

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2001 calendar year, or tax year period beginning and ending

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending. C Name of organization: NARCONON INTERNATIONAL. D Employer identification number: 95-2769582. E Telephone number: 323-962-2404. F Accounting method: X Cash, Accrual.

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ). H and I are not applicable to section 527 organizations.

G Web site WWW.NARCONON.ORG. H(a) Is this a group return for affiliates? No. H(b) If "Yes" enter number of affiliates.

J Organization type (check only one) X 501(c) ( 3 ) (insert no) 4947(a)(1) or 527. H(c) Are all affiliates included? N/A.

K Check here if the organization's gross receipts are normally not more than \$25,000. H(d) Is this a separate return filed by an organization covered by a group ruling? No. I Enter 4-digit GEN.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 1,477,581. M Check if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF).

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

Table with 21 rows and 4 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less rental expenses; 6c Net rental income or (loss); 7 Other investment income; 8a Gross amount from sale of assets other than inventory; 8b Less cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 9a Gross revenue; 9b Direct expenses other than fundraising expenses; 9c Net income or (loss) from special events; 10a Gross profit or (loss) from sales of inventory; 10b Less cost of goods sold; 10c Gross profit or (loss) from sales of inventory; 11 Charitable contributions; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

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**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 \$150,460 • noncash \$ 15,442.	165,902.	165,902.	STATEMENT 7	STATEMENT 8	
23	Specific assistance to individuals (attach schedule)					
24	Benefits paid to or for members (attach schedule)					
25	Compensation of officers, directors, etc	239,899.	171,955.	43,730.	24,214.	
26	Other salaries and wages	241,039.	138,310.	100,663.	2,066.	
27	Pension plan contributions					
28	Other employee benefits					
29	Payroll taxes	39,786.	25,961.	11,628.	2,197.	
30	Professional fundraising fees					
31	Accounting fees	13,334.		13,334.		
32	Legal fees	60,082.		60,082.		
33	Supplies	23,143.	10,473.	12,207.	463.	
34	Telephone	32,595.	21,030.	9,785.	1,780.	
35	Postage and shipping	38,754.	35,969.	1,887.	898.	
36	Occupancy	73,669.	47,504.	22,145.	4,020.	
37	Equipment rental and maintenance	5,688.	3,464.	1,955.	269.	
38	Printing and publications	33,091.	30,463.	2,177.	451.	
39	Travel	68,208.	63,357.	4,735.	116.	
40	Conferences, conventions, and meetings					
41	Interest					
42	Depreciation, depletion, etc (attach schedule)	44,964.	29,011.	13,498.	2,455.	
43	Other expenses not covered above (itemize)					
a		43a				
b		43b				
c		43c				
d		43d				
e	SEE STATEMENT 6	43e	69,745.	52,897.	10,971.	5,877.
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D) carry these totals to lines 13-15	44	1,149,899.	796,296.	308,797.	44,806.

Joint Costs Check  if you are following SOP 98-2  
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  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>REHABILITATION AND PREVENTION OF SUBSTANCE ABUSE.</b>	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
<b>a DRUG DETOXIFICATION &amp; REHABILITATION:</b> SEE STATEMENT 14. (Grants and allocations \$ 152,975.)	442,086.
<b>b DRUG EDUCATION &amp; PREVENTION:</b> SEE STATEMENT 15. (Grants and allocations \$ 7,198.)	128,161.
<b>c DRUG REHABILITATION THROUGH THE JUSTICE SYSTEM:</b> SEE STATEMENT 16. (Grants and allocations \$ 1,479.)	9,587.
<b>d PUBLIC AWARENESS OF THE PROBLEMS OF DRUG ABUSE AND THEIR SOLUTIONS:</b> SEE STATEMENT 17. (Grants and allocations \$ 4,250.)	216,462.
<b>e Other program services (attach schedule)</b> (Grants and allocations \$ _____)	
<b>f Total of Program Service Expenses (should equal line 44, column (B), Program services)</b>	796,296.

**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	50,942.	45	74,962.
	46 Savings and temporary cash investments	501,589.	46	70,517.
	47 a Accounts receivable	47a		
	b Less allowance for doubtful accounts	47b	47c	
	48 a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable	870.	51a	
	b Less allowance for doubtful accounts	51b	51c	870.
	52 Inventories for sale or use	45,992.	52	67,194.
	53 Prepaid expenses and deferred charges		53	
	54 Investments - securities	<input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55 a Investments - land, buildings, and equipment basis	55a		
	b Less accumulated depreciation	55b	55c	
56 Investments - other		56		
57 a Land buildings, and equipment basis	1,007,901.	57a		
b Less accumulated depreciation STMT 9	211,082.	57b	57c	
58 Other assets (describe <input type="checkbox"/> PREPAID TAX )		700.	58	
59 <b>Total assets</b> (add lines 45 through 58) (must equal line 74)	1,625,848.	59	1,011,132.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses		60	0.
	61 Grants payable	447,137.	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	36,720.	64b	36,720.
	65 Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 10 )	1,284.	65	12,048.
66 <b>Total liabilities</b> (add lines 60 through 65)	485,141.	66	48,768.	
<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	1,140,707.	72	962,364.
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, column (B) must equal line 21)	1,140,707.	73	962,364.	
74 <b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	1,625,848.	74	1,011,132.	

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		Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return	
a Total revenue, gains, and other support per audited financial statements	a	N/A	a Total expenses and losses per audited financial statements
b Amounts included on line a but not on line 12 Form 990			b Amounts included on line a but not on line 17, Form 990
(1) Net unrealized gains on investments \$			(1) Donated services and use of facilities \$
(2) Donated services and use of facilities \$			(2) Prior year adjustments reported on line 20, Form 990 \$
(3) Recoveries of prior year grants \$			(3) Losses reported on line 20, Form 990 \$
(4) Other (specify) \$			(4) Other (specify) \$
Add amounts on lines (1) through (4)	b		Add amounts on lines (1) through (4)
c Line a minus line b	c		c Line a minus line b
d Amounts included on line 12, Form 990 but not on line a			d Amounts included on line 17, Form 990 but not on line a
(1) Investment expenses not included on line 6b Form 990 \$			(1) Investment expenses not included on line 6b, Form 990 \$
(2) Other (specify) \$			(2) Other (specify) \$
Add amounts on lines (1) and (2)	d		Add amounts on lines (1) and (2)
e Total revenue per line 12 Form 990 (line c plus line d)	e		e Total expenses per line 17, Form 990 (line c plus line d)

