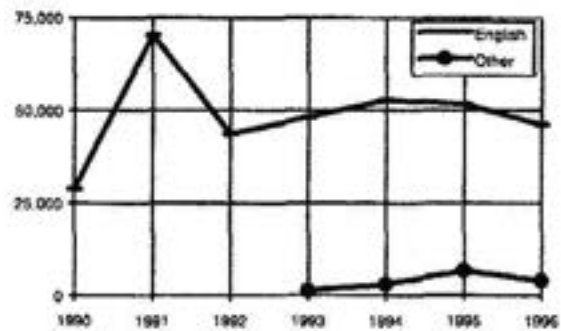
**INTRODUCTORY GUIDE**  
**TO NARCOTICS ANONYMOUS**  
ALL EDITIONS, ALL LANGUAGES



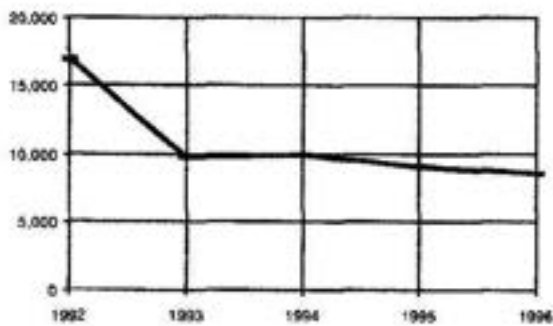
**IT WORKS: HOW AND WHY** and  
**JUST FOR TODAY: DAILY MEDITATIONS**  
ALL EDITIONS, ALL LANGUAGES



**GROUP STARTER KIT/GROUP BOOKLET**  
**ENGLISH AND OTHER LANGUAGES**  
*NOTE: DIFFERENT SCALE*



**BEHIND THE WALLS**  
**ENGLISH AND OTHER LANGUAGES**  
*NOTE: DIFFERENT SCALE*



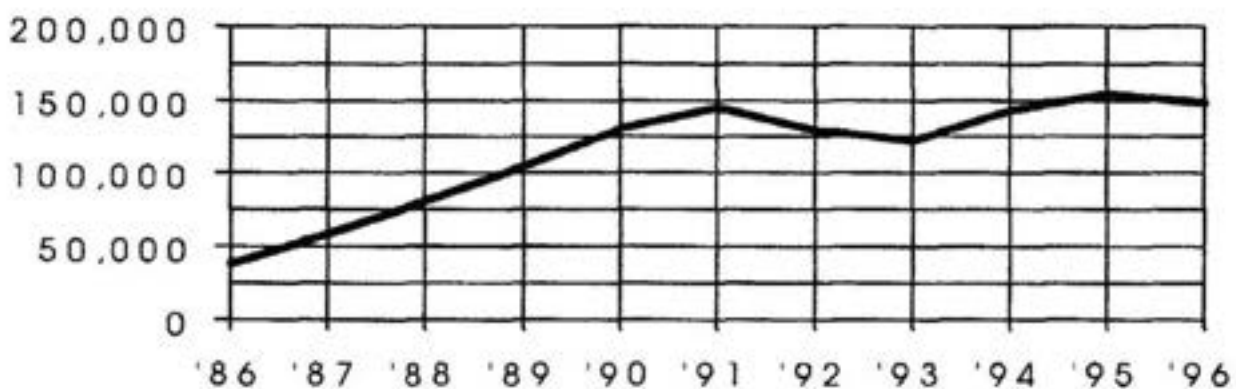
**TWELVE CONCEPTS FOR NA SERVICE**  
**ENGLISH ONLY**  
*NOTE: DIFFERENT SCALE*

# BRONZE MEDALLION SALES, 1985-1996

YEARS	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	Totals
1	16,929	23,045	30,302	38,657	43,661	45,439	32,906	31,282	34,187	37,378	34,925	368,712
18 MO					5,401	18,400	9,779	10,130	11,536	12,078	10,325	77,649
2	7,730	12,605	17,392	22,622	26,868	26,640	22,423	18,847	21,265	21,993	20,613	219,000
3	4,436	7,725	10,277	13,645	17,828	17,649	18,912	13,787	15,986	15,674	16,338	152,260
4	2,832	4,574	6,708	8,921	10,968	10,803	13,312	11,543	13,355	12,735	11,339	107,094
5	2,159	3,482	4,925	6,574	8,268	8,375	9,058	9,945	12,842	11,680	9,734	87,047
6	896	1,829	2,703	3,684	4,780	4,709	6,066	7,466	9,047	10,604	7,443	59,233
7	763	1,248	1,851	2,664	3,043	3,244	4,425	4,666	6,594	8,011	8,339	44,856
8	513	792	1,474	1,862	2,349	2,447	3,147	4,045	4,518	6,884	5,988	34,027
9	592	750	1,130	1,537	1,706	1,803	2,447	2,933	3,663	4,901	5,189	26,660
10	572	687	994	1,335	1,445	1,557	2,121	2,182	2,915	3,757	4,768	22,343
11	137	295	503	491	695	669	898	1,232	1,538	2,164	2,732	11,365
12	112	247	480	378	528	522	674	968	1,233	1,614	2,116	8,884
13	75	218	305	329	445	437	618	541	863	1,289	1,608	6,741
14	62	192	258	297	473	452	518	461	656	978	1,175	5,536
15	62	189	226	256	413	384	579	334	572	721	1,001	4,752
16	31	83	120	133	262	269	270	327	388	363	633	2895
17	27	58	121	124	221	226	227	316	368	315	439	2458
18	28	58	111	129	198	201	241	229	328	325	439	2305
19	18	54	101	104	194	191	171	180	301	266	366	1965
20	29	53	86	112	191	202	194	182	312	297	380	2058
21			18	33	50	64	40	42	89	101	128	565
22			20	29	48	62	43	42	78	74	110	506
23			17	30	47	60	32	25	83	52	98	444
24			18	25	49	62	24	21	70	61	68	398
25			16	23	41	52	31	21	62	55	95	396
26			10	13	14	19	15	8	32	34	49	194
27			5	14	14	20	11	12	31	35	38	180
28			6	14	15	20	12	3	31	31	33	165
29			4	12	13	19	14	6	24	31	31	154
30			5	14	16	24	13	8	28	27	24	159
31			3	10	4	4	11	6	17	11	8	74
32			6	9	4	5	10	4	15	14	6	73
33			4	13	3	4	8	7	17	12	6	74

34			4	9	5	5	10	3	13	9	11	69
35			7	13	3	4	8	4	13	10	5	67
36				1	6	8	10	5	19	11	1	61
37				1	9	12	7	6	19	11	2	67
38				1	8	10	7	5	19	11	0	61
39				1	8	10	9	3	18	13	1	63
40				1	9	12	7	5	18	11	6	69
Totals	0	35,139	49,908	65,463	132,293	147,085	131,300	123,825	145,157	156,636	148,606	

### TOTAL BRONZE MEDALLION SALES, 1986-1996









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## Section Three

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*unaudited financial statements*

as of 31 December 1996



**WORLD SERVICE OFFICE, INC.**  
**ANALYSIS OF INCOME AND SERVICES**  
**WSO - CHATSWORTH 1996**

**SALES**

Gross Income/Sales	\$5,013,525	1	"Gross Income/Sales" includes "Miscellaneous Income"
Shipping Income	175,012		
Less Discounts	1,192,554		
Less Cost of Sales	1,800,715	2	"Cost of Sales" includes the cost of merchandise purchased, costs for procurement and inventory, and customer service, accounting, order processing, and packaging labor.

Less Direct Shipping Costs 177,556 3

**NET SALES** \$2,017,712

**SERVICES/SUPPORT**

WSC Administrative Support	\$ 486,416		Direct shipping costs not intended to be offset by shipping income (for instance, non-USA air-freight, customs, and duties) are included in "World Fellowship Development."
WSC Support	554,107		
Group Services	412,727		
World Fellowship Development	196,148	3	
Literature Development/Creation	236,890		
Fellowship Intellectual Property Trust	96,304		
WSO - Canada Sales Support	74,038	4	The WSO branch operations support, including items such as audits, tax filings, record keeping, order entry and payroll (WSO-Canada), banking, inventory maintenance and administrations, are not reflected as direct expenses on the branch operations' "Income and Expense Statements"
WSO - Europe Sales Support	38,214	4	

World Convention Corporation 195,858 5

**TOTAL SERVICES/SUPPORT** \$2,290,702

**NET INCOME**

Net Sales	\$2,017,712
Less Total Services/Support	2,290,702
<b>NET INCOME (LOSS)</b>	<u>\$ (272,990)</u>

The estimated allocation for the WCC is a representation of costs not reflected as direct expenses on the convention's "Income and Expense Statement"

**WORLD SERVICE OFFICE, INC.**  
**Chatsworth Budget 1997**

<b>WSO - CHATSWORTH SALES</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	
BASIC TEXT: HARD COVER	1,801,996	1,929,406	1,523,943	1,437,078	1
BASIC TEXT-SOFTBOUND	477,083	530,241	374,525	353,177	2
BASIC TEXT-COMMEMORATIVE	7,056	0	253	0	3
BASIC TEXT-CASTILLIAN	37,647	39,023	36,068	34,012	4
INCOME OVER EXPENSE	163	171	253	253	4
BASIC TEXT-GERMAN	90	95	47	47	4
BASIC TEXT-PORTUGUESE	174	183	21	21	4
BASIC TEXT-BRAZILIAN	10,680	10,255	14,805	16,286	4
JUST FOR TODAY	391,313	430,847	434,112	444,965	5
JUST FOR TODAY (Gift Edition)	6,131	4,657	9,765	9,765	6
HANDBOOKS	40,317	37,198	43,271	45,771	7
IT WORKS: HOW & WHY	460,955	474,323	463,361	436,949	8
IT WORKS: HOW & WHY (Special Edition)	2,106	2,106	2,800	2,800	
IT WORKS: HOW & WHY (Gift Edition)	9,191	9,191	2,415	2,415	
LITERATURE	695,364	773,663	648,678	647,705	9
MEDALLIONS: BRONZE	309,622	327,612	301,318	284,143	
MEDALLIONS: BI-PLATE	54,403	50,741	51,355	51,355	
MEDALLIONS: GOLD PLATE	29,286	47,980	19,021	19,021	
MEDALLIONS: SILVER	14,525	14,925	6,910	6,910	
KEY TAGS	549,834	656,681	479,179	530,499	10
CASH ITEMS-EXPENSE	43,149	28,567	48,978	54,182	10
INFORMATION BOOKLETS	340,442	366,960	341,091	341,091	
NA WAY MAGAZINE	84,090	79,257	76,924	0	11
MISCELLANEOUS	2,720	2,491	4,573	4,573	
SPECIALTY ITEMS	31,225	32,786	27,083	27,083	
MINUTES/REPORTS	16,193	15,302	18,008	18,008	
PI PRODUCTS	2,458	1,954	2,764	2,764	
AUDIO MATERIALS	27,319	27,899	22,219	22,219	
GROUP/AREA MATERIALS	45,596	42,688	48,846	48,846	
SHIPPING	162,448	171,666	175,012	173,012	12
DISCOUNTS	(1,388,774)	(1,562,606)	(1,192,554)	(1,126,436)	13
<b>TOTAL WSO - CHATSWORTH SALES</b>	<b>4,284,802</b>	<b>4,546,262</b>	<b>3,985,044</b>	<b>3,888,514</b>	

