

CHURCH OF SPIRITUAL TECHNOLOGY

FORM 1023 APPLICATION

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Church of Spiritual Technology
419 Larchmont, Suite 162
Los Angeles, CA 90004-3013

Person to Contact: J. Rotz
Telephone Number: (202) 622-8100
Refer Reply to: E:EO:R:2
Date: 08/11/84

Employer Identification Number: 95-3781769
Key District: Los Angeles
Accounting Period Ending: December 31
Foundation Status Classification: 509(a)(1) &
170(b)(1)(A)(i)
Form 990 Required: No

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).

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. This does not apply, however, if you make or have made a timely election under section 3121(w) of the Code to be exempt from such tax. 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. 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.

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.

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,

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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.

You are required to make a copy of your exemption application, and supporting documents, and this exemption letter available for public inspection. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is failure to comply. See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

This ruling is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should maintain records to show that funds are expended only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), there should be evidence that the funds will remain dedicated to the required purposes and that they will be used for those purposes by the recipient.

If distributions are made to individuals, case histories regarding the recipients should be kept showing names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you, so that any and all distributions made to individuals can be substantiated upon request by the Internal Revenue Service. (Rev. Rul. 56-304 1956-2, C.B. 306.)

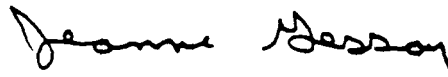
In this letter, we have not determined the effect on your tax-exempt status of financing your activities with the proceeds of tax-exempt bonds since you have not indicated that you intend to use such methods now or in the future.

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.

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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
 If 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

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|--|--|--|--|
| 1a Full name of organization (as shown in organizing document) Church of Spiritual Technology | | 2 Employer identification number (If none, see instructions.) 95 3781769 | |
| 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.) 419 Larchmont, suite 162 | | 4 Month the annual accounting period ends December 31 | |
| 1d City or town, state, and ZIP code Los Angeles, Ca. 90004-3013 | | 5 Date incorporated or formed May 28, 1982 | |
| 6 Activity codes (See instructions.) 001 | | 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. | | <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. | | <input type="checkbox"/> Yes <input checked="" 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, B & C.
 - 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

Arnold Bellin
 (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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Part I, Question 8 -- Previous Exemption Application

Church of Spiritual Technology ("CST") filed an application for recognition of its tax exemption under section 501(c)(3) on August 24, 1983. That application was denied by an adverse ruling dated July 8, 1988. CST challenged the denial through a declaratory judgment action in the United States Claims Court, which affirmed the IRS's action on grounds of failure to establish. With this application under section 501(c)(3), CST is reapplying for recognition of its exempt status.

Part II Activities and Operational Information

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-2L attached.

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

See pages 2L-2M

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- 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 pages 2M-2N

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Part II, Question 1 -- Narrative Description of Activities

CST was incorporated on May 26, 1982 as a California nonprofit religious corporation for the purpose of practicing and propagating the Scientology religion. (Exhibit A). CST's purpose, as stated in Article III of its Articles of Incorporation, is to:

. . . espouse, present, propagate, practice, ensure, and maintain the purity and integrity of the religion of Scientology, as the same has been developed and may be further developed by L. Ron Hubbard to the end that any person wishing to, and participating in Scientology may derive the greatest possible good of the spiritual awareness of his Beingness, Doingness and Knowingness.

(Exhibit A)

CST does not function within the established authority of the ecclesiastical hierarchy of the churches of Scientology and their related organizations. Detailed information concerning the organizational structure, religious activities and financial affairs of the international Scientology ecclesiastical hierarchy and related organizations is contained in the administrative record of the exemption determination proceeding for Church of Scientology International, the Mother Church of the Scientology religion.

CST's activities are discussed below.

CST is the most unique church of the Scientology religion. Its mission, in brief, is to preserve and protect the religion against any conceivable catastrophe so it can be practiced by all generations to come. At present, and as described in detail below, CST furthers its purposes by operating as a church of the Scientology religion and by preserving the Scripture of the religion.

Since it was formed in 1982, CST has devoted a significant amount of its staff time and expenditures to ministering Scientology religious services to its staff, consisting of auditing and religious training, and to conducting an extensive preservation program to preserve the Scientology Scripture.

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CST's ministry of Scientology religious services to its staff is an important and substantial activity. Four of CST's staff devote all their time to the ministry of religious services within the CST religious community as further described in the response to Schedule A, Question 5.

CST's second important and substantial activity is its preservation program -- to protect the Scriptures of Scientology in their original written and spoken words for all time so that future generations have access to the wisdom of Dianetics and Scientology no matter what natural or man-made catastrophe may occur.

CST's preservation activities have been substantial, ongoing and concern every medium in which the Scriptures exist -- paper, tape and film. Since its mission is to ensure that the Scriptures will be available for all future generations, CST must be sure that the mediums on which the Scriptures are preserved will last for thousands of years. CST is accomplishing its goals by using the most advanced techniques available to preserve these materials to the extent that techniques exist and by making multiple copies of the materials on different archival mediums that can be replaced with more durable materials as better preservation methods evolve.

CST's administrative offices and central preservation facility are located on a 54-acre, 15-building compound located near San Bernardino, California. CST conducts its preservation activities in a special 13,000 square-foot preservation building that was constructed specifically for this purpose.

Background of the Preservation Programs

In the early 1980s, while formulating and finalizing his estate planning, Mr. Hubbard expressed his intention that a program be executed to preserve for all time the Scriptures of Dianetics and Scientology in their unadulterated form so that sometime in the distant future, they would survive any natural or man-made catastrophe and thus resurrect the religion.

In fact Mr. Hubbard's desires to preserve the Scriptures were first expressed in the mid-1960s and there was some attempt by the Church to do so. However, the original units set up to carry out this function were unsuccessfully established in the then Mother Church, Church of Scientology of California. What

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occurred was that the preservation activity was in constant competition with the demands and exigencies of the day-to-day expanding Church activities. The preservation function was never really more than a sideline activity -- never allocated adequate staff or funding to do the job.

Therefore it was decided to set up CST as an organization entirely apart from the Church hierarchy and the hustle and bustle of day-to-day Church operations so that they could focus fully on this mission. Funding the preservation activities was handled by Mr. Hubbard -- he bequeathed the bulk of his estate, including all of his valuable intellectual properties to CST.

Recovery of the Original Scriptures

A significant portion of Mr. Hubbard's original works was scattered around the world -- in hundreds of cities and 19 countries. During his life Mr. Hubbard travelled consistently to lecture to local congregations and to assist organizations -- all the while continuing his researches into the mind and spirit. He corresponded with Scientologists all over the world, gave written technical advice on the spiritual advancement of individual Scientologists, advised administrative solutions to organizational problems and so forth. Much of this material contained priceless irreplaceable Scientology technology.

The earliest CST preservation project, then, was to locate, obtain and arrest the deterioration of the far flung Scriptural writings and recorded lectures. Teams were sent to search over 85 separate church locations in 19 different countries. Every desk, closet, box, file cabinet, attic, basement, and garage was searched. Long-term Scientologists in their various countries, towns and cities were asked to search their premises for any original Scriptures in their possession. Original writings and recorded lectures were found in diverse locations - in a hayloft in Australia, under a stairwell in England - often in very hostile conditions such as damp basements gathering mold and mildew or turning brittle in hot attics.

In all, over 40,000 man-hours were devoted to this project over several years. Tens of thousands of original handwritten pages and hundreds of original tape-recorded lectures were recovered and CST was able to include them in its preservation programs.

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Mr. Hubbard recorded the Scriptures in three forms - written words, recorded spoken words and on film. Each present a different set of problems with respect to preservation. CST developed methods and technology for preserving each of these mediums as covered below.

