

The Church of Universal Truth

ADVANCED ABILITY CENTER
OF PALO ALTO

959 Grand Street □ Palo Alto, California 94301
Telephone (415) 327-0920

December 5, 1985

Internal Revenue Service
Department of the Treasury
Michael Oldfield, Mail stop 4-4-46
P.O. Box 36040
San Francisco, CA 94102

Re: Your letter dated October 1, 1985
Form 1023, additional information requested

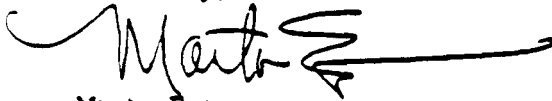
Dear Mr. Oldfield:

Attached please find our response to the questionnaires and information requested in your letter referenced above.

Should you need additional information, or have any questions regarding the attached responses, please let me know.

Thank you for your consideration.

Sincerely,



Marta Epp
Administration Director

Ex. III-10-I

General Information Needed:

1. Complete questionnaires A,B,F,G,H, and L.

See attached.

2. In reference to Form 1023 Part III 8(a) you state that you perform baptisms.

(a) Submit a program of specific activities for your baptism ceremony.

See attachment G.I.1

(b) On what dates did you perform baptisms in 1984?

We did not perform any baptisms in 1984.

General Comment in response to questions 2,3,and 4.:

Since we formed in late March of 1984, our congregation has increased to its current number of approx. 250. That rate of growth has taken approximately 9 months. (Until the end of 1984). Due to the small number of parishioners, there has been no need yet of either Baptism, Wedding, or Funeral ceremonies.

3. In reference to Form 1023 Part III 8(a) you state that you perform weddings.

(a) Submit a program of specific activities for your wedding ceremony,

See attachment G.I.2

(b) On what dates in 1984 did you perform weddings?

We did not perform any weddings in 1984.

4. In reference to Form 1023 Part III 8(a), you state that you perform funeral services.

(a) Submit a program of specific activities for your funeral ceremony.

See attachment G.I.3

(b) On what dates in 1984 did you perform funeral services?

We did not perform any funeral ceremonies in 1984.

5. Do you conduct Church services? If Yes, submit a program of specific activities for your Church services.

see attachment G.I.4

6. Please explain what you mean by the term parishioners.

People who attend our services or receive religious instruction.

7. How many parishioners do you currently have?

Approximately 250.

8. In reference to Form 1023 Part III 8(a), you state that you provide training for your parishioners.

(a) Describe your training activities. What topics and subject areas are covered?

Religious Training consists of teaching our parishioners how to live better, happier, more constructive lives by the application of our religious beliefs, instruction that will lead the person to open up to and recognize his immortal essence and universal truth.

Topics Taught: Courses in how to improve family, work, and social relationships through the use of religious teachings.

Application of religious teachings in daily life.

For advanced parishioners: classes to become a minister, which consist of eight specific levels religious study.

(b) where are your training activities conducted?

In our location at 950 Guinda St., Palo Alto, CA. 94301.

(c) Are your training activities open to the general public? Explain any restrictions.

Yes.

(d) Do you advertise your training programs?

No.

(e) How many individuals are currently enrolled in your training programs?

15.

(f) Complete questionnaire Z as it relates to your training programs.

Please see Questionnaire Z attached. According to the instructions on the front, it does not apply to us.

9. Explain the specific purpose of your counseling service.

Religious counseling is provided for the spiritual relief of our parishioners, as specified by our religious beliefs. It addresses the spirit, and the urges of the flesh upon the spirit. Bringing about the recognition of spiritual truth is the purpose of the counseling.

10. Do you distribute literature? If so, submit sample copies of your literature.

No.

11. Will you distribute literature written by your officers and directors?

No.

12. Will you pay royalties to your officers or directors?

No.

13. State the amount of gross receipts that was derived from your counseling service in 1984.

\$43,385.18

14. State the amount of gross receipts that was derived from your training programs in 1984.

\$26,000.00.

15. Submit a list showing each of your specific activities (such as counseling, training, weddings, distribution of literature). State the percentage of total annual staff hours (including volunteer staff hours) that was devoted to each activity.

See attachment GI.5.

16. Submit a statement of receipts and expenditures for the year ending 12/31/84.

See attachment GI.6.

