Form **990**

Department of the Treasury
Internal Revenue Service

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

2004

Open to Public Inspection

A For the 2004 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): 1810 W. OCEAN FRONT — Room/suite:

City or town, state or country, and ZIP + 4: NEWPORT BEACH CA 92663-4520

D Employer identification no.: 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).**

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? 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

G Website: ▶ WWW.USNODRUGS.COM

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.**

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 ▶ 6,515,867

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

Line	Description	Sub-line	(A) Securities / Amount	(B) Other	Line	Amount
1	Contributions, gifts, grants, and similar amounts received:					
a	Direct public support	1a	4,325			
b	Indirect public support	1b	5,000			
c	Government contributions (grants)	1c				
d	**Total** (add lines 1a through 1c) (cash $ 9,325 noncash $)				1d	9,325
2	Program service revenue including government fees and contracts (from Part VII, line 93)				2	6,272,662
3	Membership dues and assessments				3	
4	Interest on savings and temporary cash investments				4	90
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	8a				
b	Less. cost or other basis and sales expenses	8b				
c	Gain or (loss) (attach schedule)	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 ▶ ☐					
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	156,328			
b	Less: cost of goods sold	10b	86,057			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) STMT 1				10c	70,271
11	Other revenue (from Part VII, line 103)				11	77,462
12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)				12	6,429,810
13	Program services (from line 44, column (B))				13	3,771,183
14	Management and general (from line 44, column (C))				14	1,935,406
15	Fundraising (from line 44, column (D))				15	43,411
16	Payments to affiliates (attach schedule) SEE STATEMENT 2				16	555,629
17	**Total expenses** (add lines 16 and 44, column (A))				17	6,305,629
18	Excess or (deficit) for the year (subtract line 17 from line 12)				18	124,181
19	Net assets or fund balances at beginning of year (from line 73, column (A))				19	683,751
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	807,932

Revenue / Expenses / Net Assets

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For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.
DAA

28

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 $ non-cash $)	22				
23 Specific assistance to individuals	23				
24 Benefits paid to or for members	24				
25 Compensation of officers, directors, etc.	25	307,830	151,451	146,934	9,445
26 Other salaries and wages	26	1,686,038	943,541	729,787	12,710
27 Pension plan contributions	27				
28 Other employee benefits	28	73,561	41,195	31,630	736
29 Payroll taxes	29	191,728	107,367	82,444	1,917
30 Professional fundraising fees	30				
31 Accounting fees	31	21,800		21,800	
32 Legal fees	32	58,221		58,221	
33 Supplies	33	178,734	100,091	76,856	1,787
34 Telephone	34	156,281	87,517	67,201	1,563
35 Postage and shipping	35	26,481	14,829	11,387	265
36 Occupancy	36	722,353	404,518	310,611	7,224
37 Equipment rental and maintenance	37	6,392	3,580	2,748	64
38 Printing and publications	38	15,305	15,305		
39 Travel	39	53,268	26,634	26,634	
40 Conferences, conventions, and meetings	40				
41 Interest	41	82,741	46,335	35,579	827
42 Depreciation, depletion, etc (attach schedule)	42	96,316	53,937	41,416	963
43 Other expenses not covered above (itemize): a	43a				
b SEE STATEMENT 3	43b	2,072,951	1,774,883	292,158	5,910
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	5,750,000	3,771,183	1,935,406	43,411

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 SEE STATEMENT 4 (Grants and allocations $)	2,497,272
b SEE STATEMENT 5 (Grants and allocations $)	31,606
c SEE STATEMENT 6 (Grants and allocations $)	1,242,305
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) ▶	3,771,183