<b>WSO - CHATSWORTH COST OF MERCHANDISE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>
BASIC TEXT: HARD COVER	336,900	350,214	275,846	260,123
BASIC TEXT-SOFTBOUND	54,366	58,721	41,985	39,592
BASIC TEXT-COMMEMORATIVE	970	0	0	0
BASIC TEXT-CASTILLIAN	12,386	12,477	17,382	16,391
BASIC TEXT-FRENCH	47	48	85	86
BASIC TEXT-GERMAN	50	52	140	141
BASIC TEXT-PORTUGUESE	0	0	0	0
BASIC TEXT-BRAZILIAN	8,332	8,332	8,133	8,847
JUST FOR TODAY	55,948	64,832	64,873	67,144
JUST FOR TODAY (Gift Edition)	2,258	2,258	2,090	2,111
HANDBOOKS	10,874	10,874	9,695	9,792
IT WORKS: HOW & WHY	90,078	90,078	85,251	80,392
IT WORKS: HOW & WHY (Special Edition)	434	434	600	606
IT WORKS: HOW & WHY (Gift Edition)	1,873	1,873	543	548
LITERATURE	134,533	145,394	127,156	133,851
MEDALLIONS: BRONZE	53,697	55,216	51,708	48,761
MEDALLIONS: BI-PLATE	17,758	17,756	15,689	15,846
MEDALLIONS: GOLD PLATE	6,054	9,639	3,490	3,525
MEDALLIONS: SILVER	2,502	3,647	815	815
KEY TAGS	205,334	238,324	150,841	152,349

**WORLD SERVICE OFFICE, INC.**  
**Chatsworth Budget 1997**

<b>WSO - CHATSWORTH</b>	<b>1995</b>	<b>1996</b>	<b>1996</b>	<b>1997</b>	
<b>COST OF MERCHANDISE</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	
CHIPS	13,787	13,787	14,634	14,780	
INFORMATION BOOKLETS	108,206	113,347	102,482	103,502	
NA WAY MAGAZINE	88,607	88,607	89,279	44,640	11
MISCELLANEOUS	3,167	3,167	5,585	5,641	
SPECIALTY ITEMS	10,470	12,165	8,466	8,551	
MINUTES/REPORTS	7,531	8,644	3,100	3,131	
PI PRODUCTS	1,149	1,149	1,296	1,296	
AUDIO MATERIALS	15,120	15,120	11,630	11,746	
GROUP/AREA MATERIALS	21,870	21,870	22,624	22,624	
REPRODUCTION LEASE	33,671	41,681	32,051	35,051	14
REPRODUCTION SUPPLIES	5,128	5,128	4,650	4,650	
SHIPPING	198,259	210,155	208,879	210,968	12
SHIPPING SUPPLIES	10,424	10,424	10,851	10,960	
SHIPPING: CUSTOMS AND DUTIES	8,997	8,997	6,856	8,856	
SHIPPING EQUIPMENT LEASE	0	7,000	11,269	11,269	15
TRANSLATIONS (Cost of Goods)	2,573	20,000	12,430	12,314	16
PRODUCT DEVELOPMENT	10,129	10,433	4,226	11,226	16
<b>TOTAL COST OF MERCHANDISE</b>	<b>1,533,478</b>	<b>1,661,841</b>	<b>1,406,630</b>	<b>1,362,123</b>	<b>17</b>

<b>WSO - CHATSWORTH</b>	<b>1995</b>	<b>1996</b>	<b>1996</b>	<b>1997</b>	
<b>GENERAL &amp; ADMINISTRATIVE</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	
ACCOUNTING & LEGAL	16,208	16,208	15,543	13,543	18
AMORTIZATION	16,553	17,436	17,757	18,977	
AUTO LEASE	6,822	6,822	6,822	6,822	
AUTO EXPENSE	1,042	1,042	1,040	1,040	
BAD DEBTS	5,000	5,000	5,000	5,000	
BANK SERVICE CHARGES	6,604	6,664	8,782	8,782	
COMPUTER INFORMATION SERVICES	3,552	7,552	3,782	3,582	
COMPUTER LEASES	9,767	9,767	10,746	10,246	
COMPUTER SOFTWARE	17,532	13,000	9,507	5,000	19
COMPUTER SUPPLIES	8,662	8,662	13,785	8,662	
CONSULTING	15,088	21,000	17,878	3,000	19
CONTRACT LABOR	7,378	40,000	11,819	8,000	20
COPYRIGHTS	722	722	7,007	2,507	
DEPRECIATION	92,918	137,255	133,294	127,269	21
DUES & FEES	983	1,500	1,318	1,318	
EQUIPMENT LEASE	43,081	43,081	43,719	43,219	
EQUIPMENT REPAIR	10,792	5,396	5,745	5,745	
FREE LITERATURE DISTRIBUTION	9,447	15,000	8,709	10,000	
FREE PUBLICATIONS	41,477	41,477	50,360	50,360	23
INSURANCE (General)	28,143	31,900	27,661	30,161	
INTEREST	10,600	13,900	11,685	11,685	
MAINTENANCE & REPAIR	32,374	32,374	41,297	36,297	22
OFFICE EXPENSE	43,474	39,127	43,814	39,433	
POSTAGE	36,998	36,998	26,102	26,102	23
PUBLIC INFORMATION	11,156	10,578	17,439	7,439	24
RENT	115,286	194,400	199,184	204,684	
RELOCATION EXPENSE	112,115	0	0	0	
REPRODUCTION LEASE	36,059	36,059	37,141	30,641	14
SERVICE CONTRACTS	6,545	7,200	12,001	11,501	
TELEPHONE	56,111	56,029	35,802	45,802	25
TRANSLATIONS (Letters)	2,311	2,311	0	0	
TRAVEL	141,767	130,000	119,500	90,000	19



**WORLD SERVICE OFFICE, INC.**  
**Chatsworth Budget 1997**

<b>WSO - CHATSWORTH GENERAL &amp; ADMINISTRATIVE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>
TYPESETTING SUPPLIES	836	836	969	969
UTILITIES	42,905	57,300	48,428	48,428
	990,308	1,046,496	993,636	916,214

<b>WSO - CHATSWORTH PERSONNEL EXPENSES</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	
EMPLOYEE MOVING	0	5,000	7,712	0	
EMPLOYEE RECRUITMENT	453	1,500	892	0	
EMPLOYEE TRAINING	35,123	32,123	17,967	2,000	19
INSURANCE (Health)	124,059	138,081	148,258	90,945	26
INSURANCE (Workers Compensation)	18,157	19,065	13,865	19,733	27
RETIREMENT PLAN	43,522	45,698	48,163	42,227	28
PAYROLL TAXES	118,680	125,335	132,517	114,106	28
SALARIES	1,348,159	1,423,572	1,491,234	1,332,477	28
<b>TOTAL PERSONNEL</b>	<b>1,688,153</b>	<b>1,790,374</b>	<b>1,860,608</b>	<b>1,601,489</b>	

<b>WSO - CHATSWORTH OTHER INCOME</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>
INTEREST EARNED	(1,442)	0	(543)	(543)
MISCELLANEOUS	(8,048)	0	(10,396)	0
EMERGENCY FUND DONATIONS	0	0	0	0
<b>TOTAL OTHER INCOME</b>	<b>(\$9,490)</b>	<b>\$0</b>	<b>(\$10,939)</b>	<b>(\$543)</b>

	<b>\$82,353</b>	<b>\$47,551</b>	<b>(\$264,891)</b>	<b>\$9,231</b>
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**WORLD SERVICE OFFICE, INC.**  
**WSO—Chatsworth Budget Notes**

**Income**

- 1) Of all the items in our inventory, the hardcover Basic Text sales experienced the largest dollar volume decrease. After adjusting for the 1996 price increase, the hardcover Basic Text sales declined approximately 20% compared to 1995 actual sales. Since there has not been any identified corresponding economic condition that explains this drop-off (such as a recession), we believe that this was an actual market change (including the purchases by the Hazelden Foundation) and expect that next year will continue to decline. Therefore we are budgeting for the 1997 hardcover Basic Text sales to be less than the 1996 sales.
- 2) After adjusting for the 1996 price increase, the softcover Basic Text sales declined 25% compared to 1996. Both the hardcover and softcover sales declines do not seem to be customer specific and are reflected in the orders placed by Hazelden as well as our Service Office customers. We are budgeting for the 1997 softcover Basic Text sales to less than the 1996 sales.
- 3) All of the Basic Text commemorative editions have been sold.
- 4) Although the sales of the translated Basic Texts vary and the Castilian translation was the highest in volume sales, the most significant change was with the Brazilian translation (which is produced only in softcover). The sales increased 39% compared to 1995. We have budgeted for only 10% growth for 1997.
- 5) After adjusting for the 1996 price increase, sales of Just for Today increased 5% compared to last year. We are budgeting a small increase of 2.5% for 1997.
- 6) Although the Just for Today gift edition sales increased 51% compared to 1995, we are budgeting flat sales for 1997.
- 7) Handbooks reflect a nominal increase, part of which is from the review form of the Guide to Local Service and subsequent projections of approval.
- 8) After adjusting for the 1996 price increase, the 1996 sales of It Works decreased by 5% from the sales in 1995. We are budgeting for 1997 sales to be less than the 1996 sales.
- 9) The decrease in literature (IPs) sales (11%) seems to correspond to the overall decrease in sales (12%). Because of an anticipated price adjustment during 1997 are budgeting basically flat literature sales income for 1997.
- 10) Part of the decrease in keytag sales and the increase in chip sales may be representative of the periodic shift in our fellowship from keytags to chips. The two items combined, after adjusting for the 1996 price increase, indicate a 15% decline in sales. However, due to an anticipated price adjustment during 1997, we are budgeting for an increase in sales income for 1997.
- 11) We are not budgeting income for the NA Way Magazine in preparation of possible action by the WSC. Even if we budgeted the income from subscriptions through the first six months of the year, we still may have to refund the unused portion of the new and renewal subscriptions to subscribers. We are presently isolating subscription income to accommodate this process should the WSC approve the submitted motions. Though we are not budgeting the income we still must budget the expense for the first six issues.