17. Are you seeking nonprivate foundation status under 509(a)(1) and 170 (b)(1)(a)(i) as a church or as a convention or association of churches?

No. Only 501(c)(3).

18. In reference to materials submitted with Form 1023 you state that your organization received \$105,301.02 in books and tapes from Frank A. Gerbode. (a) How did you determine the value of the books and tapes in question?

I contacted local bookstores and got prices on books of similar nature, binding quality, and pages, and compared those prices to the prices charged for the same books by the Church of Scientology.

I discovered that the Church of Scientology, for the same books that I intended to sell, charged (their December 1983 price list) 47% more than a public bookstore would charge for a similar book. I then multiplied their December 1983 price by 53% (the difference between 100% and the 47% lower price) to determine the actual value of the books and tapes.

(b) Does any officer or director of your corporation own or control the rights to any of the books or tapes in question?

No.

(c) Were any of the books in question written by your officers or directors?
No.

19. In reference to materials submitted with Form 1023, you state that your corporation received \$30,573.50 in furniture from Frank A. Gerbode. How did you determine the value of that furniture?

I called up and went to used furniture stores in our area and priced comparable furnishings. I used those prices to set a value on the furnishings we received.

20. In reference to materials submitted with Form 1023, you state that you received a contribution of \$1801.90 for food for a party for parishioners. Please explain how this party served your religious purpose.

This party was our opening celebration, in which new members, and those newly interested in our religion attended, the main purpose being talks regarding our religion, our purposes, and explanations of how our religious philosophy can improve one's spiritual life, were given by our Director and Pastor in order to obtain new parishioners.

21. In reference to materials submitted with Form 1023, you state that you returned a \$500.50 donation to a parishioner. Please explain why the donation was returned.

It was actually donations from three different people.

1 person was unable to take a course she had paid for due to moving out of town.

1 person had completed her counseling sessions, and was returning to Ohio. The unused portion of her money was returned.

1 person put money on account in anticipation of receiving counseling. Then, due to some financial problems, decided not to receive the counseling at that time.

22. In reference to materials submitted with Form 1023, you state that you had a \$15,928.55 liability for the "Cost of Services Undelivered to

Parishioners."

(a) describe the services you are referring to.

this represents money parishioners paid for their training classes, and counseling sessions, that had not yet been taken.

(b) Do you have a service contract with your parishioners?

No.

23. Complete Form 1023 Part VII B 1 thru 13 for 1984.

According to the Instructions on Form 1023 Part VII A, if we are a Church, part VII B is not required to be completed. If there is some misinterpretation here please let me know.

24. Your Organization did not comply with IRC 508(a). You may not be an exception to that provision.

26 U.S.C. section 508 (c) (1) mandates that churches are exempt from the provision of section 508 (a).

We are a Church, therefore Question #24 is not applicable.

Attachment G.1.5

<u>Specific Activities</u>	<u>Percentage of Staff Hours</u> (based on 40 weeks only)
Parishioner Counseling	50%
Administrative Duties (office work)	25%
Classes	15%
Events and meetings of the congregation	10%

Questionnaire A

1. Please give a brief history of the development of your organization including your reasons for formation.

Answer: The Church of Universal Truth came into being March 30, 1984, incorporated under the name "Palo Alto Ability Center." The reason for this was to establish the Church and get it started, while searching for the proper name that would fit the doctrine we espouse. When the Church name was selected, we then filed the name change with the State of California, which includes the name of the counseling arm of the Church. The full name of the organization is now:

The Church of Universal Truth, dba Advanced Ability Center of Palo Alto.

Several of the members of the Board of Directors, and most of the employees were, prior to March of 1984, ministers and administrative staff of the Church of Scientology, Mission of Palo Alto.

Due to various practices of the Church of Scientology, a major schism has occurred, and many parishioners have left, seeking a less controversial organization in which to practice their religion. The Church of Universal Truth, Advanced Ability Center of Palo Alto, was formed for the purpose of providing an organization in which those ex-members of the Church of Scientology and others can practice their religion without having organizational connection to, or following the policies and practices of the Church of Scientology.

2. How many members do you currently have?
We have approximately 250 members.
3. Do you provide ministerial degrees?
Yes.
4. Do you provide Church Charters?
No.
5. Is the address of your Church also the residence of an officer, director, or member of your organization?
No.
6. Is your organization chartered, subordinated, affiliated, accountable, or associated with some other organization or organizations? Please list the name of each such organization. Please explain your relationship to each organization listed.

