

HUBBARD COMMUNICATIONS OFFICE  
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 28 SEPTEMBER 1979RA

Remimeo  
EDs/COs  
Exec Secs  
FBOs  
AGsF  
Treasury  
FP Committee

ISSUE II  
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CANCELS  
BPL 4 Dec 72 IIRC  
FINANCIAL MANAGEMENT  
STANDARDIZATION SERIES 3R

(Only changes are in the  
attachments to this HCO PL)

(Revisions in Script)

Finance Series 19RA

FBO AND TREASURY WEEKLY REPORTS

The attached ALLOCATION TABLE, now called the ALOT form, is the new standard form for the New Finance System being implemented in all orgs.

The form actually comes in two parts - the first part is the FBO ALOT form. This lays out how the org's CGI is calculated, how the org gets its Financial Planning Sum and the staff bonuses, as well as directing the disposition of those sums made by the org as income but not yet earned by delivery.

The second part, the ORG ALOT form, shows how the CGI is compared with the VSD to obtain the allocation, how the staff bonuses are determined, and how the Financial Planning Sum is broken down into Salary, Disbursements, Promotion, FOLO and Flag Management Bills payments, etc. Both of these forms are divided up into sections. This issue lays out what is done in each section so that the forms are easy to understand and use. It is suggested that you look at the forms while reading this issue so that what is being explained is clearly understood.

Also attached to this is the Treasury Weekly Report form which has been revised to align with this New Finance System.

FBO ALOT FORM

SECTION 1. ORG'S GROSS INCOME

This is where the minusing of bounced cheques and counter cheques received, and the adding of bounced cheques collected and counter cheques credited is done. Also, any Special Income received which needs handling, per the policy concerning Special Income, is deducted here for retention by the FBO until positive determination of its use has been decided. At this point the org's Working Gross Income is calculated.

SECTION 2. CORRECTED GROSS INCOME CALCULATION

From the Working GI you take any unsolicited donations received that week. These are transferred to the GO Reserve Account. FSM Commissions are taken from the Working GI and paid instantly. The Treasury Secretary presents the FBO with a list of all FSM Commissions paid for the week immediately after weekending.

The FBO deducts this amount from the ALOT form in this section, and transfers this amount to the FSM ACCOUNT at the beginning of the new week so there are NO stops on FSM Commissions being paid.

Tours Commissions are also paid instantly, and this money is to come from the FSM Account. The Treasury Secretary follows the same procedure as with the FSM Commissions paid, that is: presenting the FBO with a list of the Tours Commissions paid for the week, and the FBO transfers that amount to the FSM Account in addition to the FSM money. When the FSM Account Float needs to be built up to handle increased FSM Commissions the FBO transfers the needed additional funds per existing policy on this.

Transferred to the HCO Book Account are any cash sales of books, tapes, cassettes, meters, etc., any Pre-payments Received for these items, and any Pre-payments Used for books that were previously on account not in the Book Account but in the person's regular Services Account.

The Treasury Secretary must ensure that invoices are correctly written so that Pre-payments Received for services are recorded as such and clearly show what services the pre-payment is for. There should be no funds simply "on account" in any accounts files.

All pre-payments for books and Bookstore items which have not previously been transferred to the HCO Book Account must be transferred as rapidly as possible.

Book Profit is calculated weekly (per the second page of the ORG ALOT form) and 50% of this profit is retained by the FBO to be added to the org's CGI and not transferred to the Book Account.

In those orgs which have 3 Div Public Division the sums earned by Department 17 per HCO PL 12 Jun 70 PES ACCOUNT are taken off here and transferred to the PES Account. Handling of these sums is covered in HCO PL HANDLING OF PES ACCOUNT.

Sales Tax (VAT for UK) must also be properly calculated weekly by the Treas Sec and taken off the Working GI and transferred to the Main Account to be held, or paid to the government as needed. This payment is directed by the Guardian's Office.

