

# Grant Thornton 38

April 17, 1991 W

Accountants  
Management Consultants  
The U.S. Member of  
Grant Thornton International

r. Gerald A. Feffer  
William & Connolly  
839 Seventeenth Street, N.W.  
Washington D.C. 20006

Dear Mr. Feffer:

In response to your request to summarize examples of certain services we have provided for various Church of Scientology organizations, we are supplying the following information.

The procedures outlined in the attached schedule were completed to assist in the preparation of the following federal returns for the years indicated:

	Form-990-	Form-1120
Church of Scientology International (including each of its divisions)	1983-1988	1981-1988
Religious Technology Center	1983-1988	1982-1988
Church of Scientology Flag Service Org, Inc.	1983-1988	-
Church of Spiritual Technology	1984-1989	-
Mile High	-	1986-1988
Media Storage	-	1987-1988
Church of Scientology Celebrity Centre	1983	-
FSO Oklahoma Investments Corporation	-	1983-1989
Church of Scientology Religious Trust	1983	-
Scientology Endowment Trust	1983	-
Scientology Missions International	1983	-
Scientology Dissemination Trust	1983	-
Church of Scientology Buildings Trust	1983	-
United States Scientology Films Trust	1983	-
Church of Scientology San Francisco	1983	-
International Hubbard Ecclesiastic League of Pastors	1983	•
Church of Scientology Expansion Trust	1983	-

Ex. 1-16

Mr. Gerald A. Feffer

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The information utilized in the preparation of the returns was compiled from original documents and from representations of management of the respective organizations. As a result of performing the procedures described on the attached schedule, we satisfied ourselves as to the integrity of the records sufficient to place ourselves in a signing position on the mentioned returns.

For the period from 1981 through 1988, in excess of 5,000 man-hours were utilized to complete the indicated procedures.

We are available to discuss in more detail the services we provided and respond to questions.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. A. Stewart".

RAStewart  
PJ  
Attachment

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CHURCH OF SCIENTOLOGY

DESCRIPTION OF ACCOUNT	Church of Scientology International	Religious Technology Center	Flag Service Organization	Church of Spiritual Technology	File Club	India Storage	Church of Scientology Celebrity Center	FED Children Investments Corporation	Church of Scientology Religious Trust	Scientology Government Trust	Scientology Religious Trust	Scientology Foundation Trust	Church of Scientology Holdings Trust	International United States Scientology Film Trust	Church of Scientology Sun Practice	Madame's Scientific League of History	Church of Scientology Regalia Trust
<b>Q</b> Obtained the cash remittance for the year end and obtained substantiation of the remittance procedure. Signed affidavit furnished to the bank statement. In addition, the foreign currency translation on any foreign accounts were completed.	1981-1988	1982-1988	1983-1988	1984-1988	1985-1988	1987-1988	1983	1983-1988	1983	1983	1983	1983	1983	1988	1983	1983	1983
<b>Final Audit</b> General documentation on addition in excess of \$50,000 and judgmentally taxed depreciation calculation.	1984-1988	1983-1988	1983-1988	1984-1988	1985-1988	1987-1988	1983	1983-1988	1983	1983	1983	1983	1983	1988	1983	1983	1983
<b>Consolidation</b>																	
1. Traced each transaction affecting the income sheet from the annual returns and disbursement summaries to the balance sheet working papers.	1981-1988	1982-1988	1983-1988	1984-1988	1985-1988	1987-1988	1983	1983-1988	1983	1983	1983	1983	1983	1988	1983	1983	1983
2. Traced the adjusting journal entries to the income sheet working papers and reviewed the entries for appropriateness.	1981-1988	1982-1988	1983-1988	1984-1988	1985-1988	1987-1988	1983	1983-1988	1983	1983	1983	1983	1983	1988	1983	1983	1983
3. Traced account balances to each individual organization to the consolidating balance sheet working papers.	1981-1988																