- 12) After adjusting for the 1996 price increase, shipping income increased 5% compared to last year, in spite of declining sales. This is difficult to explain. Shipping income is calculated by several methods. Some small orders are a flat fee, most medium sized orders are a percentage of the dollar amount of the order (on a declining scale). Most large orders are the dollar amount of the actual costs billed by the shipper. Although the affect of the price increase on the charges made as a percentage of the sale has been factored out, an increase in freight rates by outside shippers would increase income (offset by higher shipping expense) for those shipments charged actual shipping costs. Shipping cost did increase, however most of the increase in cost was for shipments outside of the United States which are not charged actual shipping so do not generate offsetting income. Some internal processes have been improved to ensure proper invoicing for shipping income and the accuracy of new equipment may also help to explain the increased shipping income in spite of declining sales. We are budgeting flat income in this category for 1997
- 13) Discounts are proportional to sales subject to discount. Since income is budgeted to be less because of the elimination of the NA Way income (not subject to discounts), decreased sales of Basic Texts and It Works and increased by Just for Today income (subject to discounts) the discounts are budgeted to decrease proportionately.

### **Cost of Merchandise**

- 14) The 1996 expense reflects a "first year trial" allowance from the vendor. The amount budgeted for 1997 eliminates this allowance, but it does include a lowering of the lease costs associated with the lease renewals for copying equipment.
- 15) This is the expense for the upgraded postage meter and UPS manifest, label and rate equipment for mail and shipping parcels.
- 16) The production and developmental costs for two translated books are budgeted for 1997.
- 17) Cost of Merchandise has been adjusted 1% to account for some inflation. The overall reduction mainly is a reflection of reduced expense for the NA Way explained above.

### **General & Administrative**

- 18) The reduction in the budget reflects the lower costs associated with the audits of the WSO, the two branches and the Convention corporation.
- 19) This is one of several expense categories that we are budgeting a small expense with the remainder in a contingent line in the cash basis section of the budget. We intend to monitor and evaluate income and determine if the contingent amounts are possible.
- 20) The primary purpose of this budget item is for the upgrade to the master file Data Base.
- 21) Depreciation is higher than 1995 and will continue at this level as the capitalized expense for the building improvements are depreciated over the five year length of the property lease.
- 22) 1996 was a "shake down" year for the new facilities. Although this type of expense may be expected to increase toward the end of the five year lease, we anticipate lower expenses at least for the next year.

- 23) The upgraded postage and shipping equipment has allowed us to more accurately monitor postage expenses and allocate them to the appropriate category, such as "Free Publications".
- 24) We do not anticipate being able to support the public relations efforts as much during 1997.
- 25) The lower expense for 1996 compared to 1995 was mainly due to a one time credit for a discounting error by our vendor. Due to the continued application of the proper discount and a more positive negotiation of terms, we anticipate lower telephone expense during 1997 as compared to 1995.

### **Personnel**

- 26) The budget for this line item reflects the changes to the employee benefit program that will begin to take effect in March.
- 27) The workers compensation insurance was lower for 1996 as compared to 1995 due to one time rebates and modifications. We do not anticipate similar activity during 1997.
- 28) The budgeted expense is lower due to employee attrition (and other management actions), without intent for replacement.

**WORLD SERVICE OFFICE, INC.**  
**Canada Budget 1997**

<b>WSO - CANADA SALES</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	<b>1</b>
BASIC TEXT: HARD COVER	34,742	37,631	28,447	28,447	
BASIC TEXT-SOFTBOUND	493	476	1,739	1,739	
BASIC TEXT-COMMEMORATIVE	105	0	0	0	
INCOME OVER EXPENSE	25	12	84	84	
BASIC TEXT-FRENCH	16,110	14,226	10,143	10,143	2
HANDBOOKS	2,306	2,428	2,230	2,230	
JUST FOR TODAY	21,893	21,148	20,615	24,265	
JUST FOR TODAY (Gift Edition)	195	195	75	75	
IT WORKS: HOW & WHY	17,173	16,125	12,324	12,324	
IT WORKS: HOW & WHY-FRENCH	0		0	6,950	3
IT WORKS: HOW & WHY (Special Edition)	100	100	70	70	
IT WORKS: HOW & WHY (Gift Edition)	180	360	75	75	
LITERATURE	27,042	27,331	27,158	28,665	4
MEDALLIONS: BRONZE	12,227	14,781	10,685	10,685	
MEDALLIONS: BI-PLATE	7,062	7,003	4,492	4,492	
MEDALLIONS: SILVER	1,485	751	714	714	
MEDALLIONS: GOLD PLATE	2,350	2,270	378	378	
KEY TAGS	28,741	34,396	28,151	31,166	4
CASH ITEMS-EXPENSE	588	1,042	763	844	4
INFORMATION BOOKLETS	12,014	12,603	12,507	12,507	
NA WAY MAGAZINE	5,162	4,989	2,427	0	C-11
MISCELLANEOUS	512	714	562	562	
AUDIO MATERIALS	935	793	1,123	1,123	
GROUP/AREA MATERIALS	2,537	2,713	1,396	1,396	
MINUTES/REPORTS	270	387	340	340	(0)
PI PRODUCTS	1,964	3,383	562	562	
SPECIALTY ITEMS	1,664	1,607	1,670	1,670	
SHIPPING	10,428	10,073	9,169	9,169	
DISCOUNTS	(29,526)	(29,663)	(20,732)	(21,416)	
<b>TOTAL WSO - CANADA SALES</b>	<b>178,787</b>	<b>187,886</b>	<b>157,167</b>	<b>169,259</b>	

<b>WSO - CANADA COST OF MERCHANDISE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	<b>5</b>
BASIC TEXT: HARD COVER	6,463	6,867	4,618	4,664	
BASIC TEXT-SOFTBOUND	58	55	187	189	
BASIC TEXT-COMMEMORATIVE	15	0	0	0	
BASIC TEXT-CASTILIAN	8	3	33	33	
BASIC TEXT-FRENCH	4,581	4,341	3,461	3,496	
HANDBOOKS	561	579	512	517	
JUST FOR TODAY	2,541	2,408	2,121	3,067	
JUST FOR TODAY (Gift Edition)	42	42	16	16	
IT WORKS: HOW & WHY	3,182	2,931	2,263	2,286	
IT WORKS: HOW & WHY-FRENCH	0		0	3,150	3
IT WORKS: HOW & WHY (Special Edition)	22	22	15	15	
IT WORKS: HOW & WHY (Gift Edition)	40	80	17	17	
LITERATURE	6,270	6,204	6,656	6,723	
MEDALLIONS: BRONZE	2,063	2,446	1,808	1,826	
MEDALLIONS: BI-PLATE	2,249	2,188	1,369	1,383	



**WORLD SERVICE OFFICE, INC.**  
**Canada Budget 1997**

<b>COST OF MERCHANDISE</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>5</b>
MEDALLIONS: SILVER	212	105	100	101	
MEDALLIONS: GOLD PLATE	486	461	76	77	
KEY TAGS	10,803	12,682	9,055	9,146	
CHIPS	187	325	232	234	
INFORMATION BOOKLETS	5,175	5,325	3,930	3,969	
MISCELLANEOUS	246	337	222	224	
AUDIO MATERIALS	476	396	582	588	
GROUP/AREA MATERIALS	1,138	1,194	607	613	
MINUTES/REPORTS	135	190	58	59	
PI PRODUCTS	505	896	123	124	
SPECIALTY ITEMS	586	555	591	597	
PRODUCT DEVELOPMENT	0	0	36	36	C-16
SHIPPING	6,363	6,030	5,203	5,255	
SHIPPING - IN	8,432	8,201	5,610	5,610	
SHIPPING SUPPLIES	609	646	1,125	675	
INVENTORY ADJUSTMENTS	0	0	0	0	
<b>TOTAL COST OF MERCHANDISE</b>	<b>63,723</b>	<b>65,794</b>	<b>50,626</b>	<b>54,690</b>	

<b>WSO - CANADA</b>	<b>1995</b>	<b>1996</b>	<b>1996</b>	<b>1997</b>	
<b>GENERAL &amp; ADMINISTRATIVE</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>6</b>
BAD DEBTS	0	500	179	0	
BANK SERVICE CHARGES	332	309	294	294	
BUSINESS TAX	1,596	1,596	1,066	1,066	
CURRENCY CONVERSION GAIN/LOSS	700	600	698	698	
DEPRECIATION	1,145	0	0	0	
DUES & FEES	0	50	0	0	
EQUIPMENT RENTAL	362	362	484	484	
GOODS & SERVICES TAX	568	511	17	17	
INSURANCE (General)	1,155	1,155	1,560	1,860	
MAINTENANCE & REPAIR	45	400	0	0	
OFFICE EXPENSE	1,038	1,038	809	809	
POSTAGE	415	375	614	614	
RENT	10,466	11,520	10,732	11,732	7
SERVICE CONTRACTS	42	42	0	0	
TELEPHONE	1,746	1,746	2,170	2,170	
TRAVEL	891	2,200	1,048	2,048	8
UTILITIES	737	800	1,274	1,274	
<b>TOTAL GENERAL &amp; ADMINISTRATIVE</b>	<b>21,238</b>	<b>23,204</b>	<b>20,945</b>	<b>23,066</b>	

<b>WSO - CANADA</b>	<b>1995</b>	<b>1996</b>	<b>1996</b>	<b>1997</b>	
<b>PERSONNEL EXPENSE</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	<b>ACTUAL</b>	<b>ADOPTED</b>	
ACCOUNTING & LEGAL	0	0	0	0	
SALARIES	2,855	3,055	4,566	5,136	9
<b>TOTAL PERSONNEL</b>	<b>2,855</b>	<b>3,055</b>	<b>4,566</b>	<b>5,136</b>	

**WORLD SERVICE OFFICE, INC.**  
**Canada Budget 1997**

<b>WSO - CANADA OTHER INCOME</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>
MISCELLANEOUS EXPENSE	0	0	(402)	0
<b>TOTAL OTHER INCOME</b>	<b>0</b>	<b>0</b>	<b>(402)</b>	<b>0</b>
<b>WSO - CANADA NET PROFIT/(LOSS)</b>	<b>90,971</b>	<b>95,833</b>	<b>81,432</b>	<b>86,367</b>

**WORLD SERVICE OFFICE, INC.**  
**WSO—Canada Budget Notes**

**Income**

- 1) Except as noted we expect Canadian sales to match the 1996 levels.
- 2) Although we anticipated the level of sales for this item to flatten during 1996, the sales dropped significantly. We expect 1997 sales to remain flat.
- 3) We have added the income from the anticipated sale of approximately 1,000 copies of the French translation of *It Works*. The production and development costs for this item are in the WSO Chatsworth budget.
- 4) The income for these items has been adjusted to reflect an anticipated price adjustment.

