

WORLD SERVICE OFFICE SALES POLICIES

The World Service Office serves as the publishing arm of the Fellowship of Narcotics Anonymous. One of the primary purposes for the existence of the Office is to print and distribute literature so that it is available to existing and future members. The literature sales policies presented in this publication are the result of the experience of the Office accumulated over a number of years in our efforts to fulfill that responsibility. These policies are generally developed as a result of need and are adopted by the Board of Directors of the Office before they are permanently included as part of the Literature Sales Policy.

There is a special relationship between the WSO and the membership of Narcotics Anonymous and its service committees, that does not exist between the WSO and non-Fellowship customers. Consequently there are sections of the overall Literature Sales Policy that provide special benefits to purchases made by committees and boards that are part of the Fellowship. There is, however, a specific effort exerted to utilize standard business practices in all sales and related matters in order that the WSO policies do not accidentally enable members or committees to be subjected to the subtleties of the disease.

Beginning with January 1990 the WSO will publish an annual information bulletin to inform our customers of new items that are included in the WSO inventory and to provide price change information. This practice insures that WSO customers are adequately informed about changes in product or price information.

The Policy is divided into sections that relate to a cohesive policy concept or need. However, there may be several sections that pertain to the needs of an individual purchaser. Please review the full policy to determine if other sections may affect your needs. (Published Nov. 1986)

CREDIT LIMIT POLICY

The following shall be the policy for credit limits on new accounts and increases in existing accounts as additional orders are received:

ORDER CREDIT LIMITS

INITIAL ORDER LIMIT	2ND ORDER LIMITS	3RD ORDER LIMITS	SUBSEQUENT ORDER LIMITS	PURCHASER CLASSIFICATION
\$350.00	\$500.00	\$750.00	2,500.00	Areas\Regions and non-U.S. orders
\$500.00	\$1000.00	\$1500.00	4,500.00	Hospitals, Institutions and Other Corporations

Exceptions may be made for proven accounts consistently ordering with prompt payments within 45 days of billing.

Other policy sections, such as the discount policy will apply and have impact to allow an increase in some maximum credit limits. Application of specific exceptions to this policy may be made only by the Executive Director.

CREDIT RATING CLASSIFICATION SYSTEM

A	Excellent
B	Above Average
C	Average
D	Below Average
F	Unacceptable - Requires cashiers check or money order

- A. An Excellent rating allows the customer to purchase maximum levels on subsequent orders providing subsequent payments are made on time.
- B. An Above Average rating allows the customer to purchase to the limit shown for Third Order Limits providing subsequent payments are made on time.
- C. An Average rating allows the customer to purchase only to the limit of Second Order credit limits providing subsequent payments are made on time. When a customer rating returns to a "C" rating from a "D" rating, purchases during the first six months may not exceed the initial Order Limit. During the subsequent six month period if prompt payments are received, orders may be accepted on credit to the Third Order credit limits.
- D. A Below Average rating requires that all outstanding orders be paid and that subsequent orders for a six month period be paid in advance before credit will be again extended.
- F. Unacceptable - No credit will be extended. All payments received will be applied to outstanding debts. After all existing orders are paid, an "F" rating may be upgraded to a "D" upon six months of orders having been paid upon receipt of the order.

Upon the receipt of a first order all accounts are automatically set at a "C" rating. Accounts are reviewed on a monthly basis. If the account has been paid in a timely manner (within 45 days of the date the billing is mailed by us) the rating will move to a "B" rating following 6 months. After a period of six months, at the "B" rated level, if payments on the account continue to be paid within the 45 day period of each billing, the account review will lead to an "A" rating.

One late payment in any six month period that does not exceed 90 days will not affect the rating of a customer.

Two orders not paid within the 45 day limit during any ensuing six month period or if any single order exceeds a 90 day delinquency period, will cause the credit rating to drop one classification. If during the next six month period successive or concurrent delinquent status orders are experienced, the rating will automatically drop to a "D" Classification. Any order delinquent more than 120 days automatically drops the rating to the "F" Classification and the account will be put on collection status.

If a customer continues with a below average rating for a period of six (6) months, that account status must fall to an "F" rating and future orders will be acceptable if paid by cashiers check or money order.

A customer may return to a higher rating status by continued purchases with advance payments for a period of six (6) months for each category of change.

GENERAL POLICY ON BULK LITERATURE SALES

This section contains policy statements covering the general policy for WSO literature sales.