Part IV Balance Sheets (See page 25 of the 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				45	
	46	Savings and temporary cash investments				46	
	47a	Accounts receivable	47a				
	b	Less: allowance for doubtful accounts	47b			47c	
	48a	Pledges receivable	48a				
	b	Less: allowance for doubtful accounts	48b			48c	
	49	Grants receivable				49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)				50	
	51a	Other notes and loans receivable (attach schedule)	51a				
	b	Less: allowance for doubtful accounts	51b			51c	
	52	Inventories for sale or use				52	
	53	Prepaid expenses and deferred charges			1,655	53	8,452
	54	Investments-securities ▶ ☐ Cost ☐ FMV				54	
	55a	Investments-land, buildings, and equipment: basis	55a				
	b	Less accumulated depreciation (attach schedule)	55b			55c	
	56	Investments-other (attach schedule)				56	
	57a	Land, buildings, and equipment: basis	57a	3,670,137			
	b	Less: accumulated depreciation (attach schedule)	57b	237,666	1,322,085	57c	3,432,471
	58	Other assets (describe ▶ SEE STATEMENT 7)			13,400	58	50,318
	59	**Total assets** (add lines 45 through 58) (must equal line 74)			1,337,140	59	3,491,241
Liabilities	60	Accounts payable and accrued expenses				60	
	61	Grants payable				61	
	62	Deferred revenue				62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)				63	
	64a	Tax-exempt bond liabilities (attach schedule)				64a	
	b	Mortgages and other notes payable (attach schedule) SEE WORKSHEET			507,641	64b	2,521,752
	65	Other liabilities (describe ▶ SEE STATEMENT 8)			145,748	65	161,557
	66	**Total liabilities** (add lines 60 through 65)			653,389	66	2,683,309
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here** ▶ ☐ and complete lines 67 through 69 and lines 73 and 74.					
	67	Unrestricted				67	
	68	Temporarily restricted				68	
	69	Permanently restricted				69	
		Organizations that do not follow SFAS 117, check here ▶ ☒ 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			683,751	72	807,932
	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)			683,751	73	807,932
	74	**Total liabilities and net assets / fund balances** (add lines 66 and 73)			1,337,140	74	3,491,241

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 27 of the instructions.)

N/A

a Total revenue, gains, and other support per audited financial statements ▶ a

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 $

(3) Recoveries of prior year grants $

(4) Other (specify):

$

Add amounts on lines **(1)** through **(4)** ▶ b

c Line **a** minus line **b** ▶ c

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)

$

Add amounts on lines **(1)** and **(2)** ▶ d

e Total revenue per line 12, Form 990 (line **c** plus line **d**) ▶ e

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

N/A

a Total expenses and losses per audited financial statements ▶ a

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):

$

Add amounts on lines **(1)** through **(4)** ▶ b

c Line **a** minus line **b** ▶ c

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

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	63,880	0	0
JULIE BRYANT 1810 W. OCEAN FR NEWPORT BE CA 92663	SECRETARY 40	87,571	0	0
DAVID WORTHINGTON 1810 W. OCEAN FR NEWPORT BE CA 92663	TREASURER 40	61,925	0	0
NICHOLAS KENT 1810 W. OCEAN FR NEWPORT BE CA 92663	OPER EXEC 40	94,454	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? ▶ ☐ Yes ☒ No
If "Yes," attach schedule-see page 28 of the instructions.

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 ▶ and check whether it is ☐ exempt or ☐ 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?	N/A	85b		
	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	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 ▶ 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		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 ▶ CA

b Number of employees employed in the pay period that includes March 12, 2004 (See instructions) 90b 64

91 The books are in care of ▶ DAVE WORTHINGTON Telephone no ▶ 440-708-0130

Located at ▶ 8861 BAINDBRIDGE RD, CHAGRIN FALLS, OH ZIP + 4 ▶ 44023-6407

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 N/A ▶ 92

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

Note: Enter gross amounts unless otherwise indicated.	Unrelated business income (A) Business code	(B) Amount	Excluded by sec 512, 513, or 514 (C) Exclusion code	(D) Amount	(E) Related or exempt function income
93 Program service revenue:					
a PROGRAM SERVICE REVENUE					6,272,662
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	90	
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					70,271
103 Other revenue: a					
b REFERRAL COMMISSIONS					77,462
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		90	6,420,395