Preservation of Written Scripture

The original Scriptural writings, some 500,000 pages, were inventoried, indexed and put in individual acid free file folders to help arrest further deterioration. All of the originals were then microfilmed as an immediately available medium which would ensure at least 100 years of preservation until more lasting mediums could be developed.

First the originals were put through an exhaustive verification process in which the authenticity was checked several times. Then the originals were all microfilmed. The next project was to make long-lasting permanent copies of these documents on long-lasting durable paper. The first method researched and ultimately used for copying these original documents was an archival xerographic printing process which used archival paper and archival toner containing high quality carbon pigment.

Consequently one of the first truly long-lasting preservation copies made by CST was the permanent, long-life xerox copies of the original Scriptures. Four complete xerox copies were made of the written Scriptures.

With the written original Scriptures now fully in order and secured against loss or further deterioration, CST then focused on it's main goal which was production of the ultimate, fully permanent printed version of the written Scriptures, capable of lasting thousands if not millions of years under ideal storage conditions.

Full research was done on all types of paper in use throughout history. After exhaustive investigation it was found that natural cotton and linen fiber paper had a proven lifespan of thousands of years provided the environment was not hostile. By way of example, consider the Dead Sea Scrolls which were made out of less durable materials than cotton and linen but which survived thousands of years because they were in an environment conducive to preservation.

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A full development program was initiated by CST to combine all factors of every type of durable written material throughout history. Ultimately, CST had perfected what is undoubtedly the most durable paper that has ever existed. The final paper developed by CST is of such high quality and durability that the mill manufacturing it calls it "LRH Archival Record Paper".

With regard to long-lasting inks, CST researched this area just as extensively and adopted formulas used by the ancient Chinese, who had developed inks that were found to form a near-molecular bond with cotton and linen paper and which don't fade, even when tested under the equivalent of two years of direct sunlight.

Book binding techniques were also researched and the proven method utilizes acid free book boards, Irish linen book cloth, handstitched binding using linen thread and all fully archival glues that won't deteriorate or break down in any way.

CST is reproducing all of the written Scripture in archival books utilizing the above methods - every book, bulletin, article, treatise, essay, pamphlet and other written document on the subjects of Dianetics and Scientology. Stored well, they will last indefinitely. By the time this project is complete there will be 75,000 books produced comprising 25 complete sets of the written Scripture.

Even though the books will last far into the future if correctly stored, they are vulnerable to high temperatures such as fire or, more importantly, the heat from a nuclear explosion. Therefore a more durable medium was needed to assure an unlimited life. After much research CST settled on etching the written Scriptures on thin indestructible stainless steel plates, using the most corrosion resistant type available (Type 304). Unprotected, these plates will last several thousand years, even in a corrosive marine environment.

When this whole project is completed, the Scriptures will be indelibly and permanently preserved on an estimated 1,800,000 individual plates weighing a combined 540 tons.

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Preservation of Recorded Scriptures

During his life, Mr. Hubbard delivered nearly 3,000 individual lectures on the subjects of Dianetics and Scientology beginning in 1950. The originals of these lectures were deteriorating - some of the early ones were even on paper-backed magnetic tape that had turned very fragile with the oxide coating flaking off.

The next step in preserving these original recordings was to make faithful analogue copies onto high quality tape using the best available equipment. The purpose of this was to get accurate duplicates of the original tapes before they deteriorated to the point of non-playability. These duplicates on analogue tape were then to serve as the masters for CST's ultimate preservation activities. Analogue tape is not a preservation medium -- having a very limited lifespan compared with CST's objectives.

The next step was to digitize the analogue tape by duplicating them onto 3/4 inch magnetic video tape. This provides a measure of comfort as digital information, although also recorded on magnetic tape, lasts much longer than analogue, as it is easily retrievable as numbers and the actual content is not subject to print-through. More importantly, it was a production step in the making of archival compact discs.

Unfortunately, there was no acceptable archival CD on the market. According to recording industry investigations and reports, the normal commercial CD degrades and begins to lose its recorded information after approximately 10 years. This was of great concern to CST. After much research CST finally found a solution to long-life archival CDs: ones made out of tempered glass and gold with a thin titanium coating -- all very durable materials. Currently 25 copies of each of Mr. Hubbard's 3,000 lectures are planned.

Though this archival CD does solve the problem of extreme durability, there remains the possibility that the preserved Scripture will be needed and used at a time when digital playback equipment is not available and the stored CD players are no longer operational due to lack of electricity as a result of man-made or natural cataclysm. It is also a well-known fact that one side effect of a nuclear explosion is the wiping out of stored information on computer chips and the complete inoperability of transistors. In those circumstances the stored

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CDs would be rendered unusable and would not accomplish their purpose.

CST addressed this problem of future uncertainties by recording Mr. Hubbard's lectures on a second archival medium which does not depend on sophisticated playback technology. Mr. Hubbard's recorded Scientology and Dianetics lectures are also being preserved on long-playing records made of pure nickel. These are partially manufactured at CST using the finest possible mastering equipment available today. After the nickel records are produced, they are hermetically sealed with a thin coating of nickel foil which can be easily peeled away at some future date leaving the grooves of the record completely clean and in perfect playing condition. In addition to being extremely long-lasting, the nickel records can also be played back in a variety of ways. Special turntables for the playback of these records have been designed by CST which can be powered by normal commercial power that you find in a home or by solar power. As record turntables require no computers, (as found in digital equipment) the future operation of equipment is not a concern. The technology employed by the nickel records is so simple in fact, that with only a simple mechanical device to spin the record one could hold a steel needle or pin in the record groove and be able to hear the LRH lecture. Even a thorn could be used. This makes the nickel record the perfect failsafe preservation medium for the Scientology recorded Scriptures. The estimated total number of nickel records CST will produce on this project is 187,500.

In addition to preserving the recorded Scripture on archival CDs and nickel records, all the lectures are also being transcribed. This is a massive project being conducted by CSI and is scheduled to take several years to complete. Its purpose is to have written transcriptions of every one of the Founder's taped lectures. These transcripts also provide a complete running record of Mr. Hubbard's researches and discoveries into the mind and life. Furthermore, although all original recordings are being preserved as spoken word recordings, many are of very low quality due to the equipment used at the time, some during the pioneering days of recording technology. The recordings are capable of being heard if listened to on top quality equipment and very precisely deciphered. But they are unusable for duplication. If transcripts weren't made much of this valuable Scripture would effectively be denied the Church and its parishioners.

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As CSI completes the transcriptions of these tapes, they are placed in exact chronological order and published in encyclopedic volumes entitled Research and Discovery Series. Ultimately, these will fill over 100 volumes. A copy of the shooting boards is provided to CST by CSI at which point CST will reprint their own archival set in archival volumes as described earlier. This material will also be etched on stainless steel plates. CST feels that this level of redundancy is the only assurance that no matter what occurs the Scriptures of Scientology will never be lost. This project is very ambitious and the volume of printed books and etched plates is obviously staggering.

Film Preservation

Motion pictures is the third medium upon which the Scientology Scriptures are recorded. There are approximately 100 films featuring or written by Mr. Hubbard, some of which are used for training auditors in key areas of the technology and others for introducing the general public to Scientology. Films present a particular preservation challenge because of the visual content. Although still under research, CST plans to digitize these films and transfer them to gold and glass archival laser discs for retrieval in the distant future. Currently it is planned to produce 25 laser disc copies of each film.

Reference Materials

These preserved Scriptures may emerge into an uncertain world where civilization is at a low ebb. It may not be possible for people to comprehend the Scripture without additional knowledge and the ability to clear confusing words and symbols. A basic tenet in Scientology study is that one never goes by a misunderstood word without clearing it up or the person will not comprehend what is being studied. To facilitate this and to cover other possible contingencies, CST is including a comprehensive reference library with its Scriptural materials. The list of materials includes basic texts on all common subjects, a full range of standard and specialized dictionaries, including dictionaries in the 20 most commonly spoken languages, as well as a complete encyclopedia. A total of 105 separate reference books are included in each set. These books are being preserved using the same methods and materials for printing and binding as are used for the Scientology Scriptures described above.

