

World Convention Corporation

1993 Annual Report



To: The Fellowship
From: Randy Jones, Chairman
World Convention Corporation
Subject: 1992 World Convention Corporation Annual Report

1992 was a year that presented your World Convention Corporation with some interesting challenges. We found ourselves presenting a motion to the WSC that several years earlier we had opposed. Consequently the truism, "never say never" held a very special meaning for WCC this past year. We had previously argued against a motion to hold the world convention every two years on the basis that we felt it to be extremely important to complete the rotation cycle of convention zones. Now that the cycle is complete, we feel that there is no better time to implement such a change. Also, it must be said that with the increase in local conventions the world convention is no longer seen as the most important convention in the fellowship. We believe that the motion to hold the world convention every two years will help to reestablish the convention as a significant special event. With the real possibility that the convention will only be in a host region once every twenty (20) years, we believe that more members will be motivated to attend.

The WCC Board has also been busy examining its operational procedures and internal guidelines. The development of a fixed administrative plan as well continued work on some basic changes to the composition and number of directors have been priority projects over the last year. The board's size, fiscal and operational procedures, procurement policies, convention program development, the potential use of meeting professionals and travel providers, merchandise procurement policies, and general board operating procedures have all been areas that the board is reevaluating through the establishment of working groups composed of board members. The groups will develop ideas and recommendations on these issues for presentation to the full board for consideration.

CORPORATE

In 1992 the officers of the corporation were William Winterfield, chairperson, Randy Jones, vice-chair, Janis Edwards, treasurer and Gary Grien, secretary. In November the following officers were elected: Randy Jones, chairperson, Janis Edwards, vice-chairperson, Gary Grien, treasurer and Tim Banner, secretary. These officers will serve until the November 1993 meeting. The additional members of the board are Harry Watson - WCNA-20, Dave Tynes - WSC, Chuck Lehman - BOT, Sean Sezlik - WCNA-22, Cary Seltzer - WCNA-23, Darlene Queen - WCNA-23, Rhonda Richetta - WCNA-24, Ron Duncan - elected by WSC, Terry Coplien - elected by WSC, Bob Fenaran - WSO, John Burnett - WSO,

The board elected to reinstate its March meeting. This meeting was removed from the regular board schedule in 1990 as a result of the shortage of funds the WCC experienced that year. After careful analysis, the board decided that continuing to operate with only two meetings a year was not in the best interest of the corporation or the world convention.

The board has identified several additional areas that need to be addressed in the next year. Most of these are a part of the board's efforts to reduce its operating expenses or improve the convention guidelines. One of

the many areas under evaluation is the size and composition of the board. There have been discussions about the possibility of reducing the size of the board by approximately four members. This process will begin in 1993.

As part of our evaluation process we have been working on several changes to our bylaws. There were several changes adopted in 1992 and we expect that there will be several more in 1993. Primarily those changes to the bylaws were made to reflect the current practices of the corporation. The board also decided in 1992 to eliminate the World Convention Corporation Program Committee by using directors to fulfill those responsibilities. The committee was created at a time when WCC was in its initial years of operation. Although the board acknowledges the valuable contribution of the convention program chairs who served in this capacity, we genuinely believe that a separate body to consider speakers for the convention program is a task that can be directly handled by assigned board members. The board wishes to extend its gratitude to all of the members who served on World Convention Corporation Program Committee over the last several years.

The board has been approached several times over the last couple of years by various convention committee members, about the WCC becoming a broker for convention merchandise for the fellowship. The board is in the process of considering this request. The revenue generated from the merchandise brokering may allow the board to further offset its operational expenses and may also assist the WCC in becoming completely self-supporting. Currently, the WCC relies heavily on the WSO for staff support and facilities.

This year the audit report is in a simplified format. The auditor did not fully understand the level of detail we require. Consequently, the auditor prepared a report that is the same as what they provide for other public benefit companies. The report will contain a higher level of detail in the future. The corporation still has a limited amount of previous convention merchandise, including jewelry, in the inventory.

WCNA-22

We learned a great deal from the Toronto convention. Despite its proximity to the US, Canada is another country and has several provisions regarding the import of certain items and different challenges associated with currency conversion. We found that, as a general practice, we must deal with experienced and financially stable companies. In these economically difficult times, the chance of small business failure is higher than ever. In the future we will not normally consider small operations as vendors unless the company can provide certain financial guarantees of their ability to perform as contracted. We also learned that, in our attempt to be conservative in the purchase of merchandise because of previous experiences, we became too conservative. The appropriate adjustments have been made for Chicago. Our thanks to the members who used the mail-order process for their patience.

