

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 27 OCTOBER 1982R
REVISED 16 SEPTEMBER 1983

Remimeo
FBO Hats
Finance
 Enforcement (*Revisions in Script*)
 Officer Hats
Treasury Hats
Exec Council
 Hats
Orgs, Missions,
 SoCo, WISE, SMI,
 Pubs

Finance Series 38R

(Revised to clarify the definition of "Bills")

CASH/BILLS DEFINED

(THIS HCO PL MODIFIES ANY OTHER EARLIER ISSUE WHICH
MAY SEEM TO CONFLICT WITH IT.)

Cancels: BPL 1 July 72R CASH/BILLS AND ORG RESERVES

<u>Reference:</u>	HCO PL 30 Sept 65	STATISTICS FOR DIVISIONS
	HCO PL 18 Jan 65	FINANCIAL MANAGEMENT -
		BUILDING FUND ACCOUNT
	HCO PL 28 Jan 65	HOW TO MAINTAIN CREDIT
		STANDING AND SOLVENCY
	HCO PL 3 June 59	FINANCIAL MANAGEMENT
	HCO PL 31 Oct 82	FINANCIAL PLANNING -
		RESPONSIBILITY

*(Revision of Bills stat to be reported on the org OIC
Cable with first report for W/E 13 October 1983.
Revised stat report takes the place of old stat on
cable.)*

The subject of the Cash/Bills statistic and how it is managed has been loaded with false data for years. It was even incorrectly assigned by others to the Treasury Division of the org as its GDS. The Cash/Bills statistic is the statistical indicator of org solvency. The solvency of an org has always been the responsibility of the org Executive Council. Cash/Bills is correctly an org statistic that is an Exec Council statistic regardless of other statistics the individuals who are members of the Exec Council may have.

SOLVENCY

The basic principle of financial management is a simple one:

INCOME MUST BE GREATER THAN OUTGO.

Other principles of financial management include: One cannot spend money unless he has it. Never contract bills or debts unless the money is immediately in sight to pay for them. Calculate all predictions necessary for financial security. Disseminate like mad and make money rapidly.

So what is solvency? Solvency is only that condition where Income exceeds Outgo. Insolvency is only that condition where Outgo exceeds Income.

CASH/BILLS STATISTIC

If one understands the simplicity of what solvency is then the definition of the Cash/Bills statistic becomes immediately evident when one considers that this statistic is intended to measure the degree of solvency or insolvency which exists in the organization.

CASH

The term "CASH", for the purpose of the Cash/Bills statistic, is actually "CASH ON HAND". It is the gross cash figure which the org has in its accounts reconciled as of 2:00 PM Thursday. It does not include cash in the FBO Accounts nor does it include the current week's income as the current week's income will be with the FBO in his accounts. The amount which will be going into org accounts is determined by the allocation given by the FBO after 2:00 PM Thursday. Cash in the HCO Book Account is also not included as the HCO Book Account has its own Cash/Bills graph.

The "CASH" figure includes the total reconciled balances in the Org Main Account and Org Reserves Account. Accounts such as the Service Completion Award Account, FSM Instant Payment Account and CVB Account are not included on the "CASH" figure as these are funds already considered committed even though in the case of the CVB Account it is intended that the money be salvaged. When a potential refund is salvaged the funds are added into the Org CGI in the week salvaged and so will raise the "CASH" figure and thus the staff payroll amount. (You will also have saved a being.) The "CASH" figure also does not include what had sometimes been known as "GO Reserves" or the "GO Defense Fund". (These funds were actually set up by a former DGF WW in an attempt to put under GO control funds from orgs that should have gone to SOR for the good of all.)

BILLS

The "BILLS" stat is actually "BILLS OWING". It is defined as the total debt of the org, *not including billings from management for management services (e.g. evals, programs, missions to the org and other management services which are paid for by the FBO from amounts over and above the allocation given to the org for its financial planning)*. It does include billings for staff training received on credit at higher orgs and promotional materials received from other orgs as these are routine FP items and are paid from the allocation given by the FBO for use in FP.

