Form **990**

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)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047

2001

Open to Public Inspection

A For the 2001 calendar year, OR tax year beginning , and ending

B Check if applicable
- [ ] Address change
- [ ] Name change
- [ ] Initial return
- [ ] Final return
- [ ] Amended return
- [ ] Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization: Narconon Southern California

Number and street (or P O box if mail is not delivered to street address): 1810 W Ocean Front — Room/suite:

City or town: Newport Beach — State or country: CA — ZIP + 4: 92663

D Employer identification number: 33-0911677

E Telephone number: (949) 675-8988

F Accounting method [X] Cash [ ] Accrual [ ] Other (specify)

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

H(a) Is this a group return for affiliates? [ ] Yes [X] No

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? [ ] Yes [ ] No (If "No," attach a list See instructions)

H(d) Is this a separate return filed by an organization covered by a group ruling? [X] Yes [ ] No

I Enter 4-digit GEN 2595

G Web site www usnodrugs com

J Organization type (check only one) [X] 501(c) (3) (insert no) [ ] 4947(a)(1) or [ ] 527

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 the organization received a Form 990 Package in the mail it should file a return without financial data Some states require a complete return

M Check [ ] if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 2,825,804

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a	469,324		
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c			
	d	Total (add lines 1a through 1c) (cash $ ______ noncash $ ______)			1d	469,324
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	2,286,902
	3	Membership dues and assessments			3	
	4	Interest on savings and temporary cash investments			4	3,533
	5	Dividends and interest from securities			5	
	6a	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	
	8a	Gross amount from sales of assets other than inventory — (A) Securities: ; (B) Other:	8a			
	b	Less cost or other basis and sales expenses — (A): ; (B):	8b			
	c	Gain or (loss) (attach schedule) — (A): ; (B):	8c			
	d	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	
	10a	Gross sales of inventory, less returns and allowances	10a	60,722		
	b	Less cost of goods sold	10b	48,005		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) Schedule 1			10c	12,717
	11	Other revenue (from Part VII, line 103) Commissions			11	5,323
	12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	2,777,799
Expenses	13	Program services (from line 44, column (B))			13	1,574,693
	14	Management and general (from line 44, column (C))			14	440,739
	15	Fundraising (from line 44, column (D))			15	2,841
	16	Payments to affiliates (attach schedule) Schedule 2			16	223,556
	17	Total expenses (add lines 16 and 44, column (A))			17	2,241,829
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	535,970
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	64,867
	20	Other changes in net assets or fund balances (attach explanation)			20	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	600,837

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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 (See Specific Instructions on page 21)

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) Schedule 3 (cash $ 19,240 noncash $)	22	19,240	19,240		
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	131,910	108,862	22,044	1,004
26 Other salaries and wages	26	510,470	365,036	145,164	270
27 Pension plan contributions	27				
28 Other employee benefits	28	21,691	16,002	5,646	43
29 Payroll taxes	29	61,696	45,513	16,060	123
30 Professional fundraising fees	30				
31 Accounting fees	31	10,677		10,677	
32 Legal fees	32	3,814		3,814	
33 Supplies	33	62,010	46,270	15,620	120
34 Telephone	34	91,817	67,733	23,900	184
35 Postage and shipping	35	49,746	49,746		
36 Occupancy	36	410,474	302,807	106,846	821
37 Equipment rental and maintenance	37	4,608	3,400	1,199	9
38 Printing and publications	38	15,068	15,068		
39 Travel	39	70,340	69,428	905	7
40 Conferences, conventions, and meetings	40				
41 Interest	41	22,607		22,607	
42 Depreciation, depletion, etc (attach schedule) Sch 4	42	19,913	14,690	5,183	40
43 Other expenses not covered above (itemize) a	43a				
b	43b				
c Schedule 5	43c	512,192	450,898	61,074	220
d	43d				
e	43e				
f	43f				
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B) - (D), carry these totals to lines 13 - 15	44	2,018,273	1,574,693	440,739	2,841

Joint Costs Check ☐ if you are following SOP 98-2 N/A

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 (See Specific Instructions on page 24)

What is the organization's primary exempt purpose? Rehabilitation and Prevention of Substance Abuse

All organizations must describe their exempt purpose achievements in a clear and concise manner State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)

	Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)
a The organization operates a drug rehabilitation facility in Newport Beach, California, delivering the Narconon drug rehabilitation program under license from Narconon International This unique 3 to 5 month program includes the detoxification procedure and several life skills courses During the year, 61 persons completed the program enabling them to lead drug-free and ethical lives (Grants and allocations $ 19,240)	1,505,097
b One of Narconon Southern California's purpose is to service the community by improving public knowledge about drugs and their harmful effects Between January 1 and December 31, 2001, the Organization delivered Narconon drug education lectures to 3,918 school children (Grants and allocations $)	43,193
c Another of the organization's purposes is to conduct broad public campaigns to raise public awareness of the extent and effects of substance abuse and the need for prevention and rehabilitation During the year several Public Service Announcements were sponsored, and over 228,000 brochures and promotional fliers were sent to the general public (Grants and allocations $)	26,403
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)	1,574,693

Part IV Balance Sheets (See Specific Instructions on page 24)

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
	Assets					
45	Cash - non-interest-bearing			32,712	45	118,831
46	Savings and temporary cash investments				46	
47a	Accounts receivable	47a				
b	Less allowance for doubtful accounts	47b			47c	
48a	Pledges receivable	48a				
b	Less allowance for doubtful accounts	48b			48c	
49	Grants receivable				49	
50	Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
51a	Other notes and loans receivable (attach schedule) Employees	51a	5,963			
b	Less allowance for doubtful accounts	51b			51c	5,963
52	Inventories for sale or use			4,279	52	3,491
53	Prepaid expenses and deferred charges				53	
54	Investments - securities (attach schedule) ☐ Cost ☐ FMV				54	
55a	Investments - land, buildings, and equipment basis	55a				
b	Less accumulated depreciation (attach schedule)	55b			55c	
56	Investments - other (attach schedule)				56	
57a	Land, buildings, and equipment basis	57a	985,151			
b	Less accumulated depreciation (attach schedule) Schedule 4	57b	24,217	43,503	57c	960,934
58	Other assets (describe Schedule 6)			3,560	58	19,308
59	Total assets (add lines 45 through 58) (must equal line 74)			84,054	59	1,108,527
	Liabilities					
60	Accounts payable and accrued expenses				60	
61	Grants payable				61	
62	Deferred revenue				62	
63	Loans from officers, directors, trustees, and key employees (attach schedule)				63	
64a	Tax-exempt bond liabilities (attach schedule)				64a	
b	Mortgages and other notes payable (attach schedule) Schedule 8			987	64b	428,350
65	Other liabilities (describe Schedule 7)			18,200	65	79,340
66	Total liabilities (add lines 60 through 65)			19,187	66	507,690
	Net Assets or Fund Balances					
	Organizations that follow SFAS 117, check here ☐ 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 ☒ and complete lines 70 through 74					
70	Capital stock, trust principal, or current funds				70	
71	Paid-in or capital surplus, or land, building, and equipment fund				71	
72	Retained earnings, endowment, accumulated income, or other funds			64,867	72	600,837
73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)			64,867	73	600,837
74	Total liabilities and net assets/fund balances (add lines 66 and 73)			84,054	74	1,108,527

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 (See Specific Instructions, page 26.)

a	Total revenue, gains, and other support per audited financial statements	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) thru (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	
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) thru (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, see Specific Instructions on page 26.)

(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
Patricia Schwartz Pasadena, California	Director 1 hour per week	-0-	-0-	-0-
Jette McGregor Redondo Beach, California	President & Director 1 hour per week	-0-	-0-	-0-
Julie Bryant Newport Beach, California	Secretary & Director 40 hours per week	47,286	-0-	-0-
David Worthington Newport Beach, California	Treasurer 40 hours per week	31,523	-0-	-0-
Lawrence Trahant Newport Beach, California	Executive Director 40 hours per week	53,101	-0-	-0-
Karen Seagal Los Angeles, California	Trustee 1 hour per week	-0-	-0-	-0-
Clark Carr Los Angeles, California	Trustee 1 hour per week	-0-	-0-	-0-
Michael St Armand Canadian, Oklahoma	Trustee 1 hour per week	-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? ☐ Yes ☒ No
If "Yes," attach schedule - see Specific Instructions on page 27

Part VI Other Information (See Specific Instructions on page 27.)

