



World Convention Corporation

FROM: Stu Tooredman, Chairperson
World Convention Corporation

TO: The Fellowship

SUBJECT: Report for 1989

DATE: April 23, 1990

INTRODUCTION

The World Convention Corporation was established by the World Service Conference in 1986 as a subsidiary of the WSO. It is responsible for conducting the yearly World Convention according to a schedule established by the Conference in the Convention Guidelines. The Convention in Orlando, Florida (WCNA-19) was successfully completed last summer. The Corporation is currently managing or planning for the conventions in Portland, Oregon (1990 - WCNA-20), Sydney, Australia (1991 - WCNA-21), Toronto, Canada (1992 - WCNA-22) and is about to receive bids on WCNA-23 to be held in 1993.

The Corporation administrative expenses are provided by income generated by each convention. Each convention is managed with the intention of providing a celebration of N.A. recovery while generating only enough money to sustain the planning and implementation of conventions that follow. The corporation has been successful in both regards.

The World Convention held last year was very successful in all aspects. Overall the event was well attended, provided an N.A. message of recovery and was an enjoyable event. The program and other events received many compliments from those attending.

The number of people registering was lower than the previous year (6,300 compared to 7,325) and attendance was probably a little less. Several things were different about this convention, but the new things generally worked well. As with every large event there are a few lessons to learn and things to change next time so we learned from WCNA-19.

This was the first convention held almost entirely in a convention hall that was not within walking distance of principal hotels. Consequently buses were used for the first time. A major entertainment park was used for a specific event.

The host committee worked hard and did an excellent job. The manpower required for this convention was greater than prior conventions because of the complexity of the program and distance between facilities. The 1990 convention will be as complex and although attendance is expected to be even less than 1989, a lot of volunteers will be needed.

WCNA -20 PORTLAND OREGON

Arrangements for the 20th World Convention are progressing at a steady pace. The registration forms have been mailed to service committees throughout the fellowship. Unfortunately, there was no practical way to send thousands of registration flyers to each registered service committee. Instead we sent a small number of color flyers and several black & white flyers with the anticipation that service committees would copy the black & white flyers for distribution.

Most of you have already noticed the hotel information was not included on the flyers. Because of the amount of supplemental information that was necessary to convey about all of the hotels, we elected to use an information booklet which contains about hotels, travel, and other pertinent data. This will allow members to have as much information as possible when establishing their convention plans.

Some of the details of the travel information were not completed prior to the distribution of the flyers which explains why the booklets were not distributed at the same time. In future convention years this will not be a problem and the booklets will be distributed at the same time as the registration flyers.

The Portland host committee is busy organizing volunteers to work the convention and with other assigned tasks. The convention is shaping up to be an exciting event. There will be a dance at the Red Lion Lloyd Center each night beginning Thursday as well as a dance in the Portland Hilton hotel for those staying downtown. A boat ride up the Columbia River is scheduled for Thursday afternoon which will travel part of the same route as the explorers Lewis and Clark. Busses will take the boat ride participants up to the Columbia River Gorge where they will board a paddle boat for the cruise on the river. Because of the capacity of the boat there are only five hundred tickets available for this activity.

There is a barbecue scheduled for Saturday in the park across the street from the Red Lion Lloyd Center hotel. A live oldies show is scheduled for Saturday night in the Memorial Coliseum which will feature popular hits from the late fifties and the sixties.

Because the hotels are spread out, a shuttle bus service will be used again. Bus passes can be purchased with registration for the service which will run between the convention properties. This will allow those participants with passes to get to any of the other hotels as well as the Memorial Coliseum.

The convention in Portland will be centered at the Memorial Coliseum. The principle hotels are within a half mile, although several are in the downtown portion, across the Willamette River. Most workshops will be held at the Coliseum along with registration, and merchandising. Some events and workshops will also in the Red Lion Lloyd Center.

For those who enjoy the downtown atmosphere of a city, two hotels (the Portland Hilton and the Heathman Hotel) are available. Some events will be held in the Hilton and probably a hospitality suite or marathon meeting. Both are surrounded by theaters, restaurants, and other local attractions.

