

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)

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

OMB No 1545-0047

**2003****Open to Public Inspection**Department of the Treasury  
Internal Revenue Service**A For the 2003 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)

Room/suite

**1810 W. OCEAN FRONT**

City or town, state or country, and ZIP + 4

**NEWPORT BEACH****CA 92663-4520****D Employer ID number****33-0911677****E Telephone number****949-675-8988****F Accounting method:** ☒ 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).

**G Website:** **WWW.USNODRUGS.COM****J Organization type**(check only one) ☒ 501(c) ( **3** ) ☐ 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.

H and I are not applicable to section 527 organizations

**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No**H(b)** If "Yes," enter number of affiliates **►N/A****H(c)** Are all affiliates included? **N/A** ☐ Yes ☐ No

(If "No," att a list See Instr.)

**H(d)** Is this a separate return filed by an organization covered by a group ruling? ☒ Yes ☐ No**I Group Exemption Number** **► 2595****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 **► 5,109,783****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)**

<b>1</b>	Contributions, gifts, grants, and similar amounts received:			
<b>a</b>	Direct public support	<b>1a</b>	<b>13,360</b>	
<b>b</b>	Indirect public support	<b>1b</b>	<b>10,500</b>	
<b>c</b>	Government contributions (grants)	<b>1c</b>		
<b>d</b>	<b>Total</b> (add lines 1a through 1c) (cash \$ <b>23,860</b> noncash \$ )	<b>1d</b>	<b>23,860</b>	
<b>2</b>	Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>	<b>4,936,192</b>	
<b>3</b>	Membership dues and assessments	<b>3</b>		
<b>4</b>	Interest on savings and temporary cash investments	<b>4</b>	<b>97</b>	
<b>5</b>	Dividends and interest from securities	<b>5</b>		
<b>6a</b>	Gross rents	<b>6a</b>		
<b>b</b>	Less: rental expenses	<b>6b</b>		
<b>c</b>	Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>		
<b>7</b>	Other investment income (describe )	<b>7</b>		
<b>8a</b>	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
<b>b</b>	Less: cost or other basis and sales expenses	<b>8a</b>		
<b>c</b>	Gain or (loss) (attach schedule)	<b>8b</b>		
<b>d</b>	Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8c</b>		
<b>8d</b>				
<b>9</b>	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
<b>a</b>	Gross revenue (not including \$ of contributions reported on line 1a)	<b>9a</b>		
<b>b</b>	Less: direct expenses other than fundraising expenses	<b>9b</b>		
<b>c</b>	Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>		
<b>10a</b>	Gross sales of inventory, less returns and allowances	<b>10a</b>	<b>143,123</b>	
<b>b</b>	Less: cost of goods sold	<b>10b</b>	<b>77,812</b>	
<b>c</b>	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>	<b>65,311</b>	
<b>11</b>	Other revenue (from Part VII, line 103)	<b>11</b>	<b>6,511</b>	
<b>12</b>	<b>Total revenue</b> (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>	<b>5,031,971</b>	
<b>13</b>	Program services (from line 44, column (B))	<b>13</b>	<b>3,121,700</b>	
<b>14</b>	Management and general (from line 44, column (C))	<b>14</b>	<b>1,327,380</b>	
<b>15</b>	Fundraising (from line 44, column (D))	<b>15</b>	<b>32,693</b>	
<b>16</b>	Payments to affiliates (attach schedule)	<b>16</b>	<b>426,430</b>	
<b>17</b>	<b>Total expenses</b> (add lines 16 and 44, column (A))	<b>17</b>	<b>4,908,203</b>	
<b>18</b>	Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>	<b>123,768</b>	
<b>19</b>	Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>	<b>559,983</b>	
<b>20</b>	Other changes in net assets or fund balances (attach explanation)	<b>20</b>		
<b>21</b>	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>	<b>683,751</b>	

