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NAARS, National Automated Accouning Research System, a Computerized Research Service for the Financial Community

American Institute of Certified Public Accountants (AICPA)

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OCT 2 0 1975

NAARS

NATIONAL AUTOMATED ACCOUNTING RESEARCH SYSTEM

AMERICAN INSTITUTE OF CPAs
1211 Avenue of the Americas
New York, New York 10036

NAARS

NATIONAL AUTOMATED ACCOUNTING RESEARCH SYSTEM
A COMPUTERIZED RESEARCH SERVICE FOR THE FINANCIAL COMMUNITY

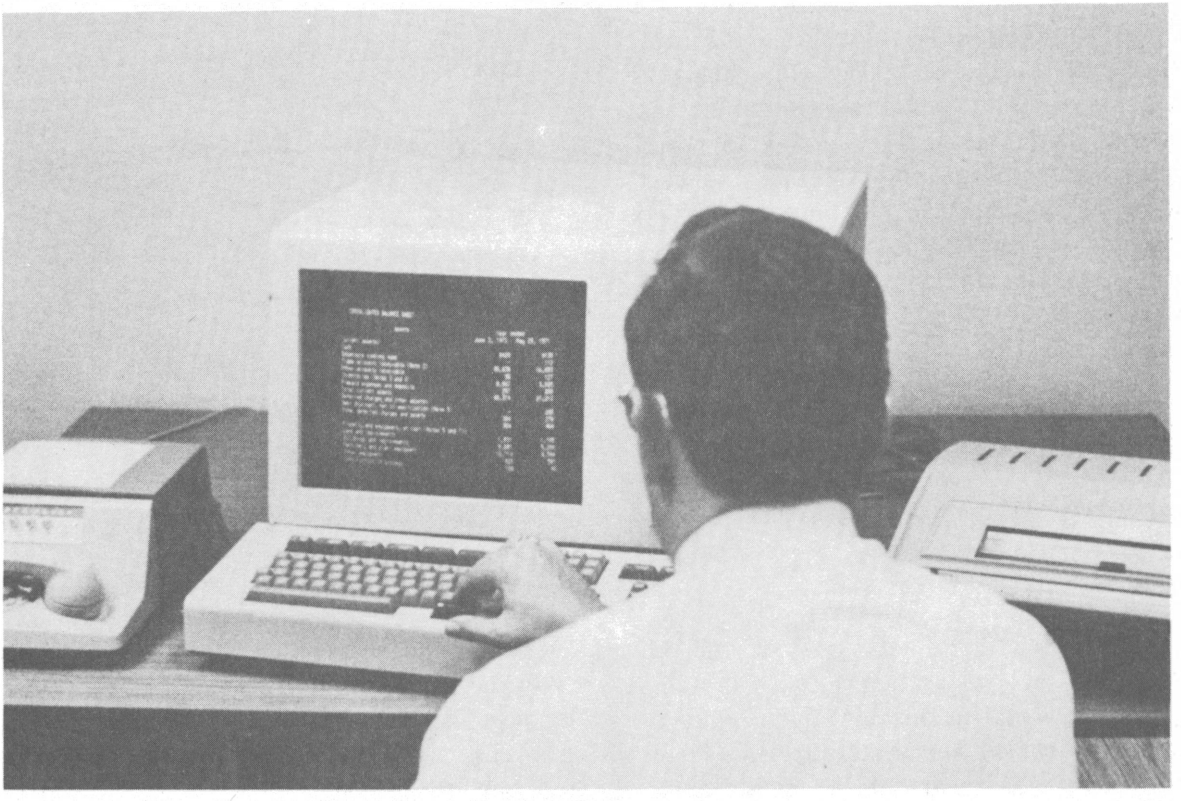

Figure 1. The NAARS System

In the conduct of the accountant's work it is often necessary for him to research current trends in financial reporting. He is oftentimes interested in various statement presentations, their form, terminology and the accounting policy in use as reflected in the financial statements. This brochure describes a new approach to accounting research that enables the user to conduct his research quicker and more completely than the traditional manual methods currently being used.

INTRODUCTION

The American Institute of Certified Public Accountants, in conjunction with Mead Data Central Inc., a wholly owned subsidiary of the Mead Corporation, has developed a computer-assisted accounting retrieval system called the National Automated Accounting Research System (NAARS). This system operates through Mead Data Central's research service which employs a full text, interactive approach to information storage and retrieval. The user has direct access to a data bank containing complete accounting information on over 6,000 corporate annual reports, Accounting Research Bulletins, Accounting Principles Board Opinions, Statements on Auditing Standards and all future pronouncements of the Financial Accounting Standards Board. A test data bank of 50 prospectuses is also available.

