

Question 6-1

Extent of Holdings - Central Reserves

Please describe which, if any, organizations listed in question 1 are not participants in the central reserves system. In addition, please provide the amount of assets under the jurisdiction or control (i.e. with respect to which the committee may, in conjunction with another organization or otherwise, deposit, disburse or transfer funds) of the central reserves committee as of December 31, 1989 along with a reasonable estimate of such reserves as of the date of your response of the letter.

Almost all Scientology organizations contribute in the Church's central reserves system, either directly or indirectly. Scientology Class V Churches and Missions contribute indirectly through their contributions to CSI and to SMI for ecclesiastical guidance. More senior church organizations contribute directly through deposits into their own accounts. In addition, some church organizations that have not made contributions to their accounts in recent years nonetheless still participate in the sense that they may maintain an account.

Each participant in the Church's central reserves system is listed below. An asterisk by the name indicates that the particular participant is a primary contributor.

- \* Association for Better Living and Education
- \* Bridge Publications Inc.
- \* Building Management Services
- Church of Scientology of California
- \* Church of Scientology Flag Service Organization, Inc.
- \* Church of Scientology International
- \* Church of Scientology Religious Trust
- \* Church of Scientology Western United States
- \* Flag Ship Trust
- \* Foundation Church of Scientology Flag Ship Service Organization
- \* FSO Oklahoma Investments Corporation
- \* FSS Organization N.V.
- \* International Publications Trust
- \* Majestic Cruise Lines Inc.
- \* MCL Services N.V.
- \* New Era Publications International ApS
- \* Publications Int Limited
- \* San Donato Properties Corporation
- \* Scientology International Reserves Trust

- \* Scientology Missions International
- \* SOR Services Limited
- \* SOR Services (UK) Limited
- \* Transcorp Services S.A.
- \* World Institute of Scientology Enterprises

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6-2

Question 6-2(a)

Expenditure Responsibility--Central Reserves

a. For calendar year 1990, list all expenditures (as described below) that have been made from central reserves. The list should include the date of the expenditures, to whom the payment was made, by whom the payment was received, and the purpose of the expenditure. For this purpose, the term "expenditure" includes, but is not limited to, grants, purchases, transfers or other expenditures of assets under the control of the central reserves committee. The list need not contain expenditures that were less than \$10,000. The \$10,000 cutoff is to be disregarded if the aggregate payments made to the same individual or organization are \$10,000 or more during calendar year 1990.

Attached as Exhibit II-6-A is a list of all "expenditures" from central reserves during the calendar year 1990. The following information is being provided for each expenditure:

1. The identity of the payor
2. The identify of the payee
3. The date of the expenditure
4. The number of the disbursement voucher that documents that expenditure
5. The purpose of the expenditure
6. The amount of the expenditure

Many disbursements from central reserves accounts consist of transfers among accounts within central reserves. Thus these funds actually remain within central reserves and therefore do not constitute expenditures out of reserves accounts. Accordingly, in order to provide you with an accurate figure of actual expenditures from reserves, we have prepared three lists of reserves "expenditures". The first list identifies all expenditures from reserves accounts to other entities including commercial vendors. (These expenditures totalled \$45,323,164.55 in 1990.) The second list identifies all payments from reserves accounts to non-reserves accounts within the same Scientology-related entity where the entity participates in the central reserves system. (These transfers totalled \$51,596,086.13 in 1990.) The third list identifies disbursements within central reserves. (These transfers totalled \$69,712,359.03 in 1990.)

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Question 6-2(b)

**Expenditure responsibility - Central Reserves**

**b. Please provide certified minutes of all central reserves committee meetings that occurred during calendar year 1990.**

The International Reserves Committee meets at least once per week. However, formal minutes are not kept of these meetings.

Although the Reserves Committee does not prepare or maintain formal minutes, it does prepare an internal summary of authorized expenditures known as the weekly "SOR Financial Planning". This records in short summary form the expenditures that were approved at the weekly Reserves Committee meeting.

This process of approval and authorization is described in detail in the response to the next part of this question.)

Detailed information concerning the reasons and need for a particular expenditure is contained in the original proposal (or CSW) that is forwarded to Reserves Committee. However, once the Committee approves the expenditure (or if it is disapproved), the proposal and all supporting documentation are returned to the organization that originated the request, and they become part of that organization's financial records.

For your information, a representative example of the weekly SOR Financial Planning for 1990 is attached as Exhibit II-6-B.

