Section Four:

Financial Reports

Travel item: employee relocation expenses
Participants: staff
Expense: $7,680.96
These were expenses incurred either to interview potential employees, or to actually relocate new employees.

Travel item: Canadian Service Office set-up
Participant: Bob Stewart
Expense: $1,282.00
This expense was incurred in sending Bob Stewart, the Support Services assistant division director, to Toronto, Canada, for five days to establish the operation of the Canadian Service Office.

Travel item: Chicago service office workshop
Participants: Bob Stewart, Stuart Tooredman, Anthony Edmondson, Steve Sigman
Expense: $2,232.52
The WSO scheduled a meeting with the board leadership and staff of the various local service offices in the U.S. to discuss matters relating to the distribution of literature, the WSO sales policy, problems with U.S. service offices, and a host of other issues relating to literature distribution in the United States. The figure above reflects the total WSO expense for that trip.

WCC travel

Travel item: WCC coordination
Participants: Anthony Edmondson, Donna Markus
Expense: $5,580.00
The World Service Office always seeks to combine as many different functions into international trips as possible so as to maximize the benefits resulting from our travel expenditures. In this regard, we try to take care of matters relating to literature distribution in a particular country if we have scheduled a visit. Last year, while traveling to Sydney, Australia, on a trip related to coordination of the 21st World Convention, we took the opportunity to visit New Zealand to discuss their literature distribution needs. In Sydney, we scheduled meetings with the representatives of Australia's Fellowship Service Office to discuss our literature sales agreement and Australia's literature distribution needs. On trips of this type, it is customary to have a member of the World Service Board of Trustees accompany the staff. The member of the WSB who took this trip was selected because she was also a member of the WCC board and had previous WSO board experience. The trip duration was eight days.

Travel item: WCC-related travel
Participants: Anthony Edmondson, Stuart Tooredman, Bob Stone
Expense: $2,943.00
The staff of the World Service Office has a direct responsibility to the World Convention Corporation for administrative coordination. The WSO often incurs travel expenses in fulfilling that responsibility. The World Convention Corporation does reimburse the WSO for some of this travel; however, a portion of it is considered a normal part of the WSO's responsibilities and reimbursement is not sought. During the last year, we participated in an office and convention workshop held in Phoenix, Arizona. During the Phoenix sessions, representatives of the WSO and WCC gave presentations on local office and convention management.

International development travel

Travel item: Egypt, ESO trip
Participant: George Hollahan, Lizzie Guest
Expense: $3,807.75
During the year, it is sometimes necessary for the World Service Office to send members of its administrative staff on trips outside the U.S. to address matters relating to literature translation and distribution or other matters where the WSO will have some direct responsibility to provide services to an N.A. community. The Egypt trip was taken to negotiate the translation of the Basic Text into Arabic. The trip gave members of the Cairo N.A. community an opportunity to talk directly with someone from world services about their development needs. Additionally, staff gave a presentation at the U.S. Embassy to local government officials and medical professionals.

Normally, a member of the World Service Board of Trustees would have accompanied the staff member on this trip. However, as part of the itinerary was to meet the person involved in the translation again in London, the member of the WSB met the staff member at the ESO. N.A. members who spoke Arabic were also present at the meeting in London to

discuss a review and approval process for the translation. While on this trip, the staff member who has primary responsibility for the ESO was also able to spend some time with our employee there.

Travel item: India trip
Participant: Anthony Edmondson
Expense: $5,439.00
This is another case where multiple purposes were combined into a single trip. The figure above includes the cost of the continuation travel.

The primary reason for the trip was to finally be able to respond to numerous requests by Bombay members to have someone come over to discuss a variety of issues, ranging from literature availability to general service questions. The World Service Office had been receiving frequent requests from members in Bombay for nearly two years before the trip was planned. A trustee accompanied the staff member on the India segment of this trip, which lasted nine days. To allow Bombay N.A. the means to grow and develop, the WSO made a commitment to provide literature to the Bombay ASC for two years at no cost. After that time, we will reevaluate our arrangement. Additionally, while in Bombay, the team visited the U.S. Embassy business library to gather information about the possibility of producing literature in India.

While in India, the travel team was able to make initial contacts with a couple of treatment professionals in Calcutta. However, it was unfortunate that our trip to Calcutta occurred at the end of the week. At that time, we were not aware of any N.A. meetings occurring on the days we were there with the exception of the ones that were connected to the treatment facilities we were visiting; all the regular N.A. meetings in Calcutta were being held early in the week. This made it apparent that any future trips to Calcutta should be made in the beginning of the week, the better to facilitate contact with local N.A. members.

During the India trip, the travel team was supposed to meet with an N.A. member from one of the southern provinces. However, due to an airline engineers strike during our visit, he was unable to join us in Calcutta. Future trips would need to include a visit to the southern provinces.

After leaving India, the staff member proceeded to London to do some follow-up work on the ESO computer system as well as spend approximately four days with the ESO employee. While in London, he also took care of some matters relating to ESO financial management.

The staff member then proceeded to Toronto, Canada to examine the potential site for the Canadian Service Office and to conduct negotiations for the 22nd World Convention with the facilities in Toronto. While there, he was able to visit the bank we use in Canada to finalize some account details. This segment of the trip lasted three days.

Travel item: Europe trip
Participants: Bob Stone, Stuart Tooredman, Chuck Lehman
Expense: $11,799.00
The primary reason for this trip was to go to several countries in Europe to address literature sales agreements. The travel team first went to London to work out the details of a sales agreement with the United Kingdom Service Office and to visit the employee at the ESO. The team then continued to Barcelona, Spain to assist local members in addressing some legal matters regarding their status as an organization. The team then went to Frankfurt, West Germany to work out the details of a literature sales agreement with the Germanspeaking Region. Two members of the team then continued on to Stockholm, Sweden to have discussions with the members about translations issues and development needs. While in Stockholm, the team met with an attorney who was acting on our behalf to register the fellowship's trademarks and service marks in Sweden.

One member of the team then met another member of the WSO staff in Toronto to assist with the inspection of the site for the Canadian Service Office and to participate in discussions about WCNA-22. He then departed Canada to meet with a Spanish-speaking American N.A. member who had extensive business experience in South America. This member accompanied him to Medellin, Colombia for a fellowship meeting.

Travel item: Colombia trip
Participant: Jorge H.
Expense: $894.00
This was the expense for the member who agreed to assist us with the trip to Colombia.

Travel item: European Conference and Convention
Participants: Hollie Arnold, Lizzie Guest, George Hollahan, Jamie Scott-Hopkins, Oliver Stanley
Expense: $7,933.33
Each year, the office sends representatives to the European Conference and Convention (formerly known as the European Service Conference), which in 1990 was held in Lisbon, Portugal. Hollie was joined by a member of the WSB; those two continued on to Israel, where they met with N.A. members to discuss the Hebrew Basic Text translation and N.A. service issues. George returned to London to spend time at the ESO.

Travel item: Colombia follow-up trip
Participants: George Hollahan, Jorge H.
Expense: $2,483.00
This was the expense for a follow-up trip to Colombia to help resolve certain matters that had not been entirely cleared up on the first visit. These matters included some literature translation and production problems and other service development issues. Again, the staff member was accompanied by a member who assisted with these discussions.

Public information travel

Travel item: Grenada trip
Participant: Hollie Arnold
Expense: $2,451.50
During the year, WSO sends members of the coordinating staff to participate in presentations at large addiction-related conferences. In this case, a member of the staff was teamed with a member of the WSC P.I. Committee.

Travel item: Seattle workshop
Participant: Vandy Andersen
Expense: $375.00
A member of the coordinating staff was sent to make a presentation at a multiregional P.I. workshop.

Travel item: Salt Lake City workshop
Participant: Carl Prescott
Expense: $315.00
This is the expense for a member of the staff to join a member of the WSC P.I. Committee in conducting a multiregional workshop in Salt Lake City, Utah.

WSC meeting participation

Travel item: Joint Administrative Committee meeting
Participant: Bob McDonough
Expense: $523.00
It was only necessary for one member of the WSO board to travel to this meeting. All of the other participants were local.

Travel item: Second Albuquerque meeting
Participants: Bob Stone, Anthony Edmondson, Steve Sigman, Stu Tooredman, Bill Winterfeld, Bob McDonough, Jamie Scott-Hopkins, Oliver Stanley, Don Davis, Mary VanEvery, Hollie Arnold, Vandy Andersen, Steve Lantos, Lee Manchester, Ann Rider, and George Krzyminski
Expense: $7,930.22
This was the expense for the participation of the coordinating and management staff of the office and the WSO Board of Directors for the meeting of the WSC Ad Hoc Committee on N.A. Service to review *A Guide to Service*.

Travel item: July quarterly
Participants: George Hollahan, Steve Sigman, Steve Lantos, Stuart Tooredman, Hollie Arnold, Mary VanEvery, Andy Mann, Vandy Andersen, Julie Kirkpatrick, Carl Prescott, Freddie Aquino, Lori Dunnell, Ann Rider, Bill Winterfeld, and Randy Jones
Expense: $9,120.93
This was the expense for travel and lodging for the staff and directors who were sent to the WSC Quarterly Workshop in Arlington, Virginia.

Travel item: October quarterly
Expense: $937.00
This is the total expense to the WSO for the quarterly workshop which was held in Los Angeles.

Travel item: World Service Board meetings
Participants: Bob McDonough, Bill Winterfeld
Expense: $839.68
This was the total expense for the WSO board vice chairpersons' travel to trustee meetings.

Travel item: WSC Ad Hoc Committee on Isolated Groups meeting
Participant: Freddie Aquino
Expense: $66.00
This was a lodging expense for a member of the coordinating staff who participated in a meeting of this committee. Since the employee lived more than fifty miles away from where the meeting was being held, the lodging expense was allowed.

Fellowship interaction

Travel item: *Conference Agenda Report* workshops
Participant: George Hollahan
Expense: $675.00
This was the expense to have a member of the administrative staff participate in a conference agenda workshop.

Travel item: Basic Text issue
Participant: Bob McDonough
Expense: $1,020.56
At the request of the Michigan Region, a member of the WSO board was sent to represent the WSO at a regional meeting.

Translations

Travel item: Spanish I.P.s and White Booklet
Participant: Sylvia Komet
Expense: $2,380.54
This was the expense to bring a member from Spain to the WSO to work on the translations of the I.P.s and the White Booklet into Castillian Spanish.

Travel item: Hebrew Basic Text translation
Participants: Stuart Tooredman, Jack Bernstein
Expense: $1,168.00
This was the travel expense incurred to send a team to resolve matters with a physician in Miami, Florida who was purportedly engaged in translating our material into Hebrew.

Travel item: Spanish Basic Text translation
Expense: $11,246.72
This is the total expense incurred by the WSO during the year for the work on the translation of the Basic Text into Spanish. There were meetings held in Miami, Florida, New York City, Houston, Texas, and Los Angeles.

INTRO TO BUDGET, AUDIT REPORT, AND TABLES AND CHARTS

The next section of the report contains two parts. The first presents all of the specific financial information for the 1990 year, including the 1991 WSO budget, the 1990 audit report, and relevant notes. The second part contains a few charts and tables, providing a graphic representation of select WSO financial data. In prior years, the office has included a vast array of tables and charts, most of which have not been included in this year's report. Our goal is to provide a useful report without overwhelming the reader with numbers.

Anthony Edmondson, Director
WSO Support Services Division

CHART ONE--INCOME VS. EXPENSE

This chart graphically depicts World Service Office, Inc. expense and income levels for the previous five-year period. We have routinely produced this chart to give the fellowship an idea of the rate of change in our income and expense, and will continue to provide this chart in future years.

In his oral report to the 1989 World Service Conference, the WSO executive director used a similar handwritten chart to make the point that, based upon the lack of new inventory items, the office's expenses would exceed its income at some point in the near future. As evidenced by the chart, that point was reached in 1990.