105 **Total** (add line 104, columns (B), (D), and (E)) ▶ 6,420,485

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).
93A	RECEIPTS FOR DELIVERY OF DRUG REHAB & PREVENTION SERVICES
102	INCOME FROM SALES OF MATERIALS USED IN ANTI-DRUG PROGRAMS
103B	RECEIPTS FOR REFERRAL OF STUDENTS TO OTHER ORGANIZATIONS

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).

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

▶ David Worthington
Signature of officer Date 10/19/05

▶ DAVID WORTHINGTON - TREASURER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Roland W. Fink CPA	Date 10/07/05	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 2441 HONOLULU AVE., SUITE 126 MONTROSE, CA 91020-1847		EIN ▶	Phone no ▶ 818-249-4577

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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.)

▶ MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2004

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 empl ben plans & deferred comp	(e) Expense account and other allowances
MICHAEL KOBRIN 1810 W OCEAN FRONT NEWPORT BEACH CA 92663	ADMINISTRTR 40	67,420	0	0
JEANNE ADAMS 1810 W OCEAN FRONT NEWPORT BEACH CA 92663	COUNSELOR/ADM 40	59,860	0	0
IAN CONFER 1810 W OCEAN FRONT NEWPORT BEACH CA 92663	ADMINISTRTR 40	55,790	0	0
ROBERT MARKHAM 1810 W OCEAN FRONT NEWPORT BEACH CA 92663	SALES 40	54,848	0	0
EDWARD SMITH 1810 W OCEAN FRON NEWPORT BEACH CA 92663	PUB. RELAT. MGR. 40	53,480	0	0
Total number of other employees paid over $50,000 ▶	1			

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
NONE		
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.

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 I of Part VI-B.)	1		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?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? SEE PART V, FORM 990	2d	X	
e	Transfer of any part of its income or assets?	2e		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)	3a		X
b	Do you have a section 403(b) annuity plan for your employees?	3b		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?	4a		X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		X

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 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.**

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in) ▶	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	23,860	15,514	17,324	76,594	133,292
16 Membership fees received					0
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	5,008,014	3,647,468	2,304,942	820,219	11,780,643
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	97	210	3,533	7	3,847
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
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					0
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	5,031,971	3,663,192	2,325,799	896,820	11,917,782
24 Line 23 minus line 17	23,957	15,724	20,857	76,601	137,139
25 Enter 1% of line 23	50,320	36,632	23,258	8,968	

26 **Organizations described on lines 10 or 11:** a Enter 2% of amount in column (e), line 24 ▶ 26a 2,743

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 2,775

c Total support for section 509(a)(1) test: Enter line 24, column (e) ▶ 26c 137,139

d Add: Amounts from column (e) for lines. 18 3,847 19 ______ 22 ______ 26b 2,775 ▶ 26d 6,622

e Public support (line 26c minus line 26d total) ▶ 26e 130,517

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 95.1713 %

27 **Organizations described on line 12:** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year N/A

(2003) (2002) (2001) (2000)

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

(2003) (2002) (2001) (2000)

c Add: Amounts from column (e) for lines: 15 ______ 16 ______ 17 ______ 20 ______ 21 ______ ▶ 27c

d Add: Line 27a total ______ and line 27b total ______ ▶ 27d

e Public support (line 27c total minus line 27d total) ▶ 27e

f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) ▶ 27f

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h %

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 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 page 7 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	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?	32d		
	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?	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?	33h		
	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?	34a		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b		
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768) N/A

Check ▶ a ☐ if the organization belongs to an affiliated group. Check ▶ b ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table-	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		

