

INT FINANCE ED 381

15 January 1992

To: FBO FSO

Info: Exec Council FSO
LRH™ Comm FSO
Office of Special Affairs FSO
Flag Finance

FBO ALLOCATION FORM

FLAG SERVICE ORG

The ideal scene for the Flag Service Org 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 undertaking major renovations or to give the org the ability to handle any financial emergency.

The financial well-being of the FSO is essential to the expansion of Scientology[®] throughout the world. The FSO provides the primary financial support of International Management. It is the largest org in the world, is at the top of The Bridge[®], receives the fruits of management's labors both directly in the form of evaluations, programs and assistance and indirectly from the expansion of lower orgs which flow public up The Bridge to the FSO. It is International Management's support org because it is the "nearest" to management in its technical delivery function.

The FSO contributes directly to planetary dissemination and planetary public relations. All Scientology public, as they move up The Bridge, will eventually become FSO public and the key to a flourishing and prospering FSO is a high volume Bridge flow from lower orgs.

The FSO has a large job to do. The billions of people of this planet that do not yet know of The Bridge to Total Freedom are all the FSO's responsibility. One day they will come to the FSO so that they can attain Total Freedom. The FSO does not just confine itself to its existing field, it must service this public and also reach out to create more Scientologists™ and get them moving up The Bridge. These facts are the reasons behind the special relationship the FSO has with Scientology expansion.

To assist the FBO and the Executive Council 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.

ADVANCE PAYMENT TRUSTS

Donations for services in the FSO are retained in Advance Payments Trusts until the parishioner is ready to take the service. Donations for services from United States public are held in the United States Parishioner Trust and those from outside the United States are held in the Trust For Scientologists. These donations are held in trust for the parishioners who made the donations and do not belong to the FSO until the parishioner is ready to take the service and his account is debited.

There is a flow into and out of the Advance Payments Trusts each week determined by Prepayments Received (which go into the Trusts) and Prepayments Used (which come out of the Trusts to the FSO).

Per HCO™ PL Finance Series 38, FBO FP ADJUDICATION the allocation to the org is monitored by the actual delivery of the org. Unused advance payments are actually a liability to the org. The AP Trusts safeguard the parishioners' donations and ensure that the costs of delivery will be funded when the services are actually taken.

If the Prepayments Received exceed the Prepayments Used, the excess is retained in the Advance Payments Trust.

If the Prepayments Used exceed the Prepayments Received the excess will be transferred from the Advance Payments Trust to FBO No. 1 Account for transfer to the FSO's Building Fund account. It may be used for no other purposes than those specified in HCO PL 18 Jan 1965, FINANCIAL MANAGEMENT, BUILDING FUND ACCOUNT, and only with permission of the Board of Directors of FSO and the International Reserves Committee.

When a parishioner arrives at the FSO for service, his account should be debited for that amount of services he expects to receive in the length of his stay. This amount then becomes Prepayments Used and is released from the AP Trust to the org.

If a parishioner leaves the org without receiving all the previously debited services, his account is recredited for any full service (e.g., full intensive or a complete course) which was debited but not yet begun. This credit is minused off the PPU stat in the week of the credit and the money returned to the AP Trust on behalf of the parishioner. The solution to increasing PPU is to deliver services intensively. The ideal scene for the FSO is to have no backlog of undelivered service.

COLLECTIONS FROM OUTER ORGS FOR STAFF TRAINING

The FSO has a responsibility to upgrade the standards of technical delivery in all Scientology orgs around the planet. The most effective way of accomplishing this is to train and intern outer org auditors and case supervisors and thus export technical perfection. The FSO is to collect on bills for such training. To facilitate such collections, outer org FBOs will be able to count such payments on their PTF stats.

INTERNATIONAL MANAGEMENT EXPENSES

A major financial purpose of the Flag Service Org, in accordance with HCO PL 9 March 1972RA, INCOME FLOWS AND POOLS, PRINCIPLES OF MONEY MANAGEMENT, is to cover the costs of International Management. The basic costs of management are determined by the International Management FBO and apportioned to the FSO. The figure will be revised from time to time as needs change. This amount is deducted from the FSO's Corrected Gross Income and paid weekly. In supporting International Management, the FSO is further taking responsibility for the success of Scientology and thus the entire planet.

PAYMENTS TO PLANETARY DISSEMINATION, PLANETARY PUBLIC RELATIONS, DISSEMINATION TO EXISTING FIELD

Per HCO PL 23 June 1975, AD COUNCIL INCOME PLANNING, a *minimum* of 14% of an org's CGI must be devoted to promotion. The FSO has a far broader responsibility for promotion than lower orgs do.