**Cost of Merchandise**

- 5) The overall cost of merchandise budget reflects an allowance of 1% for inflation.

**General & Administrative**

- 6) During the site visit during 1996 several improvements were made. Except as noted the G & A expenses for 1997 are budgeted to remain flat.
- 7) The lease arrangements allow for an annual adjustment for rent.
- 8) The budgeted expense is for a management site visit.

**Personnel**

- 9) During 1996 there were changes made in personnel due to employee turnover and to increase operational efficiency.

**WORLD SERVICE OFFICE, INC.**  
**Europe Budget 1997**

<b>WSO - EUROPE SALES</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	<b>1</b>
BASIC TEXT: HARD COVER	4,514	98,458	13,068	13,329	
BASIC TEXT: SOFT COVER	255		416	424	
INCOME OVER EXPENSE	720		635	648	
BASIC TEXT-FRENCH	1,881		2,187	2,231	
BASIC TEXT-GERMAN	3,325		3,255	3,320	
BASIC TEXT-PORTUGUESE	4,995		1,626	1,661	
BASIC TEXT-SWEDISH	0		0	3,700	2
BASIC TEXT-ITALIAN	0		0	788	2
JUST FOR TODAY	4,538		9,538	10,277	
JUST FOR TODAY (Gift Edition)	885		135	138	
HANDBOOKS	869		712	726	
IT WORKS: HOW & WHY	3,197		5,415	5,523	
IT WORKS: (Special Edition)	835		130	133	
LITERATURE	4,769		11,279	12,131	3
MEDALLIONS: BRONZE	6,872		8,572	8,743	
MEDALLIONS: BI-PLATE	2,318		2,267	2,312	
MEDALLIONS: SILVER	275		289	295	
CASH ITEMS-EXPENSE	0		0	0	
KEY TAGS	11,967		13,734	15,480	3
CHIPS	856		203	229	3
INFORMATION BOOKLETS	2,356		4,743	4,838	
NA WAY MAGAZINE	883		698	712	
MISCELLANEOUS	227		95	97	
SPECIALTY ITEMS	1,756		773	788	(6)
MINUTES REPORTS	0		0	0	
PI PRODUCTS	889		374	381	
AUDIO MATERIALS	1,274		442	451	
GROUP/AREA MATERIALS	652		2,511	2,561	
SHIPPING	6,640		5,299	5,405	
DISCOUNTS	(13,894)	(22,000)	(23,366)	(25,092)	
<b>TOTAL WSO - EUROPE SALES</b>	<b>54,959</b>	<b>76,458</b>	<b>65,032</b>	<b>72,228</b>	

<b>WSO - EUROPE COST OF MERCHANDISE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	<b>4</b>
BASIC TEXT: HARD COVER	837	48,955	2,441	2,514	
BASIC TEXT: SOFT BOUND	29		44	45	
BASIC TEXT-CASTILIAN	242		199	205	
BASIC TEXT-FRENCH	516		771	794	
BASIC TEXT-GERMAN	1,758		1,738	1,790	
BASIC TEXT-PORTUGUESE	1,592		1,481	1,481	
BASIC TEXT-SWEDISH	0		0	1,180	2
BASIC TEXT-ITALIAN	0		0	338	2
JUST FOR TODAY	499		1,611	1,659	
JUST FOR TODAY (Gift Edition)	189		29	30	
HANDBOOKS	895		246	253	
IT WORKS: HOW & WHY	569		901	928	
IT WORKS: (Special Edition)	152		15	15	
LITERATURE	3,710		3,730	3,842	
MEDALLIONS: BRONZE	1,129		1,453	1,497	
MEDALLIONS: BI-PLATE	705		495	510	
MEDALLIONS: SILVER	35		41	42	

**WORLD SERVICE OFFICE, INC.**  
**Europe Budget 1997**

<b>WSO - EUROPE COST OF MERCHANDISE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	
MEDALLIONS: GOLD PLATE	0		0	0	
KEY TAGS	5,887		4,763	4,906	
CHIPS	261		81	83	
INFORMATION BOOKLETS	1,190		1,747	1,799	
MISCELLANEOUS	61		38	39	
SPECIALTY ITEMS	639		306	315	
MINUTES/REPORTS	116		2	2	
PI PRODUCTS	167		76	78	
AUDIO MATERIALS	411		133	137	
GROUP/AREA MATERIALS	207		1,109	1,142	
COST OF GOODS/PRODUCT DEVELOPMENT	401		0	4,500	2
IMPORT/EXPORT DUTIES	331		0	0	
SHIPPING	5,121		5,473	5,637	
SHIPPING - IN	9,706		8,824	10,000	
SHIPPING SUPPLIES	526		622	634	
<b>TOTAL COST OF MERCHANDISE</b>	<b>38,596</b>	<b>48,955</b>	<b>38,369</b>	<b>46,399</b>	

<b>WSO - EUROPE GENERAL &amp; ADMINISTRATIVE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	
ACCOUNTING & LEGAL	0	39,981	610	610	5
BAD DEBTS	224		199	199	
BANK SERVICE CHARGES	418		247	247	
BUSINESS TAX	0		60	60	
COMPUTER SUPPLIES	338		293	293	
CONTRACT LABOR	0		0	0	
CONVERSION GAIN/LOSS	1,956		1,583	1,583	
COPYRIGHTS	0		0	0	
DEPRECIATION	2,371	2,371	2,500	2,500	
DUES AND FEES	810		721	721	
EMPLOYEE TRAINING	772		0	0	
EQUIPMENT LEASE	633		65	65	
INSURANCE (GENERAL)	236		611	611	
INTEREST	25		178	178	
MAINTENANCE & REPAIR	911		5,032	1,000	6
OFFICE EXPENSE	3,463		2,874	3,000	
POSTAGE	5,069		3,938	2,094	
RENT	12,291		9,761	10,065	
SERVICE CONTRACTS	0		0	0	
STORAGE SPACE	1,940		(107)	0	
TELEPHONE	8,425		8,874	3,854	
TRANSPORT	134		0	0	
TRAVEL	10,111		5,319	7,319	7
UTILITIES	475		1,010	1,010	
<b>TOTAL GENERAL &amp; ADMINISTRATIVE</b>	<b>50,602</b>	<b>39,981</b>	<b>43,768</b>	<b>35,409</b>	



**WORLD SERVICE OFFICE, INC.**  
**Europe Budget 1997**

<b>WSO - EUROPE PERSONNEL EXPENSE</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>	<b>8</b>
CONSULTING			750	0	
INSURANCE (HEALTH)	41		93	0	
ALTERNATE COMPENSATION			1,204	2,408	
PAYROLL TAXES	34,601		0	0	
SALARIES/TAXES & INSURANCE	48,324		78,194	67,959	
<b>TOTAL PERSONNEL EXPENSE</b>	<b>82,966</b>	<b>72,000</b>	<b>80,241</b>	<b>70,367</b>	

<b>WSO - EUROPE OTHER INCOME</b>	<b>1995 ACTUAL</b>	<b>1996 ADOPTED</b>	<b>1996 ACTUAL</b>	<b>1997 ADOPTED</b>
MISCELLANEOUS	(10)		(202)	(202)
<b>TOTAL OTHER INCOME</b>	<b>(10)</b>	<b>0</b>	<b>(202)</b>	<b>(202)</b>

	<b>(117,195)</b>	<b>(84,478)</b>	<b>(97,144)</b>	<b>(79,745)</b>
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**WORLD SERVICE OFFICE, INC.**  
**WSO—Europe Budget Notes**

**Income**

- 1) We are budgeting some growth (2%) at WSO - Europe, however until the scheduled site visit is concluded a more precise estimate of the extent of the growth is not possible.
- 2) Two new translated Basic Texts are scheduled to be introduced during 1997. The cost of production and development has been included in the budget.
- 3) The income for these items has been adjusted to reflect an anticipated price adjustment.

**Cost of Merchandise**

- 4) The Cost of Merchandise has been budgeted considering the growth factor and a 1% allowance for inflation.

**General & Administrative**

- 5) The budget for G & A reflects flat expenses and continuing efforts to reduce costs.
- 6) The increase in the 1996 expense compared to 1995, is due to the move to a new location and facility.
- 7) The increased budget includes the site visit scheduled for early in 1997.

**Personnel**

- 8) The budget for personnel expenses have been adjusted to reflect the voluntary termination of an employee and the increased reliance on management.

