

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)

2002

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

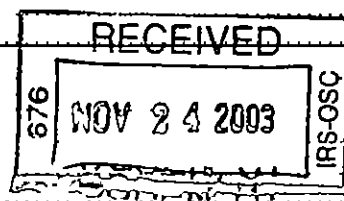
A For the 2002 calendar year, or tax year beginning, and ending
B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending
C Name of organization: FRIENDS OF NARCONON
D Employer ID number: 95-4536141
E Telephone number: 626-449-3082
F Accounting method: [X] Cash, [] Accrual, [] Other (specify)

G Web site: friendsofnarconon.org
J Organization type: [X] 501(c)(3)
K Check here if the organization's gross receipts are normally not more than \$25,000
L Gross receipts: 120,398
M Check if the organization is not required to attach Sch B

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions)

Table with 21 rows and 4 columns: Description, Sub-row, Amount, Total. Includes rows for Contributions (83,777), Program service revenue (8,210), Other investment income, Gross sales of inventory (28,400), Total revenue (115,034), Total expenses (97,991), and Net assets at end of year (32,010).

SCANNED DEC 16 2003



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 page 21 of the instructions.)

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 4,575		4,575	
26 Other salaries and wages	26 27,793	4,068	2,209	21,516
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29 3,227	419	678	2,130
30 Professional fundraising fees	30			
31 Accounting fees	31 2,398		2,398	
32 Legal fees	32			
33 Supplies	33			
34 Telephone	34 3,624	1,196	2,428	
35 Postage and shipping	35 7,299	7,068	231	
36 Occupancy	36			
37 Equipment rental and maintenance	37			
38 Printing and publications	38 7,741	7,741		
39 Travel	39 1,156	719	437	
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation, depletion, etc (attach schedule)	42 494		494	
43 Other expenses not covered above (itemize) a	43a			
b See Statement 2	43b 39,684	18,559	9,599	11,526
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 97,991	39,770	23,049	35,172

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 page 24 of the instructions)

What is the organization's primary exempt purpose? ▶ See Statement 3 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) & (4) orgs & 4947(a)(1) trusts, but optional for others.)
a See Statement 4	
(Grants and allocations \$ _____)	39,770
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)	39,770

Part IV Balance Sheets (See page 24 of the instructions)

Note.		Where required, attached schedules and amounts within the description column should be for end-of-year amounts only		(A)		(B)
				Beginning of year		End of year
45	Cash - non-interest-bearing			15,333	45	31,855
46	Savings and temporary cash investments			4,060	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)	51a				
b	Less allowance for doubtful accounts	51b			51c	
52	Inventories for sale or use			81	52	1,769
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	3,309			
b	Less accumulated depreciation (attach schedule) See Stmt 5	57b	1,335		57c	1,974
58	Other assets (describe ▶ _____)				58	
59	Total assets (add lines 45 through 58) (must equal line 74)			19,474	59	35,598
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 6)			4,507	65	3,588
66	Total liabilities (add lines 60 through 65)			4,507	66	3,588
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			14,967	72	32,010
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)			14,967	73	32,010
74	Total liabilities and net assets / fund balances (add lines 66 and 73)			19,474	74	35,598

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 page 26 of the instructions)

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

<p>N/A</p> <p>a Total revenue, gains, & 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>\$</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>\$</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</p> <p>b</p> <p>c</p> <p>d</p> <p>e</p>	<p>N/A</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>\$</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>\$</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>	<p>a</p> <p>b</p> <p>c</p> <p>d</p> <p>e</p>
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Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see page 26 of the instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contrib to employee benefit plans & deferred compensation	(E) Expense account and other allowances
ROBERT HERNANDEZ 622 E. VILLA ST #201, PASADENA, CA	PRESIDENT 10	0	0	0
DAPHNA HERNANDEZ 622 E. VILLA ST #201, PASADENA, CA	TREASURER 1	0	0	0
PATTY SCHWARTZ 2015 NORWALK AVE., LOS ANGELES, CA	SECRETARY 1	0	0	0
PATTY SCHWARTZ	EXEC DIR 15	4,575	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 page 26 of the instructions

