



**AUDITING
REGULATIONS**

**MAGAZINES, BUSINESS JOURNALS,
& DIRECTORIES
2004**

**Verified Audit Circulation
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INTRODUCTORY DEFINITION

For the purpose of these Regulations, VERIFIED AUDIT CIRCULATION shall be designated as VERIFIED, and the combined entity of the Publisher, Publishing Company, and any agent or employees of said Publishing Company, indicated on an active Audit Agreement shall be designated as the Client.

INTRODUCTORY NOTE

A VERIFIED audit is available to any publication with regular periodic circulation that accepts advertising at established rates, and whose methods of delivery are documented by audible records.

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I. VERIFIED AUDIT AGREEMENT

A. Effective Dates

1. Shall become effective upon receipt by VERIFIED of a signed copy of the Agreement and initial payment as set forth in the Agreement.
2. Shall remain effective.
 - a. Until 30 day written notification is received from Client indicating desire to discontinue services.
 - b. Until Agreement is terminated by VERIFIED for Violation of Regulations.

B. Fees (See Fees & Charges- Section V).

C. Services

1. Entitles Client to all services herein described and binds Client to all restrictions or limitations herein described.
2. No services beyond those specifically described are inferred or implied.
3. VERIFIED may, at its option only, provide other services under separate agreement.

II. USE OF VERIFIED REPORTS AND CORRESPONDENCE

A. Copies of Audit Reports

All copies of VERIFIED Audit Reports or any other related reports must be obtained from VERIFIED. All Clients are required to purchase from VERIFIED, at the standard rate, a minimum of one hundred (100) copies of each Annual Audit Report, unless otherwise stipulated in the Audit Agreement.

B. Use of Qualified Circulation Figures

Use of Average Total Qualified Circulation figures must include time period covered and date of report from which figures were obtained. Detailed analysis quoted from any VERIFIED Audit Report must be accompanied by a similar statement and all qualifying statements pertaining to said analysis, exactly as stated on the Report.

C. Publication of Data

Data from the VERIFIED Market Research Study and Field Verification or any individual questions contained therein may be published by the Client. Any modification of or summarization taken from the Study must be approved in writing by VERIFIED prior to use. Such publication must include the question asked and the statistical results exactly as stated in the original report.

D. Statements Claiming VERIFIED Authority

A Client shall not claim, or imply, VERIFIED authority for any figures, data, or statements except the actual figures, data, and statements as they appear literally in the Reports, with the supplemental captions and the explanations as used in the Reports. Should circulation data not audited by VERIFIED be used in conjunction with VERIFIED audited data, the source of such data must be clearly disclosed.

E. VERIFIED Correspondence

A Client shall not in any way reproduce correspondence with VERIFIED, or excerpts there from, without specific written permission from VERIFIED.

F. Prior Release of Audit Reports

A Client shall not in any manner make public any Audit Report prior to its release by VERIFIED, nor shall the name of, or reference to, VERIFIED be attached to any circulation data except that which has appeared in an Audit Report released by VERIFIED.

III. USE OF VERIFIED SYMBOL AND/OR NAME

A. New Clients

1. Upon receiving notification from VERIFIED of approval of the Audit Agreement, a new Client may publish, or cause to be published, a statement to the effect that the publication is to be audited.
2. Any use of Verified's symbol, or Verified's name, prior to the issuance of the Initial Audit Report, must be accompanied by the statement, "Audit Applied For" or "Audit Pending".
3. The VERIFIED symbol or name shall not be used in connection with, or to support any circulation figures, until after the initial Audit Report has been issued by VERIFIED. After issuance of the Report, Client may use the statement, "Circulation audited by VERIFIED."

B. Resignation

Should a Client, in good standing, resign from VERIFIED, said Client may continue to use the final Audit Report for six months. The resigning Client may no longer use Verified's symbol or Verified's name, except with data included in that final Audit Report.

C. Termination

1. Should the Audit Agreement be terminated by VERIFIED for any reason, Client shall not thereafter in any way, use Verified's symbol, Verified's name, any Report issued by VERIFIED, or any data taken there from after the date of termination
2. It shall be the burden of any former Client to expunge from all promotional materials, advertising rate cards, actual publications, or any other printed matter, any use of Verified's symbol, or Verified's name, except as noted in section B supra. It shall be the further burden of the former Client to notify any and all relevant organizations, societies, or associations to which it belongs, of its resignation from VERIFIED.

