



NA World Services, Inc.

PO Box 9999

Van Nuys, CA 91409 USA

Phone +1/818.773.9999

Fax +1/818.700.0700

www.na.org

To: World Service Conference Participants
From: World Board
Date: 29 August 2017
Re: *FIPT* Inspection Request from the South Florida Region

Hello Conference Participants,

As you may know, the Operational Rules of the *Fellowship Intellectual Property Trust (FIPT)* describe a process whereby a regional service committee can request to inspect the records and operations of the Trust. Following this cover memo are three documents related to such a request we received from a regional delegate on behalf of his region. These documents are the request from the South Florida Region dated 17 April 2017; our response dated 29 August 2017; and an Addendum, which responds directly to each of the ten Concerns listed in the request. We are forwarding these documents to all Conference participants to keep you updated on this matter and because this is an issue we expect to discuss at the 2018 World Service Conference—both this particular request and the process for making and responding to these types of requests.

We apologize for the legal tone of our response and the Addendum. We would prefer never to have to consult attorneys when responding to members or service bodies. We would much rather resolve issues and concerns within the Fellowship rather than resort to legal means, but when a request involving legal matters is made of World Services, a legal response is both prudent and appropriate.

As the documents that follow explain, after consulting with both our corporate and copyright attorneys, we do not believe all of the Concerns described in the request fall within the purview of a *FIPT* inspection. We are also awaiting confirmation from the requesting region about their specific concerns. We expect to have more to report before the 2018 World Service Conference, and we will request the guidance of the WSC. We see our role as Trustee not just as a set of legal duties, but fundamentally in terms of spiritual principles. We have been charged with a legal “fiduciary” responsibility, which, simply put, means a position of trust, and we strive to honor that spiritual ideal. Clear reporting and communication are consistent with our commitment to accountability and integrity.

We would also like to have a more general conversation with the Conference about the process for requesting an inspection of the Trust. The *FIPT* was drafted and approved in 1993, before the restructuring of World Services. When the *FIPT* was approved, the budget of the World Service Office was separate from that of the World Service Conference, and not under the control of the WSC. The financial structure adopted by the Conference during the restructuring of World Services does not lend

itself to a quick and easy Trust inspection. We do not segregate Trust property in this way; we organize our financials according to the policies adopted by the Conference and as described in *A Guide to World Services in NA*.

As the *FIPT* is currently written, a single region can request an inspection of the records and operations of the Trust, and such an inspection can be both time-consuming and costly. We are not sure this part of the Operational Rules reflects the Conference's current thinking. A policy that allows a single region to make a decision involving the allocation of so many resources seems contrary to our evolution toward a consensus-based Conference. This is one of those policies that we have known was outdated and unclear for some time, but have not wanted to drag the Fellowship through a detailed review. The recent inspection request, however, has made it clear we may be overdue to have this conversation.



NA World Services

PO Box 9999
Van Nuys, CA 91409 USA
Telephone (818) 773-9999
Fax (818) 773-2659
Email: Worldboard@na.org

29 August 2017

South Florida Region of Narcotics Anonymous
PO Box 5842
Lighthouse Point, Florida 33074

Dear All:

The April 17, 2017, letter from the regional delegate on behalf of the South Florida Region of Narcotics Anonymous requesting inspection of the records and operations of the *Fellowship Intellectual Property Trust* and the activities of its Trustee was considered by the World Board on July 21, 2017, its first meeting after receipt of the request. The World Board is taking this request seriously, and has spent significant time and resources in addressing its form and contents. This letter outlines the action requested of the South Florida Region in furtherance of the request after a detailed discussion and analysis by the World Board. We have also included an Addendum that explains our related thoughts and reasoning.

We all are aware that this is the first time a region has sent a request for inspection, so we are all covering new ground here. The World Board will therefore be sending the South Florida Region's request to the World Service Conference for guidance, inasmuch as Section 3 of Article V of the Operational Rules of the *FIPT*, set forth below, makes clear that any inspection is to be made on behalf of the Beneficiary, which the *FIPT* defines as the Fellowship of Narcotics Anonymous as a whole.