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Storage System for Preserved Scriptures

Although all archival materials produced by CST have huge lifespans in themselves, even greater durability was desired. The use of some form of storage medium was the obvious choice.

No such storage container was available that met CST's needs and therefore CST researched, designed and engineered its own: a completely unique titanium time capsule storage container for the preserved Scripture in its various archival forms.

These capsules are designed to protect the preserved Scriptures under any circumstances, be it fire, flood, earthquake, nuclear explosion etc. The air-tight, titanium storage vessels are so resistant to corrosion that they will remain completely intact even if immersed in salt water for hundreds of years. In a less corrosive environment, they will last indefinitely. The capsules are filled with the Scriptural materials and sealed. The air is evacuated and replaced with inert gas which provides a strictly controlled, ideal storage environment for the materials inside. Each type of preserved Scripture being stored inside the time capsules is designed to last for thousands of years, if not indefinitely just on its own with no special storage considerations.

Placed inside the titanium capsules and surrounded with inert gas, the preserved Scientology Scripturess truly have the capability of lasting forever. A total of 10,500 such time capsules will be produced by CST to store the materials being produced by CST's current projects.

As some of the time capsules contain heat-sensitive materials, each capsule is therefore further protected with thermal covers made from space-age insulation materials. These thermal covers can withstand temperatures up to 2000 degrees F. for one hour. This is a higher temperature than would be experienced in the middle of a raging house fire. The technology and design used for these thermal covers is very sophisticated and they are manufactured by the same company that provides insulation for the space shuttle.

As a final part of the storage system, CST designed and engineered storage racks to securely hold the time capsules and thermal covers. The racks are made from corrosion resistant stainless steel tubing and are of modular design so they can be

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Storage Vaults

stacked for efficient utilization of storage space. Once loaded the racks are then encased in extremely tough dust covers made from the same materials used to construct bulletproof vests.

To absolutely ensure and guarantee the survival of the preserved Scripturess, CST has constructed three vaults for storage of the Scripturess along with ancillary and support facilities.

Two of the vaults have been designed to withstand any conceivable catastrophe including a near direct nuclear blast or devastating earthquake. These vaults are designed to remain fully operational with no maintenance for a minimum of 1000 years. The vaults are secured by maintenance-free, stainless steel doors filled with concrete. By themselves, without any human intervention, the vaults provide an ideal sealed and temperature/humidity stable environment for the storage and preservation of the materials inside. They do not rely on any mechanical system and can go untended indefinitely.

The third vault is a working vault which is used to house the originals. This vault is designed to last for hundreds of years and it is also set up to provide a completely controlled internal environment for optimum storage of the original Scripturess.

Future Plans

The completion of the above projects will satisfy the current phase of CST's archival preservation activities. There will be two virtually indestructible vaults containing full sets of Scriptures on very long-life media, with additional sets of the preserved Scriptures stored in the vault at CST's main facility. Thus the survival of Mr. Hubbard's religious philosophy and technology will be very much assured. To date CST has expended \$52,000,000 on the above preservation programs. By the time these existing programs are complete, the amount spent will approximate \$114,000,000.

The preservation media will be upgraded as new materials and techniques become available and this will be an ongoing activity.

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The major threat to these vaults and archived Scriptures in the centuries to come will be from vandals and looters. In large measure the security of the archives will depend on the political and social stability of the population in this country. In order to minimize this risk, CST will be establishing additional indestructible vaults in other parts of the world in the next phase of its religious program.

CST also has firm plans to construct many large indestructible obelisks in different parts of the world with the express purpose of preserving for all future generations the basic axioms of Scientology and information on the mind and spirit, life and morality -- which will provide a civilizing influence. This information will be in pictograph form so that even a wandering savage will be able to understand and apply these principles.

Summary

CST's religious mission is the preservation of the sacred pure and unaltered Scripturess of Dianetics and Scientology for eternity so that the religion will not perish through some natural or man-made catastrophe. CST is not and never has been an archival repository for CSI and the many churches of Scientology -- its physical storage and preservation of the original Scriptural materials is incidental to its long-range purposes as CST utilizes them to assure completely faithful reproductions of the Scripturess in durable mediums. The storage and preservation of the original Scriptural material comprises a minor portion of CST's activities.

CSI supports CST's preservation activities. For example, and as already mentioned, CSI has an active and ongoing dissemination program to transcribe Mr. Hubbard's recorded lectures for use by parishioners in their study of these lectures and for compilation in book form. CSI provides these transcriptions to CST for its use in its preservation programs. At CST's inception, CSI also provided to CST the originals of all Scriptural material CSI had in its possession -- both written and recorded -- once they made their own copies for compilation purposes.

CST Staff Personnel

CST is a "Sea Org" organization, which means its staff members belong to the Scientology religious order, the Sea

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Part II, Question 1 -- Narrative Description of Activities

Organization (or the "Sea Org"). To become members of the Sea Org, CST's staff members must pledge the next billion years of their existence to the Scientology religion. As Sea Org members, CST staff live and work in a manner befitting their fundamental and total commitment to the Scientology faith. They live communally in church-provided berthing and eat communally in a church-provided dining room. They are required to live on church premises so they can live free of the distractions of the secular world and be ready to attend to their religious duties at any time during the day or night. As a general matter, each CST staff member devotes 14 hours a day to his or her ecclesiastical duties and religious study.

CST staff personnel are compensated for their ecclesiastical service with a nominal allowance (currently \$50.00 a week) and small bonuses for good performance of their assigned duties, room and board, medical and dental cost (as needed) and child care or school tuition for children. CST staff are required to wear the official uniforms of CST, which are provided to them.

Part II, Question 2 -- Sources of Financial Support

In the past CST's sources of financial support have been:

1. Restricted grants from Mr. Hubbard's testamentary trust.
2. Contributions from Religious Technology Center from funding it receives from churches that minister the Scientology advanced technology (see the response to Part II, Question 5).
3. Occasional grants from churches of Scientology and Scientology-related organizations.
4. Interest income.

CST also is the designated beneficiary of the bulk of Mr. Hubbard's estate, including all his copyrights to the Scripturess and his remaining rights in the Scientology marks and advanced technology (see the response to Part II, Question 5), and expects to receive income in future years from the income-producing properties contained in Mr. Hubbard's estate. However, CST will receive the estate only if CST obtains recognition of its tax-exempt status. If CST does not obtain recognition of its

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Part II, Question 2, Sources of Financial Support

exemption, Mr. Hubbard's estate is to be distributed to one or more organizations recognized as exempt under section 501(c)(3) that operate exclusively for the purposes of the Scientology religion.

In the future, once CST receives recognition of exempt status and receives Mr. Hubbard's estate, CST expects its sources of financial support to be:

1. Royalties from the licensing of copyrights and patents related to Scientology Scriptures and E-meters, and from copyrights related to Mr. Hubbard's fictional works.
2. Contributions from Religious Technology Center from funding it receives from churches that minister Scientology advanced technology.
3. Donations or grants from other Scientology organizations.
4. Interest income.
5. Dividends and donations from ASI's sales of special properties as described below.
6. Royalties from the licensing of patents and technologies relating to archival preservation technology, equipment and products developed through CST's research.

Part II, Question 3, Fundraising Program

Prior to his death, Mr. Hubbard's literary affairs, including matters relating to the copyrights and patents that are included in Mr. Hubbard's bequest to CST, were managed by Author Services, Inc. ("ASI"), a for-profit California corporation. Since Mr. Hubbard's death ASI has continued to carry out the same function for the executor of Mr. Hubbard's estate and, subsequently, the Trustee of his testamentary trust. Although ASI was incorporated as a for-profit corporation, throughout its existence all of its shares have been owned by a few members of its staff subject to Stock Redemption Agreements which prohibit them from selling their stock except upon separation from employment and then only to ASI for \$1.00 a share. No

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Part II, Question 3, Fundraising Program

shareholder of ASI has ever received any dividend or other distribution of ASI's profits as a result of their status as shareholders.