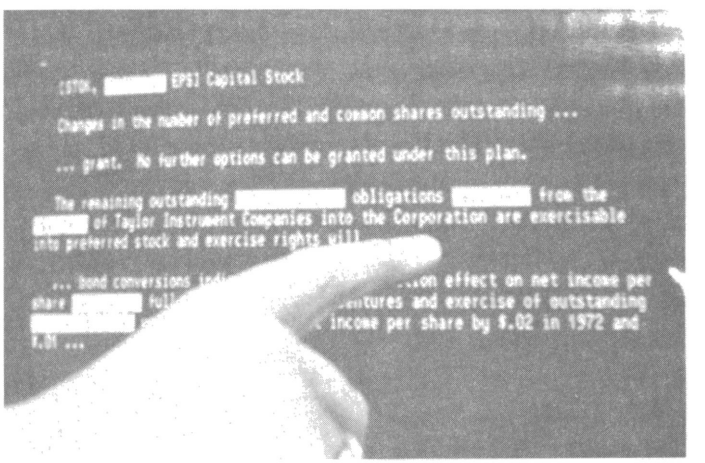

Figure 2. A typical display

DESCRIPTION OF THE SYSTEM

Characteristics

NAARS has four characteristics that make it unique as a retrieval system. First, it is a *full text system,* which means that every word of every document on file is stored in the computer. The materials are stored in the same order as they appear in printed form, and except for common words (conjunctions, prepositions and articles) all words within the text are treated as index terms. As a result, the document itself is retrieved based upon the words that comprise it, and when it is retrieved, the full text of the document is displayed. For example, you may request the computer to search every footnote in the annual report file for the phrase "STOCK OPTION." By entering this phrase in the system, the computer will search its files and will tell you how many documents actually contain the phrase "STOCK OPTION." If you so desire, the computer will display, one at a time, every footnote that contains your search terms. Figure 2 illustrates a typical display of information on your TV screen. Notice that all the keywords appear in the reverse video (black letters on a white background) making it very easy to see if the example being displayed is relevant to your problem. If you want a hard copy of what is being displayed, all you have to do is press the printer start key on your terminal. Figure 3 shows the printer copying the same information for permanent storage.

NAARS is also a *real time system* that enables you to access the computer over telephone lines from your office. Using a television type terminal, you can communicate directly with the computer without the intervention of another person.

The third characteristic of NAARS is its *interactive mode of operation.* You can actually carry on a dialogue with the computer during

the search process. You can easily broaden or narrow your search based on the count of items retrieved and samples of items displayed on your terminal.

The fourth characteristic of NAARS is that it permits *multiple-term coordinate search capabilities* which allow you to coordinate search capabilities or create strings of words or phrases based on your judgment concerning what documents you want to see and how you want to search. This capability, combined with the interactive feature, enables you to conduct your searches in somewhat the same manner as you searched under traditional means.

For example, perhaps the search for "STOCK OPTION" footnotes was too broad. The data files might contain thousands of notes on this subject. You could narrow your search by adding additional terms to your search. If your particular problem involves the method of disclosing that the surviving company in a merger assumed the stock options outstanding of the merged company, you might add the terms "ASSUME" and "MERGER" which may help you limit the number of responses to a smaller group that more precisely relates to your specific problem.

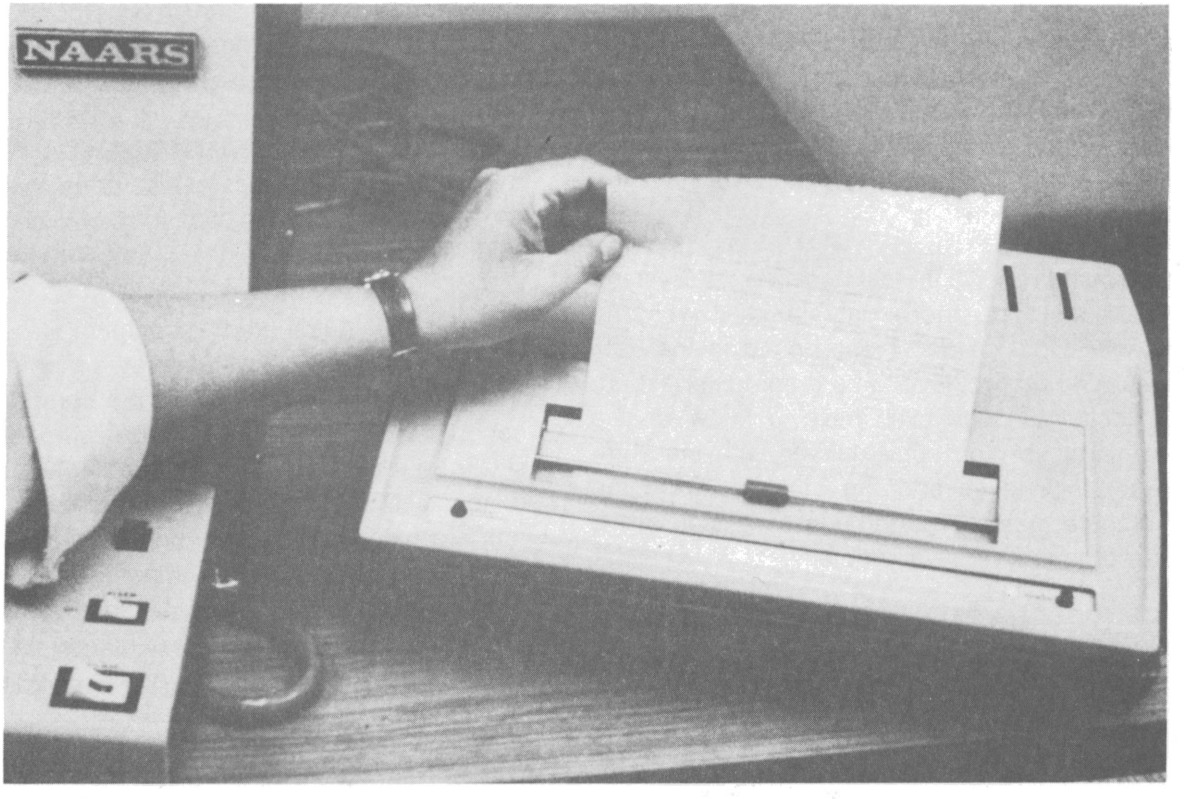

Figure 3. The Printer

On the other hand, the system might reply that it contains no footnotes that satisfy your request. In that case, you may want to relax your specifications a bit and only ask the computer to search for "STOCK OPTIONS" and "MERGER." The ability to interact with the computer in searching for relevant examples represents the single most powerful aspect of NAARS.