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

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)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	**(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 nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities
(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the 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		X	
b Paid staff or management (Include compensation in expenses reported on lines **c** through **h.**)		X	
c Media advertisements		X	0
d Mailings to members, legislators, or the public		X	0
e Publications, or published or broadcast statements		X	0
f Grants to other organizations for lobbying purposes		X	0
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	0
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	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. N/A

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 11 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?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions:			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

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

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Forms 990 / 990-PF

Mortgages and Other Notes Payable

2004

For calendar year 2004, or tax year beginning , and ending

Name: NARCONON SOUTHERN CALIFORNIA

Employer Identification Number: 33-0911677

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)	325 EAST FOURTH STREET LLC	NONE
(4)		
(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)	2,100,000	10/15/04	10/15/24	$18,894.25 MONTHLY	9.000
(4)					
(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	PURCHASE OF RAINBOW RANCH FACILITY
(4)		
(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	331,048
(2)	CASH - $130,500	101,432	100,208
(3)	$2,100,000 IN CASH		2,090,496
(4)			
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
Totals		507,641	2,521,752

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization

(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2004

Attachment Sequence No **67**

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	102,000
2	Total cost of section 179 property placed in service (see page 3 of the instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	410,000
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 3 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 2003 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 2005. 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 instructions)	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	96,316

Part III MACRS Depreciation (Do not include listed property.) (See page 5 of the instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2004	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 ▶ ☐		

Section B-Assets Placed in Service During 2004 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 2004 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 8 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	96,316
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.

NARCONON SOUTHERN CALIFORNIA 33-0911677

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 9 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 8 of the instructions)						25		
26 Property used more than 50% in a qualified business use (see page 8 of the instructions):								
		%						
		%						
27 Property used 50% or less in a qualified business use (see page 8 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.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 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												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
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 10 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 10 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 10 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 2004 tax year (see page 11 of the instructions):					
LOAN COSTS - RAINBOW	10/15/04	5,000	461	20.0	63
43 Amortization of costs that began before your 2004 tax year				43	2,553
44 **Total.** Add amounts in column (f) See page 12 of the instructions for where to report				44	2,616

Federal Statements

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

Description	Gross Sales	COGS	Gross Profit
BOOKSTORE SALES	$ 156,328	$ 86,057	$ 70,271
TOTAL	$ 156,328	$ 86,057	$ 70,271

Federal Statements

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

Bus Name / Addr	Purpose	Amount
NARCONON INTERNATIONAL 7060 HOLLYWOOD BLVD. SUITE 220 LOS ANGELES, CA 90028	TRADEMARK LIC. FEE	$ 555,629
TOTAL		$ 555,629

Federal Statements

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

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
	$	$	$	$
EXPENSES				
REFERRAL COMMISSIONS	49,510	49,510		
INSURANCE	104,743	58,655	45,041	1,047
TAXES	10,307	5,772	4,432	103
UTILITIES	139,847	78,314	60,135	1,398
REPAIRS & MAINTENANCE	89,723	50,245	38,581	897
DISSEMINATION	159,376	159,376		
AUTOMOBILE EXPENSE	131,156	73,448	56,396	1,312
BANK & CREDIT CARD FEES	88,218	79,396	8,822	
PAYROLL SERVICE	11,334	6,347	4,874	113
OUTSIDE SERVICES	29,136		29,136	
STAFF ENHANCEMENT	101,433	56,803	43,616	1,014
FOOD	532,412	532,412		
CLIENT MEDICAL	516,980	516,980		
VITAMINS	32,516	32,516		
OPERATING SUPPLIES	31,447	31,447		
OTHER PROGRAM COSTS	42,197	42,197		
AMORTIZATION	2,616	1,465	1,125	26
TOTAL	$ 2,072,951	$ 1,774,883	$ 292,158	$ 5,910

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

THE ORGANIZATION OPERATES THREE 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 450 PERSONS COMPLETED THE PROGRAM, ENABLING THEM TO LEAD MORE ETHICAL AND DRUG-FREE LIVES.

