

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)

2003

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 2003 calendar year, or tax year beginning , 2003, **and ending** , 20

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

C Name of organization
Narconon, Inc.

Number and street (or P O box if mail is not delivered to street address) Room/suite
76 Winn Street 2C

City or town, state or country, and ZIP + 4
Woburn, MA 01801-2836

D Employer identification number
04 2606410

E Telephone number
(781) 569-6140

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).**

- 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 ▶
- H(c)** Are all affiliates included? Yes No
(If "No," attach a list. See instructions.) **N/A**
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: ▶ **N/A**

J Organization type (check only one) ▶ 501(c) (**3**) ◀ (insert no.) 4947(a)(1) or 527

K Check here ▶ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

I Group Exemption Number ▶ **2595**

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **101372**

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Revenue	1 Contributions, gifts, grants, and similar amounts received:			
	a Direct public support	1a	85299	
	b Indirect public support	1b		
	c Government contributions (grants)	1c		
	d Total (add lines 1a through 1c) (cash \$ 85299 noncash \$)	1d		85299
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		14558
	3 Membership dues and assessments	3		
	4 Interest on savings and temporary cash investments	4		15
	5 Dividends and interest from securities	5		
	6a Gross rents	6a		
	b Less: rental expenses	6b		
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c		
7 Other investment income (describe ▶)	7			
8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
		8a		
		8b		
		8c		
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			
9 Special events and activities (attach schedule) If any amount is from gaming, check here ▶ <input type="checkbox"/>				
a Gross revenue (not including \$ of contributions reported on line 1a)	9a			
b Less: direct expenses other than fundraising expenses	9b			
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a Gross sales of inventory, less returns and allowances	10a	1500		
b Less: cost of goods sold <i>See Statement #1</i>	10b	1214		
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		286	
11 Other revenue (from Part VII, line 103)	11			
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		100158	
Expenses	13 Program services (from line 44, column (B))	13	43028	
	14 Management and general (from line 44, column (C))	14	52866	
	15 Fundraising (from line 44, column (D))	15	13292	
	16 Payments to affiliates (attach schedule)	16	0	
	17 Total expenses (add lines 16 and 44, column (A))	17		109186
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18	(9028)	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19	17041	
	20 Other changes in net assets or fund balances (attach explanation)	20		
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		8013

SCANNED DEC 1 3 2004

RECEIVED
NOV 21 2004
OGDEN UT

6-13

10

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) (cash \$ _____ noncash \$ _____)				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	25618	8539	8540	8539
26	Other salaries and wages	11016	5176	4665	1175
27	Pension plan contributions				
28	Other employee benefits				
29	Payroll taxes	3446	0	3446	0
30	Professional fundraising fees				
31	Accounting fees	450	0	450	0
32	Legal fees				
33	Supplies	3121	0	3121	0
34	Telephone	2020	310	700	1010
35	Postage and shipping	18640	13257	3783	1600
36	Occupancy	11323	0	11323	0
37	Equipment rental and maintenance	1990	0	1990	0
38	Printing and publications	8330	7500	30	800
39	Travel	7033	5250	1783	0
40	Conferences, conventions, and meetings	375	0	375	0
41	Interest				
42	Depreciation, depletion, etc. (attach schedule)	500	0	500	0
43	Other expenses not covered above (itemize). a Insurance	814	0	814	0
b	Outside Services	3869	2996	705	168
c	Trademark License Fees	10640	0	10640	0
d	Rounding	1	0	1	0
e					
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15.	109186	43028	52866	13292

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? **Drug Prevention and Education**

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

Program Service Expenses
(Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts, but optional for others.)

a	The Organization operates a drug prevention and education facility which educates the public directly and holds educational seminars in schools in 2003	(Grants and allocations \$ _____)	43028
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)		43028

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

		(A) Beginning of year		(B) End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.				
Assets	45 Cash—non-interest-bearing	9237	45	820
	46 Savings and temporary cash investments	84	46	897
	47a Accounts receivable	47a 0		
	b Less allowance for doubtful accounts	47b 0		
	48a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b		
	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		
	52 Inventories for sale or use		7326	52 7192
	53 Prepaid expenses and deferred charges		400	53 400
	54 Investments—securities (attach schedule)	▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54
	55a Investments—land, buildings, and equipment, basis	55a		
	b Less: accumulated depreciation (attach schedule)	55b		
	56 Investments—other (attach schedule)			56
	57a Land, buildings, and equipment: basis	57a 12968		
	b Less accumulated depreciation (attach schedule). See Statement # 2	57b 12168		
	58 Other assets (describe ▶ _____)			58
59 Total assets (add lines 45 through 58) (must equal line 74)		18347	59 10109	
Liabilities	60 Accounts payable and accrued expenses	0	60	0
	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 ▶ Payroll Taxes Payable)		1306	65 2096
66 Total liabilities (add lines 60 through 65)		1306	66 2096	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted		17041	67 8013
	68 Temporarily restricted			68
	69 Permanently restricted			69
	Organizations that do not follow SFAS 117, check here <input 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			72
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)		17041	73 8013	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)		18347	74 10109	