No.

7. What are the qualifications, training, and/or experience of your leaders?

Dr. Frank A. Gerbode: Dr. Gerbode received his M.D. degree at Yale University Medical School, completed his psychiatric residency at Stanford University, and has studied philosophy at Stanford University and at Cambridge University in England. He became a minister in the Church of Scientology in 1972, and received advanced-ministerial training in the Church of Scientology until 1978. Dr. Gerbode was the Director of the Palo Alto Mission of the Church of Scientology from 1978 - 1984. In 1984 he left the Church of Scientology to form the Church of Universal Truth.

Gerald D. French: Mr. French has received a Bachelor of Arts degree from Harvard College, and a Masters Degree in Education from San Francisco State College. Mr. French became a minister in 1976, in the Church of Scientology. Mr. French served in a senior administrative capacity with the Church of Scientology, Mission of Palo Alto from 1978-1984. In 1984 Mr. French left the Church of Scientology to join Dr. Gerbode in forming the Church of Universal Truth.

8. Are any of your officers or directors related by blood or marriage? Please list the name of each such individual.

Dr. Frank A. Gerbode - President, is married to Mrs. Gail S. Gerbode, who serves as the Treasurer.

Mr. Gerald D. French - Vice President, is married to Mrs. Rosamond M. French, who serves as our Secretary.

9. Does your organization require a vow of poverty to the organization?

No.

10. Have any of your officers or directors contributed money and/or non-monetary items to the organization? List the name of each such individual and state the amount of his or her donation. Describe all non-monetary donations. Describe all proposed transactions.

Please see attachment A.1. at the back of this section.

11. Will any funds or property of your organization be used by its administrative staff, personnel, directors, officers, or leaders for their personal needs or convenience? Please explain.

No.

Questionnaire B

1. Do you have a recognized creed and form of worship? Please describe your form of worship. Please explain your creed.

Yes. We recognize the Existence of an Supreme Being and the belief that each of us is himself an Immortal Spirit, or soul. The creed we espouse, - most simply put - is that Man is responsible, in his time on earth, for his deeds and mis-deeds. That Man is basically good, and utilizing this basic goodness, can purify himself of the tendency to commit and be the victim of evil deeds and impulses.

The form our worship takes is in the study of the religion, and the daily attempt to keep one's life pure by the above-mentioned creed. Religious Confessionals and other procedures for the purging of one's self is done in private religious counseling sessions. Monthly and/or weekly meetings are held for the congregation, in which pertinent areas of the doctrine are discussed in lecture form.

2. Do you have a definite and distinct ecclesiastical government?

No.

3. Do you have a formal code of doctrine and discipline? Please describe your code of doctrine and discipline.

Please see attachment B.1 "Doctrine".

4. Do you have a distinct religious history? Please describe your religious history.

Please see attachment B.2 "History".

5. Do you have a membership not associated with any other church or denomination? Please explain.

It is not required to give up membership in another church in order to be a member of ours, although most of our parishioners do not belong to any other church.

6. Do you have an organization of ordained ministers ministering to their congregations?

Yes.

7. Are your ministers selected after completing a prescribed course of study? If yes, please describe that course of study.

Yes. Our ministers are required to undertake training in all aspects of our religious doctrine and practice. The training includes not only ministerial study but practical exercises and "internships", in which a person must demonstrate his ability to minister successfully to our parishioners.

8. Do you have literature of your own? Submit sample copies if available

No.

9. Do you have established places of worship? Please list the address of each such place of worship.

Yes. 950 Guinda St. Palo Alto, CA. 94301

10. Do you have regular congregations? If so, how often? Please state the average attendance.

We have services offered nightly - various classes and pastoral counseling. Average attendance on any given night is approximately 20 people.

We have Sunday Meetings - these are a "social" event, followed by a sermon. Average attendance is approximately 50 people.

11. Do you have regular religious services? If so, describe your service.

Tuesday night sermon followed by discussion period on religious doctrine.

12. Do you have Sunday Schools for the religious instruction of the young?

No, although we do have courses in religious instruction for children. They do not, however, meet on Sunday.

13. Do you have schools for the preparation of ministers?

Ministerial training is done in conjunction with other religious studies in the evenings Monday thru Friday, and on Saturdays, at our same location. A prescribed series of religious courses is required for ministerial ordination.

