



# WORLD SERVICE OFFICE, INC.

P.O. Box 9999  
Van Nuys, CA 91409  
(818) 780-3951

TO: The Fellowship

FROM: Robert Stone, Executive Director  
World Service Office

SUBJECT: 1989 Annual Report  
World Service Conference

DATE: April 24, 1989

The World Service Office went through more internal changes in the 1988/89 Conference year than at any prior time, except for 1983. The greatest change was with the two major elements of WSO operation: the Board of Directors and primary staff members. Five directors were lost to resignation or rotation, each replaced by new members. Four primary staff members left and were replaced while responsibilities of all other primary staff, except for two members, were reassigned to others.

The impact of these two factors, new directors and changes in primary staff, caused this year to be one of constant adjustment and decreased efficiency. We expect the coming year to show considerable improvement in performance and efficiency. With a lower rate of turnover in directors, we can anticipate closer involvement by directors and a more direct impact from their participation.

The unimpeded growth of the fellowship in all respects continued this year. The WSO received more communications, requests and orders than in any previous year. This increasing workload complicated work assignment transition and bringing in new employees, but we believe most work was reasonably accomplished.

The WSO continued and expanded its administrative support to the World Service conference, the Board of Trustees and service committees at the region and area levels. The Conference committees met three times this year (one more than usual) and there were numerous other committee meetings and subcommittee meetings. This busy schedule increased WSO expense for transportation and staff support considerably beyond prior years. While most of this increased expenditure is obviously beneficial, there is reason to question the necessity of some of the increased work.

The WSO made a more extensive commitment to support the work of the Board of Trustees. Beginning in the summer of 1988 additional staff support was provided to the Trustee committee system. Only time will tell, but we believe this extra support will eventually pay dividends to the entire fellowship through more productive use of the Trustees.

A highly visible activity during the year was the energy put into developing a branch of the WSO in Europe. This project had its ups and downs as some progress was made, but not without problems. The WSO is still committed to this project and has great expectations about its continuing success.

Another major project this year was the production of the Fifth Edition of the Basic Text. The problems experienced with the Fourth Edition caused WSO

to exert greater care and attention to detail than at any time previously so as to avoid major error. While we believe the Fifth Edition was produced with few mistakes, the most obvious one was found by everyone. We apologize for misprinting the title of Chapter Three; it was corrected with the second printing.

A related project that has taken a long time to produce is the commemorative edition. The milestone of having produced and distributed one million copies of the book *Narcotics Anonymous* is an event that every member of the fellowship can take pride in. Although pride can be a roadblock to recovery when it affects us in an inappropriate way, pride in the success of N.A. as the key to recovery seems appropriate. It took almost six years to sell the first million, but we anticipate the second millionth copy will be sold within three years. The extra income generated from the commemorative edition will help tremendously to meet the needs we face in the field of translations.

A lot of energy was expended this year on an aborted effort to move the WSO and consolidate into a single building. Although several very practical sites were found, including the possibility of purchasing the property we would use, it was eventually decided to remain where we are. This decision was made possible by the unexpected decision by a neighboring company to move and leave a building we could lease. This was done and as reported to the fellowship, WSO now occupies three major and one minor building on the block. Unfortunately the WSO still faces the need to expand and in the near future we will have to face these matters all over again.

Overall the WSO functioned reasonably well during the past year. Although there were an expected number of errors or short comings in some activities or projects the WSO was able to adjust to the growing workload.

### **THE BOARD OF DIRECTORS OF 1988/89**

For several years there have been discussions about the composition of the Board and a feeling by some that greater rotation should take place. As explained above, the Board did have substantial change this past year. The loss of experienced Directors and the need to provide background to so many new Directors had a significant impact on the Board and the Office in general.

Probably, because of the change in Board composition, the Board was more active during this year than in prior years. The Board had meetings following the World Service Conference in April, additional meetings in June, August, November, January and March. The meetings were normally longer than in prior years as new directors asked more questions and consideration of new policies was entertained. The meetings usually lasted a full day and for several meetings, included part of a second day. The agenda for each meeting continued to average 100 pages in length. The Board usually received most of this material in advance of the meetings in order to have opportunity to be properly prepared.

While change in the membership of the Board is desirable from every aspect, the type of drastic change experienced this past year should be avoided if possible.

As provided for in the by-laws of the WSO, the following report on the membership of the Board is provided so that the Conference can fill those

vacancies the Conference elects directly and can select additional members for the pool of potential directors.

One-Year Terms of Office Expiring in June, 1989

These directors' terms of office expire at the annual meeting of the WSO Board to be held in June, 1989. The Conference may re-elect them or replace them for one-year terms or select them for the pool from which they may be selected to serve for a three-year term:

Martin Chess  
Oliver Stanley  
Jamie Scott-Hopkins

Three-Year Terms of Office Expiring in June, 1989

These Directors' terms of office expire at the annual meeting of the WSO Board to be held in June 1989. These positions will be filled from the pool of potential Board members at the annual WSO Board meeting in June, 1989.

Mark Daley  
Mark Danielson  
Donna Markus

Expiring Three-Year Terms of Office in 1990

These Directors' terms of office expire at the annual meeting of the WSO Board to be held in June 1990. These positions will be filled from the pool of potential Board members at the annual WSO Board meeting in June, 1990.

Don Davis  
Bob McDonough  
Stu Tooredman

Expiring Three-Year Terms of Office in 1991

These Directors' terms of office expire at the annual meeting of the WSO Board to be held in June 1991. These positions will be filled from the pool of potential Board members at the annual WSO Board meeting in June, 1991.

John Bramlett  
Gerrie Durkin  
George Krzyminski

In order to help the Conference in providing an adequate pool of potential directors for the Board, the following list of those already in the Board pool is provided. At the Conference last year, the Board announced the policy concerning the length of time that a person should be considered to remain in the pool. The practice that seemed appropriate was to retain a person in the WSO Board pool for the same period of time that they would serve if they had been elected from the pool to the Board. That length of time is three years. Consequently those persons elected to the pool prior to 1986 have been dropped from the list. There were other members elected to the pool in previous years, but have been eliminated from the list because they have been elected to other positions (Board of Trustees or Conference).

These persons were added to the Pool in 1986 and their eligibility expires at the annual meeting in 1989.

Ron Croasdale (Chicago)  
Mike C. (Michigan)  
Larry N. (Virginia)  
Bill Z. (Chesapeake/Potomac)  
Bobby B. (Philadelphia)  
Joe F. (Philadelphia)  
Joe P. (Volunteer)

These persons were added to the Pool in 1987 and their eligibility expires at the annual meeting in 1990.

Henry B. (British Columbia)  
Tim Banner (Lone Star)  
Bob McK. (Mid Atlantic)  
Jim M. (Chesapeake/Potomac)  
Bob G. (California)  
John V. (Colorado)  
Danny W. (Mountaineer)  
Reuben F. (San Diego)  
Joseph P. (Volunteer)  
Billy E. (South Carolina)  
Tony D. (New York)

These persons were added to the Pool in 1988 and their eligibility expires at the annual meeting in 1991.

Steve W. (Connecticut)  
J.R. Friel (Philadelphia)  
Bob McK. (Mid Atlantic)  
Jay V. (Florida)  
Randy J. (Chesapeake/Potomac)  
Billy A. (Mid Atlantic)  
Reuben F. (San Diego)

## **ANNUAL FINANCIAL REPORT**

On the following pages is the financial report for the 1988 fiscal and calendar year. The WSO had an audit conducted simultaneously with preparation of a compilation report as part of this year-end financial report. In prior years the WSO only had a compilation report prepared. A compilation report is primarily an effort by an outside accounting firm to take the information provided and prepare it in a financial report according to the standard accounting practices appropriate to compilation reports. An audit, when combined with a compilation report, is an effort by a CPA to validate the basic figures provided by the WSO rather than generally accepting the WSO provided figures as accurate without challenging them.

An audit report provides greater assurance of reliability of the accuracy of the information provided. There are several pages of notes and a letter of



specifications which help outline the parameters within which an audit report should be viewed. The letter from the accountant provides a very good statement concerning the focus and the intent of audits.

At the March Board of Directors meeting the accountant attended and gave the Board an oral report concerning his work. He reported being nearly completed with the audit and made only a few generalized statements concerning recommendations for improvement of WSO procedures and practices.

At a subsequent meeting with him the completed report was reviewed by WSO staff. At that time he was asked for an additional written communication that would provide the Board, as part of the annual report, information about his observations and recommendations. He did write a letter which is attached, dated March 6, 1989. Although he only makes four generalized statements we have in fact adjusted our policies to coincide with his recommendations.

To more fully understand the report, there are a few comments that may be helpful.

The first entry, **Revenue**, on page 7 shows the increase in sales (\$939,804 over 1987) for a gross income (before discounts were calculated) at \$4,199,117. This represents a twenty two percent increase in total sales. The percentage of discounts awarded to various classifications of buyers, as shown in the **Returns and Allowances** entry rose from .2063 percent to .2209 percent. This represents a .0146 percent increase. This was principally related to N.A. offices and service committees purchasing larger amounts in single orders and receiving increased discounts.

The **Cost of Merchandise** entry shows the expenditure by WSO to produce and ship the inventory. The difference between 1988 and 1987 **Cost of Merchandise** is primarily a result of two factors. One, of course, is the actual growth in orders received in 1988 over 1987. More orders necessitated expansion of inventory, increased shipping costs and labor costs, consequently increased **Cost of Merchandise**. But there was also continued refinement of our accounting practices in 1988. Under supervision of the Board, more items that pertained to production costs were identified and moved into this category from other accounts. The largest single item that was moved to the **Cost of Merchandise** from another entry was the expense for the large Xerox machine we lease. In prior years that had been shown as **Contract Labor and Consulting** expense. The cost for this in 1988 was \$110,000. You will discover a corresponding decrease in the **Contract Labor and Consulting** entry for 1988.

---

4881 LANKERSHIM BOULEVARD • NORTH HOLLYWOOD, CALIFORNIA 91601-4526 • (818) 760-0888

---

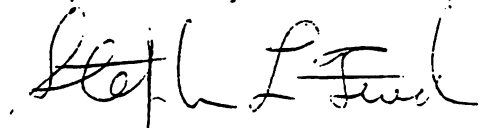
February 27, 1989

BOARD OF DIRECTORS  
WORLD SERVICE OFFICE, INC.,  
16155 WYANDOTTE STREET  
VAN NUYS, CALIFORNIA 91406

I have audited the accompanying combined balance sheets of World Service Office, Inc., (a California Nonprofit Public Benefit Corporation) as of December 31, 1987 and 1988, and the related statements of revenue and expenses and changes in fund balances for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on our audits.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion. Although I did not audit December 31, 1987, I see no significant problems except those shown in the footnotes. In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Service Office, Inc., as of December 31, 1987 and 1988, and the results of their operations and changes in fund balances for the years then ended in conformity with generally accepted accounting principles.

Respectfully submitted,



STEPHEN L. FRIEDMAN, CPA

WSO Report 1989 -- Page 7

WORLD SERVICE OFFICE, INC.  
STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 1988 AND 1987

	1988	(Unaudited 1987
<u>REVENUES</u>		
LITERATURE SALES	\$4199,117	\$3259,313
LESS: RETURNS AND ALLOWANCES	(927,422)	(672,473)
INTEREST	11,547	6,193
MISCELLANEOUS	93,663	75,356
TOTAL REVENUE	<u>3376,905</u>	<u>2668,389</u>
<u>COST OF MERCHANDISE</u>	<u>1441,226</u>	<u>917,850</u>
<u>GROSS PROFIT</u>	<u>1935,679</u>	<u>1750,539</u>
<u>EXPENSES</u>		
ACCOUNTING AND LEGAL	15,538	8,294
AUTO LEASE	6,671	6,939
BAD DEBTS	6,992	73
BANK SERVICE CHARGES	423	276
CONTRACT LABOR AND CONSULTING	17,100	120,938
DEPRECIATION	83,726	71,265
INSURANCE	94,522	74,291
MAINTENANCE AND REPAIRS AND SERVICE CONTRACTS	38,788	28,200
MISCELLANEOUS	5,507	1,040
OFFICE EXPENSE	59,106	80,294
PAYROLL TAXES	74,443	60,441
POSTAGE AND SHIPPING	88,248	112,594
PUBLIC INFORMATION	6,597	-
RENT	120,249	85,486
SALARIES	906,112	776,836
SUPPLIES	21,866	-
TELEPHONE	59,556	50,653
TRANSLATIONS	5,119	-
TRAVEL	150,441	120,203
UTILITIES	11,174	11,273
TOTAL EXPENSES	<u>1771,178</u>	<u>1609,096</u>
EXCESS REVENUE OVER EXPENSES	163,501	141,443
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>796,150</u>	<u>654,707</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 959,651</u>	<u>\$ 796,150</u>

SEE NOTES TO FINANCIAL STATEMENTS

WSO Report 1989 -- Page 8

WORLD SERVICE OFFICE, INC.  
BALANCE SHEET  
DECEMBER 31, 1988 AND 1987

ASSETS

	1988	(Unaudited 1987
<u>CURRENT ASSETS</u>		
CASH ON HAND AND IN CHECKING	\$ 32,857	\$ 19,622
CASH IN SAVINGS	223,958	63,046
ACCOUNTS RECEIVABLE-CUSTOMERS	281,519	268,399
ACCOUNTS RECEIVABLE - OTHER (WSC-WCCNA)	27,271	25,310
EMPLOYEE EXCHANGE	695	-
INVENTORY	241,156	136,995
PREPAID EXPENSES	9,950	68,630
TOTAL CURRENT ASSETS	<u>817,406</u>	<u>582,002</u>
<u>FIXED ASSETS AT COST</u>		
OFFICE EQUIPMENT (INCLUDES TYPESETTING, DUPLICATING AND COMPUTER EQUIPMENT	326,387	221,815
FURNITURE AND EQUIPMENT	169,396	158,505
LEASEHOLD IMPROVEMENTS	35,036	34,050
LESS: ACCUMULATED DEPRECEIATION	<u>(252,476)</u>	<u>(168,750)</u>
NET BOOK VALUE OF ASSETS	<u>278,343</u>	<u>245,620</u>
<u>OTHER ASSETS</u>		
DEPOSITS - RENT	<u>13,325</u>	<u>13,500</u>
TOTAL ASSETS	<u>\$1,109,074</u>	<u>\$ 841,122</u>

LIABILITIES AND FUND BALANCE

<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	147,918	42,938
PAYROLL AND SALES TAX PAYABLE	1,505	2,034
TOTAL CURRENT LIABILITIES	149,423	44,972
FUND BALANCE	<u>959,651</u>	<u>796,150</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$1,109,074</u>	<u>\$ 841,122</u>

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 1988

CASH WAS PROVIDED BY:

EXCESS OF REVENUES OVER EXPENSES	\$163,501
INCREASE IN ACCOUNTS RECEIVABLE	(15,081)
INCREASE IN EMPLOYEE EXCHANGE	(695)
INCREASE IN INVENTORY	(104,161)
DECREASE IN PREPAID EXPENSES	58,680
INCREASE IN FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION \$83,726)	(32,723)
DECREASE IN DEPOSITS	175
INCREASE IN ACCOUNTS PAYABLE	104,980
DECREASE IN PAYROLL AND SALES TAX PAYABLE	(529)
	-----
INCREASE IN CASH	174,147
CASH IN BANKS AND ON HAND DECEMBER 31, 1987	82,668
	-----
CASH IN BANKS AND ON HAND DECEMBER 31, 1988	\$256,815
	=====
CASH ON HAND AND IN CHECKING ACCOUNTS	\$32,857
CASH IN SAVINGS	223,958
	-----
	\$256,815
	=====

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1988 AND 1987

NOTE 1

ACCOUNTS RECEIVABLE ARE WRITTEN OFF DIRECTLY AS THEY BECOME UNCOLLECTIBLE. RECEIVABLES WRITTEN OFF ARE INCLUDED IN BAD DEBTS.

INVENTORY IS VALUED AT COST.

NOTE 2

WORLD SERVICE OFFICE, INC. IS A NON PROFIT ORGANIZATION AND THEREFORE THERE IS NO PROVISION FOR INCOME TAXES INCLUDED IN THESE STATEMENTS.

NOTE 3

FIXED ASSETS ARE DEPRECIATED ON THE STRAIGHT LINE METHOD OVER THE ESTIMATED USEFUL LIVES OF THE ASSETS.

NOTE 4

THE COMPANY HAS A LINE OF CREDIT FROM CAPITAL BANK FOR \$100,000 WHICH MATURES ON MAY 15, 1989. INTEREST WILL BE PAID AT 1 1/4% ABOVE PRIME. AS OF DECEMBER 31, 1988, THERE WERE NO FUNDS ADVANCED FROM THE CREDIT LINE.

NOTE 5

THE COMPANY HAD TWO LEASES FOR 16129 WYANDOTTE AND 16155 WYANDOTTE. THESE TWO LEASES EXPIRED ON OCTOBER 31, 1988, AND ARE ON A MONTH TO MONTH BASIS UNTIL THE LEASES ARE SIGNED. THERE IS A THREE YEAR LEASE COMMENCING DECEMBER 1, 1988, ON 16135 WYANDOTTE STREET, VAN NUYS, CALIFORNIA. THE TOTAL RENT IS \$13191 PER MONTH.

NOTE 6

NOT INCLUDED IN THIS REPORT IS \$181803 OF INCOME AND \$149683 IN EXPENSES FROM WORLD SERVICE CONFERENCES, WHICH ARE DIFFICULT TO AUDIT. THESE CONFERENCES ARE AFFILIATED WITH WORLD SERVICE OFFICE, INC., AND USE THESE FUNDS TO OPERATE.

---

4881 LANKERSHIM BOULEVARD • NORTH HOLLYWOOD, CALIFORNIA 91601-4526 • (818) 760-0888

---

MARCH 6, 1989

BOARD OF DIRECTORS  
WORLD SERVICE OFFICE OF NARCOTICS ANONYMOUS  
16155 WYANDOTTE STREET  
VAN NUYS, CALIFORNIA 91406

LADIES AND GENTLEMEN:

I WOULD LIKE TO MAKE A FEW COMMENTS CONCERNING  
PROCEDURES I OBSERVED DURING MY AUDIT. I WOULD SUGGEST THE  
FOLLOWING:

INVENTORY SHOULD BE ENTERED BY ONLY ONE PERSON INTO  
THE COMPUTER (PERPETUAL INVENTORY).

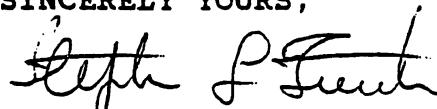
INVENTORY SHOULD BE COUNTED EVERY MONTH OR QUARTER. IF  
THERE IS A DIFFERENCE, IT SHOULD BE INVESTIGATED RIGHT  
THEN AND IF THERE ARE STILL ADJUSTMENTS THE FINANCIAL  
STATEMENTS WILL BE ADJUSTED TO THE ACTUAL COUNT.

ALL PETTY CASH ACCOUNTS SHOULD BE HANDLED BY ONE PERSON.  
THERE SHOULD NOT BE TEN PEOPLE GIVING OUT MONEY. ONE  
PERSON SHOULD HAVE THE RESPONSIBILITY.

THE OTHER ITEM IS THE COLLECTION POLICY. THIS SHOULD BE  
RESTRUCTURED INTO A MUCH SIMPLER PROCEDURE. IT SHOULD  
BE MADE EASIER TO FOLLOW.

OTHER THAN THE SUGGESTIONS MENTIONED ABOVE, THE COMPANY  
SEEMS TO BE RUNNING SMOOTHLY. EVERYONE WAS EXTREMELY  
COOPERATIVE DURING THE AUDIT.

