

# Return of Organization Exempt From Income Tax

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

Note: The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**1998**

This Form is Open to Public Inspection

A For the 1998 calendar year, OR tax year period beginning , 1998, and ending , 19

B Check if:  
 Change of address  
 Initial return  
 Final return  
 Amended return (required also for state reporting)

C Name of organization  
**The Way To Happiness Foundation**

D Employer identification number  
**95-3937092**

E Telephone number  
**(323) 962-7906**

F Check  if exemption application is pending

Please use IRS label or print or type. See Specific Instructions.

Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
**7060 Hollywood Blvd. 306**

City or town, state or country, and ZIP+4  
**Los Angeles, CA 90028**

G Type of organization  Exempt under 501(c) ( 3 ) (insert number) OR  section 4947(a)(1) nonexempt charitable trust

Note: Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

H(a) Is this a group return filed for affiliates?  Yes  No  
 (b) If "Yes," enter the number of affiliates for which this return is filed: \_\_\_\_\_  
 (c) Is this a separate return filed by an organization covered by a group ruling?  Yes  No

I If either box in H is checked "Yes," enter four-digit group exemption number (GEN) \_\_\_\_\_  
 J Accounting method:  Cash  Accrual  Other (specify) \_\_\_\_\_

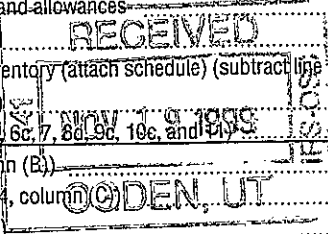
K Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Note: Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	94408.		
	b	Indirect public support	1b	58382.		
	c	Government contributions (grants)	1c			
	d	Total (add lines 1a through 1c) (attach schedule of contributors) (cash \$ 152790. noncash \$ )		Stmt 1	1d	152790.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	
	3	Membership dues and assessments			3	
	4	Interest on savings and temporary cash investments			4	
	5	Dividends and interest from securities			5	
	6 a	Gross rents	6a			
	b	Less: rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	
7	Other investment income (describe )			7		
8 a	Gross amount from sale of assets other than inventory	(A) Securities		(B) Other		
	Less: cost or other basis and sales expenses	8a		8b		
	Gain or (loss) (attach schedule)	8c				
	Net gain or (loss) (combine line 8c, columns (A) and (B))				8d	
9	Special events and activities (attach schedule):					
	a Gross revenue (not including \$ of contributions reported on line 1a)	9a				
	b Less: direct expenses other than fundraising expenses	9b				
c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c		
10 a	Gross sales of inventory, less returns and allowances	10a	10031.			
	b Less: cost of goods sold	10b	8040.			
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)		Stmt 2	10c	1991.	
11	Other revenue (from Part VII, line 103)			11	4413.	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	159194.	
Expenses	13	Program services (from line 44, column (B))			13	80199.
	14	Management and general (from line 44, column (C))			14	39191.
	15	Fundraising (from line 44, column (D))			15	27524.
	16	Payments to affiliates (attach schedule)		See Statement 3	16	10047.
	17	Total expenses (add lines 16 and 44, column (A))			17	156961.
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	2233.
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	63105.
	20	Other changes in net assets or fund balances (attach explanation)			20	0.
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	65338.

SCANNED JAN 06 '00



**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) ..... cash \$ _____ noncash \$ _____	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc. ....	25	31494.	21027.	8429.
26 Other salaries and wages .....	26	15865.	4157.	6111.
27 Pension plan contributions .....	27			
28 Other employee benefits .....	28			
29 Payroll taxes .....	29	3421.	1819.	1050.
30 Professional fundraising fees .....	30			
31 Accounting fees .....	31	10683.		10683.
32 Legal fees .....	32			
33 Supplies .....	33	1568.	824.	153.
34 Telephone .....	34	10191.	5242.	2549.
35 Postage and shipping .....	35	14471.	10879.	1590.
36 Occupancy .....	36	19287.	10223.	5964.
37 Equipment rental and maintenance .....	37	320.		320.
38 Printing and publications .....	38	5183.	3842.	241.
39 Travel .....	39	664.	353.	204.
40 Conferences, conventions, and meetings .....	40			
41 Interest .....	41			
42 Depreciation, depletion, etc. (attach schedule) ...	42	1399.	741.	434.
43 Other expenses (itemize):				
a DISSEMINATION	43a	20197.	18362.	143.
b COMMISSION	43b	8121.		
c BANK CHARGES	43c	1320.		1320.
d BOOKLET ROYALTIES	43d	2730.	2730.	
e	43e			
44 Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	146914.	80199.	39191.
				27524.

