

Question 6-3(b)

On an aggregate basis, please give a classified statement of receipts or deposits to the central reserves for calendar year 1989, 1990 and 1991.

A schedule of receipts into central reserves for the three years 1989-91 is attached.

The classification of the receipts is as follows:

1. FSO's payments to its own Reserves

This represents Church of Scientology Flag Service Org's contributions, over and above its own operating costs, to its own central reserves.

2. CSFSO's payments to CSI's central reserves for CSI's support

This represents Church of Scientology Flag Service Org's contributions to CSI to cover CSI's operating expenses which it is required to do by Scientology administrative policy. (See the response to Question 4(d), above).

3. Church organizations' support payments to CSI's reserves for CSI's ecclesiastical guidance

This represents receipts by CSI for ecclesiastical guidance provided to lower church organizations. It includes payments from all Class V orgs and above, except Church of Scientology Flag Service Org (see 1 above), Church of Scientology Western US (see item 6 below), and those in exchange control countries (see 7 below).

4. CSFSSO payments to its own reserves

This represents payments from Foundation Church of Scientology Flag Ship Service Org. to its own reserves account.

5. flajestic Cruise Lines payments to its own central reserves

This represents Majestic Cruise Line's contributions, over and above its operating costs, to its central reserves accounts.

6. Church of Scientology Western US's payments to its own reserves

These represent Church of Scientology Western US service orgs¹ contributions over and above their operating costs, to the Church of Scientology Western US's corporate reserve account, which forms part of central reserves. The service orgs comprise: the Advanced Organization Los Angeles and American Saint Hill Organization.

⁷• Accumulations of Non-US funds due to exchange control

In certain countries, exchange control restrictions mean that during local churches are unable to remit funds abroad. Thus they cannot pay Church of Scientology International for ecclesiastical guidance, or film leasing fees, etc. This situation applied to churches in six countries during the years in question.

In addition, other sums which are owed to CSI are held in local accounts of Non-US organizations but are restricted or pledged against potential liabilities in those countries. Contributions to these accounts also are regarded as subject to the supervision of the International Reserves Committee to ensure that potential liabilities are settled on favorable terms.

⁸« Film leasing payments to CSI's reserves accounts

These payments are weekly leasing fees all churches pay to CSI for use of the religious training and public dissemination films produced by Golden Era Productions, a part of CSI.

9. SMI's payment to its own reserves

This represents Scientology Missions International's contributions to its own reserve accounts, over and above its operating costs.

10- WISE*a payments to its own reserves

This represents WISE International's contributions to its own reserve accounts, over and above its operating costs.

11. ABLE's payments to its own reserves

This represents ABLE International's contributions to its own reserve accounts, over and above operating costs.

12. Payments from church organizations to BMS's reserves for rent

Building Management Services (BMS), a California non-profit corporation, and an integrated auxiliary of CSI, owns the majority of the Church's properties in California. The properties are leased to occupying Churches and organizations who make periodic rent payments. These payments consist of these lease payments.

13. BPI's payments to its own reserves

This represents Bridge Publications' contributions to its own reserve accounts, over and above its operating costs.

14. NEP's payments to its own reserves

This represents New Era Publication International's contributions to its own reserve accounts, over and above its operating costs.

15. Church loan and mortgage repayments

In the past, central reserves lent money to United States and non-US churches to enable them to buy church premises. Also some Churches from time-to-time require financial assistance from the other Churches or Central Reserves to overcome temporary cash flow difficulties, some of which was provided as loans. Payments by church organizations on these loans and mortgages are deposited in the central reserves account of the particular lender.

16. Interest Income

This represents bank interest income received on accounts that form central reserves.

17. Income from investments

FSO Oklahoma Investments Corporation, a subsidiary of CSFSO invested in non-Scientology related ventures in the early to mid-1980s. Receipts from this source (which are deposited in QIC's reserve accounts) are shown under this category.

18. currency exchange difference

This represents the realized gain or loss in the various reserves accounts arising on conversion of foreign currencies into US dollars during the year, or the unrealized gain or loss arising on translation of foreign currencies held at the balance sheet date into United States dollars.

19. Other Income

This comprises miscellaneous income, such as income from sale of reserves assets.