

Form 990

OMB No 1545-0047

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)

2001

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

Form header section A-F containing organization name (FRIENDS OF NARCONON), address (622 EAST VILLA STREET PASADENA CA 91101), and other identifying information.

Form section G-M containing website (DRUGFREE@EARTHLINK.NET), organization type (501(c)(3)), and gross receipts (132,617).

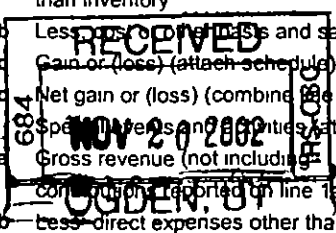
Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

Main table with 21 rows detailing revenue (103,964), expenses (103,032), and net assets (14,967) for the year 2001.

REVENUE

DEC 16 02

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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) (cash \$ _____ non-cash \$ _____)	22			
23	Specific assistance to individuals	23			
24	Benefits paid to or for members	24			
25	Compensation of officers, directors, etc	25			
26	Other salaries and wages	26			
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31 340		340	
32	Legal fees	32			
33	Supplies	33 1,306	63	1,243	
34	Telephone	34			
35	Postage and shipping	35 5,528	4,042	1,486	
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38 2,746	2,746		
39	Travel	39 3,807	3,807		
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc (att sch)	42			
43	Other expenses not covered above (itemize) a	43a			
	b SEE STATEMENT 3	43b 89,305	56,237	4,513	28,555
	c	43c			
	d	43d			
	e	43e			
44	Total functional expenses (add lines 22 - 43) Organizations completing columns (B)-(D) carry these totals to lines 13-15	44 103,032	66,895	7,582	28,555

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 (See Specific Instructions on page 24)

What is the organization's primary exempt purpose?

▶ SEE STATEMENT 4

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	SEE STATEMENT 5	(Grants and allocations \$ _____)	66,895
b		(Grants and allocations \$ _____)	
c		(Grants and allocations \$ _____)	
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)		66,895

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
45	Cash-non-interest-bearing	1,585	45	15,333
46	Savings and temporary cash investments	522	46	4,060
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)	51a		
b	Less allowance for doubtful accounts	51b	51c	
52	Inventories for sale or use		52	81
53	Prepaid expenses and deferred charges		53	
54	Investments securities <input type="checkbox"/> Cost <input type="checkbox"/> 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	841	
b	Less accumulated depreciation (attach schedule) SEE STMT 6	57b	841	57c
58	Other assets (describe)		58	
59	Total assets (add lines 45 through 58) (must equal line 74)	2,107	59	19,474
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)		64b	
65	Other liabilities (describe SEE STMT 7)	8,784	65	4,507
66	Total liabilities (add lines 60 through 65)	8,784	66	4,507
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		70	
71	Paid-in or capital surplus, or land, building, and equipment fund		71	
72	Retained earnings endowment accumulated income or other funds	-6,677	72	14,967
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)	-6,677	73	14,967
74	Total liabilities and net assets / fund balances (add lines 66 and 73)	2,107	74	19,474

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

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) Contnb to employee benefit plans & deferred compensation	(E) Expense account and other allowances
ROBERT HERNANDEZ 622 E. VILLA ST #201, PASADENA, CA	PRESIDENT 40	0	0	0
DAPHNA HERNANDEZ 622 E. VILLA ST #201, PASADENA, CA	TREASURER 40	0	0	0
PATTY SCHWARTZ 2015 NORWALK AVE., LOS ANGELES, CA	SECRETARY 40	0	0	0

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule-see Specific Instructions on page 27

▶ Yes No

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

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity SEE STMT 8	X	
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		X
78a	Did the organization have unrelated business gross inc of \$1 000 or more during the year covered by this return?		X
b	If "Yes " has it filed a tax return on Form 990-T for this year?		X
79	Was there a liquidation dissolution termination or substantial contraction during the year? If "Yes," attach a statement		X
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?		X
b	If "Yes," enter the name of the organization <input type="checkbox"/> and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instr		
b	Did the organization file Form 1120-POL for this year?		X
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?		X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
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?	N/A	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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	N/A	
c	Dues, assessments and similar amounts from members		
d	Section 162(e) lobbying and political expenditures		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	N/A	
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?	N/A	
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12		
b	Gross receipts, included on line 12, for public use of club facilities		
87	501(c)(12) orgs Enter a Gross income from members or shareholders		
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? If "Yes," complete Part IX		X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <u>0</u> , section 4912 <u>0</u> , section 4955 <u>0</u>		
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		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0
d	Enter Amount of tax on line 89c, above reimbursed by the organization		0
90a	List the states with which a copy of this return is filed <u>CA</u>		
b	Number of employees employed in the pay period that includes March 12, 2001 (See instructions)		0
91	The books are in care of <u>DAPHNA HERNANDEZ</u> Located at <u>622 E. VILLA ST. #201, PASADENA, CA</u>		
	Telephone no <u>626-449-3082</u> ZIP + 4 <u>91101</u>		
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		<input type="checkbox"/>