SINCERELY YOURS,



STEPHEN L FRIEDMAN

SLF/RT

One way to view the **Cost of Merchandise** entry is that it can almost be thought of as the amount of money spent on producing and distributing the inventory. The amount of money available after the primary production and shipping expense has been taken care of is the **Gross Profit**. Although we are moving our accounting system closer to making these statements completely true, there still remain many general administration expenses relating to overall WSO management and therefore also management of **Cost of Merchandise** shown in other categories.

The **Gross Profit** is generally the money available for the other activities that WSO engages in. This includes general administration and the services provided through the coordinating staff to the Conference, regions, areas, groups and members as well as special boards or committees and the general public. These costs are identified in the **Expense** entries.

There was considerable increase in the amount of legal work conducted in 1988 compared to 1987. There was also moderate increase in the accounting expense. Therefore the **Legal and Accounting** expense almost doubled.

The **Auto Lease** item is for payment of the truck used by WSO.

Contained in the **Bad Debt** entry is the amount of money in accounts receivable that we believed to be uncollectible. Although we have a good system for reminders and late notices, we do have some customers who never pay for the literature they purchase. Even though we wrote off \$6,992, some of this eventually gets paid. When these payments are received in 1989, they are shown as miscellaneous income. Since the financial report period closed on December 31, 1988, approximately \$1,300 has been received on these **Bad Debts**. The \$6,992 written off represents only .0021 percent of the total revenue figure of \$3,376,905.

Because of the removal of the Xerox agreement cost from **Contract Labor and Consulting** category this entry is now a more accurate representation of **Contract Labor and Consulting** expense.

For the items **Depreciation** through **Miscellaneous**, there was moderate growth in each category and no additional notation seems warranted. The only exception might be the **Insurance** expense. This expenditure includes all of our insurance: property, liability and health costs. There was a moderate increase in general insurance costs, but with the increase in the number of employees, our health insurance costs increased considerably over the previous year.

At first appearance there was a decrease in the outlay for **Office Expense**. However, the figure is a little misleading in that some of the expenses that would have been covered under the **Office Expense** are now shown in the category of **Supplies**. So rather than thinking there was a decrease, there was probably a leveling off of general Office Expense.

The 1988 **Postage and Shipping** entry implies a decrease in expenditure of \$24,706. That is not true. What occurred is in the refinement of accounting for **Cost of Merchandise**, the postage and shipping expense that was really part of the expense of shipping the inventory was transferred to the **Cost of Merchandise** entry. Included within the \$88,000 are expenditures made for the World Service Conference that were not billed to the Conference. Several years ago by agreement between the WSO and the Conference Chairperson, the WSO agreed to absorb the expense for some postage, phone and duplication expenses that would not be reimbursed from WSC funds. In 1988 that amounted to



almost \$28,000. There are other postage and duplicating expenses that were reimbursed and those are not shown as expenses in this report.

The **Rent** expense increase of approximately \$40,000 comes primarily from the general increase of the expense of all of our facilities and a full year of expense for the New Jersey branch office. Also, near the end of the year we did make a deposit for the new building at 16135 Wyandotte Street.

The increase in **Salary Expense** from \$776,836 to \$906,112 seems large at first, but is much smaller than it should have been. The 1987 expense for salaries amounted to .3074% of all expenses. The 1988 percentage of expenditure for salaries decreased to .2819% of overall expenditures. The decrease of approximately 2% between the two years is because of the vacancies and transition of employees during the year. There should have been an increase in overall percentage. The net increase in salary costs reflects two factors; increased number of employees and annual salary increases for employees (and a few promotions resulting in increased salary levels).

There was an important restraining factor on salaries in place in 1988. A new policy implemented at the beginning of the year restricted annual salary adjustments to the cost of living, plus a maximum of 3 1/2 percent merit increase, if warranted on an individual basis. The inflation factor added approximately \$58,000 above the salary level in 1987. After subtracting that from the 1988 net increase (\$129,000), it leaves \$76,000 in expenditures for new salaries or promotions. Overall, we increased our staff level by six employees during 1988. However, the full yearly salary expense for all of these positions is not reflected because they were not all filled for the entire year. It is anticipated that the expenditure for salaries for 1989 will be considerably higher than in 1988.

Because of the continuing increase in expenditure for translation work, we added a category for this in 1988. As we have committed to use funds from the commemorative edition sale for translations, this will be an excellent way to report that to the fellowship in 1989.

The Board expressed surprise during a recent meeting at the seemingly high level of expenditure for travel. After examination, the figure does not seem so questionable. Included in this entry is: travel for Board meetings, travel for staff to workshops and other events or meetings. Also included are expenditures for relocation of employees. Six employees were moved more than four hundred miles when they came to work for WSO. And one employee was moved to England. In 1987 only one employee was moved. Also there was considerably more long distance travel in 1988 than in 1987. There were two trips from the U.S. related to the 1988 European Service Conference by staff. Two people were sent to Brazil just prior to the 1988 WSC, and one person was sent to New Zealand and Australia. So the increased expenditure of approximately \$30,000 does not seem unreasonable.

As explained in other sections, there was an increased investment in **Cost of Merchandise** during 1988.

On page 8 in the **Current Asset** section, the most striking item is the difference in **Cash in Savings** between 1987 and 1988. We were indeed fortunate to add significantly to our prudent reserve. The new savings, when the interest earned was added, amounted to \$160,912. It is a rather considerable achievement that WSO is hopeful to duplicate in 1989. It might be important to

point out that the 1987 year end **Cash in Savings** amount was considerably lower than it had been just prior to the close of 1987. Just prior to the 1987 year end, WSO made a large payment for the production of the Fourth Edition. This was shown in last year's report as a pre-payment (\$68,000). The large payments necessary for the production of the Text are a major factor in maintaining or measuring the prudent reserve. We have from time to time used large portions of the prudent reserve for payments on Text production. Most of these are returned as soon as possible. However, if the payment happened at the end of a year, as it did in 1987, the report shows a low **Cash in Savings** amount.

Several years ago, WSO informed the fellowship in this annual report that it was reaching the conclusion that attempting to achieve a prudent reserve sufficient to permit operation from the reserve funds for 90 days was not practical. While this conclusion is not in the best interests of WSO or the fellowship as a whole, it is realistic. The WSO expenditure rate continues to grow at about the same rate as the increase in income.

The difference of **Inventory** value between 1987 and 1988 is primarily a reflection of three factors: improvement in accounting practices, publication of the Fifth Edition, and a general increase in inventory levels. Factor one: the WSO, despite having a chronological history of twelve years, is in reality only about six years old. And when things started over again in 1983 it was at a very basic level. Each year WSO has gone through constant internal re-evaluation and study to find and make improvements. The continued improvement of accounting practices made in 1988 helped us more accurately maintain inventory records and assessment of inventory value. Factor two: at the end of 1988 WSO had received the Fifth Edition and this greatly increased the inventory value. Although an identical set of circumstances was in existence at the end of 1987, the books were shown in the 1987 year end report as a **Prepaid Expenses** asset entry. This year, because of a combination of factors one and two, the Fifth Edition Books received in 1988 are reflected in increased inventory value. The third factor is that we planned for and had a general increase in the stock level of most items in the inventory.

In the **Fixed Assets** entries, the only item where comment seems necessary is **Office Equipment**. The WSO purchased in late 1988 a replacement typesetting system. The original system purchased in 1985 had major problems from the very beginning. It was an inferior system and continued to break down. The system purchased in 1988 is among the most reliable and versatile. The initial cost was over \$50,000, even though a trade-in credit was given us for the outdated equipment. The remaining increase in equipment is related to updating and expanding our computer systems.

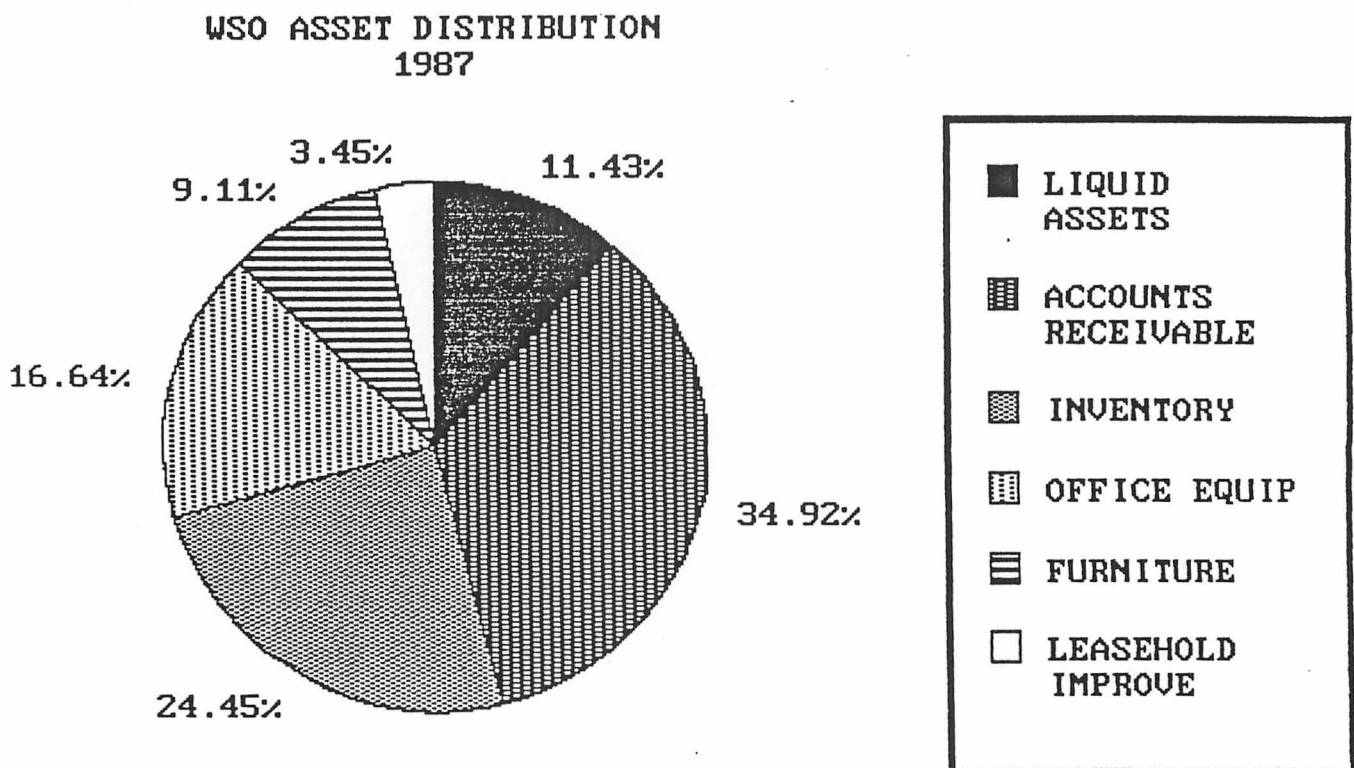
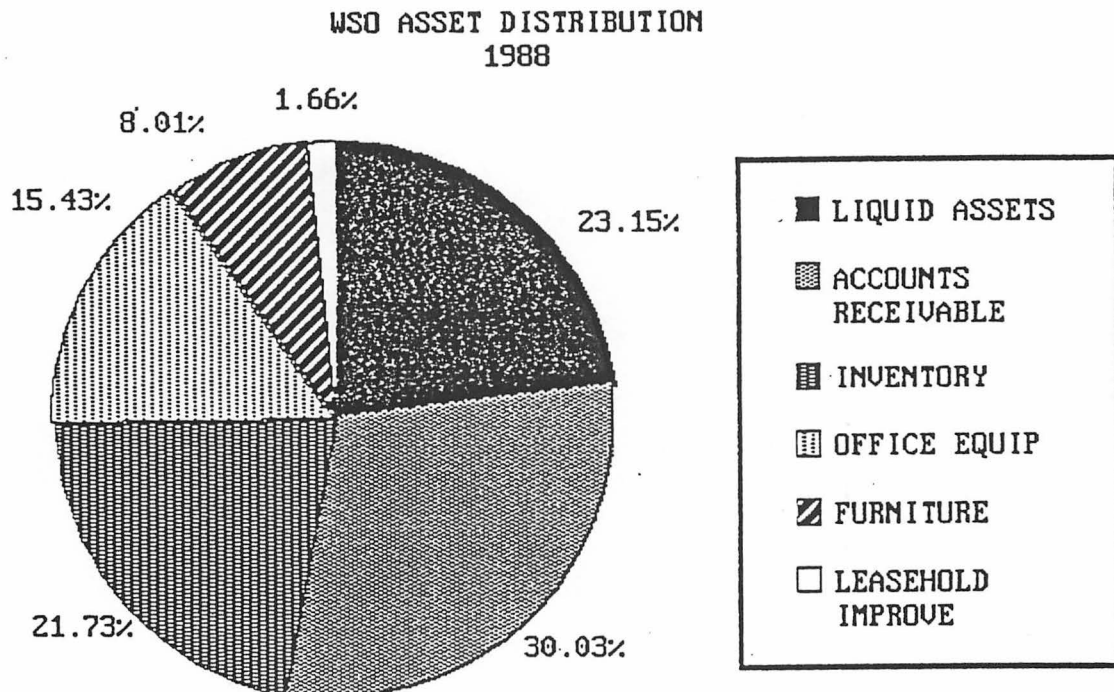
On page 10 are notes by the accountant that provide additional information on items in the audit report that could be misconstrued or comments that are standard accounting notations.

As mentioned earlier, the accountant was asked to provide additional written input on those areas that the audit revealed could be improved upon. He did provide the letter dated March 6, 1989 which is included as page 14. It covers four general suggestions. The WSO has made changes in our policies and procedures to accommodate his concerns.

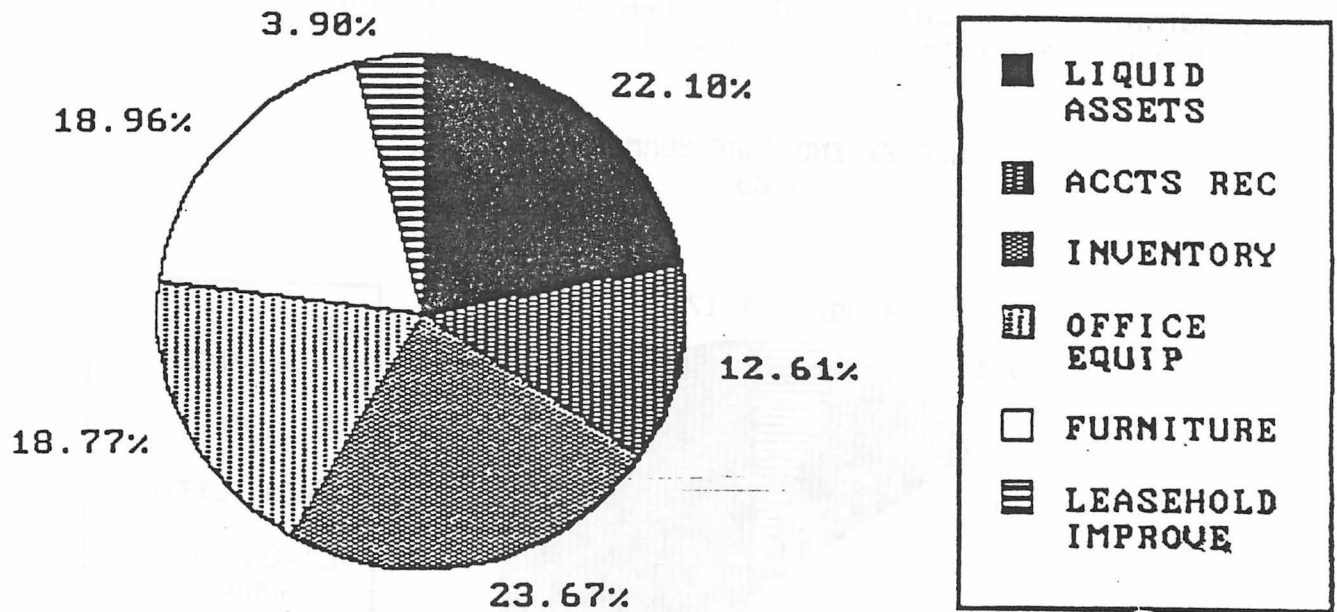
The WSO obtained a line of credit from the bank we use in order to supplement funds available to the office and to further WSO credit standing. The credit matter was directed towards the possibility of purchasing a building for permanent WSO use. The line of credit was not used in 1988, but since the beginning of 1989 has been used several times to supplement WSO funds.

### CHART ONE - WSO ASSET DISTRIBUTION

This chart shows that the percentage of assets associated with Office Equipment, Lease Improvements and Furniture remained relatively stable when compared to the previous year. This indicates there was no substantial increase in the percentage of funds allocated to these categories during 1988. The changes in Liquid Assets, Accounts Receivable and Inventory show moderate variation. This is discussed in an earlier section and is to be expected.



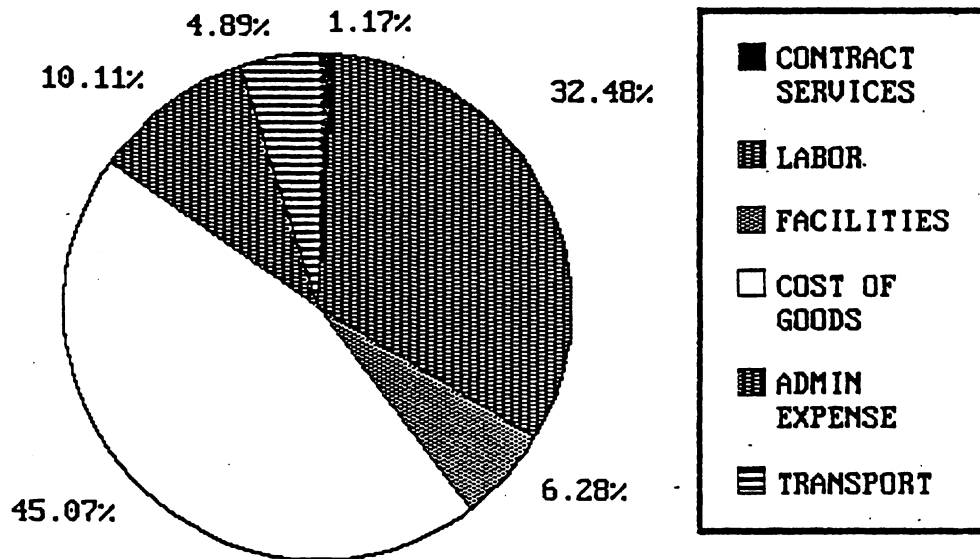
**WSO ASSET DISTRIBUTION  
1986**



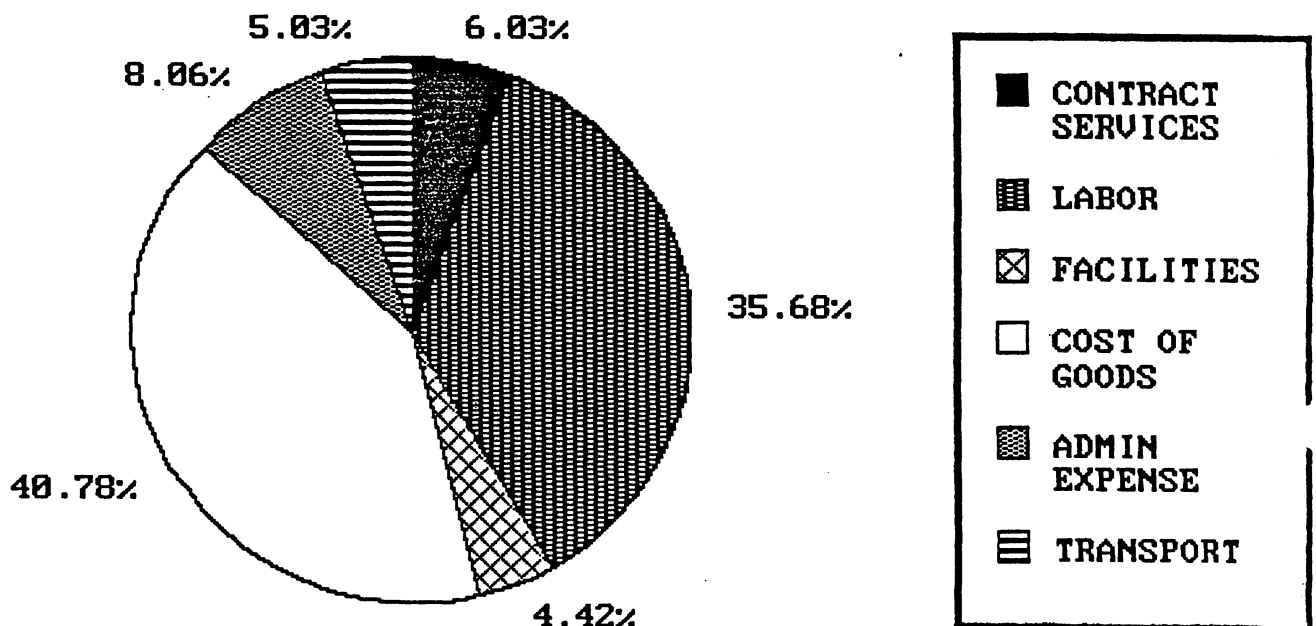
## CHART TWO - WSO EXPENDITURE SUMMARY ,

A comparison shows there was a change in the percentage of funds expended for Contract Services because of the shift of some expenditures to Cost of Merchandise, but that the Administrative Expense and Transportation expenditures were relatively stable. There was a considerable increase in the percentage of expenditure for Cost of Goods.