**ARTICLE V:
RIGHTS AND RESPONSIBILITIES OF THE BENEFICIARY**

SECTION 3: INSPECTION OF TRUSTEE ACTIVITIES

Conditions of inspection

Any regional service committee or equivalent service body may inspect the records and operations of the Trust on behalf of the Beneficiary, provided the following conditions are met.

1. *A motion to conduct an inspection of the Trust must be approved by a regional service committee or its equivalent.*
2. *The regional service committee wishing to inspect the Trust must assume the expense associated with the participation of its own representative*

in the inspection. All other costs associated with the inspection shall be borne by the Trustee.

3. *The regional service committee must present a written request for inspection of the Trust, detailing its concerns and any particular areas of Trust operations it wishes to inspect.*

This same section requires both a motion to conduct an inspection approved by the regional service committee and a written request by the regional service committee detailing its concerns and any particular areas of Trust operations it wishes to inspect. The World Board believes that the concerns in a written request must be specifically approved in the underlying motion of the regional service committee, after discussion and deliberation.

We asked for the underlying motion and were provided the minutes of the December 17, 2016, motion of the South Florida Region. The motion, identified as Motion 12-05-16, reads as follows:

Motion Reads: Motion: We agree in principle that the South Florida Region request an inspection of the records and operations of NA World Services per the Fellowship Intellectual Property Trust (FIPT) dated May 2012 in accordance with ARTICLE V: RIGHTS AND RESPONSIBILITIES OF THE BENEFICIARY pages 16-17.

This motion is most general in nature, seeking a review of records and operations of Narcotics Anonymous World Services, Inc., not the Trust, without mentioning the records and operations of the Trust or detailing concerns or any particular areas of Trust operations the South Florida Region wishes to inspect. If, as it appears, this is the sole motion approval by the South Florida Region of the request for inspection, the World Board does not see how the request complies with the requirements of the Operational Rules or is capable of appropriate response.

We want to share with the region the Board's thoughts on the purpose of a request for inspection. We feel, and the Operational Rules and comments support, that an inspection request is to address legitimate factual concerns in a region that arise out of the unique nature of the Fellowship with respect to the Trust. The request for inspection should therefore be completely consistent with the supporting motion and discussions at the region. Without this, a vague and seemingly innocuous motion can be used as the basis for a request for inspection on completely different issues, or without any real understanding by the region of the time, personnel hours needed, financial costs, and problems within the Fellowship that a request for inspection without a true foundation will cause.

By the same token, we think that a request for inspection really needs to be useful and not just an empty exercise. So it should not be a request to repeat parts of routine accounting audits conducted by a CPA firm each year, to indirectly challenge the WSC on an issue or matter where the Fellowship has already spoken, or otherwise be rather pointless.

The Operational Rules lay out a process that needs to be followed, and the April 17, 2017, request for inspection you have sent does not follow the process. First, the ten "Concerns" listed are not consistent with the matters discussed in the December 17, 2016, minutes for

Motion 12-05-16. Second, each Concern is followed by a request to review wide categories of documents and sometimes documents that do not even relate or respond to that Concern.

Finally, responding to any request for inspection is going to be expensive. In addition to the region's cost, estimated at \$2,000, there is the expense of personnel at NAWS who will be taken off their regular duties to deal with this, plus the charges from trusted servants and outside accountants and lawyers to review and deal with the request, locate documents, and then participate in the inspection.

The minutes for Motion 12-05-16 continue with three more paragraphs under the headings of "Intent" and "Related Issues." Assuming those paragraphs can be construed as the attempt of the South Florida Region to detail its concerns and identify the particular areas of Trust operations it wishes to inspect, we make the observations below about each of those paragraphs.

The following paragraph of the motion minutes is headed "Intent" and reads as follows:

Intent: To hold Narcotics Anonymous World Services, Inc (NAWS, Inc) accountable to the fellowship and to accurately account for all money coming in and out of NAWS as well as looking at literature related contracts between NAWS, Inc and outside organizations. In all the time since the FIPT was created this has never been requested. It is time to do so!

Again, the statement in the first half of the first section of this paragraph relates only to NAWS without referencing the Trust or distinguishing between the operations of NAWS that relate to the Trust and those that do not. The second half of the first sentence relates to the operations of the Trust, but does not detail any concern or the basis for that concern.