**WORLD SERVICE OFFICE, INC.**  
**Combined Budget 1997**

	1993 ACTUAL	1994 ACTUAL	1995 ACTUAL	1996 ADOPTED	1996 ACTUAL	1997 ADOPTED
TOTAL CHATSWORTH INCOME	3,997,128	4,103,565	4,284,802	4,546,262	3,985,044	3,888,514
INCOME OVER EXPENSE	184,045	153,464	178,787	187,886	157,167	169,259
TOTAL EUROPE INCOME	36,817	45,234	54,959	76,458	65,032	72,228
<b>TOTAL WSO INCOME</b>	<b>4,217,990</b>	<b>4,302,263</b>	<b>4,518,548</b>	<b>4,810,606</b>	<b>4,207,243</b>	<b>4,130,001</b>
TOTAL CHATSWORTH EXPENSE	3,643,803	3,878,965	4,202,449	4,498,711	4,249,935	3,879,282
TOTAL CANADA EXPENSE	125,385	77,026	87,816	92,053	75,735	82,892
TOTAL EUROPE EXPENSE	159,151	190,800	172,154	180,936	162,176	151,973
<b>TOTAL WSO EXPENSE</b>	<b>3,928,339</b>	<b>4,146,791</b>	<b>4,462,419</b>	<b>4,771,700</b>	<b>4,487,846</b>	<b>4,114,148</b>
CHATSWORTH NET INCOME/(LOS	353,325	224,600	82,353	47,551	(264,891)	9,231
CANADA NET INCOME/(LOSS)	58,660	76,438	90,971	95,833	81,432	86,367
EUROPE NET INCOME/(LOSS)	(122,334)	(145,566)	(117,195)	(84,478)	(97,144)	(79,745)
<b>WSO NET INCOME/(LOSS)</b>	<b>289,651</b>	<b>155,472</b>	<b>56,129</b>	<b>58,906</b>	<b>(280,603)</b>	<b>15,853</b>

**WORLD SERVICE OFFICE, INC.**  
**Cash Basis Budget 1997**

	1995 ACTUAL	1996 ADOPTED	1996 ACTUAL	1997 ADOPTED
<b>ADJUST FOR NON-CASH ITEMS</b>				
INCOME OVER EXPENSE	(56,129)	(58,906)	280,603	(15,853)
AMORTIZATION	(16,553)	(17,438)	(17,757)	(17,317)
DEPRECIATION	(96,434)	(139,626)	(130,794)	(139,630)
<b>ADD IN CASH ITEMS - CAPITALIZED</b>				
SAVINGS INCREASE	(150,000)	55,062	0	38,975
COMPUTER EQUIPMENT	23,477	20,000	13,982	15,000
DESKTOP PUBLISHING EQUIPMENT	0	0	0	6,000
OFFICE EQUIPMENT	3,633	9,000	2,705	3,000
SHIPPING EQUIPMENT	0	6,000	0	0
FURNITURE	6,764	6,000	2,763	2,000
LEASEHOLD IMPROVEMENTS	469,813	23,000	2,220	2,500
TRADEMARKS & COPYRIGHTS	7,669	8,000	16,409	8,000
CAPITAL LOAN REPAYMENT	(130,000)	30,000	30,000	30,000
	<b>62,240</b>	<b>(58,906)</b>	<b>200,131</b>	<b>(67,325)</b>
<b>CASH ITEMS-EXPENSE</b>				
EMPLOYEE TRAINING				5,100
CONSULTING				4,188
COMPUTER SOFTWARE				5,037
MARKETING				18,000
CONTINGENT TRAVEL				35,000
<b>Total Contingent Expense</b>				<b>67,325</b>
<b>CASH BASIS NET PROFIT/(LOSS)</b>				
	<b>(\$62,240)</b>	<b>\$58,906</b>	<b>(\$200,131)</b>	<b>\$0</b>

**WORLD SERVICE OFFICE, INC.**  
**BALANCE SHEET**  
**31 December 1996**

**ASSETS**

**CURRENT ASSETS**

Cash on Hand	400.00	
General Account	24,250.06	
Bank of America - Checking	33,382.87	
Citibank - Checking	2,175.79	
Wells Fargo - Payroll Account	17,627.91	
California Federal Bank	1,951.26	
Bank of America Savings	10,002.17	
Wells Fargo Bank	6,140.49	
Emergency Fund	1,915.53	
Accounts Receivable	243,900.46	
Allowance for Doubtful Accounts	(9,100.96)	
Accounts Receivable - WSC	(21,148.46)	
Accounts Receivable - WCC	2,630.31	
Inventory	261,537.51	
Prepaid Insurance	10,300.00	
Prepaid Workers Compensation Insurance	<u>6,637.00</u>	
Total Current Assets		592,601.94

**LONG TERM ASSETS**

WSO - Europe Advances	745,383.83	
WSO - Europe Inventory Advances	155,207.81	
WSO - Canada Advances	(562,703.72)	
WSO - Canada Inventory Advances	<u>192,970.85</u>	
Total Long Term Assets		530,858.77

**FIXED ASSETS**

Automobiles	0.00	
Computer Equipment	233,992.82	
Duplicating Equipment	4,952.25	
Typesetting Equipment	5,025.00	
Office Equipment	61,381.35	
Furniture	34,697.54	
Leasehold Improvements	514,288.41	
Less: Accumulated Depreciation	<u>(437,828.06)</u>	
Total Fixed Assets		416,509.31

**OTHER ASSETS**

Deposits	26,809.55	
Trademarks and Copyrights	172,078.91	
Dies, Molds and Plates	13,693.00	
Less: Accumulated Amortization	<u>(59,763.65)</u>	
Total Other Assets		<u>152,817.81</u>

<b>TOTAL ASSETS</b>		<b><u>1,692,787.83</u></b>
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**WORLD SERVICE OFFICE, INC.**  
**BALANCE SHEET**  
**31 December 1996**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	332,579.58
Prepaid Open Orders	2,295.78
Sales Taxes Payable	2,218.44
Payroll Taxes Payable (FEDERAL)	15,095.04
Payroll Taxes Payable (STATE)	1,832.70
Workers Compensation Insurance	5,048.75
Unemployment Tax	1,339.51
Salaries Payable	<u>44,941.09</u>

**LONG TERM LIABILITIES**

Leasehold Improvement Loan	100,000.00
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Total Liabilities	505,350.89
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**FUND BALANCE**

Fund Balance	1,452,328.40
Retained Earnings - Current Year	<u>(264,891.46)</u>

Total Fund Balance	<u>1,187,436.94</u>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>1,692,787.83</u></b>
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**WORLD SERVICE OFFICE, INC.**  
**INCOME STATEMENT**  
**1996**

<b>INCOME</b>		<b>Percent to Income</b>
Basic Text	1,523,943.33	29.4%
Basic Text - Soft Bound	374,524.99	7.2%
Basic Text - Commemorative	253.00	0.0%
Basic Text - Castillian	36,068.40	0.7%
Basic Text - French	253.16	0.0%
Basic Text - German	47.25	0.0%
Basic Text - Portuguese	21.00	0.0%
Basic Text - Brazilian	14,805.25	0.3%
Just For Today	434,112.33	8.4%
Just For Today - Gift Edition	9,764.60	0.2%
Handbooks	43,270.87	0.8%
It Works: How and Why	463,361.40	8.9%
It Works: How and Why (Special Edition)	2,800.00	0.1%
It Works: How and Why (Gift Edition)	2,415.00	0.0%
Literature	648,677.85	12.5%
Medallions - Bronze	301,317.80	5.8%
Medallions - BiPlate	51,354.66	1.0%
Medallions - Gold	19,021.17	0.4%
Medallions - Silver	6,910.30	0.1%
Keytags	479,179.23	9.3%
Chips	48,977.93	0.9%
Information Booklets	341,090.59	6.6%
NA Way Magazine	76,923.64	1.5%
Miscellaneous	4,572.86	0.1%
Specialty Items	27,082.74	0.5%
Minutes and Reports	18,007.87	0.3%
PI Products	2,764.45	0.1%
Audio Materials	22,218.71	0.4%
Group/Area Materials	48,846.33	0.9%
Shipping	175,011.94	3.4%
Discounts	(1,192,554.24)	(23.0%)
<b>Income (Less Discounts)</b>	<b>3,985,044.41</b>	<b>77.0%</b>

**COST OF MERCHANDISE**

Basic Text	275,846.40	5.3%
Basic Text - Soft Bound	41,985.14	0.8%
Basic Text - Commemorative	0.00	0.0%
Basic Text - Castillian	17,381.75	0.3%
Basic Text - French	84.53	0.0%
Basic Text - German	139.70	0.0%
Basic Text - Portuguese	0.00	0.0%
Basic Text - Brazilian	8,132.87	0.2%
Just For Today	64,873.23	1.3%
Just For Today - Gift Edition	2,089.60	0.0%

**WORLD SERVICE OFFICE, INC.**  
**INCOME STATEMENT**  
**1996**

Handbooks	9,695.19	0.2%
It Works: How and Why	85,250.60	1.6%
It Works: How and Why (Special Edition)	600.00	0.0%
It Works: How and Why (Gift Edition)	542.70	0.0%
Literature	127,156.51	2.5%
Medallions - Bronze	51,708.12	1.0%
Medallions - BiPlate	15,688.64	0.3%
Medallions - Gold	3,489.94	0.1%
Medallions - Silver	814.85	0.0%
Keytags	150,840.68	2.9%
Chips	14,634.41	0.3%
Information Booklets	102,482.20	2.0%
NA Way Magazine	89,278.57	1.7%
Miscellaneous	5,585.01	0.1%
Specialty Items	8,466.24	0.2%
Minutes and Reports	3,100.37	0.1%
PI Products	1,295.71	0.0%
Audio Materials	11,629.56	0.2%
Group/Area Materials	22,624.11	0.4%
Reproduction Lease	32,050.87	0.6%
Reproduction Supplies	4,649.71	0.1%
Shipping	220,148.71	4.3%
Shipping: Customs and Duties	6,856.27	0.1%
Shipping Supplies	10,851.58	0.2%
Translations (Product Cost)	12,429.79	0.2%
Product Development	<u>4,226.22</u>	0.1%

<b>Total Cost of Merchandise</b>	<b><u>1,406,629.78</u></b>	<b>27.2%</b>
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<b>OPERATING INCOME</b>	<b>2,578,414.63</b>	<b>49.8%</b>
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**OPERATING EXPENSES**

**GENERAL AND ADMINISTRATIVE EXPENSES**

Accounting and Legal	15,543.03	0.3%
Amortization	17,756.73	0.3%
Auto Lease	6,822.24	0.1%
Auto Expense	1,040.12	0.0%
Bad Debts	5,000.00	0.1%
Bank Service Charges	8,781.99	0.2%
Computer Information Services	3,781.74	0.1%
Computer Leases	10,746.47	0.2%
Computer Software	9,506.82	0.2%
Computer Supplies	13,785.27	0.3%
Contract Labor	11,818.60	0.2%
Copyrights	7,007.08	0.1%
Depreciation	<u>133,204.40</u>	2.6%