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 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	✓
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	✓
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	✓
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	✓
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	✓
b	If "Yes," enter the name of the organization 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	81a	0
b	Did the organization file Form 1120-POL for this year?	81b	✓
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	✓
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	82b	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	✓
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	✓
84a	Did the organization solicit any contributions or gifts that were not tax deductible? N/A	84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A	85b	N/A
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members 85c N/A	85c	N/A
d	Section 162(e) lobbying and political expenditures 85d N/A	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h	N/A
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12 86a N/A	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities. 86b N/A	86b	N/A
87	501(c)(12) orgs Enter: a Gross income from members or shareholders. 87a N/A	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	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	✓
89a	501(c)(3) organizations. Enter. Amount of tax imposed on the organization during the year under section 4911 0; section 4912 0; section 4955 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	✓
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. 0		0
d	Enter. Amount of tax on line 89c, above, reimbursed by the organization. 0		0
90a	List the states with which a copy of this return is filed Massachusetts		
b	Number of employees employed in the pay period that includes March 12, 2003 (See instructions) 90b 2	90b	2
91	The books are in care of Elaine Merkel Telephone no (781) 569-6140		
	Located at 76 Winn St. Suite 2C, Woburn, MA ZIP + 4 01801-2836		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A	92	N/A

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 section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a School Education Lectures					8075
b Commissions					6483
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	15	
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					286
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				15	14844
105 Total (add line 104, columns (B), (D), and (E)).					14859

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)
▼	See Statement #3

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
N/A	%			
	%			
	%			
	%			

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).

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, this return is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer: *Maria DiLiegro* Date: *11/13/04*

Type or print name and title: **Maria DiLiegro, President and Treasurer**

Paid Preparer's Use Only

Preparer's signature: *Elaine Merkel* Date: *11/13/04* Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: **Elaine Merkel, 135 Tremont St., Cambridge, MA 02139-1346** EIN: _____ Preparer's SSN or PTIN (See Gen. Inst. W): _____ Phone no: **(617) 547-5642**



Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line 1 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		
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property?	2a	✓
b	Lending of money or other extension of credit?	2b	✓
c	Furnishing of goods, services, or facilities?	2c	✓
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? <i>See Part V Form 990</i>	2d	✓
e	Transfer of any part of its income or assets?	2e	✓
3a	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)	3a	✓
b	Do you have a section 403(b) annuity plan for your employees?	3b	✓
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4	✓

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
15 Gifts, grants, and contributions received. (Do not include unusual grants See line 28).	84,752	106,253	122,452	120,138	433,595
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.	28,215	56,791	45,005	38,501	168,512
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975.	180	449	149	0	778
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22.	113,147	163,493	167,606	158,639	602,885
24 Line 23 minus line 17.	84,932	106,702	122,601	120,138	434,373
25 Enter 1% of line 23	1,131	1,635	1,676	1,586	
26 Organizations described on lines 10 or 11:					
a Enter 2% of amount in column (e), line 24.					26a 8,687
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 36,865
c Total support for section 509(a)(1) test. Enter line 24, column (e).					26c 434,373
d Add: Amounts from column (e) for lines:	18 778	19 0			
22 0	26b 36,865				
e Public support (line 26c minus line 26d total)					26e 396,730
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 91.33 %
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					
(2002) N/A (2001) N/A (2000) N/A (1999) N/A					
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					
(2002) N/A (2001) N/A (2000) N/A (1999) N/A					
c Add: Amounts from column (e) for lines:	15	16			
17	20	21			
d Add: Line 27a total and line 27b total					27c N/A
e Public support (line 27c total minus line 27d total)					27d N/A
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e).					27e N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)).					27f N/A
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).					27h N/A %

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

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions)

N/A

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
45	Lobbying nontaxable amount				0
46	Lobbying ceiling amount (150% of line 45(e))				0
47	Total lobbying expenditures				0
48	Grassroots nontaxable amount				0
49	Grassroots ceiling amount (150% of line 48(e))				0
50	Grassroots lobbying expenditures				0