Once CST's tax-exempt status is recognized and Mr. Hubbard's estate is distributed to CST, ASI will become a wholly-owned subsidiary of CST and continue managing the properties bequeathed by Mr. Hubbard to CST. CST will receive all income from such properties and will compensate ASI for its services at a rate equal to ASI's cost plus ten percent. ASI currently produces and sells various special properties derived from Mr. Hubbard's intellectual properties, such as art work and leatherbound books. When ASI becomes CST's wholly-owned subsidiary, CST will receive any profits ASI may realize as a result of its business and property management activities in the form of dividends and donations.

Once ASI becomes a wholly-owned subsidiary of CST it will conduct fundraising activities for CST by selling special properties with part of the purchase price earmarked as a donation to go to CST to support CST's preservation project.

Part III 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.

b Annual Compensation

See page 3A attached

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 3B-3C attached

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 CST provides periodic grant reports to Mr. Hubbard's testamentary trust as required pursuant to the provisions of the trust's grants.

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Page 3A

Part II, Question 4 -- Officers, Directors and Trustees

Trustees

JOHN M. ALLCOCK
7051 Hollywood Blvd.
Los Angeles, CA 90028

DAVID H. LANTZ
7051 Hollywood Blvd.
Los Angeles, CA 90028

RUSSELL BELLIN
25426 Highway 189
Twin Peaks, CA 92391

DIRECTORS AND OFFICERS

RUSSELL BELLIN -- DIRECTOR AND PRESIDENT
25426 Highway 189
Twin Peaks, CA 92391

THOMAS K. VORM -- DIRECTOR, VICE PRESIDENT
25426 Highway 189
Twin Peaks, CA 92391

CATHERINE SCHMIDT -- DIRECTOR, TREASURER
25426 Highway 189
Twin Peaks, CA 92391

JANE MCNAIRN -- SECRETARY
25426 Highway 189
Twin Peaks, CA 92391

The officers, directors and trustees of CST are not compensated for the duties they perform in those capacities. One trustee (Russell Bellin) and all directors and officers of CST also are CST staff members, and are compensated for the work they perform in their staff capacity as described in the response to Part II, Question 1. Their specific compensation is listed in the schedule attached in response to Part IV, line 17, "Compensation of Officers, Directors and Trustees."

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Part II, Question 5 -- Relationship With Other Organizations

CST controls a wholly-owned subsidiary, Mile High, Inc., which serves as a title-holding company for property CST uses. Mile High has only nominal expenditures, and CST advances it whatever funds it may need. Mile High files its own tax return each year.

CST at one point also formed a second wholly-owned subsidiary corporation, Media Storage, Inc., to transfer the Scripturess securely and confidentially in times of natural disaster. This corporation is currently dormant.

In the future, once CST is recognized as exempt, it will become the sole shareholder of Author Services, Inc., as discussed in the response to Part II, Question 1.

Although CST does not function within the established authority of the ecclesiastical hierarchy of the churches of Scientology, CST is related to all churches and organizations within the hierarchy as a result of certain rights it holds with respect to two important Scientology religious properties -- certain marks associated with the religion (such as the terms "Dianetics," "Scientology," and the name, initials and signature of L. Ron Hubbard, the Founder of Scientology), and the upper levels of Scientology Scriptures (called the religion's "advanced technology").

The marks and advanced technology are critical to the orthodox practice of the Scientology faith. Scientology churches assure parishioners that their services are orthodox by providing them under the imprimatur of these marks. When Scientology parishioners see these marks they know for certain that the services they are receiving are orthodox and have been taken directly from the Scripturess.

Religious Technology Center ("RTC"), a California nonprofit religious corporation, owns the Scientology religious marks and the right to use the advanced technology in the United States and is licensed the right to use the advanced technology outside of the United States. RTC delegates rights to use the advanced technology and religious marks to churches in the ecclesiastical hierarchy and then supervises their activities to ensure compliance with Scriptural requirements. (Copies of the gift documents pursuant to which RTC received its rights to the marks and advanced technology are attached as Exhibits D and E, respectively.)

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Page 3C

Part II, Question 5 -- Relationship With Other Organizations

CST protects the security of the marks and the advanced technology through rights it has to these properties pursuant to two options it received from Mr. Hubbard in 1982. These two options give CST the limited power to acquire RTC's rights to the advanced technology in the United States and to the religious marks worldwide if, and only if, they (i) are not preserved in accordance with the Scientology Scripturess, (ii) are used in a way that both is contrary to the Scripturess and seriously damages the Scientology religion or Mr. Hubbard's image, or (iii) are in danger of appropriation by an entity outside of or hostile to the religion. (Copies of the gift documents granting CST these rights are attached as Exhibits F and G.)

However, CST has not and does not conduct any activities with respect to its rights to the Scientology religious marks and advanced technology. (CST acts as the ultimate failsafe for Scientology orthodoxy as described in the response to Schedule A, Question 1.)

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." Real estate, archival vaults, archival equipment and original writings, recordings, and films by L. Ron Hubbard, and options in re Scientology marks and advanced technology.

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.

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.

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.

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.

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? N/A
 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? N/A
 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.

N/A

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 N/A

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 checked="" 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 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)(vi) 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: N/A
 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 _____ N/A
 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 |

Part IV Financial Data CHURCH OF SPIRITUAL TECHNOLOGY

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 May to Dec 92 | (b) 19 92 FYE 4/30/92 | (c) 19 91 FYE 4/30/91 | (d) 19 90 FYE 4/30/90 | |
| 1 Gifts, grants, and contributions received (not including unusual grants-see instructions) | 2398885 | 18921844 | 51872841 | 9151865 | 82345435 |
| 2 Membership fees received | | | | | |
| 3 Gross investment income (see instructions for definition) | 627602 | 1706604 | 898882 | 875449 | 4108537 |
| 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) | -179 | -97 | -511 | -326 | -1113 |
| 8 Total (add lines 1 through 7) | 3026308 | 20628351 | 52771212 | 10026988 | 86452859 |
| 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 | | 19417 | 15163 | 191223 | 225803 |
| 10 Total (add lines 8 and 9) | 3026308 | 20647768 | 52786375 | 10218211 | 86678662 |
| 11 Gain or loss from sale of capital assets (attach schedule) | 6373 | 23579 | -38142 | 1837 | -6353 |
| 12 Unusual grants | | | | | |
| 13 Total revenue (add lines 10 through 12) | 3032681 | 20671347 | 52748233 | 10220048 | 86672309 |
| 14 Fundraising expenses | | | | | |
| 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) | 22099 | 32416 | 20737 | 17430 | |
| 18 Other salaries and wages | 115254 | 177782 | 93406 | 101144 | |
| 19 Interest | | | 30 | 8 | |
| 20 Occupancy (rent, utilities, etc.) | 479487 | 694232 | 477318 | 288974 | |
| 21 Depreciation and depletion | 1823744 | 2635899 | 2160473 | 1351376 | |
| 22 Other (attach schedule) | 10415158 | 11507038 | 9669285 | 2729029 | |
| 23 Total expenses (add lines 14 through 22) | 12855742 | 15047367 | 12421249 | 4487961 | |
| 24 Excess of revenue over expenses (line 13 minus line 23) | -9823061 | 5623980 | 40326984 | 5732087 | |