**WORLD SERVICE OFFICE, INC.**  
**INCOME STATEMENT**  
**1996**

Dues and Fees	1,317.78	0.0%
Employee Training	17,966.80	0.3%
Equipment Lease	43,719.58	0.8%
Equipment Repair	5,745.02	0.1%
Free Literature Distribution	8,709.31	0.2%
Free Publications	50,359.50	1.0%
Insurance (General)	27,661.37	0.5%
Interest	11,684.10	0.2%
Maintenance and Repair	41,297.41	0.8%
Office Expense	43,814.33	0.8%
Postage	26,101.74	0.5%
Public Information	17,438.85	0.3%
Rent	199,184.11	3.8%
Relocation Expense	0.00	0.0%
Reproduction Lease	37,141.32	0.7%
Service Contracts	12,000.52	0.2%
Telephone	35,802.06	0.7%
Translations (Letters)	0.00	0.0%
Travel	119,499.70	2.3%
Typesetting Supplies	969.44	0.0%
Utilities	<u>48,427.47</u>	0.9%
<b>Total General and Administrative Expenses</b>	<b>993,724.99</b>	<b>19.2%</b>
<b>PERSONNEL EXPENSES</b>		
Consulting	17,878.18	0.3%
Employee Moving	7,712.37	0.1%
Employee Recruitment	891.93	0.0%
Insurance (Health)	148,257.93	2.9%
Insurance (Workers Compensation)	13,865.31	0.3%
Retirement Plan	48,163.37	0.9%
Payroll Taxes	132,517.26	2.6%
Salaries	<u>1,491,233.81</u>	28.8%
<b>Total Personnel Expenses</b>	<b>1,860,520.16</b>	<b>35.9%</b>
<b>OTHER INCOME AND EXPENSE</b>		
Interest Earned	(543.06)	(0.0%)
Miscellaneous	(10,396.00)	(0.2%)
Emergency Fund	<u>0.00</u>	0.0%
<b>Total Other Income and Expense</b>	<b>(10,939.06)</b>	<b>(0.2%)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>2,843,306.09</u></b>	<b>54.9%</b>
<b>OPERATING INCOME/LOSS</b>	<b><u>(264,891.46)</u></b>	<b>(5.1%)</b>

**WORLD SERVICE OFFICE, INC.**  
**CHANGES IN CASH ACCOUNTS**  
**Year Ending 12/31/96**

**BEGINNING CASH BALANCE:**

Cash on Hand	600.00	
General Account	455.02	
Bank of America - Checking	15,803.92	
Citibank - Checking	2,483.48	
Wells Fargo - Payroll Account	4,668.70	
California Federal Bank	1,998.78	
Bank of America Savings	9,200.43	
Wells Fargo Bank	17,409.52	
Emergency Fund Account	<u>2,434.66</u>	55,054.51

**DEPOSITS DURING YEAR:**

General Account	4,781,497.89	
Bank of America - Checking	303,109.97	
Citibank - Checking	72,559.00	
Wells Fargo - Payroll Account	2,473,539.45	
California Federal Bank	48.48	
Bank of America Savings	801.74	
Wells Fargo Bank	198.75	
Emergency Fund Account	<u>0.00</u>	7,631,755.28

**EXPENDITURES DURING YEAR:**

General Account	4,757,702.85	
Bank of America - Checking	285,531.02	
Citibank - Checking	72,866.69	
Wells Fargo - Payroll Account	2,460,580.24	
California Federal Bank	96.00	
Bank of America Savings	0.00	
Wells Fargo Bank	11,467.78	
Emergency Fund Account	<u>519.13</u>	7,588,763.71

**ENDING CASH BALANCE:**

Cash on Hand	400.00	
General Account	24,250.06	
Bank of America - Checking	33,382.87	
Citibank - Checking	2,175.79	
Wells Fargo - Payroll Account	17,627.91	
California Federal Bank	1,951.26	
Bank of America Savings	10,002.17	
Wells Fargo Bank	6,140.49	
Emergency Fund Account	<u>1,915.53</u>	97,846.08



**WORLD SERVICE OFFICE, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ending 12/31/96**

**CASH FLOWS OPERATING ACTIVITIES**

Excess of Expenses Over Revenues	(264,891.46)
Adjustments	0.00
Net Excess of Expenses Over Revenues	(264,891.46)
Amortization	17,756.73
Doubtful Account Accrual	(8,289.03)
Depreciation	133,294.49
Increase in Prepaid Insurance	(137.00)
Decrease in Inventory	38,902.86
Increase in Intercompany Balances	(13,419.66)
Increase in Accounts Payable	3,469.19
Decrease in Accounts Receivable	<u>204,185.11</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	110,871.23
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**CASH FLOWS INVESTING ACTIVITIES**

Increase Advance Deposits	0.00
Purchase Computer Equipment	(13,982.08)
Purchase Furniture	(2,763.41)
Purchase Office Equipment	(2,704.98)
Trademarks and Copyrights	(16,409.19)
Leasehold Improvement Loan	(30,000.00)
Leasehold Improvements	<u>(2,220.00)</u>

NET CASH USED BY INVESTING ACTIVITIES	(68,079.66)
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NET INCREASE IN CASH	42,791.57
BEGINNING CASH BALANCE 12/31/95	<u>55,054.51</u>
ENDING CASH BALANCE 12/31/96	<u>97,846.08</u>

**WORLD SERVICE OFFICE - CANADA**  
**BALANCE SHEET**  
**31 December 1996**

**ASSETS**

**CURRENT ASSETS**

General Account	6,864.56
Accounts Receivable	21,319.78
Inventory	29,471.24
Prepaid Rent	<u>0.00</u>

<b>Total Current Assets</b>	<b>57,655.58</b>
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**FIXED ASSETS**

Office Equipment	7,628.96
Less: Accumulated Depreciation	<u>(7,628.96)</u>

<b>Total Fixed Assets</b>	<b>0.00</b>
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**OTHER ASSETS**

Deposits	<u>1,663.67</u>
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<b>Total Other Assets</b>	<b><u>1,663.67</u></b>
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<b>TOTAL ASSETS</b>	<b><u>59,319.25</u></b>
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**TOTAL LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	(840.84)
WSO Advances	(562,703.72)
Inventory Advances	192,970.85
Pre-paid Open Orders	<u>0.00</u>

<b>Total Liabilities</b>	<b>(370,573.71)</b>
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**FUND BALANCE**

Fund Balance	348,460.28
Retained Earnings - Current Year	<u>81,432.68</u>

<b>Total Fund Balance</b>	<b><u>429,892.96</u></b>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>59,319.25</u></b>
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**WORLD SERVICE OFFICE - CANADA**  
**INCOME STATEMENT**  
**1996**

<b>INCOME</b>		<b>Percent to Income</b>
Basic Text	28,446.95	16.0%
Basic Text - Soft Bound	1,739.00	1.0%
Basic Text - Commemorative	0.00	0.0%
Basic Text - Castillian	84.00	0.0%
Basic Text - French	10,143.00	5.7%
Basic Text - Portuguese	0.00	0.0%
Handbooks	2,230.00	1.3%
Just For Today	20,614.50	11.6%
Just For Today - Gift Edition	75.00	0.0%
It Works: How and Why	12,323.95	6.9%
It Works: How and Why (Special Edition)	70.00	0.0%
It Works: How and Why (Gift Edition)	75.00	0.0%
Literature	27,158.20	15.3%
Medallions - Bronze	10,684.45	6.0%
Medallions - BiPlate	4,491.85	2.5%
Medallions - Silver	714.10	0.4%
Medallions - Gold	378.00	0.2%
Keytags	28,150.76	15.8%
Chips	763.35	0.4%
Information Booklets	12,507.26	7.0%
NA Way Magazine	2,427.19	1.4%
Miscellaneous	562.10	0.3%
Audio Materials	1,123.25	0.6%
Group/Area Materials	1,396.05	0.8%
Minutes/Reports	340.00	0.2%
PI Products	562.20	0.3%
Specialty Items	1,670.05	0.9%
Shipping	9,168.55	5.2%
Discounts	(20,731.61)	(11.7%)
<b>Income (Less Discounts)</b>	<b>157,167.15</b>	<b>88.3%</b>

**COST OF MERCHANDISE**

Basic Text	4,618.17	2.6%
Basic Text - Soft Bound	187.15	0.1%
Basic Text - Commemorative	0.00	0.0%
Basic Text - Castillian	33.12	0.0%
Basic Text - French	3,460.96	1.9%
Basic Text - Portuguese	0.00	0.0%
Handbooks	511.75	0.3%
Just For Today	2,120.92	1.2%
Just For Today - Gift Edition	16.00	0.0%
It Works: How and Why	2,263.03	1.3%

**WORLD SERVICE OFFICE - CANADA**  
**INCOME STATEMENT**  
**1996**

It Works: How and Why (Special Edition)	15.00	0.0%
It Works: How and Why (Gift Edition)	16.75	0.0%
Literature	6,655.97	3.7%
Medallions - Bronze	1,807.66	1.0%
Medallions - BiPlate	1,369.28	0.8%
Medallions - Silver	100.00	0.1%
Medallions - Gold	75.96	0.0%
Keytags	9,055.40	5.1%
Chips	232.47	0.1%
Information Booklets	3,930.57	2.2%
NA Way Magazine	0.00	0.0%
Miscellaneous	257.48	0.1%
Audio Materials	581.94	0.3%
Group/Area Materials	606.91	0.3%
Minutes/Reports	58.28	0.0%
PI Products	122.59	0.1%
Specialty Items	590.65	0.3%
Shipping	5,203.01	2.9%
Shipping In	5,609.55	3.2%
Shipping Supplies	<u>1,125.22</u>	0.6%
<b>Total Cost of Merchandise</b>	<b><u>50,625.79</u></b>	<b>28.5%</b>
<b>OPERATING INCOME</b>	<b>106,541.36</b>	<b>59.9%</b>

**OPERATING EXPENSES**

**GENERAL AND ADMINISTRATIVE EXPENSES**

Bad Debts	178.80	0.1%
Bank Service Charges	293.73	0.2%
Business Tax	1,065.93	0.6%
Currency Conversion Gain/Loss	697.52	0.4%
Depreciation	0.00	0.0%
Dues and Fees	0.00	0.0%
Equipment Rental	484.18	0.3%
Goods and Services Tax	16.73	0.0%
Insurance (General)	1,560.06	0.9%
Maintenance and Repair	0.00	0.0%
Office Expense	809.34	0.5%
Postage	614.35	0.3%
Rent	10,731.86	6.0%
Service Contracts	0.00	0.0%
Telephone	2,170.02	1.2%
Travel	1,048.08	0.6%
Utilities	<u>1,274.05</u>	0.7%
<b>Total General and Administrative Expenses</b>	<b>20,944.65</b>	<b>11.8%</b>