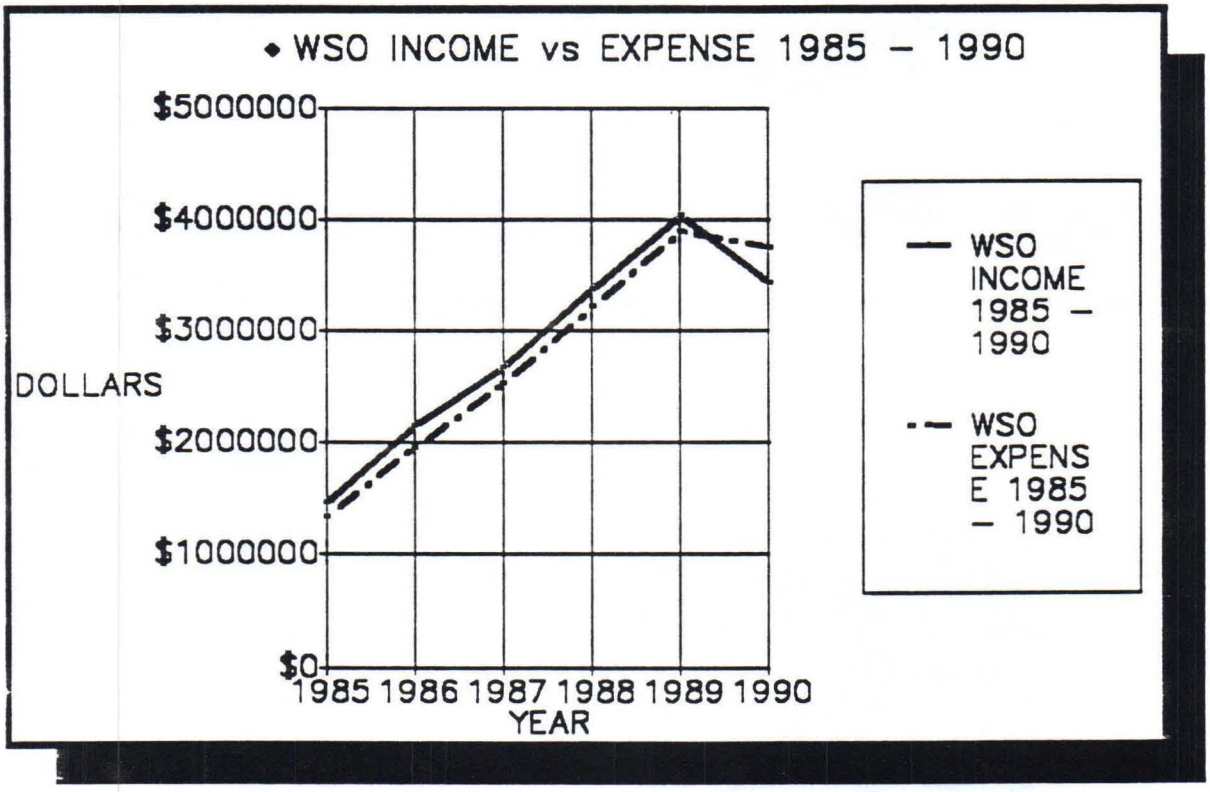
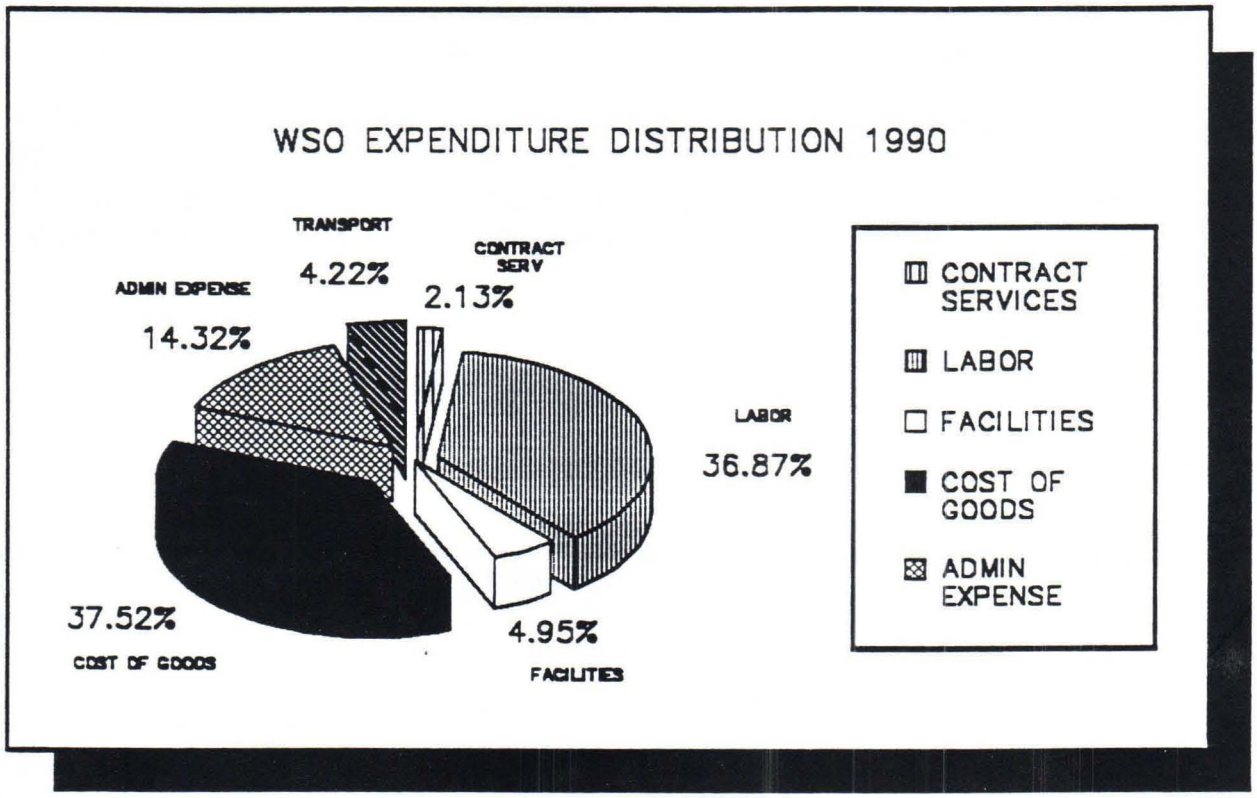


CHART TWO--EXPENDITURE SUMMARY

This chart graphically depicts World Service Office, Inc. percentage breakdown of expenditure categories for 1990. The percentages shown represent the totals for all operations (WSO, CSO, ESO).



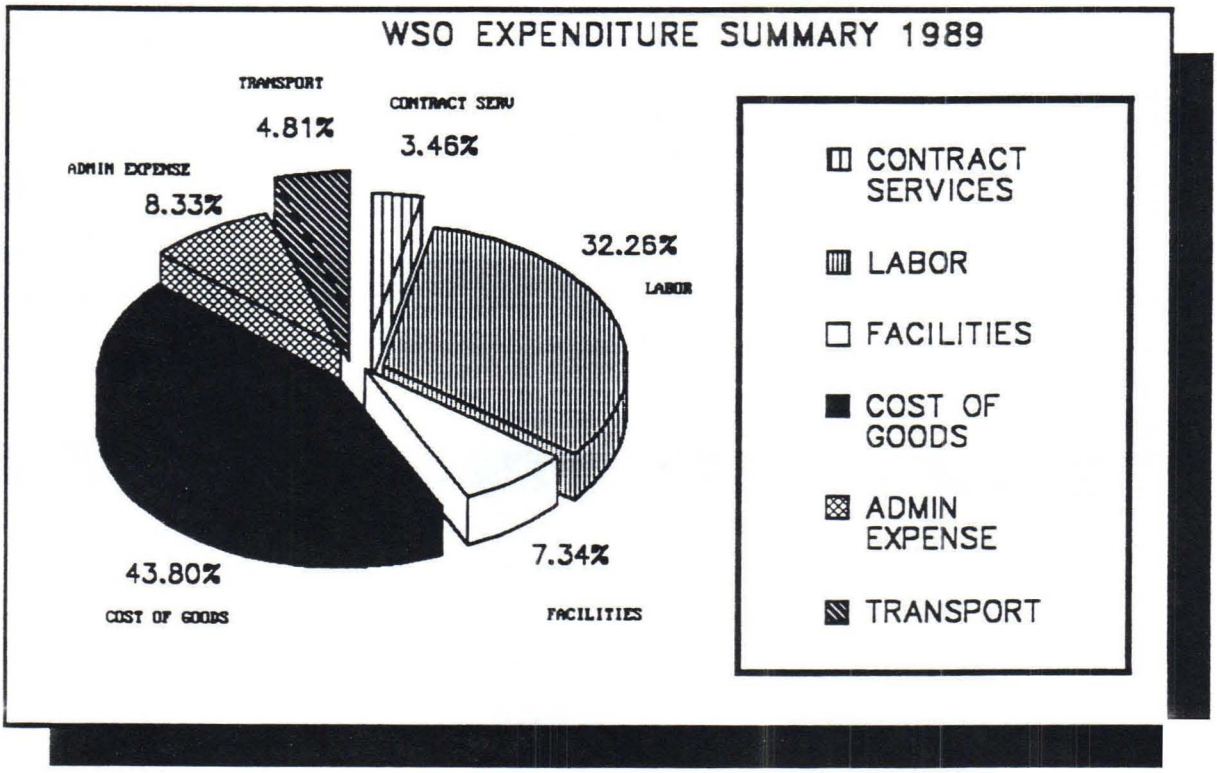
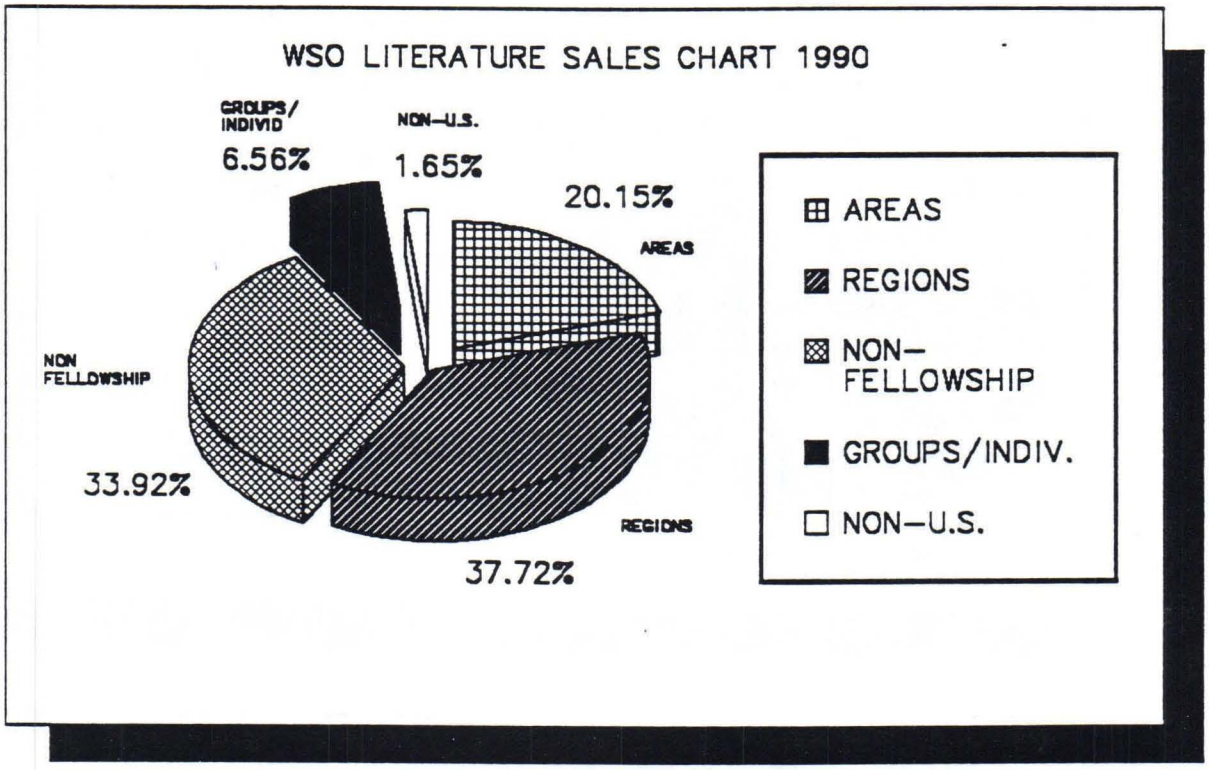


CHART THREE--LITERATURE SALES BY CATEGORY

This chart shows the income received from each customer category by World Service Office, Inc, in 1990. For the fifth straight year, the amount of literature sold to non-fellowship customers decreased. The percentage of sales to non-fellowship customers 48.01% in 1986, 45.47% in 1987, 41.99% in 1988, 38.47% in 1989, and 33.87% in 1990.