Control of the System

You exercise complete control of the system through three pieces of equipment as shown on Figure 1. The data phone on the left is the telephone link between your terminal and the computer center in Dayton, Ohio. The high-speed terminal consists of a cathode-ray tube where all responses from the computer are displayed, and the keyboard which has been specially designed for automated research. The terminal has been especially designed to simplify the interface between you and the computer. A hard copy printer is attached which allows you to make a paper copy of anything on the TV screen.

In order to receive the full benefit of the system, you should be thoroughly familiar with the various types of documents found in the data files. You do not have to be a computer expert, in fact, you don't even have to know what a computer is. You communicate with the computer in English and the dialogue from the computer guides you through each step of the research and retrieval problems.

Instructions from the System

The messages from the system to you have also been designed to simplify the interface between you and the system. They are all composed in English and at each point in the use of the system where more than one response from you is acceptable, the system informs you of the choices available by displaying a list of the options on your terminal screen.

If for some reason you need further search assistance, you may use the special HELP key on the terminal keyboard and the system will display an extensive explanation of the previously displayed message. There are over 40 HELP messages in the current system.

A comprehensive user manual is given to each user which explains in detail how the system operates. A user card, which is a condensed version of the user manual, is also provided. A training session lasting a day and a half with two follow-up sessions is provided each user. Experience to date indicates that most people can learn the mechanics of operating the system in a few days and that they can conduct relatively complex searches in two weeks time.

The National Automated Accounting Research System (NAARS) has demonstrated that in over 90% of the cases, the use of the computer to conduct research is faster, more comprehensive, and less costly than the traditional manual methods. Demonstrations of the research system are held daily at the American Institute of Certified Public Accountants in New York City. All interested persons are invited to see how this computer system can be of help to them no matter what their interests or needs may be. To obtain further information about NAARS please contact:

Information Retrieval Department
American Institute of CPAs
1211 Avenue of the Americas
New York, New York 10036

Phone (212) 575-6393

iting accounting & auditing acc

Editor:
D. R. Carmichael, CPA, Ph.D.
Director, Technical Research
American Institute of CPAs

Automated research—a progress report

Hortense Goodman, *CPA, describes the AICPA's proposed automated retrieval system for accounting information and explains how the system is used to research financial reporting problems. Mrs. Goodman is a research associate in the AICPA's technical research division. In the following section is a note on the SEC's ASR No. 138.*

In the conduct of a CPA's work, it is often necessary for him to research current trends in financial reporting, such as the various financial statements presented, their form and terminology, and the accounting treatment afforded the transactions and items reflected in the statements.

When a CPA is confronted with the problem of determining how an unusual financial transaction is being reported in corporate annual reports, his first step is to search his library for reference material. If this fails, he may talk with other CPAs to see if they have encountered similar problems. Finally, he may have to ask staff accountants to search through annual reports for the answer. Several man-days later, and after hundreds of reports are scanned, the search may be stopped if the time deadline has been reached. The cost of the search has mounted but netted nothing except a gnawing feeling that the examples needed might have been found if another handful of reports had been scanned.

The AICPA is developing a computer-based retrieval system that has the capability of making a several man-day search in a few minutes of computer time. The National Automated Accounting Research System (NAARS) pilot program (started on October 15, 1972) is testing the effectiveness of the Mead Data Central Inc. (MDC) system for use as an accounting retrieval system.

Description of the system

The NAARS system is a *full text, real time, interactive* system with *multiple term coordinate search* capabilities. Explanations of these four terms follow:

In a *full text* system, every word in the document is stored in the computer. The materials are stored in the same order as they appear in printed form. The form of storage is electronic (or magnetic) rather than printed matter. That permits more rapid, efficient access and display. Except for "noise" words (conjunctions, prepositions and articles) all words are index terms. As a result, the full text of the document retrieved is displayed at the terminal and the document itself is retrieved by the words which comprise it. The computer reads the sentences and creates a special inverted file in its memory that contains the specific location for each word.

A *real time* system enables users to access the computer over leased or voice telephone lines from remote terminals without the intervention of another person. Thus, documents can be identified and scanned in a matter of seconds.

An *interactive* system enables the user to have a dialogue with the computer during the search process. The system helps him in his choice of search terms and the phrasing of his query. Searches can be broadened or narrowed based on counts of items retrieved and samples of items displayed by the terminal.

Multiple term coordinate search capabilities permit the user to coordinate or create strings of terms or words based on his judgment as to what documents he wants to see and how he wants to search for them. These capabilities combined with the interactive feature enable the user to conduct his searches in somewhat the same manner as he searched under traditional methods.

Terminal operator

The terminal operator is expected to be a trained professional accountant

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who is thoroughly familiar with the types of documents found in the data files. However, training in the mechanics of system operation takes only two or three hours, and a reasonable degree of proficiency is usually attained after a week or so with the terminal. No computer programming knowledge is needed. The operator communicates with the system in ordinary English and the dialogue guides him through each step of the research and retrieval process. The Institute, in collaboration with MDC, will train terminal operators in the mechanics of the system. In addition, a user's manual has been prepared to help understand how the system works.

The terminal and computer

The terminal is the only part of the NAARS system visible to the user. Through it, the user controls the system. During research, a direct telephone line links the user and the terminal with the computer center in Dayton, Ohio. The terminal has been specially designed for automated research. It is a high-speed video terminal with attached hard copy printer. Standard video display is white on black.

The key words used in the search are easily identifiable in the text so that one can read whether or not the material retrieved is relevant; all search terms used are displayed in "reverse video," that is, black characters on a white background. The speed of display is 120 characters per second.