**Reporting of Joint Costs.** - Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation?  Yes  No

If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_; (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_.

**Part III Statement of Program Service Accomplishments**

What is the organization's primary exempt purpose? <b>TO PROMOTE COMMON SENSE MORAL VALUES</b>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a See Statement 4   (Grants and allocations \$ _____)	28719.
b See Statement 5   (Grants and allocations \$ _____)	24438.
c See Statement 6   (Grants and allocations \$ _____)	27042.
d   (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	80199.

**Part IV Balance Sheets**

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
<b>Assets</b>	45	Cash - non-interest-bearing	16978.	45	11298.
	46	Savings and temporary cash investments		46	
	47 a	Accounts receivable		47c	
	b	Less: allowance for doubtful accounts			
	48 a	Pledges receivable		48c	
	b	Less: allowance for doubtful accounts			
	49	Grants receivable		49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51 a	Other notes and loans receivable	33015.		
	b	Less: allowance for doubtful accounts		51c	33015.
	52	Inventories for sale or use	24891.	52	22510.
	53	Prepaid expenses and deferred charges		53	
	54	Investments - securities (attach schedule)		54	
	55 a	Investments - land, buildings, and equipment: basis			
	b	Less: accumulated depreciation (attach schedule)		55c	
56	Investments - other		56		
57 a	Land, buildings, and equipment: basis	17988.			
b	Less: accumulated depreciation Stmt 7	16314.	57c	1674.	
58	Other assets (describe ▶)		58		
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74)	79326.	59	68497.	
<b>Liabilities</b>	60	Accounts payable and accrued expenses	16221.	60	3159.
	61	Grants payable		61	
	62	Deferred revenue		62	
	63	Loans from officers, directors, trustees, and key employees		63	
	64 a	Tax-exempt bond liabilities		64a	
	b	Mortgages and other notes payable		64b	
	65	Other liabilities (describe ▶)		65	
66	<b>Total liabilities</b> (add lines 60 through 65)	16221.	66	3159.	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74				
	67	Unrestricted		67	
	68	Temporarily restricted		68	
	69	Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74				
	70	Capital stock, trust principal, or current funds	0.	70	0.
	71	Paid-in or capital surplus, or land, building, and equipment fund	0.	71	0.
	72	Retained earnings, endowment, accumulated income, or other funds	63105.	72	65338.
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)	63105.	73	65338.	
74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	79326.	74	68497.	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

**Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return**

a	Total revenue, gains, and other support per audited financial statements	a	N/A
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments \$		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify): \$		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify): \$		
	Add amounts on lines (1) and (2)	d	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	

**Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

a	Total expenses and losses per audited financial statements	a	N/A
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities \$		
(2)	Prior year adjustments reported on line 20, Form 990 \$		
(3)	Losses reported on line 20, Form 990 \$		
(4)	Other (specify): \$		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify): \$		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	

**Part V List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Laurie Zurn 6331 Hollywood Blvd. #700, Los Angeles, Calif. 90028	DIRECTOR AS NEEDED	0.	0.	0.
Glenn Horton 7060 Hollywood Blvd. #306, Los Angeles, Calif. 90028	SECRETARY/TREASURER 45	21302.	0.	0.
Scott Tregurtha 7060 Hollywood Blvd. #306, Los Angeles, Calif. 90028	DIRECTOR/PRESIDENT 45	10192.	0.	0.
Joanne Takano Irwin 7060 Hollywood Blvd. #200, Los Angeles, Calif. 90028	DIRECTOR AS NEEDED	0.	0.	0.
Ruth Lyons 7060 Hollywood Blvd. #200, Los Angeles, Calif. 90028	TREASURER AS NEEDED	0.	0.	0.
Brent McDaniels 7060 Hollywood Blvd #306 Los Angeles, Calif 90028	DIRECTOR/PRESIDENT AS NEEDED	0.	0.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule.  Yes  No