The next paragraph of the motion minutes is headed "Related Issues" and reads as follows:

Related Issues: The current financial statements coming out of NAWS, Inc do not tell us what they are spending money on except in highly generalized terms. They refuse to clarify their financial information claiming that what they have provided is in accordance with California and Federal law. They also refuse to state what kind of deals they make with outside organizations in relation to literature sales saying they don't legally have to.

This paragraph is also general in nature, beginning by addressing all NAWS activities without limitation to the Trust and ending with a specific issue related to literature sales but failing to detail a concern.

The following paragraph of the motion minutes does not have a heading and reads as follows:

NAWS, Inc was advised of the Drug Strategies website (<http://www.drugstrategies.org/NA-Meetings/Florida/>) giving away free NA literature in November 2015. We have been advised that it will take at least a year to investigate and even more time to go through a legal action. On the other hand, an online Group () was issue a Digital Millennium Copyright Act takedown notification within 24 hours of the website going live by NAWS, Inc.

This paragraph provides a narrative of a characterization of two events that are believed to have occurred, but again, no specific concern is described.

If these paragraphs of Intent and Related Issues, together with the “Motion Reads” paragraph, reflect the concerns intended to be addressed in a request for inspection authorized by the South Florida Region, please so confirm and they will be addressed by the Conference. However, if the South Florida Region wishes to take the above World Board comments into account by passing resolutions that more directly focus on the records and operations of the Trust and that provide specific details of concerns, it should do so promptly, as that may require further Board analysis before the Conference meets and further delays if deadlines for the process of bringing matters before the Conference are not met.

You should know that the World Board has concluded that even if the South Florida Region had made a valid request in accordance with the Operational Rules that included all ten of the “Concerns” in the April 17, 2017, letter, it would not be possible to carry out those requests as drafted within the time frame specified in that letter, and it would be extremely difficult, time-consuming, and expensive to attempt to fully respond over a longer time frame.

However, to keep this process moving forward, we have identified what we think are the actual concerns of the South Florida Region from the Motion 12-05-16 minutes, which are the following:

Concern A: That the current financial statements identify expenses in “highly generalized terms.” The simple fact is that financial statements are prepared using standard terms, and have satisfied not only our accountants but also the WSC. A request that your region seconded last year for more detail about WCNA finances was not supported by the WSC. This is routine accounting practice by NAWS, and therefore not really a concern that is appropriate to be addressed in a request for inspection.

Concern B: A refusal to state “what kind of deals” are made with outside organizations with respect to literature sales. Part of the annual accounting audit ensures that uniform prices are charged and pricing policies are followed. The price lists and discount terms all come from one place and are not different for non-Fellowship customers.

Concern Detail C: There is a reference to the time it takes to close down unauthorized sales of literature online at the Drug Strategies website versus those of an online group. As far as NAWS is aware, it has sent notices only to non-Fellowship posters of literature.

It should be noted that much has changed at NA World Services, as well as in NA as a whole, since 1993 when the *Fellowship Intellectual Property Trust* was adopted. There were

16,575 meetings represented by 72 regions at the opening roll call of WSC 1993. In 1993, WSO controlled its own general operations. The WSC had direct control only over the WSC finances. The WSC budget included all contributions from the Fellowship and paid for the Conference, its committees, workshops, H&I literature, and Conference publications. The WSO and WCNA bylaws “acknowledged the right of the WSC to make specific recommendations to the WSO regarding its general operations,” but the WSC had no direct control or approval rights over the WSO budget.

In 1998, WSO, WSC, and WCNA were consolidated into NA World Services, which is directly responsible to the WSC. For the first time, all of NA World Services’ policies—its budgets, financial reports, auditing and reporting, etc.—were accessible and directed by motions at the WSC. As a result, comprehensive audited financial statements and reports to the California Attorney General provide most of the safeguards that the Operational Rules lay out.

For this reason and all of the other reasons stated above, the expenditure of time, money, and resources related to addressing most, if not all, of the items addressed in the delegate’s letter of April 17, 2017, does not appear warranted or of benefit to the Fellowship. We urge you to take the contents of this letter to heart and tailor your response accordingly.