A printer attachment at each terminal site provides a selective hard copy capability. The printer can copy all or any part of materials displayed on the screen. The terminal has a buffer storage that can store one screenful of information. That allows the user to simultaneously print and continue his search. The user, at his option, can also effectively print a part of a display screen. To provide hard copy of large volumes of retrieved data (for which local printing at the terminal site is impractical), a user can request the computer center in Dayton to print large volumes of data and send them to him. The turnaround time on this procedure is about 48 hours.

Files

There are four components or files in the NAARS automated library: *annual reports, prospectuses, accounting policy statements* and an *on-line index file.*

Annual reports. The data file of annual reports includes the financial or accounting sections consisting of (1971) financial statements, notes and auditors' reports of 525 corporations selected at random from those listed on the New York Stock Exchange and the American Stock Exchange. In addition it contains 1,040 (1972) reports selected from *Fortune's* list of first and second 500 largest corporations. The information is entered exactly as it appears in the annual report along with the SEC industry code number and the exchange on which the company's stock is traded. If the full system goes into operation, the data files may be expanded to contain annual reports of all corporations whose stock is traded on the New York Stock Exchange, American Stock Exchange and over the counter (OTC)—a total of approximately 10,000 annual reports.

Prospectuses. The prospectus file contains the complete text (including tables) of 50 prospectuses for 1971 of corporations listed on the New York and American Stock Exchanges or whose shares are traded in the OTC market. Each prospectus contains the same basic information listed for annual reports plus additional data, such as the application of proceeds, capitalization and description of securities.

Accounting policy statements. This data file was enlarged during the pilot program to include a substantial number of financial statement notes on a subject of special current interest—"accounting policies." This policy file has been created for two purposes: (1) to provide additional research facilities in an area of special current significance; and (2) to provide a special file for the development of automated publishing techniques during the pilot program. The file contains 186 extracts from annual reports dealing with accounting policies and practices.

The system is capable of maintaining an accounting literature file consisting of bibliographies with titles and descriptions. The file may be developed from computer tapes now being created by the Institute to print the publication, *The Accountant's Index.* A data file of Institute pronouncements, such as Accounting Principles Board Opinions, Statements on Auditing Standards and other pronouncements may also be established.

How to operate the system

The search request is first entered and transmitted; key words are sent to the computer from a typewriter keyboard. When the system has completely processed the request it will respond on the video screen at the terminal by indicating the number of documents which contain the search term. This usually takes from 15 to 20 seconds. At this point, the searcher may choose to begin displaying retrieved documents from the NAARS library or to modify the search. Any number of additional key words can be entered to further narrow or expand the search.

For example, if one were looking for an auditor's report that is qualified due to litigation, the key words to pinpoint the subject matter would be typed on the keyboard and transmitted as follows: REPORT (QUALIFIED AND LITIGATION). This means that the user is requesting the computer to search in the auditor's report segment to find a qualified report with the word "litigation" embodied therein. If the computer responds with a large number of instances in which the key word or phrase appears, this is an indication that the key phrase is too broad a statement. To narrow the number of retrieved documents to a small enough number, it is necessary to be more specific by modifying the initial search.

In our example, by adding a request to modify and adding the term AND TAX, the retrieved documents would be narrowed to tax litigation, a number small enough to browse through quickly. See Exhibit I, page 77, for an example of a display which would satisfy that request.

An important feature of the system is the flexibility provided in determining how to search the data base. The basic methods that may be used independently or in combination are full document searching, segment searching and descriptor searching. The computer can be instructed to search all segments of all documents in a particular file for the search term simply by entering and transmitting that term. The computer will perform the search and report back the number of documents in which the requested term appears.

Exhibit I
Use of modification

AR (Annual Report) (1 of 1 Ans.)

Harvard Industries, Inc.
Sept. 30, 1971
Main Lafrentz & Co.

Auditor's report:

Un-qualified scope and/or opinions

Report of Certified
Public Accountants
To the Board of Directors
Harvard Industries, Inc.

We have examined the consolidated balance sheet of Harvard Industries, Inc. and subsidiaries as of September . . .

. . . standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying notes to the financial statements discuss certain claims, *litigations* and proposed federal income *tax* assessments against Harvard. As the company is unable to determine the effect on its financial statements of the outcome of such matters, no provision has been made therefore.

In our opinion, subject to (1) the outcome of the matters. . . .

The researcher may selectively limit his search to particular segments or sections of every document in the entire file. All three full text files (annual reports, prospectuses and accounting policy statements) have been divided into sections or segments to enable narrowing the search to a specific area of the file accessed, such as current assets, noncurrent liabilities, stockholders' equity, income before extraordinary items, footnotes or auditors' reports. If this feature of the system is not used, the computer will search the entire file for the key word.

For example, if the researcher wants to see all annual reports that show typically long-lived assets, such as land, equipment or buildings, included in current assets, he could make the request this way: CURRENT ASSETS (LAND OR BUILDINGS OR EQUIPMENT). The computer would then limit its search to the CURRENT ASSETS segment of each document rather than searching through the entire file. See Exhibit II, this page, for an example of one of the responses which satisfy that request.

Descriptors have been added to help identify more clearly the contents of each footnote and the auditor's reports. Descriptors are terms which have been editorially added to documents in the automated library to facilitate rapidly narrowing the search to the most relevant material and to assist in those instances when it is not possible to accurately identify search terms that would be contained in the text of the documents in the library.

Information can be searched by requesting all documents containing a single word or a phrase. In addition, the system includes a feature that permits a search for terms which would normally appear in the same phrase but in different arrangements. For example, a request for a pension footnote containing a change in actuarial assumptions would be searched by transmitting the following: FOOTNOTES (PENSION AND CHANGE w/5 ACTUARIAL). This means that the computer is being directed to search the pension footnote for the word "change" and the word "actuarial" and the computer is directed to recall those notes where "change" and "actuarial" are within five words of one another. Thus the following words would be among those recalled: "There has been a change in actuarial assumption."