Part IV Financial Data (Continued) CHURCH OF SPIRITUAL TECHNOLOGY

| B. - Balance Sheet (at the end of the period shown) | | Current tax year Date 12/31/92 |
|---|--|-----------------------------------|
| Assets | | |
| 1 | Cash | 1 24533538 |
| 2 | Accounts receivable, net | 2 |
| 3 | Inventories | 3 |
| 4 | Bonds and notes receivable (attach schedule) | 4 180 |
| 5 | Corporate stocks (attach schedule) | 5 |
| 6 | Mortgage loans (attach schedule) | 6 |
| 7 | Other investments (attach schedule) | 7 3468 |
| 8 | Depreciable and depletable assets (attach schedule) | 8 46624216 |
| 9 | Land | 9 2766899 |
| 10 | Other assets (attach schedule) | 10 21003 |
| 11 | Total assets (add lines 1 through 10) | 11 73949304 |
| Liabilities | | |
| 12 | Accounts payable | 12 |
| 13 | Contributions, gifts, grants, etc., payable | 13 |
| 14 | Mortgages and notes payable (attach schedule) | 14 |
| 15 | Other liabilities (attach schedule) | 15 |
| 16 | Total liabilities (add lines 12 through 15) | 16 |
| Fund Balances or Net Assets | | |
| 17 | Total fund balances or net assets | 17 73949304 |
| 18 | Total liabilities and fund balances or net assets (add line 16 and line 17) | 18 73949304 |
| 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 <input type="checkbox"/> | | |

Church of Spiritual Technology

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Period Ended: 31-Dec-92

Part IV Section A Line 7 Other Income

Type of Income Source

Amount

Unrealized Loss on Precious metal

(179)

(\$ 179)
=====

Schedule 1

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-92

Part IV Section A Line 7 Other Income

Type of Income Source

Amount

Unrealized Loss on Precious metal

(97)

(\$ 97)

Schedule 2

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-91

Part IV Section A Line 7 Other Income

Type of Income Source

Amount

Unrealized Loss on Precious metal

(511)

(\$ 511)
=====

Schedule 3

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-90

Part IV Section A Line 7 Other Income

Type of Income Source

Amount

Unrealized Loss on Precious metal

(326)

(\$ 326)
=====

Schedule 4

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

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>Cost</u> | <u>Accumulated Depreciation</u> | <u>Sale Price</u> | <u>Gain(Loss)</u> |
|------------------------|----------------------------|-------------|-------------------------------------|-------------------|----------------------------|
| Ford Explorer Wagon | Bob Turner Ford Country | 17,377 | 11,450 | 12,300 | 6,373 |
| | | | | | ----- \$ 6,373 ===== |

Schedule 5

Church of Spiritual Technology

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Form 1023

Period Ended: 30-Apr-92

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

| <u>Asset</u> | <u>To Whom Sold</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Sale Price</u> | <u>Gain(Loss)</u> |
|--------------------------|---------------------|-------------|-------------------------------------|-------------------|-----------------------------|
| Honda 2WD Wagon | Spreen Honda | 11,832 | 5,602 | 3,700 | (2,530) |
| Honda Civic (blue) | Spreen Honda | 11,939 | 6,329 | 5,380 | (230) |
| Honda Civic (blue) | Spreen Honda | 11,959 | 5,663 | 4,100 | (2,196) |
| John Deere Backhoe | Barnes Tractor | 38,571 | 38,571 | 23,760 | 23,760 |
| Sony Digital Recorder | TC Sound Service | 30,749 | 21,524 | 14,000 | 4,775 |
| | | | | | ----- \$ 23,579 ===== |

Schedule 6

Church of Spiritual Technology

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Period Ended: 30-Apr-91

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

| <u>Asset</u> | <u>To Whom Sold</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Sale Price</u> | <u>Gain(Loss)</u> |
|--------------------------|----------------------------------|-------------|-------------------------------------|-------------------|-------------------------------|
| Ford Truck | Fortuna Ford | 12,197 | 10,337 | 5,000 | 3,140 |
| Garage | N/A (Demolished) | 25,000 | 4,500 | | (20,500) |
| GMC "Jimmy" 4WD Wagon | Capital Ford | 5,781 | 3,075 | 2,000 | (706) |
| Honda 2WD Wagon | Spreen Honda | 11,175 | 2,771 | 4,500 | (3,904) |
| Honda Civic (red) | Spreen Honda | 10,016 | 5,822 | 4,600 | 406 |
| Log Cabin | Donated to Historical Society | 25,000 | 4,500 | | (20,500) |
| Toyota Truck | Capital Ford | 8,125 | 8,047 | 4,000 | 3,922 |
| | | | | | ----- (\$ 38,142) ===== |

Schedule 7

Church of Spiritual Technology

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Period Ended: 30-Apr-90

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

| <u>Asset</u> | <u>To Whom Sold</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Sale Price</u> | <u>Gain(Loss)</u> |
|---|---------------------|-------------|-------------------------------------|-------------------|----------------------------|
| Chevrolet Truck | T & Y Dismantling | 8,275 | 8,275 | 950 | 950 |
| Ford Van Aerostar | Moss Bros. | 11,474 | 9,562 | 4,250 | 2,338 |
| Honda 4WD Wagon | Spreen Honda | 11,829 | 11,829 | 2,000 | 2,000 |
| Honda Civic (blue) | Spreen Honda | 10,079 | 5,040 | 3,000 | (2,039) |
| Honda Civic (silver) | Spreen Honda | 10,241 | 5,120 | 3,000 | (2,121) |
| Realized Loss on Foreign Currency Conversion to US \$ | Commercial Banks | | | | (63) |
| Sleep-in Trailer | Worker | 2,500 | 2,500 | 772 | 772 |
| | | | | | ----- \$ 1,837 ===== |

Schedule 8

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

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> |
|---------------------|------------------------------|---------------------|-----------------------------|
| John Allcock | Trustee | As necessary | 0 |
| David Lantz | Trustee | As necessary | 0 |
| * Russ Bellin | Trustee, Director, President | As necessary | 7,079 |
| * Thomas Vorm | Director, Vice-President | As necessary | 5,832 |
| * Catherine Schmidt | Director, Treasurer | As necessary | 3,812 |
| * Jane McNairn | Secretary | As necessary | 5,376 |
| | | | ----- \$ 22,099 ===== |

* The compensation to these individuals was only for their service as staff of the organization, not their service as Officers, Directors or Trustees.

Schedule 9

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-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> |
|---------------------|------------------------------|---------------------|-----------------------------|
| John Allcock | Trustee | As necessary | 0 |
| David Lantz | Trustee | As necessary | 0 |
| * Russ Bellin | Trustee, Director, President | As necessary | 12,150 |
| * Thomas Vorm | Director, Vice-President | As necessary | 10,415 |
| * Catherine Schmidt | Director, Treasurer | As necessary | 3,450 |
| * Jane McNairn | Secretary | As necessary | 6,401 |
| | | | ----- \$ 32,416 ===== |

* The compensation to these individuals was only for their service as staff of the organization, not their service as Officers, Directors or Trustees.

Schedule 10

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-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> |
|---------------------|------------------------------|---------------------|-----------------------------|
| John Allcock | Trustee | As necessary | 0 |
| David Lantz | Trustee | As necessary | 0 |
| * Russ Bellin | Trustee, Director, President | As necessary | 7,846 |
| * Thomas Vorm | Director, Vice-President | As necessary | 5,890 |
| * Arthur Bolstad | Director, Treasurer | As necessary | 120 |
| * Catherine Schmidt | Director, Treasurer | As necessary | 4,723 |
| * Jane McNairn | Secretary | As necessary | 2,158 |
| | | | ----- \$ 20,737 ----- |

* The compensation to these individuals was only for their service as staff of the organization, not their service as Officers, Directors or Trustees.