The WSO will not make stipulations concerning the price at which the literature is re-sold by customers of WSO except that no items will be sold for less than the WSO retail list price plus the appropriate shipping and handling cost if the order had been placed with the WSO. All prices and discounts are calculated on the basis of the current WSO retail order form list price.

In order to avoid conflict among Fellowship literature committees and/or offices all Fellowship committees and offices will confine their sales to within the accepted boundaries of the committee (area or region) or office served by the committee or office. There may be need however, for cooperation between neighboring committees and/or offices to make exception to this policy on a case by case agreement between them. These boundaries will generally be the same as those accepted by the appropriate region or the World Service Conference as boundaries that define the area or region. If an area has an office that becomes a participant under this agreement, the area served by that office will be determined through conference with WSO. Wherever an office is created to serve one or more areas or a region, those fellowship groups and area committees within that service area should purchase directly from that office. The WSO will not continue to offer discounts to committees that should be serviced by a fellowship office created to provide direct service.

The language above has been the policy of WSO for several years. We have recently had difficulty with its vagueness because of the decision in several places to establish offices in regions or areas where there already was an office. We have been drawn into these conflicts by both participants. One side of the discussion seeks to obtain the same discount that is offered to the existing office. The other side of the discussion seeks to "avoid losing the purchasing strength when ordering from WSO.

Because the WSO is affected by these situations, it has become necessary for WSO to establish some policy about these situations. The interim policy is presented below in bold. A more comprehensive explanation is provided in the section of the Office Workshop Handbook, entitled, "The N.A. Office Movement."

Effective November 1, 1988, the World Service Office will not offer discounts to a service office within one hundred miles of an existing service office unless the new office is in a different region.

The WSO will not offer discounts to a new area service office within one hundred miles of an existing region or area office. In order to avoid the above cited policy for WSO to provide discounts to new offices within one hundred miles. Other service committees may not be used as surrogate purchasers.

If there have been returned checks or late payments then the committee or office is not eligible until one year from the latest incident.

The utilization of these policy statements shall not act to allow concurrent use of more than one paragraph. In order to allow shipments according to any paragraph below, all existing balances must be paid in full.

The Office has added some items to the inventory that are sold at or near their production costs. It is not practical to apply the discount policies to purchases of these items, as the Office would actually lose money on such transactions. Accordingly purchase of those inventory items identified as exempt from discount policies will be excluded from calculations when computing discounts according to the following paragraphs. *On a uniform basis the WSO will include a list of those items in the annual price & product bulletin.*

1. For an area literature committee, when purchasing more than \$500.00 at a time, a ten (10%) percent discount may be applied, if there is no office or regional service literature committee that can otherwise serve their literature needs. These purchases cannot be accomplished on credit arrangements. The shipping and handling fee is assessed.
2. For a regional literature committee, when purchasing more than \$500.00 at a time, a ten (10%) percent discount may be applied, if there is no Fellowship office that can otherwise serve their literature needs. These purchases cannot be accomplished on credit arrangements. The shipping and handling fee is assessed.
3. For regional literature committees of the Fellowship a 90 day credit and discount policy shall be available upon request. This 90 day credit and discount policy shall provide that the region make a one third (1/3) advance payment of the total amount. If the order is over \$1,000.00 a discount of ten (10%) percent may be applied. The shipping and handling fee is assessed.
4. For area or regional sponsored service offices that purchase more than \$1,000.00 but less than \$10,000.00 on a single order, a ten percent (10%) discount is applied the shipping expense is paid by the customer(1), providing one third (1/3) of the order is paid with receipt of the order and the balance is paid within ninety (90) days.
5. For non-Fellowship customers, a standard net-30 day invoice policy for all orders on purchase order-only transactions are available. For non-Fellowship customers (purchase order or pre-payment) a ten percent (10%) discount from list price shall be available on all orders, if after application of the discount, the aggregate purchase is in excess of \$1,500.00. The appropriate shipping and handling fee shall apply.
6. For all non-Fellowship purchases that are in excess of \$10,000.00, a fifteen percent (15%) discount is applied and the shipping expense is paid by the customer(1). If the order is not paid in advance, a standard 30 day accounts receivable payment schedule shall apply.
7. For all Fellowship purchases that are in excess of \$10,000.00, a fifteen percent (15%) discount is applied the shipping expense is paid by the customer(1), providing one third (1/3) of the order is paid with receipt of the order and the balance is paid within ninety (90) days.
8. For all fellowship purchases that are in excess of \$20,000.00, a twenty percent (20%) discount is applied to the purchase and the shipping expense is paid by the customer(1), providing one third (1/3) of the order is paid with receipt of the order and the balance is paid within ninety (90) days.
9. For all non-Fellowship purchases that are in excess of \$25,000.00, a twenty percent (20%) discount is applied to the purchase and the standard shipping and handling charge is waived if the shipment is made directly from our printer to the customer, and the shipping and handling expense is paid by the customer.
10. For all Fellowship purchases that are in excess of \$40,000.00, a thirty-five percent (35%) discount is applied to the purchase. The handling charge is waived if the shipment is made directly from the WSO or our printer to the customer, and the shipping expense is paid by the customer.(1)
11. For all purchases that are in excess of \$40,000.00, a discount of thirty-five percent (35%) is applied and the shipping and handling charge is waived if the shipment is made directly from our printer to the customer, and the shipping expense is paid by the customer.
12. Literature sales to conventions, retreats, etc., are classified by the WSO as special event activities rather than Fellowship structured committees. As such, the WSO does not provide literature except on an advance purchase basis. When special activities purchase literature in excess of the amount they sell, the Office will re-