This year there will be three banquets on Friday night. The banquet's location will be determined by the date of ticket purchase. The first 750 tickets will be at the Memorial Coliseum, the next 500 will be at the Red Lion Lloyd Center and the final 500 will be at the Portland Hilton. Each banquet will have a main speaker who will share on a specific topic [ex.

gratitude, more will be revealed, etc.]. The main meeting will be held, as usual, on Saturday night in the Memorial Coliseum where the countdown, and country/state roll calls will happen. It is doubtful that there will be any banquet tickets available on site. The Sunday morning breakfast will be at the Memorial Coliseum. For more information about the Portland World Convention you may contact (503)230-1196.

WCNA-21 SYDNEY AUSTRALIA

The host committee in Australia is formed and beginning to work on some of the specifics for the convention. Right now it appears that there will be a choice offered to the membership of an apartment-type lodging, which has a small kitchenette or the standard hotel-type property. One of the drawbacks to the standard hotels is the room rates. A room in one of the three star or higher hotels will run around \$130.00 AUST. (about \$100 U.S.) each night. The WCC is still seeking hotel accommodations which will be more reasonably priced. The base of the convention plan is still based around the Darling Harbor Convention Center which will act as the focal point of the convention.

A visit was recently made to the Australian Consulate to inquire about some of the immigration policies of the Australian Government because of the increasing number of questions we have received from members. Normally Australia is as difficult a country for ex-offenders to get into as the United States. Members with criminal histories who plan to attend the convention will need to apply for a visa beginning in September 1990. This will allow for ample time to process the application.

The WCC will seek agreements with two airlines to offer discount air fares for the Australian Convention. More information about these will be published at a later date. Additionally, we will get a supply of the visa applications which will be available from the World Service Office beginning in late August 1990. The flyers for WCNA-21 should be available at the Convention in Portland.

WCNA-22 TORONTO CANADA

The chairperson for the Toronto host committee has been selected but the committee will not be formed until November 1990. Agreements have been negotiated for the hotel properties as well as the convention center. Toronto, like several other cities in Canada, has an extensive underground complex of shops and eateries. The members should find this to be a true delight. The specifics of the convention program have not been done yet; however, information will be published as soon as it becomes available.

WCNA-23 ZONE THREE

As a reminder, the deadline for the submission of bids for the 1993 convention in zone three is July 1, 1990. All bids must be postmarked no later than July 1, 1990.

CONVENTION DIRECTORS

The Temporary Working Guide to the Service Structure contains information about directors of the corporation. The Board has performed very well during the past year. There were meetings in June and November. Between meetings, there have been several phone calls between directors on specific matters and periodic staff reports.

Directors assigned as liaison to specific conventions have attended host committee meetings and prepared written reports for the full board.

At this meeting of the conference, one Director needs to be elected. That director will serve for a three year term. The directors are usually selected for their experience and knowledge of conventions. Directors are assigned responsibility to work at each World Convention. By working at the convention they are able to understand how a convention functions and are able to provide better management and direction.

CONVENTION WORKSHOPS

Two workshops were held this year (Baltimore in June and Phoenix in February). At both meetings, members from regional convention activities attended to learn more about convention planning and management that can help their conventions. A workbook has been developed over the past several years that contains samples of agreements and documents, budgets and policies that provide a frame work for convention management.

Particular attention has been focused toward ways to avoid having a financial disaster as a result of conventions. Discussion among the participants during the presentations and during breaks has helped provide more uniform approach to convention management.

One workshop is anticipated to be scheduled later this year. A second workshop is possible but no plans have been set.

FINANCIAL REPORT

Beginning on Page 7 is the year end financial report compiled by Stephen Friedman, CPA. There are no unusual entries in the report, as the year was a relatively normal year for the Convention. There are a few items that would benefit from a few words of explanation. Each note has been given a number for easy reference.