Generally, there were no real surprises with WCNA-22. Approximately 3,737 people registered for the convention. The net revenue generated from WCNA-22 was \$42,386.26. Almost all of this revenue was used to repay the WCC's outstanding debt to the WSO. The board would like to express its gratitude to the host committee as well as all of the members of the fellowship in Canada who helped out with the event. Also, a very special thank you to the other members who volunteered their time to be of service.

WCNA-23

Planning for the Chicago convention is proceeding on schedule. The host committee in Chicago is working hard to make the WCNA-23 a memorable experience for all who attend. As some of you have noticed no banquet is scheduled for WCNA-23, which represents a change in the usual convention program. Instead, there is an event planned called "Taste of Recovery" which will have a street fair-like atmosphere outside at the site of the Saturday night main meeting. The basic idea is that each person who has a ticket will receive one serving of five or six different entrees from vendors who are famous for these types of food in the Chicago area. There will be live entertainment as well as other activities. Busing will be provided to get registered members from the downtown hotels to the UIC Pavilion, the site of the Saturday night meeting. The members who purchase tickets for the "Taste of Recovery" will be allowed early access to the meeting facility.

WCNA-24

The host committee has been formed in Baltimore and is beginning to work on developing a plan for submission to the board at it's fall meeting. All of the hotels are within walking distances to the (Inner Harbor), (Convention Center) and the (Arena.) Since there is a real possibility that this will be the last world convention in the middle eastern US for at least ten years, the attendance is expected to be large.

WCNA-25

Preliminary negotiations have begun for the world convention in Paris, France. We plan to enter into an agreement with the Euro Disney site by the fall of 1993. There is a real possibility that the dates of the world convention 1995 will not be over the Labor Day weekend, but may be earlier or later depending on negotiations. We are presently striving for earlier since that would afford more members the opportunity to attend.

WCNA-26

Bids for the 1996 world convention in zone 4 are due July 1, 1993. We are presently expecting to receive two bids from that zone. The zone comprises Kansas, Missouri, Texas, Arkansas, Oklahoma and Louisiana.

The board of directors for your convention corporation has recognized the need to constantly reevaluate its operations to ensure that the fellowship's resources are being used wisely and to strive to reduce its operating expenses. Also the board has been more actively involved in direct day-to-day management so as to gain a better perspective of the corporations activities.

On behalf of the board, I would like to thank the fellowship for allowing myself and the members of the World Convention Corporation board opportunity to be of service.

WORLD CONVENTION CORPORATION 1992 AUDIT REPORT

The World Service Office commissioned an independent audit of the financial records of the World Convention Corporation. The audit is intended to examine the reliability of the accounting records and practices of the WCC so as to provide an overview of the corporation's financial condition as of December 31, 1992. The following notes apply to the entries numbered on the right-hand side of the audit report.

BALANCE SHEET

1. Accounts payable is comprised of bills paid by the World Service Office on behalf of WCC in 1992. This balance was repaid in the first quarter of 1993.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

2. Convention registrations is for the Toronto convention, except for \$9,684.52 in pre-registrations for Chicago.

3. Merchandise income includes approximately \$38,000 in sales of merchandise left over from conventions prior to the Toronto convention.

4. Cost of merchandise sold includes inventory sold from prior conventions, at their cost of approximately \$25,912.

5. Facilities includes \$2,500 downpayment for the Chicago convention.

6. Other convention costs includes such items as shipping, translations, program travel, printing and contract labor.

STATEMENT OF CASH FLOWS

7. The decrease in inventory primarily represents the sale of merchandise left over from previous conventions.

8. The decrease in accounts payable is amounts repaid to the WSO for expenses relating to prior conventions.

WORLD CONVENTION CORPORATION

INDEPENDENT AUDITOR'S REPORT

PERIOD: 12/31/92

WORLD CONVENTION CORPORATION
Financial Statements with
Independent Auditor's Report
December 31, 1992

The accompanying financial statements of World Convention Corporation for the year ended December 31, 1992, were audited by the independent auditor whose report is included hereon. These financial statements are the responsibility of the Corporation's management. The responsibility of the auditor is to express an opinion on these statements based on the audit.