The example is for week ending June 7, 1990 and divides the authorized expenditure into three sections: Investments, Disbursements, and CSI FP (Financial Planning). The latter represents the operating expenses of organizations and units that form part of Church of Scientology International.

The total of the Investments section for the week was \$557,069.35 and comprises expenditures on four areas of church property renovations, as follows:

(i) MANOR - represents costs approved for Fifield Manor, Hollywood, to complete the fifth floor renovations \$134,774.35.

(ii) UK RENOS - refers to Saint Hill Manor, East Grinstead, UK and approved renovations for the week of \$14,170 being part of expenditure on Saint Hill Manor and Castle grounds that continued throughout most of 1990.

(iii) EXHIBITION - means the L. Ron Hubbard Life Exhibition in the Hollywood Guaranty Building. The approved cost of \$98,693 covers the photography for seven of the exhibits and contractors' costs on four of the exhibits.

(iv) GOLD RENOS - covers specific construction and renovation projects being undertaken by Golden Era Productions at the 500-acre Gilman Hot Springs property.

It includes work on:

- the water and sewer lines on the southside (south of Highway 79 which bisects the property) \$54,000;

- the construction of a roadway to existing buildings in zone E of the property \$50,000;

- electrical work in the garage structure used by Golden Era's Estates division which includes movie sets construction, carpentry, electrical and mechanical engineering, sewing, machinery and vehicle maintenance \$40,732;

- purchase of heating and ventilation and other construction material supplies for the garage renovation \$25,000;

- repairs to the roadway adjacent to Golden Era's main production facility building (known as building 36) due to subsidence \$43,500;

- expenditure on a new computerized internal and external phone system at Golden Era which has a staff, including various church management organizations, of approximately 700 people - \$41,000;

- an allocation of \$50,000 to the construction of a new Audio Building which is used for the recording and production of translated tapes of Mr Hubbard's lectures;

- weekly maintenance costs of \$5,200 for a golf course that forms part of the east end of the Gilman property. This property is not used by the Church -- the local county mandated that the course be constructed prior to granting Golden Era Production's Conditional Use permit, some years earlier.

The total of the Disbursements section for the week was \$322,744.79 and comprises authorized expenditure on four areas of church activity and operations, as follows:

(i) ROYALTIES \$16,926.62 - royalties are payable by Church of Scientology International on film leasing fees it received from Church lessees, to Author's Family Trust B. The amount is calculated at 12.5% of the film fees received.

(ii) FILMS \$55,821.76 - this represents the weekly amount allocated to Golden Era Productions for the production of religious training films and public dissemination films. This particular week, the allocation covered the production of first prints (answerprints) for Training Routine film number 12 (TR 12, entitled The Solo Auditor), the shoot costs of the main Training Routine film (TR 7, entitled Upper Indoc TRs) being produced at the time, completing ten Clearing Course (CC) final film prints (checkprints), that form part of the materials to be studied on one of the advanced level courses, ready for final quality control check, plus part of the cost for colorizing the only filmed interview with Mr. Hubbard, done by reporter Tony Hitchman in 1966, which has subsequently been released as a videotape.

(iii) PROMO/PR \$239,991.41 - this item covers the week's allocation to public dissemination and public relations campaigns. It includes the promotion of "DN", which refers to the book Dianetics the Modern Science of Mental Health (DMSMH), including a display stand and attendance costs at the American Booksellers Association annual convention which had a stand promoting DMSMH and Mr. Hubbard's books; expenses and attendance at the Goodwill Games which were held in Seattle, Washington where Dianetics was one of the sponsors; setaside to cover the fees of the church's then public relations consultants - Hill & Knowlton, Washington DC; the costs of mailing "ISN" which refers to International Scientology News, a newsletter published periodically by Church of Scientology International that informs staff and public about recent news and events concerning the Church around the world, wins and successes using Scientology, etc.; and Scientology image advertisements which were a series of public information ads placed in broad distribution publications such as Newsweek and airline in-flight magazines, e.g., Ambassador (TWA), American Way (AA).

(iv) RESERVES FEES AND COSTS - \$10,005 covers the weekly operating costs of SOR Services Limited, the Office that handles the bookkeeping and administration of Non-US Reserves entities, plus a weekly setaside for accountancy and attorney fees relating to Reserves corporations and trusts.

The last item on the weekly SOR Financial Planning is the allocation of \$426,237 for the "CSI FP" by which is meant the total allocated for the weekly operating costs (or Financial Planning) of the principal organizations and divisions that comprise Church of Scientology International.