In fellowship,

Arne Hassel-Gren

World Board Chair

Encl: Addendum

Addendum: Initial response to the South Florida April 2017 request

Excerpt from December 2016 South Florida RSC Minutes

Motion Reads: Motion: We agree in principle that the South Florida Region request an inspection of the records and operations of NA World Services per the Fellowship Intellectual Property Trust (FIPT) dated May 2012 in accordance with ARTICLE V: RIGHTS AND RESPONSIBILITIES OF THE BENEFICIARY pages 16-17.

Intent: To hold Narcotics Anonymous World Services, Inc (NAWS, Inc) accountable to the fellowship and to accurately account for all money coming in and out of NAWS as well as looking at literature related contracts between NAWS, Inc and outside organizations. In all the time since the FIPT was created this has never been requested. It is time to do so!

Related Issues: The current financial statements coming out of NAWS, Inc do not tell us what they are spending money on except in highly generalized terms. They refuse to clarify their financial information claiming that what they have provided is in accordance with California and Federal law. They also refuse to state what kind of deals they make with outside organizations in relation to literature sales saying they don't legally have to.

NAWS, Inc was advised of the Drug Strategies website (<http://www.drugstrategies.org/NAMeetings/Florida/>) giving away free NA literature in November 2015. We have been advised that it will take at least a year to investigate and even more time to go through a legal action. On the other hand, an online Group (www.nabasictexts.com) was issued a Digital Millennium Copyright Act takedown notification within 24 hours of the website going live by NAWS, Inc.

Cost: Indeterminate as Jeff P (SFR Regional Delegate) originally estimated around \$2,000, but this could be considerably less depending on whether we can get other Regions to help pay for this.

References:

http://www.na.org/admin/include/spaw2/uploads/pdf/legal-sales/2012_FIPT_Final.pdf
<http://www.nabasictext.com> <http://www.drugstrategies.org/NA-Mettings/Florida/>

Vote 10 - 0 - 1

Although the RSC minutes only provide a general request, the letter we received from the delegate outlined ten concerns. They are addressed below:

CONCERN 1

Concern 1: That literature margins, developmental literature, developmental subsidies, and allowances are being overstated by recording the developmental items and allowances at values greater than cost. We wish to inspect all financial records, documents, and general ledger postings to developmental literature, subsidies, and allowances accounts. We also wish to inspect all records/calculations relating to the cost of literature.

WB Thoughts and Comments: This is actually two different issues. What is being referred to as cost of literature and margins is included in the financial statements of NAWS under Developmental Subsidies & Allowances as an adjustment to income, and what is under Developmental Literature is direct expense.

The contents of the documentation related to these and all other financial issues are reflected in ledger entries made by NAWS accounting personnel throughout the year. Those ledger entries are reflected in the monthly financial statements, which in turn are used each year to prepare annual financial statements. Those annual financial statements are then audited by a team of certified public accountants with special expertise in matters related to nonprofit corporations.

It is not clear what is meant by “cost,” what concern is being articulated, or what is the basis of that concern. The issues of margins, pricing, costs, etc., are all provisions left to NAWS in Section 7 of the *FIPT*.

SECTION 7: TRUSTEE AUTHORITY WITHOUT NOTICE OR PERMISSION

In the absence of the Trustor’s specific direction to the contrary, the Trustee may make the following decisions relative to administration of the Trust without prior notice to or permission of the Trustor:

1. The Trustee has complete discretion as to the manufacturing format of products generated from Trust Properties, including appearance, design, typeface, paper grade, binding, cover, ink, or other material.
2. The Trustee has complete discretion in the management of all affairs related to the perpetuation of the Trust’s business, including contracts, leases, licenses, covenants, manufacturing specifications, inventory and production quantities, distribution and marketing policies and programs, and pricing of products generated from Trust Properties.

CONCERN 2

Concern 2: That all World Board expenses are not being reported accurately and completely. We wish to inspect all financial records for the World Board posted to World Board or other general ledger accounts, and any reconciliations to World Board expenses in the financial statements included in annual reports.

WB Thoughts and Comments: It is difficult to see how this relates directly to the *FIPT*, except as an item of NAWS expense. There is also a concern that asks for the credit card receipts, which for the World Board are all included in this same expense area.

The right of inspection relates only to the Trust, and it is unclear how an inspection by a few people for a few days would be more complete and accurate than the work of many weeks by dedicated, trained personnel and outside professionals.