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 7065 HOLLYWOOD BLVD. LOS ANGELES, CA 90028	VOTING MEMBER 1	0.	0.	0.
DR. MEGAN SHIELDS 5336 FOUNTAIN AVE LOS ANGELES, CA 90028	DIRECTOR 1	0.	0.	0.
CLARK CARR (SEE STATEMENT ) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	PRESIDENT/DIRECTOR 45	41,913.	0.	0.
JEANNE TRAHANT (SEE STATEMENT ) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	TREASURER 45	44,879.	0.	0.
PHIL HART (SEE STATEMENT ) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	TRUSTEE/VOTING MEMBER 45	44,415.	0.	0.
BARBRO ANDERSSON-CHALMERS (SEE STMT ) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	SECRETARY 45	43,047.	0.	0.
JOANNE TAKANO IRWIN 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	VOTING MEMBER 1	0.	0.	0.
ROBERT B. ADAMS 885 LOS ALTOS AVE LOS ALTOS, CA 94022	DIRECTOR 1	0.	0.	0.
ANGELA GARCIA 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	KEY EMPLOYEE 45	65,645.	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 Form 990 (2001)

Part VI Other Information

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity
77 Were any changes made in the organizing or governing documents but not reported to the IRS?
78 a Did the organization have unrelated business gross income of \$1 000 or more during the year covered by this return?
78 b If "Yes," has it filed a tax return on Form 990-T for this year?
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year?
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?
80 b If "Yes," enter the name of the organization and check whether it is exempt OR nonexempt
81 a Enter direct or indirect political expenditures See line 81 instructions
81 b Did the organization file Form 1120-POL for this year?
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?
82 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 in Part III)
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?
83 b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?
84 a Did the organization solicit any contributions or gifts that were not tax deductible?
84 b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?
85 501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?
85 b Did the organization make only in-house lobbying expenditures of \$2,000 or less?
85 c Dues assessments, and similar amounts from members
85 d Section 162(e) lobbying and political expenditures
85 e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices
85 f Taxable amount of lobbying and political expenditures (line 85d less 85e)
85 g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?
85 h If section 6033(e)(1)(A) dues notices 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?
86 501(c)(7) organizations a Initiation fees and capital contributions included on line 12
86 b Gross receipts included on line 12, for public use of club facilities
87 501(c)(12) organizations a Gross income from members or shareholders
87 b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3?
88 a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911, section 4912, section 4955, and 4958
88 b 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year?
89 a 501(c)(3) organizations Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958
89 b Enter Amount of tax on line 89c, above, reimbursed by the organization
90 a List the states with which a copy of this return is filed CALIFORNIA
90 b Number of employees employed in the pay period that includes March 12, 2001

91 The books are in care of MICHAEL LAUNITZ Telephone no (323) 962-2404
Located at 7060 HOLLYWOOD BLVD, SUITE 220, L.A., CA ZIP + 4 90028-6015

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** (See Specific Instructions on page 32)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
<b>93</b> Program service revenue					
<b>a</b> DRUG REHAB. TRAINING					6,654.
<b>b</b> TRADEMARK LICENSING FEE					1,180,236.
<b>c</b> COMMISSIONS-DRUG REHAB					5,745.
<b>d</b> PROMOTIONAL MATERIALS					1,809.
<b>e</b> _____					
<b>f</b> Medicare/Medicaid payments					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			14	6,290.	
<b>96</b> Dividends and interest from securities					
<b>97</b> Net rental income or (loss) from real estate					
<b>a</b> debt-financed property					
<b>b</b> not debt-financed property			16	7,128.	
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory			18	<188,363.>	
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					13,703.
<b>103</b> Other revenue					
<b>a</b> COMMISSIONS					2,018.
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>104</b> Subtotal (add columns (B), (D), and (E))			0.	<174,945.>	1,210,165.
<b>105</b> Total (add line 104, columns (B), (D) and (E))					1,035,220.

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** (See Specific Instructions on page 32)

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)
▼	SEE STATEMENT 11

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See Specific Instructions on page 33)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

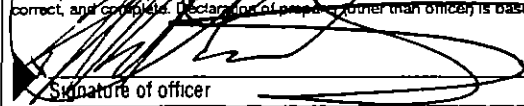
**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See Specific Instructions on page 33)


(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note If "Yes" to (b), file Form 9670 and Form 4720 (see instructions)

Under penalty 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:  Date: 11/15/02 Title: Secretary

Paid Preparer's Use Only: Preparer's signature:  Date: 11/14/02 Check if self-employed:  Preparer's SSN or PTIN: \_\_\_\_\_

Firm's name (or yours if self-employed) address and ZIP + 4: NSBN LLP, 9454 WILSHIRE BLVD., 4TH FLOOR, BEVERLY HILLS, CA 90212-2907

EIN: \_\_\_\_\_ Phone no: (310) 273-2501

**SCHEDULE A**  
(Form 990 or 990-EZ)

**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

**2001**

Department of the Treasury  
Internal Revenue Service

**Supplementary Information-(See separate instructions.)**  
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization **NARCONON INTERNATIONAL** Employer identification number **95 2769582**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the 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
NONE				
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Total number of other employees paid over \$50,000 ▶	0			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the 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
NONE		
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-----		
-----		
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Total number of others receiving over \$50,000 for professional services ▶	0	

<b>Part III Statements About Activities</b> (See page 2 of the instructions )	Yes	No
<b>1</b> 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 ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B ) 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
<b>2</b> During the year has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, 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? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions )		
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)? SEE PART V, FORM 990	2d	X
e Transfer of any part of its income or assets?	2e	X
<b>3</b> Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below )	3	X
<b>4</b> Do you have a section 403(b) annuity plan for your employees?	4	X
<b>Note</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 STATEMENT 12		

**Part IV Reason for Non-Private Foundation Status** (See pages 3 through 6 of the 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 )

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) )

(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 page 6 of the instructions )



**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12) 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) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	1,218,478.	863,489.	1,396,628.	724,261.	4,202,856.
<b>16</b> Membership fees received					
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	3,152,380.	4,372,618.	2,581,757.	2,087,239.	12,193,994.
<b>18</b> 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	41,805.	1,286.	9,361.	8,721.	61,173.
<b>19</b> Net income from unrelated business activities not included in line 18					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
<b>21</b> 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.					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.	123,163.		SEE STATEMENT 13		123,163.
<b>23</b> Total of lines 15 through 22	4,535,826.	5,237,393.	3,987,746.	2,820,221.	16,581,186.
<b>24</b> Line 23 minus line 17	1,383,446.	864,775.	1,405,989.	732,982.	4,387,192.
<b>25</b> Enter 1% of line 23	45,358.	52,374.	39,877.	28,202.	

