

## FINANCIAL REPORTS

Total expenditures for 1997 were just over \$180,000. Of this total, \$88,000 were for operational costs. As reported last year, approximately \$82,000 of this total was to pay for WCNA-26 Merchandise invoices received after January 1, 1997. The remaining \$6,000 in operation expenses were attributed to WCNA-27 expenses associated with the production and mailing of the registration flyer.

Last year we projected 1997 sales income from WCNA-26 leftover merchandise to reach \$20,000. While total corporate income received totaled \$24,000, only \$6800 was attributed to WCNA-26 sales. During the year, the retail prices of these items were reduced in an effort to increase the volume of sales. The items sold during this period are reflected in this report at their retail value, and then a "price adjustment" is shown in the report to account for the discounting of these items,

This decrease in total income realized was dealt with by deferring payment to the WSO for office related WCC expenses incurred. The deferred payable totaled \$21,138.74 and was repaid to the WSO in the first quarter of 1998 as WCNA-27 registration income became available.

### Corporate Administrative Costs

In our 1996 Annual Report, we projected 1998 combined administrative expenses of \$103,522. Our actual combined administrative expenses totaled \$92,736.36. We were able to realize expenses totaling around \$11,000 under budget as a result of reduced spending in travel, telephone, and office expenses. The reductions in travel resulted from a \$4,000 reduction in board travel, and unused travel allocations for convention workshop and convention handbook projects.

As reported to the conference last year, we deferred payment on our WSO Labor contribution until sufficient income was received from WCNA-27 registration to replenish our available cash on hand. As of this writing, half of the \$50,000 contribution has been paid.

The only significant area where administrative expenses increased over our budget projection was in the area of postage and shipping. However, this increase, which amounted to approximately \$5,000 over our projected budget, was for mailing expenses associated with the distribution of the WCNA-27 registration flyer in December. We had not originally anticipated being able to mail the flyer prior to the beginning of 1998 and therefore did not include this expenditure in our 1997 budget.

WORLD CONVENTION CORPORATION  
BALANCE SHEET  
DECEMBER 31, 1997

ASSETS

CURRENT ASSETS

WELLS FARGO - GENERAL ACCOUNT	\$22,532.28
WELLS FARGO - WCNA27 HOST ACCT	563.33
WCC AUXILIARY ACCOUNT	830.68
CITIBANK - VAN NUYS CHECKING	8,868.06
ACCOUNTS RECEIVABLE	489.00
INVENTORY	20,864.37

TOTAL CURRENT ASSETS

54,147.72

FIXED ASSETS

COMPUTER EQUIPMENT	7,014.58
OFFICE EQUIPMENT	30,367.21
LESS: ACCUM DEPRECIATION	(19,130.67)

TOTAL FIXED ASSETS

18,251.12

TOTAL ASSETS

\$72,398.84

LIABILITIES AND EQUITY

LIABILITIES

ACCOUNTS PAYABLE	21,138.74
DEFERRED WSO ACCOUNTS PAYABLE	50,000.00

TOTAL LIABILITIES

71,138.74

TOTAL LIABILITIES

71,138.74

EQUITY

RETAINED EARNINGS - PRIOR	157,801.60
RETAINED EARNINGS-CURRENT YEAR	(156,541.50)

TOTAL EQUITY

1,260.10

TOTAL LIABILITIES AND EQUITY

\$72,398.84

WORLD CONVENTION CORPORATION  
INCOME STATEMENT  
FOR COMBINED OPERATIONS  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

