

Return of Organization Exempt from Income Tax

2004

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

Form 990 header section including: A For the 2004 calendar year, or tax year beginning 2004, and ending; B Check if applicable (Address change, Name change, Initial return, Final return, Amended return, Application pending); C Employer Identification Number 38-3646037; D Telephone number 269-969-9773; E Accounting method: X Cash; F Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A; G Web site: N/A; H (a) Is this a group return for affiliates? No; H (b) If 'Yes,' enter number of affiliates; H (c) Are all affiliates included? No; H (d) Is this a separate return filed by an organization covered by a group ruling? No; I Group Exemption Number; J Organization type: X 501(c) 3; K Check here if the organization's gross receipts are normally not more than \$25,000; L Gross receipts: 5,135,022; M Check if the organization is not required to attach Schedule B.

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

Table with 21 rows and 4 columns: Description, (A) Securities, (B) Other, and Total. Rows include: 1 Contributions, gifts, grants, and similar amounts received; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities; 6a Gross rents; 6b Less rental expenses; 6c Net rental income or (loss); 7 Other investment income; 8a Gross amount from sales of assets other than inventory; 8b Less cost or other basis and sales expenses; 8c Gain or (loss); 8d Net gain or (loss); 9 Special events and activities; 9a Gross revenue; 9b Less direct expenses; 9c Net revenue; 10a Gross sales of inventory; 10b Less cost of goods sold; 10c Gross profit or (loss); 11 Other revenue; 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit); 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.

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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

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 (att sch) (cash \$ _____ non-cash \$ _____)	22				
23 Specific assistance to individuals (att sch)	23				
24 Benefits paid to or for members (att sch)	24				
25 Compensation of officers, directors, etc	25	402,018.	281,413.	120,605.	
26 Other salaries and wages	26	1,316,352.	921,446.	394,906.	
27 Pension plan contributions	27				
28 Other employee benefits	28	57,980.	43,485.	14,495.	
29 Payroll taxes	29	132,914.	94,103.	38,811.	
30 Professional fundraising fees	30				
31 Accounting fees	31	9,524.		9,524.	
32 Legal fees	32	23,764.		23,764.	
33 Supplies	33	207,260.	180,316.	26,944.	
34 Telephone	34	92,617.	55,570.	37,047.	
35 Postage and shipping	35	11,874.	5,937.	5,937.	
36 Occupancy	36	667,371.	560,592.	106,779.	
37 Equipment rental and maintenance	37	34,206.	34,206.		
38 Printing and publications	38	24,868.	12,434.	12,434.	
39 Travel	39	33,964.	16,982.	16,982.	
40 Conferences, conventions, and meetings	40				
41 Interest	41	25.		25.	
42 Depreciation, depletion, etc (attach schedule)	42				
43 Other expenses not covered above (itemize):					
a See Statement 2	43a	1,535,029.	1,380,327.	154,702.	
b	43b				
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	4,549,766.	3,586,811.	962,955.	0.

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

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

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

a See Statement 4	(Grants and allocations \$ _____)	3,586,811.
b	(Grants and allocations \$ _____)	
c	(Grants and allocations \$ _____)	
d	(Grants and allocations \$ _____)	
e Other program services	(Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)		3,586,811.

Part IV Balance Sheets (See Instructions)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year	
ASSETS	45 Cash – non-interest-bearing	37,319.	45	25,345.	
	46 Savings and temporary cash investments	35.	46		
	47a Accounts receivable	282,681.			
	b Less: allowance for doubtful accounts	170,000.	77,555.	47c	112,681.
	48a Pledges receivable				
	b Less: allowance for doubtful accounts			48c	
	49 Grants receivable			49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50	350.
	51a Other notes & loans receivable (attach sch)				
	b Less: allowance for doubtful accounts			51c	
	52 Inventories for sale or use			52	
	53 Prepaid expenses and deferred charges			53	
	54 Investments – securities (attach schedule)			54	
	55a Investments – land, buildings, & equipment: basis				
	b Less: accumulated depreciation (attach schedule)			55c	
56 Investments – other (attach schedule)			56		
57a Land, buildings, and equipment: basis	471,719.				
b Less: accumulated depreciation (attach schedule)	81,671.	89,660.	57c	390,048.	
58 Other assets (describe ▶ <u>See Statement 6</u>)	194,756.	58		120,105.	
59 Total assets (add lines 45 through 58) (must equal line 74)	399,325.	59		648,529.	
LIABILITIES	60 Accounts payable and accrued expenses	530,142.	60	1,057,456.	
	61 Grants payable		61		
	62 Deferred revenue	606,411.	62	646,926.	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	634,500.	63	564,500.	
	64a Tax-exempt bond liabilities (attach schedule)		64a		
	b Mortgages and other notes payable (attach schedule)	41,553.	64b	27,128.	
	65 Other liabilities (describe ▶ <u>See Statement 7</u>)		65		2.
66 Total liabilities (add lines 60 through 65)	1,812,606.	66		2,296,012.	
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	-1,413,281.	67	-1,647,483.	
	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)	-1,413,281.	73		-1,647,483.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	399,325.	74		648,529.