<b>26 Organizations described on lines 10 or 11</b> a Enter 2% of amount in column (e), line 24	<b>26a</b>	87,744.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	<b>26b</b>	876,692.
c Total support for section 509(a)(1) test. Enter line 24, column (e)	<b>26c</b>	4,387,192.
d Add: Amounts from column (e) for lines 18 <u>61,173.</u> 19 <u>                    </u> 22 <u>123,163.</u> 26b <u>876,692.</u>	<b>26d</b>	1,061,028.
e Public support (line 26c minus line 26d total)	<b>26e</b>	3,326,164.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	<b>26f</b>	75.8153%

**27 Organizations described on line 12** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A

(2000)	(1999)	(1998)	(1997)
--------	--------	--------	--------

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records 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). Do not file this list with your return. 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

(2000)	(1999)	(1998)	(1997)
--------	--------	--------	--------

c Add: Amounts from column (e) for lines 15 <u>                    </u> 16 <u>                    </u> 17 <u>                    </u> 20 <u>                    </u> 21 <u>                    </u>	<b>27c</b>	N/A
d Add: Line 27a total <u>                    </u> and line 27b total <u>                    </u>	<b>27d</b>	N/A
e Public support (line 27c total minus line 27d total)	<b>27e</b>	N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)	<b>27f</b>	N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	<b>27g</b>	N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	<b>27h</b>	N/A %

**28 Unusual Grants** For an organization described in line 10, 11, or 12, that received any unusual grants during 1997 through 2000, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

NONE

**Part V Private School Questionnaire** (See page 7 of the instructions )

N/A

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

		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** (See page 9 of the instructions)

N/A

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

Check  **a** if the organization belongs to an affiliated group Check  **b** if you checked "a" and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations												
(The term "expenditures" means amounts paid or incurred)		N/A													
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)														
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)														
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)														
<b>39</b>	Other exempt purpose expenditures														
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)														
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table -														
	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><b>If the amount on line 40 is -</b></td> <td style="width: 50%;"><b>The lobbying nontaxable amount is -</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </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		
<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														
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)														
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36														
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38														

**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 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	
<b>45</b> Lobbying nontaxable amount					0.
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					0.
<b>47</b> Total lobbying expenditures					0.
<b>48</b> Grassroots nontaxable amount					0.
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					0.
<b>50</b> 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) (See page 12 of the instructions)

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...	Yes	No	Amount
<b>a</b> Volunteers		X	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h)		X	
<b>c</b> Media advertisements		X	
<b>d</b> Mailings to members, legislators, or the public		X	
<b>e</b> Publications, or published or broadcast statements		X	
<b>f</b> Grants to other organizations for lobbying purposes		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
<b>i</b> Total lobbying expenditures (Add lines c through h)			0.

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

**Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 12 of the instructions )

**51** Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

**a** Transfers from the reporting organization to a noncharitable exempt organization of

	Yes	No
<b>51a(i)</b>		<b>X</b>
<b>a(ii)</b>		<b>X</b>
<b>b(i)</b>		<b>X</b>
<b>b(ii)</b>		<b>X</b>
<b>b(iii)</b>		<b>X</b>
<b>b(iv)</b>		<b>X</b>
<b>b(v)</b>		<b>X</b>
<b>b(vi)</b>		<b>X</b>
<b>c</b>		<b>X</b>

- (i) Cash
- (ii) Other assets
- b** Other transactions
  - (i) Sales or exchanges of assets with a noncharitable exempt organization
  - (ii) Purchases of assets from a noncharitable exempt organization
  - (iii) Rental of facilities, equipment, or other assets
  - (iv) Reimbursement arrangements
  - (v) Loans or loan guarantees
  - (vi) Performance of services or membership or fundraising solicitations

**c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees

**d** If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

N/A

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

**52 a** Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?  Yes  No

**b** If "Yes," complete the following schedule N/A

(a) Name of organization	(b) Type of organization	(c) Description of relationship

**Schedule B**  
(Form 990, 990-EZ, or  
990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

Supplementary Information for  
line 1 of Form 990, 990-EZ and 990-PF (see instructions)

OMB No 1545-0047

**2001**

Name of organization

NARCONON INTERNATIONAL

Employer identification number

95-2769582

Organization type (check one)

Filers of

Section

Form 990 or 990-EZ

501(c)( 3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General rule** or a **Special rule** (**Note** Only a section 501(c)(7), (8), or (10) organization can check box(es) for both the General rule and a Special rule-see instructions)

**General Rule-**

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

**Special Rules-**

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose Do not complete any of the Parts unless the General rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year) ▶ \$ \_\_\_\_\_

**Caution** -Organizations that are not covered by the General rule and/or the Special rules do not file Schedule B (Form 990; 990-EZ, or 990-PF); but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 1 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Schedule B (Form 990, 990-EZ, or 990-PF) (2001)