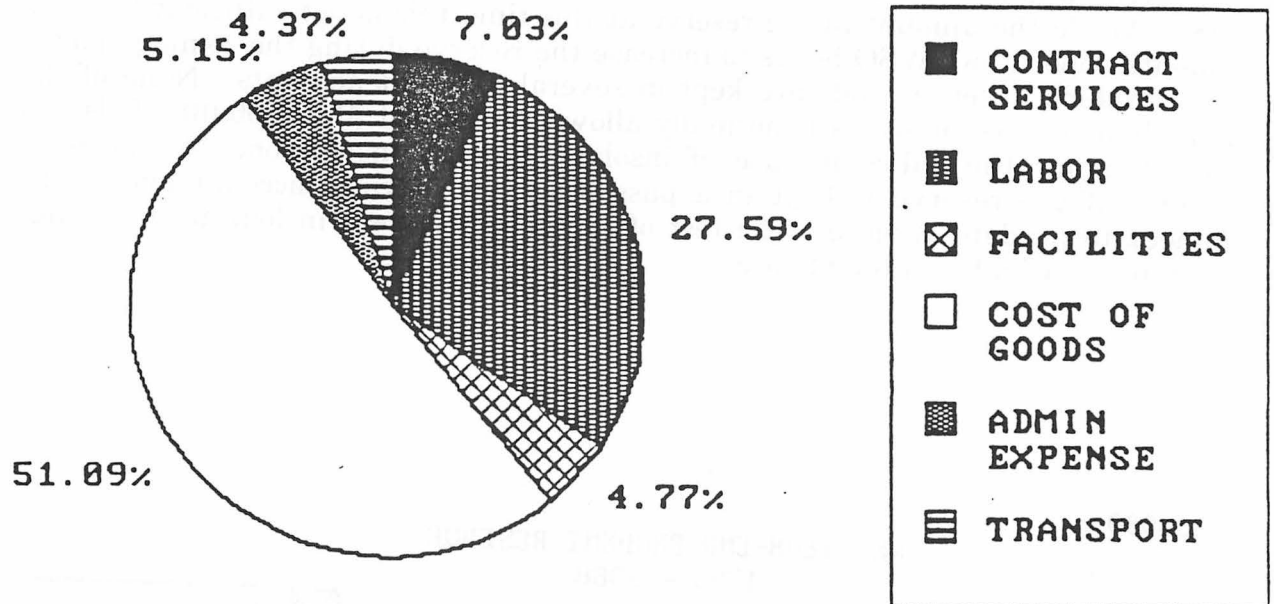
WSO EXPENDITURE SUMMARY  
1988



WSO EXPENDITURE SUMMARY  
1987



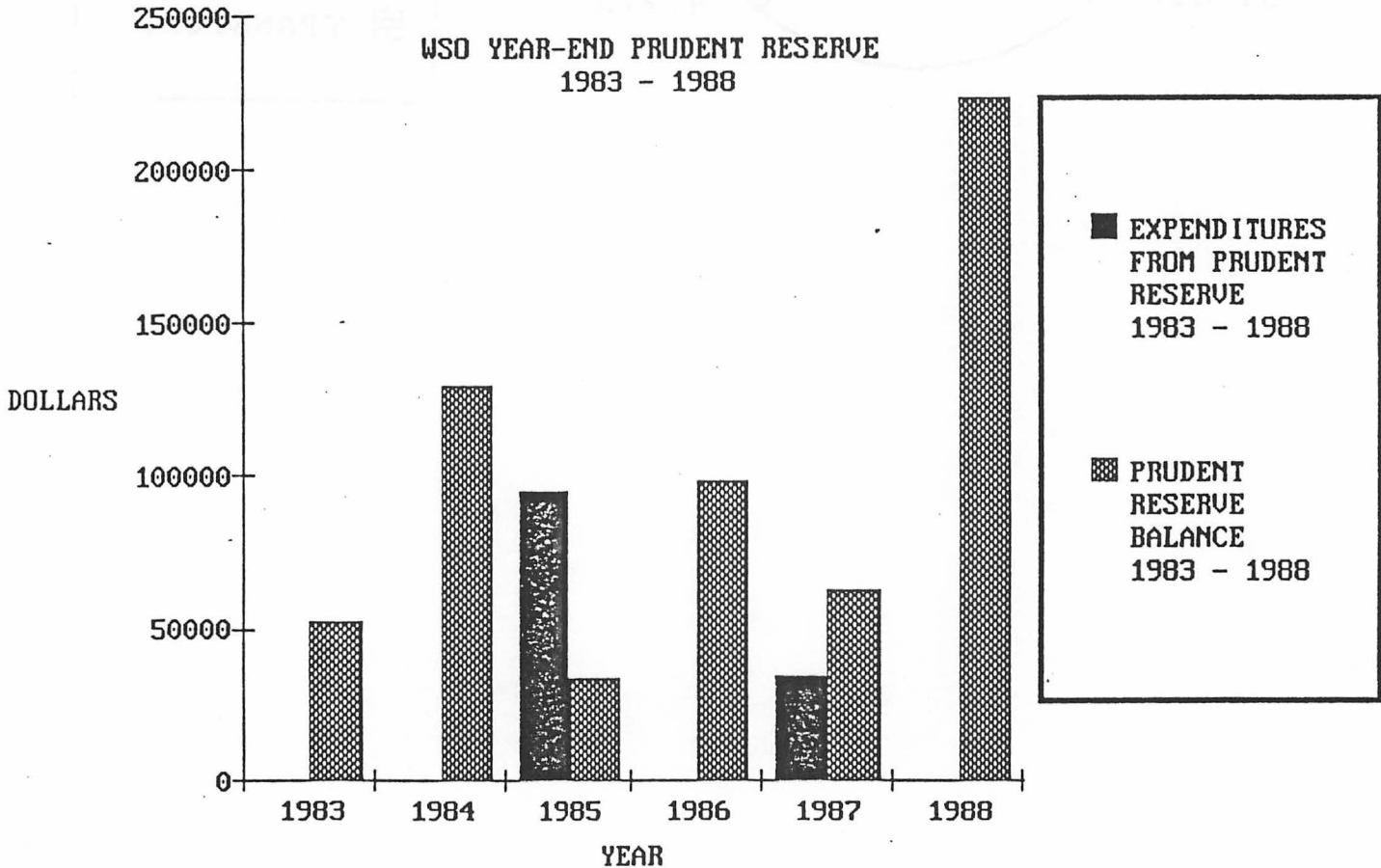
**WSO EXPENDITURE SUMMARY  
1986**



### CHART THREE - PRUDENT RESERVE

WSO was able to increase the Prudent Reserve by a considerable amount in 1988. While the amount in the reserve at this time this is not sufficient for even a months operation, WSO hopes to increase the reserve during the coming year.

Prudent Reserve funds are kept in several different accounts. None of the individual reserve accounts is normally allowed to exceed \$100,000.00. This is a protection for the Office in case of insolvency of an institution. A moderate amount of the reserve is kept in a pass book type savings account and is the immediate prudent reserve. The rest of the money is kept in long term savings accounts at a higher interest rate.

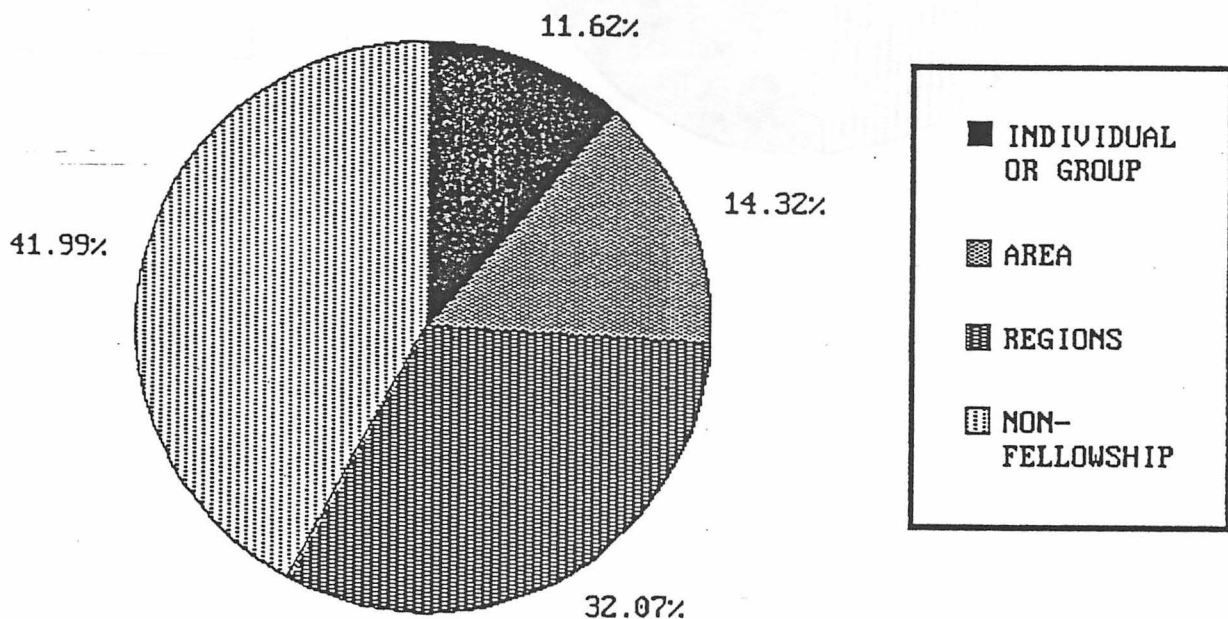




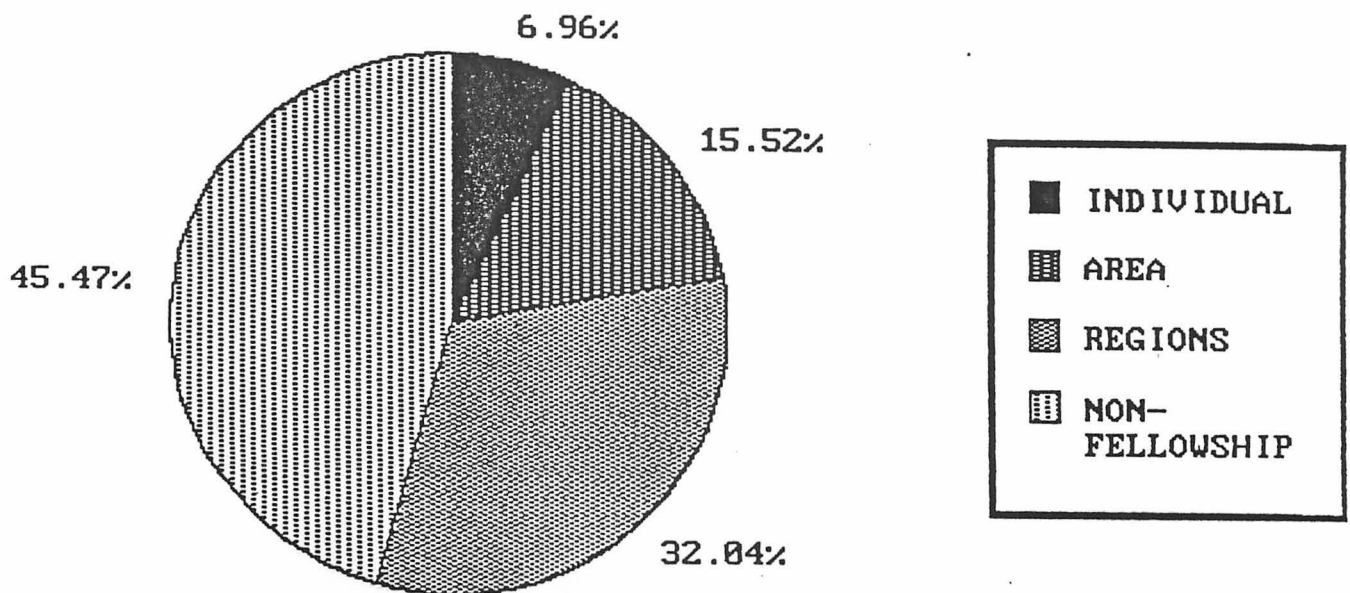
### CHART FOUR - LITERATURE SALES

This chart was gathered from figures reflected in the order entry log. These figures are not the same ones used in the accounting function and are not precise. They are a general representation of literature sales from among all customers. The figures from which this Chart is derived are the totals shown in Table Two, page fourteen. The percentage purchased by individuals and groups increased almost five percent while the percentage purchased by non-Fellowship buyers decreased almost the same amount.

WSO LITERATURE SALES CHART  
1988



WSO LITERATURE SALES CHART  
1987



WSO LITERATURE SALES CHART  
1986

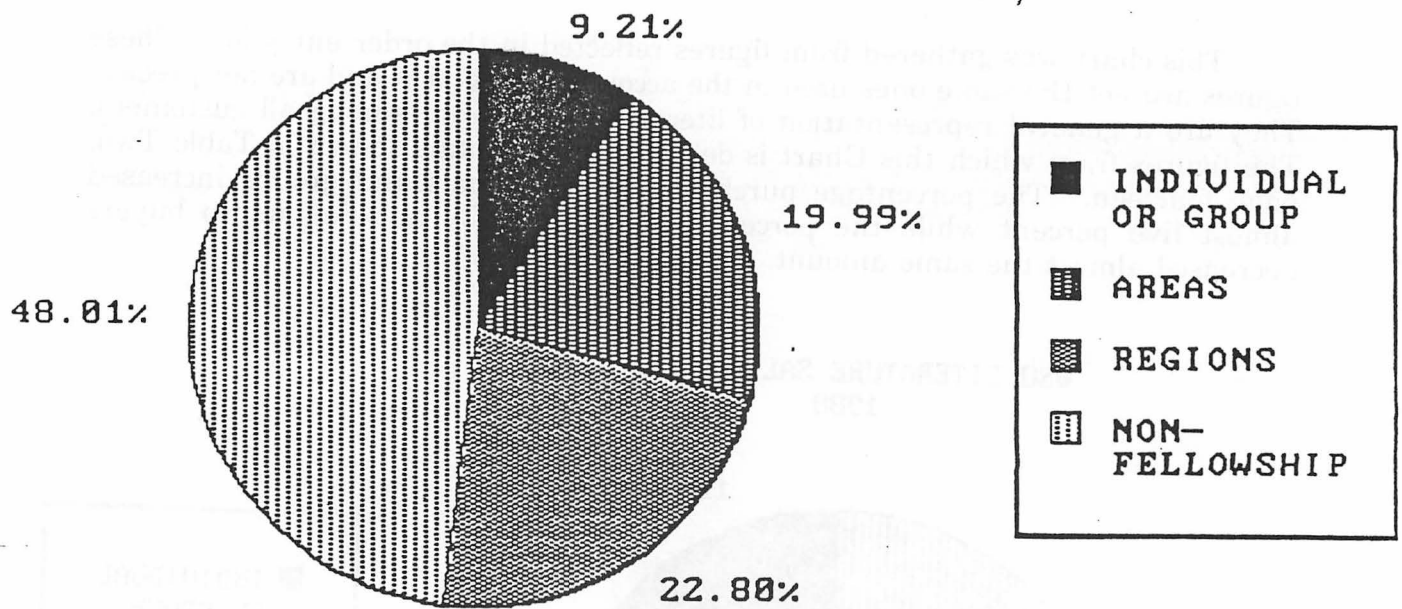


TABLE ONE

There were changes in the percentages of sales to different classifications of purchasers between 1987 and 1988. The change demonstrates a continuing increase in the percentage of sales within the fellowship.