Money which is required to be transferred to the CVB (Claims Verifications Board) Account due to the refund request having gotten through the entire form and authorized by the AGF to be set aside, is taken off the Working Gross Income here, so that the form can be sent to the CVB.

There are some "other" not income items which the org will sometimes collect and which should be invoiced as income but which should not be part of the sums available for Financial Planning. These are such things as money for phone calls made by public, folder freight money a public person gives the org to ship his folders to another org, etc.

Having deducted the above, we arrive at the WORKING CORRECTED GROSS INCOME, which is simply a subtotal made prior to obtaining the CORRECTED GROSS INCOME, for the purpose of determining the Special Staff Bonuses. It is done in this fashion not only for ease of financial calculation, but also to show the priority given to rewarding upstat, producing staff members whose efforts have contributed to raising the income and delivery of the org.

There are actually FOUR sets of bonuses available for payment directly to staff; Reg Bonuses, Tech/Qual Bonuses, Exec Bonuses and Staff Bonuses. The specific percents of the Working CGI which comprise these bonuses vary between Class IV orgs and Sea Org orgs, and between Sea Org orgs, and so they are set not by this policy but by SO EDs which are issued for each Cont, area, or org by the Board of Directors.

These bonuses are:

REG Bonus: A percent of the Working CGI is available to be split among the org's Reges if the org's Gross Income is up for the week and on a three week trend.

TECH/QUAL Bonus: A percent of the org's Value of Service Delivered is paid from the Working CGI to these delivery personnel if the VSD is up for the week and on a three week trend.

EXEC Bonus: A percent of the Working CGI is available to be split among the org execs if the VSD is up for the week and up on a six week trend.

STAFF/CREW Bonus: A percent of the Working CGI is paid to those staff (and execs) who do not receive a part of the Tech/Qual Bonus sum, if the VSD is up for the week and up on a three week trend.

Details of the payment of these bonus sums are covered in HCO PL 19 Mar 80 III PROPORTIONATE PAY PLAN FOR THE 80s and in FO 3766R SEA ORG BASIC ALLOWANCE AND BONUS SYSTEM.

One can easily see that there is NO LIMIT to how high these bonuses can go!

### SECTION 3. FINANCIAL PLANNING SUM CALCULATION

The org's Financial Planning Sum is based on a percent of the CGI and a percent of the VSD figure for the week. The amount of CGI that can be taken for the Financial Planning Sum can be no greater than the VSD that can be taken, and the amount of VSD that can be taken can be no greater than the CGI you can have. This simply means that you calculate the given percentages of CGI and VSD, compare the two, then only take as much CGI as you have VSD and vice versa.

<u>EXAMPLE:</u>	CGI	\$2500	35%	=	\$ 875.00
	VSD	\$7000	35%	=	\$2450.00

but there is not enough CGI to cover what can be taken of the VSD, so you can only take \$875 from the VSD which together with the amount from the CGI adds up to \$1750.00. The same would apply if the CGI were higher than the VSD.

This is explained in more detail in Finance Series 18R INTRODUCTION TO THE NEW FINANCE SYSTEM which you have received along with this issue.

Once the basic FP Sum is calculated as above, additional bonuses to the Allocation are added at this point to reward increasing income and delivery:

- A percent of the CGI is added as a bonus to the Allocation if the org's Gross Income is up for the week and on a 6 week normal or above trend.

- A percent of the CGI is added as a bonus to the Allocation if the Training VSD exceeds the Processing VSD for the week. (In AOs this bonus is attained by having the VSD on 1 and 6 week normal or above trend.)

(A gradient approach to earning this "Training VSD over Processing VSD" Bonus to Allocation is provided in the SO ED which lays out the specific percents for your org or area.)

The full breakdown of this Financial Planning Sum is done by the org and is covered later in this PL under the "ALLOCATION BREAKDOWN" section of the ALOT form explanation.