purchase the excess if it cannot be sold to the local Fellowship. The sponsoring activity must pay return shipping costs.

INTERNATIONAL LITERATURE SALES

International Literature Distribution: The World Service Office has initiated a program to provide literature to the Fellowship and non-fellowship customers around the world. It is the WSO policy to sell literature to the non-U.S. Fellowship at a price consistent with the cost of living, relative to the country wherein the literature is to be used. The purpose of this policy is to reduce the actual cost of the literature by eliminating the need to pay more because of the currency exchange rates and increased shipping costs. These computations will be based on a sampling of currency exchange rates and will be updated on a semi-annual basis.

SPECIFIC ADJUSTMENTS

1. Effective February 1, 1990 the following adjustment will apply to all fellowship literature orders from Canada. After the purchase total has been calculated, there will be a 17% currency reduction adjustment applied to the order. To the new total can be applied, if applicable, normal Bulk Literature discounts. A flat 7% shipping and handling fee will then be applied to the order balance. This will supersede the current 22% currency adjustment with a flat 5% shipping and handling fee. The rate of adjustment will be reviewed each year to determine it's practicality relative to currency fluctuations. This adjustment will only remain in effect until the WSO is able to facilitate processing Canadian orders in Canada.(3)

On a case by case basis separate license agreements may be entered into that may authorize a service committee or board, in a non-U.S. N.A. community the authority to reproduce and distribute literature and other items of WSO inventory within the country the committee serves.

YEARLY AVERAGE CREDIT DISCOUNT POLICY (FELLOWSHIP PURCHASES ONLY)

In order to help areas, regions and Fellowship offices to keep sufficient inventories of literature the WSO offers the opportunity to purchase at a discount on credit to qualifying customers. To be eligible for participation under this section the committee or office must have earned an appropriate rating by having purchased on a payment-upon-order basis from the WSO five or more orders in a six month period. The average of these orders will determine which credit/discount category they are eligible for.

In order to utilize this section for purchases, an office or committee must pay off any amount outstanding that was purchased in accordance with any other credit purchase plan.

Once a committee or office initiates purchases under the yearly average credit discount, the committee or office cannot simultaneously purchase using other credit policies.

In order to initiate purchases under the Yearly Average Credit Discount Policy a motion must be adopted by the appropriate area or regional service committee that acknowledges full payment for all orders made and assigns the responsibility to conduct business on behalf of the area, region or office in one or more persons. In this way the WSO can keep track of who is the responsible party. If problems develop, the WSO will

notify the area, region or office. (Please fill out the STANDARD AGREEMENT FOR CREDIT SALES on the following page and return to us with the required signatures.)

Only those committees or offices with an "A", "B" or "C" rating will continue to be eligible for credit purchases according to this section. Any committee or office whose rating slips to a "D" or "F" will immediately be terminated from the credit policy until all outstanding payments are received and a six month period has elapsed during which all subsequent orders are paid for in advance.

Purchases made after the establishment of a credit classification will be given the discount providing each order is for not less than \$400.00 prior to the calculation of the discount. The Committee or office may make as many separate orders as necessary to keep the committee or office properly supplied. Total cumulative unpaid orders may not exceed an amount equal to double the maximum for the category within which the Committee or office is eligible.

In June and December of each year, re-calculations of order histories will be conducted. If the dollar value of the average of all purchases raises the customer to the next classification level, the customer will be notified and subsequent orders will be accepted to the next higher level only upon the customers request.

