

THE WAY TO HAPPINESS FOUNDATION

FORM 1023 APPLICATION

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

**The Way to Happiness Foundation
6324 Sunset Boulevard
Hollywood, CA 90028**

Person to Contact: J. Rotz

Telephone Number(202) 622-8100

Refer Reply to: E:EO:R:2

Date: OCT 1 1993

**Internal Revenue Code: 501(c)(4)
EIN: 95-3937092
Key District: Los Angeles
Accounting Period Ending: December 31
Form 990 Required: Yes**

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code from January 1, 1986 (the date you stated), to August 30, 1993 (the date you submitted your application for exemption under section 501(c)(3)). Your exempt status from August 30, 1993, is the subject of separate correspondence.

Unless specifically excepted, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) for each employee to whom you pay \$100 or more during the calendar year. And, unless excepted, you are also liable for tax under the Federal Unemployment Tax Act for each employee to whom you pay \$50 or more during a calendar quarter if, during the current or preceding calendar year, you had one or more employees at any time in each of 20 calendar weeks or you paid wages of \$1,500 or more in any calendar quarter. If you have any questions about excise, employment, or other federal taxes, please contact your key District Director.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status. In the case of an amended document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key District Director of all changes in your name or address.

The Way to Happiness Foundation

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts each year are not normally more than \$25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, and supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is a failure to comply (up to a maximum of \$5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Contributions to your organization are not deductible by donors under section 170(c)(2) of the Code. Under section 6113, any fund-raising solicitation (including a solicitation for membership dues payment) you make must include an express statement (in a conspicuous and easily recognizable format) that contributions and gifts are not deductible as charitable contributions for federal income tax purposes. This does not apply, however, if your annual gross receipts are normally \$100,000 or less, or if your solicitations are made to no more than ten persons during a calendar year. The law provides

The Way to Happiness Foundation

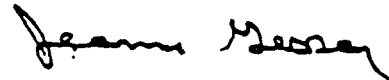
penalties for failure to comply with this requirement, unless the failure is due to reasonable cause. See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,



Jeanne S. Gessay
Chief, Exempt Organizations
Rulings Branch 2

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

The Way to Happiness Foundation
6324 Sunset Boulevard
Hollywood, CA 90028

Person to Contact: J. Rotz

Telephone Number (202) 622-8100

Refer Reply to: E:EO:R:2

Date: OCT 1 1993

EIN: 95-3937092
Key District: Los Angeles
Accounting Period Ending: December 31
Foundation Status Classification: 509(a)(1) &
170(b)(1)(A)(vi)
Form 990 Required: Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) effective August 30, 1993, the date you submitted the Form 1023. Your exempt status under section 501(c)(4) from January 1, 1986, through August 29, 1993, is the subject of separate correspondence.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in the section(s) above.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. In the case of an amended document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key District Director of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

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Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please contact your key District Director.

Donors may deduct contributions to you as provided in section 170 of the Code effective August 30, 1993. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 effective August 30, 1993.

Donors (including private foundations) may rely on this ruling unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your 509(a) status as shown above, donors (other than private foundations) may not rely on the classification shown above if they were in part responsible for, or were aware of, the act that resulted in your loss of such status, or they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification. Private foundations may rely on the classification as long as you were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification shown above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

If your organization conducts fund-raising events such as benefit dinners, auctions, membership drives, etc., where something of value is received in return for contributions, you can help your donors avoid difficulties with their income tax returns by assisting them in determining the proper tax treatment of their contributions. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that your donors can determine how much is deductible and how much is not. To assist you in this, the Service has issued Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events. You may obtain copies of Publication 1391 from your key district office.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts each year are not normally more than \$25,000, we ask that you establish that you are not required to

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file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, and supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is a failure to comply (up to a maximum of \$5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

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You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

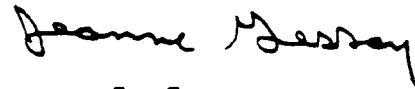
As part of a continuing program, the Service periodically examines the operations of tax-exempt organizations. The purpose of this program is to determine whether the organizations are operating within the scope of the laws under which they are granted exemption. Therefore, you should retain information that would show that you are operating for section 501(c)(3) purposes. You should keep careful records with regard to any funds distributed to organizations that are not exempt under section 501(c)(3) of the Code. These records should show that your funds were used for purposes described in section 501(c)(3). You should also maintain records of your income and your funds disbursement.