IV. FINAL AUTHORITY

VERIFIED shall use all reasonable care in conducting the Audit and Verification of Circulation. Verified's audit procedures are based on universally approved techniques, and statistically valid, scientific marketing research. As a consequence, and in conformance with accepted independent auditing standards, VERIFIED reserves the right to exercise its own judgment in determining the findings to be published in VERIFIED Audit Reports.

V. FEES AND CHARGES

- A. Due and payable on first day of each month or according to Audit Agreement.
- B. Non-refundable.
- C. Changes
 - 1. VERIFIED reserves the right to adjust fees periodically.
 - 2. Client shall be notified at least thirty days in advance
- D. Additional charges due to Inadequate Records.

If after notice from VERIFIED, Client continues to submit inadequate records, causing VERIFIED unusual expense in the performance of its services, Client shall be charged accordingly or terminated.

VI. REGULATION VIOLATIONS

A. General Statement

The Audit Agreement requires Client to conform to and abide by these Regulations and all amendments thereto. VERIFIED shall provide Client with an official copy of the Regulations and all amendments thereto. Further, by such agreement, Client may be subjected to the imposition of penalties as hereinafter set forth for violation or nonconformance.

B. Reporting Violations

Any Notification of Violation of Nonconformance submitted to VERIFIED must be in writing, accompanied by evidence to support the existence of such violation or nonconformance. Notification in this manner shall be accepted from any recognized member of the Publishing or Advertising industries.

C. Causes for Suspension or Termination

1. Failure to maintain the records required under these Regulations.
2. Failure to make said records available to VERIFIED within 18 months of the signing of the Audit Agreement.
3. Failure to provide VERIFIED with any information required by these regulations.
4. Misuse of Verified's symbol or Verified's name, or alteration of VERIFIED circulation figures or Audit Reports.
5. Failure to comply with a Retraction or Cease and Desist Notice issued by VERIFIED in response to violations.
6. Intentional misrepresentation of actual circulation, either through providing VERIFIED with false reports, or by maintaining falsified records.
7. Failure to pay any fee stipulated in the Audit Agreement or charges pursuant to these Regulations within a period of thirty days after receipt of invoice or statement from VERIFIED.

D. Corrective Procedures

1. Notification Thereof

VERIFIED shall mail to the last known address of the Client a Notice informing the Client of the corrective or proposed corrective action.

2. Determination Thereof

VERIFIED alone shall determine the corrective procedure to be undertaken in the case of any proven violation of these regulations.

E. Appeals

1. Must be received by VERIFIED within fifteen calendar days after the issuance of notification. If, after fifteen days, VERIFIED has not received an appeal, the proposed corrective action shall be implemented.
2. Must be in writing, and contain all information appellant deems relevant for reconsideration of the violation or action.

F. Corrective Actions

1. Issuance of a notice demanding retraction (to be complied with within fifteen calendar days.).
2. Issuance an order to Cease and Desist.
3. Notification to all Clients of the Violation.
4. Notification to Advertisers, Agencies, and Media Organizations of the Violation.
5. Suspension of the Audit Agreement.
6. Termination of the Audit Agreement.

VII. SERVICES

A. Initial Audit Report

Client shall receive an Initial Audit Report covering a period of six or twelve months, as determined in the Audit Agreement.

B. Audit Reports

VERIFIED shall issue an Annual Audit Report each year covering a twelve-month period and, as requested, a six-month period. Reports shall be for the periods specified in the Audit Agreement or if not specified, for each yearly period, following the period covered by the Initial Audit Report.

C. Distribution of Audit Reports

As a standard procedure, VERIFIED shall send one copy of each Audit Report for each Client to Standard Rate and Data Services and other recognized directories that list advertising rates in conjunction with circulation data. In addition, VERIFIED may send copies of Audit Reports to agencies and advertisers that it deems appropriate.

D. Verification of Receivership and Field Survey

1. Shall be conducted annually unless otherwise specified.
2. VERIFIED shall select individual issue for which Field Verification is to be conducted.
3. Client to be notified of impending Verification 30 to 45 days prior to mailing date for the selected issue.

E. Primary statistical findings to be included in Annual Audit Report.

1. Percentage and number of qualified recipients actually receiving the publication.
2. Percentage and number of qualified recipients correctly classified as to business or occupation.
 - a. Does not apply to consumer publications.
 - b. May be waived in favor of using Field Verification to establish classification of recipients.
3. Percentage and number of qualified recipients who wish to continue receiving publication.