Revenue

DEC 15 '04

SCANNED

NNS

**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 22 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) <b>STMT 3</b> (cash \$ <u>5,500</u> non-cash \$ )	22 5,500	5,500		
23	Specific assistance to individuals	23			
24	Benefits paid to or for members	24			
25	Compensation of officers, directors, etc.	25 260,095	77,891	176,601	5,603
26	Other salaries and wages	26 1,251,461	811,200	429,163	11,098
27	Pension plan contributions	27			
28	Other employee benefits	28 56,970	33,613	22,787	570
29	Payroll taxes	29 136,075	80,285	54,429	1,361
30	Professional fundraising fees	30			
31	Accounting fees	31 17,787		17,787	
32	Legal fees	32 18,313		18,313	
33	Supplies	33 105,909	62,486	42,364	1,059
34	Telephone	34 135,103	79,711	54,041	1,351
35	Postage and shipping	35 26,416	15,585	10,567	264
36	Occupancy	36 571,992	337,475	228,797	5,720
37	Equipment rental and maintenance	37 6,956	4,104	2,782	70
38	Printing and publications	38 11,360	11,360		
39	Travel	39 14,734	7,367	7,367	
40	Conferences, conventions, and meetings	40			
41	Interest	41 61,912	36,528	24,765	619
42	Depreciation, depletion, etc. (attach schedule)	42 66,474	39,220	26,589	665
43	Other expenses not covered above (itemize): a	43a			
	b <b>SEE STATEMENT 4</b>	43b 1,734,716	1,519,375	211,028	4,313
	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 4,481,773	3,121,700	1,327,380	32,693

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 25 of the instructions.)

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) & (4) orgs. & 4947(a)(1) trusts, but optional for others.)

a	<b>SEE STATEMENT 5</b>	(Grants and allocations \$ )	2,161,138
b	<b>SEE STATEMENT 6</b>	(Grants and allocations \$ )	24,817
c	<b>SEE STATEMENT 7</b>	(Grants and allocations \$ 5,500 )	935,745
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)		3,121,700

**Part IV Balance Sheets** (See page 25 of the instructions.)

<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only				(A) Beginning of year		(B) End of year
<b>45</b> Cash-non-interest-bearing				<b>53,980</b>	<b>45</b>	<b>- 8,935</b>
<b>46</b> Savings and temporary cash investments					<b>46</b>	
<b>47a</b> Accounts receivable						
<b>b</b> Less: allowance for doubtful accounts					<b>47c</b>	
<b>48a</b> Pledges receivable						
<b>b</b> Less: allowance for doubtful accounts					<b>48c</b>	
<b>49</b> Grants receivable					<b>49</b>	
<b>50</b> Receivables from officers, directors, trustees, and key employees (attach schedule)					<b>50</b>	
<b>51a</b> Other notes and loans receivable (attach schedule)						
<b>b</b> Less: allowance for doubtful accounts					<b>51c</b>	
<b>52</b> Inventories for sale or use				<b>4,947</b>	<b>52</b>	
<b>53</b> Prepaid expenses and deferred charges				<b>1,272</b>	<b>53</b>	<b>1,655</b>
<b>54</b> Investments-securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV					<b>54</b>	
<b>55a</b> Investments-land, buildings, and equipment: basis						
<b>b</b> Less: accumulated depreciation (attach schedule)					<b>55c</b>	
<b>56</b> Investments-other (attach schedule)					<b>56</b>	
<b>57a</b> Land, buildings, and equipment: basis				<b>1,460,819</b>		
<b>b</b> Less: accumulated depreciation (attach schedule)						
<b>57b</b>				<b>138,734</b>	<b>57c</b>	<b>1,322,085</b>
<b>58</b> Other assets (describe <b>SEE STMT 8</b> )					<b>58</b>	<b>13,400</b>
<b>59 Total assets</b> (add lines 45 through 58) (must equal line 74)				<b>1,220,232</b>	<b>59</b>	<b>1,328,205</b>
<b>60</b> Accounts payable and accrued expenses					<b>60</b>	
<b>61</b> Grants payable					<b>61</b>	
<b>62</b> Deferred revenue					<b>62</b>	
<b>63</b> Loans from officers, directors, trustees, and key employees (attach schedule)					<b>63</b>	
<b>64a</b> Tax-exempt bond liabilities (attach schedule)					<b>64a</b>	
<b>b</b> Mortgages and other notes payable (attach schedule) <b>SEE WORKSHEET</b>				<b>543,731</b>	<b>64b</b>	<b>507,641</b>
<b>65</b> Other liabilities (describe <b>SEE STMT 9</b> )				<b>116,518</b>	<b>65</b>	<b>136,813</b>
<b>66 Total liabilities</b> (add lines 60 through 65)				<b>660,249</b>	<b>66</b>	<b>644,454</b>
<b>Organizations that follow SFAS 117, check here</b> <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.						
<b>67</b> Unrestricted					<b>67</b>	
<b>68</b> Temporarily restricted					<b>68</b>	
<b>69</b> Permanently restricted					<b>69</b>	
<b>Organizations that do not follow SFAS 117, check here</b> <input checked="" type="checkbox"/> and complete lines 70 through 74						
<b>70</b> Capital stock, trust principal, or current funds					<b>70</b>	
<b>71</b> Paid-in or capital surplus, or land, building, and equipment fund					<b>71</b>	
<b>72</b> Retained earnings, endowment, accumulated income, or other funds				<b>559,983</b>	<b>72</b>	<b>683,751</b>
<b>73 Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19, column (B) must equal line 21)				<b>559,983</b>	<b>73</b>	<b>683,751</b>
<b>74 Total liabilities and net assets / fund balances</b> (add lines 66 and 73)				<b>1,220,232</b>	<b>74</b>	<b>1,328,205</b>

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.