The Way to Happiness Foundation

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,



Jeanne S. Gessay
Chief, Exempt Organizations
Rulings Branch 2

**Application for Recognition of Exemption
Under Section 501(c)(3) of the Internal Revenue Code**

OMB No. 1545-0056
Exempt status is
approved. This application
will be open for public
inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) The Way To Happiness Foundation		2 Employer identification number (If none, see instructions.) 95 3937092	
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed Thomas C. Spring (202) 588-8488	
1c Address (number, street, and room or suite no.) 6324 Sunset Boulevard		4 Month the annual accounting period ends December 31	
1d City or town, state, and ZIP code Hollywood, California 90028		5 Date incorporated or formed July 31, 1984	
6 Activity codes (See instructions.) 402 408 429		7 Check here if applying under section a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)	
8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? If "Yes," attach an explanation. See page 1A attached. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
9 Has the organization filed Federal income tax returns or exempt organization information returns? If "Yes," state the form numbers, years filed, and Internal Revenue office where filed. Forms 1120 were filed for the tax years 1985, 1986, 1987, 1988 and 1989. Forms 990 were filed for 1990 and 1991. All were filed with the Fresno Service Center. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

10 Check the box for your type of organization. BE SURE TO ATTACH A COMPLETE COPY OF THE CORRESPONDING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a ☒ **Corporation**— Attach a copy of your Articles of Incorporation, (including amendments and restatements) showing approval by the appropriate State official; also include a copy of your bylaws. Exhibits A and B.
- b ☐ **Trust**— Attach a copy of your Trust Indenture or Agreement, including all appropriate signatures and dates.
- c ☐ **Association**— Attach a copy of your Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of your bylaws.

If you are a corporation or an unincorporated association that has not yet adopted bylaws, check here ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please
Sign
Here

George J. Ladd
(Signature)

PRESIDENT
(Title or authority of signer)

8/18/93
(Date)

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Complete the Procedural Checklist (page 7 of the instructions) prior to filing.

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Page 1A

Part I. Question 8. Previous Application

The Way to Happiness Foundation ("TWTH") originally applied for recognition of its tax exemption status under section 501(c)(3) on December 21, 1990 directly with the IRS National Office Technical Division. During TWTH's determination proceeding the Technical Division issued two separate requests for additional information on March 18, 1991 and August 2, 1991.

TWTH fully responded to the IRS's first request for additional information on April 17, 1991, but before it could respond to the second request the Assistant Commissioner (Employee Plans and Exempt Organizations) assembled a working group consisting of personnel from the IRS National Office and Office of Chief Counsel to consider the exempt status of Church of Scientology International ("CSI"), the Mother Church of the Scientology faith, and all other churches of Scientology and related organizations, including TWTH. TWTH's determination proceeding was placed on suspension at that time.

Between then and mid-1993 CSI provided this working group an extensive record of detailed information concerning the organizational structure, religious activities and financial affairs of Scientology churches and related organizations. All relevant information from this record has been incorporated into the administrative record of CSI's exemption determination proceeding.

In light of the fact that more than two years have passed since TWTH last supplemented its administrative record with factual information and that since then substantial information has been incorporated into CSI's record, TWTH withdrew its exemption application and is filing this second application. This application contains all information from TWTH's first determination proceeding, information concerning relevant facts occurring since TWTH's last supplemental submission, as well as references to relevant information in CSI's record, where appropriate.

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in your organizational document. Describe each activity separately in the order of importance. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Pages 2A - 2E, attached.

- 2 What are or will be the organization's sources of financial support? List in order of size.

Contributions from Individuals and organizations.
Sales of books and materials.
Commission income (See Page 2E)

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

See page 2F

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Page 2A

Part II. Question 1. Program of Activities.

The Way to Happiness Foundation ("TWTH") was incorporated as a California non-profit public benefit corporation on July 31, 1984. (Copies of its articles of incorporation and bylaws are attached as Exhibits A and B.)

TWTH's purpose is to improve society by raising moral standards and curbing moral decline. TWTH accomplishes this purpose through a program of activities based on a common sense moral code set forth in the book The Way To Happiness, which was authored by L. Ron Hubbard, widely known as an author, humanitarian and Founder of the Scientology religion. Mr. Hubbard specifically wrote this book for broad use throughout society and to apply to anyone regardless of religious faith, race, creed or station in life. It is a code of common sense precepts any individual can apply as a guide to living a happier life. (A copy of The Way To Happiness is attached as Exhibit C.)

Distribution of The Way To Happiness

One of TWTH's primary activities is distribution of The Way To Happiness book. TWTH distributes The Way To Happiness both directly and indirectly by encouraging others to distribute the book on their own. TWTH's sole purpose for distributing and encouraging others to distribute the book is to disseminate it as widely as possible so that many members of the general public can use the book's moral code to improve their lives and the lives of those around them.

One means by which TWTH disseminates The Way To Happiness is by raising donations from individuals and groups to purchase copies of the book for distribution to the general public. TWTH then distributes the book by mail to specific groups of individuals through a direct mail shipping company. The ultimate recipients of the books are not required to pay for them.

TWTH encourages all individuals and organizations receiving the books to purchase additional copies of The Way To Happiness and to distribute them to their friends, associates, members and clientele or to some other segment of the general public. For example, a number of businessmen have purchased copies of The Way To Happiness and then mailed them to their clients with the name of their business on the back cover.

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Page 2B

Part II. Question 1. Program of Activities.