F. Contesting results and request for re-verification.

1. Client may request re-verification of data included in any report.
2. Request must be received within fifteen days of release of report to subscriber.
3. Client must deposit an amount of money equivalent to Verified's estimated cost of conducting the re-verification.

VIII. CLIENT RESPONSIBILITIES

A. Field Served

Client shall supply VERIFIED with a specific description of the field served by the publication.

B. Printing and Distribution Data

Client shall submit all requested printing and circulation data in a timely manner as prescribed by VERIFIED.

C. List of recipients.

1. Client shall supply, when requested, a current circulation list to be used for the Field Verification of Receivership.
2. Where applicable, it should contain careful coding of the classification of each recipient.
 - a. Not applicable for consumer publications.
 - b. May be waived in favor of utilizing the Field Verification for determining classification.
 - c. In the interest of uniformity of classifications, publications serving essentially the same field should endeavor to agree upon mutually acceptable classifications.

- d. No subscriber shall be required, as a condition of subscription, to accept a particular method or schedule of classification that in the judgment of the Client fails to adequately reflect the special characteristics of that publication's circulation.
 - e. Subscribers electing to report circulation by Standard Industrial Classification (SIC) shall abide by the standard accepted procedures used by other auditing firms.
- D. Supplying front covers for the Verification of Receivership and Field Survey.

A total of 500 front covers of the issue to be verified must accompany the current circulation list when requested.

- E. Sending copies of magazine to VERIFIED.

Upon request by VERIFIED, Client shall send to VERIFIED one copy of each regular issue or special edition at the same time the magazine is mailed to regular recipients or otherwise distributed when requested.

- F. Special editions, bulk distribution and rotated circulation.

1. Client must notify VERIFIED of atypical distribution that is reflected in circulation figures.
2. Bulk circulation records must include annotation as to when and where the distribution was made.
3. Rotated circulation lists must be filed with VERIFIED indicating the frequency with which the circulation is rotated.

- G. Records to be maintained and submitted.

Please refer to Verified's audit handbook for a complete description of required records and reporting procedures.

1. Basic Requirements.
 - a. Printer's bills showing number of copies printed.

- b. Mailing service invoices enumerating quantity distributed.
- c. Postal receipts, shipping invoices, and/or other acceptable records documenting actual distribution of every issue.
- d. Source, date of purchase or acquisition, proof of purchase (if bought), and copy of original list for Non-Paid Association/Group/Directory

2. Additions and removals

- a. Client shall maintain accurate records of additions to and removals from circulation list for each issue unless otherwise specified.

b. Paid Subscriptions

- (1) An Addition shall be counted when a new name appears on the circulation list for the first time and is supported by subscription form and appropriate revenue.
- (2) A removal shall be counted at the time a cancellation notice is received from the recipient or within three months following the expiration date of subscription for which no renewal has been received.
- (3) If at the time a magazine subscription expires, the Client elects to continue to maintain the recipient's name on the circulation list as non-paid (controlled) circulation, the removal shall be recorded for the expired subscription and an addition shall be recorded for the new name on the non-paid (controlled) circulation list.

3. Paid Circulation.

- a. Subscription orders showing source.

- (1) Sales by publication's own organization.
- (2) Sales by other organizations.

- b. Subscription solicitation records including copies of all subscription offers and contracts made with solicitors, subscription agencies or any other parties through whom subscriptions are obtained.
- c. Renewals and expirations.
- d. Sales inducements.
 - (1) Record of number of subscriptions sold through use of premiums or other sales inducements.
 - (2) Record of value of premium or sales inducements.
 - (3) Circulation shall not be considered paid if inducement (premium, coupons, prizes, back issues, etc.) exceed 24% of basic price.

E. VERIFIED shall have access for examination to all accounts it deems relative to circulation claims.

IX. UNIQUE OR ATYPICAL AUDITS

VERIFIED will endeavor to develop instruments for the audit of publications not utilizing "general" circulation patterns and procedures. Such audits will verify printing and distribution by the best available means. Where the ultimate recipient cannot be contacted for Verification of Receivership, secondary distribution points will be monitored.