Form 990 (2003)

NARCONON SOUTHERN CALIFORNIA

33-0911677

Page 4

<b>Part IV-A</b> Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 27 of the instructions.)	<b>Part IV-B</b> Reconciliation of Expenses per Audited Financial Statements with Expenses per Return
N/A	N/A
<b>a</b> Total revenue, gains, and other support per audited financial statements <span style="float:right">▶</span> <b>b</b> Amounts included on line a but not on line 12, Form 990: <b>(1)</b> Net unrealized gains on investments \$ _____ <b>(2)</b> Donated services and use of facilities \$ _____ <b>(3)</b> Recoveries of prior year grants \$ _____ <b>(4)</b> Other (specify) _____ \$ _____ Add amounts on lines (1) through (4) <span style="float:right">▶</span> <b>c</b> Line a minus line b <span style="float:right">▶</span> <b>d</b> Amounts included on line 12, Form 990 but not on line a: <b>(1)</b> Investment expenses not included on line 6b, Form 990 \$ _____ <b>(2)</b> Other (specify): _____ \$ _____ Add amounts on lines (1) and (2) <span style="float:right">▶</span> <b>e</b> Total revenue per line 12, Form 990 (line c plus line d) <span style="float:right">▶</span>	<b>a</b> Total expenses and losses per audited financial statements <span style="float:right">▶</span> <b>b</b> Amounts included on line a but not on line 17, Form 990: <b>(1)</b> Donated services and use of facilities \$ _____ <b>(2)</b> Prior year adjustments reported on line 20, Form 990 \$ _____ <b>(3)</b> Losses reported on line 20, Form 990 \$ _____ <b>(4)</b> Other (specify): _____ \$ _____ Add amounts on lines (1) through (4) <span style="float:right">▶</span> <b>c</b> Line a minus line b <span style="float:right">▶</span> <b>d</b> Amounts included on line 17, Form 990 but not on line a: <b>(1)</b> Investment expenses not included on line 6b, Form 990 \$ _____ <b>(2)</b> Other (specify): _____ \$ _____ Add amounts on lines (1) and (2) <span style="float:right">▶</span> <b>e</b> Total expenses per line 17, Form 990 (line c plus line d) <span style="float:right">▶</span>

**Part V List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated; see page 27 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
LAWRENCE TRAHANT 1810 W. OCEAN FR NEWPORT BE CA 92663	EXEC DIR 40	56,030	0	0
JULIE BRYANT 1810 W. OCEAN FR NEWPORT BE CA 92663	SECRETARY 40	81,443	0	0
DAVID WORTHINGTON 1810 W. OCEAN FR NEWPORT BE CA 92663	TREASURER 40	48,275	0	0
NICHOLAS KENT 1810 W. OCEAN FR NEWPORT BE CA 92663	OPER EXEC 40	74,347	0	0
PATRICIA SCHWARTZ 1810 W. OCEAN FR NEWPORT BE CA 92663	DIRECTOR 1	0	0	0
JETTE MCGREGOR 1810 W. OCEAN FR NEWPORT BE CA 92663	PRES & DIR 1	0	0	0
KAREN SEAGAL 1810 W. OCEAN FR NEWPORT BE CA 92663	TRUSTEE 1	0	0	0
CLARK CARR 1810 W. OCEAN FR NEWPORT BE CA 92663	TRUSTEE 1	0	0	0
MICHAEL ST. ARMAND 1810 W. OCEAN FR NEWPORT BE CA 92663	TRUSTEE 1	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 page 28 of the instructions