1. The estimate made by the Host Committee and the Board on the number of each item that will be sold during a convention is not always on target. This left over inventory includes jackets and coffee mugs that were not sold before the convention was over. They are currently for sale and

will be on sale until all have been purchased. The last time this happened, we kept selling until all items were gone.

2. This entry is a cumulative value for Office Equipment. Last years report reflected Office equipment value at \$11,820. This years figure indicates \$3,250 in equipment was added. This was for cash register machines and a computer.

3. This money was set aside from the gross income to pay local sales tax if the tax cannot be waived. There is a procedure in Orlando for relief from payment of this tax for events like our convention and application has been made for it. The money will be held until the matter is resolved.

4. The Fund Balance discloses the value of assets minus the liabilities. The Fund Balance last year was \$72,360. The increase of \$46,164 is shown as Excess Revenues over Expense (note 8).

5. Revenue statement is normal and includes all income received prior to the end of the event. Income from sales of WCNA-19 left over inventory is shown as Administrative Income (note 12). Although the event had fewer registrants there was an increase in other revenue categories. The extra events that generated income (or at least cash flow) worked to increase the total revenue by \$225,486. The largest increase was from merchandise \$132,497. New revenue items were bus tickets (\$24,920) and Sea World (\$52,105).

6. Expenses were generally higher but otherwise routine for a World Convention. The largest increase was for the cost of merchandise (an additional \$66,938) followed by entertainment (\$34,657). Another major increase was experienced in food and beverage (\$22,914). All other expense items also increased and there were new areas of expense added this year.

7. Administrative Expense is detailed on page 10. The Accountant reports a decrease in Administrative Expense for 1989 of \$14,926. The decrease was related to completion of legal work paid for and shown in the previous year that was not necessary in 1989. Other Administrative Expense categories were about the same as the previous year. Administrative Expense amounted to .0944 percent of overall expense.

8. Excess Revenue reflects the amount of money available to the corporation for future expenses of managing the new and future events.

9. This statement of Administrative Expense includes the administrative expense related to management of the corporation and administrative expense for all conventions combined. The Accountant shifted several expense categories around this year. He moved Contract Labor from Administrative Expense to Convention Expenses along with several smaller expense items (Note 6) and moved Postage and Shipping from Convention Expense to Administrative Expense. This had very little impact on the overall Administrative Expense.

10. This schedule is essentially a re-statement of the information on page 9. The primary difference is that expense and income not specifically related to the convention held in 1989 is excluded. The key to observe when comparing the two pages is that Administrative Expense is \$11,568 and Excess Revenue over Expenses came to \$78,557. This statement is made in order for the Board to be able to compare the operational income and expense of each convention without having the administrative expense intermingled.

11. The difference between this figure and the one described in note 8 is calculated by adding all the Administrative Expense totals on the following page to the Administrative Expense on this page and subtracting the Administrative Income. (Add \$11,568, \$895, \$9873, #3,112, \$24,768,

subtract \$6,255 and subtract this from the \$78,557 - Note 10). It almost matches the figure described in note 8. There is a difference of \$767, which the accountant informed us was not categorized. He is preparing a supplemental report to classify those expenditures.

12. This page provides a breakdown of expenses shown earlier in the report in consolidated form. This breakdown is developed as a means of keeping track of the costs related to separate convention events.

IRS AUDIT

In November the corporation received a written notice from the IRS about a visit that was to be made in December by a member of the IRS. The notice included a form suggestion certain information that they intended to examine. After meeting with our Accountant, we elected to be prepared for a full audit of WCC financial records.

All of the prior year information was assembled and ready when the IRS employee arrived. It soon became clear that the letter was misleading and they did intend to conduct a complete audit rather than simply examine a few papers that the letter had suggested.

The Audit took most of the day and all of the convention records for three years were examined. Included in the examination were minutes of meetings, by-laws, check book, bank statements, year end reports, receipts for expenditures records about income and nearly all other WCC financial information.

Several weeks later another letter was received that indicated the results of their audit had provided satisfactory evidence that the records were appropriately maintained and no discrepancies were found. Additionally, the Tax Exemption that had been awarded to WCC would remain valid.