Since a search for derivations of the basic search word might produce additional relevant "hits," the system incorporates a feature which causes the computer to search not only for the basic search word, but also for its derivative. For example, transmitting CHANG! would instruct the computer to look for "change," or "changing," or "changes," or "changed"; transmitting ACTUAR! would instruct the computer to look for "actuarial," or "actuary," or "actuaries."

Therefore, in the above example, if the user had transmitted the following: FOOTNOTES (PENSION W/SEG CHANG! w/5 ACTUAR!), the computer would recall "there has been a change in actuarial assumption," "the actuarial assumptions have been changed," "as a result of changing the actuarial assumptions," and "the actuary changed the assumption."

It is possible to exclude from retrieval those documents which contain designated terms. For example, if the researcher would like to see examples of footnotes dealing with capitalized interest, then his initial entry would be: FOOTNOTES (CAPITAL! w/10 INTEREST).

In scanning the first two or three reports, several instances may be found that are not relevant because the words "stock" and "working" appear next to the search term "capital." To eliminate these false hits, the following modification may be added: BUT NOT WORKING CAPITAL OR CAPITAL STOCK.

The search will thus be narrowed through the use of the exclusionary search feature. The documents will not include "working capital" or "capital stock," but will contain the search term "capital" within 10 words of "interest."

NAARS automatically searches for both singular and plural forms of search words containing four or more characters. The system will also search automatically for possessives of search words containing four or more characters.

During the pilot program, limited arithmetic search capabilities have

Exhibit II
Segment searching

AR (1 of 13 Ans.)

Gino's, Inc.
Dec. 31, 1971
Main Lafrentz & Co.

Gino's and subsidiaries
consolidated balance sheet
December 31, 1971 and 1970

Assets	*1971*	*1970*
Current assets		
Cash	$ 3,606	$ 5,386
Marketable securities—at cost (market value $177,899-1970)	—	16
Notes and accounts receivable	185	719
Refundable income taxes	1,346	542
Inventories, at cost	1,798	1,709
Real estate and restaurant equipment held for sale	7,739	12,795
Deposits on real estate	59	393
Prepaid expenses	2,291	1,706
Total current assets	$17,028	$23,270

Exhibit III
Typical queries satisfied with NAARS

1 Information on debt-equity ratios.
FOOTNOTES (DEBT W/SEG RATIO)

2 Examples of the amount for amortization of intangibles set forth in the income statement.
I/S (AMORTIZ! W/5 (within five words) (GOODWILL OR EXCEED OR EXCESS OR PATENT OR INTANGIBLE))

3 Information on the allocation of corporate overhead to subsidiaries or other operating units.
((EXPENSE OR CHARGE! OR OVERHEAD) W/5 ALLOCAT!) AND (ALLOCAT! W/5 (SUBSIDIARY OR DIVISION OR UNIT))

4 Examples of divisions or subsidiaries going public.
FOOTNOTES (CONSOLIDATION W/SEG PUBLIC W/20 SUBSIDIARY BUT NOT PUBLIC ACCOUNTANT)

5 Examples of (a) retroactive application of equity accounting under APB Opinion No. 18, and (b) accounting for step acquisitions.
(a) FOOTNOTES ((CONSOLIDATION W/SEG EQUITY) AND (ACCOUNTING W/SEG EQUITY W/SEG (RESTATE! OR RETROACTIVE)) (b) INCREASE W/3 OWNERSHIP

6 Examples of companies accruing losses on incomplete fixed price contracts.
FOOTNOTES (FIXED PRICE CONTRACT W/SEG (PROVI! OR ACCRU! OR RESERVE) W/5 LOSS)

7 Income statement presentation among companies providing for taxes on undistributed earnings of affiliates (equity accrual) of one-line accrual.
(FOOTNOTES (CONSOLIDATION W/SEG UNDISTRIBUTED EARNINGS W/SEG TAX! BUT NOT EQUITY IN UNDISTRIBUTED EARNINGS)) and (I/S (EQUITY))

8 Number of companies with debenture and/or mortgages outstanding where the creditor is a bank, an insurance company or a private lender.
FOOTNOTES (DEBT W/SEG (DEBENTURE OR MORTGAGE) W/5 (BANK OR INSURANCE OR OFFICER OR DIRECTOR OR PRIVATE OR INDIVIDUAL))

9 Examples of companies that have settled the contingent share issuance commitments arising from a purchase for a lesser amount than that for which originally obligated.
FOOTNOTES ((CONSOLIDATION W/SEG CONTINGENT W/5 (SUBSIDIARY OR ACQUISITION OR STOCK OR SHARE OR ISSU!)) AND (CANCEL! OR REFUND! OR REDUC! OR ADJUST! OR RETURN! OR LESS! OR SETTLE))

10 Examples of auditors' reports which rely on other auditors for financial statements representing over 20% of consolidated totals.
REPORT ((QUALIFIED AND (OTHER AUDITORS OR OTHER ACCOUNTANTS OR OTHER CERTIFIED)) AND (PERCENT OR **% BUT NOT 1*% OR *%))

11 Examples of companies purchasing the remaining 50% interest in a 50% owned investment.
FOOTNOTES (CONSOLIDATION W/SEG REMAINING INTEREST)

12 Examples of interest during construction period being expensed rather than capitalized.
FOOTNOTES (CONSTRUCTION W/SEG INTEREST W/SEG EXPENSE! BUT NOT (POOLING OR MINORITY))

13 Examples of tax accounting for domestic international sales unit (DISC).
FOOTNOTES ((DISC OR DOMESTIC INTERNATIONAL SALES) W/SEG TAX!)