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.

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Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See instructions.)

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

a	Total revenue, gains, and other support per audited financial statements	a	4,867,592.
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments \$		
(2)	Donated services and use of facilities \$ 50,000.		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify)		
	See Stmt 8 \$ 329,496.		
	Add amounts on lines (1) through (4)	b	379,496.
c	Line a minus line b	c	4,488,096.
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify)		
	See Stmt 9 \$ 646,926.		
	Add amounts on lines (1) and (2)	d	646,926.
e	Total revenue per line 12, Form 990 (line c plus line d)	e	5,135,022.

a	Total expenses and losses per audited financial statements	a	5,151,794.
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities \$		
(2)	Prior year adjustments reported on line 20, Form 990 \$		
(3)	Losses reported on line 20, Form 990 \$		
(4)	Other (specify)		
	See Stmt 10 \$ 602,028.		
	Add amounts on lines (1) through (4)	b	602,028.
c	Line a minus line b	c	4,549,766.
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify)		
	\$		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17, Form 990 (line c plus line d)	e	4,549,766.

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans and deferred compensation	(E) Expense account and other allowances
Kathleen J Wickstrom 218 St Marys Lake Rd Battle Creek, MI 49017	President 80	207,009.	0.	0.
Per Wickstrom 218 St Marys Lake Rd Battle Creek, MI 49017	Vice President 70	195,009.	0.	0.
Wallace Fryer Newman Maple City, MI 49664	Vice President None	0.	0.	0.
L Lousie Moreau West Torch Lake Kewadin, MI	Vice President None	0.	0.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
If 'Yes,' attach schedule - see instructions

Part VI Other Information (See instructions.)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity.		X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If 'Yes,' attach a conformed copy of the changes		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	b If 'Yes,' has it filed a tax return on Form 990-T for this year?		N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement.		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other exempt or nonexempt organization? b If 'Yes,' enter the name of the organization ▶ N/A		X
----- 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.
81b	b Did the organization file Form 1120-POL for this year?		X
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
82b	b If 'Yes,' you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	N/A
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
83b	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?	84a	X
84b	b If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85a	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If 'Yes,' was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	N/A
85c	c Dues, assessments, and similar amounts from members	85c	N/A
85d	d Section 162(e) lobbying and political expenditures	85d	N/A
85e	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
85f	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86a	501(c)(7) organizations Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
86b	b Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87a	501(c)(12) organizations Enter: a Gross income from members or shareholders	87a	N/A
87b	b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Part IX	88	X
89a	501(c)(3) organizations Enter: Amount of tax imposed on the organization during the year under section 4911 ▶ 0., section 4912 ▶ 0., section 4955 ▶ 0.		
89b	b 501(c)(3) and 501(c)(4) organizations 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 ▶ Michigan		
90b	b Number of employees employed in the pay period that includes March 12, 2004 (See instructions)	90b	0
91	The books are in care of ▶ Kathleen Wickstrom Telephone number ▶ 269-969-9773 Located at ▶ 218 St Marys Lake Rd Battle Creek, MI ZIP + 4 ▶ 49017		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here N/A ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		N/A

Part VII Analysis of Income-Producing Activities (See 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 Drug & Alcohol Rehab					5,135,022.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts					
96 Dividends & 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 pers prop					
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					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))					5,135,022.
105 Total (add line 104, columns (B), (D), and (E))					5,135,022.