Part VI-B Lobbying Activity by Nonelecting Public Charities

N/A

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers		✓	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		✓	
c Media advertisements		✓	0
d Mailings to members, legislators, or the public		✓	0
e Publications, or published or broadcast statements		✓	0
f Grants to other organizations for lobbying purposes		✓	0
g Direct contact with legislators, their staffs, government officials, or a legislative body		✓	0
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		✓	0
i Total lobbying expenditures (Add lines c through h.)			0

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

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

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

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)
Note: Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only
 All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Type or print	Name of Exempt Organization NARCONON, INC.	Employer identification number 042:606410
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 76 WINN STREET SUITE 2C	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. WOBURN, MA 01801	

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

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

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

1 I request an automatic 3-month (6-month, for **990-T corporation**) extension of time until **AUG. 15, 2004** to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year **2003** or
 ▶ tax year beginning _____, 20 ____ and ending _____, 20 ____

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

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

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

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

Signature and Verification

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

Signature ▶ *Maria Di Grego* Title ▶ *Spec. Dir.* Date ▶ *11 May 2004*

- 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	Name of Exempt Organization <i>Narconon International, Narconon Boston</i>	Employer identification number <i>04 : 2606410</i>
	Number, street, and room or suite no. If a P.O. box, see instructions. <i>76 Winn Street Suite 2C</i>	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions <i>Woburn, MA 01801-2836</i>	

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

- Form 990 Form 990-EZ Form 990-T (sec. 401(a) or 408(a) trust) Form 1041-A Form 5227 Form 8870
- Form 990-BL Form 990-PF Form 990-T (trust other than above) Form 4720 Form 6069

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

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

- 4 I request an additional 3-month extension of time until November 15, 2004
- 5 For calendar year 2003, or other tax year beginning _____, 20... and ending _____, 20....
- 6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
- 7 State in detail why you need the extension Additional time is needed for review by accountants

RECEIVED

- 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. 0 \$ _____
- 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. DEN, UT \$ _____
- 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 *Maria N. Rego* Title *Exec. Dir.* Date *16 Aug 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
	Number and street (include suite, room, or apt. no.) Or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

EXTENSION APPROVED

AUG 30 2004

Narconon Inc.
2003 Form 990
EIN# 04-2606410

Statement #1

Income and Cost of Goods Sold
Part I line 10c

Income

1. Gross Receipts	1500
2. Returns and Allowances	0
3. Line 1 less Line 2	1500
4. Cost of Goods Sold (Line 13)	1214
5. Gross Profit (Line 3 less Line 4)	286

Cost of Goods Sold

6. Inventory at Beginning of Year	7326
7. Merchandise Purchased	1080
8. Cost of Labor	0
9. Materials and Supplies	0
10. Other Costs	0
11. Add Lines 6 through 10	8406
12. Inventory at End of Year	7192
13. Cost of Goods Sold (Line 11 less Line 12)	1214

Narcónon Inc.
2003 Form 990
EIN# 04-2606410

Statement #2

Depreciation of Assets not held for investment
Part IV line 57b

Description	Cost or Other Basis	Accumulated Depreciation	Book Value
Machinery & Equipment	9968	9968	0
Copier	500	500	0
Computer	2000	1400	600
Furniture	500	300	200
Total to Form 990 Part IV Ln 55b	12968	12168	800

Part VIII

Relationship of Activities to Accomplishment of Exempt Purposes

Line	Explanation of Relationship of Activities
93A	The Organization provides information to students regarding the harmful effects of drugs. It furthers its exempt purpose by promoting and educating on a drug-free society.
93B	The Organization furthers its exempt purpose by referring people in need of drug counseling to qualified counselors.
102	The Organization's book and video sales further its exempt purpose by providing educational materials to the public.

Narconon Inc.
 2003 Form 990
 EIN# 04-2606410

Depreciation of Assets 2003

Asset #	Item	Date Acquired	Method	Life	Basis	Prior Year Accumulated Depreciation	Current Year Depreciation	Value Left
1	Machinery & Equipment	Various	S/L	5 yr	9968	9968	0	0
2	Copier	Feb 98	S/L	5 yr	500	500	0	0
3	Computer	July 00	S/L	5 yr	2000	1000	400	600
4	Furniture	Aug 01	S/L	5 yr	500	200	100	200
TOTALS:					12968	11668	500	800