TWTH also permits businesses to reprint the book on their own for a flat fee on the condition that the book will be distributed free of charge. TWTH encourages businesses to undertake this important charitable activity, and in the last year 109 businesses have done so, distributing approximately 250,000 copies of the book. TWTH sublicenses the right to print and distribute copies of the booklet for 7 cents per copy from Mr. Hubbard's testamentary trust (the "Trust"), which owns the copyright to the book. TWTH retains 40% of such royalties and provides the remaining 60% to the Trust. A copy of the applicable license between TWTH and the Trust is attached as Exhibit D.

TWTH may enter into an additional license with the Trust to allow TWTH to print The Way To Happiness in newspapers with donations TWTH will raise from the general public. Although plans are incomplete at this time, TWTH will pay the Trust a one-time reasonable fee for this right.

TWTH also organizes volunteers to pass out copies of the books at large public events. For example, thousands of copies of The Way To Happiness have been distributed at the Hollywood Christmas Parade, which is attended by hundreds of thousands of people. (There now is a The Way To Happiness float in the parade.) In early 1989, 350,000 copies of The Way To Happiness were distributed in South Central Los Angeles, an area plagued by gang problems, by giving them to stores, churches, youth groups, schools and businesses for distribution to youth in the area. A community youth group, Youth Gang Services, also distributed copies of the book through members of gangs.

More recently, following the riots in Los Angeles in 1992, 300,000 copies of The Way To Happiness were distributed throughout the city in conjunction with a campaign to clean-up the environment, which included food drives and awards to members of the community who applied precepts of The Way To Happiness in dealing with the civil unrest.

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Page 2C

Part II. Question 1. Program of Activities.

Although the main focus of this activity is in the United States, The Way To Happiness has been translated into 17 languages and has been distributed in over 40 countries. To date over 47 million copies of the book have been distributed throughout the world, including 14 million copies in Russia alone.

To further the distribution of The Way To Happiness outside of the United States, TWTH works with The Way To Happiness organizations in countries where they exist (such as in Columbia, Australia, Russia, Switzerland and South Africa) and with volunteers in areas that do not have organizations.

For example, in 1991, as a result of promotion of The Way To Happiness by The Way to Happiness organization in Columbia, South America, El Tiempo, the largest newspaper in the country, inserted 360,000 copies of the Spanish translation of The Way To Happiness in its Sunday edition. The paper also praised the book in an editorial and provided 400 copies to its employees. (See El Tiempo editorial attached as Exhibit E.) At the same time, Columbian television broadcast public service announcements with national celebrities using precepts from The Way To Happiness to persuade viewers against using drugs. As a result of these public outreach programs, hundreds of thousands of individuals in this one country alone have been introduced to this important moral code.

The common sense contained in this moral code and its effectiveness in raising moral standards in areas where it is distributed also has been recognized by law enforcement agencies in the United States and abroad. In South Africa, for example, the police distributed 115,000 copies of The Way To Happiness to all of their police officers, and the police departments in Russia currently are distributing copies to officers there.

Community Programs Using The Way To Happiness Precepts

TWTH's other most important activity is to sponsor and organize community programs aimed at improving moral standards based on The Way To Happiness.

Over the past several years, TWTH, together with Concerned Businessmen's Association of America (an organization recognized as exempt under section 501(c)(3)), has helped organize and sponsor the "Set A Good Example" contest, through which businesses and professionals in hundreds of cities across the United States

Page 2D

Part II, Question 1. Program of Activities.

encourage school children to think up public service projects to improve their communities based on precepts in The Way To Happiness. Each contest entry consists of a "Set A Good Example" project formulated by the children of a particular school, which are judged by a panel of local community leaders to select the best project. The judging is by age on a point system that takes into consideration the number of students involved, the degree of community participation, and the effectiveness of the project. Winners receive a \$5,000 cash prize to be spent in a manner mutually agreeable to both the school principal and the winning students. The winning students also receive a vacation trip to Los Angeles, California and ride on The Way To Happiness float in the Hollywood Christmas Parade.

Set a Good Example contests result in many different types of community-improvement projects. For example, a twelve-year-old boy wrote an illustrated book to help latchkey children entitled "The Children's What To Do In Case Of Emergency Book." In his letter to the contest judges the student wrote that some of his friends were latchkey children and often do not know what to do if they were to hurt themselves or have some other emergency. His book listed many such situations and gave illustrations to teach the reader what to do in each case. As another example, Roosevelt Junior High School in Los Angeles sponsored a series of highly visible projects to prevent drug and alcohol use called the "Roosevelt Pride -- Set Drugs Aside" program. The program began with a "Drug Seminar Day" that brought experts in drug education to the school to educate the students and faculty, and then continued with a number of special on-campus events which built upon anti-drug curricula and programs already in place. The key to the program was peer pressure that "frowns" on illicit drugs and make it clear that their use was not "cool".

