

N. The Need For Reserves

The Church of Scientology has numerous good reasons for maintaining reserves, the primary reasons being promotion expansion, and defense. The central reserves accumulated by the Church historically have been used for precisely these purposes, and the same is planned as well for the future. Of course, the Church's reserves pale in comparison to other churches, such as the Roman Catholic Archdioceses of Boston ("worth precisely \$640,074,468.51) and of Los Angeles (worth "between \$800 million and \$1 billion"), and the Mormon Church ("around eight billion dollars by conservative estimates").

Scientology is a new religion that is expanding rapidly. This expansion requires new and bigger quarters and has been almost continual as can be seen in the following pattern:

1972-73: A building was acquired which now houses the Church of Scientology Celebrity Centre International for \$975,000.

1975: The Fort Harrison Hotel and Bank of Clearwater Buildings in Clearwater, Florida were acquired for total considerations aggregating \$3,005,000 with an additional \$100,000 expended between 1975 and 1976 in renovations and converting the buildings to

Church use. This property now houses the Flag Service Organization.

1976: The former Cedars of Lebanon Hospital facilities in Los Angeles were acquired for \$5,478,000 and expended approximately \$500,000 to convert those facilities to Church use. This property currently houses a large portion of Church of Scientology International Religious Technology Center and other Scientology Churches.

1976: Property was purchased in La Quinta, California using reserves for approximately \$1,600,000, which for a short time housed some of the Church functions now carried out by CSI.

1978: Property was purchased at Gilman Hot Springs near Hemet, California at the cost of \$3 million and is currently housing a portion of the Church of Scientology International operations and some of Religious Technology Center's operations.

1979: Approximately \$6 million was expended to purchase 5 buildings in Clearwater to be used as office space, for the conduct of religious services and staff quarters.

1979-80: During these years approximately \$17 million of reserves were used to purchase larger and better located buildings for a large number of Class IV Churches to expand and improve their facilities.

1983: The former Elk's Building in Clearwater was purchased to expand the Church facilities yet further at a cost of approximately \$240,000.

1983: A grant by Flag Service Org of approximately \$18 million was made to CST to forward CST's religious purposes.

USE OF RESERVES - UPDATE

The supplemental submission that Church of Scientology International filed with the Service in August of 1987 included a list of planned reserves expenditures for the years 1987/88. The following description compares this projection to expenditures actually made thereafter.

DISSEMINATION OF THE TECHNOLOGY:

The Church reported that there were plans to use a total of \$43,514,631 from reserves in 1987 and 1988 to disseminate Scientology.

In the first half of 1987 the Church spent approximately \$4.1 million on the promotion of the books, Dianetics The Modern Science of Mental Health and Self Analysis and by the end of 1988 had spent an additional sum estimated at \$18 million on these campaigns. In addition, the Church invested over \$2 million per annum in the production of public dissemination and religious training films that were produced by Golden Era Productions.

Some of the Church's planned expenditure on dissemination campaigns occurred subsequently. For example, in 1989, the Church spent a total of over \$16,500,000 on church dissemination and public relations campaigns, and in 1990 over \$17.5 million was spent on broad dissemination campaigns and public event costs.

Summary of dissemination:

Total projected expense	\$43,514,631 =====
Spent in 1987-88	\$26,100,000 =====

PROJECTED EXPENDITURES FOR DEFENSE:

The Church projected expenditure on legal and professional fees, relating to legal matters at approximately \$1,000,000 per month. The Church's estimated expenditure in 1987-88 averaged \$1,250,000 per month or approximately \$30,000,000.

Total projected for 1987-88	\$24,000,000 =====
Spent in 1987-88	\$30,000,000 =====