DEPUTY STEWARD'S REPORT:

Greetings unto the Empire. I am Sir Nikolai Belsky, and I have had the privilege to serve as Deputy Imperial Steward since June of 1998, during the Reign of Their Imperial Highnesses, Jehan and Katherine. My role is limited, and bears brief description.

History: In 1998, after much research and several false starts, we prepared our 501(c)(3) application (for federal tax-exempt status as a non-profit educational organization). 501(c)(3) status allows us to receive tax-deductible donations, and to engage in lucrative tax-free fund- raising events. The application required something which we needed to have anyway a reliable accounting system for the Empire and its Chartered Subdivisions. In preparing the application, we discovered that our records were in woeful disarray. We set out to fix that. One of the problems was local turnover of Crowns. This was compounded by turnovers in the Imperial Steward's Office with little or no communication between the outgoing Steward and successors. There was not much we could do about the local governments, but it was decided by the Imperial Crowns at the time that some portion of the Steward's office should have some measure of permanence. To that end, I was appointed to perform limited duties. Although the purpose of my appointment was that I serve indefinitely, that purpose is in no way codified, and I, like any Imperial Minister, serve at the whim of the current Imperial Crown. So far, I have been re- appointed at the beginning of each Reign, and no one has fired me.

Duty #1, liaison with accountant: In making our application for 501(c)(3) status, we realized that we needed professional help. An organization such as ours must make regular financial reports to the Arizona Corporations Commissions and file tax returns with the appropriate agencies. These requirements are independent of our duty to our members to give a good and fair accounting of how we are using their money. This was the case even before making our application for 501(c)(3) status, and we simply were not in compliance. As we looked harder at the problem, we found shoddy bookkeeping, and even out-and-out mishandling of funds. To help us, we found De De Guillory-Chavez, an accountant, who was also a former exchequer in the SCA, and thus had experience with our type of organization. It doesn't faze De De to be talking to Duchesses and Kings. De De works out of Hutchinson and Bloodgood, an accountancy corporation in the same town where I have my law practice. She works literally blocks away from me. Having me as a liaison with her facilitates communication. De De has developed a manual for Stewards to keep us in compliance with applicable laws, regulations, and accountancy procedures. Mainly, the manual is to help us help her help us. It has been disseminated throughout the Empire, but if you need it, please contact me at ejm@brawleyonline.com or (760) 352-2800. Don't be embarrassed to ask for "Sir Nikolai." The staff knows that I use that name and to put anyone through who invokes it. After hours, you can always leave voicemail.

Duty #2, liaison with Arizona Corporations Commission: Every year, the ACC requires a report as to who our officers and directors are, who our agent for service of process is, and as to our financial activities. The form for the report is mailed to me. In past years, as Stewards would turn over, the ACC would send the forms to the wrong addresses and they would get lost. Without a current report on file, we lose our good standing as a corporation. This loses us the right to do business legitimately. Good standing is the first step to allowing each chartered subdivision to register itself in its home state as a branch of Adria as a foreign corporation (if the chartered subdivision is outside Arizona). Registration is the first step toward legitimate fund- raising (where the real money is). In theory, without good standing, we should not even be able to bank, although we had been able to work around that. The good news is that regaining good standing is as easy as filing a report and there are no longer any late fees for non-profit corporations. There is a $10 filing fee, which Adria pays (and I make out the check).

Duty #3, signatory: Our Steward's Manual (1992) requires that the Imperial Steward be a signatory on all Adrian bank accounts. Yes, even the local ones. As Imperial Stewards would turn over, this became a major hassle. The alternative was to have me, as Deputy Steward for Life, be the signatory on behalf of the Imperium on an indefinite basis. I also have signatory powers on behalf of the corporation for our reports to the ACC.

As Deputy Imperial Steward, I have no other duties. All other functions of the Office are handled by the Imperial Steward appointed by the Imperial Crown.