The "Set A Good Example" program has gained increasingly wide support over the past few years. During the 1986-87 school year, students from 1,700 schools participated in the contests. During the 1987-88 school year, participating schools increased to 3,500 schools and in the 1988-89 school year almost 5,000 schools participated. By 1992, over 7,000 schools involving 5 million students participated in this program.

These school contests have had very favorable impact on local communities. For example one school that has used The Way To Happiness in several community projects received an award for outstanding community service and was named the top volunteer group

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Page 2E

Part II. Question 1. Program of Activities.

in the City of Glendale, California. The Set A Good Example contests also have been endorsed by the governors of 20 states, by cities throughout the U.S. and have been commended three times in the U.S. Congressional Record. (See proclamations and excerpts of Congressional Record attached as Exhibit F.) TWTH plans to expand this particular campaign in several dozen countries throughout the world in the next few years.

TWTH has recently assisted the compilation of a Way To Happiness Starter Package. This starter pack includes a dozen of The Way To Happiness booklets, one hardbound fully illustrated The Way To Happiness book and one Way To Happiness Extension Course, together with ten projects and five proven campaigns based on the book. These packs are sold to individuals or companies which use them to initiate their own projects or campaigns appropriate to their community.

TWTH currently has four staff working in its offices at 6324 Sunset Boulevard, Hollywood, California. TWTH plans to expand the staffing of these offices over the next year.

Part II. Question 2. Sources of Financial Support.

TWTH has received the following kinds of commission income:

First, TWTH has received commissions from churches of Scientology when a staff member of TWTH has donated to the church for religious services and has designated TWTH as having assisted him or her in becoming interested in receiving or actually receiving the services.

Similarly, individuals other than TWTH staff have donated commissions due them from churches of Scientology by having the funds paid directly to TWTH. These payments essentially are donations from these individuals.

Finally, TWTH has received some commission income as a result of assisting churches to disseminate books or audio visual materials on the religion of Scientology. These commissions constitute a de minimis portion of our total income.

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Page 2F

Part II. Question 3. Fund-raising Program.

As described more fully in the response to Part II, Question 1, a primary activity of TWTH is raising funds for the purchase and distribution of the book The Way To Happiness. To support this activity, TWTH solicits funds from the general public and from organizations interested in its program of activities.

TWTH's fundraising program attracts wide public support. (Attached as Exhibit G is a list of amounts contributed by each of TWTH's donors for 1990. Their names have been deleted to protect their privacy.)

Representative examples of solicitations for financial support are attached and include: copies of TWTH's newsletter "Common Sense"; fliers concerning TWTH's activities in Los Angeles; a solicitation for companies to reprint The Way To Happiness; (described more fully in the response to Part II, Question 1), and issues of "International Results." (See Exhibits H through K, respectively.)

TWTH's fundraising activities are carried out primarily by TWTH's own staff personnel or by volunteers. It has not formed a formal fundraising committee and has not requested assistance from professional fundraisers. Volunteers who assist TWTH's fundraising effort who do not serve on its staff receive a fundraising commission of 5% to 15% of the funds they raise. TWTH does not have a written fund-raising agreement with these individuals.

Churches of Scientology support TWTH campaigns and assist in fundraising from their parishioners. At times, TWTH has had a representative at Church of Scientology Flag Service Organization for this purpose.

Part II Activities and Operational Information (Continued)**4** Give the following information about the organization's governing body:**a** Names, addresses, and titles of officers, directors, trustees, etc.

See Page 3A attached.

b Annual Compensation

See Page 3A.

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials?☐ Yes☒ No

If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See the specific instructions for line 4d.)☐ Yes☒ No

If "Yes," explain.

5 Does the organization control or is it controlled by any other organization?☐ Yes☒ No

Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?

☒ Yes☐ No

If either of these questions is answered "Yes," explain.

See Pages 3A - 3B.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than 501(c)(3) organizations): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees?☐ Yes☒ No

If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization?☐ Yes☒ No

If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

But see Page 3B.

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Page 3A

Part II, Question 4. Officers, Directors & Trustees.

	Annual compensation
Joseph Francis, President and Director 5165 Fountain Avenue Los Angeles, CA 90028	0
Frank Zurn, Treasurer and Director 5165 Fountain Avenue Los Angeles, CA 90028	0
Linda Ochoa, Secretary and Director 1404 N. Catalina St. Los Angeles, CA 90027	0

TWTH's officers and directors serve without compensation in their capacities as such.

Part II, Question 5. Relationship With Other Organizations.

TWTH has a special relationship with Association for Better Living and Education ("ABLE"), a California non-profit corporation formed in 1988 for the purpose of promoting charitable programs in the fields of drug rehabilitation, education, criminal rehabilitation and public morality. (ABLE's application for recognition of its exemption under section 501(c)(3) currently is pending.) ABLE consults with TWTH concerning its activities and the programs TWTH carries out. TWTH sends regular reports to ABLE on its current activities and plans for future activities. ABLE also has made grants to TWTH and was instrumental in establishing local The Way To Happiness organizations discussed in the response to Part II, Question 1, such as those in Columbia, Australia and South Africa, and continues to assist these organizations in their start-up period. Eventually TWTH will supervise their activities.