SECTION 4. ADDITIONAL MONIES FROM CGI AFTER ALLOCATION OF FINANCIAL PLANNING SUM

Those sums left of the CGI after the Financial Planning Sum is taken are handled by the FBO as follows:

A. ORG RESERVES: A percent of the CGI is paid weekly to the Org Reserve Account. It is handled per HCO PL 15 Jan 65 FINANCIAL MANAGEMENT, BUILDING FUND ACCOUNT, Finance Series 1, and Finance Series 11. These funds are only usable upon full CSW approval from the Reserves Committee as laid out in HCO PL 19 Mar 80 I ORG RESERVES.

B. SEA ORG RESERVES: Some orgs send a percent of the CGI weekly to Sea Org Reserves. This is entirely separate from the percent of the FP Sum which is paid to Management Bills, and is sent as a separate cheque by the FBO so that the two are not confused. The purpose of these reserves is amply covered in Finance Series 11 and other existing policy.

C. TRUSTEE/WW: This is also a percent of the CGI, sent weekly to this special International/Continental Reserve which is essential to the well-being of the Church.

D. CONTINENTAL GO: Some orgs send a percent of the CGI weekly to their Continental GO as support.

E. TAX RESERVES: These are sums directed by the Guardian's Office to handle any possible future tax payments.

F. SPECIAL ORG RESERVES: US orgs that are not part of the Church of Scientology of California each have a Special Org Reserve Account set up (per HCO PL 28 Sep 79RA IX USAGE OF ORG BANK ACCOUNTS) into which the weekly sum described in paragraph "B", earlier in this section, is placed.

G. AMOUNT RETAINED IN FINANCE OFFICE NO. 1 ACCOUNT: This is to build up the FO No. 1 Account (FBO #1 Account) to cover any bounced cheques received by the org. The Bounced Cheque Float should be equivalent to one week's worth of Gross Income.

H. AMOUNT TRANSFERRED TO THE FO NO. 2 ACCOUNT: This is for the financing of local Flag expenses incurred upon the receipt of authorized Flag Red Purchase Orders per BPL Finance Series 14RB and BPL Finance Series 14RB-1.

I. BALANCE: After the sums are handled as just above, there will be sums remaining if either (or both) of the bonuses to Allocation (described in Section 3 earlier) have not been earned by the org, or if the CGI was higher than the VSD for the week. These are handled as follows:

- J. 1. 50% of the Balance is sent to Sea Org Reserves.
- ii. 50% of the Balance is set aside into Tax Reserves.
- 111. For the US orgs that are NOT part of the Church of Scientology of California, the 50% of the Balance that would be sent to Sea Org Reserves (Ji, above) is instead placed into this Special Org Reserve Account.

#### SECTION 5. BALANCE CHECK

This is the section where you can cross check your calculations to ensure you have made no mistakes. This can also be used as a list against which your weekly cheques are written, to ensure you have omitted none.

#### SECTION 6. FBO #1 ACCOUNT DATA:

This section gives a clear picture as to the state of the Bounced Cheque Float referred to in Section 4G above. This float should be built up gradiently to the point where it contains approximately one week's worth of GI.

The Bounced Cheque Float is quite easily determined, by simply taking the actual balance in the FBO #1 Account and subtracting any Special Income (Ref: Finance Series 24 SPECIAL INCOME HANDLING) being held there.

One would then add to this actual balance any sums being retained for the Float as part of this week's ALOT form. This would ordinarily give the NEW Bounced Cheque Float balance.

There has been occasion, however, where an FBO has seen fit to allocate extra sums above the allocation for an Emergency Purchase Order. Where this occurs (and it is a RARE occurrence) and the FBO decides to approve the PO, he performs the FBO Duty, "To receive a copy of any EMERGENCY PO not covered by the org's Financial Planning but vital to org credit or promotion or product, and to deduct 125% of its amount from future allocation to the vessel or org." (Ref: Finance Series 6 FBO HAT Duty #43.)