▶ ☐ Yes ☒ No

Part VI Other Information (See page 28 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	76	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	77	X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	N/A 78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	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?	80a	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 and indirect political expenditures. See line 81 instructions	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.)	N/A 82b	
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 84a	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A 84b	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	N/A 85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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 85b	
c	Dues, assessments, and similar amounts from members	N/A 85c	
d	Section 162(e) lobbying and political expenditures	N/A 85d	
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	N/A 85e	
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	N/A 85f	
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A 85g	
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?	N/A 85h	
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12	N/A 86a	
b	Gross receipts, included on line 12, for public use of club facilities	N/A 86b	
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	N/A 87a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	N/A 87b	
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, 2003 (See instructions)	90b	62
91	The books are in care of <input type="checkbox"/> DAVID WORTHINGTON Located at <input type="checkbox"/> 8861 BAINBRIDGE RD, CHAGRIN FALLS, OH	Telephone no <input type="checkbox"/> 440-708-0130 ZIP + 4 <input type="checkbox"/> 44023-6407	
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	N/A <input type="checkbox"/> 92	

**Part VII Analysis of Income-Producing Activities** (See page 33 of the instructions.)

**Note:** Enter gross amounts unless otherwise indicated.

	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	
<b>93</b> Program service revenue					
<b>a</b> <b>PROGRAM SERVICE REVENUE</b>					<b>4,936,192</b>
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>f</b> Medicare/Medicaid payments					
<b>g</b> Fees and contracts from government agencies					
<b>94</b> Membership dues and assessments					
<b>95</b> Interest on savings and temporary cash investments			<b>14</b>	<b>97</b>	
<b>96</b> Dividends and interest from securities					
<b>97</b> Net rental income or (loss) from real estate:					
<b>a</b> debt-financed property					
<b>b</b> not debt-financed property					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income					
<b>100</b> Gain or (loss) from sales of assets other than inventory					
<b>101</b> Net income or (loss) from special events					
<b>102</b> Gross profit or (loss) from sales of inventory					<b>65,311</b>
<b>103</b> Other revenue <b>a</b>					
<b>b</b> <b>REFERRAL COMMISSIONS</b>					<b>6,511</b>
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>104</b> Subtotal (add columns (B), (D), and (E))		<b>0</b>		<b>97</b>	<b>5,008,014</b>
<b>105</b> Total (add line 104, columns (B), (D), and (E))					<b>5,008,111</b>

**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 34 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)
<b>93A</b>	<b>RECEIPTS FOR DELIVERY OF DRUG REHAB &amp; PREVENTION SERVICES</b>
<b>102</b>	<b>INCOME FROM SALES OF MATERIALS USED IN ANTI-DRUG PROGRAMS</b>
<b>103B</b>	<b>RECEIPTS FOR REFERRAL OF STUDENTS TO OTHER ORGANIZATIONS</b>

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 34 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
<b>N/A</b>	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See page 34 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

Date

Type or print name and title

**Paid  
Preparer's  
Use Only**

Preparer's  
signature

Date

Check if  
self-  
employed ☒

Preparer's SSN or PTIN (See Gen. Instr. W)  
**305-60-3582**

Firm's name (or yours  
if self-employed),  
address, and ZIP + 4

**ROLAND W. FINK, CPA**  
**2950 LOS FELIZ BLVD., SUITE 103**  
**LOS ANGELES, CA 90039**

EIN  
Phone  
no **323-663-3909**

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

OMB No 1545-0047

**2003**Department of the Treasury  
Internal Revenue Service▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Employer identification number

**NARCONON SOUTHERN CALIFORNIA****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 ben plans & deferred compensation	(e) Expense account and other allowances
<b>GLENN FARNSWORTH</b> <b>SAME AS PAGE 1, FORM 990</b>	<b>COUNSLR/ADM</b> <b>40</b>	<b>54,885</b>	<b>0</b>	<b>0</b>
<b>JEANNE ADAMS</b> <b>SAME AS PAGE 1, FORM 990</b>	<b>COUNSELOR</b> <b>40</b>	<b>51,170</b>	<b>0</b>	<b>0</b>
<b>SHANNON HICKS</b> <b>SAME AS PAGE 1, FORM 990</b>	<b>ADMINISTRTR</b> <b>40</b>	<b>50,740</b>	<b>0</b>	<b>0</b>
Total number of other employees paid over \$50,000 ▶		<b>0</b>		

**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
<b>NONE</b>		
Total number of others receiving over \$50,000 for professional services ▶		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2003