The FSO plays a major role in planetary dissemination and PR. Due to its position on The Bridge, the FSO ensures that Bridge flow, from the field through Class V and Sea Org service orgs to the FSO, exists and is expanding. All public eventually become FSO public and the FSO therefore has a responsibility for the success of lower orgs.

The FSO, by financial responsibility for and funding planetary dissemination such as national and international media campaigns for LRH books and other campaigns aimed at raw public, is ensuring that Bridge flow is put there on an international scale. The allocation for funding these campaigns is 14% of the Corrected Gross Income (CGI) weekly.

An additional 8% of CGI is allocated to promotion of FSO services to its field. This will ensure that FSO stays in contact with its public and keeps them informed of its services.

The FSO also has an extreme interest in international public relations which produces increased recognition and acceptance of LRH products and thus more people into Scientology and moving up The Bridge and eventually to the FSO. The allocation for funding Planetary Public Relations is 4.5% of the FSO's CGI weekly.

PAYMENTS TO MANAGEMENT FOR MISSIONS AND TRAINING

Missions are extraordinary services to an org which will vary from org to org. They involve a tremendous commitment of time and resources from International Management. For these reasons they will be billed separately to the org six weeks after a mission terminates per Int Finance ED 394, ORG PAYMENTS TO MANAGEMENT FOR MISSIONS, FLAG SERVICE ORG.

Similarly staff training at the International Training Org are extraordinary services which will vary from org to org. These are not included in the 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 his production which will more than offset the cost of the training. Such training at ITO is a normal part of the establishment of the org and should be provided for in the org's Financial Planning Program No. 1 and set aside for weekly.

ADVANCE TECH LICENSING FEE

The Flag Service Org, per its Advanced Tech License, pays 6% of the Value of Advanced Org Service Delivery (AOVSD) to Religious Technology Center² each week. This amount comes from the Corrected Gross Income made that week.

Religious Technology Center uses most of the income from Advanced Tech Licensing to support the preservation of the tech. Thus the FSO is a major contributor to these vital projects.

FILM LEASE PAYMENTS

A film lease fee of 11% of the weekly Money Paid for Training (MPT) is also a mandatory requirement. These funds are paid to Church of Scientology International and go directly to a film production account and are used solely and only to produce new public and tech films.

The purpose of tech films is to raise technical standards which totally aligns with the FSO's purposes. The purpose of public films is to enlighten new public on Scientology and get them on The Bridge, which again is in alignment with the FSO.

BUILDING FUND RESERVES ACCOUNT

Per HCO PL 18 Jan 1965, FINANCIAL MANAGEMENT, BUILDING FUND ACCOUNT, the org must set aside 10% of the CGI each week to the Building Fund Reserves Account. 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. Required signatories are per Finance Series 3RC and to these are added the Finance Director FLB and/or Reserves Chief FLB. Any proposed expenditures from this account require the approval of the International Reserves Committee as well as the Board of Directors of Church of Scientology, Flag Service Org.

The Building Fund Reserves account is the funding source for major property renovations, construction and upgrades at the Flag Land Base for the foreseeable future. Such projects require the approval of the Int Landlord Office and the International Reserves Committee.

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.

GENERAL LIABILITY FUND ACCOUNT

Each org is required to pay 5% of its CGI into its 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 for the org as described in the above policy letter. Required signatories are per Finance Series 3RC and to these are added the Finance Director FLB and/or Reserves Chief FLB.

TRANSLATIONS UNIT SUPPORT

The FSO pays 0.5% of CGI to Translation Unit International. International Management is engaged in the task of getting ALL LRH materials translated and, as can be seen from recent releases, headway is being made in this. The percentage support to the Translation Unit has now been added to the FSO as it has an international public and translations are vital to its delivery.

BUILDING PAYMENTS

The FSO owes mortgage loans on the FLB properties to certain Scientology trusts. Payments on these mortgages are to be made when due and treated as a basic of the highest priority.

Flag Crew is responsible for the outside mortgage on the Hacienda Gardens property.

LOCAL RESERVES

Per HCO PL 4 Aug 1983R, FINANCIAL PLANNING PROGRAM NO. 1, the org must either pay 10-15% CGI to backbills, or 5% to local reserves. When the org

is solvent, 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

A vital action that must be done, now that the allocations have been reviewed, is to work out the real and actual expenses of the FSO per HCO PL 4 Aug 1983R, FINANCIAL PLANNING PROGRAM NO. 1. The org must cover such things as Property Taxes, insurance costs, uniforms, medical, supplies, insurance costs and so forth. These are vital items that *must* be set aside for the future expansion of the org. Only by getting a *complete and thorough* Financial Planning Program No. 1 done and then *using it* can the Executive Council gain control of its own finances and expand the org.