LITERATURE SALES BY CATEGORY OF BUYER 1988

STATE	1987 TOTALS*	INDIVIDUAL OR GROUP	AREA	REGION	NON- FELLOWSHIP	1988 TOTALS**
ALABAMA	18,956	6,706	3,563	10,400	5,825	26,494
ALASKA	6,400	3,857	1,506	0	980	6,342
ARIZONA	22,456	6,409	15,399	0	4,207	26,015
ARKANSAS	4,773	5,214	1,478	0	308	7,000
CALIFORNIA	299,808	54,554	11,895	222,754	74,228	360,431
COLORADO	16,531	3,588	1,433	24,100	10,969	40,090
CONNECTICUT	37,789	13,019	29,185	171	3,661	46,036
DELAWARE	15,322	0	0	0	0	0
D.C.	11,088	449	2,054	0	866	3,369
FLORIDA	167,556	5,244	384	111,815	10,292	127,734
GEORGIA	44,424	9,172	7,714	18,677	16,697	52,621
HAWAII	7,311	850	1,525	7,876	546	10,797
IDAHO	4,300	5,420	2,580	0	344	8,344
ILLINOIS	173,152	4,844	750	82,893	78,041	166,528
INDIANA	24,155	2,959	13,786	471	6,357	23,563
IOWA	11,826	7,001	6,225	0	2,402	15,628
KANSAS	14,704	11,919	4,612	0	4,537	21,068
KENTUCKY	9,800	7,989	499	3,020	1,598	13,106
LOUISIANA	16,751	7,263	8,506	238	1,400	17,407
MAINE	5,940	2,393	129	0	3,510	6,031
MARYLAND	72,393	8,787	71,122	10,086	18,687	108,682
MASSACHUSETTS	56,204	4,275	123	62,925	19,151	86,474
MICHIGAN	115,245	1,686	125	80,466	6,021	88,298
MINNESOTA	134,133	12,156	10,754	0	943,332	966,242
HAZELDEN	987,660					

\*Before Discount

\*\*After Discount and Shipping

WSO Report 1989 -- Page 24

STATE	1987 TOTALS*	INDIVIDUAL OR GROUP	AREA	REGION	Non- FELLOWSHIP	1988 TOTALS**
MISSISSIPPI	7,620	4,963	1,131	0	1,443	7,537
MISSOURI	30,074	11,146	12,927	116	3,829	28,019
MONTANA	819	2,185	82	35	147	2,449
NEBRASKA	5,098	3,015	3,149	4,746	998	11,907
NEVADA	20,509	728	5,735	9,611	4,032	20,107
NEW HAMPSHIRE	8,292	2,342	0	0	3,518	5,860
NEW JERSEY	84,229	19,527	107,850	1,208	8,992	137,577
NEW MEXICO	9,611	7,922	398	79	3,719	12,119
NEW YORK	169,620	15,208	6,966	130,916	6,677	159,767
N. CAROLINA	29,392	6,533	660	31,044	6,095	44,331
N. DAKOTA	2,756	828	1,481	800	0	3,109
OHIO	66,342	8,917	13,808	25,432	6,594	54,751
OKLAHOMA	21,853	5,892	334	20,846	4,584	31,657
OREGON	47,636	5,964	16,176	21,023	6,190	49,352
PENNSYLVANIA	100,605	13,442	30,448	74,269	16,266	115,268
RHODE ISLAND	2,846	1,336	5,129	0	4,200	10,665
S. CAROLINA	4,194	1,983	29	0	269	2,281
S. DAKOTA	1,093	1,642	843	0	286	2,771
TENNESSEE	24,265	16,269	13,632	3,068	38,498	71,467
TEXAS	81,735	9,146	4,247	72,300	10,055	95,748
UTAH	4,583	2,989	332	2,873	2,586	8,780
VERMONT	1,994	1,959	26	0	559	2,544
VIRGINIA	32,725	16,470	18,632	107	11,107	46,315
WASHINGTON	44,572	23,965	24,186	147	8,851	57,150
W. VIRGINIA	6,960	4,435	574	6	886	5,901
WISCONSIN	29,237	1,072	110	25,244	1,017	27,443
WYOMING	719	1,214	212	0	53	1,479
TOTAL U.S.	3,119,056	376,836	464,445	1,040,605	1,362,409	3,244,294

\*Before Discount

\*\*After Discount and Shipping

TABLE TWO

In previous years, the total sales outside of the U.S. was not included in this report. Beginning with this table, sales outside the U.S. will be reported each year. There are license agreements with the fellowships in four countries (discussed in other sections) and these agreements impact the price they pay for each inventory item. The sales shown below reflect the adjusted price.

WSO INTERNATIONAL LITERATURE SALES 1988  
(U.S. DOLLARS)

STATE	INDIVIDUAL OR GROUP	AREA	REGION	NON- FELLOWSHIP	1988 TOTALS
AFRICA	0	0	0	241	241
AUSTRALIA	0	220	5,505	0	5,725
BAHAMAS	21	0	0	0	21
BRAZIL	378	0	0	0	378
CANADA	10,481	5,595	63,597	10,491	90,164
CHINA	9	0	0	0	9
DENMARK	36	0	0	0	36
ENGLAND	0	0	5,943	0	5,943
FRANCE	100	302	0	0	402
GERMANY	161	0	437	0	598
GUAM	41	0	0	0	41
INDIA	60	0	0	0	60
IRELAND	145	0	330	0	475
ISRAEL	206	0	0	0	206
ITALY	84	0	0	0	84
JAMAICA	315	0	0	213	528
JAPAN	201	0	0	865	1,066
KOREA	43	0	0	0	43
MEXICO	40	0	0	0	40
NETHERLANDS	21	0	0	0	21

WSO Report 1989 -- Page 26

NEW ZEALAND	36	0	0	0	36
NORWAY	25	0	0	0	25
PORTUGAL	141	0	0	0	141
PUERTO RICO	91	0	0	0	91
SWEDEN	185	261	0	0	446
TAIWAN	61	0	0	0	61
VIRGIN ISLANDS	514	0	0	0	514
TOTAL INT'L	13,396	6,379	75,811	11,810	107,396

**TABLE THREE**  
**MEDALLION SALES**

The number of medallions shown below represents an interesting way to keep track of the growth in the fellowship during the last few years. As a growing number of individuals reach another year anniversary, their continuing membership is reflected in medallion sales of a higher year. The increase in higher year sales probably reflects a growing acceptance among older members of using these medallions as a commemorative of their recovery.

	Sold in 1985	Sold in 1986	Sold in 1987	Sold in 1988
1 year	3,310	16,929	23,045	30,302
2 year	2,220	7,730	12,605	17,392
3 year	2,300	4,436	7,725	10,277
4 year	1,520	2,832	4,574	6,708
5 year	1,201	2,159	3,482	4,925
6 year	1,380	896	1,829	2,703
7 year	293	763	1,248	1,851
8 year	243	513	792	1,474
9 year	162	592	750	1,130
10 year	187	572	687	994
11 year	59	137	295	503
12 year	49	112	247	480
13 year	35	75	218	305
14 year	35	62	192	258
15 year	36	62	189	226
16 year	2	31	83	120
17 year	2	27	58	121
18 year	3	28	58	111
19 year	2	18	54	101
20 year	2	29	53	86
21 year				18
22 year				20
23 year				17
24 year				18
25 year				16
26 year				10
27 year				5
28 year				6
29 year				4
30 year				5
31 year				3
32 year				6
33 year				4
34 year				4
35 year				7
Total Sold				80,210

**TABLE FOUR**  
**KEYTAGS AND CHIPS**

As reported last year, the Office has been investigating the possibility of changing the keytag from a "hot stamp gold leaf" to a different process material. Investigation of this continued, however, we have been unable to reach agreement with manufacturers concerning a replacement item.

It may be interesting to note that among medallions, keytags and chips commemorating one year of recovery there were a total of 119,063 items sold. Although most committees keep some extra one year commemorative items on hand all the time, it seems realistic to suppose that most were in fact given away. If an arbitrary figure is used as the number of actual birthdays, 85 percent might be a good figure, although other figures may be just as accurate. This would mean that 101,203 members were celebrating their first year during 1988.

Informal reports from around the fellowship indicates the number of people in most areas that have one year represents about ten percent of the members. However, for the sake of prudence, let's use nine percent. This may mean that there are as many as 910,830 members in N.A. However, an average between this figure and the number of White Booklets sold might be more accurate.

Keytags:	Sold in 1985	Sold in 1986	Sold in 1987	Sold in 1988
Welcome	112,600	182,500	296,624	450,125
30 day	70,850	113,500	166,207	230,249
60 day	38,500	78,000	119,295	165,081
90 day	51,350	89,500	103,247	137,830
6 months	30,600	51,500	77,364	101,152
9 months	26,850	41,500	68,023	82,676
1 year	<u>21,350</u>	<u>34,000</u>	<u>50,551</u>	<u>71,998</u>
Total	352,100	590,500	881,311	1,239,111

Chips:	Sold in 1985	Sold in 1986	Sold in 1987	Sold in 1988
Welcome	8,400	65,064	133,339	168,914
30 day	5,600	31,874	63,715	81,751
60 day	4,446	23,668	45,704	45,265
90 day	4,100	22,894	40,213	42,573
6 months	2,462	16,590	27,776	27,470
9 months	3,304	15,204	24,335	21,964
1 year	<u>2,263</u>	<u>12,847</u>	<u>17,075</u>	<u>16,763</u>
Total	30,575	188,141	352,157	404,700



## TABLE FIVE

### INFORMATION PAMPHLETS

Since sometime in 1986, I.P.'s have been produced according to the license agreements with the WSO. Literature is produced in Germany, United Kingdom, Ireland and Australia. Some N.A. material was also produced in Brazil in an altered format. Information on quantities produced or sold is not available.

In addition to the number of Starter Kits (I.P. #18) sold, a large number were sent as part of the Group Services responsibilities. That is reported in another section. The total figure of all I.P.'s is fairly precise, and interesting to contemplate. The (\*) indicates approval form copies sold during the year.

### PAMPHLET SALES

		Sold in 1985	Sold in 1986	Sold in 1987	Sold in 1988
I.P. #1	Who, What, How & Why	179,080	324,410	320,044	359,590
I.P. #2	The Group	127,950	216,440	190,650	231,037
I.P. #5	Another Look		231,000	198,411	228,440
I.P. #6	Relapse & Recovery	168,900	255,250	324,376	354,045
I.P. #7	Am I an Addict?	179,200	299,680	376,278	449,765
I.P. #8	Just for Today	112,900	255,595	292,227	344,211
I.P. #9	Living the Program	139,350	131,100	229,539	267,118
I.P. #11	Sponsorship	132,850	200,674	336,537	363,048
I.P. #12	Triangle of Self-Obsession	136,350	205,100	232,787	272,023
I.P. #13	Youth & Recovery	152,050	160,853	227,471	258,973
I.P. #14	One Addict's Experience	105,850	187,605	199,999	232,323
I.P. #16	For the Newcomer	<u>173,900</u>	251,310	384,472	421,313
I.P. #18	Starter Kit		6,375	4,411	5,971
I.P. #19	Self Acceptance		165,005	276,692	304,838
I.P. #20	H&I and the N.A. Member		141,630	154,854	165,706
I.P. #21	The Loner		6,600*	68,457	176,410
I.P. #22	Welcome to N.A.		<u>10,730*</u>	<u>104,191</u>	<u>344,002</u>
I.P. #23	Staying Clean Outside				<u>120,754</u>
I.P. #24	Whats The Basket				<u>99,267</u>
	Total	1,608,380	3,049,357	3,921,396	4,778,813

13 n 14,000

The items in this list are not approved literature, but their sales figures may shed some light on the level of member interest in them as projects.

Guide to Service	617
It Works Part I	294
It Works Part II	283
Those In Treatment	1,166
Times of Illness	1,292

**TABLE SIX**  
**WHITE BOOK SALES**

The numbers shown below do not include the quantity produced and sold by license agreement outside of the U.S.

	Sold in 1984	Sold in 1985	Sold in 1986	Sold in 1987	Sold in 1988
English	177,000	309,750	447,610	492,228	543,321
Spanish				17,830	11,285
French					6,148
Total	177,000	309,750	447,610	510,058	560,754

**TABLE SEVEN**  
**BASIC TEXT SALES BY YEAR**

Sales of the Basic Text were initiated on April 27, 1983. Since this is a convenient date to maintain the records by (it usually falls during or near the Conference), the Office continues to count the sales of the Basic Text on this anniversary date. The figures below include figures for the paper back edition since it was first available in 1987/88.

	<u>Soft Cover</u>	<u>Hard Cover</u>	<u>Total</u>
Copies sold from Apr. 27, 83 to Apr. 26, 84 =		36,741	36,741
Copies sold from Apr. 27, 84 to Apr. 26, 85 =		85,644	85,644
" From Apr. 27, 1985 to Apr. 26, 1986 =		133,526	133,526
" From Apr. 27, 1986 to Apr. 26, 1987 =		215,352	215,352
" From Apr. 27, 1987 to Apr. 24, 1988 =	4,731	268,922	273,659
" From Apr. 27, 88 to Apr. 21, 1989 =	12,579	383,496	396,075
Copies sold to date .....			1,140,627

BASIC TEXT SALES BY MONTH

	Sold in 1984	Sold in 1985	Sold in 1986	Sold in 1987	Sold in 1988
April	359	568	3,320	2,770	22,596
May	4,500	10,677	17,342	25,585	20,946
June	4,862	6,196	19,397	12,794	33,181
July	5,022	13,937	24,820	6,714	23,235
August	6,950	7,120	7,346	14,475	26,486
September	3,835	10,798	31,738	22,447	35,170
October	6,837	13,908	19,367	20,938	23,857
November	5,612	8,345	8,096	30,152	8,744
December	6,023	12,472	10,983	37,171	27,607
January	10,048	8,768	26,746	26,866	56,005
February	6,842	12,560	6,786	21,305	50,921
March	14,222	18,786	14,751	40,672	37,175
April	11,002	8,680	24,112	11,770	30,152
	-----	-----	-----	-----	-----
TOTAL	85,664	133,526	215,352	273,659	396,075

\*The April figure is lower than it should be because we are currently out of books. Because of this situation, several orders have not been processed.

A growing number of requests have been received to include figures for service materials sold. We will begin to report that information each year:

	Sold in 1987	Sold in 1988
H&I Guidelines	3,513	2,751
Guide to PI	2,235	2,273
Handbook for N.A. Newsletters	539	460
Revised Lit Committee Handbook	1,093	1,081
Guide to Phoneline Service	2,181	1,960
Convention Guidelines	1,246	1,088
Temporary Working Guide	5,170	5,747
Treasurers Handbook	1,592	1,739
Group Treasurers Workbook		575

There are a number of other items that could be included in this report about changes in sales each year. However, these include the primary inventory items.

## TABLE EIGHT

### WORLDWIDE N.A. MEETINGS

During recent years, the Office has reported extensively on the difficulties associated with recording individual meetings and publishing a World Directory of Meetings. Last year the Office published a directory for the North American Continent telephone helplines.

For the International fellowship a telephone directory is not practical. Also, since the number of meetings is still small enough, they can be published in a single directory. Accordingly, the Office will be publishing an International Directory of Meetings.

To give another example of the difficulty that keeping track of individual meetings represents, included is the Table published each year that shows the number of meetings. The data easily shows the conflict.

The first column includes the number of meetings WSO had in the records at the beginning of 1987 and reported to the Conference in this report last year. The second column indicates the number of regular meetings reported, (if they were reported) by the regions in that state. The third column reports the number of H&I meetings if they were shown.

The fourth column reports the number of meetings added to WSO records in the last twelve months from new group registrations and group re-registrations. This figure does not include H&I meetings. The last column shows the number of meetings in RSR reports for this year, not including H&I meetings. Keep in mind that some states have more than one region and some regions have meetings in more than one state, consequently the figures don't add up.

Because there is no requirement for RSR's to include a meeting count in their reports to the Conference, most reports do not include such numbers. In this Table, N/A means not available or not reported. The symbols \*\* indicates an acknowledgment that this state is part of a region that may have reported their number of meetings in another state.

Regional Meeting Count as reported by

RSR's in their 3-1-89 Report to the Fellowship

The figures in italics are the figures from the 1988 report and are shown so as to provide a comparison to the previous year. Of the fifty-eight (*fifty-seven*) RSC's in March of 1989, forty-seven (*forty-one*) of the regions submitted reports to the March 1989 Fellowship Report. Of the forty-seven (*forty-one*) regions submitting reports,

thirty-three (*thirty-two*) of the reports conveyed how many meetings and areas were active within their region at that time. The breakdown and totals of those thirty-three (*thirty-two*) regions are as follows:

	1989 Meetings/Areas	1988 Meetings/Areas
Alabama/NW Florida Region .....	175.....8.....	No Report
Alaska Region .....	No Report .....	No Report
Alask Region .....	82.....4.....	74.....5
Arizona Region.....	--.....--.....	No Report
Australasian Region .....	207*.....--.....	No Report
Best Little Region .....	50.....7.....	No Report
British Columbia Region .....	100.....8.....	50.....--
Buckeye Region.....	--.....7.....	No Report
Central California Region .....	No Report	
Northern California Region.....	475.....16.....	538.....20
San Diego/Imperial Region.....	186.....6.....	150.....6
Southern California Region .....	438.....14.....	395.....14
Carolina Region.....	319.....15.....	No Report
Chesapeake/Potomac Region .....	569.....13.....	No Report
Chicagoland Region.....	265.....10.....	193.....9
Colorado Region .....	No Report .....	No Report
Connecticut Region .....	137.....7.....	107.....6
Florida Region.....	674.....20.....	765.....18
Georgia Region.....	--.....13.....	260.....11
(Federal Republic of) Germany Region.....	55.....3.....	No Report
Greater Illinois Region .....	--.....5.....	No Report
Hawaii Region.....	70.....--.....	62.....5
Indiana Region.....	171.....6.....	119.....4
Iowa Region .....	150.....11.....	150.....11
Ireland Region.....	--.....--.....	63.....4
Japan Region .....	No Report .....	No Report
Kentuckiana Region .....	90.....--.....	200.....5
London Region .....	191.....14.....	186.....--
Lone Star Region .....	592.....13.....	300.....10
Louisiana Purchase Region.....	162.....9.....	No Report
Michigan Region.....	400.....--.....	No Report
Mid-America Region.....	--.....--.....	No Report
Mid-Atlantic Region .....	180.....8.....	No Report
Mississippi Region .....	--.....5.....	No Report
Mountaineer Region .....	--.....--.....	50.....3
Nebraska Region .....	No Report .....	No Report
Southern Nevada Region.....	--.....--.....	52.....--
New England Region.....	460.....13.....	400.....12
New Jersey Region.....	370.....13.....	305.....11
New Mexico .....	No Report .....	No Report

Greater New York Region.....	735.....	11.....	524.....	9
Northern New York Region.....	--.....	--.....	80.....	--
New Zealand** .....	70.....	--		
Ohio Region.....	No Report .....		125.....	9
Oklahoma Region.....	No Report .....		No Report	
Ontario Region.....	125.....	8.....	No Report	
Oregon/Southern Idaho Region.....	--.....	--.....	No Report	
Greater Philadelphia Region .....	No Report .....		148.....	5
Quebec Region.....	143.....	9.....	111.....	7
Region of the Virginia's.....	No Report .....		125.....	10
Show-Me Region .....	233.....	11.....	No Report	
Sierra Sage Region.....	62.....	4.....	55.....	4
Tri-State Region.....	157.....	10.....	135.....	10
Upper Midwest Region.....	--.....	--.....	170.....	10
Upper Rocky Mountain Region .....	--.....	--.....	No Report	
Utah Region.....	--.....	--.....	48.....	5
Volunteer Region .....	--.....	--.....	140.....	5
Washington/N. Idaho Region.....	334.....	16.....	272.....	15
Wisconsin Region .....	--.....	8.....	No Report	
TOTAL.....	8,427.....	325.....	6,352.....	243

Despite the difficulties we've stressed with the practical aspects of maintaining information about groups and their meetings we believe there is merit in trying on a limited basis to start over again. WSO will soon make a limited trial project to obtain and maintain group/meeting information. We intend to attempt this effort directly with the area committee officers and with officers of each group. We anticipate trying several different ways to communicate with the area and groups.

An additional reason for this project is to improve distribution of the *Newsline* throughout the Fellowship. Earlier this year a letter was sent to about one third of the *Newsline* addressees. We believed that a great number of our addresses were incorrect or were people who might not want to continue receiving the *Newsline*. We inquired of them whether or not they wanted to remain on the list. As a result of this effort, our mail list is now several thousand addresses shorter. The number of *Newslines* sent is not less than half of the estimated number of groups. We will keep the Fellowship informed about this and also report to you next year.

## ORGANIZATION AND MANPOWER

The most substantial reorganization within the Office took place during the past year. None of the Project Coordinators on duty at the World Service Conference last year are currently assigned to the same responsibilities. Three of the six Coordinator level staff members on the job at last year's Conference are no longer with WSO and two were assigned to non-coordinator duties. Only one remained a coordinator but he was reassigned to a different area of work. Four new Coordinators have been hired to replace those who left WSO or were reassigned. In addition to these changes, there was a significant organization of responsibilities within the staff. The key element was the selection of an Administrative Assistant to manage the primary support activities: Order Entry, Personnel, Accounting and Data Entry.

The changes were: Ginni Swanson left our staff at the time of the Conference last year. She had extensive experience in the Literature Committee and for her last year with us she handled the actual pre-printing production of our literature. Unfortunately we did not replace Ginni in these duties and they were handled by the Executive Director and his immediate staff.

Dannette Creel, who had been our first Project Coordinator, resigned in the fall after having served with WSO for four years. Willie Lubka, who had been an employee with the office for almost two and one half years and had been assigned to our New York Office, resigned recently when the Office in New Jersey was closed. He had served as the second Coordinator in Public Information since 1987.