CODE OF DOCTRINE

The doctrine of the Church of Universal Truth, closely resembles and is derived from the doctrines of the Church of Scientology.

The details of this doctrine is contained in over 1000 tape records, lectures and more than 50 books published by L. Ron Hubbard and others.

Some of the basics of this doctrine are the following tenets:

1. Man is a non-material, spiritual entity who is not his body, but connected with the body during this lifetime, and who transmigrates to other bodies during different lifetimes.
2. Man is basically good and is seeking to promote his own survival, the survival of his fellow men, but has departed from the Truth. He is tied up, hampered, and aberrated by the presence of multiple layers of lies, which cause him to have evil impulses and to do evil deeds. The individual, recognizing in himself these evil impulses, seeks to punish himself and to limit his own personal ability so he will not hurt others.
3. There are various means of gradually restoring an awareness of Truth to an individual. These are contained in a body of spiritual exercises known as auditing and training. Auditing is done in conjunction with another individual, the auditor, who is trained in the spiritual disciplines required, usually a minister of the Church. A member of our Church worships God, or the Truth within himself, by getting closer and closer touch with this Universal Truth that lies with

CODE OF DISCIPLINE

Our Code of Discipline is based on the spiritual nature of Man and on the presumption that Man is basically good.

A good action is defined as one which promotes the greatest amount of survival for the greatest number of spiritual beings. This survival involves not just material well-being, although that has a place, but also spiritual well-being, which is a closer approach to Truth.

If an individual is injuring the survival of others, the disciplinary approach is generally to reason with the individual and get him to understand the effects of his actions. If he or she persists in destructive behavior, he is separated off from the group. We do not have any formal punitive procedures, such as excommunication, and in fact we have not, to date, to go beyond mere appeals to a person's reason. In other words, we do not advocate the use of force of any kind in dealing with individuals. It is the use of force that causes the accumulation of lies, so the proper course of action is to remove force from the universe of an individual rather than add force to it. In this respect, we differ sharply from the Church of Scientology, which has a variety of formal punitive procedures.

RELIGIOUS HISTORY

Our religion has its roots as far back as early Hindu teachings -- especially the Vedas. These contains teaching concerning the great Cycle the Universe, with Brahma as the Principle of Creation, Vishnu as that of Persistence, or Survival, and Siva as the principle of Destruction or De-Action:

Create -- Survive -- Destroy, or
Start -- Change -- Stop, or
Begin -- Continue -- End

The nature of Time is contained in these concepts as related to the formulation of an intention by a Being, and its implementation and fulfillment.

The notion of Truth, or God within also comes from these early writ along with the notion that the application of a spiritual discipline will enable one to achieve personal salvation. Also the notion of reincarnation.

These ideas were further developed by Gautama Siddhartha (Buddha), introduced the notion of the Eightfold Path, a spiritual technology, and emphasized, as we do, the notion of personal purification from the suffer of the world as being of paramount importance for salvation -- more important than the attainment of unusual spiritual powers, for instance.

Our doctrines have thus more in common with Eastern religions than most Christian or Mohammedan doctrines.

L. Ron Hubbard incorporated these ideas and many others into the religion of Scientology, and we are in substantial agreement with his religious doctrines, despite our substantial disagreement with his organizational policies and those of the Church of Scientology, because of which we organizationally separated off from them in early 1984. We wished to maintain the original purity of the religious doctrine and felt that the Church of Scientology had been corrupted in a manner similar to what occurred in other Churches, where payment of indulgences were prevalent. We, and others, have been subjected to various forms and degrees of harassment, legal and otherwise, from the Church of Scientology, who regard us as heretics.

Questionnaire F

1. Will Any Officer, director, or trustee of your organization be employed by the organization? If Yes, submit the following informat

- (a) List the name and title of each such individual.
- (b) Describe each individual's duties and responsibilities.
- (c) Explain how the amount of each individual's compensation will be determined.

Yes.

Member of the Board of Directors:

Dr. Frank A. Gerbode - Pastor and Director.

Dr. Gerbode's duties are to see to the overall administration of of the Church and its functions and responsibilities to the Parishioners. Also, as Pastor, he is to prepare and deliver the Sermons at our Sunday Meetings, oversee any parishioner counselin activities, and perform marriages, baptisms, and funerals.