14 Examples of companies with unconsolidated finance subsidiaries.
FOOTNOTES (CONSOLIDATION W/SEG (UNCONSOLIDATED OR EXCEPT) W/10 (FINANCE OR CREDIT))

15 Examples of debt refunding and treatments of gain on redemption.
FOOTNOTES (DEBT W/SEG (REFUND! OR REDEEM! OR REDEMPTION) W/SEG GAIN)

16 Examples of reports which rely on other auditors where the other auditors have qualified and qualification is now removed.
REPORT (INFORMATIVE AND QUALIFI! W/10 (REMOVE! OR APPLICABLE))

been provided. For example, all companies with sales over $1 billion or all companies with net losses exceeding $500,000 may be requested.

The NAARS pilot is being used to solve requests for information received by the research departments of participating accounting firms. Exhibit III, above, contains typical queries satisfied with NAARS; following each problem is the search request that was typed on the keyboard and transmitted to the computer.

Conclusion

The NAARS system is designed to save search time with ultimate savings to a firm's clients. Every word of text is a potential search term. Because of this capability, researchers are not limited to categorized accounting topics. The researcher can search on *any* word in the report—whether descriptive of an accounting topic or descriptive of a fact.

A dialogue with the computer can be conducted. The search can be refined at any point and the amount of material retrieved can be controlled —from mere listing of citations to reading the full text of a report and having a paper copy (run off on a high-speed printer) of anything displayed on the terminal screen.

During the pilot program, which ends in November 1973, members of the accounting profession are invited to view a demonstration of NAARS.

NATIONAL AUTOMATED ACCOUNTING RESEARCH SYSTEM

ACCOUNTING LIBRARY

AS OF
June 30, 1975

ACCOUNTING LIBRARY

Files

Prospectus File

A test file of the complete text of 50 prospectuses of corporations filing with the Securities and Exchange Commission during May and June 1971 and offering common stock for sale to the public.

Annual Report File

1972 File

The file consists of 3,353 annual reports to shareholders of corporations whose stock is traded on the New York and American Stock Exchanges and Over-the-Counter whose balance sheet date falls between July 1, 1972 and June 30, 1973. Only the financial statements, footnotes and auditor's opinion of the annual reports are in the file.

1973 File

The file consists of 3,617 annual reports to shareholders of corporations whose stock is traded on the New York and American Stock Exchanges and Over-the-Counter whose balance sheet date falls between July 1, 1973 and June 30, 1974. Only the financial statements, footnotes and auditor's opinion of the annual reports are in the file.

1974 File

The file will consist of approximately 4,000 annual reports to shareholders of corporations whose stock is traded on the New York and American Stock Exchanges and Over-the-Counter whose balance sheet date falls between July 1, 1974 and June 30, 1975. Only the financial statements, footnotes and auditor's opinion of the annual reports are in the file.

Accounting Literature File

The Accounting Literature File consists of the following documents:

Industry Audit Guides

Full text of all the Institute's audit guides. updated for changes.

Industry Accounting Guides

Full text of all the Institute's accounting guides. updated for changes.

APB Accounting Principles

Full text of all Terminology Bulletins; Accounting Research Bulletins; APB Opinions (updated for changes); Statements and Interpretations.

Statement on Auditing Standards

Full text of Statement on Auditing Standards (SAS-1, SAS-2, SAS-3, etc.) updated for changes, and all Auditing Interpretations issued by AICPA.

SEC Material

Full text of Regulation S-X and all Accounting Series Releases (ASR).

FASB Material

Full text of all FASB Statements and Interpretations. Summary Chapters of Discussion Memoranda.

AcSEC Material

Full text of selected Statements of Position.

CASB Material

Full text of selected CASB material.

Proposed File

The following file is in the planning stage. The final decision has not been made to add this file to the Library.

Prospectus File

Increase the existing prospectus file to about 150 documents on a test basis.

NAARS

NATIONAL AUTOMATED ACCOUNTING RESEARCH SYSTEM

USER COST

Effective Date
June 30, 1975

NAARS

NATIONAL AUTOMATED ACCOUNTING RESEARCH SYSTEM

USER COSTS

The AICPA is now making available to all member of the AICPA and others a unique accounting research service that will enable a person to gain access to a very large data bank of annual reports and accounting literature. This service is ideally suitable for finding examples of statement presentations, footnotes thereto and auditor's opinions in use as reflected in the annual reports. There are three ways in which the AICPA is offering this service.

A. FULL SUBSCRIBER

A full subscriber would have a terminal located in his own office.

I. WITHIN MDC SERVICE AREA

1. Use Charges

A. Regular Hours:

9:00 a.m. - 7:30 p.m. (Eastern Time)
8:00 a.m. - 7:30 p.m. (Central & Pacific Time)

$77/hour research time*
$195/hour search time*
$40/hour library access fee*

B. Off-Peak Hours:

Monday through Friday

7:30 p.m. - 12:00 midnight (EasternTime)
7:30 p.m. - 11:00 p.m. (Central Time)
7:30 p.m. - 9:00 p.m. (Pacific Time)
6:00 a.m. - 8:00 a.m. (" ")

Saturday

10:00 p.m. - 4:00 p.m. (Eastern Time)
9:00 p.m. - 5:00 p.m. (Central Time)
7:00 a.m. - 1:00 p.m. (Pacific Time)

$48/hour research time*
$195/hour search time*
$40/hour library access fee*

*All time is measured to the nearest second. (Use charges less the $40 surcharge and 10% royalty paid to the AICPA, will be applied against any LEXIS minimum use commitment if LEXIS is being subscribed to.