This unexpected audit proved to be a positive experience. It showed our records were properly maintained and that our purpose and activities were legitimate. Because we were prepared so we believed we had nothing to fear. The audit showed that with adequate record keeping and organized files, an IRS audit of convention events can be survived with flying colors.

The Board of Directors would like to express their gratitude for being able to be of service to the Fellowship.

WORLD CONVENTION FOR NARCOTICS ANONYMOUS

BALANCE SHEET

AT DECEMBER 31, 1989

ASSETS

CASH IN BANK	\$ 89,389
① INVENTORY, AT COST	32,890
② OFFICE EQUIPMENT	15,070
ACCUMULATED DEPRECIATION	(3,765)

TOTAL ASSETS	\$ 133,584
	=====

LIABILITIES AND FUND BALANCELIABILITIES

③ SALES TAX PAYABLE	15,060
④ <u>FUND BALANCE</u>	118,524

TOTAL LIABILITIES AND FUND BALANCE	\$ 133,584
	=====

SEE ACCOUNTANT'S COMPILATION REPORT

WORLD CONVENTION FOR NARCOTICS ANONYMOUS

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1989

⑤ REVENUE

MERCHANDISING	\$ 269,778
REGISTRATION	134,326
BANQUET	65,410
JEWELRY	42,970
BREAKFAST	22,125
BUS TICKETS	24,920
NEWCOMER	4,411
MISCELLANEOUS	3,712
INTEREST	2,543
COMEDY SHOW	15,045
SEA WORLD	52,105

TOTAL REVENUE	637,345

⑥ CONVENTION EXPENSES

COST OF MERCHANDISE	186,396
FOOD AND BEVERAGES	112,253
FACILITIES	25,976
CONTRACT LABOR	22,800
TRAVEL	44,252
PRINTING	21,655
ENTERTAINMENT	50,057
TRANSPORTATION	28,995
EQUIPMENT RENTAL	23,096
EXPENDABLE SUPPLIES	24,718

TOTAL CONVENTION EXPENSES	540,198

⑦ ADMINISTRATIVE EXPENSES

	50,983

TOTAL EXPENSES	591,181

⑧ EXCESS REVENUES OVER EXPENSES

\$ 46,164

SEE ACCOUNTANT'S COMPILATION REPORT

WORLD CONVENTION FOR NARCOTICS ANONYMOUS
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1989

⑨ ACCOUNTING AND LEGAL	\$ 1,531
BANK CHARGES	2,233
DEPRECIATION	2,038
DUES AND FEES	283
EQUIPMENT RENT	166
OFFICE EXPENSES	3,065
POSTAGE AND SHIPPING	17,139
TELEPHONE	3,329
TRAVEL	21,199

TOTAL ADMINISTRATIVE EXPENSES	\$ 50,983
	=====

SEE ACCOUNTANT'S COMPILATION REPORT

WORLD CONVENTION FOR NARCOTICS ANONYMOUS

(10) STATEMENT OF REVENUE AND EXPENSES - WCNA 19

FOR THE YEAR ENDED DECEMBER 31, 1989

REVENUE

MERCHANDISING	\$ 269,778
REGISTRATION	134,326
BANQUET	65,410
JEWELRY	42,970
BREAKFAST	22,125
BUS TICKETS	24,920
NEWCOMER	4,411
COMEDY SHOW	15,045
SEA WORLD	52,105

TOTAL REVENUE	631,090
---------------	---------

CONVENTION EXPENSES

COST OF MERCHANDISE	186,396
FOOD AND BEVERAGES	112,253
FACILITIES	25,976
CONTRACT LABOR	22,800
TRAVEL	33,740
PRINTING	21,543
ENTERTAINMENT	50,057
POSTAGE AND SHIPPING	12,271
EQUIPMENT RENTAL	22,316
EXPENDABLE SUPPLIES	24,618
TRANSPORTATION	28,995