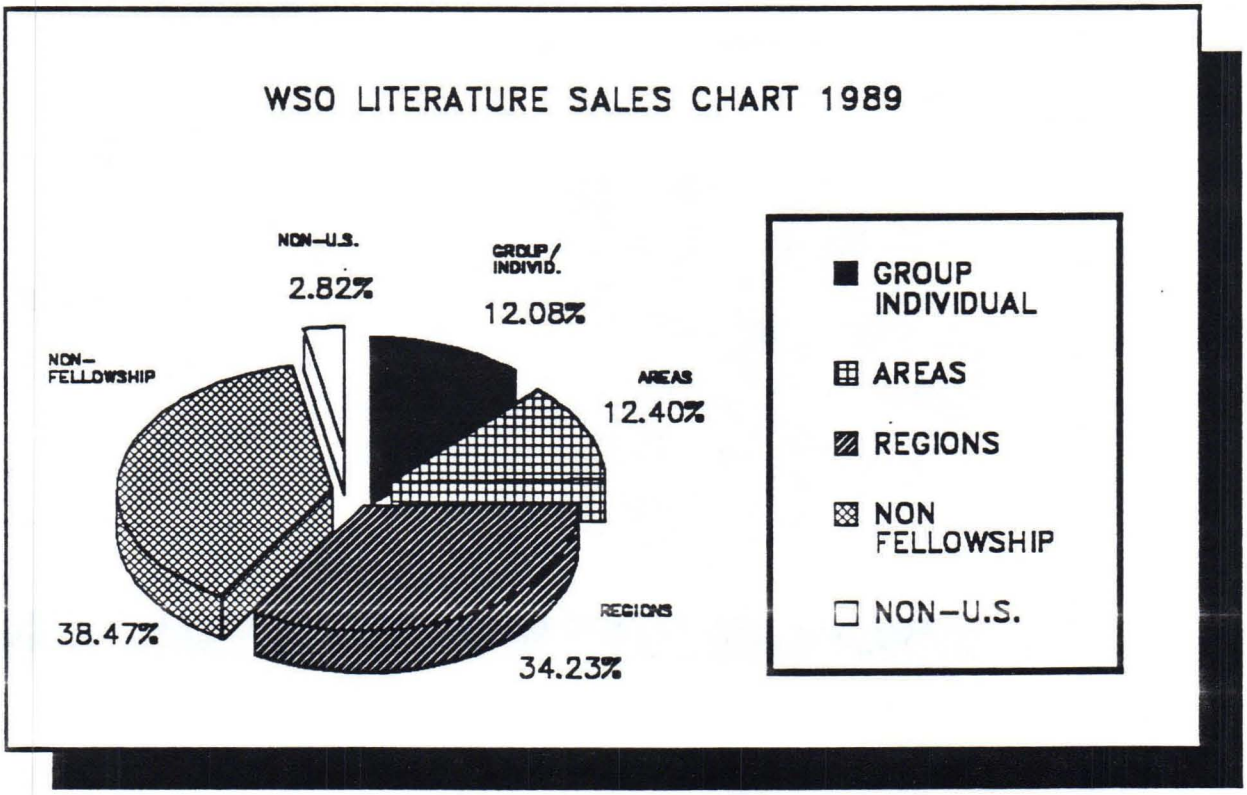
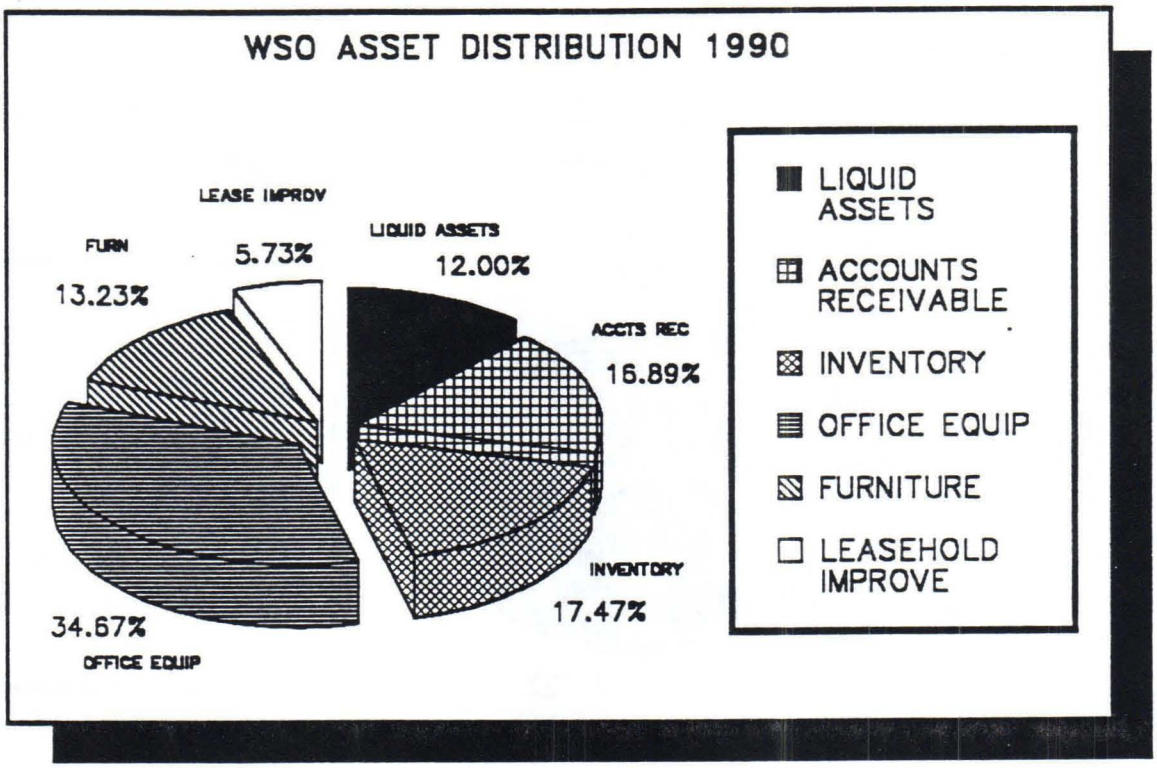
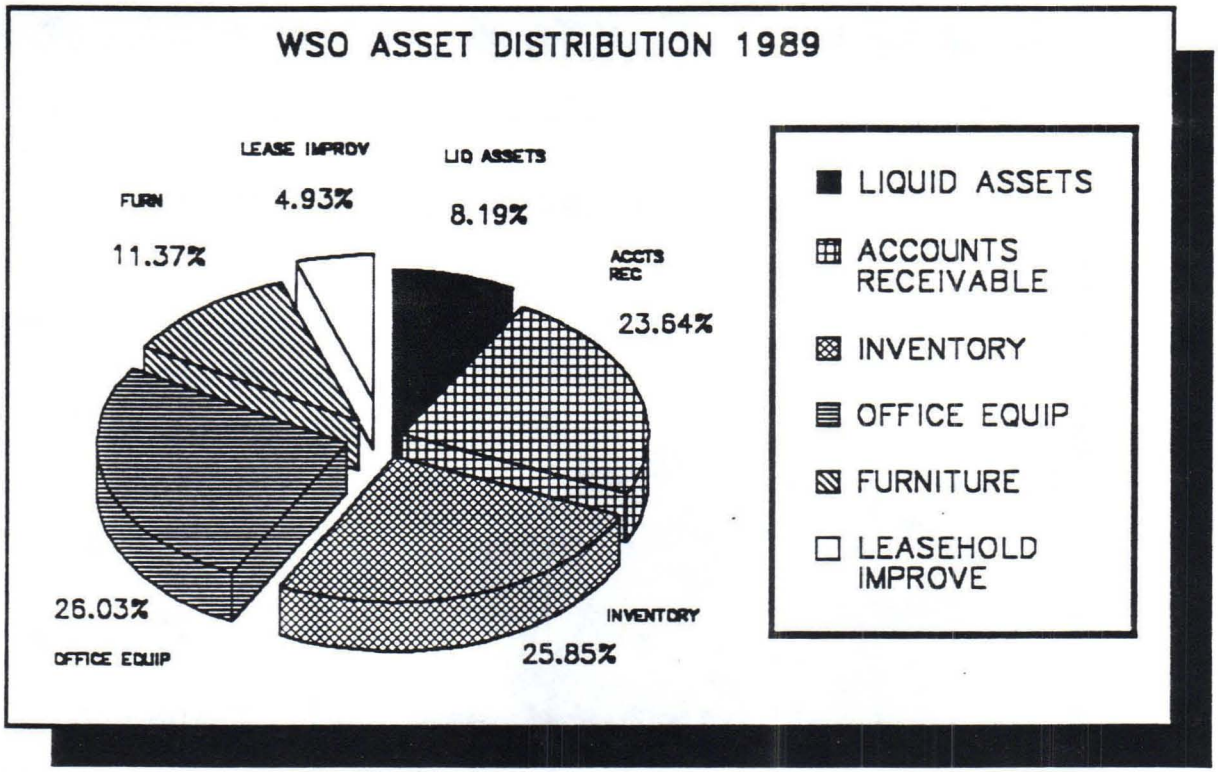


CHART FOUR--ASSET DISTRIBUTION

This chart graphically depicts the percentage breakdown of the asset distribution of all World Service Office, Inc. operations in 1990.





WORLD SERVICE OFFICE 1990 AUDIT REPORT

For the third consecutive year, the World Service Office commissioned a review audit of the financial records. The review audit is intended to examine the reliability of the accounting records and practices of the WSO so as to provide an overview of the office's financial condition as of December 31st, 1990.

This year, we requested that the format of the report be changed. This report shows data not only for World Service Office, Inc., but for the Van Nuys office, the European Service Office, and the Canadian Service Office. The report is divided into the following sections:

Page 62 is the combined operations balance sheet, where all of the assets and liabilities of all of the offices operations are combined to provided a comprehensive view of our asset position.

Page 63 is a balance sheet for the Van Nuys operation (as distinct from the London and Toronto branch offices).

Page 64 is a balance sheet for the European Service Office in London.

Page 65 is a balance sheet for the Canadian Service Office, located in Mississauga, Ontario, outside Toronto.

Page 66 is statement of revenues and expenses for the combined WSO operations.

Page 67 is a statement of revenues and expenses for the Van Nuys operation.

Page 68 is the same report for the European Service Office.

Page 69 is the same report for the Canadian Service Office in Ontario.

Page 70 is a statement of changes in fund balances for all operations. It reflects the changes in the significant asset and liability categories.

Pages 71 and 72 are notes from the accountant about specific items in the audit that needed emphasis.

The notes below apply to the numbered entries on the audit report. The audit report follows the notes.

Consolidated balance sheet

1. There was a significant increase in the level of cash in the checking accounts. This was due primarily to the balance in the checking account in Canada. Since opening the Canadian Service Office in July, all of the revenue deposited in the CSO account has been left there to facilitate the branch's operation. The previous year's figure would not have included this balance.

2. There was a $10,193.00 reduction in the balance of the savings accounts.

3. One of the most dramatic indications of the poor financial condition of the office was the 1990 accounts receivable balance. The difference between 1989 and 1990 was $91,456.00. The sales peaked at the end of the year as more and more of our customers were unable to meet the normal payment requirements.

The office has always maintained a belief that it is important to assist our customers in difficult times. The ones who seemed to experience the most difficulty were our fellowship customers, and since one of our primary purposes is to make literature readily available to the fellowship, we did everything we could to afford our fellowship customers some flexibility.

4. Another significant reduction was the balance in employee exchange. This is the category for salary advances to employees that were still outstanding at the end of the year. The office worked hard last year reduce this balance.

5. Another major reduction was the closing level of inventory. Inventory was down $158,403.00. In 1989, we made the decision to increase the floor level of all our inventory items. This decision allowed us to reduce our cost of merchandise in 1990, when we brought the floor-stock levels back down.

6. Our prepaid expenses were higher because we bought the paper for the eighth printing of the Basic Text in December.

7. We paid off our van lease in 1990, thereby adding to our fixed assets. Although the van is worth more than what is reflected on this report, we had to show it at the actual amount of the buyout.

8. We increased the value of this asset by $60,216.00 in 1990. The primary increase was for computer equipment. We made a decision in 1989 to begin a two-year program of equipment replacement. In the first phase, we replaced the local area network file-servers at an approximate cost of $12,000.00 each. The old equipment had reached its appreciable life and was beginning to experience frequent failures.

9. As one example of our attempts to minimize expenditures, we only spent $315.00 for furniture in 1990. We were able to accommodate most of our furniture needs with furniture we already had.

10. This asset category increased by $2,301.00 as a result of paying deposits for the facility in Canada.

11. One of the effects of an extremely slow December was that we had to carry many invoices over into the next fiscal period. The level of this liability increased $112,079.00.

12. Our Capital Bank credit line increased by $12,500.00 in 1990. We usually attempt to reduce the level of this liability before the close of each year. It was not possible to do so in 1990.

CSO balance sheet

13. As previously stated, the balance in the Canadian account was responsible for the increase in the balance in the checking accounts.

14. Since most of the business that we currently do in Canada is on a cash basis, the level of accounts receivables is not expected to be significant for some time.