Steve Sigman, who had served diligently as our Group Services Coordinator and Secretary to the Board of Trustees, was re-assigned as the P.I. Coordinator handling the responsibilities of the WSC P.I. Committee and all other general P.I. matters except non-N.A. events.

Cindy Saisselin, who had served during 1987-88 as a Project Coordinator with Public Information, was re-assigned to management responsibilities with the Executive Director in both staff supervision and secretarial services.

Anthony Edmondson, who had served for one and one-half years as the H&I Coordinator, was promoted to an Administrative position to handle WSO support services.

It was necessary to bring to the staff additional Project Coordinators to replace those lost and transferred. WSO successfully recruited Ann Rider from Phoenix, Arizona, to handle secretarial and administrative duties for the Administrative Assistant, George Hollahan and to work as the support for the Policy Committee, the Adhoc Committee on N.A. Service and the JAC.

Steve Lantos the RSR from Oakland, California, and a member of the Policy Committee and former member of the H&I Committee was recruited to take over the responsibilities in Hospitals and Institutions. Steve joined the staff in November.

Mary VanEvery a former RSR from Texas and member of several WSC Committees was recruited to serve as the Coordination with the Literature Committees. She joined us in December.

Vandy Andersen was recruited from Washington State, where she had served as Chairperson for the Region, to handle the responsibilities for our growing Group Services Department.

Hollie Arnold, former RSR from the Volunteer Region and resident of Nashville was recruited to assume duties with the Board of Trustees. She has also been assigned to supervise WSO participation in non-N.A. PI events and to coordinate international communications from the WSO.

Every time the office loses an employee and finds it necessary to replace them or transfers them from one area of responsibility to another, our working efficiency is diminished somewhat and the training time necessary to fully prepare replacement employees can be fairly extensive. As a result of the massive change occurring during the last twelve months, the office has not been able to function at its optimum level. However, in recent months as many of the employees have been on board long enough to become more familiar with their work and procedures our efficiency and productivity has increased significantly.

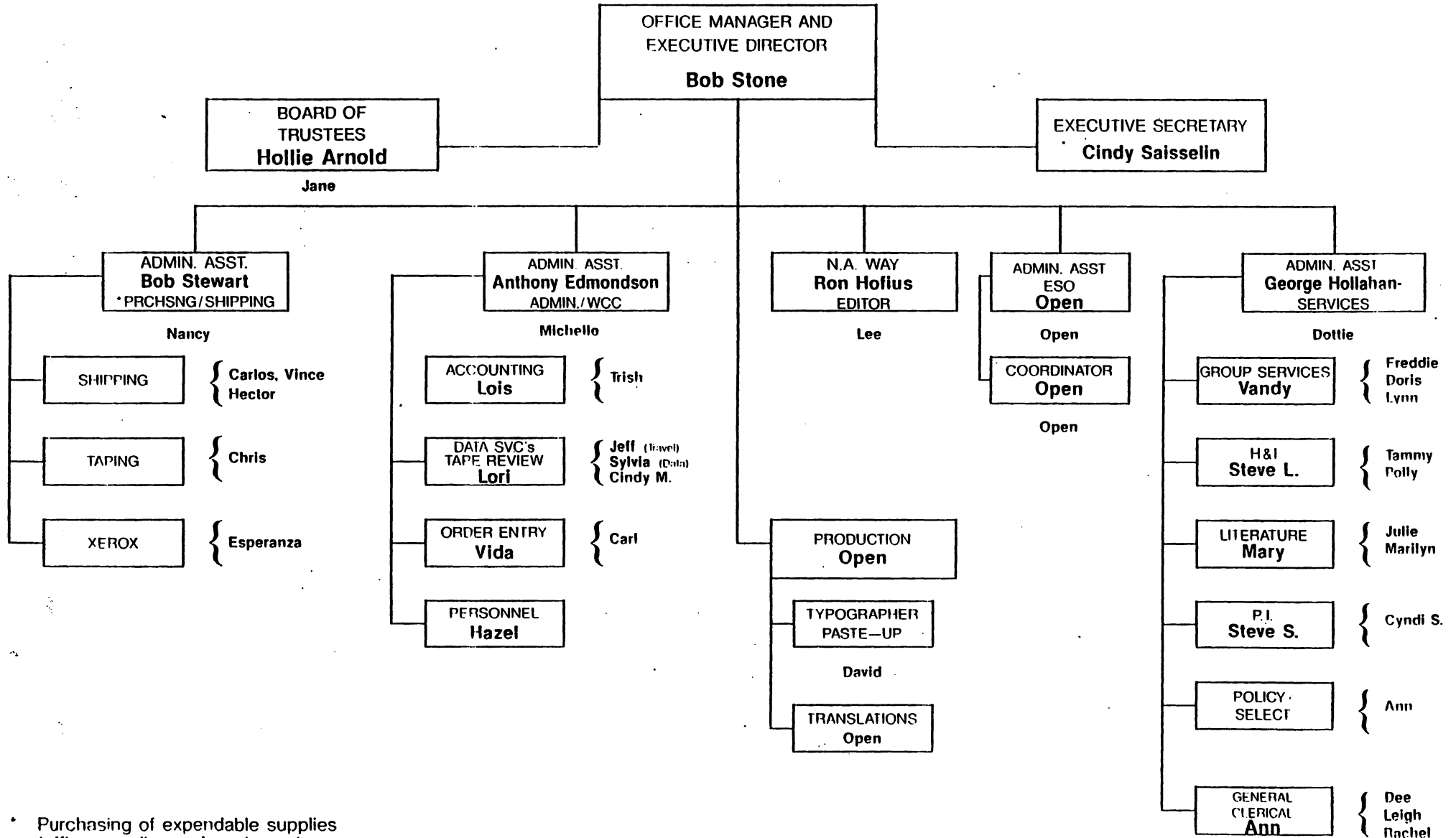
Reports were prepared and included in the *Newsline* and the *Fellowship Report* on some of the job openings and staff re-assignments. If the position to be filled was related to a Conference Committee (as most coordinator positions are), the vacancy was initially discussed with the Chairperson of the Committee. The Chairperson then usually discussed it with their committee or as many members as they routinely come into contact with. If suitable qualified candidates can be found from this, the primary resource, then the position is usually filled. If a suitable qualified candidate cannot be found through the efforts of the committee as a resource, the search is expanded. Notice may be given in the *Newsline* or *Fellowship Report* or candidates not affiliated with that committee activity might be found. If there is no WSC committee to use as a resource, notice is normally provided in the *Newsline* or *Fellowship Report*.

The organizational chart that follows this section conveniently shows the changes made. This was the most dramatic internal change since the turnover in office management in 1983. The size of the staff grew during the year from 35 full time and 7 part time employees to 41 full time employees. The organizational chart shows more positions than are currently filled, but some of them will be filled during the coming year. Current staff level however, remains at 41.

Several of the positions will be filled as soon as suitable candidates are found. They are: production services, the Administrative Assistant for the ESO and a clerical person in the ESO. This change-over in staff was disruptive to the routine functioning of the Office. We were unable to operate as quickly or as accurately as can be expected. We anticipate substantial improvement in the months ahead.

The Office discontinued the Facilities Management Contract with the Xerox Corporation. The contract was close to \$100,000 per year and we believed a savings could be made with a change in contractual relationship. We consented to a different type of lease, hired our own operator and expect to save about \$15,000 per year.





\* Purchasing of expendable supplies (office supplies and equipment).

\*\* Purchasing inventory materials.

## **SUPPORT SERVICES DEPARTMENT**

The most important internal changes this year were the creation of the Support Services Department, selection of the department administrator and the physical consolidation of appropriate staff members into a common work area.

Anthony Edmondson was selected to manage this department and has done an excellent job in getting it organized. The department consolidated into one team these activities: Personnel, Accounting, Order Entry (literature sales management) and Data Entry. These support services, along with the Shipping Department still under the management of Bob Stewart, provide the foundation upon which the success of the WSO rests.

## **SHIPPING DEPARTMENT**

The re-organization affected the Shipping Department by reducing its size and area of responsibility. This affords more direct attention to the actual assembly and shipment of orders. Other changes have been the reduced use of part time and temporary workers in shipping. This has improved the accuracy of the work and provided better supervision. The department now has seven employees, including Bob Stewart, department manager.

Several other decisions were made that affected this department. The *N.A. Way Magazine* had been mailed through the shipping department staff. In October a contract fulfillment service began handling this work. Subsequently it was decided to have the *Newsline*, another mass mailing project, handled through a fulfillment service. These changes ended the periodic disruption to primary shipping duties that occurred with each of their publication.

Inventory levels were adjusted this year to accommodate the continued increase in sales of all items. We continue to refine our inventory management system so as to reduce frequency of back-order problems and improve our accuracy in inventory record keeping.

Although these back order items were infrequent and short in duration, the most noticeable has been the Basic Text. We have discussed these difficulties in previous reports.

## **FELLOWSHIP SERVICES**

The following sections describe some of the significant aspects of work in which WSO is engaged. Not all activities are presented, and only a few relevant comments or projects are described. No effort is made to present a comprehensive description of the full range of work performed or provide precise detail.

The office provides administrative, clerical and logistical support to the Conference Administrative Committee, the standing and adhoc committees of the Conference, the Board of Trustees and its committees, and the Joint Administrative Committee. These services include routinely handling communications (phone calls and letters), taking and preparing minutes, writing

background material, reports or recommendations. Appropriate staff members attend these meetings to assist and participate as needed.

The staff makes all the physical arrangements for the meetings, including much of the transportation, room assignments, supplies, equipment and refreshments. Staff members usually bring the publications or material to be worked on or distributed. Between meetings minutes are drafted, sent for approval, duplicated, and distributed along with agenda material for subsequent meetings.

The WSO receives and deposits all funds contributed to the Conference, pays expenses of the Conference and Board of Trustees and then submits a request for reimbursement to the Conference Treasurer.

Staff members are in almost daily communication with the Chairpersons of the Conference, Trustees and other committee leadership. Problems that arise are discussed and information is passed to all interested or involved members. The office functions in this manner as the focal point for fellowship communications. Much of this work is assigned to staff members who work well with little supervision.

## **PUBLIC INFORMATION SUPPORT SERVICES**

The WSO staff provided Public Information support services at a very high level this past year. This was accomplished in spite of a dramatic change in staffing assignments. The staff continued to provide direct support to the Conference Committee and P.I. committees at the area and regional level. P.I. support included a wide range of items: non-N.A. events, learning days, individual media contact support, WSC P.I. Committee operation and assistance on development of WSC P.I. materials.

**Internal P.I.** P.I. subcommittees at the area and regional level have continued to expand and increase in number. Additionally, there is constant turn-over of members in these committees which means the work is never done and that much of the work is repetitive. Learning days and workshops related to some aspect of public information continue to provide opportunity to support this growth and expansion. The number of trusted servants registered with WSO for P.I. and Phonline committees (area, region, world service) has increased by approximately 125 over the last conference year, to the current list of over 670. Support services from WSO to these committees and trusted servants includes a variety of phone calls and correspondence, providing resource and experience about start-up and expanded services, maintaining contact information, and producing and distributing the *P.I. News*. Although the Office has continued to provide direct assistance to P.I. members and committee officers all the time, the growth of P.I. learning days has helped address the problem.

Each quarterly issue of the *P.I. News* is mailed to nearly 700 committees and trusted servants, including RSR's and alternates and all P.I. and phonline committee chairs and vice chairs. This learning tool continues to be a valued resource by members of the fellowship.

Although formal statistics are not compiled, some representative figures for the month of March, 1989 help indicate how the P.I. department at WSO functions. The office provided over 6250 copies to trusted servants and members of P.I. subcommittees and sent 40 information letters with I.P.'s in response to

individual non-member inquiries. Our P.I. staff answered an average of eighteen phone calls per day. Of these phone calls, approximately half of them concerned P.I. work by N.A. members and committees, and the other half were mostly inquiries from some non-N.A. source, with the balance (two or three per week) concerning some problem which required extended conversation and/or referral to WSC P.I. leadership (i.e. traditions, media contact, controversy).

The P.I. staff consists of one coordinator and one staff support employee. Another coordinator and support staff assist with external P.I. activities, including non-N.A. events and communications with other organizations, and media events. In addition to the work described above, WSO support for WSC P.I. Committee includes facilitating the flow of communication to committee leadership and committee members, maintaining records, preparing reports, and assisting with committee projects. The P.I. Chairperson maintains a close working relationship with office staff, including at least two weekly phone calls to discuss developments, projects, and problems. The project coordinators also attend meetings of the Internal/External Affairs Trustee Committee in order to help facilitate communication between WSC P.I. and the Board of Trustees.

EXTERNAL P.I.: With the closure of the New Jersey office, there will be a change in the focus of WSO support for external PI efforts. Much of the effort of that Office was directed toward gathering information about and initiating contact with many of the organizations that were available in the New York area. These were frequently international organizations (mostly unfamiliar with N.A.) that have affiliation with: United Nations agencies; U.S. official sources; international publications in the addiction field, and various international non-governmental organizations and associations which sponsor drug abuse educational programs as well as various government embassies and ministries.

Limited contact was also made with numerous UN-related independent agencies. A meeting was also held with the WHO European office. Several meetings were held with the UN advisory group of international Non-Governmental Organizations (NGO's) concerned with drug abuse and recovery. There are other efforts in the UN.

A primary focus however, was the oversight of WSO assistance in non-N.A. events. This effort will continue from Van Nuys. In 1988 the WSO helped coordinate participation in more than forty events, including one each in Australia and Sweden. This required more phone calls, letters, literature and coordination. There was always positive and successful support from the fellowship where the events were held. Without exception there has been enthusiastic approval of N.A. participation, both by members who were involved and the sponsoring board or committee. This is proving to be a very valuable and productive activity for N.A.

By agreement between the WSC Finance Committee and the WSO, the funding of non-N.A. events was primarily provided by the WSO. The estimated expense for these events for the past twelve months was: WSC expense \$3,450 and WSO expense \$8,760. A growing share of the expense and activity management is being done by regions. Seven regions have purchased display kits from the WSO and are using them constantly, so we hear.

## LITERATURE SUPPORT SERVICES

The Office continued to provide support services to the WSC Literature Committee and its projects. There was a general decrease in Literature Committee activity as it affected WSO staff this year. To the extent possible, the WSO Literature Department responds to all phone calls and correspondence relating to all aspects of literature other than production and shipping. This includes answering questions about all activities of the WSC Literature Committee, its policies and actual work items. The Literature Department received, during the 1988-89 Conference year, an average of fifty pieces of correspondence and fifteen calls per week.

The majority of informational requests come from members who are active in area or regional literature committees. Their questions can often be answered quickly by phone or in writing with the use of one of a number of form letters, all of which are approved by the WSC Literature Committee Chairperson. Inquiries requiring an original response are most often answered through a joint effort of the committee chairperson and Office staff. This year there was an increase in the number of literature committees to approximately 400.

### It Works: How and Why

As reported by the WSC Literature Committee Chairperson, work continued on the drafting of *It Works: How and Why*. Both the Conference and WSO expended funds for the work done this year. As a follow-up to the discussion of expenditure related to this publication, the following information is presented. This represents the best estimate of complete income and expense associated with this work since the beginning of 1986.

	1986/1987 Estimate			1988 Estimate			
	<u>WSC</u>	<u>WSO</u>	<u>TOTAL</u>	<u>WSC</u>	<u>WSO</u>	<u>TOTAL</u>	<u>TOTALS</u>
Travel	7,582	2,408	9,990	8,433	0	8,433	18,423
Lodging	2,448	1,254	3,702	2,567	0	2,567	6,269
Meals	0	1,111	1,111	0	0	0	1,111
Copies	700	0	700	115	0	115	815
Mtg. Rooms	717	717	1,706	0	0		1,706
Misc.	183		183	75	0	75	258
Labor	0	133,161 <sup>(1)</sup>	133,161	0	25,200	25,200	158,361
Postage	338	0	338	79	0	79	417
Printing	0	47,748	47,748	0	13,870	13,870	61,618

Telephone	228	no est.	228	0	0	0	228
Shipping	0	17,280	17,280	0	0	0	17,280
Totals	12,195	203,679	215,874	11,269	19,070	50,339	206,213
Income		95,910	95,910		2,352	2,352	98,262
Yearly Net			(119,965)			(47,987)	
Cumulative Net (loss)						(167,951)	

(1) This entry includes only WSO labor costs for workshops and consultants or contractors who worked on the project. The WSO payroll expenditure does include labor costs for routine work performed at the WSO during the course of the year.

Not shown is the cost to members to participate--travel, lodging, meals, telephone, loss of income, or other expenses--and WSO's administrative share of overhead.

The expense related to this project is offset by sales of review forms of the publication. In 1986, approximately 13,500 copies of the white cover draft of the Steps were sold. In 1987 approximately 5,682 copies of the black and white draft of the Steps were sold. Last year only 294 copies of the Traditions draft material were sold. An additional 765 copies of the Traditions draft material have been sold this year, but the income for those sold in 1989 is not included.

### H&I SUPPORT SERVICES

The workload in H&I support services increased substantially last year. The H&I support staff responded to correspondence from institutions, coordinating the WSC H&I Committee's efforts to compile a revised edition of the H&I Handbook, administering the WSC H&I literature stockpile, and trying to assist H&I trusted servants with questions or problems.

There are 362 registered H&I committees throughout the fellowship. These committees certainly do the bulk of H&I work, but the Office continues to receive an increasing amount of correspondence from addicts in institutional settings. Many of these are in non-U.S. countries. Currently the Office prints and mails approximately 10,000 copies quarterly of the H&I Newsletter *Reaching Out*, an increase of twenty-five percent during the past year.

The H&I coordinator has disbursed, according to the established policies and WSC H&I supervision, the remaining funds in the H&I Stockpile fund: \$5,447.60. The funds were exhausted as of December 9, 1988. Since the fund became exhausted, the WSO continued to respond to requests for literature that would have been fulfilled from the H&I fund. The WSO continued to do so because of the need and an unwillingness to refuse requests for help.

Unfortunately this cannot continue. The WSC H&I Committee is proposing an allocation in the Conference budget to handle this need.

There has been a tremendous upsurge in contact with people wanting to start N.A. meetings in institutions where we have not had meetings previously. Since January 1, 1989 the WSO H&I department has been able to help start 154 new N.A. meetings in correctional facilities. Eighty nine of these have been started by inmates of these facilities with the other sixty five being stated by professionals/outside sponsors. This presents an increase of over 100 percent over the same period last year.

We estimate that sixty percent of these new meetings do not have an H&I committee nearby to provide support. The nearest H&I committee was notified about these communications, especially the regional H&I Chairperson.

### GROUP SERVICES

This Department was relocated, re-consolidated and re-staffed during this year. The lengthy period of time of this transition measurably affected the department and its ability to function properly. With a full complement of staff now on the job and organized, the department will improve its productivity. The recent change in Coordinators will permit a thorough review of department operations.

In many respects, this department's correspondence responsibilities have become somewhat routine. A computer file has been developed containing responses to typical questions asked by members and groups. These responses are usually adequate to help new groups get going on the right track. However, there is an increasing number of inquiries that require a more specific response. These questions require an individual response and are developed personally by the project coordinator. If it is an especially difficult matter, it is discussed among other staff members, who may advise bringing in members of the WSB or other trusted servants. Because of the nature of some of these requests, much time is spent in developing a response that shares experience with N.A. principles but is not directive or overbearing. Sometimes this causes delay in response time of several weeks. If the matter involves translations, the delay can be even longer.

The recording of group information requires the cooperation of two different departments: group services and Data Services. At this time the WSO is not maintaining a data base of new group registrations. The information we receive is retained, but no computerized compilation is made. The name and address of the contact persons are entered into the *Newsline* mail list. If the registration is from a group outside of the U.S. it is being retained for inclusion in the International Meeting Directory to be published later.