This, if done, is specified on the ALOT form in this section, so that the FBO's seniors can ensure that this policy is followed.

#### SECTION 7. BANK RECONCILIATION

This is standard financial data reviewed at all levels of management.

#### SECTION 8. STATEMENTS AND DEPOSIT SLIPS

This is simply instruction to the FBO to include with the copies of his reports, copies of the latest deposit slips and bank statements, as covered in other policy.

#### SECTION 9. FINANCE OFFICE NO. 2 ACCOUNT EXPENDITURES

A full list of any and all FO #2 Account expenditures is made weekly. This would include the Red PO Number, what the item was, and the amount.

#### ORG ALOT FORM

This form is for the Treasury Secretary to fill out, or it can be done by the FP Chairman in liaison with the Treasury Sec. It is done each Thursday afternoon and, when verified by the FBO, posted on the Staff Notice Board.

As it is an intention of this New Finance System that the org gains and keeps control of its own allocation by attaining and maintaining a high range of income and delivery, this ORG ALOT form plays a key role in having this control.



This form helps provide the KNOWLEDGE of how the org earns its allocation which is necessary to assuming full RESPONSIBILITY for, and CONTROL of not only how the allocation is earned, but how the Staff Pay Sum is determined. HCO PL 18 Feb 72 Exec Series 8 THE TOP TRIANGLE clearly applies.

It is further the intention of this system that all staff clearly see the relation between the production of Valuable Final Products (and the EXCHANGE of these VFPs with its publics) and the org's allocation. Just as clear as this is the relation of this production to the Staff Pay.

The ORG ALOT form should be used each week by the Execs to brief the staff on the allocation and pay sums that have been earned.

### SECTION 1. FINANCIAL PLANNING SUM CALCULATION

(1) (ii) Each Thursday just after weekending, the FBO provides the Treas Sec (or FP Chairman) with the Corrected Gross Income figure earned that week. This is noted on the form, along with the VSD which is calculated per HCO PL 28 Sep 79 VALUE OF SERVICE DELIVERED AND YOUR ORG'S ALLOCATION.

A, B: The percentages of CGI and VSD which may be used as a base for the allocation (as specified by SO ED from the Board of Directors) are then figured and entered.

C: As explained in Finance Series 18R INTRODUCTION TO THE NEW FINANCE SYSTEM and in Section 3 earlier in this policy, a comparison is made between these CGI and VSD percents to obtain the "Subtotal of CGI and VSD Calculation".

D, E, F: To the above subtotal are then added any bonuses to allocation that have been earned by virtue of the Gross Income being in 1 and 6 week normal or above and having Training VSD above Processing VSD. These are specific percents for your org as laid out in an SO ED from the Board of Directors.

G: The above added together then comprise the Total FP Sum.

### SECTION 2. TOTAL ALLOCATION CALCULATION

The Total Allocation is composed of the FP Sum just arrived at plus the Staff Bonuses that have been earned for the week. Although these Staff Bonuses are actually computed PRIOR to the CGI on the FBO Alot form, they are added here to show that they are included in the Total Allocation earned by the org.

(i): The Working Corrected Gross Income is noted here as 3 of the 4 bonuses paid to staff are a percent of this Working CGI figure.

A. A percent of the Working CGI is paid to the Reges if the GI is in 1 and 3 week normal or above.

B. A percent of the VSD is paid to upstat Tech and Qual delivery personnel if the VSD is in 1 and 3 week normal or above.

C. A percent of the Working CGI is split among Execs if the VSD is in 1 and 6 week normal or above.

D. A percent of the Working CGI is paid to Staff and Execs who do not receive part of the Reg or Tech bonus sums.

E. This line is a total of the above 4 bonus sums, which are paid per the guidelines in HCO PL 19 Mar 80 III PROPORTIONATE PAY PLAN FOR THE 80s, and FO 3766R SEA ORG BASIC ALLOWANCE AND BONUS SYSTEM.