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

Yes No

<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B )  Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	<b>1</b>		<b>X</b>
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions )			
<b>a</b> Sale, exchange, or leasing of property?	<b>2a</b>		<b>X</b>
<b>b</b> Lending of money or other extension of credit?	<b>2b</b>		<b>X</b>
<b>c</b> Furnishing of goods, services, or facilities?	<b>2c</b>		<b>X</b>
<b>d</b> Payment of compensation (or payment or reimbursement of expense if more than \$1,000)?	<b>2d</b>	<b>X</b>	
<b>e</b> Transfer of any part of its income or assets?	<b>2e</b>		<b>X</b>
<b>3a</b> Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments )	<b>3a</b>		<b>X</b>
<b>3b</b> Do you have a section 403(b) annuity plan for your employees?	<b>3b</b>		<b>X</b>
<b>4</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	<b>4</b>		<b>X</b>

**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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	15,514	17,324	76,594		109,432
<b>16</b> Membership fees received					0
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	3,647,468	2,304,942	820,219		6,772,629
<b>18</b> Gross income from interest, dividends, amounts received from payment 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	210	3,533	7		3,750
<b>19</b> Net income from unrelated business activities not included in line 18					0
<b>20</b> Tax revenues levied for the organization's benefits and either paid to it or expended on its behalf					0
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					0
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					0
<b>23</b> Total of lines 15 through 22	3,663,192	2,325,799	896,820		6,885,811
<b>24</b> Line 23 minus line 17	15,724	20,857	76,601		113,182
<b>25</b> Enter 1% of line 23	36,632	23,258	8,968		
<b>26 Organizations described on lines 10 or 11:</b>					
<b>a</b> Enter 2% of amount in column (e), line 24					26a 2,264
<b>b</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 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 3,140
<b>c</b> Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 113,182
<b>d</b> Add: Amounts from column (e) for lines 18 3,750 19 22 3,140					26d 6,890
<b>e</b> Public support (line 26c minus line 26d total)					26e 106,292
<b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 93.9125%
<b>27 Organizations described on line 12:</b>					
<b>a</b> 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
(2002) (2001) (2000) (1999)					
<b>b</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
(2002) (2001) (2000) (1999)					
<b>c</b> Add: Amounts from column (e) for lines 15 16 17 20 21					27c
<b>d</b> Add: Line 27a total and line 27b total					27d
<b>e</b> Public support (line 27c total minus line 27d total)					27e
<b>f</b> Total support for section 509(a)(2) test. Enter amount on line 23, column (e)					27f
<b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %
<b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %
<b>28 Unusual Grants:</b> For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, 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
<b>29</b> 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?	<b>29</b>		
<b>30</b> 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?	<b>30</b>		
<b>31</b> 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 )	<b>31</b>		
<b>32</b> Does the organization maintain the following			
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff?	<b>32a</b>		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	<b>32b</b>		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	<b>32c</b>		
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions?	<b>32d</b>		
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )			
<b>33</b> Does the organization discriminate by race in any way with respect to			
<b>a</b> Students' rights or privileges?	<b>33a</b>		
<b>b</b> Admissions policies?	<b>33b</b>		
<b>c</b> Employment of faculty or administrative staff?	<b>33c</b>		
<b>d</b> Scholarships or other financial assistance?	<b>33d</b>		
<b>e</b> Educational policies?	<b>33e</b>		
<b>f</b> Use of facilities?	<b>33f</b>		
<b>g</b> Athletic programs?	<b>33g</b>		
<b>h</b> Other extracurricular activities?	<b>33h</b>		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement )			
<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency?	<b>34a</b>		
<b>b</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	<b>34b</b>		
<b>35</b> 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	<b>35</b>		

**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
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>		
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>		
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>		
<b>39</b> Other exempt purpose expenditures	<b>39</b>		
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>		
<b>41</b> Lobbying nontaxable amount Enter the amount from the following table-			
<b>If the amount on line 40 is-</b>	<b>The lobbying nontaxable amount is-</b>		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	<b>41</b>	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>		
<b>43</b> Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>		
<b>44</b> Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>		

**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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> 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 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

- 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
	<b>X</b>	
	<b>X</b>	
	<b>X</b>	<b>0</b>
	<b>X</b>	<b>0</b>
	<b>X</b>	<b>0</b>
	<b>X</b>	<b>0</b>
	<b>X</b>	<b>0</b>
	<b>X</b>	<b>0</b>
		<b>0</b>

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

**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:

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

[illegible]

**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:**

[illegible]

Forms <b>990 / 990-PF</b>	<b>Mortgages and Other Notes Payable</b>	<b>2003</b>
For calendar year 2003, or tax year beginning , and ending		

Name  <b>NARCONON SOUTHERN CALIFORNIA</b>	Employer Identification Number  <b>33-0911677</b>
---	---