The Group Services Department is also responsible for registering area and regional service committees, receiving minutes from those committees, answering telephone inquiries and handling requests for starter kits.

The number of letters and phone calls from around the fellowship seeking advice on one matter or another continues to increase steadily. Each written request receives a response. The subjects of such correspondence include questions about service committees, questions about N.A. groups, questions about new N.A. meetings, about how to resolve conflicts and disputes, where to get

input and information about Traditions, how to find Service Committees and other meetings. The amount of this correspondence continues to grow rapidly, and over the past year has consistently averaged 250 to 300 (a 120% increase) letters per month sent from the WSO. In addition to the response letter, several enclosures of one type or another are also sent. These enclosures range from individual pieces of Conference-Approved literature or service committee handbooks to copies of the *Newsline*, *Fellowship Report*, phonenumber numbers, registration forms, service committee guidelines, etc.

In addition to written correspondence, the Group Services Department receives anywhere from six to fifteen phone calls per day on the average which require some type of response from the project coordinator. The amount and nature of these phone calls is unpredictable and varies considerably from week to week.

The WSO receives minutes from service committees. The Office receives forty to fifty sets of minutes each month, and these are read and circulated throughout each department. In reading these minutes, each department looks for input and experience in many situations which can be compiled as resource material for other service committees now and in the future.

Over the past year, Group Services has sent an average of 180 Starter Packages per month in answer to requests and group registrations. Altogether, there were over 2,100 copies of the Starter Kit sent out at the expense of the WSO.

The Group Services Department is involved in providing rapid and accurate response to many areas of need within the fellowship and to the general public. The ability to respond to these needs has grown with the increase in demand. None of the services provided by the Group Services Department produce income to the WSO.

### N.A. WAY MAGAZINE

The *N.A. Way* magazine continued to move forward with a high degree of excellence. The magazine has continued to improve its content, quality, variety and graphics. Additionally the subscription base continues to grow. Considerable effort was exerted this year to offer new alternatives for finding and retaining subscribers. Other major developments this year were utilization of a subscription service and a magazine mailing service.

Each of these changes is intended to provide a better magazine and move toward financial strength. The fulfillment service was initiated in October but things didn't start off very well. During the first three months they erroneously sent over-due bills to hundreds of paid-up subscribers, then sent reminder notices to hundreds of members who had declined to subscribe. Finally they sent renewal notices to another group of paid-up subscribers.

It was appropriate and necessary to offer amends to those who were incorrectly sent notices. Although these were embarrassing "teething" problems, they appear to have been related to the conversion process. Things have settled down to a proper routine. The service now efficiently and correctly handles the computerization of subscriptions, billings, preparation of the mail list, statistical and financial reports. All of this is done at a lower cost per subscriber than it



could be done with WSO staff. The company involved utilizes efficient procedures, specializing only in this kind of data processing for magazines.

The mailing house efficiently packages the magazine and delivers it to the post office on schedule. This again was a cost efficient decision, as the cost was relatively small and it freed existing staff to perform work they are more efficient at.

The content of the magazine continued to improve. The background of this is hard to define, although the review and editorial process certainly had a definite impact. The review and editorial process worked well. Early in the year, one member of the review panel had to decline the position for health reasons, and another was selected from the pool. A full review panel and editorial board was therefore able to participate for the entire year.

During the last year, two different group-level subscription drives were tried. The first one was carried out during the first part of the year, and increased the subscriber base by about 1/3, bringing it up to about 5,500. Because the drive was a free trial offer, it was expensive. We estimate that no extra income was generated from this drive, but that we about broke even financially. We consider that a success, since more people are now receiving the magazine, even though no extra income was generated this first year. As these subscribers renew, however, it is reasonable to project that some income will be generated over our expenses on those subscribers next year. In that way the drive may yet prove more financially successful than it has so far.

We learned a great deal from that first group drive. The second effort we made toward the end of 1988 made use of what we learned, and it also had the benefit of the subscription service mentioned above. The income from that drive has not leveled off yet, so we are not in a position to evaluate its effectiveness. It's safe to say, however, that it was considerably more successful than the first one. While about the same number of people took us up on the free trial offer, many more people elected to subscribe. The largest amount of income produced by the first drive in any single month was just over \$11,000. During March of this year alone, we received approximately \$23,000 for N.A. Way subscriptions. April appears to be leveling off slightly, but the total should be perhaps \$18,000 or \$19,000.

A major part of the expense for the magazine is the labor cost. There are a number of labor factors involved: editing, typing, paste-up, typesetting, art work, maintaining subscription information and lists, packaging and mailing and of course, overall management. Because of changes made this year in N.A. Way operation, and the use of contract services particularly, the magazine is more cost efficient.

The finances can easily be understood from the following table, which reflects the primary costs associated with magazine production. The income resulting from the recent increase of subscribers may bring the magazine closer to the break-even point. As yet however, the magazine does is not paying for all of its costs.

On a final point related to the group drives, it should be noted that the expenses incurred as a result of the drive were considerable, and they fell in 1988. The income produced, also considerable, is coming in 1989. As a result, the 1988 net reflects a considerably greater loss than would, for example, a year period from May 88 to May 89. Because the income from the drive has not

leveled off, we don't know whether we would have broken even during the past 12 months--probably not--but we know that we would be much closer than the table reflects.

The Office continued the practice of producing more copies than are used for subscribers. The extra copies are sent to people as part of our mailing efforts primarily group service department inquiries and group registrations.

In preparing the table below it was necessary to use estimates for some expenditures as our accounting process was unable to provide exact figures. The figures in the fulfillment column are estimates of the costs incurred internally to provide this function for the first ten months of the year. The contract fulfillment service rendered their first bill in October and it was paid in November. WE ceased doing the work at that time.

The same situation is true for the mailing labor. We handled this activity using our clerical staff for the first six months of the year. We have shown reasonable, but probably low estimates for our expenditure. The contract mailing company began work in July. The rest of the year reflects actual cost for that service.

## TABLE NINE

### N.A. WAY MAGAZINE EXPENSES

Month	Printer	Bindery	Ful- fillment	Mailing Labor	Contract Artwork	Labor (est)	Total Expenses	Income
Jun 88	\$2,280.00	\$453.00	\$1,855.00	\$556.24	\$800.00	\$3,500.00	\$9,444.24	\$4,730.00
Feb 88	\$2,145.00	\$453.00	\$1,745.00	\$350.90	\$800.00	\$3,500.00	\$8,993.90	\$4,675.20
Mar 88	\$2,206.00	\$425.00	\$1,677.00	\$223.00	\$800.00	\$3,500.00	\$8,831.00	\$5,195.25
Apr 88	\$1,977.00	\$445.00	\$1,756.00	\$267.67	\$800.00	\$3,500.00	\$8,745.67	\$4,314.00
May 88	\$2,788.00	\$520.00	\$1,887.00	\$301.00	\$800.00	\$3,500.00	\$9,796.00	\$5,941.00
Jun 88	\$3,697.00	\$847.00	\$1,565.00	\$295.00	\$900.00	\$3,500.00	\$10,804.00	\$11,509.29
Jul 88	\$4,043.00	\$922.00	\$1,487.00	\$283.17	\$975.00	\$3,500.00	\$11,210.17	\$11,809.29
Aug 88	\$2,802.00	\$570.00	\$1,566.00	\$183.43	\$875.00	\$3,500.00	\$9,496.43	\$10,436.75
Sep 88	\$2,318.00	\$540.00	\$1,307.00	\$168.15	\$800.00	\$3,500.00	\$8,633.15	\$6,424.00
Oct 88	\$3,410.55	\$552.00	\$1,589.00	\$171.91	\$850.00	\$3,500.00	\$10,073.46	\$5,639.00
Nov 88	\$2,024.00	\$430.00	\$1,395.45	\$167.45	\$850.00	\$3,500.00	\$8,366.90	\$11,062.00
Dec 88	\$2,175.00	\$502.00	\$1,293.38	\$166.03	\$800.00	\$3,500.00	\$8,436.41	\$7,915.00
Total	\$31,865.55	\$6,659.00	\$19,122.83	\$3,133.95	\$10,050.00	\$42,000.00	\$112,831.33	\$89,650.78
							Year's net:	\$-23,180.55

### The Magazine's Status:

In last year's report, we discussed in some detail several issues related to the status of the magazine as a conference-sanctioned publication. We described our understanding of how the magazine could be distributed and used within the

fellowship, and we asked for clarification from the conference if there was any disagreement about those basic understandings. Receiving none, we have begun during the course of the preceding year to inform the fellowship of just what the magazine's status is.

In spite of those efforts, a certain amount of confusion remains, evidenced by several inquiries we have received about this over the last year. Below is an excerpt from last year's report. Please study it again and pass this information along to the fellowship in your region. We know from our experience in working toward increased circulation that many groups or areas would be much more supportive than they have been, except that the magazine is not "conference-approved literature," so they don't really know what to do with it. Support has increased as we've explained these issues, but we could use your help in further clarifying these points for the members in your region.

The *N.A. Way* is a publication by and for Narcotics Anonymous. Even though it is not conference-approved literature, it is a sanctioned publication of our fellowship. It bears the N.A. name, and is carefully reviewed and edited by representatives of the conference, the office and the board of trustees.

As a conference-sanctioned publication, the *N.A. Way* has a status distinctly different from any other publication. Since it goes through an exacting review and editorial process approved by the conference, it should be viewed as an important part of our overall written delivery of the N.A. message. As such, groups should be encouraged to subscribe to the magazine and take measures to inform their members about it. It should be prominently displayed at meetings and described at meetings periodically during the announcements.

H&I committees may make extensive use of the *N.A. Way*. Copies can be brought into treatment or correctional facilities and given away. The mail we receive from N.A. members behind bars, or those recently released from treatment, suggests that this is an important and effective use of the magazine. As long as H&I committees are clear that the magazine should not be read aloud during meetings, confusing it with conference-approved literature read during the meeting, it could be an important tool to get the message inside these facilities.

P.I. committees could make use of the *N.A. Way* too. Copies can be given away at health fairs or other similar events in which P.I. committees participate. One creative P.I. committee told us they placed their committee's address and phoneline number on the magazine's cover and dropped it off in hospital emergency waiting rooms and other such places where addicts or their families would be likely to read it.

The magazine could be given to members on their N.A. "birthdays"; it could be bought and sold by convention committees, and the list could go on. Groups or committees interested in these uses of the magazine should look at the bulk discounts described on the subscription blank.

## PUBLICATIONS DEPARTMENT

Unfortunately the supervisor of this department left at the time of the Conference last year and the post was not filled. In recent months we have asked for and received applications for this position. The selection process is almost complete. We expect this department will be more productive in the coming year.

This department is responsible for the actual pre-printing production process of literature items. This includes translations, typesetting, proofreading and paste-up. In spite of these errors, the department functioned reasonably well. An important element of this department relates to filing copyright registrations and handling trademark matters. Because of the continuing need to protect the rights of the fellowship, a number of applications for copyrights were filed during the year. This included speaker tapes, pamphlets and other items.

WSO purchased a replacement typesetting system for this department. The new equipment will facilitate the proper operation of this department and indeed the WSO to fulfill its responsibility as a publishing company for the fellowship.

Translations are currently an activity within the Publications Department. Even without a department supervisor, considerable work was accomplished in translation.

## INDEPENDENT PROJECTS

There are a few independent projects of significance that continue each year. Because the amount of work on each project fluctuates from time to time, these projects are assigned as additional duties. These projects are normally discussed in *Newsline* articles or the *Fellowship Report*.

### Loner Group

The Loner Group expanded dramatically this year. Started four years ago with a few names, it now has just over 900 N.A. members, with one hundred twenty-five of them being loner members. The ratio of loners to non-loner members shows the strong interest many have with sharing recovery through letters. With this much support, it may be reasonable to consider additional ways to involve these members with service to N.A.

The Loner Group continues to help many geographically isolated N.A. members, as well as those handicapped and those serving in the armed forces, to work and understand the N.A. program. It has also helped these members receive N.A. support where there is often very little or none.

The Loner Group publication, *Meeting by Mail*, is an important part of the Loner Group. This publication enables all members of the Loner Group to participate in an N.A. meeting. The *Meeting by Mail* includes excerpts of letters from loners and non-loners, editor's notes, birthday recognition, topic discussions and other articles of interest.

Letters continue to be received every day from members who ask to be put on the Loner Group mail list so they can help carry the message, as well as from loners asking for support.

### **Board of Trustees Assistance**

The WSO expanded its assistance to the Board of Trustees this year. At the first meeting of the Trustees for this year, the WSO made a commitment to have a project coordinator work with each of the separate Trustee standing committees. This has continued for each of the Trustee meetings. WSO staff has provided administrative support for the committees and their work.

An important step in Trustee support was the decision to assign a coordinator to work with the Trustees as her primary task. This was recently accomplished and that employee will fully assume this duty with the close of the Conference. The system currently in effect for Trustee communications has more fully involved the Board and provides expanded opportunity for all Trustees to be informed about most communications.

### **Additional Needs Ad hoc Committee**

WSO provided administrative support for this committee again this year. The committee was less active this year as it prepared to submit its final report to the Conference. In the past, assistance to this committee included maintaining the contact list, logging and acknowledging questionnaire results, providing minutes for meetings, coordinating correspondence, and sending information packages upon request. Staff support for this aspect of N.A. service will continue but will be directed in such manner as the Conference decides when it votes on the motions affecting future Additional Needs service.

### **Corporations for Service Offices and Conventions**

At the present time there are over twenty "offices" of one type or another in the fellowship. Several of these are outside of the United States and twenty-two are within the U.S. Of those within the United States, the majority are regional offices.

The Office has been assisting these service committees and offices in preparing legal documents and understanding the complex relationship they have to the fellowship and the general public. Several of these offices have begun to experience legal difficulties with their activities or existence. Although WSO has stressed the importance of compliance with all appropriate local, state and federal laws, several offices have not been sufficiently diligent. In the case of two such situations, this lack of detail may have significant legal and financial repercussions. In both cases, the problems are being examined and corrective action will be taken. The office is assisting in these efforts to order to gain important knowledge and experience, and also protect the overall interests of N.A.

### **World Directory**

In the summer of 1988 WSO published the first telephone helpline directory. Although new information about some corrections has been received it is still in wide use. Not as many copies have been sold as was hoped, more are being purchased each month.

We are now in the process of updating the information about phonelines so we can prepare a new edition for this year. Please leave any corrections for your regional lines with the staff before you depart, if you have accurate information.

Meeting lists which are sent to the WSO are kept on file and used when needed. WSO continues to request updated meeting lists each time they are printed. The combination of meeting lists and verifiable phoneline numbers have made it possible to respond accurately to 95% of the requests we receive for locating meetings. Where neither a meeting list nor a phoneline number is available, these requests are referred to a trusted servant or contact person in the nearest geographical area.

### **WSO Catalog**

The 1987 catalog is still in use. We have been unable to complete a new edition. An abbreviated order form is being published and should be distributed soon. This order form will contain the basic recovery literature and other items members or groups usually use. Service materials are not included on this form. When we are able, we will publish a new catalog containing all inventory items.

Some effort has been expended in preparing draft catalogs for use in other countries. These other catalogs would show those materials available in the native language and reflect prices in the appropriate currency. Progress on this has been slow, but we will get the job done. The first non-English catalog will be in French. Some of the translation has already been drafted.

### **NEW YORK AREA BRANCH OFFICE**

As reported during the past year, the temporary branch office in the New York area continued to operate, was re-evaluated and eventually closed. This project initiated several years ago was intended to focus on two goals: advance work that might be helpful to the opening and operation of the European Branch Office, and to provide close support to national and international media coverage emanating from the New York media center. The office was actually located across the Hudson River from Manhattan in New Jersey.

To a limited degree the original goals were achieved. However, the factors of opportunity and chance resulted in additional effort being directed at the official governmental international community in New York associated with the UN and similar organizations. Overall, this three pronged effort was highly informative and will provide background for N.A. efforts in the future.

Although the project was expected to produce immediate results that were helpful to the European Branch Office, this has not proved to be the case. Much information that was gained about Europe cannot immediately be used. A lot of it requires more growth within N.A. in Europe and stronger N.A. organization there. Important information learned from the project involves our understanding of the differences in custom, attitudes, laws and philosophy concerning addiction in various European countries. Because the effective use of information from the New Jersey activity requires time for the fellowship in Europe to grow, the basis of keeping the office open in New Jersey for this purpose was lost.

The primary employee assigned to the New Jersey office had extensive contact with the P.I. activities in nearby regional and area committees. This produced many positive results and the information shared has been beneficial to N.A. However, the utilization of this resource as an ingredient in N.A. response to national and International media activity initiated from New York has had less results than anticipated. As more and more public attention has been focused, through print and broadcast media, on drug abuse, we expected our New Jersey office to be overworked with contacts and references. This did not prove to be the case.

The number of contacts that required presence by a WSO employee in New York media matters was disappointingly small. Although there were many valuable efforts (several occurred just as the office was closing in March), the continued expenditure necessary to sustain the office for this purpose was questionable. Factors that affect the need to retain an employee in the New York area for media matters include the growing maturity of N.A. P.I. efforts by trusted servants in New York, New Jersey and Connecticut, as well as continued utilization of the WSC P.I. Contingency Plan.

As long as the P.I. leadership in the three regions that are covered by the New York metropolitan media center utilize the contingency plan rather than working alone, the need for a branch office there is minimal. Recent experience has shown a continued effort by these area and regional P.I. committees to utilize the plan. Therefore, the basis for having an office there because of P.I. needs is questionable.

The international community in the New York area provided an added benefit to the learning experience from having the office in New Jersey. We learned about the World Health Organization, the United Nations and their various activities. There is a network of independent and related agencies and associations that have interest in various aspects of drug-related matters; some are even interested in recovery from addiction. The introduction we gained from this contact was valuable. However, in order to exploit much of this network, it requires a very broad interpretation of our Eleventh Tradition, a lot of time and more manpower than could be made available.

Our fellowship is rather conservative about the interpretation of the Eleventh Tradition. Therefore many of the possible opportunities the New York international community presents will have to be passed by. There are a few of these contacts that should be maintained (within a conservative approach to our Traditions) and those can be maintained without having a full time office there. Perhaps if there was another organization not affiliated with N.A. whose purpose was to promote a wide understanding of N.A., better utilization of the New York international community contacts could be maintained.

The Board voted in January to close the office at the time the lease extension expired about the first of April. This was accomplished. Unfortunately, Willie L., our primary employee in this office, elected to remain in New Jersey. We have therefore lost the valuable experience of our external P.I. coordinator. We expect to begin searching for a replacement later this year.

## EUROPEAN BRANCH OFFICE OF THE WSO

Twelve months ago WSO embarked on the long discussed plan to provide direct service to the European fellowship. The first action was announcement of a member selected to manage the branch office. The plan called for this employee to work at the WSO for a few months and arrive in August to start work. Unfortunately things did not go very well from the beginning.

The employee selected for this assignment had many skills and one of them was immediately put to work at the WSO on a project not directly related to the European fellowship. He was assigned to oversee the preparation of the Fifth Edition for printing. This took several months and delayed his efforts to prepare for the European work.

Instead of arriving in August, he arrived in mid-October. Then, through a combination of two factors, things did not get much better. Supervision by the WSO Executive Director was not adequate. Additionally, the employee did prove adequate for the task. These two problems combined in a way that left the project seriously short of complete success.

The supervision problem was addressed by the Board of Directors in January when it became clear that there were problems with the project. By late February it was decided to replace the employee.