On the status of the law: The Steward's Manual of 1992 was made an Imperial Estates Writ, which means that it could only be modified by act of the Estates. As it contains fundamental operating procedures of the Empire, that was fitting. Nevertheless, in July of 1998, it was thought that the manual needed an overhaul as it had some outdated provisions. It was remanded to the authority of the Imperial Crown for revision. The revision never

occurred. Other things happened instead. As previously indicated, De De came out with a manual of procedures. (This manual actually slightly predated the proposed rewrite of the Steward's Manual). Around the same time, Sir Duriel Caliban van Hansard (then Interim Imperial Steward) came out with a "How-to" manual for Stewards. I am given to understand that Dame Kitara Kell, the Imperial Steward during the following Reign (11/98-11/99) came out with a supplemental procedural handbook for Stewards. All of these manuals were called Stewards' Manuals. Later in my report, I shall give my proposal for what to do about this situation.

On the status of the corporation: At the last Imperial Estates Meeting, I announced that Adria was not in good standing due to failure to file last year's report. De De had been unable to complete our financial report due to the failure of several chartered subdivisions to submit their monthly reports to the Imperial Steward. At the last meeting, we set an artificial deadline for all regions to get their reports in (August 1, 2000). I am happy to announce that De De has confirmed that she has information from all regions sufficient to prepare a report. It's now up to her. She says she is swamped, and that she will need a few more weeks. [The date that I write this September 10, 2000.] Once the financial report is done, I will complete the ACC report form and submit it. Within days, we will be back in good standing. I will announce it officially on the Tavern and in the Herald once it is done . I then urge all chartered subdivisions to do their foreign corporations registrations. Thus far, only Aragon has been able to do theirs (and have reaped the consequent economic rewards). If you need information on how to do a registration of a foreign corporation, I urge you to contact me or the Crowns of Aragon. I fully expect that we shall be back in good standing well before Coronation.

On the status of bank accounts: Insofar as I recall, I am signatory on only 5 Adrian bank accounts. They are the Terreneuvien, York, Esperance, and Imperial accounts (currently 2). I have been contacted by Umbria. Any other bank accounts without an Imperial Steward signatory are out of compliance. Furthermore, you all need to know that it is illegal for Crowns and Chancellors to be signatories on Adrian bank accounts. The procedure is that Crowns issue written authorizations for funds, but do not write checks. As we tighten things on this ship, I would expect that the Imperial Crowns will begin to take action to assure compliance. It is my hope that local governments will pitch in and cooperate. I will make myself available to sign any necessary documents. Here is some contact information:

Sir Nikolai
c\o Marcus & Cotugno, PLC
Downtown Professional Center
732 State Street
El Centro, CA 92243
(760) 352-2800 [office]
(760) 352-2867 [fax]

Regarding the Imperial Bank Account, we currently have two. We have the old one at Bank One, and we have the new one which we have opened at Bank of America. I happen to be writing this from Israel, but on my return on September 21, I will take action to close the old account. By the time you read this, the old account should be closed.

Steward's Manual: At the meeting of the Imperial Estates in July of this year, I agreed to take on the task of completing the overhaul of the Steward's Manual so that it could be back in the hands of the Imperial Estates by November. MY PROPOSAL IS THAT THE REVISED STEWARD'S MANUAL BE ONCE AGAIN AN IMPERIAL ESTATES WRIT. The revised manual is appended hereto as an appendix.

Dues collection: At the July meeting, Her Imperial Majesty proposed that we standardize dues collection such that it is only done at certain times each year. The Estates resolved to pursue the issue, and I agreed to write a proposal. I should start off by saying that I am uncertain as to the advantages of such an arrangement, but nevertheless, there seems to be some interest in the idea, so here goes:

People join all the time, and we are never going to turn people's money away. Furthermore, we are never going to refuse money forwarded from the chartered subdivisions. The issue seems to be with regard to renewals. It seems the current administration wishes to encourage renewals to happen once or at most twice per year to facilitate budgeting. Concerning that the average turnover of a subject of Adria is a year and a half (1996 statistics) one

wonders how much renewals are really an issue. Nevertheless, assuming that it really is an issue, here is the proposal:

{proposal begins} [See Old Business Section of Agenda for Action Item]

All memberships begun between 4/1 and 9/30 shall be treated as if they were received on July 1. For half-year memberships, renewal will be on January 1. For full-year memberships, renewal will be on July 1.

All memberships begun between 10/1 and 3/31 shall be treated as if they were received January 1. For half-year memberships, renewal will be on July 1. For full-year memberships, renewal will be on January 1.