**FORM 990, PART IV, LINE 64B - ADDITIONAL INFORMATION**

Name of lender	Relationship to disqualified person
(1) HOME BANK OF CALIFORNIA	NONE
(2) GUARANTY RESIDENTIAL LENDING	NONE
(3) J MICHAEL FOLEY	NONE
(4) WELLS FARGO BANK	NONE
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1) 430,000	8/19/03	8/19/08	\$8664.49 MONTHLY	7.750
(2) 130,500	3/01/02	2/01/32	\$679.93 MONTHLY	6.875
(3) 430,000	9/10/01	8/19/03	\$4,885.40 MONTHLY	12.500
(4) 35,000	6/01/02	5/01/03	\$2916.66 MONTHLY PLUS INT.	11.250
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1) REAL ESTATE	FINANCE FACILITY
(2) REAL ESTATE	FINANCE FACILITY
(3) REAL ESTATE	ACQUIRE FACILITY
(4) UNSECURED	ACQUIRE AUTOMOTIVE EQUIPMENT
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year
(1) CASH - \$430,000		406,209
(2) CASH - \$130,500	102,790	101,432
(3) CASH OF \$430,000	423,441	
(4) CASH OF \$35,000	17,500	
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Totals</b>	<b>543,731</b>	<b>507,641</b>

Form **4562**Department of the Treasury  
Internal Revenue Service**Depreciation and Amortization**

(Including Information on Listed Property)

OMB No 1545-0172

**2003**Attachment  
Sequence No **67**

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return **NARCONON SOUTHERN CALIFORNIA**Identifying number  
**33-0911677**

Business or activity to which this form relates

**INDIRECT DEPRECIATION****Part I Election To Expense Certain 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	100,000
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	400,000
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 page 2 of the instructions	5	
(a) Description of property		(b) Cost (business use only)	(c) Elected cost
6			
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 2002 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 2004 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	66,474

**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 2003	17	0
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 2003 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only-see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

**Section C-Assets Placed in Service During 2003 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	66,474
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.

Form **4562** (2003)

NARCON SOUTHERN CALIFORNIA

33-0911677

Form 4562 (2003)

Page 2

**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 7 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 6 of the instructions)							25		
26 Property used more than 50% in a qualified business use (see page 6 of the instructions)									
		%							
		%							
27 Property used 50% or less in a qualified business use (see page 6 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	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
Total business/investment miles driven during the year (do not include commuting miles-see page 2 of the instructions)						
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
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 2003 tax year (see page 9 of the instructions)					
LOAN COSTS	8/19/03	11,428	461	5.0	952
43 Amortization of costs that began before your 2003 tax year				43	267
44 Total. Add amounts in column (f). See page 9 of the instructions for where to report				44	1,219

DAA

Form 4562 (2003)

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

<u>Description</u>	<u>Gross Sales</u>	<u>COGS</u>	<u>Gross Profit</u>
BOOKSTORE SALES	\$ <u>143,123</u>	\$ <u>77,812</u>	\$ <u>65,311</u>
TOTAL	\$ <u><u>143,123</u></u>	\$ <u><u>77,812</u></u>	\$ <u><u>65,311</u></u>



# Federal Statements

## Statement 2 - Form 990, Part I, Line 16 - Payments to affiliates

Bus Name	Addr	Purpose	Amount
NARCONON INTERNATIONAL	7060 HOLLYWOOD BLVD.	TRADEMARK LICENSE FEES	\$ 426,430
SUITE 220			
LOS ANGELES, CA 90028			
TOTAL			<u>\$ 426,430</u>

## Federal Statements

11/12/2004 11:45 AM

Page 3

Statement 3 - Form 990, Part II, Line 22 - Grants, Allocations and Contributions

Donee's Name	Donee's Address	City	St	Zip	
Donee's Relationship to Org	Class of Activity / Description		Cash Contribution	Noncash Contribution	
ABLE INTERNATIONAL	7065 HOLLYWOOD BLVD.	LOS ANGELES	CA 90028		
	PUBLIC AWARENESS OF REHAB	PROGRAM	\$ 3,000	\$	
OAK GROVE COMMUNITY CHURCH	36427 HWY 79	WARNER SPRINGS	CA 92086		
	PUBLIC AWARENESS OF REHAB	PROGRAM	2,000		
SUNSHINE SUMMIT VOL FIRE DEPT	35227 HWY 79	WARNER SPRINGS	CA 92086		
	PUBLIC AWARENESS OF REHAB	PROGRAM	500		
TOTAL			\$ 5,500	\$	0