The WSO Board is still committed to this project and believes it to be a significant priority for WSO and the entire fellowship. As the shortcomings of the project became apparent, a re-evaluation of the project and the plan has taken place. Changes in the approach are warranted and are being made.

Despite the unimpressive introduction above, the effort expended resulted in considerable success. Although there had existed a large number of N.A. contacts in Europe (isolated members, groups and people seeking to start N.A. meetings) prior to the WSO employee arriving there, they had not been followed up with any consistency or frequency. Success was achieved in forging a stronger communication with these contacts. The lagging WSO effort to assist the German translation process was measurably improved. Better communications with the European Service Conference organizing committee provided good results. And much of the reluctance some members had concerning the project in general has faded.

New efforts at providing service in Europe did result and were successful. Several meetings were held in connection with attendance at non-N.A. conferences that provided WSO with valuable information and insight to serving the fellowship in Europe. Communication was improved with the existing service committees in the U.K., Ireland, Germany, France, Italy and Spain. New communication links were forged with growing efforts in Sweden, Belgium and Switzerland. Primary results of these efforts will be shown in new translations produced sooner than would have otherwise been the case. Also, the isolated contacts were beginning to take advantage of this new resource.

Most of the primary European service contacts were notified of the change in personnel as it was being made. This was followed up with an article in the European Fellowship Newsletter. Because of the improved mail and contact information resulting from the effort to date, those contacts will be maintained and the work initiated will be followed carefully.



The search for a replacement employee has been moving forward. The original list of candidates for this position was re-examined and new names added. A number of discussions have taken place with members to discuss the project and their possible selection for the position. Work has not stopped even though the original employee has returned to the U.S. Subsequently an office space was located and a lease agreement signed. A telephone and minimum but essential office furniture and equipment have been procured. Most of this effort has been accomplished by the WSO Board member who resides in London. He was assisted by other members of the London fellowship.

Much of the growth of N.A. that has occurred during the past six years was aided by efforts from the WSO to improve accessibility to literature, to distribute Starter Kits and assist in the initiation of new meetings. Follow-up efforts to get these new groups into contact with existing service committees helped also. These are the primary goals of the Branch office in Europe. Equally important goals are to provide better assistance with the translation of N.A. literature into European languages and be a resource to the growing service structure there, just as WSO did in the U.S.

Even with only reasonable success in each of these areas, the fellowship in Europe can be expected to grow significantly during the next few years. This effort by all of N.A. through the Branch Office project is an important approach to saving the lives of addicts by making N.A. available and viable. Continued reports on this project will be made in the *Newsline* and *Fellowship Reports*.

### **THE GROWING INTERNATIONAL FELLOWSHIP AND WSO ABILITY TO SERVE IT**

The WSO has continued to pay greater attention to fulfilling WSO's obligation to serve a worldwide fellowship rather than concentrating all our resources and energy on the fellowship in North America. This effort has been aided by improved communications between the Office and the fellowship around the world. This continued effort was strengthened by the Conference in 1987 and again in 1988 by the election to the WSO Board members from outside North America. This has helped WSO to understand international fellowship needs.

Unfortunately, only a few visits were made to the international fellowship this year. Participation in the European Service Conference in July, 1988 and the effort to open the European Branch office were the primary extent of WSO travels this year.

There were only limited gains in International fellowship development this year other than in Europe. An effort to face the literature needs in Canada (and other matters such as convention boundaries) was initiated in the fall of 1988 by the WSO Executive Director, but this was not followed-up. The Executive Director is hopeful that a renewal of these discussions and a meeting in Canada can take place soon.

There was minimum contact with the fellowship in Brazil. The conflict described in prior reports about the name and the division of the recovery groups into two fellowships seems to have taken place. WSO had been hopeful that a united fellowship within N.A. could have resulted. It may happen in the future,

but at this time N.A. and T.A. are separate fellowships. The T.A. fellowship requested authority to print N.A. literature under the name of T.A. A long response was developed and recently sent providing the reasons why this was not possible.

Efforts to produce translation of N.A. literature in Japanese improved during the year. An understanding was reached with the Japanese translation committee and a translation service for an orderly process of the work. A priority listing of material to be completed was developed and much has been accomplished.

Better communication with the German translation committee resulted in the selection of a translation service to work directly with the German members to oversee the translation of the text. This recent agreement is expected to facilitate the availability of a draft German Basic Text within the next year.

Tremendous success had been achieved in the translation of Portuguese literature. The Lisbon translation committee has been prolific in its work. Draft translations have been received for most items. Work is also progressing on a draft of the Text.

The work on a French Basic Text should be completed within six to nine months. The basic translation has been completed by a joint committee of Canadian and French members from their respective translation committees. The work was recently professionally proof-read for consistency and content. The work will soon be sent for typesetting. The typesetting, proof-reading and then printing may take as little as six months, but nine months should be expected.

Two years ago, the Steps and Tradition portion of the Text was translated into Spanish. This was sent to various members and has been unofficially used by many Spanish speaking members and groups since that time. The remaining portion of Book One of the Text has been sent for translating. We expect to receive the first completed drafts of the translation in about two months. The entire draft will be sent on to the various Spanish language groups and translation committees for study as soon as the draft is combined. Because there are a large number of Spanish speaking members and groups as well as three Spanish translation committees, it is anticipated that a meeting will be held early next year to develop a single Spanish language translation.

A member originally from England, but now living in Sweden, has been instrumental in coordinating efforts to rapidly develop Swedish translations. The Swedish fellowship is growing rapidly and the new material has measurably aided in the growth in Sweden.

Recently, a meeting was held in Belgium to discuss literature to be used there. Although the situation has a confusing background, involving a non-member medical professional and an A.A. member who is a professional translator, the situation is beginning to take shape and we are expecting some results in a few months.

There are numerous other translation efforts going on through individual members and small groups around the world. Work is being done in other languages in Israel, Greece, New Zealand, Iceland and Norway. However, we are not able to give detailed specifics about these efforts.

An important element of international fellowship growth is the frequency of contact of addict to addict in the places where N.A. is attempted. When there is little person to person contact or the contact is infrequent, the growth is slow and

can easily be misdirected. The extensive travel of our members has proved this benefit throughout most of the United States, Canada and England. There have been frequent visits from other members traveling through and attending local N.A. functions or meetings. This results in a learning and sharing that aids understanding of the principles of the N.A. program. Unfortunately, where the distances, languages and cultural barriers inhibit the frequent travel of our members, the fellowship grows more slowly and has greater problems. This is particularly true when language is a factor and our literature has not been translated for their use.

This type of difficulty is easily identifiable in most non-English speaking fellowships. Usually there are lots of addicts serious about recovery in Narcotics Anonymous, but the isolation makes it hard to get started. Frequently such efforts have to experience the same slow growth and hard times that N.A. experienced in the 1960's.

This places a tremendous burden on members. The beneficial aspect, however, is that it forces the new members and their groups to discuss the meaning and applications of our principles in greater detail.

### **PRINTING AGREEMENTS OUTSIDE THE U.S.**

Last year, this report announced the sad fact that little progress had been made in the completion of printing agreements. Further, that little progress was achieved in these matters except in face to face meetings and there were few of those. This situation has not really improved, although new light has been seen in the tunnel.

The WSO has always been operating under the premise that the agreement with the United Kingdom was the first target and that when it was successfully completed, it would provide the model for the other agreements. With this in mind, the WSO has given agreements to three other fellowships but exerted little effort to get them completed.

In late summer 1988, agreement was nearly reached with the U.K. Service Office. The last items of agreement were about to be settled. However, the UKSO asked to delay signing and implementing the agreement while they continued to sort out their charitable status with their government. Further discussions have not been held concerning further details. Agreement had also been reached about the interim financial agreement that was attached to the basic license agreement. The interim financial agreement had been utilized as a means of implementing the basis of the agreement while we worked out the details of the language. However, because of the uncertain long term financial condition of the UKSO, for 1989, it was decided to continue to hold in abeyance implementation of the repayment part of the interim financial agreement.

No effort was exerted in furthering a draft of the German agreement. The last action was forwarding a draft to the chairperson of the German regional service committee in 1987. Neither the Office nor the German committee has moved forward with additional communication. Literature is being printed by their service committee even though the agreement is not complete. An identical situation exists with the Irish fellowship concerning their agreement. There was limited progress with the Australian fellowship agreement. Several informal discussions revealed the Australian Service Office was agreeable to sign the

agreement in its most recent draft. A meeting to complete this discussion and sign the agreement has not been arranged.

When the WSO embarked on this course as a solution to publication of literature away from North America, it was intentionally a test solution. The draft agreements had a termination date of December 31, 1989 and no consideration, to date, has been given to extending that deadline. It was felt that four years would have been sufficient time to see if this approach was appropriate and workable.

The WSO will, in the months ahead, discuss completion of the agreements to the four fellowships initially targeted or finding another course of action. However, in four years, none have been completed and signed. It may be appropriate to find another solution to the printing and distribution problem. Although extension of the agreements can and will be considered, automatic extension was not intended. No plans have been considered extend these agreements to other fellowships until these four proved successful.

The experience gained over the past four years concerning international printing and distribution has begun to alter the course of discussions. An element of the agreements was that each N.A. community would sell and distribute literature only within its own country, and that they would not provide services outside of their own country because that is the responsibility of the WSO. These two points have not been followed. Consequently numerous contacts that might otherwise have been directly made with the WSO have been routed to other places in the fellowship. In many of these instances, the WSO has never become involved with these contacts or only did so after a year or more.

As long as the WSO was unable to adequately or quickly respond to these needs, deviating from the agreements seemed prudent. However, more and more energy and money has been expended by these committees to serve needs in other countries. The contact receiving the help has benefited, but the real target should be within their own country. This has diverted their energies and resources from their own fellowships and has prevented contact directly with the world fellowship. This is a clear demonstration of the need for the WSO to be able to provide direct services from closer to the need. The situation needs to be corrected.

## WSO FACILITIES

During this year, the WSO continued to keep the fellowship informed about WSO facility discussions. Because of continued growth and the pending expiration of lease agreements, consideration was given to moving the office to another location. A lot of effort was invested in this search. However, just at the time when a decision was about to be made to purchase property and build a building, a building adjacent to our existing facilities became available. We leased that building and are now in the process of renewing our lease agreements for the other buildings.

The WSO has continued to get support for the concept of eventually purchasing a permanent site for the Office. It seems prudent at this time, though, to wait for a few years and see what organizational change might take

place in world services as a result of the work of the Ad Hoc committee on N.A. Service.

The Office now occupies three buildings with approximately 4,500 square feet in each and a smaller building with about 1,000 square feet. While this space is currently adequate, it will not be sufficient for long. Before the end of the year more space may be needed. We have had to increase our inventory levels on most items, as explained in other sections of this report. This has increased the area required for storage. We are examining alternatives but we may find it impossible to avoid acquiring more space for the storage and shipping of inventory items.

If the decision is ever reached to purchase a permanent building, it will have to be after an improvement is made to WSO financial condition. Although the Office is not currently in bad financial condition a substantial increase in reserve funds will be necessary. A plan to develop a building reserve fund was considered and adopted by the Board but it has not been implemented. Sufficient funds are not currently available for that purpose. Purchasing a permanent facility would provide several advantages, one of which is the possibility of long term savings of several hundreds of thousands of dollars in facility costs over a period of years.

### WSO EQUIPMENT

The level of expenditure for equipment during the last year was approximately the same as the previous year. The Office did continue to expand and update the computer systems. Also, a replacement typesetting system was purchased. Other than the typesetting equipment, no major purchases were made concerning equipment this year.

The tape duplicating equipment purchased over recent years continues to be a valuable, but under-used collection of equipment. This equipment is used to duplicate speaker tapes, the Text on tape, and tapes of World Convention speakers. The number of speaker tapes sold from the existing inventory is disappointingly small. The number of Text tapes sold is increasing at a good rate and the convention taping is doing quite well.

In the coming year replacement of some of the older computer equipment will take place and additional equipment will be purchased if the size of the staff grows. As the European Branch Office is now getting under way, expenditure for equipment for that office will soon be made. Because of the differences in currency value and a higher general expense level for things in England, it is expected that the equipment costs for the European Branch Office will be higher than experienced for the same level of equipment costs here.

Consideration is currently being given to designing and installing an integrated shipping and storage system for the shipping department. This may include static metal frame storage equipment and a gravity fed conveyor system. Separate work stations may be introduced as a way of increasing time and efficiency for picking and packing orders.

## **SPEAKER TAPES**

Last year in this report, an essay was included concerning outside companies selling tape recordings of our members that were made at conventions or other N.A. activities. This practice arose primarily as a result of convention committees desiring to have the recordings available for sale at the convention. Unfortunately, the essay produced little discussion and little action. The problem has increased rather than decreased.

While it may be that some service committees are or were uncertain about ownership rights of the committee and those of the vendor, the uncertainty has led to continued inaction. Most committees are not aware of the real cost of the service of having tapes made or the real profit made by these companies, and only about half of our service committees use written agreements. As long as our committees believe that the vendor is "not really making much money" and that in order for the vendor to provide this service they are given complimentary rooms, free convention registration, and the ability to sell copies of the tape indefinitely after the convention is over, the problem will continue.

During the past year these private vendors added a new supply of N.A. speaker tapes to their catalogs. Because they sell copies of the tapes to their competitors who then make and sell the tapes to their customers, convention speakers from the East Coast are available through companies on the West Coast. In this manner, several companies are selling the same tapes and the fellowship buys them.

Many of these tapes could be introduced into the N.A. speaker tape selection process and included in the WSO inventory. But few of them are sent to WSO and few are added to the inventory. But the tapes are being sold, and usually neither the speaker nor the sponsoring committee have any knowledge of it.

The issue of what is actually said on these tapes may be important, but because there is no system for screening them, and the companies operate independent of N.A., little can be done to ensure that an N.A. message is indeed presented. Only if the fellowship moves to prevent this unregulated selling of N.A. speaker tapes by outside companies can the issue of tape content be addressed.

For those convention committees interested, the Office has a draft recording agreement that can be used that provides the fellowship with the proper foundation for convention tape recording agreements. The agreement provides for reasonable compensation to the vendor for his services. It retains copyright ownership of the recordings within the N.A. service committee and prohibits the vendor from selling copies of the tape after the event.

The draft agreement is truly a draft. The committee may decide to use it verbatim or it may decide to make changes in it that they desire. The decision making authority is the sponsoring committee and the fellowship to which it is responsible. The draft of the agreement only represents the advice of the Office to committees considering this type of taping arrangement for any of its activities.

The Office recommends the use of the agreement in its current form. Of particular importance is the section about retention of copyright and denying the

vendor the right to sell copies of the tapes after the event. Of all the aspects of tape recording agreements, these are the areas where there is most firm philosophical ground for the position suggested in the agreements.

Members who speak at a convention are sharing experience, strength and hope to other members. They do so for their own recovery and to help other addicts. Members who share their own story, their own ideas, their own experience, initially retain the legal right to copy, reproduce, sell or distribute their own story, ideas, experience, etc. If the member signs a copyright release, the person named in the release as the recipient of the release then becomes the owner of the rights to that sharing. Because the fellowship is the sponsor of the event, it is proper that the fellowship be named as the owner of the rights, if the member signs a release.

The committee is under no obligation to turn the ownership they acquire over to any tape recording company. Unless they transfer the committee's ownership by verbal agreement or in writing, ownership is retained by the committee even if a vendor performed the service of recording the speaker. The sponsoring committee has the responsibility to retain copyright ownership of all speakers at their events.

Even if the sponsoring committee desires to have the recording company reproduce and sell copies of the tapes after the event, the committee should retain copyright ownership. The committee can grant the company authority to reproduce and sell copies under conditions detailed in a written agreement. The agreement should specify how long the authority is granted and that the authority does not extend to allowing the company to grant rights to others to produce and sell copies. It should also describe how much and when the vendor pays the committee for tapes they sell after the event is over.

## TAPE REVIEW

The Office and the participants in the Tape Review Panel are in agreement that the system is not working well. This process was initiated as an experiment, and while some tapes were successfully introduced into the system, it has been a slow process. The problems are both with the WSO and the level of participation that can be obtained from a majority of the panel members.

Through much of the past few years, the WSO has not applied adequate management interest in this project. Consequently the whole system sort of crawled along rather than continuing at a brisk pace. Periodic review by the Executive Director usually caused a spurt of action, but sustained effort was lacking. Among the panel members, there have been a dedicated crew of participants and a share of hit or miss participants.

The lack of consistency in membership of the panel and the differing views of its members have added to the problem. For example, several tapes that were approved several years ago were reviewed by the panel this year and not recommended for continued inclusion in the inventory. This is probably the result of differences in panel membership and changes in viewpoint from members that approved the tapes the first time.

Another problem has been attendant to this process from the beginning, but the issue was not seriously addressed by WSO or anyone else. This problem is

related to the essay above about how most of our tapes are made - at conventions wherein the ownership of the recording is not clear.

Before the WSO can sell anything, the ownership of that item must be clear. Tape recordings now made at the World Convention are clear. The fellowship obtains the necessary release and the WSO actually makes the recordings. Tapes submitted from other conventions have not provided the same clear ownership rights. The WSO has been reluctant to scream about getting conventions to adopt a uniform system that protects N.A. ownership of speaker recordings, while at the same time trying to sell tapes made by these vendors when ownership of the tapes in question has not been resolved.

As a result of this uneven management, uncertain participation by some panel members and the lack of uniform agreement about content and ownership, doubt has stymied this process. The system must be improved and show that it is practical, or an alternative should be found. The WSO recommends the following:

1. The current system be given one additional year of support without major change.
2. That only those tapes with a clear ownership of rights, in the name of Narcotics Anonymous be considered and introduced into the WSO inventory.
3. That a thorough review of the system and its results be performed by an ad hoc committee this calendar year so that a report and proposal can be included in the Conference Agenda Report next year.

The Review Committee is currently divided into working groups of eight members. Each member of a working group receives the same tapes for review. Conference telephone calls had been used to hold discussions about each tape. Unfortunately this procedure was not followed throughout the year, and the results were disappointing. We will renew emphasis on this successful review procedure following this Conference.

During the last two years 60 tapes were screened. Eighteen tapes were approved by the Review Committee and the Advisory Board. Some of those are already included in our catalog. Seven additional tapes were reported last year as being ready for sale with the next catalog. Unfortunately they are still not ready for sale. Some of the tapes currently in the inventory and all of those announced last year as ready for the inventory were recordings made by vendors. The tapes not introduced were withheld pending a fellowship wide discussion of this issue.

Currently there are 41 tapes out for review. (31 that need to be put into the process).

At this time the committee is down to 39 members serving among both the Review Committee and Advisory Board. In order to be effective, it is necessary to maintain a work force of at least thirty members. The members of the Tape Review Panel at this time who would like to remain are:

Jim Carson--Nevada  
Jim Edgren--Illinois  
Connie Sweet--Ohio  
Todd Albert--Louisiana  
John Burnett--Missouri

Michael Christie--Illinois  
Garth Popple--Australia  
Billy Young--Mississippi  
Eddie Atkinson--Alabama  
Phil Levine--Georgia



Joe Mullens--Ohio  
Craig Weisman--California  
Pete Cole--North Carolina  
Michael McDermott--Nevada  
Rhonda Almond--Washington  
Mike Bratonja--Wisconsin  
Michael Forfia--Massachusetts  
Troy York--Texas  
Reuben Farris--California  
Bob Grier--California  
Stuart Smith--Virginia

Gary Occhipinti--Arizona  
Mike Berger--Nebraska  
Bean Lefebre--Massachusetts  
Mil Nosas--Utah  
David Bahar--California  
Dave McManis--Pennsylvania  
Jeff Thornton--Arizona  
Don Davis--Nevada  
J.R. Friel--Pennsylvania  
Lou Popham--Florida  
Jay Venner--Georgia

### THE HISTORY OF N.A AND ARCHIVES

An essay was written for this report last year concerning interest and action on the history of N.A. Although little has changed, the essay still has relevance. But rather than reprint it verbatim, only passing reference will be made. Those interested in a publication on the history of N.A. should look for the essay in last year's report. Copies of that essay can be obtained from my secretary if you will give her a note asking for it.