Name of organization

Employer identification number

**NARCONON INTERNATIONAL**

**95-2769582**

**Part I Contributors** (See Specific Instructions)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1		\$ 48,555.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
2		\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
3		\$ 8,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
4		\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec	Life or rate	Line No					
1	COMPUTER/OFFICE EQUIPMENT								
	92SL		5.00	16		4,716.		4,716.	0.
2	COMPUTER/OFFICE EQUIPMENT								
	93SL		5.00	16		6,881.		6,881.	0.
4	COMPUTER/OFFICE EQUIPMENT								
	95SL		5.00	16		7,125.		7,125.	0.
5	FURNITURE & EQUIPMENT								
	86SL		5.00	16		24,787.		24,787.	0.
6	FURNITURE & EQUIPMENT								
	87SL		5.00	16		4,121.		4,121.	0.
7	FURNITURE & EQUIPMENT								
	88SL		5.00	16		1,903.		1,903.	0.
8	(D) FURNITURE & EQUIPMENT								
	89SL		5.00	16		26,604.		26,604.	0.
9	(D) FURNITURE & EQUIPMENT								
	90SL		5.00	16		164,861.		164,861.	0.
10	(D) FURNITURE & EQUIPMENT								
	90SL		7.00	16		273,612.		273,612.	0.
11	(D) FURNITURE & EQUIPMENT								
	91SL		5.00	16		3,168.		3,168.	0.
13	FURNITURE & EQUIPMENT								
	94SL		5.00	16		1,916.		1,916.	0.
14	(D) FURNITURE & EQUIPMENT								
	94SL		7.00	16		1,891.		1,756.	0.
15	(D) FURNITURE & EQUIPMENT								
	95SL		7.00	16		3,726.		2,932.	0.
16	(D) LEASEHOLD IMPROVEMENTS								
	88SL		25.00	16		14,214.		7,109.	0.
17	(D) LEASEHOLD IMPROVEMENTS								
	89SL		24.00	16		210,445.		100,840.	0.
18	(D) LEASEHOLD IMPROVEMENTS								
	90SL		23.00	16		616,945.		281,650.	0.
19	(D) LEASEHOLD IMPROVEMENTS								
	91SL		22.00	16		104,591.		45,164.	0.
20	(D) LEASEHOLD IMPROVEMENTS								
	94SL		19.00	16		9,922.		3,394.	0.
23	(D) FURNITURE & EQUIPMENT								
	92SL		7.00	16		3,790.		3,790.	0.
24	FURNITURE & EQUIPMENT								
	92SL		5.00	16		2,200.		2,200.	0.
25	(D) FURNITURE & EQUIPMENT								
	93SL		5.00	16		4,269.		4,269.	0.
28	(D) EQUIPMENT & FURNITURE								
	070196SL		7.00	16		594.		382.	0.
30	COMPUTER EQUIPMENT								
	063096SL		5.00	16		3,864.		3,478.	386.
31	COMPUTERS								
	070197SL		5.00	16		3,683.		2,578.	737.
35	FURNITURE AND EQUIPMENT								
	070197SL		5.00	16		6,751.		4,725.	1,350.
36	(D) FURNITURE AND EQUIPMENT								
	070197SL		5.00	16		2,006.		1,404.	0.
38	(D) LEASEHOLD IMPROVEMENTS								
	070197SL		16.00	16		4,101.		885.	0.

Asset Number	Description of property					Cost or other basis	Basis reduction	Accumulated depreciation/amortization	Current year deduction
	Date placed in service	Method/IRC sec	Life or rate	Line No					
41	MEDITERRANEO BUILDING								
	070198	SL	25.00	16	800,055.		80,005.	32,002.	
42	LEASEHOLD IMPROVEMENTS								
	070198	SL	5.00	16	6,087.		3,044.	1,217.	
43	COMPUTERS								
	070198	SL	5.00	16	5,170.		2,585.	1,034.	
44	(D) CHILOCCO FURNITURE								
	070198	SL	5.00	16	3,548.		1,774.	0.	
48	FURNISHINGS								
	070198	SL	5.00	16	5,351.		2,675.	1,070.	
50	FURNITURE & EQUIPMENT								
	070199	SL	5.00	16	714.		214.	143.	
54	BUILDING IMPROVEMENTS								
	070199	SL	25.00	16	99,982.		5,999.	3,999.	
56	COMPUTERS								
	070199	SL	5.00	16	1,252.		376.	250.	
60	(D) FURNITURE & EQUIPMENT								
	070191	SL	7.00	16	7,486.		7,486.	0.	
68	FURNITURE & EQUIPMENT								
	070100	SL	5.00	16	2,855.		286.	571.	
69	COMPUTER								
	070100	SL	5.00	16	9,015.		902.	1,803.	
74	FURNITURE & EQUIPMENT								
	89	SL	5.00	16	524.		524.	0.	
75	FURNITURE & EQUIPMENT								
	90	SL	5.00	16	1,858.		1,858.	0.	
76	FURNITURE & EQUIPMENT								
	93	SL	5.00	16	3,220.		3,220.	0.	
77	FURNITURE & EQUIPMENT								
	070101	SL	5.00	16	270.			27.	
78	COMPUTER								
	070101	SL	5.00	16	3,385.			339.	
79	SOFTWARE								
	070101	SL	3.00	16	216.			36.	
	* TOTAL 990 PAGE 2 DEPR					2,463,674.	0.	1,097,198.	44,964.



FORM 990, PART V LIST OF OFFICERS, DIRECTORS, TRUSTEES AND  
KEY EMPLOYEES

OFFICERS, DIRECTORS AND TRUSTEES WHO ARE ALSO EMPLOYEES ARE  
COMPENSATED ONLY FOR THEIR DUTIES AS EMPLOYEES, NOT FOR  
THEIR DUTIES AS OFFICERS, DIRECTORS AND TRUSTEES.

FORM 990

RENTAL INCOME

STATEMENT 2

<u>KIND AND LOCATION OF PROPERTY</u>	<u>ACTIVITY NUMBER</u>	<u>GROSS RENTAL INCOME</u>
DRUG REHABILITATION CENTER, SPAIN	1	7,128.
TOTAL TO FORM 990, PART I, LINE 6A		7,128.

FORM 990                      GAIN (LOSS) FROM SALE OF OTHER ASSETS                      STATEMENT      3

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
DISPOSAL OF LEASEHOLD IMPROVEMENTS	VARIOUS	07/01/01	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	960,218.	0.	775,371.	<184,847.>

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
DISPOSAL OF FURNITURE & EQUIPMENT	VARIOUS	07/01/01	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	495,556.	0.	492,040.	<3,516.>

TO FM 990, PART I, LN 8		1,455,774.	0.	1,267,411.	<188,363.>
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FORM 990

INCOME AND COST OF GOODS SOLD  
INCLUDED ON PART I, LINE 10

STATEMENT 4

INCOME

1. GROSS RECEIPTS . . . . .	20,070	
2. RETURNS AND ALLOWANCES . . . . .		
3. LINE 1 LESS LINE 2 . . . . .		20,070
4. COST OF GOODS SOLD (LINE 13) . . . . .	6,367	
5. GROSS PROFIT (LINE 3 LESS LINE 4) . . . . .		13,703

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR . . . . .	45,992	
7. MERCHANDISE PURCHASED . . . . .	27,569	
8. COST OF LABOR . . . . .		
9. MATERIALS AND SUPPLIES . . . . .		
10. OTHER COSTS . . . . .		
11. ADD LINES 6 THROUGH 10 . . . . .		73,561
12. INVENTORY AT END OF YEAR . . . . .	67,194	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12). .		6,367

FORM 990 PAYMENTS TO AFFILIATES STATEMENT 5

AFFILIATE'S NAME	AFFILIATE'S ADDRESS
ABLE INTERNATIONAL	LOS ANGELES
PURPOSE OF PAYMENT	AMOUNT
LICENSING FEES	311,295.
TOTAL TO FORM 990, PART I, LINE 16	311,295.