TOTAL CONVENTION EXPENSES	540,965
---------------------------	---------

ADMINISTRATIVE EXPENSES

BANK SERVICE CHARGES	2,098
OFFICE EXPENSE (INCLUDING EQUIPMENT RENTAL)	1,736
POSTAGE AND SHIPPING	4,580
TELEPHONE	3,154

TOTAL ADMINISTRATIVE EXPENSES	11,568
-------------------------------	--------

TOTAL EXPENSES	552,533
----------------	---------

(11) <u>EXCESS REVENUES OVER EXPENSES</u>	\$ 78,557
---	-----------

SEE ACCOUNTANT'S COMPILATION REPORT

WORLD CONVENTION FOR NARCOTIC ANONYMOUS

(12) STATEMENT OF OTHER INCOME AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1989

ADMINISTRATIVE INCOME	
INTEREST INCOME	\$ 2,543
MISCELLANEOUS INCOME	3,712

TOTAL ADMINISTRATIVE INCOME	6,255

WCNA - 18 EXPENSES	
EQUIPMENT RENTAL	779
TELEPHONE	116

TOTAL WCNA - 18 EXPENSES	895

WCNA - 20 EXPENSES	
BANK SERVICE CHARGES	135
OFFICE EXPENSE	1,879
POSTAGE AND SHIPPING	288
PRINTING	112
TELEPHONE	59
TRAVEL	7,400

TOTAL WCNA - 20 EXPENSES	9,873

WCNA - 21 EXPENSES	
TRAVEL	3,112

ADMINISTRATIVE EXPENSES	
ACCOUNTING - LEGAL	1,531
DEPRECIATION	2,038
TRAVEL	21,199

TOTAL ADMINISTRATIVE EXPENSES	24,768

SEE ACCOUNTANT'S COMPILATION REPORT

PAGE 12

Date: October 11, 1989

Form: 990

Tax Year Ended: Dec. 31, 1988

Person to Contact: Sue Bergner

Contact Telephone Number: (213)894-4553

Tentative Appointment:

~~Monday~~ November 20, 1989 at 9:00a.m.
Tuesday 7

World Convention Corp. for
Narcotics Anonymous, Inc.
16155 Wyandotte St.
Van Nuys, California 91406

Dear Sirs:

We plan to examine the form indicated above, but have been unable to contact you by telephone. We would therefore appreciate your calling our office as soon as possible to confirm the above appointment.

To help make the examination as brief as possible, the following records should be available at the start of the examination:

- Governing instruments (articles of incorporation, bylaws, etc.)
- Minutes of meetings
- All books and records of your assets, liabilities, receipts and disbursements
- Check register, cancelled checks, and bank statements
- Auditor's report
- Copies of prior and subsequent year returns
- Copies of any other Federal tax returns filed
- Pamphlets, brochures, and other literature printed
- Correspondence files
- Other: See Attached

We realize some organizations may be concerned about an examination of their returns. We hope we can relieve any concern you may have by briefly explaining why we examine exempt organization returns and what your appeal rights are if you do not agree with the results.

(over)

We examine returns to verify the correctness of income or gross receipts, deductions, and credits and to determine that the organization is operating in the manner stated and for the purpose set forth in its application for recognition of exemption. An examination of a return does not suggest a suspicion of any wrongdoing. In many cases, the return is closed without change.

When the examination is completed, I will explain any proposed recommendation and how it affects your exempt status or tax liability, such as excise taxes or unrelated business income tax. You should understand fully any recommended change, so please do not hesitate to ask questions about anything not clear to you.

If changes are recommended involving your tax liability and you agree with them, you will be asked to sign an agreement form. By signing, you will indicate your agreement to the amount shown on the form as a refund due you or additional tax you owe, and this will simplify closing your case.

You do not have to agree with the recommendations made. You may ask for a conference at a higher level, as explained in the copy of appeal procedures that you will receive if a change in your tax liability or exempt status is proposed.