15. This credit represents checks written to the World Convention Corporation at WCNA-20 which were deposited in the Canadian account to avoid currency conversion charges. This amount will be paid to WCC during the upcoming year.

16. This is the deposit for the facility in Ontario.

Consolidated statement of revenues and expenses

17. Overall sales for all operations were down by $655,614.00 in 1990.

18. Since the level of sales were down, it is reasonable to expect that the level of returns and allowances (discounts) would be down as well.

19. Interest income was down in 1990 because we did not have as much money on deposit during the year.

20. This category was up dramatically this year. The primary reasons were the Creative Arts lawsuit, from which we will recoup some of our expenses, and the Basic Text issue, for which we expect no cash return.

21. Of this figure, $17,709.00 was a single debt for the United Kingdom Service Office that the office agreed to write off. This amount represents the total previous literature purchases for the years 1986-1988. The UKSO has been paying for literature purchased since January 1, 1989. We currently have a standing sales agreement with the UKSO that has been in effect since July 1990.

22. This figure is higher than the previous year, primarily due to the addition of severance pay to the previous executive director, as well as the initial payments to the executive search agency.

23. Free publications is a new expense category that we created to show the expense of the publications that we produce that do not generate revenue. The publications in question are the *Newsline* and the Loner Group newsletter, *Meeting by Mail*.

24. This figure represents the total paid by WSO for all insurance. This figure includes $123,525.00 for the health insurance plan, $24,235.00 for general insurance, and $13,007.00 for workmens compensation. This figure also includes general insurance payments made by the ESO and the CSO, which are detailed on their respective income statements.

25. Office expense was down primarily due to our efforts to minimize spending in 1990. Only goods that were absolutely necessary were acquired last year.

26. Postage and shipping were up primarily due to the increased mailing activity associated with the Basic Text issue. We sent an enormous amount of material out to the general membership in an attempt to provide specific information about WSO operations

to those members who had questions. Additionally, in an attempt to insure that accurate information was available fellowshipwide, we increased the distribution of information that is usually only sent to conference participants.

27. The office's public information expenses increased in 1990 as a result of responding to more requests for assistance from local P.I. subcommittees.

28. In keeping with our continuing efforts to minimize expense, we dramatically reduced the level of computer supplies purchased in 1990. We were able to accomplish this by finding alternate sources for our supplies and by using reconditioned supplies.

29. The telephone expense was up again, primarily due to the activity associated with the Basic Text issue and the opening of the Canadian Service Office.

30. Although some of the other expense categories were up from the previous year, we were able to affect a reduction in travel expenses.

ESO statement of revenues and expenses

31. This figure only reflects the activity which had been reported up to the end of 1990. Since we have had no automated equipment for processing ESO sales, it has taken a long time for us to get the specific sales information. We have been continuously working to improve our processes relative to this operation, and expect that we will not experience the same problem in 1991.

32. This figure reflects the amount of loss/gain we incurred in 1990 as a result of fluctuations in the currency exchange rate.

33. This figure was produced by taking the value of all the inventory advanced by WSO to ESO and offsetting that amount against the inventory entry in the asset statement.

34. Rent and leases is our principal expense for the ESO. The lease rates in London have caused us some concern, particularly since the currency exchange rate has fluctuated greatly in 1990. At the beginning of 1990, the same expense would have been approximately 27% less, based on the exchange rate at that time. We are currently examining the possibility of relocating the ESO to either a smaller space in the same facility or moving to an entirely new facility altogether. It may be most prudent to move into a smaller space at this time and wait to relocate the ESO somewhere else in Europe where the exchange rate is slightly more stable against the U.S. dollar.

35. This travel expense is not only for the primary employee who attended the planning meetings of the European Conference and Convention, as well as public information event in West Germany, but also includes the expense of some director travel by those directors who reside in Europe and whose tickets were procured by the ESO.

CSO statement of revenues and expenses

36. These figures reflect the six months operation of the literature distribution facility in Canada. Because this operation was established solely as a literature depot, the expenses associated with its operation are much smaller than those for a full-service office.

STEPHEN L. FRIEDMAN
CERTIFIED PUBLIC ACCOUNTANT

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

FEBRUARY 20, 1991

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, 1990, AND THE RELATED STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE FOR THE YEAR 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 MY AUDIT.

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 AS 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. 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, 1989 AND DECEMBER 31, 1990 AND THE RESULTS OF THEIR OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR THEN ENDED IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

RESPECTFULLY SUBMITTED,

STEPHEN L FRIEDMAN
CERTIFIED PUBLIC ACCOUNTANT

SLF/RT

STEPHEN L. FRIEDMAN
CERTIFIED PUBLIC ACCOUNTANT

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

MARCH 14, 1991

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

LADIES AND GENTLEMEN:

AFTER COMPLETING THE AUDIT FOR THE YEAR ENDING DECEMBER 31, 1990, I REALIZED HOW WELL THE OPERATIONS WERE BEING WATCHED OVER BY THE INDIVIDUALS WHO I CONTACTED.

I THINK THE AREAS TO WATCH OVER ARE THE INVENTORY PRICING, AND SOME OF THE INFORMATION IN THE COMPUTER PROGRAM. THE PRICING OF INVENTORY CHANGES FROM TIME TO TIME AND IT SHOULD BE UPDATED AT LEAST QUARTERLY. PURCHASES CLEARING IN THE GENERAL LEDGER IS DIFFICULT TO UNDERSTAND. DURING THE YEAR IT NEVER SEEMED IN BALANCE.

EVERYTHING ELSE IS PROPERLY WATCHED BY THE VARIOUS ACCOUNTING AND MANAGEMENT PERSONNEL. (PROBABLY BETTER THAN MOST "FOR PROFIT" CORPORATIONS.)

SINCERELY YOURS,

Stephen L Friedman

STEPHEN L FRIEDMAN

SLF/RT

WORLD SERVICE OFFICE, INC.

BALANCE SHEET

DECEMBER 31, 1990 AND 1989

ASSETS

	1990	1989	
CURRENT ASSETS			
CASH ON HAND AND IN CHECKING	$ 91,534	$ 47,542	(1)
CASH IN SAVINGS	71,574	81,767	(2)
ACCOUNTS RECEIVABLE - CUSTOMERS	195,905	287,361	(3)
ACCOUNTS RECEIVABLE - OTHER (WSC-WCCNA)	33,653	67,154	
EMPLOYEE EXCHANGE	300	1,466	(4)
INVENTORY	237,508	395,911	(5)
PREPAID EXPENSES	63,203	12,167	(6)
TOTAL CURRENT ASSETS	693,677	893,368	
FIXED ASSETS, AT COST			
AUTOMOBILE	2,500	---	(7)
OFFICE EQUIPMENT (INCLUDES TYPESETTING, DUPLICATING AND COMPUTER EQUIPMENT)	471,203	410,987	(8)
FURNITURE AND EQUIPMENT	179,827	179,512	(9)
LEASEHOLD IMPROVEMENTS	77,928	77,853	
LESS: ACCUMULATED DEPRECIATION	(456,468)	(351,424)	
NET BOOK VALUE OF ASSETS	274,990	316,928	
OTHER ASSETS			
DEPOSITS - RENT	19,522	17,221	(10)
TOTAL ASSETS	$ 988,189	$ 1,227,517	

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES			
ACCOUNTS PAYABLE	$ 183,022	70,943	(11)
SALES TAX PAYABLE	1,143	896	
CREDIT LINE PAYABLE	62,550	50,050	(12)
TOTAL CURRENT LIABILITIES	246,715	121,889	
FUND BALANCE	741,474	1,105,628	
TOTAL LIABILITIES AND FUND BALANCE	$ 988,189	$ 1,227,517	

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC. - VAN NUYS

BALANCE SHEET

DECEMBER 31, 1990

ASSETS

CURRENT ASSETS	
CASH ON HAND AND IN CHECKING ACCOUNTS	$ 28,002
CASH IN SAVINGS	71,574
ACCOUNTS RECEIVABLE - CUSTOMERS	192,488
ACCOUNTS RECEIVABLE - OTHER (WSC-WCCNA)	33,788
EMPLOYEE EXCHANGE	300
INVENTORY	193,402
PREPAID EXPENSES	63,203
TOTAL CURRENT ASSETS	582,757
FIXED ASSETS, AT COST	
AUTOMOBILE	2,500
OFFICE EQUIPMENT (INCLUDES TYPESETTING, DUPLICATING AND COMPUTER EQUIPMENT)	461,582
FURNITURE AND EQUIPMENT	179,827
LEASEHOLD IMPROVEMENTS	77,291
LESS: ACCUMULATED DEPRECIATION	(455,260)
NET BOOK VALUE OF ASSETS	265,940
OTHER ASSETS	
DEPOSITS - RENT	13,325
TOTAL ASSETS	$ 862,022

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES	
ACCOUNTS PAYABLE	180,055
SALES TAX PAYABLE	1,143
CREDIT LINE PAYABLE	62,550
TOTAL CURRENT LIABILITIES	243,748
FUND BALANCE	618,274
TOTAL LIABILITIES AND FUND BALANCE	$ 862,022

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC. - EUROPE

BALANCE SHEET

DECEMBER 31, 1990

ASSETS

CURRENT ASSETS	
CASH ON HAND AND IN CHECKING ACCOUNTS	$ 14,652
ACCOUNTS RECEIVABLE - CUSTOMERS	3,147
INVENTORY	20,174
TOTAL CURRENT ASSETS	37,973
FIXED ASSETS, AT COST	
OFFICE EQUIPMENT (INCLUDES TYPESETTING, DUPLICATING AND COMPUTER EQUIPMENT)	2,682
LEASEHOLD IMPROVEMENTS	637
LESS: ACCUMULATED DEPRECIATION	(712)
NET BOOK VALUE OF ASSETS	2,607
OTHER ASSETS	
DEPOSITS - RENT	4,415
TOTAL ASSETS	$ 44,995

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES	
ACCOUNTS PAYABLE	2,967
FUND BALANCE	42,028
TOTAL LIABILITIES AND FUND BALANCE	$ 44,995

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC. - CANADIAN

BALANCE SHEET

DECEMBER 31, 1990

ASSETS

CURRENT ASSETS		
CASH ON HAND AND IN CHECKING ACCOUNTS	$ 48,880	13
ACCOUNTS RECEIVABLE - CUSTOMERS	270	14
ACCOUNTS RECEIVABLE - OTHER (WSC-WCCNA)	(135)	15
INVENTORY	23,932	
TOTAL CURRENT ASSETS	72,947	
FIXED ASSETS, AT COST		
OFFICE EQUIPMENT (INCLUDES TYPESETTING, DUPLICATING AND COMPUTER EQUIPMENT)	6,939	
LESS: ACCUMULATED DEPRECIATION	(496)	
NET BOOK VALUE OF ASSETS	6,443	
OTHER ASSETS		
DEPOSITS - RENT	1,782	16
TOTAL ASSETS	$ 81,172	

LIABILITIES AND FUND BALANCE

FUND BALANCE	81,172
TOTAL FUND BALANCE	$ 81,172

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989

	1990	1989	
REVENUES			
LITERATURE SALES	$ 4,338,999	$ 4,994,613	17
LESS: RETURNS AND ALLOWANCES	(969,724)	(1,132,286)	18
INTEREST	5,516	11,216	19
MISCELLANEOUS	103,461	160,216	
TOTAL REVENUE	3,478,252	4,033,759	
COST OF MERCHANDISE	(1,453,967)	(1,676,900)	
GROSS PROFIT	2,024,285	2,356,859	
EXPENSES			
ACCOUNTING AND LEGAL	115,697	67,585	20
AUTOMOBILE LEASE	3,909	7,375	
BAD DEBTS	18,426	1,961	21
BANK SERVICE CHARGES	1,232	589	
CONTRACT LABOR AND CONSULTING	82,416	44,749	22
DEPRECIATION	105,016	98,948	
FREE PUBLICATIONS	26,933	---	23
INSURANCE	162,337	146,598	24
INTEREST EXPENSE	4,683	4,393	
MAINTENANCE, REPAIRS AND SERVICE CONTRACTS	55,550	52,736	
MISCELLANEOUS	2,884	6,350	
OFFICE EXPENSE	81,935	89,774	25
PAYROLL TAXES	97,249	86,528	
POSTAGE AND SHIPPING	101,531	83,725	26
PUBLIC INFORMATION	4,374	2,636	27
RENT AND LEASES	191,771	181,163	
SALARIES	1,055,671	1,050,809	
SUPPLIES	10,420	21,169	28
TELEPHONE	70,015	59,336	29
TRANSLATIONS	13,493	9,451	
TRAVEL	163,563	176,880	30
UTILITIES	19,344	18,127	
TOTAL EXPENSES	2,388,439	2,210,882	
EXCESS REVENUE OVER EXPENSES	(364,154)	145,977	
FUND BALANCE, BEGINNING OF YEAR	1,105,628	959,651	
FUND BALANCE, END OF YEAR	$ 741,474	$ 1,105,628	