Direct shipping expenses will be paid by those committees or offices participating in the Yearly Average Discount policy described in the following four categories.

CATEGORY ONE DISCOUNTS:

For purchases resulting in an average of more than five hundred dollars (\$500.00) a month per annum but less than an average of one thousand dollars (\$1,000.00) per month, the discount is five percent (5%).

CATEGORY TWO DISCOUNTS:

For purchases resulting in an average of more than one thousand dollars (\$1,000.00) a month per annum but less than five thousand dollars (\$5,000.00) per month, the discount is ten percent (10%).

CATEGORY THREE DISCOUNTS:

For purchases resulting in an average of more than five thousand dollars (\$5,000.00) a month per annum but less than fifteen thousand dollars (\$15,000.00) per month, the discount is fifteen percent (15%).

CATEGORY FOUR DISCOUNTS:

For purchases resulting in an average of more than fifteen thousand dollars (\$15,000.00) a month per annum, the discount is twenty percent (20%).

"The (_____) (ASC)(RSC)(office) by adoption of this motion assigns authority and responsibility for the purchase of literature and other items from the World Service Office to: (_____) Please indicate names and titles _____. This authority and responsibility begins on (_____) and continues until a new motion is adopted. The (ASC)(RSC)(office) acknowledges the responsibility and agrees to complete all payments for literature or other items ordered and received by the (area)(region)(office) members assigned the responsibility for the duties specified in this motion. The permanent contact address for the (ASC)(RSC) is: _____"

CALIFORNIA SALES TAX

California State law requires that on all retail sales conducted with residents of California and visitors who purchase while in California that a sales tax be collected. The sales tax amount is determined according to California law and at the time of the adoption of this policy it is 6.5 percent (6.5%) for sales conducted in Los Angeles County. This tax must be collected from all walk-in sales even if the purchaser is visiting from another state. **Effective January 1, 1990 the sales tax amount will be 6.75% as a result of a change of rate by the state of California.**

California customers who purchase from WSO for the purpose of commercial re-sale within California should present to the WSO a copy of their Franchise Tax Re-sale form in order to avoid having the WSO incorrectly collect California Sales Tax.

In the Shipping and Handling Fee section, a ten percent (10%) handling fee is described for walk-in sales for purchases made by groups and areas or members of the Southern California Region. Under California Sales Tax Law this fee is also subject to the 6.5 percent sales tax. Total costs for walk-in sales therefore will be calculated to include the walk-in handling fee and the full sales tax.

California Sales Tax law exempts subscriptions to periodicals, therefore there is no tax added to the subscriptions of the N.A. Way Magazine, Reaching Out, etc.

SHIPPING AND HANDLING FEE POLICY

This shipping and handling fee policy is effective upon publication and dissolves the existing policy:

For orders with a total purchase of less than fifty dollars (\$50.00) an eight percent (8%) shipping and handling fee shall be charged.

For orders with a total purchase of more than fifty dollars (\$50.00) but less than one hundred fifty dollars (\$150.00) a seven percent (7%) shipping and handling fee shall be charged.

For orders with a total purchase of more than one hundred fifty dollars (\$150.00) but less than five hundred dollars (\$500.00) a six percent (6%) shipping and handling fee shall be charged.

For orders with a total purchase of more than five hundred dollars (\$500.00) a five percent (5%) shipping and handling fee shall be charged.

A ten percent (10%) handling fee for walk-in sales shall be added to purchases by groups and areas or members of the Southern California Region.

DELINQUENCY NOTICES AND COLLECTION

A second notice will be mailed to all outstanding accounts at the end of the following month. If necessary, a third billing will be mailed to all outstanding accounts at the end of the next month following the second notice. All second and third billing notices sent will have a duplicate copy sent to another person or addressee of the purchaser that should have knowledge of or responsibility for the order. Such duplicate notices to area and regional committees will be sent to the Chairperson of the area or region, etc. Duplicate notices to commercial accounts will be addressed to CEO's or other administrative personnel.

Any account that reaches the 90 day date in the Aging Analysis Report will be referred to the WSO Executive Director for informational purposes and the Accounting Staff will make direct phone calls to the ordering party.

Any order delinquent more than 150 days will be referred to the WSO attorney for subsequent collection notices and possible legal action as the situation may warrant.