C. Minimum Use Obligation

1. No minimum use obligation for access to NAARS.

2. Terminal and Communications Charges

First Terminal - $220/month for terminal and printer
$280/month for communications

Second & All Subsequent Terminals

Same city as initial terminal
$220/month for terminal and printer
$155/month for communications

Different city than initial terminal
$220/month for terminal and printer
$230/month for communications

3. Training and Installation Charges

(a) Installation: $250 for First Terminal
$200 for Each Additional Terminal

(b) Training: $225 a person for the first ten individuals; a minimum of four people must be trained. An additional $225 will be charged for each additional individual trained, up to a maximum of 10. All additional training will be free.

The subscriber will be charged for any out-of-pocket expenses (i.e., lodging, meals and travel) incurred by MDC personnel. MDC will provide an instructor for a minimum of four individuals; for less than four individuals, the subscriber will, at his own expense, send these people to the nearest MDC training site.

4. Training Materials

All training materials will be provided at no cost to each individual trained.

5. Printing Charge

1. On-line at the terminal - no additional charge.

2. Off-line (remote printing) - $.01 per printed line plus $5 handling charge. 48-72 hour turnaround estimated. The handling charge of $5 applies to all off-line prints ordered on any one day by any one individual for delivery to any one location.

6. Service and Maintenance

At MDC's expense

7. Procedure

Notify the Information Retrieval Department of the AICPA that you would like a terminal. It takes from 30-60 days to install a terminal.

II. OUTSIDE MDC SERVICE AREAS

1. Use Charges

$77/hour Research Time - Peak Hours*
$48/hour Research Time - Off-Peak Hours*
$195/hour Search Time Surcharge
$40/hour AICPA Surcharge
(Use charges less the $40 surcharge and 10% royalty paid to the AICPA, will be applied against any LEXIS minimum use commitment if LEXIS is being subscribed.

Minimum Use Commitment:

First Terminal - $500/month for a non-LEXIS subscriber. For an existing LEXIS subscriber, there will be no minimum use commitment for the Accounting Information Library.

Second & Subsequent Terminals - If the second terminal is in the same city as the first terminal, there will be no additional minimum use commitment. If the second terminal is in a city other than the city in which the first terminal was placed, the minimum use commitment will be $500.

Each subscriber will be billed at the end of each month for his minimum use commitment or his actual usage, whichever is higher. Any unused protion of the minimum monthly commitment and any excess usage beyond the minimum monthly commitment will be accumulated during the course of each calendar quarter and carried forward within each such quarter. There will, however, be no carry-forward from one calendar quarter to the next.

2. Terminal Charges

$220/month for Terminal and Printer

3. Communications Charges

The monthly communications charges set forth for MDC Service Area installations will be increased by $100 for non-Service Area installations in the Pacific Time Zone and $50 for such installations in the Mountain Time Zone.

4. Training & Installation Charges

(a) Installation: $250 for first terminal, $200 for second and all subsequent terminals. Transportation, meals, lodging and related expenses to and from the nearest terminal service center for the terminal installer will be billed to the subscriber.

(b) Training: MDC will train all individuals in subscriber's offices selected by subscriber to be trained either at MDC training centers or at the office of subscriber where a research terminal is located. The training of such personnel at MDC training centers is at no additional charge beyond the training charge of $225 a person for the first ten individuals; a minimum of four people must be trained. To provide training at the office of subscriber where a research terminal is located, MDC will charge subscriber, in addition to the one-time training charge, the following:

(1)	Training personnel (team of 2 trainers*)	$200/day
(2)	Terminal installation	$200/training terminal
(3)	Terminal & Comm.	$375/month/ training terminal

*A training team can train no more than 8 trainees a day using 4 training terminals.

5. Training Materials

All training materials will be provided at no cost to the subscriber.

6. Off-Line Print

1¢/printed line of material, plus $5 handling charge.

7. Service and Maintenance

MDC will bear all charges for service and maintenance of the subscriber's terminal(s) for the first thirty days after installation of said terminal(s). Thereafter, MDC will bear the charges for the actual time to repair the unit as well as all parts. The subscriber will bear all other charges associated with the service and maintenance of said terminal(s), including time charges for travel, travel and related expenses of maintenance personnel from the nearest terminal service center and back again.

8. Procedure

Notify the Information Retrieval Department of the AICPA that you would like a terminal. It takes from 30-60 days to install a terminal.

B. ASSOCIATE SUBSCRIBER

An associate subscriber will be trained in the mechanics of operating the terminal and in the various methods available to research the data bank. The associate subscriber will research his own problems using the AICPA terminal.

1. Cost

(a) One Time Cost

1. Training (minimum of 2 persons) $450
Additional persons trained at $250 each.

(b) Recurring Cost

Hourly charge (measured to nearest second) $150

This includes all computer and communication cost.

(c) Printing Charge

1. On-line at the terminal - no additional charge.

2. Off-line (remote printing) - $.25 per computer page plus $5 handling charge. 48-72 hour turnaround estimated.

(d) Minimum Charge

There will be a minimum charge of 2 hours per month measured over a 12 month period for each associate subscriber.

2. Procedure

To become an associate subscriber, notify the Information Retrieval Department of the AICPA. A training session will be arranged. To guarantee availability of the terminal, at least one day advance notice must be given the Information Retrieval Department. Every effort will be made to accommodate associate subscribers but the AICPA will have first priority in using the terminal. The AICPA terminal will be available from 9:00 a.m. to 5:00 p.m. (Eastern Time) Monday through Friday.

C. INDIVIDUAL INQUIRY

For those members of the AICPA who do not desire to have a terminal in their office or who do not desire to share the AICPA terminal, the Institute will allow members access to the NAARS system on an individual inquiry basis.