FORM 990 OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
COMMISSIONS	4,618.	118.		4,500.
LICENSES & FEES	1,245.	1,225.	20.	
PROMOTION	36,621.	36,167.	384.	70.
BANK CHARGES	4,005.		4,005.	
STAFF TRAINING	22,508.	14,882.	6,356.	1,270.
TRAINING MATERIALS	748.	505.	206.	37.
TOTAL TO FM 990, LN 43	69,745.	52,897.	10,971.	5,877.

FORM 990 CASH GRANTS AND ALLOCATIONS STATEMENT 7

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
DRUG REHABILITATION	ASSOCIATION NARCONON BRAZIL	SAO BERNARDO DO CAMPO (SP), BRAZIL 0973	N/A	11,800.
DRUG REHABILITATION	NARCONON OF GEORGIA	ATLANTA, GA	N/A	21,592.
CRIMINAL REHABILITATION	CRIMINON INTERNATIONAL	LOS ANGELES	N/A	1,479.
DRUG EDUCATION	NARCONON DRUG ED & PREVENTION	LOS ANGELES	N/A	49.

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DRUG REHABILITATION	GET OFF DRUGS NATURALLY	VICTORIA, AUSTRAILIA	N/A	3,800.
DRUG REHABILITATION	NARCONON MONTREAL	MONTREAL, CANADA	N/A	4,970.
DRUG REHABILITATION	NARCONON UK	EAST GRINSTEAD, WEST SUSSEX, ENGLAND	N/A	9,955.
DRUG REHABILITATION	NARCONON OF THE VALLEY	LOS ANGELES	N/A	586.
DRUG REHABILITATION	NARCONON BOLIVIA	BOLIVIA	N/A	5,466.
DRUG REHABILITATION	NARCONON EUROPE	COPENHAGEN, DENMARK	N/A	9,960.
DRUG REHABILITATION	NARCONON HAWAII	HAWAII	N/A	1,086.
DRUG REHABILITATION	NARCONON MEXICO	MEXICO	N/A	219.
DRUG REHABILITATION	NARCONON ARGENTINA	ARGENTINA	N/A	75.
DRUG REHABILITATION	NARCONON ITALY	MILANO, ITALY	N/A	14,958.
DRUG REHABILITATION	NARCONON SOUTHERN CALIFORNIA	NEWPORT BEACH, CA	N/A	4,863.
DRUG EDUCATION	NARCONON INDIA	INDIA	N/A	4,250.
DRUG REHABILITATION	NARCONON OKLAHOMA	CANADIAN, OKLAHOMA	N/A	12,361.
DRUG REHABILITATION	ASSOC FOR BETTER LIVING & EDUC INT	LOS ANGELES, CA	N/A	35,800.
DRUG EDUCATION	NARCONON BOLIVIA	BOLIVIA	N/A	7,106.
CRIMINAL REHABILITATION	NARCONON INDIA	INDIA	N/A	42.
DRUG REHABILITATION	NARCONON OF THE VALLEY	LOS ANGELES	N/A	43.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22

150,460.

FORM 990 NONCASH GRANTS AND ALLOCATIONS STATEMENT 8

CLASS OF ACTIVITY	DONEE'S NAME	DONEE'S ADDRESS
DRUG REHABILITATION	ASSOCIATION NARCONON BRAZIL	SAO BERNARDO DO CAMPO (SP), BRAZIL 0973

RELATIONSHIP OF DONEE	DESCRIPTION OF PROPERTY	DATE OF GIFT
N/A	DRUG REHABILITATION MATERIALS	

METHOD USED TO DETERMINE BOOK VALUE

BOOK VALUE

METHOD USED TO DETERMINE FAIR MARKET VALUE

BOOK VALUE	BOOK VALUE	AMOUNT GIVEN
	15,442.	15,442.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22	15,442.
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FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 9

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER/OFFICE EQUIPMENT	4,716.	4,716.	0.
COMPUTER/OFFICE EQUIPMENT	6,881.	6,881.	0.
COMPUTER/OFFICE EQUIPMENT	7,125.	7,125.	0.
FURNITURE & EQUIPMENT	24,787.	24,787.	0.
FURNITURE & EQUIPMENT	4,121.	4,121.	0.
FURNITURE & EQUIPMENT	1,903.	1,903.	0.
FURNITURE & EQUIPMENT	1,916.	1,916.	0.
FURNITURE & EQUIPMENT	2,200.	2,200.	0.
COMPUTER EQUIPMENT	3,864.	3,864.	0.
COMPUTERS	3,683.	3,315.	368.
FURNITURE AND EQUIPMENT	6,751.	6,075.	676.
MEDITERRANEO BUILDING	800,055.	112,007.	688,048.
LEASEHOLD IMPROVEMENTS	6,087.	4,261.	1,826.
COMPUTERS	5,170.	3,619.	1,551.
FURNISHINGS	5,351.	3,745.	1,606.
FURNITURE & EQUIPMENT	714.	357.	357.
BUILDING IMPROVEMENTS	99,982.	9,998.	89,984.
COMPUTERS	1,252.	626.	626.
FURNITURE & EQUIPMENT	2,855.	857.	1,998.
COMPUTER	9,015.	2,705.	6,310.