Part VI Other Information (See page 27 of the instructions)		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		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?	N/A	
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	81a	0
b	Did the organization file Form 1120-POL for this year?	81b	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?	82a	X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	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? 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	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(c) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85g	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?	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	X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> 0 , section 4912 <input type="checkbox"/> 0 , section 4955 <input type="checkbox"/> 0		
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	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 <input type="checkbox"/> CA		
b	Number of employees employed in the pay period that includes March 12, 2002 (See instructions)	90b	2
91	The books are in care of <input type="checkbox"/> DAPHNA HERNANDEZ Located at <input type="checkbox"/> 622 E. VILLA ST. #201, PASADENA, CA	Telephone no <input type="checkbox"/> 626-449-3082 ZIP + 4 <input type="checkbox"/> 91101	
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> 92		N/A

Part VII Analysis of Income-Producing Activities (See page 31 of the instructions)

	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 COMMISSIONS					8,210
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	11	
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					23,036
103 Other revenue					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		11	31,246
105 Total (add line 104, columns (B), (D), and (E))					31,257

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 page 32 of the instructions)

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	Commissions are for referrals to drug abuse programs.
102	Books and tapes are drug education related.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of the instructions.)

(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 page 33 of the instructions)

- (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: *[Signature]* Date: 11/14/03

Type or print name and title: _____

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: 11/14/03 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

address and ZIP + 4: 2950 LOS FELIZ BOULEVARD SUITE 103 LOS ANGELES, CA 90039

EIN: 95-3387333

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)? See Part V, Form 990	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			

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 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 5 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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	103,964	1,767	6,638	6,750	119,119
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	28,647				28,647
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	6				6
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 facd 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	132,617	1,767	6,638	6,750	147,772
24 Line 23 minus line 17	103,970	1,767	6,638	6,750	119,125
25 Enter 1% of line 23	1,326	18	66	68	

26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24	▶ 26a	2,383
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 1998 through 2001 exceeded the amount shown in line 26a Do not file this list with your return Enter the total of all these excess amounts		▶ 26b	39,105
c Total support for section 509(a)(1) test Enter line 24, column (e)		▶ 26c	119,125
d Add Amounts from column (e) for lines	18 <u>6</u> 19 <u> </u>	▶ 26d	39,111
	22 <u> </u> 26b <u>39,105</u>	▶ 26e	80,014
e Public support (line 26c minus line 26d total)		▶ 26f	67.1681%
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))			

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

(2001) (2000) (1999) (1998)

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

(2001) (2000) (1999) (1998)			
c Add Amounts from column (e) for lines	15 <u> </u> 16 <u> </u>	▶ 27c	
	17 <u> </u> 20 <u> </u> 21 <u> </u>	▶ 27d	
d Add Line 27a total and line 27b total	<u> </u> and <u> </u>	▶ 27e	
e Public support (line 27c total minus line 27d total)			
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 1998 through 2001, 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?			
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)			
34a 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.)

(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		
	\$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) 2002	(b) 2001	(c) 2000	(d) 1999	(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 11 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 3 columns: Question, Yes, No. Rows include 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), 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 (X) Yes (X) No

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'.

Form 4562	Depreciation and Amortization (Including Information on Listed Property)	OMB No 1545-0172 2002 Attachment Sequence No 67
Department of the Treasury Internal Revenue Service		
▶ See separate instructions ▶ Attach to your tax return		
Name(s) shown on return FRIENDS OF NARCONON		Identifying number 95-4536141

Business or activity to which this form relates

Indirect Depreciation

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 page 2 of the instructions for a higher limit for certain businesses	1	24,000
2 Total cost of section 179 property placed in service (see page 2 of the 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 pg 2 of the instr	5	
6		
(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the 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 2001 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	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 2003 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 qualified prop (other than listed prop) placed in service during the tax year (see pg 3 of the instr)	14	
15 Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16 Other depreciation (including ACRS) (see page 4 of the instructions)	16	

Part III MACRS Depreciation (Do not include listed property) (See page 4 of the instructions)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2002	17	
18 If you are electing under section 168(i)(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 2002 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		2,468	5.0	HY	200DB	494
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 2002 Tax Year Using the Alternative Depreciation System

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

Part IV Summary (see page 6 of the 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	494
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	

For Paperwork Reduction Act Notice, see separate instructions

FRIENDS OF NARCONON

95-4536141

Form 4562 (2002)