Prior to ABLE's formation, Applied Scholastics, Inc. provided TWTH similar consulting services. During 1987, for example, Applied Scholastics worked very closely with TWTH to develop, implement, execute and manage its extensive program of charitable activities. During this period Applied Scholastics was instrumental in helping TWTH carry out its charitable activities by providing management and assistance, including staff assistance, on pretty much a day-to-day basis for much of 1987. Applied Scholastics designed special programs and campaigns for TWTH and helped TWTH execute them. One Applied Scholastics staff member

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Part II. Question 5. Relationship With Other Organizations.

helped raise funds for TWTH and was responsible for raising a substantial percentage of TWTH's income for the year. Applied Scholastics helped conduct several surveys to assist TWTH in raising donations for The Way To Happiness and in distributing the booklet. In exchange for this assistance, TWTH provided Applied Scholastics approximately ten percent of its weekly receipts, sometimes more.

At present, Mr. Hubbard's testamentary Trust owns the mark The Way To Happiness and its associated logo. Although plans are not yet finalized, the Trust may transfer these marks to ABLE, who will license them to TWTH.

TWTH has a special relationship with churches and missions of Scientology which provide assistance in its fundraising and distribution campaigns.

TWTH also has a special relationship with Concerned Businessmen's Association of America ("CBAA"). (CBAA was recognized as exempt under Section 501(c)(3) in 1986.) CBAA carries out many of the same activities as TWTH and the two organizations have worked very closely together often as co-sponsors of the same program. For instance, both organizations sponsor and promote the "Set A Good Example Contest".

Joseph Francis (TWTH's President and a Director) also is a director and the Secretary for ABLE. Frank Zurn, (TWTH's Treasurer and a Director) also is a Director of Applied Scholastics Incorporated.

TWTH is not a party to any contracts for management or consulting services or to any licensing agreements.

Part II. Question 7. Financial Accountability

While TWTH is an autonomous organization it provides some financial information concerning book sales to ABLE as part of its weekly reports.

Part II Activities and Operational Information (Continued)

- 8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A."

Furniture, equipment and an inventory of books. The right to use the Marks associated with The Way to Happiness.

- 9a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement?

☐ Yes ☒ No

- b Is the organization a party to any leases?

☒ Yes ☐ No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

See page 4A

- 10 Is the organization a membership organization?

☐ Yes ☒ No

If "Yes," complete the following:

- a Describe the organization's membership requirements, and attach a schedule of membership fees and dues.

N/A

- b Describe your present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

N/A

- c What benefits do (or will) your members receive in exchange for their payment of dues?

N/A

- 11a If the organization provides benefits, services or products, are the recipients required, or will they be required, to pay for them?

☐ N/A ☒ Yes ☐ No

If "Yes," explain how the charges are determined, and attach a copy of your current fee schedule.

See pages 4A - 4B.

- b Does or will the organization limit its benefits, services or products to specific individuals or classes of individuals?

☐ N/A ☐ Yes ☒ No

If "Yes," explain how the recipients or beneficiaries are or will be selected.

- 12 Does or will the organization attempt to influence legislation?

☐ Yes ☒ No

If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds which it devotes or plans to devote to this activity.

- 13 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements?

☐ Yes ☒ No

If "Yes," explain fully.

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Page 4A

Part II, Question 9a Leases

TWTH leases its Los Angeles office facilities from Kismet Realty, a California corporation, for \$400 per week pursuant to a verbal agreement (there is no written lease). TWTH has no relationship with Kismet other than through this lease.

Part II, Question 11a. Determination of Charges.

TWTH solicits contributions from the public in the following amounts to acquire books and other materials for distribution:

\$17 per bundle of 12 The Way To Happiness Booklets,

\$35 per hardbound copy of The Way To Happiness Book,

\$250 per leatherbound copy of The Way To Happiness Book,

\$42 for The Way to Happiness Extension Course, and

\$50 is the lowest price for a Starter Pack. (Prices vary depending on the amount of materials the pack includes.)

As described in response to Part II, Question 1, TWTH acts to distribute The Way To Happiness as broadly as possible. TWTH accomplishes this by soliciting donations to purchase bundles of The Way To Happiness booklets, which are then distributed free of charge to the public. The prices given above cover the costs to TWTH to acquire the books from Bridge Publications (for English editions) or New Era Publications (for foreign editions), operational costs, fundraising commissions, royalties and the costs of shipping and distribution.

Discounts of 25% to 40% are available for large purchases.

When individuals contribute to TWTH's distribution program, TWTH sets aside a portion of the contribution (\$3.40 in the case of the \$17 contribution for 12-booklet bundles) to cover the cost of distributing the books. In some cases CBAA or some other organization actually distributes the booklets, even though TWTH raised the donation for both purchasing and distributing the booklets. In these cases TWTH will pay the distribution sum to the distributing organization.