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FURNITURE & EQUIPMENT	524.	524.	0.
FURNITURE & EQUIPMENT	1,858.	1,858.	0.
FURNITURE & EQUIPMENT	3,220.	3,220.	0.
FURNITURE & EQUIPMENT	270.	27.	243.
COMPUTER	3,385.	339.	3,046.
SOFTWARE	216.	36.	180.
<b>TOTAL TO FORM 990, PART IV, LN 57</b>	<b>1,007,901.</b>	<b>211,082.</b>	<b>796,819.</b>

FORM 990 OTHER LIABILITIES STATEMENT 10

<u>DESCRIPTION</u>	<u>AMOUNT</u>
CUSTOMER DEPOSITS	1,035.
SALES TAX PAYABLE	954.
PAYROLL TAXES PAYABLE	813.
CONTRA OWING	3,186.
DUE TO AFFILIATES	6,060.
<b>TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B</b>	<b>12,048.</b>

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 11

<u>LINE</u>	<u>EXPLANATION OF RELATIONSHIP OF ACTIVITIES</u>
93A	TRAINING & EDUCATION ON DRUG REHABILITATION & DETOXIFICATION DELIVERY.
93B	PAYMENTS RECEIVED FOR LICENSING FEES FROM USE OF DRUG REHAB PROGRAM
93C	COMMISSIONS RECEIVED ON STUDENTS IN DRUG REHAB PGMS
93D	SALE OF PROMOTIONAL MATERIAL ON DRUG REHAB PROGRAMS
102	SALE OF BOOKS REGARDING DRUG ABUSE AND OTHER MATERIALS PROMOTING DRUG FREE LIFESTYLES.
103A	COMMISSIONS RECEIVED FROM OTHER EXEMPT ORGANIZATIONS.

SCHEDULE A EXPLANATION OF QUALIFICATIONS TO RECEIVE PAYMENTS STATEMENT 12  
PART III, LINE 4

THE RECIPIENTS OF NARCONON INTERNATIONAL'S GRANTS WERE QUALIFIED EXEMPT ORGANIZATIONS. PROJECTS ARE DETERMINED TO BE QUALIFIED ON AN INDIVIDUAL BASIS. THE ORGANIZATION ENSURES THAT EACH SO QUALIFIES AT ALL TIMES.



SCHEDULE A	OTHER INCOME			STATEMENT 13
DESCRIPTION	2000 AMOUNT	1999 AMOUNT	1998 AMOUNT	1997 AMOUNT
COMMISSIONS	5,868.	0.	0.	0.
RENT REFUND	117,295.	0.	0.	0.
TOTAL TO SCHEDULE A, LINE 22	123,163.	0.	0.	0.

**DESCRIPTION OF PROGRAM SERVICE ONE: DRUG DETOXIFICATION AND REHABILITATION**

AS A RESULT OF THE MASSIVE PROMOTIONAL ACTIONS CARRIED OUT THIS YEAR, NARCONON INTERNATIONAL'S DRUG REHABILITATION PROGRAMS AND SERVICES EXPERIENCED A DRAMATIC EXPANSION IN MANY AREAS. THE NARCONON NETWORK NOW HAS OVER 140 GROUPS AND CENTERS LICENSED IN 32 COUNTRIES WHO ARE ACTIVELY PROVIDING DRUG REHABILITATION SERVICES AND DRUG EDUCATION AND PREVENTION LECTURES TO THE BROAD PUBLIC USING L. RON HUBBARD'S TECHNOLOGY

WITH EXISTING FACILITIES FILLED TO FULL CAPACITY, NEW BUILDINGS WERE ACQUIRED FOR THE FOLLOWING CENTERS: A 28-ACRE COMPLEX IN SAN DIEGO COUNTY TO ADD TO NARCONON OF SOUTHERN CALIFORNIA'S FACILITIES, A BEAUTIFUL NEW FACILITY ON A LAKE IN BATTLE CREEK, MICHIGAN; NEW PREMISES IN ITALY AND IN BRAZIL; AND A LARGE NEW 10-ACRE FACILITY FOR NARCONON MONTREAL IN CANADA. NEW AREAS FOR DELIVERY OF THE NARCONON REHABILITATION PROGRAM WERE DEVELOPED IN INDONESIA, TAIWAN, SOUTH AFRICA, ITALY, GEORGIA, NEW MEXICO, IDAHO, ENGLAND AND HUNGARY, AS WELL AS ADDITIONAL CENTERS IN THE COMMONWEALTH OF INDEPENDENT STATES

THIS YEAR SAW THE GRAND OPENING OF NARCONON ARROWHEAD, NARCONON INTERNATIONAL'S BRAND NEW FLAGSHIP CENTER IN OKLAHOMA. ONE OF THE BIGGEST REHABILITATION CENTERS IN THE WORLD, THE NEWLY RENOVATED FACILITY HAS A 230-BED CAPACITY LOCATED ON 217 ACRES OF LAND HOUSED IN AN 78,000 SQUARE-FOOT MAIN BUILDING WITH 57 ADDITIONAL CABINS FOR STAFF HOUSING. MORE THAN 2,000 PEOPLE FROM 16 COUNTRIES ATTENDED THE GRAND OPENING EVENT, INCLUDING STAFF, STUDENTS, GRADUATES, PARENTS, GOVERNMENT OFFICIALS, AND COMMUNITY MEMBERS. THE OPENING EVENT WAS FOLLOWED THE NEXT DAY BY A DRUG REHABILITATION CONFERENCE, WITH TALKS AND PANELS BY PROFESSIONALS FROM THE US, ENGLAND, SWEDEN AND INDIA. THROUGH THIS STATE OF THE ART FACILITY AND HIGHLY SKILLED STAFF, NARCONON INTERNATIONAL WAS ABLE TO MAKE L. RON HUBBARD'S DRUG REHABILITATION AND DRUG EDUCATION TECHNOLOGY KNOWN TO VISITORS FROM AROUND THE WORLD.

DURING THE YEAR, NARCONON CENTERS DELIVERED DRUG REHABILITATION PROGRAMS TO MORE THAN 4,900 STUDENTS WORLDWIDE AND PRODUCED DRUG-FREE LIFE GRADUATES THROUGH ITS FULL PROGRAM OF DRUG DETOXIFICATION AND REHABILITATION SERVICES.

