

## EXECUTIVE DIRECTIVE

INT FINANCE ED 383

15 January 1992

To: FBOs all Class V Orgs  
& CCs (except CC Int)

Info: Exec Council  
LRH™ Comm  
Director of Special Affairs  
Cont Finance Office  
Flag® Finance Office

### FBO ALLOCATION FORM - CLASS V ORGS

The ideal scene for a Class V Organization is delivering 100% standard auditing and training to a rapidly expanding field, with the org solvent and building up local reserves to provide for expansion such as purchasing a building, undertaking major renovations or to give the org the ability to handle any financial emergency.

This expansion is achieved by standard on-policy financial control exerted by the Executive Council of the org.

To assist the FBO and the Executive Council of the org in their application of standard financial policy, the allocation of the org's finances has been reviewed and the FBO Allocation Form revised to provide for greater expansion.

### PAYMENTS TO MANAGEMENT

Payments to Flag for management services will now be 12.5% of the Org's Corrected Gross Income (CGI). Your Director of Special Affairs has new contracts which provide for this arrangement.

This routine weekly payment covers the broad range of services that International Management provides to the org to assist its success and expansion and also provides the Mother Church with the wherewithal to fund programs and projects which accomplish the expansion and defense of Scientology® internationally.

There are two additions to this which are payments for Missions and payments for training undertaken at the International Training Org.

Missions are an extraordinary service from Int Management and will vary greatly from org to org. They involve a tremendous commitment of resources. For these reasons they will be separately billed to the org six weeks after a mission terminates per Int Finance ED 392, ORG PAYMENTS TO MANAGEMENT FOR MISSIONS, CLASS V ORGS, and need to be provided for in the org's financial planning.

Similarly, staff training at the International Training Org is an extraordinary service which will vary from org to org. This is, therefore, not included in the routine weekly payment to management. Such training will be billed when the staff member has completed his training and returned to the org. This way the org will have the benefit of the staff member's production, which will more than offset the cost of his training. Training at ITO is a normal part of the org's establishment and should be covered in its Financial Planning Program No. 1 and set aside for weekly.

### PAYMENTS TO THE FSO FOR TECH TRAINING

The org should send technical staff to train and intern at the FSO to upgrade its delivery and results to flawless Flag standards. Payments for training of the org's tech staff at the Flag Service Org should be covered on the org's weekly Financial Planning

and paid to the FSO. Orgs will receive the bill for a staff member's training when he returns to the org.

### FILM LEASING FEES

Each Class V Org is required to pay a film leasing fee of 9% of the weekly Money Paid for Training (MPT) per current leases to Church of Scientology International. These funds go directly to a film production account and are used to produce new public and tech films. Public films enlighten new public on Scientology and get them onto The Bridge<sup>®</sup> and technical films upgrade technical standards and results of training and auditing.

### BUILDING FUND RESERVES ACCOUNT

Class V Orgs are required to pay 10% of the CGI to the org's Building Fund Reserves Account each week. This is a mandatory reserve and cannot be used for any purpose other than those as listed in HCO™ PL 18 Jan 1965, FINANCIAL MANAGEMENT, BUILDING FUND ACCOUNT. Any proposed expenditures from this account requires approval of the International Reserves Committee as well as that of the local board of directors. This account is to be built up and may be approved for the purposes listed in the above policy letter. A required signatory on this account is the Continental Finance Director. The other signatories per HCO PL 17 February 1971RC, Finance Series 3RC, BASIC FBO DUTIES, are the FBO, Executive Director and Director of Special Affairs.

Once the org is solvent and has covered its backbills, including bills owing to management and interorg bills, and Financial Planning No. 1, the FBO is to deposit excess income into the Building Fund Reserves Account.

### CLO SUPPORT

Per HCO PL 9 March 1972RA, Finance Series 11RA, INCOME FLOWS AND POOLS, PRINCIPLES OF MONEY MANAGEMENT, Continental Class V Orgs pay 10% of their CGI to support the CLO.

### GENERAL LIABILITY FUND ACCOUNT

Each Org is required to pay 5% of its CGI into the General Liability Fund reserves account per HCO PL 3 May 1966R, RESERVE FUND. This account is not for routine legal expenses but is to handle emergencies as described in the above policy letter. The General Liability Fund is established with required signatories as per Finance Series 3RC and also the Continental Finance Director and/or Continental Reserves Chief.