The Bills stat is computed based on the total accumulation of all monies owed by the org, *except management billings as above*, whether due in PT for payment or not. Thus one can see that regardless of whether a bill has been received or not, if the org is in any way committed to pay out funds it would have to be included.

It is the FBO of the org that takes care of the payment of management billings and these are included in his statistic of payments to central reserves. Just as the payment of these management billings is not included on the org's Bills Paid statistic the bills themselves are not included in the Bills statistic.

REPORTING

The Cash/Bills statistic is reported each week on the org OIC cable.

The figures reported are to be the totals as of 2:00 PM Thursday of the previous week as it would delay the sending of the OIC cable to get done the necessary bank account reconciliations and bills calculations for the current week.

(Note: This procedure of reporting the Cash/Bills totals of the previous week is a temporary measure until such time as Treasury Divisions are sufficiently manned and functioning and at that time, this PL will be modified so that the org's Cash/Bills statistic as reported on Thursday will be the Cash/Bills figures as of that same Thursday. In the meantime, however, the Cash/Bills figure that goes on Thursday's OIC cable report is last week's reconciled org cash and last week's org bills owing.)

TREASURY DIVISION

The correct GDSes for the Treasury Division are as contained in HCO PL 30 September 1965 STATISTICS FOR DIVISIONS, OEC Vol 1, page 328. The statistic is dual: CREDIT COLLECTIONS vs BILLS PAID. As covered in that PL "It will be seen that gross income is established by many in the Org but collections as a special income is purely the Org Division's. Bills paid require gross money in, so reflects the gross—no money in, no bills paid. This is a dual statistic which shows the industry of the Division in general. It even touches materiel as no bills paid equals no supplies."

These were the Treasury Division stats of old Saint Hill and are as valid now as they were then. When somebody made Cash/Bills the Treasury Division GDS this gave Div III's the same stat as that of the GO in 1966 when the GO had a finance function. It resulted in org Div III's "being run" directly by the GO on a bypass of org Executives. The end result of that has been a solvency situation still being untangled in some orgs as the Cash/Bills stat has been continually manipulated by trying to save orgs into solvency which has actually resulted in "saving" some into insolvency.

FINANCIAL MANAGEMENT

Any org executive or finance terminal who knows his basics cold and applied them, would have no trouble making an org solvent and prosperous.

The stable datums in handling org solvency are contained in HCO PLs going back to the 1950s. They are all in OEC Volume 3. The most basic stable datums are contained in HCO PL 28 January 1965 HOW TO MAINTAIN CREDIT STANDING & SOLVENCY:

"The secret of solvency is:

1. Make a lot of money. The way to do that in Scientology is covered in HCO Policy Letter of January 21, 1965 - 'Promotion and Organization'.
2. Spend less than you make. That's covered by having a good P.O. system and alert financial management.
3. Make it before you have to spend it.
4. Gather bit by bit a cushion of cash to fall back on and don't ever fall back on it.
5. Keep your credit excellent as a second cushion.
6. Refuse to spend reserves. Make more money to meet the emergency instead. (It's usually quicker to make it

than to dig it out of old hiding places. Never borrow to pay bills. It's less trouble just to make the money.)

7. Realize that collective-thought regarding finance is just bank and that bank is dead against the creation of anything good and all for eating up everything that exists. Thus financial planning and control is an individual job, is often contrary to group demands and succeeds only when the individual handling it can rise superior to the group. A tame dog financial manager, trailing along behind the group, yessing everything, will always make the group insolvent. The person you put in charge of financial management should be able to say 'No!' no matter how popular a silly 'Yes' would be. The financial manager is not there to buy his own popularity with org funds."

SUMMARY

The Cash/Bills statistic measures org solvency. Therefore its calculation must show the ACTUAL state of solvency. Others in the past sought to manipulate it to show an "up statistic" for their own false status.

Correctly assigning Cash/Bills as an Org statistic to the Org's Executive Council shows the degree of competence of those executives and giving the Treasury Division their correct GDSes puts them at cause over the statistics they actually control and can be managed by.

With these statistics correctly assigned and properly managed the financial prosperity of orgs is assured.

Good luck!

L. RON HUBBARD
FOUNDER

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