CONCERN 3

Concern 3: That all commercial interests in literature distribution centers outside of the United States have not been disclosed or reported to the fellowship. We wish to review all documents, minutes (internal WB and EC) and financial records relating to ownership or interests in distribution centers around the world.

WB Thoughts and Comments: It is not clear what is being said here. NAWS has two branch offices (WSO Europe and WSO Iran) whose income and expense are included in NAWS financial statements, as well as three literature distribution locations in India, Canada, and Russia. All of their income and expense is included in the NAWS financial statements and addressed by the audit.

Internal World Board meeting records are a detailed account of their meetings and are considered unedited notes used only by the Board. These are not checked for accuracy and are much different from the legal World Board minutes that are available upon request once approved by the World Board. Executive Committee records are similar. There is nothing in those records related to “ownership or interests.” These are not books or records and should not be included. In the future they will more accurately be named “notes.”

Section 7 from the *FIPT* also seems to apply here. There are no activities that have not been reported.

CONCERN 4

Concern 4: Customer discounts are not being applied equally to fellowship and non-fellowship sales. We wish to inspect a list of the twenty largest (in terms of annual sales) fellowship and non-fellowship customers as well as invoices to those customers.

WB Thoughts and Comments: Part of the NAWS audit each year is to ensure that uniform prices are charged and policies are adhered to.

A contract is offered after any customer reaches \$80,000 in sales for the prior year.

The NAWS literature sale terms for single purchasers for credit, shipping charges, and available discount levels are posted online, and if the terms were not applied correctly, we would receive a complaint and it would be noted by the auditors.

What is not posted online are the annual contract discount levels, credit terms, and shipping charges. This currently covers 13 (10 for Chatsworth and 2 for Canada) Fellowship customers and 2 non-Fellowship customers. The discount levels are the same for all types of customers and are all stated in the Sales Policy which is available upon request.

We make no distinction in the application of discounts to Fellowship or non-Fellowship customers—it is based solely on amounts. The *FIPT* does not call this out as a requirement. The estimate is approximately 800-plus invoices with multiple pages for each year.

CONCERN 5

Concern 5: That all travel expenses are not being reported correctly to the fellowship, and Trust financed travel is not being reimbursed according to the guidelines outlined in the Guide to World Services (GWSNA). We wish to examine all travel-related financial documents (general ledger details, expense reports, reimbursement request forms, travel receipts, etc.) as well as all Executive Committee minutes where decisions were made to exempt room-sharing.

WB Thoughts and Comments: It is difficult to see how this relates directly to the *FIPT*, except as an item of NAWs expense. This is not Trustee operations as it relates to the *FIPT*. Adherence to *GWSNA* is not applicable to the *FIPT*, and the Conference's consideration of this issue was not done as a *FIPT* issue. This was a WB decision and reported as such to the World Service Conference and was not an Executive Committee decision.

This issue has been discussed at several Conferences and includes:

WSC 2014 – considered the following regional proposal at length:

Proposal A1

For the purposes of the WSC, we ask that World Board members follow the same double occupancy lodging requirements that the Regional Delegates have to follow (see *GWSNA* pg. 32 - last paragraph).

Intent: This could save about \$15,000 USD for the duration of the WSC. Also, it would eliminate the perception that there are different "classes" of WSC participants.

Maker: Connecticut Region

The final decision was 42-72-6-7 (yes-no-abstain-present not voting)

Failed by standing count

And it was again discussed and decided at WSC 2016:

Proposal U

To change the policy in the *GWSNA* regarding double room occupancy to allow for single room occupancy, for World Board members, without the need for prior request and approval.

Intent: To update our policy to reflect our current practices.

Maker: Connecticut Region

Adam H (RD Connecticut) said the change was a housekeeping issue to reflect current practices of the Board. At WSC 2014, we asked the Board to adhere to the policy as it's written in *GWSNA*, and we heard that one-third of the Board would have valid reasons for single occupancy and another third would pay additional costs on their own, which would create two classes of Board members. We are asking that the policy be changed accordingly, said Adam.

Franney J (WB Chair) replied that it is not necessary to change the current policy. The policy as it is written does accommodate these World Board decisions, but if the body feels a change is necessary, the Board would certainly not be in opposition.