### ALLOCATIONS TO DISSEMINATION

Per HCO PL 23 June 1975, AD COUNCIL INCOME PLANNING, the org is required to devote a minimum of 14% of its CGI to promotion. Of this, 10% is for local promotion and 4% is paid to Central Marketing Unit (CMU). In the past these CMU payments went to CSI. Now *all* orgs are to send the 4% to the Cont Finance Dir to be deposited in a Continental CMU account. The intention is to use these funds for the benefit of the continental area from which they were paid and will be used for Planetary Dissemination campaigns in their area and drive public in on the orgs.

### TRANSLATIONS UNIT SUPPORT

For non-English speaking orgs, 1% of the CGI is paid to TU International. International Management is engaged in the task of getting *ALL* LRH materials translated

and, as you have seen with the recent releases, much headway is being made in this. The 1% support to the Translations Unit has been and continues to be, a valuable flow to the expansion of Scientology in non-English speaking areas.

### BUILDING MORTGAGE PAYMENTS

Where an org owes a mortgage to Church of Scientology Religious Trust (CSRT) in the United States, or Scientology International Reserves Trust (SIRT) in other countries, the contractual payment for this mortgage must be treated as a basic of the highest priority in the org's financial planning. Not only does this keep the org's exchange in, but payments on the existing mortgage means these Trusts can then support other deserving orgs by assisting them to purchase new quarters.

### LOCAL RESERVES

The org is required to put 10% - 15% to backbills or, when solvent, 5% to local reserves per HCO PL 4 Aug 1983R, FINANCIAL PLANNING PROGRAM NO. 1. This reserve payment must be made each week and its disbursement is totally under the control of the EC and FBO of the org. Such reserves are for lean periods where extra promotion may be in order, small emergencies or to obtain large purchases elected by the Exec Council.

### SUMMARY

This issue does not cover all the items that are on the FBO Allocation Form. The FBO would, of course, ensure that such things as FSM Commissions, Gross Book Sales, bounced checks, etc., are accounted for on the allocation form.

This revised Allocation Form is intended to aid you expand your org and its sphere of influence by helping you to flourish and prosper.

A full study of the Finance Series and OEC® Volume 3 is required so that all financial flows in the organization are standard and your org has the energy it needs to deliver the best possible service to your public.

A copy of the allocation form is attached for your use. Copies should be filled out weekly and given to Financial Planning Committee for their use and, of course, sent to FBO Int at the Flag Finance Office per Finance Series 6RA.

Use it to help achieve solvency, viability and to become a very prosperous and flourishing org.

INTERNATIONAL FINANCE DIRECTOR

Approved by  
WATCHDOG COMMITTEE

Authorized by  
AVC INTERNATIONAL

for  
CHURCH OF SCIENTOLOGY  
INTERNATIONAL

CSI:AVCI:WDC:SMP:geo

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TO: Flag<sup>9</sup> Finance Control Information Center  
CC: Executive Council  
CC: Advisory Council  
CC: Cont FBO  
CC: Int Fin Control Information Center  
FROM: FBO \_\_\_\_\_

THIS FORM IS TO BE  
FILLED IN BY FRIDAY  
2:00 PM EACH WEEK

# SCIENTOLOGY CLASS V ORG FBO ALLOCATION FORM

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_  
WEEK ENDING: \_\_\_\_\_ CURRENCY: \_\_\_\_\_

This is an allocation form by which the Flag Banking Officer verifies the Gross Income of the org and allocates it to the various accounts where it belongs. Copies of this allocation form are sent to FBO Int Flag Finance each week.

1. **GROSS INCOME**   
Ref: HCO<sup>TM</sup> PL 15 Apr 1982 II THE COUNTING OF GROSS INCOME

2. **VALUE OF SERVICES DELIVERED**   
Ref: HCO PL 17 Mar 1982 FBO FP ADJUDICATION

3. **CORRECTED GROSS INCOME CALCULATION**  
Ref: HCO PL 10 Mar 1971RA, FBO HAT

	PLUS	MINUS	BALANCE
a. <b>MINUS Bounced checks</b> Ref: HCO PL 10 Mar 1971RA, FBO HAT		<input type="text"/>	
b. <b>PLUS Bounced checks collected</b> Ref: HCO PL 10 Mar 1971RA, FBO HAT	<input type="text"/>		

Note: At this point, enter on your weekly report form data (names and amounts) of the bounced checks sent out for collection and those that have been credited to your account. Ref: HCO PL 10 Mar 1971RA, FBO HAT, Mgmt Ser Vol 2, Pg 332)

c. **MINUS letters of transfer or counter checks sent to bank for collection**

	PLUS	MINUS	BALANCE
d. PLUS letters of transfer or counter checks credited to the account by the bank Ref: HCO PL 10 Mar 1971RA, FBO HAT	<input type="text"/>		
e. MINUS foreign checks sent for collection		<input type="text"/>	
f. PLUS: foreign checks collected	<input type="text"/>		
g. MINUS: Credit cards sent for collection		<input type="text"/>	
h. PLUS: Credit cards credited to the account	<input type="text"/>		