+----- YEAR TO DATE -----+  
ACTUAL                  PERCENT

INCOME

REGISTRATION:EARLY	\$4,590.00	19.0 %
REGISTRATION: PRE	2,760.00	11.4
ENTERTAINMENT:DANCES	390.00	1.6
ENTERTAINMENT:COMEDY SHOWS	735.00	3.0
ENTERTAINMENT:CONCERT	1,305.00	5.4
ENTERTAINMENT:JAZZ BREAKFAST	799.00	3.3
MERCHANDISE:WEARABLES	5,339.00	22.0
MERCHANDISE:SPECIALTY	1,513.00	6.2
MERCHANDISE:PRE-CONVENTION	1,276.00	5.3
REBATES:HOTELS	5,564.26	23.0
NEWCOMER DONATION:PRE-EVENT	455.00	1.9
SHIPPING	219.39	.9
JEWELRY	606.97	2.5
PRICING ADJUSTMENT	(1,331.22)	(5.5)
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TOTAL INCOME	24,221.40	100.0

OPERATIONAL COSTS

CONTRACT LABOR:ARTS & GRAPHICS	1,438.50	5.9
MERCHANDISE:WEARABLES	55,696.77	229.9
MERCHANDISE:SPECIALITY	22,358.75	92.3
EQUIPMENT RENTAL	6,143.80	25.4
JEWELRY:COG	273.00	1.1
PRINTING: REGISTRATION	5,490.66	22.7
PRINTING:GENERAL	183.41	.8
REGISTRATION REFUNDS	82.00	.3
REGISTRATION SUPPLIES	359.65	1.5
TRANSPORTATION-SHUTTLE	(4,000.00)	(16.5)
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TOTAL OPERATIONAL COSTS	88,026.54	363.4
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GROSS PROFIT	(63,805.14)	(263.4)

ADMINISTRATIVE:

GENERAL & ADMINISTRATIVE EXPEN		
ACCOUNTING & LEGAL	1,250.00	5.2
BAD DEBTS	2,256.48	9.3
BANK SERVICE CHARGES	376.49	1.6
COMPUTER SUPPLIES	515.00	2.1
DUES & FEES	647.11	2.7
MISCELLANEOUS	180.85	.7
OFFICE EXPENSE	1,253.43	5.2
POSTAGE & SHIPPING	8,362.61	34.5
MEETING SPACE	50.00	.2
TELEPHONE	5,130.95	21.2
TRAVEL	134.07	.6
TRAVEL:PLANNING	1,227.28	5.1

WORLD CONVENTION CORPORATION  
STATEMENT OF OPERATIONS  
FOR ADMINISTRATIVE  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

+----- YEAR TO DATE -----+  
ACTUAL            PERCENT

INCOME

SHIPPING	\$219.39	33.5 %
JEWELRY	606.97	92.5
PRICING ADJUSTMENT	(170.52)	(26.0)
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TOTAL INCOME	655.84	100.0

OPERATIONAL COSTS

JEWELRY:COG	273.00	41.6
PRINTING:GENERAL	183.41	28.0
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TOTAL OPERATIONAL COSTS	456.41	69.6
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GROSS PROFIT	199.43	30.4

ADMINISTRATIVE:

GENERAL & ADMINISTRATIVE EXPEN		
ACCOUNTING & LEGAL	1,250.00	190.6
BAD DEBTS	2,256.48	344.1
BANK SERVICE CHARGES	372.29	56.8
COMPUTER SUPPLIES/SOFTWARE	515.00	78.5
DUES & FEES	647.11	98.7
OFFICE EXPENSE	1,129.13	172.2
POSTAGE & SHIPPING	1,896.02	289.1
TELEPHONE	5,125.85	781.6
TRAVEL:MEETINGS	10,362.06	*****
TRAVEL:WORLD SERVICES	1,298.90	198.1
TRAVEL:CORPORATE	1,204.87	183.7
TRAVEL:STAFF DEVELOPMENT	1,531.84	233.6
TRAVEL:FELLOWSHIP INTERACTION	280.00	42.7
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TOTAL GENERAL & ADMINISTRATIVE	27,869.55	*****