Fellowship Archives: Another year's supply of material has been accumulated but this year we can report that considerable effort has gone into an archive system. The staff has invested a lot of time in applying and refining the files maintenance plan developed in early 1988. This plan, when fully implemented, will provide for the orderly retention of records, disposal of records when they are no longer needed, and retention of archive information.

The file system is the first element in a cross-reference, easy access records process. We are currently in the process of reviewing prior year records to apply the file system to those records. This means destroying unnecessary files and indexing for retention those files of long term value. When this process is complete - in about 10 months - a comprehensive file index system will be in place.

At the same time this is being done, appropriate staff members have been assigned to develop a computer based cross reference system for computer based information that can be mated with the paper files system. We do not anticipate this system will be operational for about twenty-four months. We will keep you advised of progress as it develops.

There are still other elements of this matter that have not been fully discussed and therefore no policies have been developed or proposed. Before an archive service is available, the boards and committees that generated the information should consider the matter and recommend reasonable policies for access and use. Although this report last year raised this issue, no comment has been received by any Conference Board or Committee. Although there have been periodic suggestions about use of archive material in the development of literature and an N.A. history, the largest number of requests for archive material has been from people outside the fellowship wanting to write about N.A.

## THE SERVICE OFFICE PHENOMENON

The WSO has continued to expend considerable effort in support of the service office operations of areas and regions. While much has been accomplished, there is more to do. Three office/convention workshops were scheduled for the 1988/89 Conference year, but only one was held. Other problems arose and the subsequent meetings had to be postponed. A new schedule has been made and we expect to be able to abide by it.

The effort to start and support service offices began in 1984. This was in an effort to satisfy a number of different needs: greater stability for literature distribution, a legal entity to serve the needs at the regional level (or major metropolitan areas), improve public access to N.A.

Generally the effort has been successful. Currently there are more than twenty-one such service offices. Along the way the matter of conventions and their legal needs arose. The initial response was to suggest that offices "umbrella" these and possibly other events in such ways as the parent service committee desired. Frequently this has worked out, but in some places it did not. For some of the places where it did not succeed, separate corporations have been formed or are being formed to meet convention needs.

Despite the success offices have achieved, there have been at least three significant costs associated with their existence: diversion of funds, diversion of manpower, and some controversy. Each of these is important to briefly discuss.

Offices are expensive. The overhead required for an office can become a significant amount of money. While the WSO has sacrificed some of its income in order to assist the financial foundation for fellowship offices, few could survive on literature discount savings alone. It became necessary to supplement literature income by fund raising events (dances and the like), non-N.A. literature (various merchandise items such as T-shirts) or subsidies from the sponsoring region or area. This means that some funds that would otherwise have been available for more literature, for other activities of the sponsoring region/area (phone lines, H&I or P.I. projects) or for the WSC, have been diverted instead to meet office expense.

Offices require the efforts of some of N.A.'s most talented and respected members. These boards require the best legal, financial and administrative skills that our members can provide. If offices did not exist, these same trusted servants would most likely have remained as strongly involved in area or regional service positions. Offices have therefore diverted from the service structure some of the leadership talent. This may have the impact of weakening some service committees.

None of the efforts to initiate an office was successful without some controversy. Offices are not described in any of our literature. They are not shown in the *Temporary Working Guide* and their existence is only implied in the language of the Eighth and Ninth Traditions. Even the Basic Text does not expand on these traditions with respect to offices. The logic of the Traditions, however, has been compelling enough to allow for their existence. However, there have remained a large number of unresolved issues concerning offices. For example, how they are related to the service structure? Who has control? What is their authority? What can they do? What can they not do? These are a few of the continuing discussions.

An unexpected element of discussions about offices has concerned the existence of special workers. It appears that most people assumed that special workers were something that would exist only in relationship to the World Service Office. However, there are special workers in fourteen of the offices. This has brought closer to home for many members what the Eighth Tradition means. Mostly it has meant controversy. Some of the questions include: Is a special worker also a trusted servant? Does a special worker lose any rights as a regular member? Can a special worker also hold a service position? If so, what positions?

A revealing array of feelings have been observed concerning special workers. The attitudes of many members seem to change towards those persons selected as special workers. At meetings and when introduced to other members, they become "our special worker" as opposed to simply another anonymous member. Their opinions are either valued highly, or they are suspected of ulterior motives.

It is important during the coming year to make a thorough and searching evaluation of the service office phenomenon. Because of the continual problems that some offices have faced and the frequency of those problems, an objective evaluation is necessary. Some of the offices have legal or tax problems. Several continue to operate at a loss. And there is constant conflict between RSC's and office boards in most places.

#### N.A. AND INSURANCE

During the past year the number of incidents involving insurance discussions has increased considerably. The most notable is an accident where a member attending a dance injured a knee in a fall. The owners of the facility were sued and N.A. was named also as a defendant. The insurance company for the facility has offered reasonable compensation, but a lawsuit was filed anyway.

The N.A. trusted servant who signed the agreement for the facility has been served as a defendant representing (in the intention of the plaintiff) N.A. The service committee that sponsored the activity has been notified by the lawyer for the trusted servant that the committee is responsible for paying the costs the trusted servant will experience in defending himself against the suit. The matter is still being discussed at the area level as well as the region and at world services. An effort will be made to determine applicable liability on the part of the sponsoring area committee before accepting either a place as a defendant or for attorney costs of the trusted servant.

This situation could happen at almost any meeting, consequently the issue of insurance may require a fellowship wide response. Clearly there is a need to discuss and develop reasonable guidelines for determining liability and how that is handled in situations where injury occurs.

In another situation a convention committee found themselves considerably short of funds when it came time to pay all the bills. The responsible service committees acknowledged the debt and set about to raise money to pay it off. However, if the facility who was due the money wanted to, they could have filed suit for the amount due in court.

## **WSO FINANCIAL CROSSROAD**

The following paragraph was an introduction to this essay in the report last year:

The Office is unhappy to report the WSO has experienced a new and undesirable event during the past twelve months. This event is where normal every day expense for office operation consumes almost all of the new income generated by expanding sales. Most business activities arrive at this situation for the same reasons we have: low income ratio to production cost, inability to add significant new inventory items, or support of excessive administrative services.

The rest of the essay went on to examine the situation WSO was finding concerning income and expense - that there was little excess income after expenditures had been made. Further the essay related the expenditure pattern to the activities of the Conference and its activities.

About half of WSO expense for salaries, insurance, equipment, telephone, travel and administrative expense is related to providing services. Those services are addressed to the needs of the Conference and of service committees of the regions or areas, as well as to the fellowship at large. The largest share of these service costs are related to serving needs of the Conference and Conference committee operation. A typical project started by a Conference committee involves WSO manpower and resources. Some committees are involved in more projects and some projects are larger (therefore require more manpower) than others. The WSO responds to these activities of committees by allocating manpower and resources to satisfy their requirements.

It is not generally the WSO position to tell WSC committees what they can or cannot do, what projects they can initiate or how they are to be done. A limited amount of this does occur within the consultations that occur between WSO Board/Staff and individual Committee Chairpersons. But the actual establishment of priorities is done by the committees and the Conference. Unfortunately there is not sufficient time at WSC to discuss the relevant issues of priorities among the projects considered by each Conference committee. The authorizations by the Conference for spending by each committee and the approval of its work program have direct impact on the demand for services from WSO.

What was recommended last year was that a study be completed to help the Conference establish clearer priorities which then will get translated into spending priorities for WSO. Although there was serious consideration of this idea during the past six months, a study has not been made. Clear priorities for spending fellowship funds have not been established.

As the essay concluded, so will this year's edition: "In the interim, the WSO will continue to attempt to meet the needs of the Conference and the fellowship at large as best we can, even though there is no common understanding of priorities."

## **WHERE IMPROVEMENTS ARE NEEDED AT WSO**

Each year we have our share of problems and experience a number of errors. Several of these items require comment. We again experienced numerous problems with back-orders with some items. In general this can be

attributed to continued change in inventory control levels and changes in sales demand. However, additional problems were generated because we did not fill the position of production coordinator.

The lack of a production coordinator delayed the Fifth Edition and some service materials, most particularly the revision of the P.I. materials.

During the summer we were out of Texts for a few weeks. We had received a sudden increase in orders for the book in May and June, which left our July supply inadequate. Another factor was production of the Fifth Edition. With each change-over to a new edition we have intentionally exhausted our stock with the hope that it provide enough time for N.A. committees and offices to exhaust their supplies of the book before the new edition is available. We have been relatively successful. But the penalty we pay for that is getting re-adjusted to the new demand level after those back orders are filled.

An outlay of money for production of the Fifth Edition was not a major problem this time. In addition to having increased the prudent reserve and the availability of those funds, the WSO had obtained a line of credit through our bank in the amount of \$100,000.00. This was not used in 1988, but it could have been if the need was sufficient.

## FELLOWSHIP FINANCES

For almost two years, in reports and Newsline articles, I have written about the management of money in N.A. and what it is used for. Since last summer I have written about a comprehensive financial analysis of Fellowship Finances. Within the limited amount of time that could be devoted to this matter, research has taken place concerning the information that is available at WSO. This project was really started three years ago at the suggestion of a region on the issue of reduction of the price of the Text.

The comprehensive study made in 1987 as a result of the motion, caused WSO Board and staff to seriously re-evaluate the spending of WSO funds and eventually led to this years discussions about priorities. Another result of the 1987 regional motion is a continuing analysis of WSO accounting practices which has led to substantial improvement. A By-product of all this discussion is the desire to perform a study of money throughout the Fellowship.

The first effort was to analyze the pattern of income received by the WSC from the Fellowship. A draft report on this was prepared and delivered to the JAC when it met in January of this year. A copy of it was distributed at this Conference at the request of the Conference Chairperson. Subsequent to that report, work was begun on a review of the minutes and financial reports on file with the WSO.

A staff member was assigned to study the collection of minutes and financial reports to determine if there was sufficient information from which to conduct a study. This preliminary analysis revealed that nine regions had sent sufficient data (minutes and/or financial reports) for 1988 from which a report could be prepared.

It was decided to focus the study in several ways. The first was to determine the general accuracy of financial reports and how they were treated in

the minutes. It seemed reasonable to determine the impact of conventions and fund raising on regions, so that was studied. Other major subjects that were examined were: offices, expense for transportation of regional trusted servants to WSC meetings, contributions to the WSC and embezzlement or misappropriation of funds.

The following report was drafted by the staff member who did the research, for inclusion in this report. It has been slightly modified to suit my writing style. Accompanying the draft of this report was background that provided details, but that has not been included.

RSC MINUTES--STATISTICS: Of the forty-nine United States regions currently recognized by the WSC, we did not receive one set of regional minutes in 1988 from nineteen of them. That constitutes thirty-nine percent of the United States regions. We received some regional minutes in 1988 from fifteen regions--or thirty-one percent, and another fifteen regions sent us at least seventy-five percent of their 1988 regional minutes. Of the fifteen regions that sent us at least seventy-five percent of their regional minutes, only nine sent a complete year's worth. (Note: We did ask two of those regions to send us minutes of one or two meetings to complete their sets.) So the percent of regions that have sent us complete regional minutes for the year 1988 is actually eighteen percent.

TREASURER'S REPORTS: We read through each regional file and became surprised with many of the financial/treasurer's reports because of the difficulty to understand them. It was a further surprise that they were approved by the RSC body. Many were vague, others barely decipherable, and a couple incomprehensible. Many of the previous months' ending balances are not the same as the next month's beginning balances, with no explanation provided. A general observation of the reports from the thirty regions that we did receive some minutes from, is: (a) eight of them (24%) contained either no financial information or, the financial information/treasurer's report was so vague that it was barely useful; (b) that twelve of the reports (40%) were usable--with a little effort you could figure them out and determine where the money is coming from and going to; and (c) ten of the regions (33%) are producing consistent and legible treasurer's reports. If we were able to easily understand reports from only ten regions, it can easily be assumed that average members of many regions are also puzzled.

*The figures below were taken from the nine U.S. regions that included a complete year's worth of treasurer's reports. The figures were then added together, divided by nine and multiplied by forty-nine to give us a general idea of the finances in the United States.*

FUNDRAISING AND CONVENTIONS: Throughout the last several years there has been discussion about the impact of conventions and fund raisers as means of supporting our services. The most common question and statement heard is: "What about our Seventh Tradition? We should be fully self supporting through our own contributions, i.e., the basket." It appears evident through this study that forty percent of our income at the regional level was generated from either

conventions (30%) or fund raisers (10%)<sup>1</sup>. The information also showed it only takes seven percent of our income to finance these functions, although the sample of minutes from which the study was made, may be misleading on this point. In many regions, the convention committees themselves have been incorporated and have their own board of directors and checking accounts. Most of the conventions were very profitable, affording these convention committees to make sizeable donations to the regional service bodies, and in some cases, directly to the World Service Conference, after they have covered their current expenses and set aside a set amount of money as "seed" money for next year's convention. Since this report concerned itself mainly with money at the regional level, the actual details of these convention committees financial status was not studied.

Concerning the records of the nine regions specifically studied, there was one region that experienced the ups and downs of convention/region finances. In the New England RSC information it was learned that, N.E.R.C. III (New England Regional Convention) took a severe loss in the early part of 1988 due to a lower than expected convention turnout. The financial loss was approximately \$11,323.00. The New England Region set up a N.E.R.C. III Debt account to allow their areas to make direct donations to this fund. By the end of 1988, all of the N.E.R.C. III debts were paid, with an excess balance of \$1,452.45, which was given to the N.E.R.C. IV committee. Also during the year the E.C.C.N.A. (East Coast Convention) was held in the New England Region and also took a financial loss of approximately \$22,000. This is taking longer to resolve.

This appeared to be representative of the mature way that our Fellowship approached the problems associated with missed financial projections. The region and members acted responsibly and found a solution. This region and others who similarly dealt with financial problems are to be commended.

OFFICES: Of the nine regions studied for this report, only four had regional service offices. An estimate, based on the information available in the regional minutes and reports, it cost these regional service committees nearly \$20,000.00 to operate these offices; an average of \$4,944.06 each. Like conventions, most of these offices are incorporated and have their own board of directors and bank accounts. These bank accounts probably hold a good sum of money to cover the costs of literature, office rent, utilities for the office, and salaries, if any. This money is separate from the RSC accounts and not adequately reported in the regional minutes sufficient for our study. However, where there were funds donated by the region to the office, usually to cover rent.

There were two other regions, besides the four above, that contributed money to their RSO's. The first region, over a nine month period, donated \$4,800.00 to their RSO, and the second region appears to be donating \$800.00 a month, for a yearly total of \$9,600.00. With the addition of these two figures, the estimated monthly expense to regional service committees would be increased to \$496.89 a month, or \$5,962.00 per year. It needs to be noted that these adjusted figures are for six RSC's that are donating money to their offices for whatever reason.

Not all RSO's are getting financial support from their RSC's in the form of donations.

TRANSPORTATION FOR TRUSTED SERVANTS: This expenditure accounts for fifteen percent of the yearly regional income in the nine regions studied. This does not include transportation to events within the region. Some U.S. Regions struggle to get their RSR's and RSR Alternates to the WSC Quarterly Conferences, while other regions are not only financially supporting their RSR's and alternates, but committee chairpeople and other committee participants as well. In some regions, regional participation at the world level is a priority. We were surprised to see that four of the nine regions used for the overall averages spent more money on transportation for their trusted servants than they actually donated to the WSC.

WSC DONATIONS: It is important to note here that the *World Service Conference Revenue* document is from June 1, 1988 to April 4, 1989, while the figures on the U.S. Regional Totals are generally from January 1988 to December 1988. That aside, the nine regions studied for the summary analysis donated forty-one percent of the money received from the U.S. regions during this period. So we can only assume, these are nine of the wealthiest regions in the United States. The average yearly donations from these nine regions is \$7,550.23, and at that rate, currently only seven regional service committees have donated that amount so far this year. According to the "Percentages," twenty-six percent of the regional income is being donated to the Conference. If this were actually true, using the "average" figures, the Conference could be receiving \$370,000.00 each year just from the U.S. regions if all of them contributed the same amount. There are also two Canadian regions that are donating very close to \$7,500 this Conference year.

It is also interesting to note that these nine regions made \$103,790.71 from fund raising and conventions and spent \$107,737.25 on Conference-related travel and direct donations to the Conference.

EMBEZZLEMENT AND MISAPPROPRIATED FUNDS: From reading through the minutes, we realized that on the regional level the amount of money that has been stolen is staggering. In some regions, the money being left in regional accounts is very high. There were a couple of instances where the amounts were above the \$20,000.00 mark--which may be invitation for trouble. The regional minutes studied, imply that the problem seems to get worse at the area level, although the amounts of money are not quite as high.

Some specific instances: In Northern California, the Monterey ASR reports \$1,300.00 taken by the activities chairperson, and the ASR from the East Bay reports that their activities chairperson stole approximately \$11,000.00. In Florida, the Palm Coast ASR reported that the chair of their area forged checks in the amount of \$7,000.00. In Georgia, in the Annual Treasurer's Report, there is an amount of \$3,658.00 under Misappropriated Funds--it appears that the regional treasurer resigned, stating that she used \$2,500.00 for her personal use,

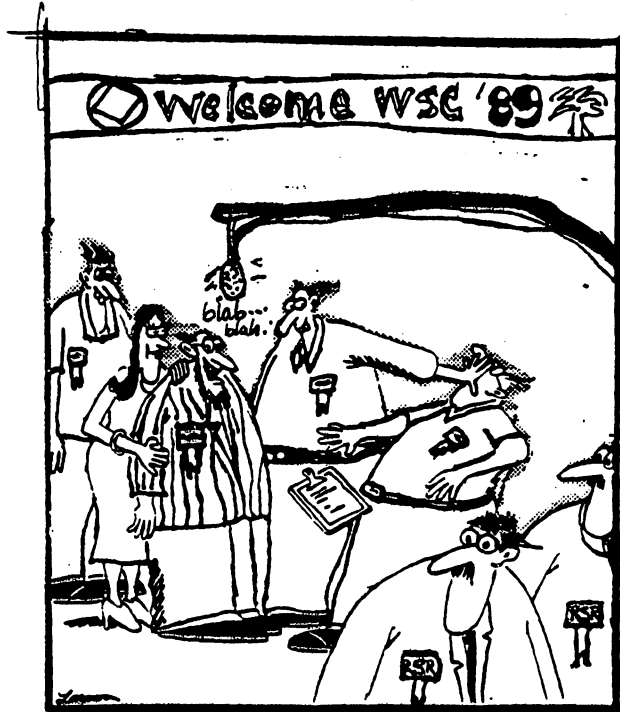


while the other \$1,158.00 was unaccounted for. These four instances totaled \$22,950.00 that these various regions will probably never see again.

*1 Attachment One, Nine U.S. Regional Totals, p.2--Percentages*

Several conclusions can be drawn from this study. Greater care needs to be exercised in the recording and preparation of financial reports for regions (and probably area committees also). Service offices, conventions and the Conference each have considerable impact on most regions. Greater care should be exercised concerning the security of funds to as to minimize the possibility of funds being lost to misappropriation.

g:\leigh\confrpt4.doc



**All day long, a tough gang  
of WSC participants would  
monopolize the microphone and  
intimidate the other members**