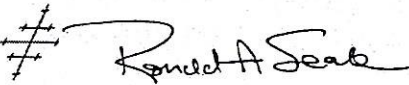



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November 14, 2005

TO: Active Members and Deputies of the Supreme Council

FROM: Ronald A. Seale  
SOVEREIGN GRAND COMMANDER

RE: Financial Accounting of Scottish Rite Programs and Activities

Gentlemen;

The Scottish Rite is operating under a blanket group exemption issued on October 27, 1971 under section 501(c)(10) of the Internal Revenue Code. Benefiting from this blanket exemption, the Valleys function in much the same fashion as the Scottish Rite in regards to the various programs and activities. All programs, in order to be sanctioned, must be directed by the Valley with the related financial accounting of the program or activity included in the books and records of the Valley. In this regard all programs, including clubs, luncheon groups, etc, that are being conducted as Scottish Rite activities, especially those maintaining their own bank accounts, must be included in the financial activity of the respective Valley. Any activity not so recorded shall not be recognized as a Scottish Rite activity and reported as such.

RAS:fj