Straw poll Proposal U: lack of support 50-58-4-10

Laura R (RD Costa Rica) said she was confused because it seems that at times there are resources to accommodate special needs and other times we do not. This was discussed at the last Conference, and the body decided to accommodate these needs.

Kathleen M (AD Mid-Atlantic) said policy should reflect current practice.

Lisa C (RD Pacific Cascade) reiterated that this was discussed for an hour and decided at WSC 2014.

The proposal required a 2/3 majority.

Proposal U failed: 51-59-2-9

CONCERN 6

Concern 6: That the Trustee is not performing its duties noted in the Fellowship Intellectual Property Trust as it relates to the designation and separation of Trust and non-Trust property. We wish to inspect all lists, designations and separations of Trust and non-Trust properties.

WB Thoughts and Comments: Other than the financial report designations that distinguish between “Recovery Literature” and “Other Income” and a summary adopted each cycle as part of the corporate resolutions, there are no lists, designations, and separations. The corporate resolutions are not published and include a list of designations that appear in the published version of each piece published by NAWS. This includes Fellowship-approved recovery literature (FA), as well as adaptable and nonadaptable service material designated as CA (Conference-approved) or World Board–approved. The corporate resolutions also include all of our banking information.

The one page adopted each year could be provided.

CONCERN 7

Concern 7: Credit card guidelines as outlined on pages 34-35 of the 2016 GWSNA are not being followed. Records requested include all EC minutes approving the issuance of credit cards for WSC responsibilities; All signed condition of use forms; Invoices or other accompanying documentation for temporarily issued credit cards, credit card receipts, expense statement(s), and accompanying invoice(s) resulting in card use; and all EC reports resulting from their quarterly audits and/or reviews of WSC credit card activity.

WB Thoughts and Comments: It is difficult to see how this relates directly to the *FIPT*, except as one of many mechanism used for NAWS expenses. This has nothing to do with the *FIPT* duties or responsibilities and no effect on the preservation of the Fellowship’s intellectual property.

All World Board members are offered credit cards and there has been no reported misuse and therefore no records of such. This concern states that the policy is not being followed but does not provide any example.

The policy states:

Credit Cards

We have found it productive to use credit cards to facilitate the service responsibilities of specific individuals in World Services. NA World Services maintains a policy on the use of credit cards for employee responsibilities, and has since their initial use. It seems responsible to apply those parameters to credit card use for WSC responsibilities. These policies ensure that credit card use conforms to a standard set of guidelines.

Distribution of Cards

- A. The issuance of credit cards for WSC responsibilities is subject to the approval of the Executive Committee of the World Board. Each person approved for credit card issuance shall be provided a Conditions of Authorized Use form, which must be completed, signed, and on file prior to issuance of a credit card.

- B. Board or committee members who reside outside the continental United States may be issued credit cards to facilitate the fulfillment of their service responsibilities, at the discretion of the Executive Committee.
- C. Board or committee members may be issued credit cards on a temporary basis for a designated trip or function. All cards issued under this criterion must be returned to the WSO by registered mail within thirty days of completion of the trip or function. All invoices or other accompanying documentation should be returned at the time of card surrender.
- D. All cards must be returned within thirty days of the closure of the term of office of the cardholder. All invoices or other accompanying documentation should be returned at the time of card surrender.
- E. WSO executive management have the authority to cancel all cards on the closure of a term of office based upon the surrender criteria outlined above.

Credit Card Expenditures

All expenditures on the credit card must be substantiated by the receipts issued at the time of card use. Individuals utilizing the credit cards should submit an expense statement accompanied by the invoice(s) resulting in card use—not the credit card slip, but the actual hotel bill, car rental agreement, etc. All receipts should be attached to the permanent record of the trip or function. World service credit cards should not be used to cover personal expenses not directly related to the trip or function, even though the individual may intend to repay the conference for the expenditures. The Executive Committee of the World Board conducts quarterly audits and/or reviews of WSC credit card activity by all trusted servants and reports such findings to the Fellowship in the *Conference Report*.

CONCERN 8

Concern 8: That World Convention (WCNA) costs are not being reported accurately and completely due to the combining of non-WCNA expenses into them. We wish to review all financial records and backup receipts for all expenses reported for the world convention in Brazil.