It included:

- Commodore's Messenger Org International;
- Exec Strata International (including Book Compilations and Translations unit);
- LRH Personal Public Relations Office International;
- International Management Public Relations Office;
- Planetary Dissemination Organization;
- Commodore's Messenger Org International Extension Unit;
- INCOMM (an acronym for International Network of Computer Organized Management);
- Flag Bureaux;
- Office of Special Affairs;
- Weekly support payment to Religious Technology Center (as required by the trademark licence), and
- Trademark registration and annual renewal fees.

The grand total authorized by the International Reserves Committee for SOR expenditures in the week ending June 7, 1990 totalled \$1,306,051.14.

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Question 6-2(c)

c. Describe whether, and to what extent, the central reserves committee monitors its grants in order to ensure that any amounts disbursed are actually used exclusively for charitable purposes. As part of your response, please provide information and documentation regarding the grant making process and follow-up involved in one representative grant of an average amount that was approved and with respect to which assets were distributed in calendar year 1990. Please only provide information with respect to grants that are fair representations of grants that have been made in the past.

As an initial matter, grants (as well as all other disbursements) from the Church's central reserves are strictly monitored by a network of finance staff applying Scientology finance policy.

The church has very specific finance policies for obtaining approval for a specific project or purchase. If the source of funding for a particular project is central reserves, then a completed proposal (called a Completed Staff Work, or CSW) will be submitted to the International Reserves Committee.

The procedure by which the International Reserves Committee receives and reviews proposals, and authorizes a grant of funds to a particular project is described in detail below. It should be noted that under Scientology practices any money authorized by the International Reserves Committee for disbursement from central reserves is effectively a grant of funds for a specified purpose, whether or not such grants are to another Scientology corporation or trust. The treatment is virtually the same, with the exception that board or trustee resolutions and ratification may be required when the grant is to another legal entity.

The International Reserves Committee does not approve any general or lump-sum "grants" of money for unspecified purposes. It only approves funds against detailed, written proposals which specify the exact purpose of the expenditure. This purpose must fully align to the purpose of the religion, or it will not be approved.

Such proposals invariably emanate from or are routed through individuals within middle and upper management echelons, (i.e., Flag Command Bureaux, etc.) and pertain to some specific responsibility they have concerning the planning and future direction of church activities.

The International Reserves Committee receives and reviews proposals in the form of CSWs, which are accompanied by budgets and/or individual purchase orders. The latter will detail exactly what items are to be bought or incurred, from whom, the precise cost, and the reasons why the item or expenditure is needed. The corporate funding source for the expenditure will also be indicated.

These CSWs and attached budgets and purchase orders are submitted to the International Management Flag Banking Officer, who is a member of the International Reserves Committee. The International Management FBO reviews each CSW prior to its presentation at the weekly meeting of the Reserves Committee. Any CSW that does not forward an approved ecclesiastical management strategy, conform to church Scripture, or benefit the particular church or church organization will not be presented to the Committee.

In practice, the weekly total of reserves expenditures that are submitted to the International Reserves Committee via the International Management FBO usually adds up to more than the amount of income that is available to allocate or grant for proposed disbursements. Thus, not all of the proposed expenditures for a given week can be approved.

When a proposed expenditure is approved by the International Reserves Committee, the originator will be notified of the fact by the International Management FBO on behalf of the Committee. The CSW will be sent back to the originator with an approved stamp on it. All approved expenditures for the week are called the "reserves financial planning" and are listed on a one-to-two page document called the "reserves financial planning coversheet."

The International Management FBO then gives the weekly approved reserves financial planning coversheet to the Reserves Disbursement Officer. The Reserves Disbursement Officer retains all documentation pertaining to approved expenditures from the reserves accounts of U.S. entities; he forwards all documentation pertaining to approved expenditures from the reserves accounts of non-U.S. entities to the Deputy SOR Chief, who heads the non-U.S. Reserves Office.

The Reserves Disbursement Officer either prepares checks for signature, arranges wire transfer of funds or, when necessary, asks representatives of the appropriate church entities for board approval of the International Reserves Committee decision and then completes the transaction. The Reserves Disbursement Officer also prepares a disbursement voucher for each transaction, which itself

will be submitted to the International Finance Network for review and verification as part of the Church's internal audit procedures for each week. (These procedures are described below). The Deputy SOR Chief performs the same transactions for every disbursement from reserves accounts of non-U.S. entities.