X. DEFINITIONS

A. General

1. Audit: Examination of Client's records and corroborative data in order to verify the circulation claims for the period covered by the Report.
2. Average Paid: The paid circulation of all the issues, divided by the total number of issues.
3. Basic Price: The stated amounts for which the publication may be regularly purchased at any time, by anyone for a definite duration and/or as a single copy. No special or reduced price,

even though established through announcements in the magazine, or by any other means, shall be considered a bonafide basic price. Price changes shall be reported to VERIFIED semi-annually.

4. Combination Sale: Subscriptions to two or more different publications sold at a special combination rate.
5. Controlled Circulation: Non-paid qualified circulation.
6. Dealer Sales: Single copy sales made at fixed places with or without a salesman, under the auspices of an independent contractor, for which the Client has received as least 25% of the Basic Price.
7. Expiration: Termination of period for which subscription was paid.
8. Extension: Continuance by publisher of a subscription beyond the original expiration date.
9. Press Run: Total number of copies printed suitable for distribution.
10. Newsstand or Rack Sales: Single copy sales made at fixed places with or without a salesman, for which the Client has received the Basic Price
11. Paid Circulation: The number of copies for which at least 25% of the basic price has been paid by a qualified purchaser, payment for which is not more than three months in arrears, starting with the date of publication of the first issue delivered under the subscription.
11. Qualified Circulation: Copies regularly distributed to recipients meeting the publishers stated characteristics. Recipients must fall within the "Publisher's Definition of Recipient Qualification and Field Served". Excepting single copy or and bulk sales and rotated circulation; qualified recipients must receive every regular issue of the publication for a term of six months or more unless clearly specified to the contrary on the Audit Report. Qualified non-paid Bulk circulation must be distributed regularly to a fixed list of distribution points.
12. Qualified Subscriber: Individually requested copies for which the request is not more than three years old, from person or firm

otherwise qualified to be within the field served, or who meets the definition of paid circulation, and who receives every issue of the publication for the duration of the subscriptions.

13. Rack Sales: Synonymous with newsstand sales.
14. Renewal: A Subscription that has been renewed within three months of its expiration. An advance renewal is a subscription renewed prior to the expiration date of previous subscriptions.
15. Returns: Copies originally made available for distribution, which never reached a qualified recipient.
16. Samples: Copies distributed occasionally without any definite pattern, which do not constitute paid circulation. This includes promotional copies. Samples are not considered qualified circulation.
17. Subscription: Individually requested and addressed copies meeting the requirements of paid or non-paid Individual Subscriptions.

B. Circulation

1. Types of non-paid (controlled) circulation

- a. Association/Group/Directory: Individually addressed copies distributed to qualified recipients for whom no request has been received from the recipient. This classification includes copies of publication given to members of an association as a membership benefit. Recipients must regularly receive the publication (six or more consecutive months). This classification requires a unique name or title for each recipient on the list. If a name or title is not present, only one copy per business may be considered qualified in this category. If the address information is insufficient to identify individual recipients, those copies will be reclassified as "Bulk".
- b. Bulk: Five or more copies regularly made available for reader pick-up at fixed locations.
- c. Individual Subscriptions: Individually requested copies for which the request is not more than three years old. If the request is not renewed within three years, the subscriber is

reclassified as Association/Group/Directory. Please note distribution to members of an association or group based on a request from the association or group is classified as Association/Group/Directory.

- d. Rotated: Individually addressed copies distributed to the same recipient for no less than three consecutive months. With the exception of special publications of irregular frequency.

2. Types of paid circulation.

- a. Association/Group/Directory: Individually addressed, paid copies distributed to qualified recipients for whom no request has been received from the recipient. This classification includes copies of publication given to members of an association as a membership benefit. Recipients must regularly receive the publication (six or more consecutive months). This classification requires a unique name or title for each recipient on the list. If a name or title is not present, only one copy per business may be considered qualified in this category. If the address information is insufficient to identify individual recipients, those copies will be reclassified as "Bulk".
- b. Bulk: Multiple copies delivered to the same location, not individually addressed. These copies must be paid for by the same person, firm, cooperation ("co-op") or other.
- c. Individual Subscriptions: Individually requested and addressed copies, purchased at any published rate. Payments for a subscription must be received within three months of the date of the first issue delivered under the terms of the subscription. A three-month grace period is permitted for renewal after which the subscription will not longer be considered paid.
- d. Single Copy: Copies purchased by qualified readers (recipients who meet the "Definition of Recipient Qualification and Field Served") on a single copy basis, or net number of copies purchased by a dealer.