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Part II. Question 11a Determination of Charges

TWTH also distributes tee-shirts and jackets bearing The Way To Happiness logo and a precept from the book. As with its books, TWTH sets prices for these items (\$10 for tee-shirts and \$100 for jackets) at an amount sufficient to cover acquisition costs, fundraising commissions, shipping and distribution and reasonable overhead.

Part III Technical Requirements

- 1 Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed? ☐ Yes ☒ No
If you answer "Yes," do not answer questions 2 through 6. See Page 5A.

- 2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- ☐ (a) is a church, interchurch organization, local unit of a church, a convention or association of churches, or an integrated auxiliary of a church;
- ☐ (b) is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or,
- ☐ (c) is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

- 3 If you do not meet any of the exceptions in question 2, do you wish to request relief from the 15-month filing requirement? ☐ Yes ☒ No

- 4 If you answer "Yes" to question 3, please give your reasons for not filing this application within 15 months from the end of the month in which your organization was created or formed. (See the instructions before completing this item.)

N/A

- 5 If you answer "No" to both questions 1 and 3 and do not meet any of the exceptions in question 2, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed? ☒ Yes ☐ No

- 6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date you were formed and ending with the date your Form 1023 application was received (the effective date of your section 501(c)(3) status), check here ☒ and attach a completed page 1 of Form 1024 to this application. See page 5A.

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Part III. Question 6. Period of Exemption.

TWTH did not give notice under section 508(a) within 15 months of its formation. TWTH therefore requests section 501(c)(3) status from the date of its original application filed in December 1990, and section 501(c)(4) status for the period beginning January 1, 1986. The first page of form 1024 has been filed out and is filed herewith as Exhibit L.

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?

☐ Yes (Answer question 8.)

☒ No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, do you claim to be a private operating foundation?

☐ Yes (Complete Schedule E)

☒ No

After answering this question, go to Part IV.

9 If you answer "No" to question 7, indicate the public charity classification you are requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

(a) <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A).	Sections 509(a)(1) and 170(b)(1)(A)(i)
(b) <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B).	Sections 509(a)(1) and 170(b)(1)(A)(ii)
(c) <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (MUST COMPLETE SCHEDULE C).	Sections 509(a)(1) and 170(b)(1)(A)(iii)
(d) <input type="checkbox"/> As a governmental unit described in section 170(c)(1).	Sections 509(a)(1) and 170(b)(1)(A)(v)
(e) <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in (a) through (d), (g), (h), or (i) (MUST COMPLETE SCHEDULE D).	Section 509(a)(3)
(f) <input type="checkbox"/> As being organized and operated exclusively for testing for public safety.	Section 509(a)(4)
(g) <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit.	Sections 509(a)(1) and 170(b)(1)(A)(iv)
(h) <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.	Sections 509(a)(1) and 170(b)(1)(A)(vi)
(i) <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).	Section 509(a)(2)
(j) <input type="checkbox"/> We are a publicly supported organization but are not sure whether we meet the public support test of block (h) or block (i). We would like the Internal Revenue Service to decide the proper classification.	Sections 509(a)(1) and 170(b)(1)(A)(v) or Section 509(a)(2)

If you checked one of the boxes (a) through (f) in question 9, go to question 14.

If you checked box (g) in question 9, go to questions 11 and 12.

If you checked box (h), (i), or (j), go to question 10.

Part III Technical Requirements (Continued)

- 10 If you checked box (h), (i), or (j) in question 9, have you completed a tax year of at least 8 months?
- ☒ Yes—Indicate whether you are requesting:
- ☒ A definitive ruling (Answer questions 11 through 14.)
- ☐ An advance ruling (Answer questions 11 and 14 and attach 2 Forms 872-C completed and signed.)
- ☐ No—You must request an advance ruling by completing and signing 2 Forms 872-C and attaching them to your application.
- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

N/A

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here ☒ and:
- a Enter 2% of line 8, column (e) of Part IV-A \$32,873.16
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported organization") whose total gifts, grants, contributions, etc., were more than the amount you entered on line 12a above.
- 13 If you are requesting a definitive ruling under section 509(a)(2), check here ☐ and:
- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person."
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.
- 14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)

	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization an operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

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Period: From January 1, 1989 through December 31, 1992

Part III Technical Requirements

12.b. Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a.