**Statement 4 - Form 990, Part II, Line 43 - Other Functional Expenses**

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
	\$	\$	\$	\$
EXPENSES				
REFERRAL COMMISSIONS	33,978	33,978		
INSURANCE	26,981	15,919	10,792	270
PROPERTY TAXES	9,192	5,423	3,677	92
UTILITIES	138,855	81,925	55,541	1,389
REPAIRS & MAINTENANCE	102,011	60,186	40,805	1,020
DISSEMINATION	290,682	290,682		
AUTOMOBILE EXPENSE	92,222	54,410	36,890	922
BANK & CREDIT CARD MERCH FEES	67,258	60,532	6,726	
OUTSIDE SERVICES	31,790		31,790	
STAFF TRAINING	50,145	29,585	20,059	501
FOOD	359,890	359,890		
CLIENT MEDICAL COSTS	426,372	426,372		
VITAMINS	28,394	28,394		
OPERATING SUPPLIES	12,144	12,144		
OTHER CLIENT COSTS	52,929	52,929		
OTHER STAFF COSTS	10,654	6,287	4,260	107
AMORTIZATION	1,219	719	488	12
TOTAL	\$ 1,734,716	\$ 1,519,375	\$ 211,028	\$ 4,313

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

THE ORGANIZATION OPERATES TWO DRUG REHABILITATION FACILITIES DELIVERING THE NARCONON DRUG REHABILITATION PROGRAM UNDER A TRADEMARK LICENSE FROM NARCONON INTERNATIONAL. THIS UNIQUE 3-TO-5 MONTH PROGRAM INCLUDES THE DETOXIFICATION PROCEDURE AND COURSES IN LIFE SKILLS. DURING THE YEAR APPROXIMATELY 275 PERSONS COMPLETED THE PROGRAM, ENABLING THEM TO LEAD MORE ETHICAL AND DRUG-FREE LIVES.

**Statement 6 - Form 990, Part III, Line b - Statement of Program Service Accomplishments**

ONE OF THE ORGANIZATION'S PURPOSES IS TO SERVICE THE COMMUNITY BY IMPROVING PUBLIC KNOWLEDGE ABOUT DRUGS AND THEIR HARMFUL EFFECTS. DURING THE YEAR THE ORGANIZATION DELIVERED NARCONON DRUG LECTURES TO APPROXIMATELY 15,000 SCHOOL CHILDREN.

**Statement 7 - Form 990, Part III, Line c - Statement of Program Service Accomplishments**

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 OVER 300,000 INFORMATIONAL BROCHURES AND PROMOTIONAL FLIERS WERE SENT TO THE GENERAL PUBLIC. EXTENSIVE INTERNET SITES DESCRIBING THE PROBLEMS OF AND SOLUTIONS FOR DRUG AND ALCOHOL ABUSE ARE MAINTAINED AND THESE RECEIVED APPROXIMATELY 2,000,000 VISITS.

**Statement 8 - Form 990, Part IV, Line 58 - Other Assets**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
SECURITY DEPOSIT	\$	\$ 13,400
TOTAL	\$ 0	\$ 13,400

**Statement 9 - Form 990, Part IV, Line 65 - Other Liabilities**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
CONTRACTS PAYABLE - FIXED ASSETS	\$	\$ 45,298
SALES TAXES PAYABLE	9,202	16,028
INSTALLMENT CONTRACTS PAYABLE	4,285	5,854
CREDIT CARDS PAYABLE	63,582	69,633
FUNDS HELD ON BEHALF OF STUDENTS	39,449	
TOTAL	\$ 116,518	\$ 136,813

**Statement 10 - Schedule A, Part III, Line 2d - Payment of Compensation / Reimbursement of  
Exp**

SEE PART V OF FORM 990 FOR A LISTING OF COMPENSATION OF OFFICERS,  
DIRECTORS AND TRUSTEES.  
ADDITIONALLY, ALEXANDRIA LUCARELLI, WIFE OF THE ORGANIZATION'S TREASURER  
DAVID WORTHINGTON, WAS EMPLOYED IN 2003 AS A COUSELOR AND RECEIVED  
COMPENSATION OF \$20,110.