Note: Now enter on your weekly report form, a list of all foreign checks, counter checks, credit cards sent for collection (names and amounts) and all foreign checks, counter checks and credit cards credited to your account). Ref: HCO PL 10 Mar 1971RA, FBO HAT (Mgmt Ser Vol 2, pg 332)

i. MINUS Sales taxes		<input type="text"/>	
j. MINUS Value of Refund/Repayment claims Transferred to the CVB Account		<input type="text"/>	
k. PLUS Value of Refund/Repayment claims salvaged that week transferred from CVB Account	<input type="text"/>		

Note: At this point enter into your weekly report form the full information on what refund/repayment claims arrived in the org that week, names and amounts, and which refund/repayment claims were salvaged, names and amounts.

l. MINUS Bank charges & credit card charges		<input type="text"/>	
m. SUBTOTAL: 1 PLUS or MINUS 3a-3l			<input type="text"/>

**4. HCO BOOK ACCOUNT TRANSFERS:**

The following items are transferred to the HCO Book Account per HCO PL 27 July 1982RA, DEPUTY FBOs FOR MARKETING OF ORG RESOURCES FOR EXCHANGE (D/FBO FOR MORE) (Mgmt Ser Vol 2, pg 384)

a. MINUS Cash invoiced for books, packs, LRH™ recorded lectures, insignia and E-Meters™		<input type="text"/>	
b. MINUS Prepayments Used for books, packs, LRH recorded lectures, insignia and E-Meters		<input type="text"/>	

*Information:*

i. Sales of books	_____
Sales of packs	_____
Sales of LRH recorded lectures	_____

Sales of insignia \_\_\_\_\_  
Sales of E-Meters \_\_\_\_\_

ii. Book Account Profit \_\_\_\_\_

PLUS

MINUS

BALANCE

c. PLUS: 50% of the book account profit. Transferred from Book Account  
Ref: HCO PL 30 Nov 1964RB HCO BOOK ACCOUNT

d. SUBTOTAL: 3m MINUS 4a & 4b PLUS 4c

5. SPECIAL INCOME:

The following items are transferred to the FBO No. 3 Account per HCO PL 28 Sept 1979RA XII SPECIAL INCOME (Mgmt Ser Vol 2, pg 365)

a. MINUS SPECIAL INCOME

b. PLUS SPECIAL INCOME returned to the CGI

c. SUBTOTAL: subtotal at 4d MINUS 5a, PLUS 5b

6. FSM COMMISSIONS:

In this section the FSM Commissions that are to be paid out are deducted per HCO PL 17 Feb 1971RC, BASIC FBO DUTIES (Mgmt Ser Vol 2, pg 322)

a. MINUS FSM COMMISSIONS TO BE PAID  
Transfer to FSM Account.  
Ref: HCO PL 10 Mar 1971RA, FBO HAT

b. MINUS FSM COMMISSIONS RECEIVED from upper orgs, to go to Staff Pay.

c. MINUS: Service Completion Awards  
Ref: HCO PL 17 Feb 1971RC, BASIC FBO DUTIES

d. MINUS: 5% Tours Commissions on services sales reged for the org by the CLO Tours Org.  
Ref: HCO PL 1 Jan 1976, FSMs FOLOs COMMISSIONS.

e. SUBTOTAL: Subtotal at 5c PLUS/MINUS 6a-6d

7. OTHER DEDUCTIONS:

The following are items such as rents collected, phone monies collected, etc., which would be transferred to the org's Main Account. Ref: HCO PL 10 Mar 1971RA, FBO HAT, Mgmt Ser Vol 2, pg 332

	PLUS	MINUS	BALANCE
a. MINUS: DONATIONS received by the org for a specific purpose such as renovations		<input type="text"/>	
b. MINUS: _____		<input type="text"/>	
c. MINUS: _____		<input type="text"/>	
d. MINUS: _____		<input type="text"/>	
e. MINUS: _____		<input type="text"/>	
f. CORRECTED GROSS INCOME: 6e MINUS 7a-7e			<input type="text"/>