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 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)
2	160 participants entered the program and 110 completed the rehabilitation successfully

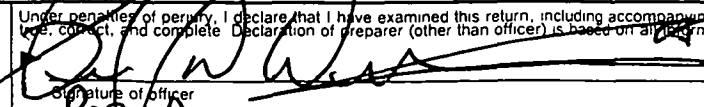
Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See instructions)

(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	%			
	%			
	%			
	%			

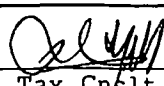
Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See instructions)

- 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 9870 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 it 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:  Date: 8/25/05

Signature of officer: Kathleen Wickstrom, President

Paid Preparer's Use Only	Preparer's signature: Richard M. Tyrrell 	Date: 8/19/05	Check if self employed: <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See General Instruction W): N/A
	Firm's name (or yours if self employed), address, and ZIP + 4: Richard M. Tyrrell Tax Cnslt, 255 N. Center, Suite 5, Saginaw, MI 48603	EIN: N/A	Phone no: (989) 792-1985	

SCHEDULE A
(Form 990 or 990-EZ)

**Organization Exempt Under
Section 501(c)(3)**

OMB No 1545-0047

(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.)

2004

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

Narconon Stone Hawk

Employer identification number

38-3646037

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See instructions List each one If there are none, enter 'None')

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
Raymond Russo 100 Minges Creek Pl Battle Creek, MI	Administration 70	78,798.	0.	0.
John Walsen 5730 MI-66 E LeRoy, MI	Nurse 50	61,254.	0.	0.
Dan Greene 33133 Tall Oak Farmington, MI	Intake Coordina 60	72,097.	0.	0.
Sherry Rae 5085 Glenn Valley Dr#28 Battle Cree	60	48,434.	0.	0.
Jai Ehlert 216 St Marys Lake Rd	70	48,004.	0.	0.
Total number of other employees paid over \$50,000 ▶	0			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See 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
Andrew Pollock 2906 Munkland Ave Office 204 Montreal QL H4A1	Marketing	16,500.
Daniel Naimowicz 5655 Plymouth Rd Ann Arbor, MI 48105	Marketing	11,870.
James Notaro 3026 Alhambra St #4 Fort Lauderdale, FL 33304	Marketing	8,475.
Desiree Romero PO Box 70701 Houston <TX 77270	Marketing	1,700.
Leigh Albrecht Taylor Box 72 Big Valley AB T0J0G0	Marketing	1,700.
Total number of others receiving over \$50,000 for professional services ▶	0	

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

Schedule A (Form 990 or 990-EZ) 2004

Part III Statements About Activities (See 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 ▶ \$ _____ N/A _____ (Must equal amounts on line 38, Part VI-A, or line I of Part VI-B.)		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking 'Yes' must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is 'Yes,' attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		X
e Transfer of any part of its income or assets?		X
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)		X
b Do you have a section 403(b) annuity plan for your employees?		X
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See 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 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 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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total			
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	7,071.				7,071.			
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.	3,045,527.				3,045,527.			
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.								
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	3,052,598.				3,052,598.			
24 Line 23 minus line 17	7,071.				7,071.			
25 Enter 1% of line 23	30,526.							
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24 N/A				26a			
	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 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts				26b			
	c Total support for section 509(a)(1) test Enter line 24, column (e)				26c			
	d Add. Amounts from column (e) for lines.	18	19		26d			
		22	26b		26e			
	e Public support (line 26c minus line 26d total)				26e			
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				26f %			
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:							
	(2003)	0.	(2002)	0.	(2001)	0.	(2000)	0.
	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							
	(2003)	0.	(2002)	0.	(2001)	0.	(2000)	0.
	c Add. Amounts from column (e) for lines.	15	16		27c	3,052,598.		
		17	20	21	27d	0.		
	d Add Line 27a total	0.	and line 27b total	0.	27e	3,052,598.		
	e Public support (line 27c total minus line 27d total)				27e	3,052,598.		
	f Total support for section 509(a)(2) test Enter amount from line 23, column (e)				27f	3,052,598.		
	g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g	100.00 %		
	h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h	0. %		
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, 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 instructions.)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A
 Yes No