<u>Name</u>	<u>Amount</u>
ISADORE AND MARY CHAIT	\$ 44,166
LINDA ROSEN	\$ 90,000

	\$ 134,166
	=====

Part IV Financial Data

THE WAY TO HAPPINESS FOUNDATION

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. - Statement of Revenue and Expenses

		Current tax year.	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From JAN to DEC 92	(b) 19 91	(c) 19 90	(d) 19 89	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants-see instructions)	750978	393557	314390	184673	1643598
	2 Membership fees received					
	3 Gross investment income (see instructions for definition)	60				60
	4 Net income from organization's unrelated business activities not included on line 3					
	5 Tax revenues levied for and either paid to or spent on behalf of the organization					
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
	8 Total (add lines 1 through 7)	751038	393557	314390	184673	1643658
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513	11148	77604	265271	126794	480817
	10 Total (add lines 8 and 9)	762186	471161	579661	311467	2124475
	11 Gain or loss from sale of capital assets (attach schedule)	-30100				-30100
	12 Unusual grants					
	13 Total revenue (add lines 10 through 12)	732086	471161	579661	311467	2094375
Expenses	14 Fundraising expenses	70929	39708	33998	2411	
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
	16 Disbursements to or for benefit of members (attach schedule)					
	17 Compensation of officers, directors, and trustees (attach schedule)			4030	1050	
	18 Other salaries and wages	78723	52451	54955	14352	
	19 Interest	1047		1866	743	
	20 Occupancy (rent, utilities, etc.)	22101	32166	4500	36059	
	21 Depreciation and depletion	1922	1203	4550	13245	
	22 Other (attach schedule)	477054	349825	472219	296051	
	23 Total expenses (add lines 14 through 22)	651776	475353	576118	363911	
	24 Excess of revenue over expenses (line 13 minus line 23)	80310	-4192	3543	-52444	

Part IV Financial Data (Continued) THE WAY TO HAPPINESS FOUNDATION

B. - Balance Sheet (at the end of the period shown)		Current tax year Date 12/31/92
Assets		
1 Cash	1	46603
2 Accounts receivable, net	2	18407
3 Inventories	3	34475
4 Bonds and notes receivable (attach schedule)	4	
5 Corporate stocks (attach schedule)	5	
6 Mortgage loans (attach schedule)	6	
7 Other investments (attach schedule)	7	
8 Depreciable and depletable assets (attach schedule)	8	4412
9 Land	9	
10 Other assets (attach schedule)	10	449
11 Total assets (add lines 1 through 10)	11	104346
Liabilities		
12 Accounts payable	12	58074
13 Contributions, gifts, grants, etc., payable	13	
14 Mortgages and notes payable (attach schedule)	14	
15 Other liabilities (attach schedule)	15	112620
16 Total liabilities (add lines 12 through 15)	16	170694
Fund Balances or Net Assets		
17 Total fund balances or net assets	17	-66348
18 Total liabilities and fund balances or net assets (add line 16 and line 17)	18	104346

If there has been any substantial change in any aspect of your financial activities since the end of the period shown above, check the box and attach a detailed explanation ☐

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Periods Ended December 31, 1989, 1990, 1991 and 1992

Part IV Financial Data - Method of Accounting

The financial statements have been prepared on an accrual basis, under the historical cost convention.

Schedule 1

The Way to Happiness Foundation

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Period Ended: 31-Dec-92

Part IV Section A Line 11 Gain or Loss from Sale of Capital Assets

<u>Asset</u>	<u>To Whom Sold</u>	<u>Gain(Loss)</u>
Investment in Production of TWTB Records	Written off as loss	(30,100)

		(\$ 30,100)
		=====

Schedule 2

The Way to Happiness Foundation

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Period Ended: 31-Dec-92

Part IV Section A Line 17 Compensation of Officers, Directors, and Trustees

<u>Name</u>	<u>Position</u>	<u>Time Devoted</u>	<u>Compensation</u>
Joseph Francis	Director, President	As necessary	0
Frank Zurn	Director, Treasurer	As necessary	0
Linda Ochoa	Director, Secretary	As necessary	0

			\$ 0
			=====

Schedule 3

The Way to Happiness Foundation

Federal I.D. Number 95-3937092

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Period Ended: 31-Dec-91

Part IV Section A Line 17 Compensation of Officers, Directors, and Trustees

<u>Name</u>	<u>Position</u>	<u>Time Devoted</u>	<u>Compensation</u>
Joseph Francis	Director, President	As necessary	0
Sue Killeen	Director, Treasurer	As necessary	0
Frank Zurn	Director, Treasurer	As necessary	0
Fred Oxaal	Director, Secretary	As necessary	0
Linda Ochoa	Director, Secretary	As necessary	0

			\$ 0
			=====

Schedule 4

The Way to Happiness Foundation

Federal I.D. Number 95-3937092

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Period Ended: 31-Dec-90

Part IV Section A Line 17 Compensation of Officers, Directors, and Trustees

<u>Name</u>	<u>Position</u>	<u>Time Devoted</u>	<u>Compensation</u>
Joseph Francis	Director, President	As necessary	0
Sue Killeen	Director, Treasurer	As necessary	0
* Fred Oxaal	Director, Secretary	As necessary	4,030

			\$ 4,030
			=====

* The compensation to this individual was only for his service as staff of the organization, not his service as a corporate officer.