**8. ALLOCATIONS:**  
These are transfers the FBO makes to other accounts.

a. MINUS 12.5% Payments To Management Ref: HCO PL 4 Aug 1983R, FINANCIAL PLANNING PROGRAM NO. 1		<input type="text"/>	
b. MINUS: 9% Money Paid for Training Ref: HCO 27 Jul 1982RA, DEPUTY FBOs FOR MARKETING OF ORG RESOURCES FOR EXCHANGE (D/FBO FOR MORE)		<input type="text"/>	
c. MINUS: 10% BUILDING FUND RESERVES ACCOUNT (Paid to the Building Fund Reserves Account)		<input type="text"/>	
d. For EU, ITL, LAT, French Canadian orgs & Tokyo only: MINUS: 1% TO TRANSLATION UNIT (Paid to CSI for Int Translation Unit)		<input type="text"/>	
e. MINUS: 10% to CLO for Management Support. Ref: HCO PL 9 Mar. 1972RA 1, INCOME FLOWS AND POOLS, PRINCIPLES OF MONEY MANAGEMENT. for Const Orgs only		<input type="text"/>	
f. MINUS: 5% GENERAL LIABILITY RESERVE FUND Ref: HCO PL 4 Aug 1983R, FINANCIAL PLANNING PROGRAM NO. 1 (Paid to the GLF Account)		<input type="text"/>	

**ORG ALLOCATIONS:**  
These are transfers to the org for their allocation. Ref: HCO PL 4 Aug 1983R FINANCIAL PLANNING PROGRAM NO. 1, Mgmt Ser Vol 2, pg 419.

g. MINUS: 10% PROMOTION Ref: HCO PL 23 June 1975, AD COUNCIL INCOME PLANNING		<input type="text"/>	
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	PLUS	MINUS	BALANCE
h. <b>MINUS: 4% CENTRAL MARKETING UNIT PAYMENTS</b> (Paid to Central Marketing Unit Account).		<input type="text"/>	
i. <b>MINUS: 30% STAFF PAY</b> Ref: LRH ED 254 Int		<input type="text"/>	
j. <b>MINUS: 5% CGI for staff bonus</b> (if org is eligible) Per proposed system.		<input type="text"/>	
k. <b>MINUS: 5% Test Center GI for test center staff bonus.</b>		<input type="text"/>	
l. <b>MINUS: Emergency PO penalties</b> Ref: HCO PL 10 Mar 1971RA, FBO HAT		<input type="text"/>	
m. <b>MINUS: Disbursement Sum</b> Ref: HCO PL 10 Mar 1971RA, FBO HAT		<input type="text"/>	
<i>Includes:</i>			
Building Mortgage Payments/ Rent (BIC)	<input type="text"/>		
10-15% CGI to backbills	<input type="text"/>		
or 5% CGI to Local Reserves	<input type="text"/>		
Payments to CSI for Msns	<input type="text"/>		
Payments to ITO for Training	<input type="text"/>		
Payments to FSO for Training	<input type="text"/>		
n. <b>MINUS: Flag External Expenses</b> Ref: HCO PL 6 Jan 1976RC, FLAG EXTERNAL EXPENSES. (transferred to Finance Office No. 2 Account)		<input type="text"/>	
o. <b>MINUS: Retained in FO #1 Account.</b>		<input type="text"/>	
p. <b>BALANCE CHECK: Sub total 7f MINUS 8a-o</b>			<input type="text"/>
			(should be \$0.00)



**FBO REPORTS**  
Ref: HCO PL 10 Mar 1971RA  
FBO HAT

1. Attach a copy of the reconciled balance of the FO #1 Account.
2. Attach copies of the income deposits for the week (all deposit slips, direct bank deposits notices, bank wire notices, interest credit notices, etc.) for the FO #1 Account(s).
3. Attach a summary of all foreign checks sent for collection, letters of credit sent for collection, bounced checks sent for collection.
4. Attach a copy of the reconciled balance of the FO #2 Account.
5. Attach copies of the income deposits for the week (all deposit slips, interest credit notices, etc.) for the FO #2 Account.
6. Attach a copy of the reconciled balance of the FO #3 Account.
7. Attach copies of the income deposits for the week, (all deposit slips, interest credit notices etc.) for the FO #3 Account.
8. Attach a copy of the pay breakdown for the week (should list staff by name, post, total pay plus bonus).
9. Attach copies of any Treasury situations found, together with a copy of the handling being done.
10. Attach copies of any cramming orders issued in the org, or any ethics or justice actions issued with a brief explanation of why these were done (Ref: HCO PL 23 Sept 1971, FLAG BANKING OFFICER PURPOSES).
11. Send a copy of this report with all attachments along with the following reports to Int Finance CIC and Flag Finance CIC:
  - A. The FP ED for the week just ended.
  - B. The Income Sources Summary.
  - C. The org Bills Summary.
  - D. The org Accounts Summary.
  - E. The org Income Notes Collection Summary.

Attest \_\_\_\_\_ Date \_\_\_\_\_  
**FBO Signature**