				Yes or 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	No
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		77	No
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?		78a	No
b	If "Yes," has it filed a tax return on Form 990-T for this year?		78b	N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		79	No
80a	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	No
b	If "Yes," enter the name of the organization ______ and check whether it is ☐ exempt OR ☐ nonexempt			
81a	Enter direct or indirect political expenditures. See line 81 instructions	81a -0-		
b	Did the organization file Form 1120-POL for this year?		81b	No
82a	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	No
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.)	82b N/A		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?		83a	Yes
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		83b	Yes
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		85a	N/A
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?		85b	N/A
	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 on line 85f?		85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		85h	N/A
86	501(c)(7) orgs. 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) orgs. 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, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		88	No
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under section 4911 None, section 4912 None, section 4955 None			
b	501(c)(3) and 501(c)(4) orgs. 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? If "Yes," attach a statement explaining each transaction		89b	No
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			None
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization			None

90a 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, 2001 (See instructions.) 90b 22

91 The books are in care of David Worthington Telephone no (949) 675-8988

Located at 1810 W Ocean Front, Newport Beach, CA ZIP + 4 92663

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

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32.)

Note Enter gross amounts unless otherwise indicated	Unrelated business income (A) Business code	(B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	(D) Amount	(E) Related or exempt function income
93 Program service revenue					
a Drug Rehabilitation Income					2,286,902
b Commissions from other exempt organizations					5,323
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			14	3,533	
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					12,717
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add cols (B), (D), and (E))				3,533	2,304,942
105 Total (add line 104, columns (B), (D), and (E))					2,308,475

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)
93(a)	Payments received for delivery of the drug rehabilitation & education services
102	Income from sales of materials used in connection with drug rehabilitation & training
93(b)	Payments received for referral of students to other non-profit organizations

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

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 8870 and Form 4720 (see instructions)

Please Sign Here

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

Signature of officer: David Worthington — Date: Nov 15, 2002

Type or print name and title: DAVID WORTHINGTON, TREASURER

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's SSN or PTIN (See Gen Inst W)
Robert W Frey	11/15/2002	☒	305-60-3582

Firm's name (or yours if self-employed) address and ZIP + 4: Steven Frey & Associates, 3575 Cahuenga Blvd West, Suite 595, Los Angeles, CA 9 — EIN 95-4559801 — Phone no 323 878-0580

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

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

Supplementary Information - (See separate instructions)

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2001

Name of the organization: Narconon Southern California

Employer identification number: 33-0911677

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
Nicholas Kent Newport Beach, California	Program Supervisor 40 hours per week	63,880		
Total number of other employees paid over $50,000				

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
Gene & Carolyn Ross Newport Beach, California	Facility Rent	230,313
Total number of others receiving over $50,000 for professional services		

Part III Statements About Activities (See page 2 of the instructions)

			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 $ ______ (**Must equal amounts on line 38,** Part VI-A, or line i of Part VI-B)	1		X
	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			
2	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
3	Does the organization make grants for scholarships, fellowships, student loans, etc ? (See Note below)	3		X
4	Do you have a section 403(b) annuity plan for your employees?	4		X

Note 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 Schedule 9

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 [X] 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 page 5 of the instructions)

(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
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	76,594				76,594
16 Membership fees received					
17 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	820,219				820,219
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	7				7
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	896,820				896,820
24 Line 23 minus line 17	76,601				76,601
25 Enter 1% of line 23	8,968				

26 Organizations described on lines 10 or 11 **a** Enter 2% of amount in column (e), line 24 — **26a** 1,532

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 — **26b** 3,198

c Total support for section 509(a)(1) test Enter line 24, column (e) — **26c** 76,601

d Add Amounts from column (e) for lines 18 7 19 ____ 22 ____ 26b 3,198 — **26d** 3,205

e Public support (line 26c minus line 26d total) — **26e** 73,396

f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) — **26f** 95 82%

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

(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

(2000) ____ (1999) ____ (1998) ____ (1997) ____

c Add Amounts from column (e) for lines 15 ____ 16 ____ 17 ____ 20 ____ 21 ____ — **27c** ____

d Add Line 27a total ____ and line 27b total ____ — **27d** ____

e Public support (line 27c total minus line 27d total) — **27e** ____

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) — **27f** ____

g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) — **27g** ____

h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) — **27h** ____

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

Part V Private School Questionnaire (See page 7 of the instructions)
(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?	29		
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?	30		
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)	31		
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
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)	32d		
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)	33h		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
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	34b		
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	35		

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	N/A	N/A
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 -	41		
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		

If the amount on line 40 is -	The lobbying nontaxable amount is -
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

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)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount	-0-	-0-	-0-	-0-	-0-
46 Lobbying ceiling amount (150% of line 45(e))					-0-
47 Total lobbying expenditures	-0-	-0-	-0-	-0-	-0-
48 Grassroots nontaxable amount	-0-	-0-	-0-	-0-	-0-
49 Grassroots ceiling amount (150% of line 48(e))					-0-
50 Grassroots lobbying expenditures	-0-	-0-	-0-	-0-	-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
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i 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?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