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CHURCH OF SCIENTOLOGY

(SIBS)	Church of Scientology International	Religious Technology Center	Flag Service Administration	Church of Spiritual Technology	Mike High	Media Strategy	Church of Scientology Celebrity Center	PRD Oklahoma Investments Corporation	Church of Scientology Hollywood Trust	Scientology Broadcast Trust	Scientology Mission International	Scientology Association Trust	Church of Scientology Buildings Trust	International United States Scientology Fellow Trust	Church of Scientology Am. France Trust	National Scientific League of Doctors	Church of Scientology Dispensary Trust
1. Calculated the mathematical accuracy of the monthly revenue summaries.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
2. Reconciled category balances and agreed to the monthly summary. Observed the quarterly expense of funds for continuance of expense.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
3. Observed selected ledgers for proper category classification and relationship to entity's purpose.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
4. Agreed monthly revenues to the "House Money Budget" tapes for two months. Traced the two months' deposits from this schedule to the bank statement.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
5. Selected and summarized the 5 largest dollar categories and agreed monthly to the actual summary.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
6. Agreed the total annual intercompany revenues to the total annual intercompany disbursements for transfers of funds between bank accounts for the two months. Traced a judicious sample of deposits and the related withdrawals to the bank statements.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
7. Traced the actual summary to working papers.	1981-1988	1982-1988	1983-1988	1984-1989	1986-1988	1987-1988	1981	1983-1989	1981	1981	1981	1981	1981	1989	1981	1981	1981
8. Traced the working papers of each individual organization to the accounting work papers.	1981-1988																

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CHURCH OF SCIENTOLOGY

	Church of Scientology International	Religious Technology Center	Flag Service Organization	Church of Spiritual Technology	High High	Media Storage	Church of Scientology Celebrity Center	ISO Children Investment Foundation	Church of Scientology Religion Trust	Scientology Promises Trust	Scientology Release Material Fund	Scientology Classification Trust	Church of Scientology Buildings Trust	Internet Level	Church of Scientology Sun Promotions	Advanced Religious League of America	Church of Scientology Signature Trust
1. Reconcile the monthly summaries.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
b. Reconciled category batches and agree to quarterly summary. Observed the material response batch for continuance of response.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
c. Reviewed selected vouchers for proper category classification and relationship to entity's purpose.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
d. Selected and summarized the 5 largest dollar categories for the audit selected and agreed to the annual summary.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
e. Agree annual summary to working papers.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
f. Agree the individual organization working papers to the commission working papers.	1981-1989																
2. Randomly sampled expenditures and original source documents by:																	
a. Agreeing to disbursement voucher.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
b. Agreeing to purchase order.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
c. Agreeing to vendor invoice or other supporting documentation.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
d. Agreeing signature to authorized signature.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
e. Agreeing endorsement to payee.	1981-1989	1982-1989	1983-1989	1984-1989	1985-1989	1987-1989	1983	1983-1989	1983	1983	1983	1983	1989	1983	1983	1983	1983
Summary Between the Churches of Scientology																	
Utilizing the "Interim Schedule of Transfers" and the revenue work papers, we traced the transfers reported (as reported from the individual income invoices) to the interorganization schedule. In addition, we agreed the annual transfers from the interorganization schedule to the annual interorganization revenue.	1981-1989																

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CHURCH OF SCIENTOLOGY

	Church of Scientology International	Religious Technology Center	Flag Service Foundation	Church of Spiritual Technology	W.L.G. Club	Public Relations	Church of Scientology Celebrity Center	FBI Clearance Requirements Committee	Church of Scientology Religious Trust	Scientology Subversive Trust	Scientology Mission International	Scientology Administration Trust	Church of Scientology Buildings Trust	International United States Scientology Files, Trust	Church of Scientology San Francisco	Admitted Scientology to League of Nations	Church of Scientology Supreme Court
<b>2. X-Files Letters/Other Communications</b>																	
Agreed copy each month to the receiving entities' working papers.	1961-1969	1962-1969	1963-1969	1964-1969	1964-1969	1967-1969	1967	1967-1969	1967	1967	1967	1967	1967	1969	1967	1967	1967
<b>General Returns (Consolidated)</b>																	
Obtain copies of quarterly payroll returns and spread total annual amount reported to the total annual salary expense.	1961-1969	1962-1969	1963-1969	1964-1969	1964-1969	1967-1969	1967	1967-1969	1967	1967	1967	1967	1967	1969	1967	1967	1967
<b>Management Representations</b>																	
1. Obtain written management representations regarding accuracy of financial data, full cooperation and delivery of requested items.	1961-1969	1962-1969	1963-1969	1964-1969	1964-1969	1967-1969	1967	1967-1969	1967	1967	1967	1967	1967	1969	1967	1967	1967
2. Interview outside auditors of companies regarding corporate financial and operating policies.	1961-1969	1962-1969	1963-1969	1964-1969	1964-1969	1967-1969	1967	1967-1969	1967	1967	1967	1967	1967	1969	1967	1967	1967

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