Part VI Other Information

Yes No

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity ..... 76 X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? ..... 77 X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? ..... 78a X
b If "Yes," has it filed a tax return on Form 990-T for this year? ..... N/A 78b
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? ..... 79 X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? ..... 80a X
b If "Yes," enter the name of the organization See Statement 8 and check whether it is exempt OR nonexempt.
81 a Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81 ..... 81a 0.
b Did the organization file Form 1120-POL for this year? ..... 81b X
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? ..... 82a X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III) ..... 82b N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? ..... 83a X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions? ..... 83b X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? ..... N/A 84a
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? ..... N/A 84b
85 501(c)(4), (5), or (6) organizations. - a Were substantially all dues nondeductible by members? ..... N/A 85a
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? ..... N/A 85b
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.
c Dues, assessments, and similar amounts from members ..... 85c N/A
d Section 162(e) lobbying and political expenditures ..... 85d N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices ..... 85e N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e) ..... 85f N/A
g Does the organization elect to pay the section 6033(e) tax on the amount in 85f? ..... N/A 85g
h If section 6033(e)(1)(A) dues notice were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? ..... N/A 85h
86 501(c)(7) organizations. - Enter:
a Initiation fees and capital contributions included on line 12 ..... 86a N/A
b Gross receipts, included on line 12, for public use of club facilities ..... 86b N/A
87 501(c)(12) organizations. - Enter: a Gross income from members or shareholders ..... 87a N/A
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) ..... 87b N/A
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX ..... 88 X
89 a 501(c)(3) organizations. - Enter: Amount of tax imposed during the year under: section 4911 0.; section 4912 0.; section 4955 0.
b 501(c)(3) and 501(c)(4) organizations. - Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction ..... 89b X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ..... 0.
d Enter: Amount of tax in 89c, above, reimbursed by the organization ..... 0.
90 a List the states with which a copy of this return is filed CALIFORNIA
b Number of employees employed in the pay period that includes March 12, 1998 ..... 90b 5
91 The books are in care of GINSBERG, JONI Telephone no. (323) 962-7906
Located at 7060 HOLLYWOOD BLVD. #306, L.A., CA. ZIP +4 90028
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041. - Check here and enter the amount of tax-exempt interest received or accrued during the tax year ..... 92 N/A

**Part VII Analysis of Income-Producing Activities**

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
(a) _____					
(b) _____					
(c) _____					
(d) _____					
(e) _____					
(f) Medicare/Medicaid payments .....					
(g) Fees and contracts from government agencies .....					
94 Membership dues and assessments .....					
95 Interest on savings and temporary cash investments .....					
96 Dividends and interest from securities .....					
97 Net rental income or (loss) from real estate:					
(a) debt-financed property .....					
(b) not debt-financed property .....					
98 Net rental income or (loss) from personal property .....					
99 Other investment income .....					
100 Gain or (loss) from sales of assets other than inventory .....					
101 Net income or (loss) from special events .....					
102 Gross profit or (loss) from sales of inventory .....					1991.
103 Other revenue:					
a REPRINT LICENSE FEES					4413.
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E)) .....			0.	0.	6404.
105 TOTAL (add line 104, columns (B), (D), and (E)) .....					6404.

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes**

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
102	THE ORGANIZATION SELLS THE WAY TO HAPPINESS BOOKS; COURSE MATERIALS, SHIRTS, ETC. ALL ITEMS SOLD CONTRIBUTE TO THE BROAD DISTRIBUTION OF THE WAY TO HAPPINESS COMMON SENSE MORAL CODE INTO SOCIETY.
103A	THE ORGANIZATION RECEIVED LICENSE FEES FOR THE REPRINTING OF THE WAY TO HAPPINESS COMMON SENSE MORAL CODE.

**Part IX Information Regarding Taxable Subsidiaries (Complete this Part if the "Yes" box on 88 is checked.)**

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
N/A	%			
	%			
	%			
	%			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer	Date	Type or print name and title	
	<i>Joni Ginsberg</i>	11/15/99	JONI GINSBERG, PRESIDENT	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed	Preparer's SSN
	<i>[Signature]</i>	11/15/99	<input type="checkbox"/>	
Firm's name (or yours if self-employed) and address			EIN	ZIP + 4
BLAKESLEE CPA GROUP 814 MICHELTORANA ST. LOS ANGELES, CA				90026-2702

**SCHEDULE A  
(Form 990)**

**Organization Exempt Under Section 501(c)(3)**

OMB No. 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**1998**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information**

▶ Must be completed by the above organizations and attached to their Form 990 or 990EZ.