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

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

52a 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

(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	Employer identification number
Narconon Southern California	33-0911677

Organization type (check one)

Filers of	**Section**
Form 990 or 990-EZ	[X] 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 -

[X] For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 331/3% 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)

Name of organization	Employer identification number
Narconon Southern California	33-0911677

Part I Contributors (See Specific Instructions)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1		$ 452,000	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
2		$ 5,000	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

Name of organization	Employer identification number
Narconon Southern California	33-0911677

Part II Noncash Property (See Specific Instructions)

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	/ /

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	/ /

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	/ /

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	/ /

(a) No from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	/ /

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	/ /

SCHEDULE 1

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Gross Profit (Loss) from Sales of Inventory

Sales		$ 60,722
Cost of Goods Sold		
Beginning inventory	$ 4,279	
Purchases	47,217	
Less ending inventory	(3,491)	
Cost of Goods Sold		*48,005*
Gross Profit		$ 12,717

SCHEDULE 2

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Payments to Affiliates

Trademark licensing fees for drug rehabilitation program paid to Narconon International	$ 223,556

SCHEDULE 3

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Grants and Allocations

Association for Better Living and Education	Promotion of Drug Abuse Solutions	$ 2,500
US IAS Members Trust	Promotion of Drug Abuse Solutions	8,340
Church of Scientology Mission of Newport Beach	Education	500
Hubbard College of Administration	Education	100
Friends of Narconon	Drug Education	2,800
Warner Springs Unified School District	Drug Education	5,000
		$ 19,240

SCHEDULE 4

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Fixed Assets and Depreciation

Description	Depr Method	Useful Life	Cost	Current Depreciation	Accumulated Depreciation	Net Book Value
Land			$ 244,357			$ 244,357
Buildings	S/L	40	642,266	$ 4,014	$ 4,014	638,252
Leasehold Improvements	S/L	5	2,010	402	603	1,407
Equipment & Furniture	S/L	7	45,489	6,499	8,445	37,044
Computers & Office Equipment	S/L	5	15,718	2,706	3,513	12,205
Plant & Technical Equipment	S/L	7	9,897	1,004	1,302	8,595
Vehicles	S/L	3	25,414	5,288	6,340	19,074
			$ 985,151	$ 19,913	$ 24,217	$ 960,934

SCHEDULE 5

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Other Expenses

	(A) Total	(B) Program Services	(C) Management & General	(D) Fund-Raising
Commissions	$ 27,672	$ 27,672		
Insurance	29,633	21,860	$ 7,714	$ 59
Client costs - food	155,271	155,271		
Client costs - medical	86,636	86,636		
Client costs - vitamins	15,461	15,461		
Client costs - other	1,553	1,553		
Repairs & maintenance	30,759	22,690	8,007	62
Dissemination	74,715	74,715		
Course materials	881	881		
Bank charges	32,363		32,363	
Staff training	42,093	31,052	10,957	84
Outside services	7,488	7,488		
Property taxes	7,617	5,619	1,983	15
Penalties	50	-	50	-
Totals	$ 512,192	$ 450,898	$ 61,074	$ 220

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Other Assets

	Beginning of Year	End of Year
Deposits on Fixed Assets	$ 3,560	$ 5,700
Prepaid taxes		5,264
Construction in progress	-	8,344
	$ 3,560	$ 19,308

SCHEDULE 7

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Other Liabilities

	Beginning of Year	End of Year
Sales taxes payable	$ 2,955	$ 2,340
Payroll taxes payable	8,271	18,783
Garnishments payable	175	-
Installment contract payable	6,799	5,781
Credit cards payable	-	34,316
Funds held on behalf of students	-	18,120
	$ 18,200	$ 79,340

SCHEDULE 8

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Form 990
For the Year Ended December 31, 2001

Schedule of Mortgages and Other Notes Payable

	Beginning of Year	End of Year
Due to ABLE International	$ 987	$ -
Mortgage payable - Warner Springs facility	-	428,350
	$ 987	$ 428,350

SCHEDULE 9

NARCONON SOUTHERN CALIFORNIA
#33-0911677
Attachment to Schedule A, Form 990
For the Year Ended December 31, 2001

Statement re Qualifications for Recipients of Grants

THE RECIPIENTS OF NARCONON SOUTHERN CALIFORNIA'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