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 page 8 of the 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 prop (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 qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 7 of the instructions)								25			
26 Property used more than 50% in a qualified business use (see page 7 of the instructions)											
		%									
		%									
27 Property used 50% or less in a qualified business use (see page 7 of the instructions)											
		%				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

30 Total business/investment miles driven during the year (do not include commuting miles- see page 2 of the instructions)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
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?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
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 (see page 8 of the instructions)

	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 page 8 of the 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? (See page 9 of the instructions) Note 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 2002 tax year (see page 9 of the instructions)					
43 Amortization of costs that began before your 2002 tax year				43	
44 Total Add amounts in column (f) See page 9 of the instructions for where to report				44	

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	\$ 28,400	\$ 5,364	\$ 23,036
Total	<u>\$ 28,400</u>	<u>\$ 5,364</u>	<u>\$ 23,036</u>

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
Expenses				
BANK CHARGES	2,554		1,277	1,277
COMMISSIONS	10,249			10,249
DISSEMINATION EXPENSES	9,232	9,232		
DUES & FEES	150		150	
JANITORIAL	373	373		
OFFICE EXPENSES	8,379	1,143	7,236	
REPAIR & MAINTENANCE	187		187	
TRADEMARK LICENSING FEES	7,811	7,811		
TRAINING	200		200	
UTILITIES	549		549	
Total	<u>\$ 39,684</u>	<u>\$ 18,559</u>	<u>\$ 9,599</u>	<u>\$ 11,526</u>

Statement 3 - 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 4 - 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. 642 schools received donated copies of "Marijuana - the Myth", the latest drug education video produced by Friends of Narconon. Approximately 67,735 students viewed the videos during 2002.

Statement 5 - 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	\$ 3,309	\$ 1,335
Total	\$ 841	\$ 841	\$ 3,309	\$ 1,335

Statement 6 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
PRIVATE LOAN	\$ 4,271	\$ 2,478
SALES TAX PAYABLE	236	450
PAYROLL TAXES PAYABLE		660
Total	\$ 4,507	\$ 3,588

FRIENDS OF NARCONON
622 EAST VILLA STREET 201
PASADENA, CA 91101

**Electing out of the 30% Bonus Depreciation Allowance
for All Eligible Depreciable Property**

The taxpayer elects out of the 30% first-year bonus depreciation allowance under IRC Section 168(k) for all eligible asset classes of depreciable property acquired after September 10, 2001 and before May 6, 2003. This election applies to all qualified 30% bonus depreciation property placed in service during the tax year.

Federal Asset Report

Indirect Depreciation

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Sec 168(k)	Basis for Depr	PerConv Meth	Pnor	Current
5-year GDS Property										
	OFFICE EQUIPMENT	7/01/02	2,468				2,468	5 HY 200DB	0	494
			<u>2,468</u>				<u>2,468</u>		<u>0</u>	<u>494</u>
	Grand Totals		2,468				2,468		0	494
	Less Dispositions		<u>0</u>				<u>0</u>		<u>0</u>	<u>0</u>
	Net Grand Totals		<u>2,468</u>				<u>2,468</u>		<u>0</u>	<u>494</u>

Form 8868 (12-2000)

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

Form with fields: Name of Exempt Organization (FRIENDS OF NARCONON), Employer Identification number (95-4536141), Address (622 EAST VILLA STREET, PASADENA, CA 91101)

Check type of return to be filed (File a separate application for each return)
[X] 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)
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

I request an additional 3-month extension of time until 11/17/03
For calendar year 2002, or other tax year beginning and ending
If this tax year is for less than 12 months, check reason [] Initial return [] Final return [] Change in accounting period

State in detail why you need the extension
Additional time is requested to gather information to prepare a complete and accurate 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 \$
8b 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 \$
8c Balance Due Subtract line 8b from line 8a Include your payment with this form, or, it 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 EA Date 8/12/03

Notice to Applicant-To Be Completed by the IRS

- [X] 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

EXTENSION APPROVED

SEP 02 2003

By LINDA WEISKOPF, FIELD DIRECTOR

SUBMISSION PROCESSING CENTER

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

Form with fields: Name (GREENBERG AND JACKSON CPAs), Address (2950 LOS FELIZ BOULEVARD SUITE 103, LOS ANGELES, CA 90039)