WB Thoughts and Comments: It is difficult to see how this relates directly to the *FIPT*, except as an item of NAWS expense. This issue was addressed in the 2016 *Conference Agenda Report*, workshopped throughout the Fellowship, and decided at WSC 2016:

Motion #5

That all Financial Reporting for the World Convention of Narcotics Anonymous be provided in a detailed line item format and not in a summary as is currently available. This report will be posted on na.org and be downloadable.

Intent: Financial Transparency

Maker: Show Me Region

Rob B (RD Show-Me) said that this was presented previously in 2010, and that in their regional assembly it was noted that the miscellaneous expenses seem to be somewhat high.

Franney J (WB Chair) explained that all expenses for WCNA can be found in the Annual Report and that information about a specific item can be obtained from NAWS. She gave an example using the expense for a pallet of water and

how it could be divided between different expense areas. A line item format is not standard operating procedure for accounting for an event that large that occurs over an extended cycle of two or more years. No information has been provided as to what specific information is being sought.

Anthony E (NAWS ED) added that WCNA spans multiple fiscal years and makes it hard to get an accurate financial picture for a convention when you look at a single year's summary. That's why we create a summary. Also, Anthony said, we just looked at the summary for WCNA 36 and the Annual Report and we can't find the Miscellaneous entry you're referring to. So maybe you can get with us and let us know where you found that entry. We believe there is enough detail published for most NA members to understand the information.

Initial straw poll Motion 5: lack of support 39-71-1-1

Kathleen M (AD Mid-Atlantic) said that her region voted yes to the motion because there seems to be many motions in the *CAR* from regions concerning the lack of transparency on the World Board level and this a big concern for her region.

Gregory S (RD Metro Detroit) said this motion was controversial in his region. They were not as concerned with details of numbers as with understanding the expense categories.

Final straw poll Motion 5: lack of support 39-72-1-0

CONCERN 9

***Concern 9:** That all World Service Conference expenses are not being reported accurately and completely. We wish to inspect all financial records for World Service Conference expenses posted to World Service Conference or other general ledger accounts, and any reconciliations to World Board expenses in the financial statements included in annual reports.*

WB Thoughts and Comments: It is difficult to see how this relates directly to the *FIPT*, except as an item of NAWS expense. Again, this concern does not state how expenses are not being reported accurately or what example led to this conclusion.

CONCERN 10

***Concern 10:** There is an appearance that NAWS is targeting NA service bodies over non-NA entities in the enforcement of the *FIPT* as it relates to the online posting of our copyrighted literature. We wish to inspect all Digital Millennium Copyright Act (DMCA) takedown notices sent by NAWS over the course of the inspection period.*

WB Thoughts and Comments: The application of the assigned responsibility to protect the Fellowship's copyrighted literature is not a "target." We respond to issues of posting literature online by anyone other than NAWS as we become aware of them. WSC 2016 actually asked us to go further with NA areas and committees than we are typically prepared to do.

We have to investigate further but believe only non-Fellowship posters received DMCA notices.

This is also an issue that was discussed in more than one session of WSC 2016. We follow up on attempting to remove literature posted online as we become aware of it and do not keep one central log.

Anthony asked the conference how far NAWs should pursue Fellowship entities that post NA literature online because of the following:

The reason the conversation about service committees posting NA material was prioritized is because there's no reservation about shutting down a website or issuing a cease and desist order in a situation outside the Fellowship, but it's different when we are talking about fellowship entities.

At the end of this session at the WSC a straw poll was conducted:

Straw polls

Anthony E polled delegates on several questions. He explained that these polls were to help frame the small-group discussions, not to make binding decisions.

Question One: Do we believe that the Fellowship still affirms the rules we have agreed on in the FIPT?

Results: 96-5

Question Two: Should we register and list on the meeting locator NA groups that clearly intend to use material that is not NA-Fellowship approved?

Results: 28-78.

Question Three: Should we take action to remove NA recovery literature from ASC/RSC sites, even if it means shutting down the site (this may require ongoing action if a new one is created)? Anthony clarified: typically when we contact ISPs to let them know that there is an infringement on a site they host, they will shut down the entire websites.

Results: 75-31.