Not every item that is on the allocation form has been covered in this issue. Only those which have changed. The standard deductions of Gross Booksales, FSM Commissions, bounced checks, etc., would, of course, still be accounted for.

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 the Financial Planning Committee for their use and, of course, sent to FBO Int at the Flag Finance Office per Finance Series 6RA.

Use the form to assist you to achieve financial control resulting in solvency, viability and a very prosperous and flourishing FSO. The speed with which the planet is cleared depends in no small measure on the financial success of FSO.

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: Flag³ Finance Control Information Centre
CC: Treas Inspector Flag Land Base
CC: Executive Council FSO
CC: Advisory Council FSO
CC: Finance Dir Flag Land Base
CC: FBO Int
CC: Int Finance Control Information Center
FROM: FBO Flag Service Organization

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

FLAG SERVICE ORGANIZATION 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 Office each week.

1. **GROSS INCOME**
Ref: HCOTM PL 15 Apr 1982 II THE COUNTING OF GROSS INCOME
(Management Series Vol 2 page 374)
2. **VALUE OF PREPAYMENTS RECEIVED**
Ref: HCO PL 17 Mar 1982R FBO FP ADJUDICATION
(Management Series Vol 2 page 373)
3. **VALUE OF PREPAYMENTS USED**
Ref: HCO PL 17 Mar 1982R FBO FP ADJUDICATION
(Management Series Vol 2 page 373)
4. **DIFFERENCE**
(2 minus 3)
5. **MINUS:** If prepayments received exceeds prepayments used the difference is retained in the Advance Payment Trust and is minused from the Gross Income figure at 1.

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OR

5a. **PLUS:** Transfers from the Advance Payment Trust if prepayments used exceeds prepayments received, which are added to Gross Income figure at 1.

5b. **IF PREPAYMENTS USED EXCEEDS PREPAYMENTS RECEIVED THE FOLLOWING IS DONE:**

i) **MINUS:** prepayments used for books which are transferred from Advance Payment Trust to the HCO Book Account and minused from Gross Income figure at 1.

ii) **MINUS:** remaining prepayments used are transferred to Building Fund Account and minused from the figure at 1.

6. **WORKING GROSS INCOME:**
 Gross Income figure at 1 minus \$, plus 5a, minus 5b

Starting with the Working Gross Income, at figure 6, do the steps below to calculate the Corrected Gross Income, (Ref: HCO PL 10 Mar 1971RA FBO HAT, Management Series Vol 2, pg 332).

	PLUS	MINUS	BALANCE
A. MINUS: Bounced Checks sent for collection.		<input type="text"/>	
B. PLUS: Bounced checks collected	<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, Management Series Vol 2, pg 332)			
C. MINUS: Credit card payments sent for collection		<input type="text"/>	
D. PLUS: Credit card payments	<input type="text"/>		
E. MINUS: letters of transfer or counter checks sent for collection		<input type="text"/>	
F. PLUS: letters of transfer or counter checks credited to the account	<input type="text"/>		

PLUS MINUS BALANCE

G. MINUS: foreign checks sent for collection

H. PLUS: foreign checks credited to the account

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, (Management Series Vol 2, pg 332)

I. MINUS: Sales taxes

J. MINUS: Value of Refund/Repayment claims transferred to the CVB Account.

K. PLUS: Value of Refund/Repayments salvaged that week (from CVB S/A)

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

M. SUBTOTAL: The working GI figure at 6, plus and minus 6A-6L.

7. 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. (Management Series Vol 2, pg 384)

A. MINUS: Cash invoiced for books, packs, LRH™ recorded lectures, insignia and E-Meters™.

B. MINUS: Prepayments Used for books, packs, LRH recorded lectures, insignia and E-Meters.

Information:

- i. Sales of books _____
- Sales of packs _____
- Sales of LRH Recorded Lectures _____
- Sales of Insignia _____
- Sales of E-Meters _____

PLUS MINUS BALANCE

- C. PLUS: 50% of the Book Account Profit added to the Corrected Gross Income
- D. SUBTOTAL: The figure at 6M, minus 7A & &B, plus 7C

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

- A. MINUS: Special Income
- B. PLUS: Special Income allocated to the org that week for delivery
- C. SUBTOTAL: The figure at 7D minus 8A plus 8B

9. **FSM COMMISSIONS AND FSC EXPENSES:**
 In this section the FSM Commissions that are to be paid out are deducted per HCO PL 17 Feb 1971RC, BASIC FBO DUTIES, (Management Series Vol 2, pg 322) and Aides Order 516-5 FSC NETWORK EVALUATION.