Schedule 11

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-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> |
|------------------|------------------------------|---------------------|-----------------------------|
| John Allcock | Trustee | As necessary | 0 |
| Marion Dendiu | Trustee | As necessary | 0 |
| Terri Gamboa | Trustee | As necessary | 0 |
| David Lantz | Trustee | As necessary | 0 |
| * Russ Bellin | Trustee, Director, President | As necessary | 5,376 |
| * Thomas Vorm | Director, Vice-President | As necessary | 4,972 |
| * Nancy Levin | Director, Treasurer | As necessary | 899 |
| * Arthur Bolstad | Director, Treasurer | As necessary | 2,051 |
| * Jane McNairn | Secretary | As necessary | 4,132 |
| | | | ----- \$ 17,430 ===== |

* The compensation to these individuals was only for their service as staff of the organization, not their service as Officers, Directors or Trustees.

Schedule 12

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 31-Dec-92

Part IV Section A Line 22 Other Expenses

| <u>Other Expenses</u> | <u>Amount</u> |
|---|---------------|
| Archival CDs for Preservation of Tape Lectures | 72,000 |
| Archival Metal Plates for Preservation of Written Materials | 1,173,272 |
| Archival Metal Records for Preservation of Tape Lectures | 29,022 |
| Archival Research | 97,989 |
| Archival Supplies for Preservation of Written Materials | 983,413 |
| Archival Time Capsules | 7,113,037 |
| Audit & Accountancy Fees | 5,950 |
| Bank Charges | 59,761 |
| Cleaning & Laundry | 4,980 |
| Dissemination | 22,225 |
| Equipment Rental | 3,060 |
| Legal & Professional Fees | 375,245 |
| Office & Administration | 14,972 |
| Postage & Shipping | 44,252 |
| Printing | 2,893 |
| Repairs & Maintenance | 167,740 |
| Staff Enhancement Expenses and Materials | 6,150 |
| Staff Room & Board and Other Benefits | 113,387 |
| State Franchise Tax | 2,400 |
| Telephone | 50,242 |
| Travel & Transport | 73,168 |
| | ----- |
| | \$ 10,415,158 |
| | ===== |

Schedule 13

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-92

Part IV Section A Line 22 Other Expenses

| <u>Other Expenses</u> | <u>Amount</u> |
|---|---------------|
| Archival CDs for Preservation of Tape Lectures | 61,589 |
| Archival Metal Plates for Preservation of Written Materials | 662,413 |
| Archival Metal Records for Preservation of Tape Lectures | 16,724 |
| Archival Research | 88,696 |
| Archival Supplies for Preservation of Written Materials | 752,519 |
| Archival Time Capsules | 8,301,823 |
| Audit & Accountancy Fees | 10,933 |
| Bank Charges | 19,341 |
| Bulk Purchases of Tape for Preservation of Tape Lectures | 800 |
| Cleaning & Laundry | 7,461 |
| Dissemination | 46,385 |
| Equipment Rental | 6,818 |
| Legal & Professional Fees | 599,993 |
| Office & Administration | 39,938 |
| Postage & Shipping | 27,340 |
| Printing | 1,791 |
| Repairs & Maintenance | 460,005 |
| Staff Enhancement Expenses and Materials | 19,754 |
| Staff Room & Board and Other Benefits | 165,996 |
| State Franchise Tax | 7,400 |
| Telephone | 76,690 |
| Travel & Transport | 137,629 |
| | ----- |
| | \$ 11,507,038 |
| | ===== |

Schedule 14

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-91

Part IV Section A Line 22 Other Expenses

| <u>Other Expenses</u> | <u>Amount</u> |
|---|---------------|
| Archival CDs for Preservation of Tape Lectures | 8,910 |
| Archival Metal Plates for Preservation of Written Materials | 453,893 |
| Archival Metal Records for Preservation of Tape Lectures | 2,136 |
| Archival Research | 140,948 |
| Archival Supplies for Preservation of Written Materials | 579,062 |
| Archival Time Capsules | 7,136,591 |
| Audit & Accountancy Fees | 11,851 |
| Bank Charges | 24,822 |
| Bulk Purchases of Tape for Preservation of Tape Lectures | 97,765 |
| Cleaning & Laundry | 19,424 |
| Dissemination | 24,500 |
| Equipment Rental | 4,093 |
| Legal & Professional Fees | 529,931 |
| Loans Written Off | 6,668 |
| Office & Administration | 47,609 |
| Postage & Shipping | 12,091 |
| Printing | 1,864 |
| Repairs & Maintenance | 158,785 |
| Staff Enhancement Expenses and Materials | 1,296 |
| Staff Room & Board and Other Benefits | 148,717 |
| State Franchise Tax | 2,115 |
| Telephone | 96,295 |
| Travel & Transport | 159,924 |
| | ----- |
| | \$ 9,669,285 |
| | ===== |

Schedule 15

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 30-Apr-90

Part IV Section A Line 22 Other Expenses

| <u>Other Expenses</u> | <u>Amount</u> |
|---|---------------|
| Archival Metal Plates for Preservation of Written Materials | 78,675 |
| Archival Research | 508,816 |
| Archival Supplies for Preservation of Written Materials | 195,134 |
| Archival Time Capsules | 26,026 |
| Audit & Accountancy Fees | 9,376 |
| Bank Charges | 34,252 |
| Bulk Purchases of Tape for Preservation of Tape Lectures | 472,527 |
| Cleaning & Laundry | 2,927 |
| Dissemination | 1,090 |
| Equipment Rental | 19,480 |
| Legal & Professional Fees | 671,535 |
| Office & Administration | 79,876 |
| Postage & Shipping | 20,462 |
| Printing | 995 |
| Repairs & Maintenance | 143,856 |
| Staff Enhancement Expenses and Materials | 7,789 |
| Staff Room & Board and Other Benefits | 217,626 |
| State Franchise Tax | 600 |
| Telephone | 87,578 |
| Travel & Transport | 150,409 |
| | ----- |
| | \$ 2,729,029 |
| | ===== |

Schedule 16

Church of Spiritual Technology

Federal I.D. Number 95-3781769

Form 1023

Period Ended: 31-Dec-92

Part IV Section B Line 4 Bonds and Notes Receivable

| <u>Name of Borrower</u> | <u>Obligation</u> | <u>Rate of Return</u> | <u>Due Date</u> | <u>Amount</u> |
|-------------------------|-------------------------|-----------------------|-----------------|--------------------------|
| Bruce Bolstad | Loan to Staff Member | Interest-free | None | 180 |
| | | | Total | ----- \$ 180 ===== |

Schedule 17

Church of Spiritual Technology

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Form 1023

Period Ended: 31-Dec-92

Part IV Section B Line 7 Other Investments

| <u>Type of Investment</u> | <u>Description</u> | <u>Amount</u> |
|---------------------------|------------------------------|---------------|
| Precious Metal | Gold & Silver Ingots & Coins | 3,468 |
| | | ----- |
| | | \$ 3,468 |
| | | ===== |

Schedule 18

Church of Spiritual Technology

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Form 1023

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> |
|-----------------------------|---------------|---|-------------------|
| Buildings & Improvements | 51,038,252 | 6,512,280 | 44,525,972 |
| Computer & Other Equipment | 3,017,017 | 2,047,538 | 969,479 |
| Furniture & Equipment | 1,886,495 | 852,896 | 1,033,599 |
| Motor Vehicles | 364,486 | 269,320 | 95,166 |
| | ----- | ----- | ----- |
| | \$ 56,306,250 | \$ 9,682,034 | \$ 46,624,216 |
| | ===== | ===== | ===== |

Schedule 19

Church of Spiritual Technology

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Form 1023

Period Ended: 31-Dec-92

Part IV Section B Line 10 Other Assets

| <u>Other Assets</u> | <u>Amount</u> |
|-------------------------|---------------|
| Assets Held in Custody | 1 |
| Bond for IRS FICA Taxes | 13,609 |
| Telephone Deposit | 20 |
| Road Paving Deposit | 7,173 |
| Options | 200 |
| | ----- |
| | \$ 21,003 |
| | ===== |

Schedule 20

Schedule A.—Churches

1 Provide a brief history of the development of the organization, including the reasons for its formation.

See pages Sch-A1 - A2

2 Does the organization have a written creed or statement of faith? [X] Yes [] No
If "Yes," attach a copy. The Creed is stated in Article IV of the ByLaws attached as Exhibit C.