RETURNED CHECK POLICY

The return of a check to WSO by the customers' bank for any reason will automatically cause the Credit Rating Classification of the customer to be decreased to a "D" classification. All checks returned for Non-sufficient funds, uncollected funds and post-dated checks are automatically redeposited one time after their initial return by our bank. If the check is subsequently returned or if a check for a subsequent order is returned this automatically causes the credit rating classification to be decreased to an "F" rating. A copy of the check will be mailed to the customer with a letter requesting a new check. A copy of the check and letter of transmittal will be mailed to the chairperson of the appropriate committee or CEO if the customer is a non-fellowship buyer. If payment is not made within 30 days, subsequent collection efforts will be turned over to the WSO attorney. Subsequent orders will not be accepted from that customer until the check is made good, except upon receipt of a cashiers check or money order.

REVIEW OF THIS POLICY

This policy will apply to literature sales for a limited period of time. This policy will automatically expire on December 31, 1988 unless action is taken by the WSO Board of Directors to renew the policy. It is the intention of WSO to renew this policy but the automatic termination is intended to signify that a review of this policy is mandatory.

This policy is temporary-intentionally for the purpose of developing a long range policy and philosophy for literature sales within N.A. This policy is subject to changes without prior notice.

b:credit.doc (revised 1\29\88)BS\1r

(1) Revised 3\12\88 BS\1r

(2) Revised 1/13/90--Changed General Policy on Bulk Literature Sales

(3) Revised 1/17/90 AE--Included Specific Currency Adjustments and California Sales Tax change.

THE FOLLOWING SECTION ON CREDIT CARD PURCHASES HAS BEEN ADDED BY THE EXECUTIVE DIRECTOR AS AN INTERIM POLICY FOR PURCHASES MADE BY CREDIT CARD.

CREDIT CARD PURCHASES

Effective January 13, 1990 the WSO will accept orders placed on the telephone when payment is to be made by using the customers credit card. The WSO has made arrangements with our bank to accept only VISA/MASTERCARD credit cards.

Credit card purchases will be limited to the amounts described in the INDIVIDUAL ORDER CREDIT CARD LIMITS section, for individuals and groups only. Credit card purchases will not be accepted for area committees, regional committees, fellowship offices and commercial customers (hospitals, institutions, treatment centers, etc.)

Group orders: An individual may purchase literature for their group using a members personal credit card. It is the intention of this section that only those groups who are unable to obtain their literature from the existing literature distribution system use this method to obtain literature.

Initial orders will be accepted by phone and are handled the same as orders made by individuals.

INDIVIDUAL ORDER CREDIT CARD LIMITS

Each customer who purchases with a credit card will be given a customer number and accumulate a credit history. This credit history will be used to determine maximum limits of future orders. Upon placement of the initial order each customer will be credited with a "C" rating. Credit histories will be evaluated each June and December. If there are two or more purchases in any six month period they will be the basis of change in the future increases or decreases in order limits. If payment on orders are made properly during any six month period, order limits on those placed in the following six month period may be increased to the limit of the next higher level. If payment on any order is not made properly the account will be "flagged" and no subsequent credit card orders accepted until the problem is rectified. Once a problem account is rectified the customer will again be credited with a "C" rating.

"C" RATING LIMITS	"B" RATING LIMITS	"A" RATING LIMITS	
\$50.00	\$75.00	\$150.00	Individuals
\$150.00	\$225.00	\$300.00	Groups

For new customers purchasing during the initial six month period, not more than two subsequent orders will be accepted until bank confirmations of the initial purchase has been completed.

Individual customers may use any of the acceptable credit cards. Credit limits are applicable to the individual customer, not to a particular credit card.

During the course of the phone call when the customer is placing the order, the credit card number will be checked. If the card number being used has been reported lost or / stolen, the order will be canceled. If an order is shipped and the credit card company subsequently refuses payment, the transaction will be handled in the same manner as a returned check.

RETURNED CHECK POLICY CREDIT CARD RETURN INFORMATION

The refusal of a credit card company to complete payment on a credit card order for any reason will automatically cause the Credit Rating Classification of the customer to be decreased to a "D" classification. Upon notification from the credit card company of a refused item, the customer will be sent a letter asking for payment by money order or cashiers check. If payment is not promptly made or the payment instrument proves to be invalid, the credit rating classification of the customer will be decreased to an "F" rating. If payment is not made within 30 days of notification from WSO, further collection efforts will be turned over to the WSO attorney. Subsequent orders will not be accepted from that customer until the payment is satisfactorily received.

b:credit.doc (revised 1/29/88)BS\lr

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