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.
STATEMENT OF REVENUES AND EXPENSES - VAN NUYS
FOR THE YEAR ENDED DECEMBER 31, 1990

REVENUES	
LITERATURE SALES	$ 4,289,537
LESS: RETURNS AND ALLOWANCES	(966,705)
INTEREST	5,516
MISCELLANEOUS	104,856
TOTAL REVENUE	3,433,204
COST OF MERCHANDISE	(1,420,699)
GROSS PROFIT	2,012,505
EXPENSES	
ACCOUNTING AND LEGAL	113,330
AUTOMOBILE LEASE	3,909
BAD DEBTS	18,426
BANK SERVICE CHARGES	613
CONTRACT LABOR AND CONSULTING	82,077
DEPRECIATION	104,045
FREE PUBLICATIONS	26,933
INSURANCE	161,125
INTEREST EXPENSE	4,683
MAINTENANCE, REPAIRS AND SERVICE CONTRACTS	54,449
MISCELLANEOUS	2,327
OFFICE EXPENSE	75,475
PAYROLL TAXES	84,463
POSTAGE AND SHIPPING	96,120
PUBLIC INFORMATION	4,374
RENT AND LEASES	157,121
SALARIES	1,033,650
SUPPLIES	10,420
TELEPHONE	63,183
TRANSLATIONS	13,493
TRAVEL	149,630
UTILITIES	18,895
TOTAL EXPENSES	2,278,741
EXCESS (EXPENSES OVER REVENUES)	$ (266,236)

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.
STATEMENT OF REVENUES AND EXPENSES - EUROPE
FOR THE YEAR ENDED DECEMBER 31, 1990

REVENUES		
LITERATURE SALES	$ 7,226	(31)
MISCELLANEOUS - CONVERSION LOSS	(1,395)	(32)
TOTAL REVENUE	5,831	
COST OF MERCHANDISE	(355)	(33)
GROSS PROFIT	5,476	
EXPENSES		
ACCOUNTING AND LEGAL	615	
BANK SERVICE CHARGES	556	
DEPRECIATION	475	
INSURANCE	382	
MAINTENANCE, REPAIRS AND SERVICE CONTRACTS	1,101	
OFFICE EXPENSE	5,804	
PAYROLL TAXES	12,785	
POSTAGE AND SHIPPING	4,751	
RENT AND LEASES	29,338	(34)
SALARIES	21,395	
TELEPHONE	5,110	
TRAVEL	13,407	(3F)
TOTAL EXPENSES	95,719	
EXCESS (EXPENSES) OVER REVENUE	$ (90,243)	

WORLD SERVICE OFFICE, INC.
STATEMENT OF REVENUES AND EXPENSES - CANADIAN
FOR THE YEAR ENDED DECEMBER 31, 1990

REVENUES	
LITERATURE SALES	$ 42,236
LESS: RETURNS AND ALLOWANCES	(3,018)
TOTAL REVENUE	39,218
COST OF MERCHANDISE	(32,913)
GROSS PROFIT	6,305
EXPENSES	
ACCOUNTING AND LEGAL	1,752
BANK SERVICE CHARGES	63
CONTRACT LABOR AND CONSULTING	339
DEPRECIATION	496
INSURANCE	830
MISCELLANEOUS	557
OFFICE EXPENSE	648
POSTAGE AND SHIPPING	651
RENT AND LEASES	5,312
SALARIES	626
TELEPHONE	1,722
TRAVEL	526
UTILITIES	449
TOTAL EXPENSES	13,971
EXCESS (EXPENSES) OVER REVENUE	$ (7,666)

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED DECEMBER 31, 1990 AND 1989

	1990	1989
CASH WAS PROVIDED BY:		
EXCESS OF REVENUES OVER EXPENSE	$ (364,154)	$ 145,977
DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	124,957	(45,725)
DECREASE (INCREASE) IN EMPLOYEE EXCHANGE	1,166	(771)
DECREASE (INCREASE) IN INVENTORY	158,403	(154,755)
(INCREASE) IN PREPAID EXPENSES	(51,036)	(2,217)
DECREASE (INCREASE) IN FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION)	41,938	(38,585)
(INCREASE) IN DEPOSITS	(2,301)	(3,896)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	112,079	(76,975)
INCREASE (DECREASE) IN SALES TAX PAYABLE	247	(609)
INCREASE IN CREDIT LINE PAYABLE	12,500	50,050
INCREASE (DECREASE) IN CASH	33,799	(127,506)
CASH IN BANKS AND ON HAND DECEMBER 31, 1989, 1988	129,309	256,815
CASH IN BANKS AND ON HAND DECEMBER 31, 1990, 1989	$ 163,108	$ 129,309
CASH ON HAND AND IN CHECKING ACCOUNTS	$ 91,534	$ 47,542
CASH IN SAVINGS	71,574	81,767
	$ 163,108	$ 129,309

SEE NOTES TO FINANCIAL STATEMENTS

WORLD SERVICE OFFICE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1990

NOTE 1 - ACCOUNTS RECEIVABLE ARE WRITTEN OFF DIRECTLY AS THEY BECOME UNCOLLECTIBLE. RECEIVABLES WRITTEN OFF ARE INCLUDED IN BAD DEBT. ACCOUNTS RECEIVABLE - OTHER OF $18,261 IS FROM A EUROPEAN AND AUSTRALIAN OFFICE WHICH IS OVER THREE YEARS OLD AND MAY NOT BE RECOVERED. 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. INTEREST WILL BE PAID AT 11.25% PER ANNUM AT DECEMBER 31, 1990.

NOTE 5 - THE COMPANY HAS LEASES FOR 16129 WYANDOTTE STREET AND 16155 WYANDOTTE STREET THAT EXPIRE OCTOBER 31, 1991. THERE IS A THREE YEAR LEASE COMMENCING DECEMBER 1, 1988, ON 16135 WYANDOTTE STREET, VAN NUYS, CALIFORNIA. AS OF DECEMBER 31, 1990 THE TOTAL LEASE PAYMENT IS $11,434 PER MONTH. THERE IS ALSO A MONTH TO MONTH LEASE IN LONDON AT $2208 PER MONTH. THERE IS A LEASE IN CANADA AT $865 PER MONTH FOR THREE YEARS THAT COMMENCED JUNE 1, 1990 (WITH FUTURE INCREASES).

NOTE 6 - NOT INCLUDED IN THIS REPORT IS $296,921 OF INCOME AND $263,200 IN EXPENSES FROM WORLD SERVICE CONFERENCES, WHO IS AN AFFILIATED ENTITY. THE WORLD SERVICE OFFICE ACTS IN A CAPACITY TO PROCESS THE INCOME FOR, AND EXPEND FUNDS ON BEHALF OF, THE WORLD SERVICE CONFERENCE. WORLD SERVICE CONFERENCE REPAYS THE WORLD SERVICE OFFICE ON A MONTHLY BASIS, AFTER VERIFICATION OF EXPENSES BY THE TREASURER OF THE AFFILIATED ENTITY.

NOTE 7 - AS OF DECEMBER 31, 1990 THE COMPANY IS ENGAGED IN TWO LAWSUITS WHICH MAY RESULT IN THE INCURRING OF SIGNIFICANT LEGAL EXPENSES IN THE NEAR FUTURE.

WORLD SERVICE OFFICE, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1990

NOTE 8 - THE FOLLOWING CONVERSION RATES WERE USED TO PREPARE THIS REPORT:

		U.S. DOLLAR
LONDON OFFICE	ONE BRITISH POUND	$1.82
CANADIAN OFFICE	ONE CANADIAN DOLLAR	$ .83

WORLD SERVICE OFFICE 1991 REVISED BUDGET

This is the revised World Service Office budget for 1991. Changes discussed at the January and March meetings of the WSO Board of Directors have been factored in. Most of the narrative information is in its original form, as presented to the WSO board. It is formatted in such a way as to allow for side-by-side comparison between years. We have attached a section of narrative notes for the specific budget categories.

The analysis of this year's figures shows that sales were down by 15%--approximately $603,802.58--from the previous year. Although sales were up slightly in some income areas, those increases were not sufficient to offset the downturn in other areas. As a result, the entire budget is based on a projection of minimal revenue growth in 1991. As a matter of fact, most of the projected general and administrative expenses have either been reduced or are shown at the same level as the previous year. It is our belief that this is absolutely necessary to meet the budget targets. Some of these reductions are dramatic, and will be explained in the narrative section.

We began to establish expenditure caps when we developed last year's budget, and have continued that practice this year. Last year's figures demonstrate this as an effective tool in maintaining responsible control of the budget.

This year's projected income figures are at last year's levels, with the exception of literature, handbooks, medallions, tags, chips, and silver medallions. These categories showed slightly more revenue in 1990 than was expected. We believe that income from these categories will increase at the same level in 1991.

Early in 1990, sales of the Basic Text flattened, as expected. What we did not expect was the decrease in sales that occurred later in the year. We expected that the decrease would be much more gradual and take a few years to bottom out. Basic Text sales were down approximately 18%--approximately $502,393.00--in 1990. It is entirely possible that some of this decline was due to the controversy surrounding members and groups who were printing the text on their own; however, it does not seem reasonable to attribute the entire decrease to that single cause. A more likely explanation is that a combination of factors have been at work. We have reached the point of market saturation discussed two years ago. We are seeing the result of having a text that doesn't change, on average, every thirteen months; the membership has had no need to purchase large quantities of any new version. We also have been affected, as have all enterprises, by a sluggish economy. These are the general factors we believe have contributed to the downturn in text sales; however, certain specific factors have also had significant impact.

First, the Hazelden Foundation did not increase its purchases from us in 1990, indicating Hazelden's adjustment for an expected reduction in sales. Second, the other major non-fellowship customers, Parkside and CompCare, either ceased purchasing from us or drastically reduced their purchase levels in 1990. We know that CompCare was absorbed by Parkside in the first quarter of 1990, which consolidated their purchasing. One would expect that this would have caused an increase in purchases by Parkside, and the elimination of purchases by CompCare. CompCare did in fact stop purchasing from us, but Parkside did not increase its purchases. We are not sure whether Parkside has merely reduced its use of the Basic Text or is purchasing it from Hazelden. Either way, the reality is that CompCare literature purchases have been eliminated, and no corresponding increase in sales of the Basic Text to another purchaser has compensated for that loss.

We are projecting a small increase in the 1991 level of Basic Text sales only because we expect to acquire additional non-fellowship customers who currently purchase literature from Hazelden or other sources. The question this poses is whether Hazelden will decrease their purchase amount correspondingly. We tend to think that they will not; however, the remote possibility exists.

This year's actual budget, approved by the WSO board, is shown in the column titled "1991 Projected" of the following section. These are the figures that we believe most accurately describe what 1991 should look like. We recognize that the projections

are not optimistic; however, we believe them to be the most realistic estimates available. We would normally never submit a budget to the board which was based on a deficit; however, we felt it important to show the board the expected cash in and cash out in as accurate a way as possible. The cited deficit can be accommodated with the existing cash reserve, if necessary. However, to use it would deplete our cash savings completely.

We have enclosed supplemental budgets for the WSO ancillary operations in this package. Supplemental Budget A is for the European Service Office, and Supplemental Budget B is for the Canadian Service Office. Each supplemental budget has a narrative section which describes the basis for the projections, as well as some language which generally describes each operation's activities during the previous year.

We have incorporated a Supplement C into this document, giving the reader a general view of the upcoming WSC committee and board projects which will affect the World Service Office staff and departments. There are no special provisions in the budget allowing any increased level of WSO support to accommodate any of these activities.

SPECIFIC BUDGET NOTES

The following notes relate to the numbers shown for the 1991 budget on succeeding pages.

1. Although Basic Text sales were down 18% in 1990, we are still projecting a 7% increase in sales for 1991. We expect this increase will result from the acquisition of additional non-fellowship customers. If the Spanish-language text is produced this year, there will be some additional increase to this income category.

2. The figure for handbooks reflects a 10% increase, which is consistent with the level of increase during 1990.

3. We currently are not projecting any revenue from the steps or traditions projects during the 1991 year.

4. Although the actual total for 1990 was down, we expect the 1991 income in this category to increase by about 1% as a result of adding the new I.P., *For Those in Treatment*, to the inventory.