3 Does the organization require prospective members to renounce other religious beliefs or their membership in other churches or religious orders to become members? See page Sch-A2 [] Yes [X] No

4 Does the organization have a formal code of doctrine and discipline for its members? [X] Yes [] No
If "Yes," describe. See pages Sch-A3 - A4

5 Describe your form of worship and attach a schedule of your worship services.
See page Sch-A4

6 Are your services open to the public? [X] Yes [] No
If "Yes," describe how you publicize your services and explain your criteria for admittance.

But see page Sch-A-5

7 Explain how you attract new members.

See page Sch-A5

8 (a) How many active members are currently enrolled in your church?

34

(b) What is the average attendance at your worship services?

34

9 In addition to your worship services, what other religious services (such as baptisms, weddings, funerals, etc.) do you conduct?

Baptisms ("Naming Ceremonies"), weddings and funerals. Celebration of Scientology religious holidays.

Schedule A.—Churches (Continued)

See page Sch-A5

10 Does the organization have a school for the religious instruction of the young? Yes No

11 Were your current deacons, minister, and pastor formally ordained after a prescribed course of study? Yes No

12 Describe your religious hierarchy or ecclesiastical government.

See pages Sch-A6-A7

13 Does your organization have an established place of worship? Yes No

If "Yes," provide the name and address of the owner or lessor of the property and the address and a description of the facility.

See page Sch-A7

If you have no regular place of worship, state where your services are held and how the site is selected.

14 Does (or will) the organization license or otherwise ordain ministers (or their equivalent) or issue church charters? Yes No

If "Yes," describe in detail the requirements and qualifications needed to be so licensed, ordained, or chartered.

See page Sch - A7

15 Did the organization pay a fee for a church charter? Yes No

If "Yes," state the name and address of the organization to which the fee was paid, attach a copy of the charter, and describe the circumstances surrounding the chartering.

16 Show how many hours a week your minister/pastor and officers each devote to church work and the amount of compensation paid each of them. If your minister or pastor is otherwise employed, indicate by whom employed, the nature of the employment, and the hours devoted to that employment.

CST staff, including its ministers, devote approximately 14 hours per day to their religious duties or study of scripture.

Schedule A.—Churches (Continued)

- 17** Will any funds or property of your organization be used by any officer, director, employee, minister, or pastor for his or her personal needs or convenience? Yes No
- If "Yes," describe the nature and circumstances of such use.

- 18** List any officers, directors, or trustees related by blood or marriage.

None.

- 19** Give the name of anyone who has assigned income to you or made substantial contributions of money or other property. Specify the amounts involved.

None, although L. Ron Hubbard has bequeathed to CST the bulk of his estate on the condition CST obtains tax-exempt status. The bequest was valued at \$30,317,899 in October 1986.

Instructions

Although a church, its integrated auxiliaries, or a convention or association of churches is not required to file Form 1023 to be exempt from Federal income tax or to receive tax deductible contributions, such an organization may find it advantageous to obtain recognition of exemption. In this event, you should submit information showing that your organization is a church, synagogue, association or convention of churches, religious order or religious organization that is an integral part of a church, and that it is carrying out the functions of a church.

In determining whether an admittedly religious organization is also a church, the Internal Revenue Service does not accept any and every assertion that such an organization is a church. Because beliefs and practices vary so widely, there is no single definition of the word "church" for tax purposes. The Internal Revenue Service considers the facts and circumstances of each organization applying for church status.

The Internal Revenue Service maintains two basic guidelines in determining that an organization meets the religious purposes test:

- (a) that the particular religious beliefs of the organization are truly and sincerely held, and

- (b) that the practices and rituals associated with the organization's religious beliefs or creed are not illegal or contrary to clearly defined public policy.

In order for the Internal Revenue Service to properly evaluate your organization's activities and religious purposes, it is important that all questions in this Schedule are answered accurately.

The information submitted with this Schedule will be a determining factor in granting the "church" status requested by your organization. In completing the Schedule, the following points should be considered:

- (a) The organization's activities in furtherance of its beliefs must be exclusively religious.
- (b) An organization will not qualify for exemption if it has a substantial nonexempt purpose of serving the private interests of its founder or the founder's family.

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Page SCH-A1

Schedule A, Question 1 - History of Development of the Organization

CST was incorporated under the California Nonprofit Religious Corporation Act on May 26, 1982. (Exhibit A).

Until early 1982, L. Ron Hubbard owned all rights and interests in the Scientology religious marks and advanced technology (confidential advanced religious levels). He permitted churches and missions of Scientology that used them for religious purposes to do so pursuant to informal verbal licenses.

At about this time, Mr. Hubbard became concerned about the disposition of the marks and the advanced technology after his death. He was particularly concerned that some system of checks and balances might be necessary to ensure that delivery of the technology always remained standard. Mr. Hubbard desired to leave the marks and the advanced technology to the religion, as he had always promised, but he perceived an inherent conflict of interest if he were to give full ownership, with the attendant obligations to supervise use, to the same entity that would actually use the materials. He also was uncertain whether the supervising entity, if one were formed, would be able to discharge its obligations over all the millions of years Scientology will be practiced.

Mr. Hubbard decided that the best way to satisfy these concerns would be to divide his ownership of the marks and advanced technology into separate rights. Each right would be given to a different church organization that served a particular function. One organization would delegate responsibility for delivering the technology and then supervise the actual delivery, while the other would serve as a "fail safe" mechanism to preserve the Scripturess in the event they or the Scientology technology were threatened. Mr. Hubbard thought the failsafe mechanism might be useful sometime during the millions of years Scientology will be practiced.

Thus in May 1982 Mr. Hubbard assigned to RTC the rights to the Scientology religious marks worldwide and all rights to the use of the advanced technology in the United States, both subject to an option he granted to CST to acquire RTC's rights in the event the marks or advanced technology are used in a way that is inconsistent with the Scripturess. (See also response to Part II, Question 1.)

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Schedule A, Question 1 - History of Development of the Organization

Mr. Hubbard also made a testamentary gift to CST of the bulk of his estate, including all retained interests in the marks and the advanced technology, his copyrights to the Scientology Scripturess (including the advanced technology), and all other property he owned that related to the religion, as well as his copyrights to fictional work and nonreligious properties. Basically, except for specific bequests to his wife and to certain of his children and grandchildren, Mr. Hubbard left his estate, including all his property, to CST on the condition that CST obtain recognition of its exemption under section 501(c)(3).

Thus CST was formed for the unique purpose of acting as the ultimate failsafe for Scientology orthodoxy for all time. Since CST's formation, in addition to carrying out this sacred trust, its only activities have consisted of ministering Scientology religious services to its staff and its preservation activities which are described in detail in the response to part II, Question 1.

Schedule A, Question 3 - Renunciation of Beliefs of or Membership in Other Churches or Religious Orders

The Church of Scientology has no policy or Scriptural mandate that requires Scientologists to renounce other religious beliefs or membership in other churches or religious orders. As a practical matter Scientologists usually become fully involved with the Scientology religion to the exclusion of any other faith. Scientology Scripturess, auditing and training, provide the answers to the fundamental questions of their existence.

Thus a Scientologist who grew up in the Jewish faith who continues membership with the synagogue he grew up in and occasionally attends synagogue services violates no Scientology policy or tenet. On the other hand, such a person is not permitted to mix the practices of another faith into his practice and understanding of Scientology in such a way as to alter orthodox Scientology in any way.