IN SWEDEN, A WORKSHOP WAS HELD ON THE NARCONON FIRST STEP PROGRAM (TECHNIQUES IN DRUG-FREE, NUTRITION-ASSISTED WITHDRAWAL), WHICH IS EXPECTED TO PAVE THE WAY FOR THE OPENING OF FIRST STEP ACTIVITIES IN AUSTRIA, HUNGARY, FINLAND, BELGIUM, FRANCE AND OTHER COUNTRIES

	<b>GRANTS</b>	<b>EXPENSES</b>
<b>To Form 990, Part III, line a</b>	<b>152,975</b>	<b>442,086</b>

**2001 FORM 990, PART III  
FEDERAL ID # 95-2769582  
NARCONON INTERNATIONAL  
STATEMENT # 15**

**DESCRIPTION OF PROGRAM SERVICE TWO: DRUG EDUCATION AND PREVENTION**

IN 2001, DRUG EDUCATION LECTURES, BASED ON THE WORKS OF L. RON HUBBARD, WERE DELIVERED BY NARCONON INTERNATIONAL AND THE NARCONON CENTERS TO OVER 400,000 PEOPLE FROM ALL OVER THE WORLD THESE INCLUDED STUDENTS, TEACHERS, PARENTS, SCHOOL OFFICIALS, COMMUNITY MEMBERS, AND THE GOVERNMENT SECTOR. NEW AREAS WHERE DRUG PREVENTION AND EDUCATION LECTURES WERE DELIVERED FOR THE FIRST TIME INCLUDE ST LOUIS, MISSOURI, CHICAGO, ILLINOIS, RIO RANCHO, NEW MEXICO; HUDSON VALLEY, NEW YORK, AND JOHANNESBURG, SOUTH AFRICA. IN ADDITION, SEVERAL NEW DRUG EDUCATION GROUPS WERE STARTED IN BOTH ITALY AND RUSSIA

IN LOS ANGELES, NARCONON DRUG PREVENTION & EDUCATION REACHED AN ALL TIME HIGH, DELIVERING DRUG PREVENTION PROGRAMS TO OVER 1,000 SCHOOL CHILDREN PER WEEK. IN KAZAKHSTAN AND THE KHARKOV REGION IN UKRAINE, TENS OF THOUSANDS OF PEOPLE RECEIVED DRUG EDUCATION, AND SPECIAL DRUG EDUCATION EVENTS WERE HELD THROUGHOUT ITALY.

TO ENSURE STANDARD DELIVERY OF THE TECHNOLOGY AND TO ASSIST NARCONON DRUG REHABILITATION CENTERS IN PROVIDING HIGH QUALITY SERVICES TO THE COMMUNITY, TWO NEW STAFF TRAINING COURSES WERE COMPILED AND RELEASED THIS YEAR - "OPENING A SUCCESSFUL NARCONON CENTER" AND "RUNNING AN EFFECTIVE NARCONON CENTER A BOOKLET DESIGNED TO EDUCATE PEOPLE ABOUT THE EFFECTS OF DRUGS, TITLED "10 THINGS YOUR FRIENDS MAY NOT KNOW ABOUT DRUGS" WAS RELEASED EARLY THIS YEAR. OVER 175,000 OF THESE BOOKLETS WERE DISTRIBUTED THROUGHOUT THE UNITED STATES, UNITED KINGDOM, ITALY, CANADA, TAIWAN AND AUSTRALIA A NEW DRUG EDUCATION VIDEO ENTITLED "MARIJUANA - THE MYTH" WAS COMPLETED AND RELEASED, WITH APPROXIMATELY 2,000 REQUESTS FROM SCHOOLS FOR COPIES OF THE VIDEO

	<b>GRANTS</b>	<b>EXPENSES</b>
<b>To Form 990, Part III, line b</b>	<b>7,198</b>	<b>128,161</b>

**2001 FORM 990, PART III  
FEDERAL ID # 95-2769582  
NARCONON INTERNATIONAL  
STATEMENT # 16**

**PROGRAM SERVICE THREE: DRUG REHABILITATION THROUGH THE JUSTICE SYSTEM**

THE NARCONON NEW LIFE PROGRAM IN UTAH, A PROGRAM WHICH WORKS WITH THE JUVENILE COURT SYSTEM, DELIVERED DRUG REHABILITATION AND LIFE SKILLS COURSES TO JUVENILES REQUIRED TO COMPLETE SUCH A PROGRAM AS AN ALTERNATIVE SENTENCING. PRELIMINARY RESULTS WERE RELEASED FROM A STUDY CARRIED OUT BY AN INDEPENDENT DRUG REHABILITATION EXPERT SHOWING 84% OF THE JUVENILES COMPLETING THE PROGRAM DID NOT APPEAR BEFORE THE COURT SYSTEM AGAIN FOR ANY CRIMINAL ACTIVITY FOR THE TWO YEARS THAT WERE TRACKED FOLLOWING COMPLETION OF THE PROGRAM

NARCONON GEORGIA DELIVERED THE NARCONON NEW LIFE DETOXIFICATION PROGRAM AND DRUG REHABILITATION COUNSELING TO 20 PEOPLE WHO HAD BEEN ALTERNATIVELY SENTENCED TO A LOCAL GOVERNMENT-FUNDED CRIMINAL REHABILITATION PROGRAM

	<b>GRANTS</b>	<b>EXPENSES</b>
<b>To Form 990, Part III, line c</b>	<b>1,479</b>	<b>9,587</b>

**2001 FORM 990, PART III  
FEDERAL ID # 95-2769582  
NARCONON INTERNATIONAL  
STATEMENT # 17**

**DESCRIPTION OF PROGRAM SERVICE THREE: PUBLIC AWARENESS OF THE PROBLEMS OF DRUG ABUSE AND THEIR SOLUTIONS**

TO FURTHER MAKE KNOWN NARCONON DRUG REHABILITATION AND DRUG EDUCATION PROGRAMS AND SERVICES IN VARIOUS PARTS OF THE WORLD, MORE PROMOTIONAL ACTIVITIES OCCURRED THIS YEAR THAN EVER BEFORE, THROUGH THE CONCERTED EFFORTS OF NARCONON INTERNATIONAL AND ITS LICENSED GROUPS AND CENTERS.