Dr. Gerbode is paid a salary of \$2000.00 per month

Member of the Board of Directors:

Mr. Gerald D. French, Assistant Pastor and Co-Director.

Mr. French's duties are to assist the Pastor in his duties and provide coverage during any absences of Dr. Gerbode. He will als perform marriages, baptisms, and funeral ceremonies.

Mr. French is paid a salary of \$1800.00 per month.

Member of the Board of Directors:

Mrs. Gail S. Gerbode - Counseling Supervisor.

Mrs. Gerbode's duties are to oversee the religious counseling received by the parishioners.

Mrs. Gerbode is paid a salary of \$500.00 per month.

Officer of the Corporation:

Ms. Marta Epp, Administration Director.

Ms. Epp's duties are to see to the administrative needs of the organization: cashier and bookkeeping duties, personnel administration, banking and other related functions.

Ms. Epp receives a salary of \$1500.00 per month.

2. Will your organization rent or lease any property in which any officer director, or trustee of the organization or any member of their famili or any entity controlled by such an individual has any ownership inter If yes, submit the following information:

- (a) submit a copy of each rental agreement and lease.

(c) will you make any leasehold improvements on the rented or leased property? If yes, describe each improvement.

Yes, the church building is owned by Dr. Gerbode. We rent it from h

(a) Please see attachment to the back of this section, attachment F

(b) There are no proposed transactions.

(c) No.

3. Will your organization purchase any property in which any officer, director, or trustee of the organization or any member of their family or any entity controlled by such an individual has any ownership interest? If yes, submit the following information:

(a) submit a copy of each sales contract.

(b) describe each proposed transaction.

No. We will not be purchasing any property.

4. Will your organization make any loans to its officers, directors, or trustees? If yes, please explain the terms of such loans.

No.

5. Will your organization make gifts or grants to its officers, director or trustees? Please explain.

No.

6. Will your organization pay dividends or make similar distributions to officers, directors, or trustees? Explain.

No.

Questionnaire H.

1. Will your organization engage in any publishing activities. If yes submit the following information.

(information requested not typed, since it is inapplicable)

No.

2. Will your organization engage in the sale of merchandise? If yes, submit the following information.

- (a) describe your merchandise.
(b) will your merchandise be sold by paid employees or volunteers?
(c) will your merchandise be sold on a regular basis? explain.
(d) does the sale of merchandise help your organization accomplish its exempt purpose? explain.
(e) will you use advertising to promote your merchandise?
(f) complete the following schedule:

donated merchandise	100	%
purchased or manufactured merchandise	0	%
other	0	%
total	100	%

- (g) State the percentage of total annual gross receipts that you expect to be derived from the sale of merchandise.

Yes, we will sell merchandise.

- (a) Religious books and artifacts.
(b) It will be sold by paid employees.
(c) Only as often as someone wants to buy something. We do not require the books to be purchased. We have a library which students may use if they wish.
(d) Yes. It provides our parishioners with our doctrine and the means to apply it.
(e) No.
(f) see above.
(g) 2%

3. Will your organization engage in the sale of services? If yes, submit the following information:

- (a) describe each such service.
(b) explain who the services will be available to.
(c) Explain how the amount of fees you will charge will be determined. Will they be based on a rate above your cost, below your cost, or at your cost?
(d) state the percentage of total annual gross receipts that you expect to be derived from the sale of services.

Yes.

- (a) Most pastoral counseling is a parishioner-paid service.
Most religious instruction is a parishioner-paid service.
We do sometimes provide services for free or at reduced rates

Questionnaire L.

1. Will you make gifts or grants to other organizations? If Yes, explain how you will select the recipients.

No.

2. Will you make gifts or grants to organizations which are not exempt from Federal Income tax under IRC 501(c)(3)? If yes, explain how you will insure that the funds provided will be used for the purpose of IRC (c)(3).

No.

3. Will you make gifts or grants to individuals? If yes, submit the following information:

(a) complete form 1023 Schedule B

(b) explain the specific criteria you will use in selecting the recipients.

No.

4. Will you make gifts or grants to your members?

No.

5. Will you make gifts or grants to the members of your officers, directors, trustees, or members' families?

No, not as a general rule. Only in cases of extreme hardship, illness, death, etc, would a charity fund be set up. It has not been necessary as yet.