1. Cost

(a) Recurring Cost

Hourly charge (measured to the nearest second) $200

(b) Printing Charge

1. On-line at the terminal - no additional charge.

2. Off-line (remote printing) - $.25 per computer page plus $5 handling charge. 48-72 hour turnaround estimated.

(c) Minimum Charge

A minimum charge of 15 minutes will be required for each inquiry by a member. Since an individual question can be searched quite rapidly, it is recommended that several questions be submitted with your inquiry so that full use can be made of the fifteen minute minimum charge.

2. Procedure

All individual inquiries will be channeled through the NAARS service department. Two methods of handling individual inquiries are avilable.

(a) If a member desires to bring his inquiry to the AICPA and discuss it with a researcher, he may do so if he calls in advance for an appointment. The researcher will discuss the problem with the member and determine the best search strategy to use. If there is an answer in the data bank the inquirer will receive immediately a hard copy printout of that portion of the document containing his answer.

(b) An inquiry can be mailed to the AICPA and a researcher will be assigned to each inquiry and will be responsible for searching the system for relevant answers. The turnaround time is usually less than 48 hours.

For further information, please call or write:

INFORMATION RETRIEVAL DEPARTMENT
AMERICAN INSTITUTE OF CPAs
1211 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036
PHONE (212) 575-6393

UNIVERSITY SUBSCRIBERS

USER COST

Revised
January 1, 1975

UNIVERSITY SUBSCRIBERS

USER COSTS

1. Use Charges

Plan A

$1,100/month for the first terminal.
$412/month for each additional terminal.
Unlimited usage from 9:00 a.m. to 12:00 p.m. Monday through Friday and 10:00 a.m. to 4:00 p.m. on Saturdays. All times are Eastern Standard Time-Dayton, Ohio.

Plan B

$550/month for the first terminal.
$275/month for each additional terminal.
Unlimited usage between the hours of 6:00 pm to 12:00 pm Monday through Friday and 10:00 a.m. to 4:00 p.m. on Saturday. All times are Eastern Standard Time-Dayton, Ohio.

A school may subscribe for 9 or 12 months a year under either Plan A or B. If a school subscribes for the 9 month program the use charges will be waived for the remaining 3 months but the $220 terminal charge and $60 of the $280 communication charge (representing the data set rental) must be paid by the school. Should the service be used during the three idle months, the school will be charged the normal charges which consist of $70/hour for research time, $195/hour for search time and $10/hour communication charges (average cost per hour is about $90). After the first year a school may cancel upon 90 day's written notice.

2. Libraries Available to Universities

The libraries available to universities under either Plan A or B are as follows:

- Accounting materials
- Federal tax
- General federal materials
- Federal securities
- State Law
  - New York
  - Ohio
  - Missouri
  - Texas

Each library contains many files of unique information. A complete list of all the files in the libraries can be obtained by writing to Mead Data Central, Inc., 200 Park Avenue, New York, New York 10017.

3. Terminal and Communication Charges

A. University located within MDC's service area:

First Terminal - $220/month for Terminal and Printer
$280/month for Communications

Second & All Subsequent Terminals

Same city as initial terminal

$220/month for Terminal and Printer
$155/month for Communications

B. University no located within MDC's service area:

Terminal - $220/month each for Terminal and Printer

Communications - Subscriber will be responsible for all communications charges, including phone rental.

4. Training and Installation Charges

(a) Installation:	$250 for the first terminal, $100 for each additional terminal. Transportation, meals and lodging for the terminal installer will be billed to the subscriber.
(b) Training:	$225 a person for the first ten individuals; a minimum of two people must be trained. The subscriber will be charged for any out-of-pocket expenses (i.e., lodging, meals and travel) incurred by MDC personnel. MDC will provide an instructor for a minimum of four individuals; for less than four individuals the subscriber will, at his own expense, send these people to the nearest MDC training site.

5. Training Materials

All training materials will be provided at no cost to the subscriber for those people for whom $225 is paid. Additional copies of the search logic "Primer" will be charged for at $1.25 each, and the instructional "Desk Book" will be charged for at $5.50 each.

6. Printing Charge

(1) On-line at the terminal - no additional charge.

(2) Off-line (remote printing) - $.01 per printed line page plus $5.00 handling charge. 48 hour turn-around estimated.

7. Service and Maintenance

(a) From time to time, the terminal and the printer may break down. MDC will cover all costs incurred for the MDC-authorized repair of these units within the first thirty days after they are installed in the subscriber's office. After this initial thirty-day period, the subscriber will be responsible for all charges for transportation, meals and lodging incurred by a serviceman called to service their equipment. MDC will be responsible for parts and labor.

(b) Visits to the subscriber's offices will be made by MDC personnel not more than twice each year, unless some unique situation requires a visit.

8. Use of the System

The use of the system will be for the sole benefit of the students and academic staff of the university. The university will warrant that the system will only be used for academic purposes, i.e., for active research by the faculty and/or as an integral part of a course that will require the use of the system by the students officially registered in the course.

9. University Considered One Subscriber

All departments of a university may be considered as one subscriber provided they reside in the same metropolitan area.

MDC SERVICE AREA

As of
January 1, 1975

MDC SERVICE AREA

The MDC service area consists of the following:

Cities of:

Philadelphia, Pa.
Baltimore, Md.
Detroit, Mich.
Washington, D. C.

States of:

Illinois
Missouri
New York
Ohio
Texas

The service area is continuously expanding into more cities and states. AICPA's contract with MDC states that any city located in continental United States shall become a service area when three or more terminals have been installed and a state shall become a service area when five or more terminals have been installed within the state.

Any interested party who is not located in one of the current service areas may contact Mead Data Central for permission to install a terminal outside the present area. Mead Data Central has informed the AICPA that they will endeavor to comply with all requests for service outside their service area.