A BROAD SERIES OF DRUG EDUCATION LECTURES, TRAINING WORKSHOPS, CONFERENCES, SEMINARS AND MEDIA CAMPAIGNS WERE CONDUCTED BY ALL NARCONON CENTERS TO EDUCATE THE PUBLIC IN THE ALARMING INCREASE OF DRUG ABUSE AND DRUG-RELATED CRIME WORLDWIDE. ACTIONS WERE TAKEN TO PROVIDE THE PUBLIC WITH KNOWLEDGE ABOUT THE EFFECTIVENESS OF THE NARCONON PROGRAMS AND THEIR PROVEN RESULTS IN PRODUCING DRUG-FREE LIVES. AMONG THESE ACTIONS, 1,100 "MARIJUANA - THE MYTH" VIDEOS WERE DONATED AND DELIVERED TO SCHOOLS ACROSS THE COUNTRY OVER 13,000 STUDENT TESTIMONIALS ON THEIR NEW VIEWPOINTS ABOUT DRUGS AND THEIR HARMFUL EFFECTS WERE RECEIVED IN RESPONSE

THOUSANDS OF PUBLIC SERVICE ANNOUNCEMENTS AND INTERVIEWS WERE AIRED ON AN AVERAGE OF 50 SEPARATE TELEVISION AND RADIO SHOWS OR INTERVIEWS PER WEEK, REACHING TENS OF MILLIONS OF LISTENERS AND VIEWERS INTERNATIONALLY. INTERVIEW TOPICS INCLUDED ANABOLIC STEROID USE IN SPORTS, HOW NARCONON PROGRAMS USE THE NEW LIFE DETOXIFICATION PROGRAM BASED ON THE WORKS OF L. RON HUBBARD, AND HOW THIS DETOXIFICATION PROGRAM IS USED TO REDUCE THE TOXIC BODY BURDEN OF DRUG RESIDUALS

THE PRESIDENT OF NARCONON INTERNATIONAL ATTENDED A VARIETY OF EVENTS, INCLUDING. THE "FOURTH BI-NATIONAL UNITED STATES/MEXICO CONFERENCE ON DRUG DEMAND REDUCTION", THROUGH THE INVITATION OF A UNITED STATES WHITE HOUSE DRUG-PREVENTION SPOKESPERSON; A DRUG PREVENTION FUNDRAISING BENEFIT HELD IN ENGLAND, THAT FEATURED PERFORMANCES BY CHILDREN FROM THE ROYAL BALLET SCHOOL, PERSONAL VISITS WITH RELIGIOUS OFFICIALS IN THE UNITED STATES AND FRANCE; AND PRESENTATIONS TO GOVERNMENT OFFICIALS IN WASHINGTON D.C., LONDON, STOCKHOLM, DENMARK AND MEXICO.

	<b>GRANTS</b>	<b>EXPENSES</b>
<b>To Form 990, Part III, line d</b>	<b>4,250</b>	<b>216,462</b>

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

▶ See separate instructions ▶ Attach to your tax return

Name(s) shown on return <b>NARCONON INTERNATIONAL</b>	Business or activity to which this form relates <b>FORM 990 PAGE 2</b>	Identifying number <b>95-2769582</b>
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**Part I Election To Expense Certain Tangible Property Under Section 179** Note: If you have any listed property, complete Part V before you complete Part I

1 Maximum amount. See instructions for a higher limit for certain businesses	1	24,000.
2 Total cost of section 179 property placed in service (see instructions)	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 29	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 line 13 of your 2000 Form 4562	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 2002. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property)**

14 Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions)	14	
15 Property subject to section 168(f)(1) election (see instructions)	15	
16 Other depreciation (including ACRS) (see instructions)	16	44,964.

**Part III MACRS Depreciation (Do not include listed property)** (See instructions)

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2001	17	
18 If you are electing under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B - Assets Placed in Service During 2001 Tax Year Using the General Depreciation System**

(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
19a 3 year property						
b 5 year property						
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 - Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System**

20a Class life						
b 12 year			12 yrs		S/L	
c 40 year	/		40 yrs	MM	S/L	

**Part IV Summary** (See instructions)

21 Listed property. Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr	22	44,964.
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include 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 24a, 24b, 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)

24a Do you have evidence to support the business/investment use claimed?  Yes  No 24b 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
25 Special depreciation allowance for listed property acquired after September 10, 2001, and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L		
		%				S/L		
		%				S/L		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1								29

**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
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 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
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 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		
39 Do you treat all use of vehicles by employees as personal use?		
40 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?		
41 Do you meet the requirements concerning qualified automobile demonstration use? <b>Note</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do 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
42 Amortization of costs that begins during your 2001 tax year					
43 Amortization of costs that began before your 2001 tax year					43
44 Total Add amounts in column (f) See instructions for where to report					44

# Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

► File a separate application for each return.

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
  - If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)
- Note. Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

**Automatic 3-Month Extension of Time—Only submit original (no copies needed)**

Note. Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only   
 All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print  File by the due date for filing your return. See instructions	Name of Exempt Organization <u>Narconon International</u>	Employer identification number <u>95:2769582</u>
	Number, street, and room or suite no. If a P.O. box, see instructions <u>7060 Hollywood Blvd Suite 220</u>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <u>Los Angeles, CA 90028</u>	

Check type of return to be filed (file a separate application for each return):

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box  . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until August 15th, 2002 to file the exempt organization return for the organization named above. The extension is for the organization's return for:  
 ►  calendar year 2001, or  
 ►  tax year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_

2 If this tax year is for less than 12 months, check reason.  Initial return  Final return  Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ \_\_\_\_\_

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ► [Handwritten Signature] Title ► PRESIDENT Date ► 8 MAY 02

[Handwritten Mark]



5015 1261

- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box  **Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.**
- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

**Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.**

Type or print  File by the extended due date for filing the return. See instructions.	Name of Exempt Organization <b>Naroon International</b>	Employer Identification number <b>95 2769582</b>
	Number, street and room or suite no. If a P.O. box, see instructions <b>7060 Hollywood Blvd Suite 220</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions <b>Los Angeles, CA 90028-6015</b>	

Check type of return to be filed (File a separate application for each return):

Form 990     Form 990-EZ     Form 990-T (sec. 401(a) or 408(a) trust)     Form 1041-A     Form 5227     Form 8870

Form 990-BL     Form 990-PF     Form 990-T (trust other than above)     Form 4720     Form 6069

**STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868**

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until November 15th, 2002

5 For calendar year 2001, or other tax year beginning \_\_\_\_\_, 20\_\_ and ending \_\_\_\_\_, 20\_\_

6 If this tax year is for less than 12 months, check reason:  Initial return     Final return     Change in accounting period

7 State in detail why you need the extension. Additional time is needed to obtain the necessary information to file a complete and accurate tax return.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ \_\_\_\_\_

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868. \$ \_\_\_\_\_

c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ \_\_\_\_\_

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature *Carl Cam* Title President Date May 2002

**Notice to Applicant—To Be Completed by the IRS**

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
- Other \_\_\_\_\_

Director \_\_\_\_\_ By \_\_\_\_\_ Date \_\_\_\_\_

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name _____
	Number and street (include suite, room, or apt. no.) Or a P.O. box number _____
	City or town, province or state, and country (including postal or ZIP code) _____