## Federal Asset Report

FYE: 12/31/2003

## Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Sec 168(k)	Basis for Depr	PerConv Meth	Prior	Current
<b>Other Depreciation:</b>										
3	Land Improvements	12/31/03	92,309				92,309	15 MO S/L	0	3,077
4	Building - Warner	12/31/01	642,266				642,266	40 MO S/L	20,071	16,057
5	Bldg Additions - Warner	12/31/02	75,018				75,018	40 MO S/L	938	1,875
6	Housing Structure	1/01/02	77,921				77,921	40 MO S/L	1,948	1,948
7	Bldg Additions - Warner	12/31/03	47,014				47,014	40 MO S/L	0	588
8	Leasehold Improvements - Newport	7/01/00	2,010				2,010	5 MO S/L	1,005	402
9	Computer & Office Equip.	7/01/00	6,652				6,652	5 MO S/L	3,326	1,330
10	Comuter & Office Equip	12/31/00	1,414				1,414	5 MO S/L	707	283
11	Computer & Office Equip	12/31/01	7,652				7,652	5 MO S/L	2,624	1,530
12	Computer & Office Equip	12/31/02	1,750				1,750	5 MO S/L	175	350
13	Furniture & Fixtures	7/01/00	27,251				27,251	7 MO S/L	9,732	3,893
14	Furniture	12/31/01	18,238				18,238	7 MO S/L	5,211	2,605
15	Furniture	12/31/02	16,508				16,508	7 MO S/L	1,179	2,358
16	Equipment	7/01/00	4,166				4,166	7 MO S/L	1,488	595
17	Equipment	12/31/01	5,731				5,731	7 MO S/L	1,228	819
18	Equipment	12/31/02	4,356				4,356	7 MO S/L	311	622
19	Vehicles	7/01/00	3,864				3,864	3 MO S/L	3,220	644
20	Vehicles	12/31/01	2,450				2,450	3 MO S/L	2,042	817
21	Vehicles	12/31/01	19,100				19,100	3 MO S/L	9,550	6,367
22	Vehicles	12/31/02	36,388				36,388	3 MO S/L	6,064	12,129
23	Leasehold Imp - Newport	12/31/03	8,365				8,365	5 MO S/L	0	836
24	Computer & Office Equip	12/31/03	18,851				18,851	5 MO S/L	0	1,885
25	Furniture & Fixtures	12/31/03	24,077				24,077	7 MO S/L	0	1,720
26	Equipment	12/31/03	9,167				9,167	7 MO S/L	0	655
27	Vehicles	12/31/03	18,534				18,534	3 MO S/L	0	3,089
28	Land - Warner	12/31/02	270,331				270,331	0 -- Land	0	0
<b>Total Other Depreciation</b>			<u>1,441,383</u>				<u>1,441,383</u>		<u>70,819</u>	<u>66,474</u>
<b>Total ACRS and Other Depreciation</b>			<u>1,441,383</u>				<u>1,441,383</u>		<u>70,819</u>	<u>66,474</u>
<b>Amortization:</b>										
29	Loan Costs	8/19/03	11,428				11,428	5 MOAmort	0	952
2	Loan Costs	3/01/02	8,008				8,008	30 MOAmort	222	267
			<u>19,436</u>				<u>19,436</u>		<u>222</u>	<u>1,219</u>
<b>Grand Totals</b>			1,460,819				1,460,819		71,041	67,693
<b>Less: Dispositions</b>			0				0		0	0
<b>Net Grand Totals</b>			<u>1,460,819</u>				<u>1,460,819</u>		<u>71,041</u>	<u>67,693</u>

Form 8868 (12-2000)

Page 2

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box ☒

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

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

Type or print File by the extended due date for filing the return. See instructions	Name of Exempt Organization	Employer identification number
	<b>NARCONON SOUTHERN CALIFORNIA</b>	<b>33-0911677</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>1810 W. OCEAN FRONT</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>NEWPORT BEACH CA 92663-4520</b>	

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

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

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

• If the organization does not have an office or place of business in the United States, check this box ☐

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 11/15/04

5 For calendar year 2003, or other tax year beginning \_\_\_\_\_ and ending \_\_\_\_\_

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

7 State in detail why you need the extension

**ADDITIONAL TIME IS 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 \$ \_\_\_\_\_

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

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

**Signature and Verification**

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

Signature [Signature] Title CPA

Date 8/11/04

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

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

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

Date \_\_\_\_\_

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

Type or print	Name <b>ROLAND W. FINK, CPA</b>
	Number and street (include suite, room, or apt no.) Or a P.O. box number <b>2950 LOS FELIZ BLVD., SUITE 103</b>
	City or town, province or state, and country (including postal or ZIP code) <b>LOS ANGELES CA 90039</b>

EXTENSION APPROVED  
AUG 11 2004  
SUBMISSION PROCESSING  
FIELD DIRECTOR  
CSDEN