OTHER INCOME AND EXPENSE

INTEREST EARNED	(187.86)	(28.6)
MISC INCOME	70.88	10.8
WSO DEFERRED LABOR	50,000.00	*****
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TOTAL OTHER INCOME AND EXPENSE	49,883.02	*****
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TOTAL ADMINISTRATIVE	77,752.57	*****
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NET INCOME FROM OPERATIONS	(77,553.14)	*****
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EARNINGS BEFORE INCOME TAX	(77,553.14)	*****
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NET INCOME (LOSS)	\$(77,553.14)	*****
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WORLD CONVENTION CORPORATION  
INCOME STATEMENT  
FOR COMBINED OPERATIONS  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

	+----- YEAR TO DATE -----+	ACTUAL      PERCENT
GENERAL & ADMINISTRATIVE EXPEN	(Continued)	
TRAVEL:SITE VISIT	\$5,360.05	22.1 %
TRAVEL:MEETINGS	11,171.06	46.1
TRAVEL:WORLD SERVICES	1,298.90	5.4
TRAVEL:CORPORATE	1,204.87	5.0
TRAVEL:STAFF DEVELOPMENT	1,531.84	6.3
TRAVEL:FELLOWSHIP INTERACTION	280.00	1.2
TRAVEL:CONTRACT LABOR	440.00	1.8
TRAVEL: HOST COMMITTEE	272.35	1.1
	-----	-----
TOTAL GENERAL & ADMINISTRATIVE	42,943.34	177.3
OTHER INCOME AND EXPENSE		
INTEREST EARNED	(187.86)	(.8)
MISC INCOME	(19.12)	(.1)
WSO DEFERRED LABOR	50,000.00	206.4
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TOTAL OTHER INCOME AND EXPENSE	49,793.02	205.6
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TOTAL ADMINISTRATIVE	92,736.36	382.9
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NET INCOME FROM OPERATIONS	(156,541.50)	(646.3)
	-----	-----
EARNINGS BEFORE INCOME TAX	(156,541.50)	(646.3)
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NET INCOME (LOSS)	\$(156,541.50)	(646.3)%
	=====	=====

WORLD CONVENTION CORPORATION  
STATEMENT OF OPERATIONS  
FOR WCNA 26 - ST. LOUIS  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

+----- YEAR TO DATE -----+  
ACTUAL                  PERCENT

INCOME

MERCHANDISE:WEARABLES	\$5,339.00	47.4 %
MERCHANDISE:SPECIALTY	1,513.00	13.4
REBATES:HOTELS	5,564.26	49.4
PRICING ADJUSTMENT	(1,160.70)	(10.3)
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TOTAL INCOME	11,255.56	100.0

OPERATIONAL COSTS

MERCHANDISE:WEARABLES	55,696.77	494.8
MERCHANDISE:SPECIALITY	22,358.75	198.6
EQUIPMENT RENTAL	6,143.80	54.6
REGISTRATION REFUNDS	82.00	.7
REGISTRATION SUPPLIES	359.65	3.2
TRANSPORTATION-SHUTTLE	(4,000.00)	(35.5)
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TOTAL OPERATIONAL COSTS	80,640.97	716.5
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GROSS PROFIT	(69,385.41)	(616.5)

ADMINISTRATIVE:

GENERAL & ADMINISTRATIVE EXPEN		
TRAVEL	134.07	1.2
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TOTAL GENERAL & ADMINISTRATIVE	134.07	1.2
	-----	-----
OTHER INCOME AND EXPENSE		
MISCELLANEOUS INCOME	(90.00)	(.8)
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TOTAL OTHER INCOME AND EXPENSE	(90.00)	(.8)
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TOTAL ADMINISTRATIVE	44.07	.4
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NET INCOME FROM OPERATIONS	(69,429.48)	(616.8)
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EARNINGS BEFORE INCOME TAX	(69,429.48)	(616.8)
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NET INCOME (LOSS)	\$(69,429.48)	(616.8)%
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WORLD CONVENTION CORPORATION  
STATEMENT OF OPERATIONS  
FOR WCNA-27 SAN JOSE  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