The audit was conducted in accordance with generally accepted auditing standards. The auditor's opinion is based on the audit of the financial statements and the related disclosures. The auditor's opinion is that the financial statements present fairly, in all material aspects, the financial position of World Convention Corporation as of December 31, 1992, and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of World Convention Corporation as of December 31, 1992, and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

Pasadena, California
April 2, 1993

[Signature]
Edward E. Klotz & Partners
Certified Public Accountants

WORLD CONVENTION CORPORATION (UNEVALUATED REPORT)

The World Service Center conducted an audit of the financial records of the World Convention Corporation for the period ending December 31, 1967. The following items apply to the financial statements of the corporation for the period ending December 31, 1967. The following items apply to the financial statements of the corporation for the period ending December 31, 1967.

WORLD CONVENTION CORPORATION

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EDWARDS, EICHEL & BERANEK

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
World Convention Corporation

We have audited the accompanying balance sheet of World Convention Corporation. (a nonprofit corporation) as of December 31, 1992, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Convention Corporation at December 31, 1992, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Edwards, Eichel & Beranek

Pasadena, California
April 2, 1993

Edwards, Eichel & Beranek
Certified Public Accountants

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WORLD CONVENTION CORPORATION
Balance Sheet
December 31, 1992

ASSETS

Current assets		
Cash		\$50,296
Accounts receivable		3,413
Inventory		<u>5,918</u>
Total current assets		<u>59,627</u>
Equipment		
Office Equipment		20,024
Less accumulated depreciation		<u>12,345</u>
Total leasehold improvements and equipment		<u>7,679</u>
Total assets		<u>\$67,306</u>

LIABILITIES AND FUND BALANCE

Current liabilities		
Accounts payable		\$24,918 (1)
Accrued expenses		<u>655</u>
Total current liabilities		<u>25,573</u>
Fund balance		
Unrestricted		<u>41,733</u>
Total liabilities and fund balance		<u>\$67,306</u>

The accompanying notes are an integral part of these financial statements.

WORLD CONVENTION CORPORATION
Statement of Revenue, Expenses and Changes in Fund Balance
Year Ended December 31, 1992

Operating Revenues:

Convention registrations	\$112,128	(2)
Sale of convention materials and merchandise	134,548	(3)
Entertainment events	67,781	
Other	<u>18,193</u>	
Total operating revenues	<u>332,650</u>	

Operating expenses:

Materials and merchandise cost	119,555	
Entertainment event costs	58,915	(4)
Facilities	26,762	(5)
Travel	43,217	
Operating expenses	16,632	(6)
Other convention costs	<u>63,707</u>	
Total operating expenses	<u>328,788</u>	

Excess of operating revenue over operating expenses 3,862

Nonoperating revenue:

Interest	172	
Other	<u>324</u>	
Total nonoperating revenue	<u>496</u>	

Excess of revenue over expenses 4,358

Fund balance, beginning of year 37,375

Fund balance, end of year \$ 41,733

The accompanying notes are an integral part of these financial statements.

WORLD CONVENTION CORPORATION
Statement of Cash Flows
Year Ended December 31, 1992

Cash flows from operating activities:

Excess of revenues over expenses	\$ 4,358
Adjustment of reconcile net revenue over expenses	
to net cash provided by operating activities	
Depreciation	2,978
Decrease in accounts receivable	3,023
Decrease in inventory	38,540 (7)
Decrease in accounts payable	(30,114) (8)
Increase accrued expenses	230
Net cash provided by operating activities	<u>19,015</u>
Cash	
Beginning of year	<u>31,281</u>
End of year	<u>\$50,296</u>

The accompanying notes are an integral part of these financial statements.

WORLD CONVENTION CORPORATION
Notes to Financial Statements
December 31, 1992

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The World Convention Corporation's ("WCC") function is the planning, financing, organizing and promoting the annual conference for Narcotics Anonymous.

Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Accounting Guide, Audits of Certain Nonprofit Organizations and SOP 78-10 - Accounting Principles and Reporting Practices for Certain Nonprofit Organizations.

Temporary Cash Investments

Temporary cash investments are carried at cost which approximates market.

Inventory

Publications and other items for resale are included in inventories and are carried at the lower of cost or market, with cost determined by the first-in, first-out basis).

Office Equipment

Office equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from six to seven years.

Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

WORLD CONVENTION CORPORATION
Notes to Financial Statements
(continued)

Note 2. WORLD SERVICE OFFICE, INC. (WSO)

Included in accounts payable on the balance sheet is a payable to WSO in the amount of \$24,918. Such amount represents disbursements made on behalf of WCC which are reimbursed to WSO as funds are available.