Name of the organization

**The Way To Happiness Foundation**

Employer identification number

**95 3937092**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<b>None</b>				
Total number of other employees paid over \$50,000 ▶	0			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<b>None</b>		
Total number of others receiving over \$50,000 for professional services ▶	0	

**Part III Statement About Activities**

Yes No

1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities. ▶ \$ _____ Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	1		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary:			
a	Sale, exchange, or leasing of property? .....	2a		X
b	Lending of money or other extension of credit? .....	2b		X
c	Furnishing of goods, services, or facilities? .....	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <u>See Part V, Form 990</u> .....	2d	X	
e	Transfer of any part of its income or assets? .....	2e		X
	If the answer to any question is "Yes," attach a detailed statement explaining the transactions.			
3	Does the organization make grants for scholarships, fellowships, student loans, etc.? .....	3		X
4 a	Do you have a section 403(b) annuity plan for your employees? .....	4a		X
b	Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments. (See instructions.)			

**Part IV Reason for Non-Private Foundation Status** (See instructions.)

The organization is not a private foundation because it is (Please check only ONE applicable box):

- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 4.)
- 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ \_\_\_\_\_
- 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See instructions on page 4.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14  An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions on page 4.)



**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12 above.) Use cash method of accounting.  
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 1997	(b) 1996	(c) 1995	(d) 1994	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	196258.	194478.	609267.	461685.	1461688.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose	15491.	11285.	15657.	8590.	51023.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	211749.	205763.	624924.	470275.	1512711.
24 Line 23 minus line 17	196258.	194478.	609267.	461685.	1461688.
25 Enter 1% of line 23	2117.	2058.	6249.	4703.	
26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 29234.
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1994 through 1997 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts					26b See Statement 9 245766.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 1461688.
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b 245766.					26d 245766.
e Public support (line 26c minus line 26d total)					26e 1215922.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 83.1862%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from, each "disqualified person." Enter the sum of such amounts for each year. N/A					
(1997) _____ (1996) _____ (1995) _____ (1994) _____					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A					
(1997) _____ (1996) _____ (1995) _____ (1994) _____					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c, total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f N/A
g Public support percentage (line 27e (numerator) divided by line 27f, (denominator))					27g N/A %
h Investment income percentage (line 18 column (e) (numerator) divided by line 27f (denominator))					27h N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12, that received any unusual grants during 1994 through 1997, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions.)					None

**Part V Private School Questionnaire**

**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

N/A

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? .....		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? .....		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? .....		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff? .....		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....		
d	Copies of all material used by the organization or on its behalf to solicit contributions? .....		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges? .....		
b	Admissions policies? .....		
c	Employment of faculty or administrative staff? .....		
d	Scholarships or other financial assistance? .....		
e	Educational policies? .....		
f	Use of facilities? .....		
g	Athletic programs? .....		
h	Other extracurricular activities? .....		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)			
.....			
.....			
34 a	Does the organization receive any financial aid or assistance from a governmental agency? .....		
b	Has the organization's right to such aid ever been revoked or suspended? .....		
If you answered "Yes" to either 34a or b, please explain using an attached statement.			
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation .....		

**Part VI-A Lobbying Expenditures by Electing Public Charities**

(To be completed ONLY by an eligible organization that filed Form 5768)

N/A

Check here  a If the organization belongs to an affiliated group.

Check here  b If you checked "a" above and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36	Total lobbying expenditures to influence public opinion (grassroots lobbying) .....	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying) .....	37	
38	Total lobbying expenditures (add lines 36 and 37) .....	38	
39	Other exempt purpose expenditures .....	39	
40	Total exempt purpose expenditures (add lines 38 and 39) .....	40	
41	Lobbying nontaxable amount. Enter the amount from the following table -		
	<b>If the amount on line 40 is -</b>		
	<b>The lobbying nontaxable amount is -</b>		
	Not over \$500,000 .....	20% of the amount on line 40 .....	
	Over \$500,000 but not over \$1,000,000 .....	\$100,000 plus 15% of the excess over \$500,000 .....	
	Over \$1,000,000 but not over \$1,500,000 .....	\$175,000 plus 10% of the excess over \$1,000,000 .....	
	Over \$1,500,000 but not over \$17,000,000 .....	\$225,000 plus 5% of the excess over \$1,500,000 .....	
	Over \$17,000,000 .....	\$1,000,000 .....	
42	Grassroots nontaxable amount (enter 25% of line 41) .....	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 .....	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 .....	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 1998	(b) 1997	(c) 1996	(d) 1995	
45	Lobbying nontaxable amount .....				0.
46	Lobbying ceiling amount (150% of line 45(e)) .....				0.
47	Total lobbying expenditures .....				0.
48	Grassroots nontaxable amount .....				0.
49	Grassroots ceiling amount (150% of line 48(e)) .....				0.
50	Grassroots lobbying expenditures .....				0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers .....
- b Paid staff or management (include compensation in expenses reported on lines c through h) .....
- c Media advertisements .....
- d Mailings to members, legislators, or the public .....
- e Publications or published or broadcast statements .....
- f Grants to other organizations for lobbying purposes .....
- g Direct contact with legislators, their staffs, government officials, or a legislative body .....
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means .....
- i Total lobbying expenditures (add lines c through h) .....