+----- YEAR TO DATE -----+  
ACTUAL            PERCENT

INCOME

REGISTRATION: EARLY	\$4,590.00	37.3 %
REGISTRATION: PRE	2,760.00	22.4
ENTERTAINMENT: THEME PARTY	390.00	3.2
ENTERTAINMENT: COMEDY SHOWS	735.00	6.0
ENTERTAINMENT: LIVE CONCERT	1,305.00	10.6
ENTERTAINMENT: JAZZ BREAKFAST	799.00	6.5
MERCHANDISE: PRE-REGISTRATION	1,276.00	10.4
NEWCOMER DONATION: PRE-EVENT	455.00	3.7
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TOTAL INCOME	12,310.00	100.0

OPERATIONAL COSTS

CONTRACT LABOR: ARTS & GRAPHICS	1,438.50	11.7
PRINTING: REGISTRATION	5,490.66	44.6
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TOTAL OPERATIONAL COSTS	6,929.16	56.3
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GROSS PROFIT	5,380.84	43.7

ADMINISTRATIVE:

GENERAL & ADMINISTRATIVE EXPEN		
BANK SERVICE CHARGES	4.20	.0
MISCELLANEOUS EXPENSES	180.85	1.5
OFFICE EXPENSE	124.30	1.0
POSTAGE & SHIPPING	6,466.59	52.5
MEETING SPACE	50.00	.4
TELEPHONE	5.10	.0
TRAVEL: PLANNING	1,012.85	8.2
TRAVEL: MEETINGS	809.00	6.6
TRAVEL: HOST COMMITTEE	272.35	2.2
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TOTAL GENERAL & ADMINISTRATIVE	8,925.24	72.5
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TOTAL ADMINISTRATIVE	8,925.24	72.5
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NET INCOME FROM OPERATIONS	(3,544.40)	(28.8)
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EARNINGS BEFORE INCOME TAX	(3,544.40)	(28.8)
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NET INCOME (LOSS)	\$(3,544.40)	(28.8) %
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WORLD CONVENTION CORPORATION  
STATEMENT OF OPERATIONS  
FOR WCNA-28 SOUTH AMERICA  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

+----- YEAR TO DATE -----+  
ACTUAL                  PERCENT

GROSS PROFIT	\$ .00	.0 %
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ADMINISTRATIVE:

GENERAL & ADMINISTRATIVE EXPEN		
TRAVEL: PLANNING	214.43	.0
TRAVEL: SITE VISIT	1,527.62	.0
TRAVEL: CONTRACT LABOR	440.00	.0
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TOTAL GENERAL & ADMINISTRATIVE	2,182.05	.0
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TOTAL ADMINISTRATIVE	2,182.05	.0
	-----	-----
NET INCOME FROM OPERATIONS	(2,182.05)	.0
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EARNINGS BEFORE INCOME TAX	(2,182.05)	.0
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NET INCOME (LOSS)	\$(2,182.05)	.0 %
	=====	=====



WORLD CONVENTION CORPORATION  
STATEMENT OF OPERATIONS  
FOR WCNA-29  
FOR THE 12 PERIODS ENDED DECEMBER 31, 1997

	+----- YEAR TO DATE ----+	-----
	ACTUAL	PERCENT
GROSS PROFIT	\$ .00	.0 %
ADMINISTRATIVE:		
GENERAL & ADMINISTRATIVE EXPEN		
TRAVEL:SITE VISIT	3,832.43	.0
TOTAL GENERAL & ADMINISTRATIVE	3,832.43	.0
TOTAL ADMINISTRATIVE	3,832.43	.0
NET INCOME FROM OPERATIONS	(3,832.43)	.0
EARNINGS BEFORE INCOME TAX	(3,832.43)	.0
NET INCOME (LOSS)	\$(3,832.43)	.0 %
	=====	=====

## 1998 BUDGET

**1998 BUDGET**

We have indicated projected sales of WCNA-26 merchandise totaling \$10,000. The retail sales value of our remaining WCNA-26 merchandise amounts to approximately \$30,000. While it is our hope to be able to sell all of this merchandise at this convention we have been purposefully conservative in our projections.