As you can see, depending on when dues are paid, the member can "gain" or "lose" three months. At our current level of dues, this represents a maximum one-time swing of $7.50. The only way this situation would ever be repeated is if the membership were allowed to expire. Otherwise, the issue would never come up again.

Rather than micromanage the Bylaws, I think that the Imperial Steward's office can simply try this idea as an administrative experiment. As a technical argument, it might be said that the dues for a member's first year (or six months) are being changed. To combat that argument, the Estates may simply pass a resolution which indicates that its interpretation of the law is otherwise. Such an interpretation is part of my proposal.

It may be that the dates set forth above may not be perfect for all chartered subdivisions. At the meeting, we may wish to make alternate suggestions to the Imperial Crown, but I propose that we leave the ultimate decision to them. I also suggest that the issue be reviewed at the July Estates Meeting, so that if the experiment is an unmitigated disaster, we can withdraw our approval.

{proposal ends}

Dues Splits: Once again, we have several proposals for splitting dues between the chartered subdivisions and the Empire. Again, I say there is a better way. Considering the fact that as a whole, the Empire still does not have its financial act together, adding the additional accounting burden of dues splitting is probably ill advised. There is another, easier way to accomplish the same thing.

Changing the allocation of dues requires a change in the Bylaws (a 2/3 vote). Once done, it is quite difficult to change. The dues split has been changed twice in four years, and we are still not happy with things are going. If our economic situation is so fluid, we should be equally fluid in our approach to budgeting. I propose that the Empire continue to receive 100% of dues. If, at some point, it turns out that the Empire has a surplus, and if local subdivisions have a need for funds, a proposal for distribution of the surplus would only require a majority vote (and could be done during the Steward's report). This could be done at any time without any change to the Bylaws. In fact, we could even build in to our budgeting an automatic proportional rebate of surplus over a certain amount (maintaining a capital reserve, of course). This too would only require a majority vote, and could be reviewed twice a year when we meet. The advantage of this is that no change to the Bylaws is required.

Having said that, I should say that I don't like supporting chartered subdivisions with dues. This organization is large and mature enough to support itself mainly through fund raising. Dues should be used strictly for the fundamental expenses of the Empire: insurance, newsletter, accounting, P.O.Box, administration, capital reserve, etc. Surviving on membership dues is almost cannibalistic. We feed on our own. I strongly applaud those who have taken the initiative to raise thousands of dollars without taxing their own membership. We can be extremely successful so long as we account responsibly and remain in good standing. We should stop thinking small. Fortunately, most of the chartered subdivisions are doing quite well in the absence of dues. In fact, most have greater surpluses now than ever. Any chartered subdivisions having financial problems are invited to contact me. I will help. Together, we will find solutions that are not dependent on self-taxation.

Orn Pitman's Membership: In light of recent events, Orn Pitman (Sir Francois de Coucy) has manifested an intent to resign. His membership is a Bylaw, and accepting his resignation would require several Bylaw changes. Sir Francois has asked that the Estates consider transferring his membership to his sister, Dame Lizbet de Gour de Ley

nee Coucy. Dame Lizbet only missed being a founding member of this Empire by a matter of months. I propose that Sir Francois' wish be granted, not because Sir Francois wishes it, but because it seems fitting that his leaving not diminish the Empire. Sir Francois is also Grandmaster of the Dream. Of the elder subjects of the Empire, it is my understanding that Dame Lizbet is the only one who has not held a Royal or Imperial title, and yet her dedication to the Empire has never waivered. It seems fitting that Dame Lizbet's name replace Sir Francois' at every place it appears in the current Bylaws.

PROPOSAL: That Jade Alberts' name replace that of Orn Pitman in the Bylaws; that Dame Lizbet de Gour de Ley nee Coucy replace that of Sir Francois de Coucy in the Bylaws. [See Agenda for Action Item]

[Note:] Memberships of Mark A.W. Smith and Karen Smith: In November of 1997, the Bylaws which gave these folks lifetime memberships were repealed and replaced with new Bylaws revoking said memberships. This reflected on page 11 of the minutes, but never made it to the 2000 Bylaws. I just wanted to let you know the situation. I am sure the matter will be corrected in the next version of the Bylaws.

{Steward report ends}