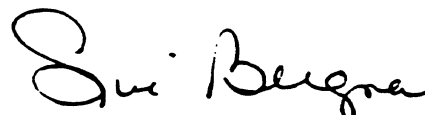
It will not be necessary for someone to be present throughout the examination, unless that is your wish. I would, however, appreciate your having an officer or your representative available at the beginning of the examination to give me a brief orientation of the operations of the organization and again at the end for a discussion of the results of the examination.

If the examination is conducted with your representative, a power of attorney or tax information authorization must be filed before your representative can receive or inspect confidential information. Form 2848, Power of Attorney and Declaration of Representative, or Form 2848-D, Tax Information Authorization and Declaration of Representative, as appropriate (or any other properly written power of attorney or authorization), may be used for this purpose. You can get copies of these forms from any Internal Revenue Service office.

To schedule an appointment, please contact me at the telephone number shown in the heading of this letter. I will also be glad to answer any questions you may have.

Thank you for your cooperation.

Sincerely yours,



Internal Revenue Agent

Document request checklist of items to be available at time of audit.
Please have available the following documents/items/return (if applicable)
at the time of the appointment. Use this as a checklist.

___ A. Organizational Documents:

- ___ 1. Articles of Incorporation/Constitution/Deed of Trust/Wills/Association
- ___ 2. Any amendments made to your Articles subsequent to incorporation
- ___ 3. Bylaws or similar internal rules of operations and any changes made
- ___ 4. Determination Letter
- ___ 5. Application 1023 or 1024
- ___ 6. Other:

___ B. Current Operations:

- ___ 1. Minute book
- ___ 2. Correspondence files
- ___ 3. Membership List
- ___ 4. Stock Record book
- ___ 5. Publications: Newsletters/Pamphlets/Books/Brochures/News releases/Advertis
- ___ 6. Legislative and Political activities
- ___ 7. Liquor license

___ C. Income and expenses:

- ___ 1. Chart of accounts
- ___ 2. Working trial balance
- ___ 3. Accountant's workpapers
- ___ 4. General Ledger
- ___ 5. General Journals
- ___ 6. Cash receipts and disbursements
- ___ 7. Other books of entry(if applicable)
- ___ 8. Supporting documents inclusive of:
 - ___ a. Bank statements
 - ___ b. Cancelled Checks
- ___ 9. Independent Audit Report
- ___ 10. Management Letter
- ___ 11. Other:Missing schedule: Cost of Goods Sold

___ D. Related Returns:

- ___ 1. Payroll Tax Returns W-2/W-4/941/940/ also State returns
- ___ 2. Forms 1096 and 1099
- ___ 3. Form 990 T (if applicable)
- ___ 4. If you have a pension plan, then the related returns, documents regarding general description of plan and determination letter from IRS.
- ___ 5. Copies of returns filed subsequent to year under examination
- ___ 6. Copies of returns filed prior to year under examination.

PAGE 15

P.O. Box 2350, Los Angeles, CA 90053

World Convention Corporation
16155 Wyandotte St.
Van Nuys, CA. 91406

Person to Contact:
Sue Bergner
Telephone Number:
(213) 894-4553
Refer Reply to: EP/EO:EOB:1

JAN 17 1990

Dear Taxpayer:

We have completed the review of your activities and examination of Form(s) 990 for the year(s) ended December 31, 1988. No change to your exempt status is necessary.

As a result of the examination, we have noted one or more areas of noncompliance that should be brought to your attention.

You did not include a schedule stating the nature of your Cost of Goods Sold with Form(s) 990. This information was secured during the examination. Please be sure to include all applicable schedules with your returns in the future.

During our examination, we determined that you did have any non deductible statement on any of your literature. Because you are not an organization described in section 170 (c) of the Code, donors may not deduct contributions to you. You should advise your contributors of these facts on all future registration forms, mailing and/or literature.

Finally, a reminder that you are required by section 6041(a) of the Internal Revenue Code to file Forms 1099 to report payments made to recipients of prizes, awards, compensation, etc. of \$600 or more during a calendar year.

We wish to thank you for your cooperation during the audit. Please contact our office if you have any questions.

Sincerely yours,



District Director