There was also a motion in the 2016 Conference Agenda Report to have PDF's of all recovery literature posted online and there was so little support that the motion died at WSC 2016 for lack of a second to the motion.

SOUTH FLORIDA REGION OF NARCOTICS ANONYMOUS
PO BOX 5842
LIGHTHOUSE POINT, FL 33074

April 17, 2017

Narcotics Anonymous World Services, Inc.
19737 Nordhoff Place
Chatsworth, CA 91311

Dear World Board,

As per the Fellowship Intellectual Property Trust (updated May 2012) pages 16-17, in accordance with Article V: Rights and Responsibilities of the Beneficiary, and by motion made and approved by the South Florida Region at our December 16, 2016 RSC meeting, we herewith request an inspection of the records and operations of the Trust as well as Trustee activities. The following is a list of our concerns and particular areas of Trust operations we wish to inspect (unless otherwise noted, the period of the records requested are the fiscal years ending June 30, 2015 and June 30, 2016):

Concern: That literature margins, developmental literature, developmental subsidies, and allowances are being overstated by recording the developmental items and allowances at values greater than cost. We wish to inspect all financial records, documents, and general ledger postings to developmental literature, subsidies, and allowances accounts. We also wish to inspect all records/calculations relating to the cost of literature.

Concern: That all World Board expenses are not being reported accurately and completely. We wish to inspect all financial records for the World Board posted to World Board or other general ledger accounts, and any reconciliations to World Board expenses in the financial statements included in annual reports.

Concern: That all commercial interests in literature distribution centers outside of the United States have not been disclosed or reported to the fellowship. We wish to review all documents, minutes (internal WB and EC) and financial records relating to ownership or interests in distribution centers around the world.

Concern: Customer discounts are not being applied equally to fellowship and non-fellowship sales. We wish to inspect a list of the twenty largest (in terms of annual sales) fellowship and non-fellowship customers as well as invoices to those customers.

Concern: That all travel expenses are not being reported correctly to the fellowship, and Trust financed travel is not being reimbursed according to the guidelines outlined in the Guide to World Services (GWSNA). We wish to examine all travel-related financial documents (general ledger details, expense reports, reimbursement request forms, travel receipts, etc.) as well as all Executive Committee minutes where decisions were made to exempt room-sharing.

Concern: That the Trustee is not performing its duties noted in the Fellowship Intellectual Property Trust as it relates to the designation and separation of Trust and non-Trust property. We wish to inspect all lists, designations and separations of Trust and non-Trust properties.

Concern: Credit card guidelines as outlined on pages 34-35 of the 2016 GWSNA are not being followed. Records requested include all EC minutes approving the issuance of credit cards for WSC responsibilities; All signed condition of use forms; Invoices or other accompanying documentation for temporarily issued credit cards, credit card receipts, expense statement(s), and accompanying invoice(s) resulting in card use; and all EC reports resulting from their quarterly audits and/or reviews of WSC credit card activity.

Concern: That World Convention (WCNA) costs are not being reported accurately and completely due to the combining of non-WCNA expenses into them. We wish to review all financial records and backup receipts for all expenses reported for the world convention in Brazil.

Concern: That all commercial interests in literature distribution centers outside of the United States have not been disclosed or reported to the fellowship. We wish to review all documents, minutes (internal WB and EC) and financial records relating to ownership or interests in distribution centers around the world.

Concern: That all World Service Conference expenses are not being reported accurately and completely. We wish to inspect all financial records for World Service Conference expenses posted to World Service Conference or other general ledger accounts, and any reconciliations to World Board expenses in the financial statements included in annual reports.

Concern: There is an appearance that NAWS is targeting NA service bodies over non-NA entities in the enforcement of the FIPT as it relates to the online posting of our copyrighted literature. We wish to inspect all Digital Millennium Copyright Act (DMCA) takedown notices sent by NAWS over the course of the inspection period.

The South Florida Region designates its Regional Delegate, Jeffrey Paul to be included on the inspection team, and selects Jack Hovenier as one of the two World Board members on the inspection team. The South Florida Region authorizes and allows the World Board to select the second World Board member on the inspection team.

We estimate the inspection could take a week to perform and would like to schedule it for some time in either July or August of 2017.

Sincerely,

Jeffrey Paul
Regional Delegate
South Florida Region