**WORLD SERVICE OFFICE - CANADA**  
**INCOME STATEMENT**  
**1996**

**PERSONNEL EXPENSES**

Salaries	4,565.91	2.6%
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<b>Total Personnel Expenses</b>	<b><u>4,565.91</u></b>	<b>2.6%</b>
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**OTHER INCOME AND EXPENSE**

Miscellaneous	(401.88)	(0.2%)
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<b>Total Other Income and Expense</b>	<b><u>(401.88)</u></b>	<b>(0.2%)</b>
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<b>TOTAL OPERATING EXPENSES</b>	<b><u>25,108.68</u></b>	<b>14.1%</b>
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<b>NET OPERATING INCOME/LOSS</b>	<b><u>81,432.68</u></b>	<b>45.8%</b>
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**WORLD SERVICE OFFICE - CANADA**  
**CHANGES IN CASH ACCOUNTS**  
**Year Ending 12/31/96**

**BEGINNING CASH BALANCE:**

Cash on Hand	0.00	
General Account	22,714.07	
Payroll Account	0.00	
	<u>0.00</u>	22,714.07

**DEPOSITS DURING YEAR:**

General Account	139,441.58	
Payroll Account	0.00	
	<u>0.00</u>	139,441.58

**EXPENDITURES DURING YEAR:**

General Account	155,291.09	
Payroll Account	0.00	
	<u>0.00</u>	155,291.09

**ENDING CASH BALANCE:**

Cash on Hand	0.00	
General Account	6,864.56	
Payroll Account	0.00	
	<u>0.00</u>	<u>6,864.56</u>

**WORLD SERVICE OFFICE - CANADA**  
**STATEMENT OF CASH FLOWS**  
**Year Ending 12/31/96**

**CASH FLOWS OPERATING ACTIVITIES:**

Excess of Revenues Over Expenses	81,432.68
Adjustments	0.00
Net Excess of Revenues Over Expenses	81,432.68
Depreciation	0.00
Decrease in Inventory	3,516.18
Decrease Prepaid Rent	0.00
Increase in Intercompany Balances	(110,617.87)
Decrease in Accounts Payable	(2,629.48)
Decrease in Accounts Receivable	<u>12,448.98</u>

NET CASH USED BY OPERATING ACTIVITIES (15,849.51)

**CASH FLOWS INVESTING ACTIVITIES:**

Purchase Computer Equipment	0.00
Purchase Office Equipment	0.00
Change in Advance Deposits	<u>0.00</u>

NET CASH USED BY INVESTING ACTIVITIES 0.00

NET DECREASE IN CASH	(15,849.51)
BEGINNING CASH BALANCE 12/31/95	<u>22,714.07</u>
ENDING CASH BALANCE 12/31/96	<u>6,864.56</u>

**WORLD SERVICE OFFICE - EUROPE**  
**BALANCE SHEET**  
**31 December 1996**

**ASSETS**

**CURRENT ASSETS**

Cash on Hand	654.82	
General Account (Pound)	(411.45)	
General Account (US Dollar)	736.40	
Office Account (Pound)	2,721.76	
Green Book - Deposit Account	2,847.37	
Brussels, WSO, Inc.	11,929.19	
Brussels AISBL	20.34	
Accounts Receivable	16,004.42	
Inventory	<u>47,873.43</u>	
<b>Total Current Assets</b>		<b>82,376.28</b>

**FIXED ASSETS**

Computer Equipment	21,151.70	
Furniture	1,892.86	
Office Equipment	3,153.65	
Leasehold Improvements	3,326.52	
Less: Accumulated Depreciation	<u>(11,502.35)</u>	
<b>Total Fixed Assets</b>		<b><u>18,022.38</u></b>

<b>TOTAL ASSETS</b>		<b><u>100,398.66</u></b>
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**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	1,036.04	
WSO Advances	737,719.92	
Inventory Advances	155,207.81	
Computer Advances	<u>7,663.91</u>	
<b>Total Liabilities</b>		<b>901,627.68</b>

**FUND BALANCE**

Fund Balance	(704,084.48)	
Retained Earnings - Current Year	<u>(97,144.54)</u>	
<b>Total Fund Balance</b>		<b><u>(801,229.02)</u></b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<b><u>100,398.66</u></b>
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**WORLD SERVICE OFFICE - EUROPE**  
**INCOME STATEMENT**  
**1996**

<b>INCOME</b>		<b>Percent to Income</b>
Basic Text	13,068.30	14.8%
Basic Text - Softbound	416.25	0.5%
Basic Text - Commemorative	0.00	0.0%
Basic Text - Castillian	635.25	0.7%
Basic Text - French	2,187.25	2.5%
Basic Text - German	3,255.00	3.7%
Basic Text - Portuguese	1,627.50	1.8%
Basic Text - Brazilian	0.00	0.0%
Just For Today	9,538.20	10.8%
Just For Today - Gift Edition	135.00	0.2%
Handbooks	712.25	0.8%
It Works: How and Why	5,415.35	6.1%
It Works: How and Why (Special Edition)	130.00	0.1%
Literature	11,278.96	12.8%
Medallions - Bronze	8,571.95	9.7%
Medallions - BiPlate	2,267.45	2.6%
Medallions - Silver	289.00	0.3%
Medallions - Gold	0.00	0.0%
Keytags	13,733.79	15.5%
Chips	202.86	0.2%
Information Booklets	4,743.00	5.4%
NA Way Magazine	697.70	0.8%
Miscellaneous	94.50	0.1%
Specialty Items	772.50	0.9%
Minutes/Reports	0.00	0.0%
PI Products	373.65	0.4%
Audio Materials	442.35	0.5%
Group/Area Materials	2,510.75	2.8%
Shipping	5,299.04	6.0%
Discounts	<u>(23,365.50)</u>	<u>(26.4%)</u>
<b>Income (Less Discounts)</b>	<b>65,032.35</b>	<b>73.6%</b>

**COST OF MERCHANDISE**

Basic Text	2,440.51	2.8%
Basic Text - Softbound	43.86	0.0%
Basic Text - Commemorative	0.00	0.0%
Basic Text - Castillian	198.73	0.2%
Basic Text - French	771.43	0.9%
Basic Text - German	1,737.63	2.0%
Basic Text - Portuguese	1,481.48	1.7%

**WORLD SERVICE OFFICE - EUROPE**  
**INCOME STATEMENT**  
**1996**

Basic Text - Brazilian	0.00	0.0%
Just For Today	1,610.93	1.8%
Just For Today - Gift Edition	28.80	0.0%
Handbooks	245.82	0.3%
It Works: How and Why	901.39	1.0%
It Works: How and Why (Special Edition)	15.00	0.0%
Literature	3,729.86	4.2%
Medallions - Bronze	1,453.12	1.6%
Medallions - BiPlate	495.43	0.6%
Medallions - Silver	41.30	0.0%
Medallions - Gold	0.00	0.0%
Keytags	4,762.76	5.4%
Chips	80.50	0.1%
Information Booklets	1,746.77	2.0%
NA Way Magazine	0.00	0.0%
Miscellaneous	38.06	0.0%
Specialty Items	306.35	0.3%
Minutes/Reports	2.18	0.0%
PI Products	75.90	0.1%
Audio Materials	133.14	0.2%
Group/Area Materials	1,108.92	1.3%
Shipping	5,473.13	6.2%
Shipping In	8,824.04	10.0%
Shipping Supplies	<u>622.42</u>	0.7%

Total Cost of Merchandise	<u>38,369.46</u>	43.4%
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OPERATING INCOME	26,662.89	30.2%
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**OPERATING EXPENSES**

**GENERAL AND ADMINISTRATIVE EXPENSES**

Bad Debts	199.09	0.2%
Bank Service Charges	247.51	0.3%
Business Tax	59.03	0.1%
Computer Supplies	293.51	0.3%
Currency Conversion Gain/Loss	1,583.24	1.8%
Depreciation	2,500.00	2.8%
Dues and Fees	720.93	0.8%
Employee Training	0.00	0.0%
Equipment Lease	64.74	0.1%
Insurance (General)	610.69	0.7%
Interest	177.85	0.2%
Maintenance and Repair	5,032.51	5.7%



**WORLD SERVICE OFFICE - EUROPE**  
**INCOME STATEMENT**  
**1996**

Office Expense	3,483.74	3.9%
Postage	3,937.75	4.5%
Rent	9,761.31	11.0%
Service Contracts	0.00	0.0%
Storage Space	(107.03)	(0.1%)
Telephone	8,874.45	10.0%
Transport	0.00	0.0%
Travel	5,318.75	6.0%
Utilities	<u>1,010.14</u>	1.1%
<b>Total General and Administrative Expenses</b>	<b>43,768.21</b>	<b>67.3%</b>
<b>PERSONNEL EXPENSES</b>		
Insurance (Health)	842.80	1.0%
Payroll Taxes	34,999.79	39.6%
Salaries	<u>44,398.19</u>	50.2%
<b>Total Personnel Expenses</b>	<b>80,240.78</b>	<b>90.8%</b>
<b>OTHER INCOME AND EXPENSE</b>		
Interest Earned	(98.44)	(0.1%)
Miscellaneous	(103.12)	(0.1%)
<b>Total Other Income and Expense</b>	<b>(201.56)</b>	<b>(0.2%)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>123,807.43</u></b>	<b>140.1%</b>
<b>OPERATING INCOME/LOSS</b>	<b><u>(97,144.54)</u></b>	<b>(109.9%)</b>

**WORLD SERVICE OFFICE - EUROPE**  
**CHANGES IN CASH ACCOUNTS**  
**Year Ending 12/31/96**

**BEGINNING CASH BALANCE:**

Cash on Hand	396.03	
General Account (Pound)	(411.45)	
General Account (US Dollar)	855.77	
Office Account (Pound)	2,751.76	
Green Book - Deposit Account	2,752.93	
Brussels, WSO, Inc.	5,917.29	
Brussels AISBL	<u>1,815.81</u>	14,078.14

**DEPOSITS DURING YEAR:**

Cash on Hand	6,818.44	
General Account (Pound)	0.00	
General Account (US Dollar)	0.00	
Office Account (Pound)	0.00	
Green Book - Deposit Account	94.44	
Brussels, WSO, Inc.	128,678.05	
Brussels AISBL	<u>145,335.22</u>	280,926.15

**EXPENDITURES DURING YEAR:**

Cash on Hand	6,559.65	
General Account (Pound)	0.00	
General Account (US Dollar)	119.37	
Office Account (Pound)	30.00	
Green Book - Deposit Account	0.00	
Brussels, WSO, Inc.	122,666.15	
Brussels AISBL	<u>147,130.69</u>	276,505.86