F. This is the Total Allocation that the org has earned for the week, including the FP Sum and the Staff Bonuses.

### SECTION 3. ALLOCATION BREAKDOWN

This section shows where the sums that have been earned are to be spent. The specific percentages paid to each category are as laid out in the SO ED from the Board. Not all orgs will pay money to all categories listed on this ALOT form - for example US Class IV orgs pay a percent to the "GO Reserves" category, but none to the "Continental GO" category, whereas US Sea Org orgs pay a percent to the "Continental GO" category, but none to the "GO Reserves" category. So, the SO ED from the Board of Directors for your org or area should be consulted.

A. SALARY/WELFARE: In Scn orgs this sum is for paying salaries, unit bonuses, and nothing else can come from this sum.

In Sea Org orgs this is the Welfare Sum. This includes crew allowances, berthing costs, food, medical and dental expenses, child care, uniforms, crew transportation and laundry costs. Where Non-Sea Org staff exist in Sea Org units, their base pay and production pay are paid from this Welfare Sum.

To the basic Salary/Welfare sum are added the Staff Bonuses detailed in Section 2 above.

B. DISBURSEMENTS: This is used to cover basic operating expenses, rent, BIC payments, property tax (buildings and any other taxable valuables the org owns), insurance money, back bills, all local networks' operating expenses (including local GO), admin supplies, renovations and maintenance for the building and mess, etc.

C. PROMOTION: The basic outness in orgs is that they have in the past sought to economize by saving on promotion. But denial of promotional funds will LIMIT income. Therefore the percentage given for your org is the minimum of the org's FP Sum that is to go to promotion expenses. If an org does not spend its full allocated money to promotion, the money is to go to Org Reserves.

D. MANAGEMENT BILLS: This is paid to Management (Flag) directly from the FBO #1 Account weekly against bills sent to the org by Flag. These cover a full range of products and services, from mimeo issues to evaluations and far more.

E. FOLO MANAGEMENT BILLS: This is paid against FOLO billings for the services amply described in HCO PL CLOS OTLS AND FLAG -- Admin Know How No. 25 in OEC Vol 7.

F. GO RESERVES: This is paid to the GO Reserve Account weekly without fail by those orgs which pay this sum. It is under the control of the Guardian Office for use in defense activities. Orgs generally pay a percent to this sum or the following sum.

G. CONTINENTAL GO: This is self-explanatory and is paid immediately at each weekending by those orgs designated by SO ED from the Board.

The "balance" of the Org ALOT form should be zero after the above computations are made, as the form itself simply shows where the money for the allocation comes from, and then where it goes. If there is any money left in this balance, the figures should be redone and the computations checked for error.

#### SECTION 4. HCO BOOK ACCOUNT PROFIT CALCULATION

It is of interest to each and every staff member of a Scientology organization to see that LRH books are sold and delivered in ever-increasing quantity. Books are the lifeblood of your org, and the best guarantee of future survival.

This second page of the ORG ALOT form shows how well your org is guaranteeing its own future survival, as well as enhancing its present survival by ensuring a large profit is made on the books and HCO A/C items sold. 50% of the PROFIT from books is added directly to the org's CGI, and this aligns perfectly with Staff Bonuses, the Allocation earned for Financial Planning, the bonuses to the Allocation that can be earned, AND the future VSD your org will have as new people come into the org from the books being sold widely.

Each of the items in this section are self-explanatory. They are ordinarily filled in by the Treasury Secretary in liaison with the Bookstore Officer. The entire calculation should be verified weekly by the FBO, and lines are provided for the signature of the person preparing the form and the FBO upon verification.

#### TREASURY WEEKLY REPORT

The Treasury Weekly Report is completed by the Treasury Secretary each weekending. It provides additional data for Financial Management, and has been revised to align with this New Finance System.