- A. MINUS: FSM Commissions to be paid which are transferred to the FSM Account.
- B. MINUS: FSC Expense Sums
- C. MINUS: FOLO FSC Commissions
- D. MINUS: Service Completion Awards
- E. SUBTOTAL: Take the subtotal figure at 8C and minus 9A to 9D

10. **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, Management Series Vol 2, pg 332)

- A. MINUS: Outer Org Payments for Training which are transferred to the Building Fund Account.
- B. MINUS: _____

	PLUS	MINUS	BALANCE
C. MINUS: _____			
D. MINUS: _____			
E. MINUS: _____			
F. SUBTOTAL: Figure at 9E minus 10A through 10E - this figure is the CORRECTED GROSS INCOME			

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

A. CORRECTED GROSS INCOME FIGURE AT 10F			
B. MINUS: 14% CGI PLANETARY DISSEMINATION Ref: Int Fin ED 377 FBO FSO ALLOCATION FORM			
C. MINUS: 4.5% CGI PLANETARY PERS PRO COSTS Ref: Int Fin ED 377 FBO FSO ALLOCATION FORM			
D. MINUS: International Management Expenses; Ref: HCO PL Finance Series 111RA INCOME FLOWS AND POOLS, PRINCIPLES OF MONEY MANAGEMENT (Management Series Vol 2, pg 349)			
E. MINUS: 6% Advance Tech VSD as an Advance tech license fee (per contract)			
F. MINUS: 11% Monies paid for Training as Film Lease Payment Ref: HCO 27 Jul 1962RA DEPUTY FBOs FOR MARKETING OF ORG RESOURCES FOR EXCHANGE			
G. MINUS 10% of Corrected Gross Income to the Building Fund Account Ref: Int Fin ED 377 FBO FSO ALLOCATION FORM			
H. MINUS: 5% Corrected Gross Income to the General Liability Reserves Account Ref: HCO PL 4 Aug 1963R FINANCIAL PLANNING PROGRAM NO. 1 (Management Series Vol 2, pg 419)			
I. MINUS: 0.5% of the Corrected Gross Income to the Translation Unit International Ref: Int Fin ED 377 FBO FSO ALLOCATION FORM			

ORG ALLOCATIONS: These are transfers to the org for their allocation. Ref: HCO PL 4 A-2
1983R FINANCIAL PLANNING PROGRAM NO.1, Management Series Vol 2, pg 419.

	PLUS	MINUS	BALANCE
J. MINUS: 5% Corrected Gross Income to local reserves.		<input type="text"/>	
K. MINUS: 8% Corrected Gross Income to the Orgs Promotion Sum		<input type="text"/>	
L. MINUS: Bonus Sum for Crew Welfare Ref: ED FSO, FSO PRODUCTION BONUS		<input type="text"/>	
M. MINUS: Emergency PO Penalties Ref: HCO PL 10 Mar 1971RA FBO HAT		<input type="text"/>	
N. MINUS: Disbursement Sum Ref: HCO PL 10 Mar 1971RA FBO HAT		<input type="text"/>	
<i>Includes</i>			
Property Tax	<input type="text"/>		
CSRT Rent payments	<input type="text"/>		
Payments to CSI for Msa	<input type="text"/>		
Payments to ITO for Trng	<input type="text"/>		
O. MINUS: Allocation to CMO CW		<input type="text"/>	
P. MINUS: Flag External Expenses Ref: HCO PL 6 Jan 1976RC FLAG EXTERNAL EXPENSES, (Management Series Vol 2, pg 363) (transferred to Finance Office No. 2 Acct)		<input type="text"/>	
Q. BALANCE CHECK: Take the total at step 11A and minus all items from 11B-P.			<input type="text"/> (should be \$0.00)

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

1. Attach copies of the bank reconciliations for all FO#1 Accounts.
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 Accounts.
3. Attach summary of all foreign checks sent for collection, letters of credit sent for collection, bounced checks sent for collection.
4. Attach copies of the bank reconciliations for all FO #2 Accounts.
5. Attach copies of the deposits for the week (all deposit slips, interest and/or credit notices, etc.) for the FO #2 Accounts.
6. Attach copies of the bank reconciliations for all FO #3 Accounts.
7. Attach copies of the deposits for the week (all deposit slips, interest and/or credit notices, etc.) for the FO #3 Accounts.
8. Attach a copy of the allowances and bonus 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 demanded by the Finance Office with a brief explanation of why these were done. (Ref: HCO PL 23 Sept 1971 FLAG BANKING OFFICER PURPOSES).
11. Attach copies of refund/repayment requests made that week and actions being taken to handle.
12. Attach copies of the income sources summaries done.

Attest _____ Date _____
FBO Signature