The above applies to Scientologists generally. In the case of CST, its members are all full-time staff personnel who have pledged the next billion years of their lives to the Scientology religion as members of the Sea Org. They are thus totally committed to the Scientology faith. (See the response to Part II, Question 1.)

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Page SCH-A3

Schedule A, Question 4 - Formal Code of Doctrine and Discipline

Scientology is a religion based upon the research, writings and recorded lectures of its founder, L. Ron Hubbard, which collectively constitute the Scriptures of the religion. The Scientology Scripturess are the sole source of all the doctrines, tenets, sacraments, rituals and policies of the Scientology faith. They encompass more than 500,000 pages of writings, nearly 3,000 taped lectures and over 100 films.

The basic tenet of the Scientology religion is that man is an immortal spirit who is basically good and ethical who has lived through countless previous lifetimes and who will live again and again. Although he has a mind and a body, he is himself a spiritual being. The ultimate goal of Scientology is "a civilization without insanity, without criminals and without war, where the able can prosper and honest beings can have rights, and where Man is free to rise to greater heights."

The principal religious practices in Scientology are "auditing" and "training," which consist of a gradient scale of religious services addressing the spirit. The purpose of auditing is to unburden man of past painful experiences and to orient him as a spiritual being. Auditing results in an increase in spiritual awareness and ability. Ultimately the person achieves certainty of himself as a spirit and freedom from unwanted burdens. At this point he also is certain of immortality. "Training" also increases spiritual awareness and ability for the individual and enables a person to utilize the religious technologies of Scientology to improve conditions with himself or herself and others.

Scientology is an exact faith, and a fundamental doctrine of the religion is that its religious services must be orthodox. It holds that spiritual salvation can be attained if, and only if, the path to salvation outlined in the Scriptures's religious technology is followed without deviation.

Scientology doctrine also includes a code of social conduct by which mankind can accomplish the Scientology goal of a new civilization. This code, generally referred to as the

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Schedule A, Question 4 - Formal Code of Doctrine and Discipline

Scientology system of ethics, is enunciated throughout Scientology Scriptures both in general principle and actual application. The guidelines and rules of Scientology ethical conduct influence all aspects of a Scientologist's existence. Scientologists are expected to apply the principles of Scientology ethics to themselves through self-discipline, to help them lead ethical and productive lives.

Where a Scientologist fails to do so, Scientology Scriptures defines a code and justice procedures to help stop unethical conduct. The ultimate penalty under Scientology ethics and justice codes is expulsion from the Church.

These doctrines and code of discipline are applicable to all churches of Scientology and their parishioners, including CST.

Schedule A, Question 5 - Worship Services

Scientologists attain spiritual enlightenment and salvation through auditing and training as described in the response to Question 4 above. Participation in these services raises the individual to higher states of spiritual awareness as defined in the Scriptures. Auditing and training are thus the core religious practices in Scientology.

CST ministers religious services to its own community of staff members through a regularly-scheduled program of religious services. Each CST staff member participates in Scientology auditing or training in Scientology Scriptures or training in their religious duties a minimum of 12 1/2 hours per week on a schedule of 2 1/2 hours per day. Four of CST's staff devote all their time to the spiritual well-being of CST's staff through the ministry of Scientology religious services. These staff are fully qualified to minister Scientology religious services to CST's staff, enabling them to progress up Scientology's Bridge to Total Freedom in the same manner as staff of other churches of Scientology and public Scientologists.

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Schedule A, Question 6 - Availability of Services

As a general matter, parishioners of other churches of Scientology do not visit CST to receive religious services because CST is located in a very remote area, far from other Scientology churches, and CST's archival activities are not open to the public. However, should a qualified parishioner of another Church of Scientology visit CST and wish to participate in religious services while there, CST's ministers would certainly provide the religious services requested.

Schedule A, Question 7 - Methods Used to Attract New Members

CST's membership is limited to its own staff. To qualify for a position within CST, an individual must be an experienced Scientologist with a proven history of service to the religion and a member of the Sea Org. Thus prospective members of CST must be experienced staff personnel of other churches of Scientology who wish to become a member of CST's staff. When a person indicates a desire to serve the religion through CST, he or she is contacted directly by CST's personnel office.

Schedule A, Question 10 - Religious Instruction of the Young

Study of the Scientology Scriptures is available to any person of any age so long as he or she is able to comprehend the information contained in the Scriptures. CSI compiles, edits and publishes Scriptural materials for children in order to make the information more accessible at an early age. Thus religious instruction of children is available at any church of Scientology as soon as the particular child has a suitable level of comprehension.

CSI has a boarding school near its Hemet, California facility for the children of its staff that teaches Scientology catechism as well as secular subjects. Church of Scientology Western United States has a similar facility located on a rural property north of Los Angeles near Valencia for children of all Sea Org staff at Churches of Scientology in Los Angeles. Children of CST staff also attend these schools.

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Schedule A, Question 12 - Religious Hierarchy or Ecclesiastical Government

As a church of the Scientology religion CST cooperates with CSI in matters of Church polity and with RTC with respect to maintaining the orthodoxy of Scientology religious technology. However, CST is not part of the Scientology ecclesiastical hierarchy and is not involved with the usual day-to-day activities of the Church of Scientology.

CST carries out its own day-to-day activities subject to its own ecclesiastical government that consists of two ecclesiastical governing bodies -- the Executive Council and its subordinate, the Advisory Council. The Executive Council is the executive level of CST's ecclesiastical hierarchy and is responsible for making high-level managerial decisions and for approving proposed activities and budgets. The Advisory Council is responsible for managing CST's daily activities, executing all planning approved by the Executive Council, and advising the Executive Council on needed changes in activities and policies.

CST's highest ecclesiastical official is its Commanding Officer, Russell Bellin. Immediately below the Commanding Officer in CST's hierarchy are three Deputy Commanding Officers. Each Deputy Commanding Officer is responsible for one of three areas of religious concern relating to CST's religious purposes and activities known as Internal, Production (preservation) and External. The Executive Council consists of the Commanding Officer and the three Deputy Commanding Officers, who each have staff assisting their areas of concern.

CST's activities are managed primarily through its Advisory Council (comprised of the executive heads of CST's various divisions), under the direction and control of the Executive Council. The two Councils work in close coordination in carrying out their tasks.

CST's activities and programs generally are planned on a weekly basis. Every week the Advisory Council meets to review each Division's progress, to prepare a report on what was accomplished during the prior week, and to prepare a program of objectives for the upcoming week. The weekly report and preservation program are sent to the Executive Council for review and approval or modification. Once approved, the program is sent to each staff member to use during the following week.

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Schedule A, Question 12 - Religious Hierarchy or Ecclesiastical Government

The Advisory Council also meets routinely to discuss medium-range planning and coordination of preservation activities and to develop new preservation programs or changes for recommendation to the Executive Council.

Schedule A, Question 13 - Established Place of Worship

See the response to Schedule A, Question 5. CST ministers its central religious practices, auditing and religious training, at its principal location in San Bernardino, California. At this location auditing is ministered in individual sessions conducted one on one between a Scientology minister and the parishioner in private rooms which CST maintains exclusively for this purpose. Religious training is ministered in a large course room where CST's congregation assembles for this purpose.

Schedule A, Question 14 - Qualifications for Ordination of Ministers

Churches of Scientology, including CST, ordain ministers. To qualify for ordination a minister must be in good standing with CSI as the Mother Church and must have completed a seminary training which includes: the study of the basic tenets and doctrines of the Scientology religion; study of and application of Scientology religious technology for assisting the sick or injured; study and application of Scientology pastoral counseling for assisting people with marital, familial or other problems; study and application of the Scientology religious ceremonies, including naming ceremonies (i.e., baptisms), marriages and funerals; and study of religion in general, which includes study of the history and basic tenets of the major religions of the world.

Ministerial students receive some auditor training as part of their seminary training and often have been previously trained for ministering auditing. They are encouraged to continue such training after ordination.