**ENDING CASH BALANCE:**

Cash on Hand	654.82	
General Account (Pound)	(411.45)	
General Account (US Dollar)	736.40	
Office Account (Pound)	2,721.76	
Green Book - Deposit Account	2,847.37	
Brussels, WSO, Inc.	11,929.19	
Brussels AISBL	<u>20.34</u>	<u>18,498.43</u>

**WORLD SERVICE OFFICE - EUROPE**  
**STATEMENT OF CASH FLOWS**  
**Year Ending 12/31/96**

**CASH FLOWS OPERATING ACTIVITIES:**

Excess of Expenses Over Revenues	(97,144.54)	
Adjustments	0.00	
Net Excess of Expenses Over Revenues	(97,144.54)	
Depreciation	2,500.00	
Increase in Inventory	(5,721.78)	
Increase in Intercompany Balances	124,037.53	
Decrease Accounts Payable	(14,848.73)	
Increase in Accounts Receivable	<u>(813.25)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,009.23

**CASH FLOWS INVESTING ACTIVITIES:**

Purchase Computer Equipment	(1,990.94)	
Leasehold Improvements	(839.38)	
Purchase Office Equipment	<u>(758.62)</u>	
NET CASH USED BY INVESTING ACTIVITIES		<u>(3,588.94)</u>
NET INCREASE IN CASH		4,420.29
BEGINNING CASH BALANCE 12/31/95		<u>14,078.14</u>
ENDING CASH BALANCE 12/31/96		<u>18,498.43</u>

**WORLD SERVICE OFFICE, INC. - COMBINED OPERATIONS**

**BALANCE SHEET**

**31-December-1996**

<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash on Hand	1,055	
Checking Accounts	102,145	
Savings Accounts	<u>20,009</u>	
Total Cash Accounts		123,209
Accounts Receivable	262,707	
Allowance for Receivables	(9,101)	
Total Accounts Receivable		253,606
Inventory		338,882
Prepayments		16,937
<b>Total Current Assets</b>		<b>732,634</b>
<b>FIXED ASSETS</b>		
Computer Equipment		255,145
Duplicating Equipment		4,952
Typesetting Equipment		5,025
Office Equipment		72,164
Furniture		36,590
Leasehold Improvements		517,615
Less: Accumulated Depreciation		(456,959)
<b>Total Fixed Assets</b>		<b>434,532</b>
<b>OTHER ASSETS</b>		
Deposits		28,473
Trademarks and Copyrights		172,079
Dies, Molds and Plates		13,693
Less: Accumulated Amortization		(59,764)
<b>Total Other Assets</b>		<b>154,481</b>
<b>TOTAL ASSETS</b>		<b>1,321,647</b>

**WORLD SERVICE OFFICE, INC. - COMBINED OPERATIONS**  
**BALANCE SHEET**  
**31-December-1996**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	334,035
Salaries Payable	44,941
Payroll Taxes Payable	23,316
Sales Taxes Payable	3,254
Purchases Clearing	-

**LONG TERM LIABILITIES**

Leasehold Improvement Loan	100,000
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<b>Total Liabilities</b>	<b>505,546</b>
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**FUND BALANCE**

Fund Balance	1,096,704
Retained Earnings - Current Year	(280,603)

<b>Total Fund Balance</b>	<b>816,101</b>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>1,321,647</b>
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**WORLD SERVICE OFFICE, INC. - COMBINED OPERATIONS**  
**YEAR TO DATE INCOME STATEMENT**  
**31-December-1996**

**INCOME**

		Percent to Income
Basic Text	1,565,459	28.8%
Basic Text - Soft Bound	376,680	6.9%
Basic Text - Commemorative	253	0.0%
Basic Text - Castillian	36,788	0.7%
Basic Text - French	12,583	0.2%
Basic Text - German	3,302	0.1%
Basic Text - Portuguese	1,649	0.0%
Basic Text - Brazilian	14,805	0.3%
Just For Today	464,265	8.5%
Just For Today - Gift Edition	9,975	0.2%
Handbooks	46,213	0.8%
It Works: How and Why	481,101	8.8%
It Works: How and Why (Special Edition)	3,000	0.1%
It Works: How and Why (Gift Edition)	2,490	0.0%
Literature	687,115	12.6%
Medallions - Bronze	320,574	5.9%
Medallions - BiPlate	58,114	1.1%
Medallions - Silver	7,913	0.1%
Medallions - Gold	19,399	0.4%
Keytags	521,064	9.6%
Chips	49,944	0.9%
Information Booklets	358,341	6.6%
NA Way Magazine	80,049	1.5%
Miscellaneous	5,229	0.1%
Specialty Items	29,525	0.5%
Minutes and Reports	18,348	0.3%
PI Products	3,700	0.1%
Audio Materials	23,784	0.4%
Group/Area Materials	52,753	1.0%
Shipping	189,480	3.5%
Discounts	(1,236,651)	(22.7%)
<b>Income After Discounts</b>	<b>4,207,244</b>	<b>77.3%</b>

**COST OF MERCHANDISE**

Basic Text	282,905	5.2%
Basic Text - Soft Bound	42,216	0.8%
Basic Text - Commemorative	-	0.0%
Basic Text - Castillian	17,614	0.3%
Basic Text - French	4,317	0.1%
Basic Text - German	1,877	0.0%
Basic Text - Portuguese	1,481	0.0%



**WORLD SERVICE OFFICE, INC. - COMBINED OPERATIONS**  
**YEAR TO DATE INCOME STATEMENT**  
**31-December-1996**

Basic Text - Brazilian	8,133	0.1%
Just For Today	68,605	1.3%
Just For Today - Gift Edition	2,134	0.0%
Handbooks	10,453	0.2%
It Works: How and Why	88,415	1.6%
It Works: How and Why (Special Edition)	630	0.0%
It Works: How and Why (Gift Edition)	559	0.0%
Literature	137,542	2.5%
Medallions - Bronze	54,969	1.0%
Medallions - BiPlate	17,553	0.3%
Medallions - Silver	956	0.0%
Medallions - Gold	3,566	0.1%
Keytags	164,659	3.0%
Chips	14,947	0.3%
Information Booklets	108,160	2.0%
NA Way Magazine	89,279	1.6%
Miscellaneous	5,881	0.1%
Specialty Items	9,363	0.2%
Minutes and Reports	3,161	0.1%
PI Products	1,494	0.0%
Audio Materials	12,345	0.2%
Group/Area Materials	24,340	0.4%
Reproduction Lease	32,051	0.6%
Reproduction Supplies	4,650	0.1%
Shipping	237,681	4.4%
Shipping Supplies	12,599	0.2%
Shipping In	14,434	0.3%
Product Development	4,226	0.1%
Translations (COG)	12,430	0.2%
<b>Total Cost of Merchandise</b>	<b>1,495,625</b>	<b>27.5%</b>
<b>Operating Income</b>	<b>2,711,619</b>	<b>49.8%</b>

**EXPENSES**

**GENERAL AND ADMINISTRATIVE EXPENSES**

Accounting and Legal	15,543	0.3%
Amortization	17,757	0.3%
Auto Lease	6,822	0.1%
Auto Expense	1,040	0.0%
Bad Debts	5,378	0.1%
Bank Service Charges	9,323	0.2%
Business Taxes	1,142	0.0%
Computer Leases, Software and Supplies	39,063	0.7%

**WORLD SERVICE OFFICE, INC. - COMBINED OPERATIONS**  
**YEAR TO DATE INCOME STATEMENT**  
**31-December-1996**

Contract Labor	11,819	0.2%
Currency Conversion Gain/Loss	2,281	0.0%
Copyrights	7,007	0.1%
Depreciation	135,794	2.5%
Dues and Fees	2,039	0.0%
Employee Training	17,967	0.3%
Equipment Lease and Repair	50,014	0.9%
Free Literature	8,709	0.2%
Free Publications	50,360	0.9%
Insurance (General)	29,832	0.5%
Interest	11,862	0.2%
Maintenance and Repair	46,330	0.9%
Office Expense	48,107	0.9%
Postage	30,654	0.6%
Public Information	17,439	0.3%
Rent	219,570	4.0%
Relocation Expense	-	0.0%
Reproduction Lease	37,141	0.7%
Service Contracts	12,001	0.2%
Telephone	46,847	0.9%
Translations (Letters)	-	0.0%
Travel	125,867	2.3%
Utilities	50,712	0.9%
<b>Total General and Administrative Expenses</b>	<b>1,058,438</b>	<b>19.4%</b>
<b>PERSONNEL EXPENSES</b>		
Consulting	17,878	0.3%
Employee Moving	7,712	0.1%
Employee Recruitment	892	0.0%
Insurance (Health)	149,101	2.7%
Insurance (Workers Compensation)	13,865	0.3%
Retirement Plan	48,163	0.9%
Payroll Taxes	167,517	3.1%
Salaries	1,540,198	28.3%
<b>Total Personnel Expenses</b>	<b>1,945,327</b>	<b>35.7%</b>
<b>OTHER INCOME AND EXPENSE</b>		
Interest Earned	(642)	(0.0%)
Miscellaneous	(10,901)	(0.2%)
Emergency Fund	-	0.0%
<b>Total Other Income and Expense</b>	<b>(11,543)</b>	<b>(0.2%)</b>
<b>TOTAL EXPENSES</b>	<b>2,992,222</b>	<b>55.0%</b>
<b>NET INCOME/LOSS \$</b>	<b>(280,603)</b>	<b>(5.2%)</b>

**WORLD SERVICE OFFICE, INC. - COMBINED OPERATIONS**  
**CHANGES IN CASH ACCOUNTS**  
**Year Ending 12/31/96**

**BEGINNING CASH BALANCE:**

Cash on Hand	996.03	
Checking Accounts	59,807.30	
Savings Accounts	<u>31,043.39</u>	
		91,846.72

**DEPOSITS DURING YEAR:**

Cash on Hand	6,818.44	
Checking Accounts	8,044,255.60	
Savings Accounts	<u>1,048.97</u>	
		8,052,123.01

**EXPENDITURES DURING YEAR:**

Cash on Hand	6,759.65	
Checking Accounts	8,001,918.10	
Savings Accounts	<u>12,082.91</u>	
		8,020,760.66

**ENDING CASH BALANCE:**

Cash on Hand	1,054.82	
Checking Accounts	102,144.80	
Savings Accounts	<u>20,009.45</u>	
		<u>123,209.07</u>