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.





Form 990

Income and Cost of Goods Sold  
Included on Part I, Line 10

Statement 2

Income

1. Gross receipts . . . . .	10031	
2. Returns and allowances . . . . .		
3. Line 1 less line 2 . . . . .		10031
4. Cost of goods sold (line 13) . . . . .	8040	
5. Gross profit (line 3 less line 4) . . . . .		1991

Cost of Goods Sold

6. Inventory at beginning of year . . . . .	24891	
7. Merchandise purchased . . . . .	5659	
8. Cost of labor . . . . .		
9. Materials and supplies . . . . .		
10. Other costs . . . . .		
11. Add lines 6 through 10 . . . . .		30550
12. Inventory at end of year . . . . .	22510	
13. Cost of goods sold (line 11 less line 12). . . . .		8040



Description of Program Service One

THE WAY TO HAPPINESS FOUNDATION DISTRIBUTED OVER 185,000 COPIES INTERNATIONALLY OF THE WAY TO HAPPINESS, A COMMON SENSE MORAL GUIDE, DURING 1998 TO FOSTER MORAL VALUES AND TO REDUCE CRIME IN SOCIETY. THE FOUNDATION DISTRIBUTES THIS BOOKLET DIRECTLY AND ENCOURAGES OTHERS TO IMPROVE MORAL STANDARDS BY DISTRIBUTING IT THEMSELVES. THUS, 50,000 WERE SENT OUT BY COMPANIES IN SOUTH AFRICA AND THE UNITED STATES TO THEIR CLIENTS TO HELP THEM IN THEIR PERSONAL LIVES AS WELL AS TO PROMOTE MORE ETHICAL BUSINESS PRACTICES. 3,000 CHILDREN ATTENDING AN ANTI-VIOLENCE SEMINAR SPONSORED BY THE MAYOR OF HOUSTON WERE EACH GIVEN TWO COPIES OF THE BOOKLET AND A "THE WAY TO HAPPINESS" BACKPACK. ACTRESS NANCY CARTWRIGHT, SPOKESPERSON FOR THE WAY TO HAPPINESS FOUNDATION WAS A GUEST SPEAKER AT THE SEMINAR.

Grants

Expenses

To Form 990, Part III, line a

28719.



Description of Program Service Two

THE WAY TO HAPPINESS FOUNDATION CONDUCTED THE NATIONAL YOUTH ESSAY AND POSTER CONTEST TO REDUCE CRIME IN COMMUNITIES AND TO FOSTER COMMON SENSE MORAL VALUES. IN THE 1998 SPRING COMPETITION 34,970 TEACHERS WERE INFORMED OF THE CONTEST WHICH HAD THE THEME "CREATING A BETTER WORLD". A TOTAL OF 623 SCHOOLS WITH TOTAL ENROLLMENT OF APPROXIMATELY 100,000 STUDENTS RESPONDED TO THE MAILINGS AND WERE SENT OVER 28,000 COPIES OF THE WAY TO HAPPINESS FOR THEIR USE. A TOTAL OF 1,860 ESSAYS AND POSTERS WERE SUBMITTED OF WHICH 287 STUDENTS WERE DECLARED WINNERS AS A RESULT OF THEIR IMPLEMENTATION OF THE PRECEPTS OF THE WAY TO HAPPINESS. 53 TEACHERS WERE GIVEN AWARDS FOR THEIR EFFORTS IN RAISING THE MORAL STANDARDS IN THEIR SCHOOLS.

BROAD MAILINGS WERE SENT TO SCHOOLS ANNOUNCING THE SET A GOOD EXAMPLE CONTEST. 71 SCHOOLS AND 32,000 STUDENTS PARTICIPATED IN THIS CONTEST AIMED AT RAISING STUDENTS' AWARENESS AND RESPONSIBILITY FOR THEMSELVES, OTHERS AND THEIR ENVIRONMENT.