		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?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered 'No' to any of the above, please explain (If you need more space, attach a separate statement) ----- -----	32d		
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities? If you answered 'Yes' to any of the above, please explain (If you need more space, attach a separate statement) ----- ----- -----	33h		
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b, please explain using an attached statement	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If 'No,' attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

Check **a** if the organization belongs to an affiliated group Check **b** if you checked 'a' and 'limited control' provisions apply

Limits on Lobbying Expenditures

(The term 'expenditures' means amounts paid or incurred)

	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - 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	41	
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	
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)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See instructions)

N/A

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

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

Yes	No	Amount

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See 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:

Table with columns Yes, No and rows 51 a (i), a (ii), b (i), b (ii), b (iii), b (iv), b (v), b (vi), c

(i) Cash

(ii) Other assets

b Other transactions

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets...

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is 'Yes,' complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

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

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If 'Yes,' complete the following schedule:

Table with columns (a) Name of organization, (b) Type of organization, (c) Description of relationship

Statement 1
Form 990, Part I, Line 20
Other Changes in Net Assets or Fund Balances

cash basis revisions.....	\$ -819,458.
Total	<u>\$ -819,458.</u>

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

	(A)	(B)	(C)	(D)
	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Advertising	580,886.	580,886.		
Auto Exp	9,760.	6,832.	2,928.	
Books & Subscriptions	39,854.	19,927.	19,927.	
Contract Medical	82,478.	82,478.		
Insurance	87,182.	61,027.	26,155.	
Iternet cable	10,342.		10,342.	
License fees	428,542.	428,542.		
Outside Computer Ser	92,295.		92,295.	
Outside Contractors	199,021.	199,021.		
Professional Fees	3,055.		3,055.	
Training	1,614.	1,614.		
Total	<u>\$ 1,535,029.</u>	<u>\$ 1,380,327.</u>	<u>\$ 154,702.</u>	<u>\$ 0.</u>

Statement 3
Form 990, Part III
Organization's Primary Exempt Purpose

Alcohol & drug rehabilitation clinic.250 clients participated in the program and 200 completed the program successively.
 Several seminars were given on Drug prevention, at various locations, during the year 2004.

Statement 4
Form 990, Part III, Line a
Statement of Program Service Accomplishments

<u>Description</u>	<u>Grants and Allocations</u>	<u>Program Service Expenses</u>
Drug & alcohol rehabilitation and education.250 clients entered the clinic and 200 completed the program successively in the year 2004. In addition, several seminars were given, at various locations on drug prevention, during the year 2004.		3,586,811.
	<u>\$ 0.</u>	<u>\$ 3,586,811.</u>

Narconon Stone Hawk

38-3646037

Statement 5
Form 990, Part IV, Line 57
Land, Buildings, and Equipment

<u>Category</u>	<u>Basis</u>	<u>Accum. Deprec.</u>	<u>Book Value</u>
Automobiles / Transportation Equipment	\$ 84,400.	\$ 900.	\$ 83,500.
Furniture and Fixtures	355,382.	71,190.	284,192.
Machinery and Equipment	31,937.	9,581.	22,356.
Total	<u>\$ 471,719.</u>	<u>\$ 81,671.</u>	<u>\$ 390,048.</u>

Statement 6
Form 990, Part IV, Line 58
Other Assets

Net Intangible Assets	Total	<u>\$ 120,105.</u>
		<u>\$ 120,105.</u>

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

Rounding	Total	<u>\$ 2.</u>
		<u>\$ 2.</u>

Statement 8
Form 990, Part IV-A, Line b(4)
Other Amounts

Accounts Rec corrections	Total	<u>\$ 329,496.</u>
		<u>\$ 329,496.</u>

Statement 9
Form 990, Part IV-A, Line d(2)
Other Amounts

Deferred Income	Total	<u>\$ 646,926.</u>
		<u>\$ 646,926.</u>

Statement 10
Form 990, Part IV-B, Line b(4)
Other Amounts

Accrued Expenses	Total	<u>\$ 602,028.</u>
		<u>\$ 602,028.</u>