There are always at least two required signatories on checks and the signatories vary according to the bank account and the entity involved. The checks are presented for signing by the signatories along with evidence of International Reserves Committee authorization.

Funds are not usually disbursed directly from central reserves accounts to suppliers; rather they normally are transferred to local church operating accounts and the Treasury Division of the local church assumes responsibility for paying the suppliers.

With this assumption of responsibility by the church's Treasury Division, primary oversight of grant expenditures is transferred from the Reserves Committee itself to the International Finance Network. This oversight function arises from application of Scientology financial operating procedures: As explained in detail below, these procedures require the church's Treasury Division to expend the grant funds only for the specific purpose for which they were approved; any deviation will be detected by officials in the Church's International Finance Network during the Church's weekly audit and reported to the Reserves Committee by the International Finance Director (who both heads the International Finance Network and serves as a member of the Reserves Committee).

This system of strict fiscal accountability begins when the funds are first released. As noted above, each transfer or disbursement of reserve funds is recorded on a disbursement voucher which becomes a part of the records of both the disbursing entity and the International Reserves Committee. Every disbursement voucher shows the payee, the purpose of the transfer and the amount.

When the grant or transfer of funds is received from a central reserves account it is invoiced by the receiving church or organization. In due course, the goods will be ordered and delivered or the services obtained. A bill will be received by the Treasury division of the church organization concerned, which will be matched to the original budget or purchase order.

If a CSW was not approved for the bill or if the bill exceeds the approved amount, then Scientology Scripture requires the staff member who incurred the unauthorized expense to re-imburse the organization for the amount involved and to undergo staff discipline if called for under the circumstances.

If Treasury verifies the bill as consistent with the original CSW, it will disburse the money to the supplier. A copy of the disbursement voucher, the bill, and corresponding purchase order that had been attached to the CSW is then filed in the church organization's "paid bills" files.

All disbursements and corresponding bank transactions are reviewed and verified every week (or month in the case of smaller church organizations) as part of the church organization's internal audit procedures. (These procedures are described in detail in the response to Question 4(b). Any discrepancies in the disbursements will be identified in the summaries of the period's disbursements which are reviewed by internal audits personnel. Any oddities would be reported to the FBO of the local church as well as the Continental Finance Office and the International Finance Office, which has members serving on the International Reserves Committee (the International Finance Director and the International Management FBO).

In summary, the Church has very strict ecclesiastical controls over reserves expenditures to ensure they are spent only for Scientology religious purposes: (a) submitting a request for funding to Reserves Committee which furthers the church's religious purpose; (b) getting the funding approved, with or without modification; (c) the transfer or grant of funds from central reserves usually to an account of the local church organization Treasury, pending disbursement; (d) receipt and verification of the supplier's bill against the original approved CSW; (e) payment of the bill by the local Treasury; (f) the accounting therefor and, through internal audit procedures, reporting back to the International Reserves Committee.

Representative examples are attached of budget proposals to Reserves Committee, as exhibits II-6-C and II-6-D.

Question 6-3(a)

Are there any assets under the jurisdiction and control of central reserves committee other than reserve bank accounts? If so, please list the location and fair market value of each such asset as 3/31/92. Please designate what organization owns each such asset, on whose books each such asset is found, and in which organization's physical control the assets are held. Please explain the method by which fair market value was determined.

If any entity holds more than \$50,000 of assets on behalf of one or more Scientology-related entities, and you do not believe that the entity comes within that above-described definition of financial institution, please disclose the fact and the entity's name in your response if that entity's holdings are not otherwise disclosed under this questions.

Assets under the ecclesiastical control of International Reserves Committee, other than reserve accounts, as at 31 March 1992 are as follows:

1. PRECIOUS METAL

Church of Scientology Flag Service Organization owns 2,712.5 ounces of Silver which had a value at 31 March 1992 of \$11,094 based on the open market price of \$4.09 per oz. This asset is on the books of Church of Scientology Flag Service Organization and is physically held in a safe by Reserves Committee in California, USA.

Church of Scientology International owns 5,189.38 ounces of Silver which had a value at 31 March 1992 of \$21,225 based on the open market price of \$4.09 per oz. This asset is on the books of Church of Scientology International and is physically held in a safe deposit at Chase Manhattan Bank, New York, USA.