To Form 990, Part III, line b

Grants	Expenses
_____	_____
_____	24438.
_____	_____

Form 990

Statement of Program Service Accomplishments

Statement 6

Description of Program Service Three

THE PRECEPTS OF THE WAY TO HAPPINESS FORMED THE BASIS OF THE SET A GOOD EXAMPLE FLOAT FEATURED IN THE HOLLYWOOD CHRISTMAS PARADE. THE FLOAT FORWARDED THE IDEALS OF HONESTY, TRUST, TOLERANCE AND UNDERSTANDING. A WAY TO HAPPINESS FLOAT ALSO APPEARED IN THE NATIONAL PUERTO RICAN DAY PARADE IN NEW YORK CITY. HUNDREDS OF COPIES OF THE BOOKLET WERE DISTRIBUTED TO ONLOOKERS.

Grants

Expenses

To Form 990, Part III, line c

27042.

Form 990      Depreciation of Assets Not Held for Investment      Statement      7

Description	Cost or Other Basis	Accumulated Depreciation	Book Value
FURNITURE AND EQUIPMENT	616.	616.	0.
FAX MACHINE	1055.	1055.	0.
LEATHERBOUND LIBRARY	2033.	2033.	0.
COMPUTER	852.	851.	1.
COMPUTER PRINTER	1821.	1821.	0.
COMPUTER AND PRINTER	845.	845.	0.
COMPUTER AND PRINTER	3019.	2717.	302.
COMPUTER AND FAX	2355.	1649.	706.
FURNITURE AND EQUIPMENT	4560.	4560.	0.
MAC COMPUTER AND PRINTER	832.	167.	665.
Total to Form 990, Part IV, ln 57	17988.	16314.	1674.

Form 990

Identification of Related Organizations  
Part VI, Line 80b

Statement 8

<u>Name of Organization</u>	<u>Exempt</u>	<u>NonExempt</u>
ASSOCIATION FOR BETTER LIVING & EDUCATION	X	
APPLIED SCHOLASTICS INC.	X	
NARCONON INC.	X	

**Depreciation and Amortization**  
 (Including Information on Listed Property) **990**

OMB No. 1545-0172

**1998**

Attachment  
 Sequence No. 67

▶ See separate instructions. ▶ Attach this form to your return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**The Way To Happiness Foundation**

**Form 990 Page 2**

**95-3937092**

**Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)**

1	Maximum dollar limitation. If an enterprise zone business, see instructions	1	18500.
2	Total cost of section 179 property placed in service	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1997	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1998 Tax Year (Do Not Include Listed Property.)**

**Section A - General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

**Section B - General Depreciation System (GDS) (See instructions.)**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15 a 3-year property						
b 5-year property		832.	5 Yrs.	HY	200DB	167.
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

**Section C - Alternative Depreciation System (ADS) (See instructions.)**

16 a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year	/		40 yrs.	MM	S/L	

**Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)**

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	157.
18	Property subject to section 168(f)(1) election	18	
19	ACRS and other depreciation	19	1075.

**Part IV Summary (See instructions.)**

20	Listed property. Enter amount from line 26	20	
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	1399.
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form 4562 (1998)

**Part V** **Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement**  
**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)**

23a Do you have evidence to support the business/investment use claimed?  Yes  No 23b If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	-------------------------------	---	----------------------------	--	------------------------	--------------------------	-------------------------------	---------------------------------

24 Property used more than 50% in a qualified business use:

	:	:	%					
	:	:	%					
	:	:	%					

25 Property used 50% or less in a qualified business use:

	:	:	%			S/L -		
	:	:	%			S/L -		
	:	:	%			S/L -		

26 Add amounts in column (h). Enter the total here and on line 20, page 1 26

27 Add amounts in column (i). Enter the total here and on line 7, page 1 27

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles) .....												
29 Total commuting miles driven during the year ...												
30 Total other personal (noncommuting) miles driven .....												
31 Total miles driven during the year. Add lines 28 through 30 .....												
32 Was the vehicle available for personal use during off-duty hours? .....												
33 Was the vehicle used primarily by a more than 5% owner or related person? .....												
34 Is another vehicle available for personal use? .....												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? .....		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners .....		
37 Do you treat all use of vehicles by employees as personal use? .....		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? .....		
39 Do you meet the requirements concerning qualified automobile demonstration use? .....		

**Note:** If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:					
	:	:			
41 Amortization of costs that began before 1998					41
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return					42