5. This income category increased over the last year, and we have projected the same level of increase in 1991.

6. We expect silver medallions to show the same 25% increase in 1991 that occurred in 1990. We may be able to further increase income in this category by adding a biplate medallion to our inventory.

7. White Booklets were one of the other items which were slightly up in 1990. As a result, we have projected an income figure which is based on the same percentage of increase.

8. If you reference the corresponding shipping entry in the cost of merchandise section, you will notice that we have dramatically reduced the level of loss related to shipping, from approximately $55,000 to approximately $22,000. We expect to continue on this trend in 1991. Additionally, we will not have the start-up shipping expense associated with opening the Canadian Service Office.

9. Our total discount expense is calculated as a percentage of gross sales of all items except those which are excluded from the discount schedule. Discount levels have remained at about 22% over the last several years. We project that this percentage will remain constant during 1991.

10. You will note a dramatic decrease in the projection for interest earned. This is a result of having to tap our savings accounts in 1990 to cover routine operational expenses, draining the cash reserve that had been accumulating interest. We do not anticipate being in a position to increase our savings balance during the coming year.

Cost of merchandise

11. This figure is based upon producing 325,000 copies of the Basic Text at approximately $1.90 each. If the Spanish-language Basic Text goes into production, we will adjust the quantity of English-language texts to offset the Spanish volumes produced.

12. All of these items show percentage-increases in the cost of production that correspond to last year's

increases. The exceptions are the medallions, tags, and chips. By changing the vendor for the medallions and changing the design and vendor for the chips, we will save approximately $27,000 this year.

13. There has been some confusion surrounding the exact cost of merchandise for the magazine for some time. *The N.A. Way* has been treated as a separate process when orders are processed and, as a result, the cost of merchandise figures used in prior years have not been accurate. In the future, the magazine will be treated as any other revenue source, allowing us to accurately analyze *N.A. Way* costs. We added $4,000 to this category after the January WSO board meeting.

14. This figure represents the cost of the Xerox lease, which is already incorporated into other figures in this section of the budget. We separated this figure out only to show the reader how much of the total lease expense is dedicated to production. The remainder is attributed in the general and administrative expense sections of the budget.

General/administrative

15. We project that this expense item will be in the same range as the 1989 total.

16. In keeping with our attempt to reduce our level of expense in this area, you will notice that we dramatically reduced the amount of supplies we used in 1990. We also found some less expensive alternative products. We are projecting this expense at the same level as 1990.

17. This figure represents the balance of Bob Stone's severance pay, as well as an amount for normal contract labor.

18. Although we included depreciation expense in this projection, we did not include it in the total. Since this expense category does not represent cash out, but instead simply a decrease in value of our fixed assets, we thought it best to exclude it from the totals.

19. Our expense in this area increased significantly in 1990. We believe that it was primarily due to excessive use of the equipment covered by this category. Because of this, we elected to project the 1991 expense at about the same level as 1989.

20. This figure represents a reduction from the 1990 projection. We expect to publish the *Newsline* four or five times this year, producing 20,000 copies of each issue, at a cost of $3,000 for each printing. The balance in this category is for postage and outside mail services.

21. The projection for 1991 seems high until you take into account that a portion of the 1989 figure actually belonged to the 1990 year. The original figure in this category was approximately $2,500 higher, representing a slight increase in coverage for earthquakes, loss of business, and assets. Since the last WSO board meeting, we have been able to affect a $2,500 reduction in our annual premium.

22. This is one place where an imposed ceiling *must* be applied during the coming year, reducing our level of expense.

23. We reduced the projected expenditure in this category because we do not expect to have the same need to mail large quantities of information this year as last year.

24. This is the portion of the Xerox 9900 expense which was dedicated to non-production copying.

25. We decreased the amount in this category because some of the equipment that would be covered no longer has value. Because the coverage for those pieces of equipment would be more than the equipment is worth, we will no longer cover them. We have enough extra parts from workstations that we took down when employees left the office to cover a breakdown of one or two units, offsetting the lack of coverage of some of the older units.

26. We have established a ceiling in this category because we do not anticipate having the same level of use in the coming year. We have tried vigorously to reduce personal use of the phone, and intend to continue doing so. We have collected more than $175.00 each month when phone bills have been circulated through the office and employees have taken responsibility for their personal calls.

27. Although currently we only translate correspondence which requires response, it still is imperative that we seek less expensive means of accomplishing these tasks.

28. This is probably the most significant ceiling included in the budget. It will be absolutely necessary to accomplish this target if we are to stay within the budget parameters. This may require a suspension of travel for follow-up to India and South America by the WSO in 1991. During the later part of 1990, we began to use directors for some of the travel that needed to be done. This practice helped to reduce our travel expense during that period. This probably is a good practice to continue. It may also be prudent to have the board consider eliminating one of its regular meetings, although with a new executive director coming aboard this may not be possible. By eliminating one WSO board meeting, the office could save approximately $6,800.

29. You will note that the total expense for 1990 in this category was $123.36. This is because, at the end of 1989, we purchased $4,912.59 worth of supplies which lasted all the way through 1990. It will be necessary to purchase $5,000 worth of supplies this year.

30. Although this is actually an asset acquisition, we are reflecting the projected expense here so the reader will be able to see it in context. We have talked in past years about a three-year plan for the replacement of computer equipment. We will not be in a position to implement the second phase of that plan. This figure only reflects what we believe we will have to spend to replace failed equipment during the year.

31. This category is also an asset improvement, and is shown here to keep all of the expenses in context. We plan to have some offices painted in the building at 16155 Wyandotte Street this year.

Personnel

32. This expense category is lowered in the projection because we do not expect to incur the same level of legal expenses in 1991. However, we expect to conduct a process audit in 1991, and it may be necessary at a later date to adjust this budget allocation to accommodate that expense.

This is the end of the specific WSO budget notes.

WORLD SERVICE OFFICE, INC.
REVISED COMBINED OPERATIONS BUDGET 1991
JANUARY 15, 1991

	INCOME	1989 ACTUAL	1990 ACTUAL	1991 PROPOSED	5% INCREASE	
5000-00	BASIC TEXT	2,855,835.72	2,353,442.80	2,520,000.00	2,646,000.00	1
5010-00	BASIC TEXT-COM ED	90,242.96	23,660.00	23,660.00	24,843.00	
5020-00	BASIC TEXT-FRENCH	0.00	11.15	15.00	15.75	
5030-00	HANDBOOKS	52,462.22	58,789.80	65,256.68	68,519.51	2
5040-00	IT WORKS: STEPS	0.00	0.00	0.00	0.00	
5050-00	IT WORKS: TRADITIONS	0.00	136.00	0.00	0.00	3
5060-00	LITERATURE	824,014.40	679,112.12	686,612.12	720,942.73	4
5070-00	MEDALLIONS, TAGS & CHIPS	663,351.88	692,763.51	720,474.05	756,497.75	5
5080-00	MEDALLIONS: SILVER	11,552.00	15,350.00	19,187.50	20,146.88	6
5090-00	WHITE BOOKS	236,840.61	240,969.10	245,788.48	258,077.90	7
5100-00	NA WAY MAGAZINE	134,051.27	118,955.89	120,000.00	126,000.00	
5110-00	MISCELLANEOUS	136,810.81	105,141.74	110,422.32	115,943.44	
5120-00	SHIPPING	126,262.31	105,817.47	111,146.16	116,703.47	8
5130-00	CANADIAN CONVERSIONS	0.00	(11,046.05)	0.00	0.00	
5140-00	DISCOUNTS	(1,132,285.77)	(965,983.93)	(1,020,310.77)	(1,071,326.31)	9
9020-00	INTEREST EARNED	11,216.49	4,313.64	4,313.08	4,528.73	10
9040-00	MISCELLANEOUS	23,405.10	8,524.18	0.00	0.00	
	TOTAL INCOME WSO	4,033,760.00	3,429,957.42	3,606,564.62	3,786,892.85	
	TOTAL INCOME CSO			$103,048.41	$103,048.41	
	TOTAL INCOME ESO			$20,505.86	$20,505.86	
	TOTAL INCOME			$3,730,118.89	$3,910,447.12	

	COST OF MERCHANDISE	1989 ACTUAL	1990 ACTUAL	1991 PROPOSED	5% INCREASE	
6020-00	BASIC TEXT	828,409.20	572,010.95	617,500.00	648,375.00	11
6040-00	BASIC TEXT-COM ED	0.00	0.00	0.00	0.00	
6060-00	BASIC TEXT-FRENCH	0.00	0.00	0.00	0.00	
6080-00	HANDBOOKS	25,352.76	27,454.89	30,474.93	31,998.68	12
6100-00	IT WORKS: STEPS	0.00	0.00	0.00	0.00	
6120-00	IT WORKS: TRADITIONS	0.00	0.00	0.00	0.00	
6140-00	LITERATURE	164,792.99	173,267.67	173,267.67	181,931.05	12
6160-00	MEDALLIONS, TAGS & CHIPS	290,492.98	297,114.08	270,056.36	283,559.18	12
6180-00	MEDALLIONS: SILVER	5,928.42	7,914.45	9,893.06	10,387.71	12
6200-00	WHITE BOOKS	88,734.69	109,113.88	111,296.16	116,860.97	12
6220-00	NA WAY MAGAZINE	38,029.15	42,892.18	51,000.00	53,550.00	13
6240-00	MISCELLANEOUS	104,614.95	52,756.59	55,652.52	58,435.15	
6260-00	CONTRACT LABOR	40,256.97	932.50	1,119.00	1,174.95	
6280-00	COST OF GOODS	0.00	157.87	0.00	0.00	
6300-00	DISCOUNTS	0.00	80.38	0.00	0.00	
6320-00	REPRODUCTION LEASE	44,883.31	9,300.00	9,300.00	9,765.00	14
6340-00	REPRODUCTION SUPPLIES	0.00	6,020.42	6,100.00	6,405.00	
6360-00	SHIPPING	181,845.25	127,918.51	122,000.00	128,100.00	
6380-00	SHIPPING SUPPLIES	8,515.50	5,847.20	5,955.36	6,253.13	
6400-00	TRANSLATIONS (COG)	5,452.02	4,082.20	4,082.20	4,286.31	
					0.00	
	TOTAL WSO C.O.M.	1,827,308.19	1,436,863.77	1,467,697.26	1,541,082.12	
	TOTAL ESO C.O.M.			6,504.86	6,504.86	
	TOTAL CSO C.O.M.			57,712.23	57,712.23	
	TOTAL C.O.M.			1,531,914.35	1,608,510.07	

	GENERAL/ADMIN EXPENSES	1989 ACTUAL	1990 ACTUAL	1991 PROPOSED	NO INCREASE	
7020-00	AUTO EXPENSE	7,374.58	3,586.28	2,723.00	2,723.00	
7040-00	BAD DEBTS	1,960.89	18,425.64	1,960.00	1,960.00	15
7060-00	BANK SERVICE CHARGES	485.14	482.13	482.13	482.13	
7080-00	COMPUTER SUPPLIES	16,127.17	9,762.00	9,000.00	9,000.00	16
7090-00	CONTRACT LABOR	0.00	58,732.69	28,000.00	28,000.00	17
7100-00	COPYRIGHTS	190.00	100.00	100.00	100.00	
7120-00	DEPRECIATION	0.00	95,300.00	95,300.00	95,300.00	* 18
7140-00	DUES & FEES	2,017.50	2,908.75	2,908.75	2,908.75	
7160-00	EMPLOYEE TRAINING	4,142.73	2,220.93	2,000.00	2,000.00	
7180-00	EQUIPMENT LEASE	14,378.94	23,145.65	16,000.00	16,000.00	19
7200-00	EQUIPMENT REPAIR	5,059.01	1,454.21	1,454.21	1,454.21	
7210-00	FOREIGN CONVERSIONS	0.00	0.00	0.00	0.00	
7215-00	FREE PUBLICATIONS	0.00	22,855.55	18,000.00	18,000.00	20
7220-00	INSURANCE (GENERAL)	35,293.76	24,777.24	26,500.00	26,500.00	21
7240-00	INTEREST	4,392.87	4,184.10	4,184.10	4,184.10	
7260-00	MAINTENANCE & REPAIR	18,377.05	17,042.74	15,000.00	15,000.00	
7280-00	OFFICE EXPENSE	84,791.82	69,919.93	50,000.00	50,000.00	22
7300-00	POSTAGE	82,465.49	93,827.55	83,000.00	83,000.00	23
7320-00	PUBLIC INFORMATION	2,635.72	4,030.05	4,823.76	4,823.76	
7340-00	RENT	145,094.00	136,772.00	144,138.00	144,138.00	
6320-00	REPRODUCTION LEASE	0.00	43,233.00	43,233.00	43,233.00	24
7360-00	SERVICE CONTRACTS	29,300.28	35,574.22	30,000.00	30,000.00	25
7380-00	TELEPHONE	54,541.35	59,962.23	55,000.00	55,000.00	26
7400-00	TRANSLATIONS (LETTERS)	9,757.00	13,492.95	11,500.00	11,500.00	27
7420-00	TRAVEL	176,415.15	143,340.94	80,000.00	80,000.00	28
7440-00	TYPESETTING SUPPLIES	4,912.59	123.36	5,000.00	5,000.00	29
7460-00	UTILITIES	18,056.85	17,239.30	17,000.00	17,000.00	
2010-00	COMPUTER EQUIPMENT	46,564.37	46,789.13	3,500.00	3,500.00	** 30
2060-00	LEASEHOLD IMPROVEMENT	42,254.87	560.00	1,000.00	1,000.00	** 31
	TOTAL WSO GEN/ADMIN	806,589.13	807,193.44	656,506.95	656,506.95	
	TOTAL ESO GEN/ADMIN			51,166.44	51,166.44	
	TOTAL CSO GEN/ADMIN			22,388.60	22,388.60	
	TOTAL GEN/ADMIN			730,061.99	730,061.99	