Of particular interest to each staff member is the "Total Prepayments Held" figure on this report - this represents UNDELIVERED service that the org's publics have paid for. Where this is high, every effort must be made by the org to deliver this backlog of services. Each staff member contributes to getting Scientology services delivered to the public, by Call-In and by the effective performance of post duties and production of exchangeable products. Each staff member can see the need to base the org's allocation on income and delivery.

#### PAYROLL SHEET

Along with the FBO ALOT form, ORG ALOT form, and Treasury Weekly Report, the Payroll Sheet now becomes a standard weekly financial report which is sent from each org each Friday. This Payroll Sheet, for Class IV Orgs, is an attachment to HCO PL PROPORTIONATE PAY PLAN FOR THE 80s. For Sea Org orgs, it can be found attached to Flag Order 3766R SEA ORGANIZATION BASIC ALLOWANCE AND BONUS SYSTEM.

As well as providing valuable summarized data for Treasury purposes, it clearly shows how the pay and bonus sums are divided. It is to be posted alongside the ORG ALOT form on the Staff Notice Board each week, so that all staff can see what happens with the pay and bonus sums - and work to INCREASE them!

#### DIV 7 FINANCIAL PLANNING

All local networks' expenses (GO, FBO Network, Flag Rep Network, LRH Comm Network) become part of FP and they submit POs on standard lines for approval by the org FP. Occasionally one of the Networks may find that due to some confidential aspect of their work, not all details as to why the money is needed can be given. This must be stated on the purchase order and provided it is attested to as vital by the highest local senior in that network, the org FP Committee cannot refuse the PO on that basis.



The HCO Executive Secretary (Supercargo in Sea Org orgs) is the FP Representative for Division 7, including the Networks.

Where there is no HCO Exec Sec appointed, each network must turn in their purchase orders to the FP Secretary well in advance of the weekly FP meeting.

If any POs are not okayed in the FP meeting, they go with the FP through the approval line. The FBO, noting this, would alert the AGF that the POs were not approved, and the AGF would liaise with the relevant network terminal to get full details on the item cut, and if necessary, direct the expense to be covered, returning the FP to the FP Committee for handling.

It is not expected, however, that vital network expenses would be cut in FP, as orgs must realize that the expenses of a network are important to the expansion of the org and all of Scientology.

#### GO SUPPORT

As covered above, org GO support is now an FP matter. This does not include the Continental GOs but does include area GOs such as GLA (Greater Los Angeles), Sweden, etc. These units handle more than one org but not a whole continent. These units are supported by all the orgs in the area they service. This is done from the orgs' FPs and on standard FP lines with POs submitted to the org FP.

The amounts must be an equitable distribution between the orgs concerned. No org in the area is exempt from this.

A workable administrative system (such as a single sum sent from each org to the area GO, who then handles their own POs) is to be devised to ensure that the vital necessities are covered and that purchase orders are submitted to the org's FP by the GO for these expenses.

#### SUMMARY

This new finance system brings into alignment the org's income and delivery as regards its Financial Planning Sum. The Guardian Office, Flag and FOLOS are now better aligned with the org's financial matters since their support and payments from orgs are based on the FP Sum and the production of the org. Management units will clearly see whether the org is being worthwhile to manage by the org's return to these management units.

This system has dictatorship actions which take place when an org is not able to meet its basic FP No. 1 expenses over a period of time as a result of poor delivery and income. On the other hand, when an org is doing well in income and delivery actions and is making enough money to receive high FP Sums, above its FP No. 1 expenses, then the org and its executives have full control of their org's finances, and the staff will be receiving good pay and bonuses. It has been known that many orgs have not had control of their own finances for some time. With this system the org execs and staff have before them the opportunity to gain full control of their orgs, and their salaries too.

The success of your org and this new finance system is in your hands. Use it as it is laid out, without deviations, and demand a FLOURISHING, PROSPEROUS ORG with well paid staff.