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

	Unrelated business income		Excluded by sec 512 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
Note Enter gross amounts unless otherwise indicated					
93 Program service revenue					
a DRUG INTERVENTION & REFERRAL					5,394
b COMMISSIONS					1,944
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	6	
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					10,819
103 Other revenue					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B) (D), and (E))		0		6	18,157
105 Total (add line 104, columns (B) (D), and (E))					18,163

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)
93A	DRUG INTERVENTION INCOME AND REFERRAL SERVICES ARE
93A	FOR ADDICTS NEEDING A SOLUTION FOR SUBSTANCE ABUSE
	PROBLEMS.
	SEE STATEMENT 9

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 pg 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: *Robert Hernandez* Date: *11/13/02*
 Type or print name and title: **ROBERT HERNANDEZ - PRESIDENT**

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: **11/13/02** Check if self-employed: Preparer's SSN or PTIN (See Gen Instr W): **P00061505**

Firm's name (or yours if self-employed): **GREENBERG AND JACKSON CPAS** EIN: **95-3387333**

address and ZIP + 4: **2950 LOS FELIZ BOULEVARD SUITE 103 LOS ANGELES, CA 90039** Phone no: **323-666-7700**

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 amount 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.		X
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?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of exp. if more than \$1,000)?	X	
e	Transfer of any part of its income or assets?		X
3	Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)		X
4	Do you have a section 403(b) annuity plan for your employees?		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 STMT 10

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).)

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.)	1,767	6,638	6,750	21,518	36,673
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					
18 Gross inc from int. dividends amounts received from pymt. on securities loans (section 512(a)(5)), rents, royalties & unrelated busn. taxable inc. (less sec 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revn. levied for the organization's ben. & either paid to it or expended on its behalf					
21 The value of serv. or fac. furnished to the org. by a governmental unit without charge. Do not incl. the value of serv. or fac. generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of cap. assets.					
23 Total of lines 15 through 22	1,767	6,638	6,750	21,518	36,673
24 Line 23 minus line 17	1,767	6,638	6,750	21,518	36,673
25 Enter 1% of line 23	18	66	68	215	

26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24	▶	26a	733
	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	4,544
	c Total support for section 509(a)(1) test. Enter line 24, column (e).	▶	26c	36,673
	d Add: Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b 4,544	▶	26d	4,544
	e Public support (line 26c minus line 26d total)	▶	26e	32,129
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶	26f	87.6094%

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 _____ 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 on 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)

	N/A	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter bylaws, other governing instrument, or in a resolution of its governing body?	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)

(To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**

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	
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-		
If the amount on line 40 is-		
Not over \$500,000		
Over \$500,000 but not over \$1,000,000		
Over \$1,000,000 but not over \$1,500,000		
Over \$1,500,000 but not over \$17,000,000		
Over \$17,000,000		
The lobbying nontaxable amount is-		
20% of the amount on line 40		
\$100,000 plus 15% of the excess over \$500,000		
\$175,000 plus 10% of the excess over \$1,000,000	41	
\$225,000 plus 5% of the excess over \$1,500,000		
\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below)

See the instructions for lines 45 through 50 on page 11 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

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 instr)

N/A

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

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

Yes	No	Amount

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

- (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

Table with 2 columns: Yes, No. Rows include 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), and c. 'No' column contains 'X' for all rows.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A'.

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 (No is checked)

b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains 'N/A'.

Schedule B
 (Form 990, 990-EZ,
 or 990-PF)
 Department of the Treasury
 Internal Revenue Service

Schedule of Contributors

OMB No. 1545-0047

2001

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

Name of organization

Employer identification number

FRIENDS OF NARCONON

95-4536141

Organization type (check one)

- | Filers of | Section |
|--------------------|--|
| Form 990 or 990-EZ | <input checked="" type="checkbox"/> 501(c) (3) (enter number) organization |
| | <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust not treated as a private foundation |
| | <input type="checkbox"/> 527 political organization |
| Form 990-PF | <input type="checkbox"/> 501(c)(3) exempt private foundation |
| | <input type="checkbox"/> 4947(a)(1) nonexempt charitable trust treated as a private foundation |
| | <input type="checkbox"/> 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)