2. SHIP ASSETS

Although not directly under Reserves Committee's control, the ultimate disposition of the Church's two sea-going vessels falls under Reserves Committee's ecclesiastical purview. They comprise:

a. "Freewinds" cruise vessel: this asset has a net book value (cost less depreciation) of \$15,295,000 and is

subject to a mortgage of \$12,500,000 held by Trust for Scientologists. The net equity in the vessel is thus \$2,795,000. The vessel is owned by San Donato Properties Corporation and is chartered to Majestic Cruise Lines Inc. Its home port is Curacao in the Netherlands Antilles, and it sails primarily in the Caribbean.

b. "Diana" - a 50' Bermudan ketch: this boat was one of the original Sea Organization fleet of vessels owned in the late 1960s and is thus of considerable historical interest to Scientology. It was bought from Church of Scientology Flag Service Organization in March 1991 by San Donato Properties Corporation at its then market value of \$23,000 and extensively rebuilt at a cost of \$760,680. It is chartered to Majestic Cruise Lines Inc., and is used for day trips for parishioners and is based in Curacao, Netherlands Antilles.

As neither vessel is for resale and because of the fluctuating nature of the market for cruise ships, the fair market value of these ships cannot be accurately estimated.

#### 5. INVESTMENT LAND

FSO Oklahoma Investments Corporation owns a piece of land that was originally bought as a business investment in the early 1980s, and has a loan interest and small equity participation in another land development. Both real estate investments are located in Maui, Hawaii and cost \$1.4 million. The intention is to dispose of both property interests once quiet title has been settled on one of the properties.

The fair market value is believed to be not less than cost, but this is subject to market conditions upon sale.

#### 6. REAL ESTATE

The ultimate disposition of the real estate owned by Building Management Services and by Church of Scientology Religious Trust falls under Reserves Committee's ecclesiastical purview. Those properties are:

a. Anthony Building, 5165 Fountain Ave., Los Angeles

Date of original purchase: 1 Jan. 1988  
Cost less depreciation to 31 March 1992 \$3,047,152

b. Cedars Complex, 1404 North Catalina, Los Angeles

Date of original purchase: 1 Jan. 1977  
Cost less depreciation to 31 March 1992 \$9,496,092

- c. Fifield Manor, 5930 Franklin Avenue, Los Angeles  
Date of original purchase: 1 Feb. 1973  
Cost less depreciation to 31 March 1992 \$17,766,320
- d. 19625 Highway 79, Gilman Hot Springs, including Castile Canyon Ranch and Campbell property, Soboba Springs  
Date of original purchase: 1 Nov. 1978  
Cost less depreciation to 31 March 1992 \$33,398,506
- e. Hollywood Guaranty Building, 6331 Hollywood Blvd., Los Angeles  
Date of original purchase: 1 Feb. 1988  
Cost less depreciation to 31 March 1992 \$14,509,349
- f. Hollywood Inn, 5165 Hollywood Blvd., Los Angeles  
Date of original purchase: 1 Dec. 1975  
Cost less depreciation to 31 March 1992 \$1,240,889
- g. 36491 Bouquet Canyon Road, Saugus, California  
Date of original purchase: 20 Aug. 1990  
Cost less depreciation to 31 March 1992 \$756,060
- h. Gray Moss Block, Clearwater, Florida  
Date of original purchase: 1 Aug. 1990  
Cost less depreciation to 31 March 1992 \$2,869,814

Properties (a) to (g) are owned by Building Management Services and are subject to external, third-party mortgages totalling \$422,272 and a mortgage bond held by U.S. Parishioners Trust of \$25,000,000.

Property (h) is owned by Church of Scientology Religious Trust and comprises properties on a block of land which will be demolished prior to the construction of a new Church technical delivery building.

The above real estate is shown at historical cost less accumulated depreciation and mortgages payable. These assets are used for exclusively religious purposes and are not for re-sale. In a number of cases, the property has been specially modified for church use and the market for such is limited. Thus, there is no basis on which to determine what is fair market value of these assets.

SOR Services Limited is a service company that provides bookkeeping and administrative services to the following Non-US Reserves trusts: Scientology International Reserves Trust and Flag Ship Trust. It also provides similar services to Trust for Scientologists. Among its functions, SOR Services Limited holds assets on behalf of each trust in accounts designated accordingly. All such assets are fully accounted for on the balance sheets of the respective trust, not in the accounts of SOR Services Limited which simply holds them on their behalf.

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. CSFSSO'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. Majestic 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 orgs' 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's 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 OIC'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.

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