	PERSONNEL EXPENSES	1989 ACTUAL	1990 ACTUAL	1991 PROPOSED	NO INCREASE	
8020-00	ACCOUNTING & LEGAL	67,585.02	97,180.38	67,000.00	67,000.00	32
8040-00	CONSULTING	39,289.24	22,678.52	25,000.00	25,000.00	
8060-00	INSURANCE (HEALTH)	110,842.33	123,263.09	125,000.00	125,000.00	
8080-00	INSURANCE (W.C.)	0.00	13,007.28	13,541.43	13,541.43	
8100-00	PAYROLL TAXES	86,528.28	84,449.93	90,359.37	90,359.37	
8120-00	SALARIES	1,050,809.16	1,033,650.33	1,075,000.00	1,075,000.00	33
0000-00	CONTINGENCY		0.00	0.00	0.00	
	TOTAL PERSONNEL WSO	1,355,054.03	1,374,229.53	1,395,900.80	1,395,900.80	
	TOTAL PERSONNEL ESO			43,975.00	43,975.00	
	TOTAL PERSONNEL CSO			6,700.00	6,700.00	
	TOTAL PERSONNEL EXPENSE			1,446,575.80	1,446,575.80	
	TOTAL WSO EXPENSE	3,988,951.35	3,618,286.74	3,520,105.01	3,593,489.87	
	TOTAL ESO EXPENSE	0.00	0.00	101,896.36	101,896.36	
	TOTAL CSO EXPENSE	0.00	0.00	94,529.46	94,529.46	
	TOTAL BUDGET EXPENSE	3,988,951.35	3,618,286.74	3,716,530.83	3,789,915.69	
	ESTIMATED TOTAL INCOME	4,033,760.00	3,429,957.42	3,730,118.89	3,910,447.12	
	NET OPERATING PROFIT/(LOSS)	44,808.65	(188,329.32)	13,588.06	120,531.43	

* FIGURE NOT INCLUDED IN TOTAL

** THESE AMOUNTS WILL ACTUALLY BE INCREASES TO FIXED ASSETS AND ARE ONLY REFLECTED HERE TO SHOW THE PROJECTED CASH EXPENSE

EUROPEAN SERVICE OFFICE SUPPLEMENTAL BUDGET A

This is the revised budget for the European Service Office for 1991. Before discussing specific topics, we need to be aware of several things in general. The mechanism of gathering detailed information from the ESO operation still needs some work in the coming year. That is the reason that in a couple of places there is no specific figure for entries in the comprehensive package.

The ESO has not generated sufficient revenue from literature sales to offset the expense of its operation, and will not do so in 1991. This is no surprise, as the decision to open this office was based upon the assumption that we would lose money on its operation for several years. This accepted loss for the 1991 year is projected to be somewhere in the neighborhood of $80,000. During times of brisk business, this would not be any problem and would not affect any of the other WSO operations. However, in difficult economic times, other WSO operations must be adjusted to accommodate the loss. Many of the adjustments already made to the WSO section of this budget have been implemented to accommodate projected losses at the ESO.

It is necessary to closely examine the ESO operation to determine if it is possible to reduce our level of expenditure. At its March 1991 meeting, the WSO board decided to eliminate a portion of the space being used in London, thereby reducing the ESO lease expense. We will be unable to initiate any new projects at the ESO, so as to not increase the projected level of expense.

It is necessary to take this opportunity to highlight some of the problems involved in running this operation. The fact that Pacific Standard Time runs eight hours behind Greenwich Mean Time makes routine contact difficult. We have a two-hour "communication window" each day. If we miss that window without having made other arrangements, we are forced to wait until the next day or contact the primary ESO employee at home late at night.

One of the other problems has been our ability to keep sufficient funds in London at any one time. For the most part, the funding for this operation has been based on the JIT principle--meaning Just In Time--which, with the exception of two occasions, well describes how funds are transferred from Van Nuys to the ESO. The two times that were the exception were cases where a transfer was unduly delayed by the bank. This gave our staff on both sides of the world more than a few anxious moments. Although we would like to be in a position to establish a sufficient reserve in London, our projected funds availability for the coming year may not make that possible. We intend to continue placing $8,000 each month in the Bank of America account, when possible, during the coming year. However, to create a sufficient reserve in London would require that we deposit an additional $2,000 in the account each month.

One of the other problems has been not having a computerized accounting program in place at the London office. This has made it difficult to transfer specific sales information to the WSO, and has complicated fulfillment of orders, shipping, and managing inventory. We will install an automated accounting package at the ESO sometime this year. This should make London operations, including European customer billing, more manageable.

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The following are notes for the ESO.

34. All of the income for the ESO is based on a projection of European sales from 1989.

General/administrative expense

35. This figure is an allowance for Lizzie to purchase passes for the London rapid transit system, accommodating business travel throughout the city.

36. Depreciation is reflected only to show the projected amount for the year, and is not included in the total.

37. We expect that the primary employee may need supplemental computer training during the coming year.

38. At this point, we do not know what the renewal price on the ESO computer equipment contracts will be. It is reasonable to expect that it will not exceed last year's allocation, which is what this figure is based on.

39. This figure represents the travel allowance for Lizzie during the coming year. At this point, we do not expect her to travel much.

Personnel

40. We anticipate having to incur a legal expense during the coming year to resolve the matter of our corporate status in England.

This is the end of the specific notes for the ESO.

SUPPLEMENTAL BUDGET A
EUROPEAN SERVICE OFFICE
REVISED

INCOME

		U.S. $	POUNDS	
6100-00	BASIC TEXT	12,358.17	6,504.30	
6105-00	BASIC TEXT - FRENCH	500.00	263.16	
6110-00	HANDBOOKS	377.33	198.59	
6120-00	IT WORKS - STEPS	0.00	0.00	
6130-00	IT WORKS - TRADITIONS	0.00	0.00	
6140-00	LITERATURE	1,243.84	654.65	
6150-00	MEDALLIONS, TAGS, & CHIPS	5,336.15	2,808.50	
6160-00	MEDALLIONS, SILVER	0.00	0.00	
6170-00	WHITE BOOKS	0.00	0.00	
6180-00	NA WAY MAGAZINE	0.00	0.00	
6190-00	MISCELLANEOUS	1,174.62	618.22	
6200-00	SHIPPING	0.00	0.00	
6210-00	CONVERSIONS	0.00	0.00	
6220-00	DISCOUNTS & ALLOWANCES	0.00	0.00	
	TOTAL	$20,990.11	11,047.43	34

COST OF MERCHANDISE

		U.S. $	POUNDS
7100-00	BASIC TEXT	3,281.04	1,726.86
7105-00	BASIC TEXT - FRENCH	0.00	0.00
7110-00	HANDBOOKS	139.99	73.68
7120-00	IT WORKS - STEPS	0.00	0.00
7130-00	IT WORKS - TRADITIONS	0.00	0.00
7140-00	LITERATURE	330.50	173.95
7150-00	MEDALLIONS, TAGS, & CHIPS	2,109.00	1,110.00
7160-00	MEDALLIONS, SILVER	83.75	44.08
7170-00	WHITE BOOKS	0.00	0.00
7180-00	NA WAY MAGAZINE	0.00	0.00
7190-00	MISCELLANEOUS	560.58	295.04
7200-00	COST OF GOODS	0.00	0.00
7210-00	SHIPPING	0.00	0.00
7215-00	SHIPPING SUPPLIES	0.00	0.00
7220-00	INVENTORY ADJUSTMENT	0.00	0.00
	TOTAL	$6,504.86	$3,423.61

GENERAL/ADMIN EXPENSE

		U.S. $	POUNDS	
8100-00	AUTO	$100.00	52.63	35
8120-00	BAD DEBTS	200.00	105.26	
8140-00	BANK SERVICE CHARGES	200.00	105.26	
8160-00	COMPUTER SUPPLIES	700.00	368.42	
8180-00	CONTRACT LABOR	250.00	131.58	
8200-00	COPYRIGHTS	0.00	0.00	
8220-00	DEPRECIATION	1,500.00	789.47	* 36
8230-00	EMPLOYEE TRAINING	500.00	263.16	37
8240-00	INSURANCE (GENERAL)	3,000.00	1,578.95	
8260-00	MAINTENTANCE & REPAIR	500.00	263.16	
8280-00	OFFICE EXPENSE	3,000.00	1,578.95	
8300-00	POSTAGE	2,000.00	1,052.63	
8320-00	PUBLIC INFORMATION	2,000.00	1,052.63	
8340-00	RENT	28,966.44	15,245.49	
8360-00	SERVICE CONTRACTS	5,000.00	2,631.58	38
8380-00	STORAGE SPACE	2,000.00	1,052.63	
8400-00	TELEPHONE	3,000.00	1,578.95	
8420-00	TRANSLATIONS	0.00	0.00	
8440-00	TRAVEL	1,750.00	921.05	39
8460-00	UTILITIES	2,000.00	1,052.63	
	TOTAL	$51,416.44	$27,061.28	

PERSONNEL EXPENSES

		U.S. $	POUNDS	
9100-00	ACCOUNTING & LEGAL	2,000.00	1,052.63	40
9120-00	PERSONNEL EXPENSE	41,975.00	22,092.11	
	TOTAL	$43,975.00	23,144.74	

SUMMARY

		U.S. $	POUNDS
GENERAL ADMIN	51,416.44	INCOME	INCOME
COST OF MERCH.	6,504.86	$20,990.11	11,047.43
PERSONNEL	43,975.00	EXPENSE	EXPENSE
TOTAL	$101,896.30	$101,896.30	$53,629.63
		NET	NET
		($80,906.19)	($42,582.21)

* FIGURE NOT INCLUDED IN TOTAL

CANADIAN SERVICE OFFICE SUPPLEMENTAL BUDGET B

The establishment of the Canadian Office has gone better than we originally expected. We did not believe that the office would show a profit until it had been in operation for two full years. Provided that our 1991 income projections are realized, it appears that the office will generate a small profit during the coming year.

The revenue from Canadian literature sales has allowed us to maintain this operation without having to incur significant expense at the WSO. There are a couple of things that need to be given attention this year. The first is the legal status of our corporation in Canada. It will be necessary to complete a registration with Revenue Canada as an alien non-profit corporation. This is particularly crucial since the federal government began charging a Goods and Services Tax (GST) on January 1, 1991. This new tax requires that we pay a tax on all goods sold and services procured in Canada. Based upon the information we have received from Revenue Canada, it appears that we will be taxed in the 8% bracket. We have completed the registration for the GST, but have not done anything for all of the other legal requirements. Because we are waiting for Revenue Canada to notify us of exactly what things we will be taxed for, we are not able to project the total of the tax. However, even if we were to be assessed at the maximum for all sales, we would be charged approximately $8,000 Canadian, a figure within the projected net for this operation.

Another item that needs to be addressed is the employee. The person who had been doing all of our shipping is no longer in a position to continue. He has recommended one of his sponsees, and we have already given this person a try. He seems to be working out fine and, as a result, we intend to hire him. This will not increase the projected labor expense for this operation.

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The following are the specific notes for the CSO.

41. The income projection was derived by taking the last six months of 1990 Canadian sales, establishing the average sales per month, and multiplying that figure by twelve.

General/administrative expense

42. We did not include depreciation in the total.

43. We were about to change the signature cards for the Canadian account when we realized that we would need to wait. We could not remove Bob Stone's name from the Canadian account because the landlord for the office had required twelve post-dated checks for the lease. We intend to reissue the checks on the remainder of this year's lease, and only issue checks on a monthly basis when the lease comes up for renewal.