Name of organization

FRIENDS OF NARCONON

Employer identification number

95-4536141

Part I Contributors (See Specific Instructions)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
<u>1</u>		\$ 40,000	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)
---		\$	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)
---		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Federal Statements

Statement 1 - Form 990, Line 10c - Sales of Inventory

<u>Description</u>	<u>Gross Sales</u>	<u>COGS</u>	<u>Gross Profit</u>
SALES - DRUG ED BOOKS/TAPES	\$ 21,309	\$ 10,490	\$ 10,819
TOTAL	<u>\$ 21,309</u>	<u>\$ 10,490</u>	<u>\$ 10,819</u>

Statement 2 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

<u>Description</u>	<u>Amount</u>
PRIOR PERIOD EXPENSE ADJUSTMENT	\$ 2,549
TOTAL	<u>\$ 2,549</u>

Federal Statements**Statement 3 - Form 990, Part II, Line 43 - Other Functional Expenses**

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
EXPENSES				
FILM PRODUCTION EXPENSES	43,355	43,355		
BANK CHARGES	2,437		167	2,270
COMMISSIONS	23,993			23,993
DISSEMINATION EXPENSES	5,768	5,768		
JANITORIAL	193		193	
LEGAL & PROFESSIONAL	2,841	707	2,134	
REPAIR & MAINTENANCE	888		888	
TELEPHONE & PAGERS	4,535	1,479	764	2,292
TRADEMARK LICENSING FEES	4,928	4,928		
UTILITIES	367		367	
TOTAL	\$ 89,305	\$ 56,237	\$ 4,513	\$ 28,555

Statement 4 - Form 990, Part III - Organization's Primary Exempt Purpose

PREVENTION OF SUBSTANCE ABUSE THROUGH PUBLIC AWARENESS OF
THE HARMFUL EFFECT OF DRUGS AND ALCOHOL

Statement 5 - Form 990, Part III, Line a - Statement of Program Service Accomplishments

CONDUCTED NATIONWIDE CAMPAIGN TO EDUCATE CHILDREN ABOUT
THE TRUTH ABOUT DRUGS. THIS WAS ACCOMPLISHED BY PRODUCING
AND DISTRIBUTING DRUG EDUCATION MATERIALS (VIDEOS AND
BOOKLETS) TO SCHOOLS FOR USE IN THEIR DRUG EDUCATION
PROGRAMS, AND ALSO TO THE PUBLIC FUNDS WERE RAISED IN THE
FIRST PART OF THE YEAR TO PRODUCE VIDEOS. IN OCTOBER 2001
1252 SCHOOLS RECEIVED DONATED COPIES OF "MARIJUANA - THE
MYTH", THE LATEST DRUG EDUCATION VIDEO PRODUCED BY FRIENDS
OF NARCONON. APPROXIMATELY 16,000 STUDENTS VIEWED THE
VIDEOS BETWEEN OCTOBER 2001 AND DECEMBER 31, 2001.
PROVIDED INTERVENTION AND REFERRAL SERVICES TO ADDICTS AND
ENROLLED THEM IN THE NARCONON DRUG REHABILITATION PROGRAM,
PROVIDING A SOLUTION FOR PEOPLE WITH A SUBSTANCE ABUSE
PROGRAM

Federal Statements

Statement 6 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Deprec	End of Year	Accum Deprec
FURNITURE & FIXTURES	\$ 841	\$ 841	\$ 841	\$ 841
TOTAL	<u>\$ 841</u>	<u>\$ 841</u>	<u>\$ 841</u>	<u>\$ 841</u>

Statement 7 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
PRIVATE LOAN	\$ 8,690	\$ 4,271
SALES TAX PAYABLE	89	236
ROUNDING	5	
TOTAL	<u>\$ 8,784</u>	<u>\$ 4,507</u>

Statement 8 - Form 990, Part VI, Line 76 - Description of Not Previously Reported Activity

BEGAN DRUG INTERVENTION AND REFERRAL SERVICE

Federal Statements

Statement 9 - Form 990, Part VIII - Relationship of Activities

<u>Line No</u>	<u>Description</u>
93A	COMMISSIONS ARE FOR REFERRALS TO DRUG ABUSE PROGRAMS
102	BOOKS AND TAPES ARE DRUG EDUCATION RELATED.

Statement 10 - Schedule A, Part III, Question 2d - Payment of Compensation

COMMISSION PAYMENTS WERE PAID TO PERSONS WHO SOLD BOOKS AND OBTAINED DONATIONS