Schedule 5

The Way to Happiness Foundation

Federal I.D. Number 95-3937092

Form 1023

Period Ended: 31-Dec-89

Part IV Section A Line 17 Compensation of Officers, Directors, and Trustees

<u>Name</u>	<u>Position</u>	<u>Time Devoted</u>	<u>Compensation</u>
Joseph Francis	Director, President	As necessary	0
Sue Killeen	Director, Treasurer	As necessary	0
* Fred Oxaal	Director, Secretary	As necessary	1,050

			\$ 1,050
			=====

* The compensation to this individual was only for his service as staff of the organization, not his service as a corporate officer.

Schedule 6

The Way to Happiness Foundation

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Period Ended: 31-Dec-92

Part IV Section A Line 22 Other Expenses

<u>Other Expenses</u>	<u>Amount</u>
Audit & Accountancy Fees	15,080
Bank Charges	2,512
City Business Tax	1,041
Dissemination	86,710
Distribution Fees	71,066
Employer Payroll Taxes	8,492
Equipment Rental	1,713
Insurance	252
Legal & Professional Fees	1,700
Office & Administration	7,639
Postage & Shipping	99,735
Printing & Publications	81,294
Purchases for Resale	9,954
Repairs & Maintenance	718
Royalties	28,037
Sales Tax	174
Staff Enhancement Expenses and Materials	10,477
Staff Welfare	1,834
State Franchise Tax	1,600
Telephone, Telex & Facsimile	18,273
Travel & Transport	28,753

	\$ 477,054
	=====

Schedule 7

The Way to Happiness Foundation

Federal I.D. Number 95-3937092

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Period Ended: 31-Dec-91

Part IV Section A Line 22 Other Expenses

<u>Other Expenses</u>	<u>Amount</u>
Bank Charges	5,271
City Business Tax	375
Dissemination	52,104
Distribution Fees	12,339
Employer Payroll Taxes	5,299
Equipment Rental	8,222
Insurance	1,665
Legal & Professional Fees	11,225
Office & Administration	3,331
Postage & Shipping	83,238
Printing & Publications	26,994
Purchases for Resale	66,018
Repairs & Maintenance	434
Royalties	15,791
Staff Enhancement Expenses and Materials	2,103
Staff Welfare	34
Telephone, Telex & Facsimile	30,923
Travel & Transport	24,459

	\$ 340,825
	=====

Schedule 8

The Way to Happiness Foundation

Federal I.D. Number 95-3937092

Form 1023

Period Ended: 31-Dec-90

Part IV Section A Line 22 Other Expenses

<u>Other Expenses</u>	<u>Amount</u>
Audit & Accountancy Fees	477
Bank Charges	6,782
City Business Tax	200
Dissemination	111,864
Distribution Fees	108,049
Employer Payroll Taxes	14,711
Equipment Rental	13,476
Legal & Professional Fees	400
Office & Administration	2,520
Postage & Shipping	68,263
Printing & Publications	35,851
Purchases for Resale	49,799
Repairs & Maintenance	900
Sales Tax	136
Staff Enhancement Expenses and Materials	4,000
State Franchise Tax	600
Telephone, Telex & Facsimile	36,425
Travel & Transport	17,766

	\$ 472,219
	=====

Schedule 9

The Way to Happiness Foundation

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Period Ended: 31-Dec-89

Part IV Section A Line 22 Other Expenses

<u>Other Expenses</u>	<u>Amount</u>
Bank Charges	2,859
City Business Tax	8,196
Consultancy	3,511
Dissemination	25,342
Distribution Fees	92,149
Employer Payroll Taxes	4,432
Equipment Rental	6,564
Legal & Professional Fees	8,919
Office & Administration	2,976
Postage & Shipping	27,975
Printing & Publications	892
Purchases for Resale	84,652
State Franchise Tax	303
Telephone, Telex & Facsimile	19,448
Travel & Transport	7,833

	\$ 296,051
	=====

Schedule 10

The Way to Happiness Foundation

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Period Ended: 31-Dec-92

Part IV Section B Line 8 Depreciable and Depletable Assets

<u>Description of Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation/ Amortization</u>	<u>Book Value</u>
Computers and other 5-year Equipment	27,742	25,949	1,793
Furniture and Other 7-year Equipment	8,379	5,760	2,619
	-----	-----	-----
	\$ 36,121	\$ 31,709	\$ 4,412
	=====	=====	=====

Schedule 11

The Way to Happiness Foundation

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Period Ended: 31-Dec-92

Part IV Section B Line 10 Other Assets

<u>Other Assets</u>	<u>Amount</u>
Deposits	280
Prepaid Expenses	169

	\$ 449
	=====

Schedule 12

The Way to Happiness Foundation

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Period Ended: 31-Dec-92

Part IV Section B Line 15 Other Liabilities

Other Liabilities

Amount

Program Commitments

112,620

\$ 112,620
=====

Schedule 13