We have anticipated 1998 net proceeds of \$257,448. We offer a reminder that we expect this income will be needed to fund convention-related activities for the next four years. With the next convention scheduled to be held for the first time in Latin America, we do not anticipate any significant net income from that event. With the current two-year convention cycle we would probably not begin to really replenish these cash reserves until we start to receive convention income for WCNA-29 in the year 2002.

<b>World Convention Corporation 1998 Corporate Budget</b>	
<u>Income</u>	<u>Amount</u>
WCNA-26 Merchandise	\$10,000
WCNA-27 Income	\$1,307,360
<b>Total</b>	<b>\$1,317,360</b>
<u>Expense</u>	<u>Amount</u>
WCNA-27 - San Jose	\$896,100
Combined Administrative	\$113,812
1997 Deferred Labor Contribution	\$50,000
<b>Total</b>	<b>\$1,059,912</b>
<b>Income over Expense</b>	<b>\$257,448</b>

World Convention Corporation 1998 Combined Administrative Expenses*	
<u>Expense</u>	<u>Amount</u>
Travel	\$38,462
Bad Debt	\$1,000
Bank Service Charges	\$1,000
Dues & Fees	\$750
Postage & Shipping	\$2,400
Computer Equipment & Supplies	\$500
Telephone**	\$10,400
Office Expense	\$2,800
Accounting & Legal	\$1,000
Labor Contribution	\$50,000
Professional Development	\$500
Supplemental Labor & Equipment	\$5,000
<b>Total</b>	<b>\$113,812</b>
<ul style="list-style-type: none"> <li>• Combined administrative expenses are together the sum of corporate administrative expenses, and administrative expenses charged to each future convention being planned.</li> </ul>	
<p>** Includes \$6,400 for eight Executive Committee conference calls averaging approximately \$800 per call. The remaining \$4,000 is for all other administrative telephone expenses.</p>	

**1998 Administrative & WCNA-27 Budgets  
Travel Breakdown**

<u>Category</u>	<u>Amount</u>
Board Meeting Travel	\$12,000.00
Board Meeting Lodging	\$4,000.00
Board Meeting Meals	\$3,600.00
WCNA-31 Site Visit Travel	\$1,000.00
WCNA-31 Site Visit Lodging	\$1,000.00
WCNA-31 Site Visit Meals	\$1,000.00
WCNA-28 Planning Trip Travel	\$1,800.00
WCNA-28 Planning Trip Meals	\$1,000.00
WCNA-28 Planning Trip Lodging	\$1,000.00
World Service Conference Travel	\$1,700.00
World Service Conference Lodging	\$800.00
World Service Conference Meals	\$800.00
Convention Workshop Travel	\$1,500.00
Convention Workshop Lodging	\$1,000.00
Convention Workshop Meals	\$600.00
Convention Handbook Project Travel	\$2,500.00
Convention Handbook Project Lodging	\$900.00
Convention Handbook Project Meals	\$1,600.00
Staff Development Travel	\$200.00
Staff Development Lodging	\$350.00
Staff Development Meals	\$112.00
<b>Total</b>	<b>\$38,462.00</b>

**Current Convention Year Travel Charged to WCNA-27 Budget**

<u>Category</u>	<u>Amount</u>
WCNA-27 Planning Trip Travel	\$800.00
WCNA-27 Planning Trip Lodging	\$300.00
WCNA-27 Planning Trip Meals	\$240.00
WCNA-27 Event Contract Travel	\$2,000.00
WCNA-27 Event Contract Lodging	\$7,600.00
WCNA-27 Event Contract Meals	\$4,350.00
WCNA-27 Board Travel	\$5,000.00
WCNA-27 Board Lodging	\$3,360.00
WCNA-27 Board Meals	\$3,000.00
<b>Total</b>	<b>\$26,650.00</b>