Personnel expense

44. We currently do not make any employer provisions (e.g. tax withholding, etc.) in connection with the part-time CSO employee. We will issue 1099s for the work performed in 1990. After completing our corporate registration, we do anticipate being registered as an employer and consequently having some additional expense in this category.

This is the end of the specific notes for the budget.

SUPPLEMENTAL BUDGET B
CANADIAN SHIPPING OFFICE

INCOME

6100-00	BASIC TEXT	26,169.00	
6105-00	BASIC TEXT - FRENCH	18,354.09	
6110-00	HANDBOOKS	3,149.67	
6120-00	IT WORKS:STEPS	0.00	
6130-00	IT WORKS:TRADITIONS	0.00	
6140-00	LITERATURE	11,196.69	
6150-00	MEDALLIONS, TAGS & CHIPS	24,833.70	
6160-00	MEDALLIONS, SILVER	2,475.00	
6170-00	WHITE BOOKS	10,102.20	
6180-00	NA WAY MAGAZINE	8,030.94	
6190-00	MISCELLANEOUS	3,422.64	
6200-00	SHIPPING	2,985.66	
6210-00	AMERICAN CONVERSIONS	0.00	
6220-00	DISCOUNTS & RETURNS	(7,671.18)	
	TOTAL	$103,048.41	41

COST OF MERCHANDISE

7100-00	BASIC TEXT	6,370.65
7105-00	BASIC TEXT - FRENCH	8,302.29
7110-00	HANDBOOKS	1,356.39
7140-00	LITERATURE	3,422.07
7150-00	MEDALLIONS, TAGS, CHIPS	11,020.02
7160-00	MEDALLIONS, SILVER	1,278.15
7170-00	WHITE BOOKS	4,621.26
7180-00	NA WAY MAGAZINE	0.00
7190-00	MISCELLANEOUS	2,004.84
7200-00	COST OF GOODS	0.00
7210-00	SHIPPING	15,450.00
7215-00	SHIPPING SUPPLIES	3,886.56
7220-00	INVENTORY ADJUSTMENT	0.00
7240-00	GOODS & SERVICES TAX	

	TOTAL	$57,712.23

GENERAL ADMIN EXPENSES

8100-00	AUTO EXPENSE	0.00	
8120-00	BAD DEBTS	0.00	
8140-00	BANK SERVICE CHARGES	90.48	
8160-00	COMPUTER SUPPLIES	100.00	
8180-00	CONTRACT LABOR	0.00	
8200-00	COPYRIGHTS	0.00	
8220-00	DEPRECIATION	0.00	* 42
8230-00	EQUIPMENT RENTAL	275.40	
8240-00	INSURANCE (GENERAL)	1,200.00	
8260-00	MAINTENANCE & REPAIR	500.00	
8270-00	MISCELLANEOUS	0.00	
8280-00	OFFICE EXPENSE	1,200.00	
8300-00	POSTAGE	1,000.00	
8320-00	PUBLIC INFORMATION	0.00	
8340-00	RENT	12,512.04	43
8360-00	SERVICE CONTRACTS	500.00	
8400-00	TELEPHONE	3,600.00	
8420-00	TRANSLATIONS	0.00	
8440-00	TRAVEL	760.68	
8460-00	UTILITIES	400.00	
2300-00	LEASEHOLD IMPROVEMENTS	250.00	
	TOTAL	$22,388.60	

PERSONNEL EXPENSES

8120-00	TEMPORARY HELP	4,680.00	
8100-00	PAYROLL TAXES	920.00	44
8060-00	HEALTH INSURANCE	900.00	
8080-00	WORKERS COMP INSURANCE	200.00	
	TOTAL	6,700.00	

SUMMARY

		INCOME TOTAL
GENERAL ADMIN	$22,388.60	$103,048.41
PERSONNEL	6,700.00	
COST OF MERCH	57,712.23	NET
TOTAL	$86,800.83	$16,247.58

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SUPPLEMENT C

This supplement describes upcoming activity associated with various WSC committees and boards as it relates to potential staff support and staff travel.

WSC Literature Committee

1. *WSCLC meeting.* Either February or March. Requires full-time attendance by coordinator, and part-time by primary support staff.

2. *In Times of Illness.* Our coordinator and a writer/editor will be needed to make this pamphlet ready for the production process (25 to 30 hours). Requires attendance by writer/editor at a WSCLC meeting for a review session (8 to 10 hours). This item needs quite a bit of work, and probably won't be ready in approval form before the April WSC.

3. *Regional and area literature subcommittee assignments.* Of forty-nine assignments, four are still available at this writing. With each assignment we send a letter and a double-spaced, line-numbered copy of the material being worked on. Each subcommittee is supposed to submit a verbal progress report, two written progress reports, and a final written report with copies of their work, recommendations, etc. The due date for all of these is set for October, but the WSCLC chairperson will probably extend it. Presently, filing, phone calls, and written correspondence are our primary tasks for these projects. We will need to have a tracking system as well as a filing system for all the returned work that will make sense and be easily accessible for any future WSCLC work on these items. Coordinator and one staff member needed for this project (60 hours).

4. *Daily book.* The WSCLC is satisfied with the process that has been developed and work that has been done this conference year. The committee will release all the material that has been completed so far (about 9%) prior to or at WSC'91. However, due to a shortage of editorial staff available to work on this project, it has been put on hold for the time being. Both the WSCLC chairperson and vice chairperson feel that some kind of continuation of the project can and should occur. That will require writing, copy and content editing, review panel conference calls, and written correspondence between members of the WSCLC's daily book working group. At this year's pace, this job will need an editor/writer, two additional writers, and a coordinator for about 12 hours each week; if the pace is picked up, these staff members--the editor, especially--will have to spend substantially more time on the project. We do not have sufficient staff to support this project unless other conference literary projects are either completed or put on hold.

5. *Evaluation of existing approved literature.* The WSCLC Evaluation Committee has designed a new evaluation form. They will continue to discuss this form and its use for revising approved literature. Coordinator and two staff members needed for this task (about 30 hours).

6. *Large mailings.* Three or four times a year, the WSCLC has large, complicated mailings to conference participants and registered literature subcommittees. These mailings usually require two staff persons to compile and complete over the course of several days. Also, several times a year, the WSCLC chairperson sends similar mailings to the WSCLC. Coordinator and two staff members needed for these mailings (60 to 75 hours).

7. *Motion #19.* If this motion passes, there will be changes to the literature handbook, requiring new pre-production work to be done.

World Service Board of Trustees

1. *WSB meetings.* February, April, June, August, and October. Requires attendance by WSB coordinator, plus attendance by literature, P.I., H&I, and policy coordinators to assist with the board's committee meetings.

2. *February WSB meeting* in Harrisburg, Pennsylvania, to interact with the local/regional N.A. community for in-depth discussion and open forum. Requires attendance by the WSB coordinator and two other staff to meet with the existing WSB committees.

3. *Staff changes.* No significant change in staffing is anticipated at present.

4. *Regular monthly mailings* to the trustees, past trustees, WSC Administrative Committee members, and members of the WSO Board of Directors will continue. These mailings may necessitate the use of other WSO staff to assist with stuffing the envelopes and completing the mailing.

5. *Other mailings.* It can be expected that there will also be at least one other major mailing each month, possibly two during the time immediately preceding the WSB meetings. This will also necessitate the use of other staff to assist with completing the mailings.

6. *Editorial work.* There are several articles that the trustees have proposed writing. This will involve regular trustee staff time with no significant increase in hours.

WSO Group Services Department

1. *Staff changes.* No significant change in staffing is anticipated.

2. *Group registration.* The only major project that has been discussed is the initiation of a group registration. Since it is only in the discussion stages, the cost of this project or any increase in staff time cannot be determined, but will require coordination with the Data Services Department.

WSC Administrative Committee

1. *January Fellowship Report.* This extra issue will probably require about 24 total staff hours and be about 12 to 18 pages.

2. *Treasurers Handbook Revision.* Continuation of this will require about 1 to 2 weeks additional staff time, and a few hours consultation time for review by our attorney.

3. *Conference Digest Publication.* An unknown number of free copies will be distributed if this passes, costing about 17 cents each. Staff time will be an additional 3 days per issue for editing and compiling. Translation expenses could increase overall costs by $3500 per issue.

4. *WSC Workshops.* Two workshops are anticipated this year, one in Tulsa and the other one possibly in the Northwest. The two division directors and the Fellowship Services assistant division director may be required to attend.

5. *Temporary Working Guide to the Service Structure.* If any of the motions regarding WSC committee guidelines pass, the *TWGSS* should be reformatted and published before June. No significant increase in staff time is anticipated.

WSC Policy Committee

1. *Staff changes.* No significant change in staffing is anticipated. It is possible that some substantial project could be assigned to this committee, but that is not known at this time. If such occurs, then it may be necessary to provide additional staff support.

2. *Committee guidelines motion.* If the new guidelines pass, WSC funding for this committee will increase by $16,000.

WSC Public Information Committee

1. *WSC 1991.* The committee will require at least one staff member to be available to them during conference week. The staff member will need to be present at their two meetings to record minutes, etc.

2. *WSC Workshops.* The committee will require one staff member to be available to them at WSC workshops. Although there are no plans at the present time to hold a learning day at one of the workshops, the possibility exists, thereby increasing the chance that additional staff support will be needed.

3. *N.A. film.* This is not expected to require additional staff this year unless the WSC strongly supports it.

4. *Newsletter to professionals.* Present staff will compile and produce this newsletter twice a year. Cost of each issue will be approximately $60.00 copying charges and $580.00 postage for each issue. We expect one issue to be published during 1991.

5. *Guide to Phoneline Service.* The WSC P.I. Committee plans to rewrite the current guide. However, this will not be ready until 1992 at the earliest. There is no expected increase in expenses for 1991.

6. *Questionnaire for Non-N.A. events.* Continuation of this will not require additional expense or staff time.

7. *Non-N.A. events.* Participation in these is expected to decrease. Committee is evaluating the value of our participation in these. In any case, staff time and expenses are not expected to increase.

8. *Multiregional learning days.* Traditionally, we have attended one or two of these per year. In most cases, the hosting region pays for lodging and sometimes travel. Our costs include salary, meals, ground transportation.

9. *Rural P.I.* Expenses for this project are difficult to estimate. They will depend on the response to a previously-mailed questionnaire. Copying, postage, and staff costs have been minimal so far.

WSC Steps Project

It is expected that we will maintain the same level of support for this project through the 1991 year. Currently this committee has meetings scheduled for January, February, March, May, July, August, and October, requiring the attendance of the coordinator and the primary writer. Additionally, there are three opportunities for the WSCLC to review the steps material. These meetings will require the attendance of the coordinator and the primary writer. All of the proposed meetings are in Van Nuys.

WSB Traditions Project

It is expected that this committee will meet approximately seven times during the year, requiring the attendance of the coordinator and the primary writer.

WSC Guide to Service Project

We expect that the committee will meet approximately seven times during the year, requiring the attendance of the primary writer and the coordinator.

WSC Outreach Committee

This would depend on the conference adopting the proposal for creation of a standing committee. If a standing committee is created, this committee will require full-time staff support.

1. Mailout to area/regional service committees to ask for input on isolated groups/meetings within their respective areas/regions. Additional staff time approximately 40 hours.

2. Once there is response, gathering, analyzing, and mailing results to committee members. Additional staff time approximately 120 hours.

3. Going through existing WSC Ad Hoc Committee on Isolated Groups/Meetings files to extract and disseminate any information that would be helpful to the standing committee. Additional staff time approximately 40 hours.

4. Ongoing communication with isolated groups and meetings, areas, regions, committee members. Additional staff time approximately 693 hours for entire conference year.

WSC Hospitals and Institutions Committee

1. *Multiregional H&I learning days* are the number one priority with WSC H&I. No additional expense or staff.

2. *Reaching Out newsletter.* Will continue to produce on a quarterly basis. Additional staff would be utilized if the newsletter goes to subscription beginning with the July issue. Additional office expense with first issue on subscription basis, until subscription plan becomes familiar to fellowship and non-fellowship subscribers. Additional staff would be for mailing purposes and upkeep of mail list, approximately 16 hours per month.

3. *Handbook review.* An ad hoc committee has been created to review the current *Hospitals and Institutions Handbook.* Additional staff time for committee correspondence approximately 4 hours per month.

4. *External ad hoc committee* is working closely with the WSB External Affairs Committee. Additional staff time approximately 6 hours per month.

5. *Guidelines ad hoc committee.* Staff time would depend on adoption of changes suggested by this ad hoc to the WSC H&I Committee.

6. *WSC Workshops.* Staff time and expense would depend on number of meetings.