Statement 5 - 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.

Federal Statements

Statement 6 - 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 4,000,000 VISITS DURING THE YEAR.

Federal Statements

Statement 7 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
SECURITY DEPOSIT	$ 13,400	$ 13,700
CONSTRUCTION IN PROGESS		22,372
DUE FROM NARCONON WEST US		14,246
TOTAL	$ 13,400	$ 50,318

Statement 8 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
BANK OVERDRAFT	$ 8,935	$ 77,622
CONTRACTS PAYABLE - FIXED ASSETS	45,298	218
SALES TAXES PAYABLE	16,028	2,963
INSTALLMENT CONTRACTS PAYABLE	5,854	
CREDIT CARDS PAYABLE	69,633	80,506
GARNISHMENTS PAYABLE		248
TOTAL	$ 145,748	$ 161,557

NNSOCAL NARCONON SOUTHERN CALIFORNIA 10/07/2005 11:42 AM
33-0911677
FYE: 12/31/2004

Federal Asset Report
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Asset	Description	Date In Service	Cost	Bus %	Sec 179	Sec 168(k)	Basis for Depr	Per	Conv	Meth	Prior	Current
Other Depreciation:												
3	Land Improvements	12/31/03	92,309				92,309	15	MO	S/L	3,077	6,154
4	Building - Warner	12/31/01	642,266				642,266	40	MO	S/L	36,128	16,057
5	Bldg Additions - Warner	12/31/02	75,018				75,018	40	MO	S/L	2,813	1,875
6	Housing Structure	1/01/02	77,921				77,921	40	MO	S/L	3,896	1,948
7	Bldg Additions - Warner	12/31/03	47,014				47,014	40	MO	S/L	588	1,175
8	Leasehold Improvements - Newport	7/01/00	2,010				2,010	5	MO	S/L	1,407	402
9	Computer & Office Equip.	7/01/00	6,652				6,652	5	MO	S/L	4,656	1,330
10	Comuter & Office Equip	12/31/00	1,414				1,414	5	MO	S/L	990	283
11	Computer & Office Equip	12/31/01	7,652				7,652	5	MO	S/L	4,154	1,530
12	Computer & Office Equip.	12/31/02	1,750				1,750	5	MO	S/L	525	350
13	Furniture & Fixtures	7/01/00	27,251				27,251	7	MO	S/L	13,625	3,893
14	Furniture	12/31/01	18,238				18,238	7	MO	S/L	7,816	2,605
15	Furniture	12/31/02	16,508				16,508	7	MO	S/L	3,537	2,358
16	Equipment	7/01/00	4,166				4,166	7	MO	S/L	2,083	595
17	Equipment	12/31/01	5,731				5,731	7	MO	S/L	2,047	819
18	Equipment	12/31/02	4,356				4,356	7	MO	S/L	933	622
19	Vehicles	7/01/00	3,864				3,864	3	MO	S/L	3,864	0
20	Vehicles	12/31/01	2,450				2,450	3	MO	S/L	2,450	0
21	Vehicles	12/31/01	19,100				19,100	3	MO	S/L	15,917	3,183
22	Vehicles	12/31/02	36,388				36,388	3	MO	S/L	18,193	12,129
23	Leasehold Imp - Newport	12/31/03	8,365				8,365	5	MO	S/L	836	1,673
24	Computer & Office Equip	12/31/03	18,851				18,851	5	MO	S/L	1,885	3,770
25	Furniture & Fixtures	12/31/03	24,077				24,077	7	MO	S/L	1,720	3,440
26	Equipment	12/31/03	9,167				9,167	7	MO	S/L	655	1,310
27	Vehicles	12/31/03	18,534				18,534	3	MO	S/L	3,089	6,178
28	Land - Warner	12/31/02	270,331				270,331	0	--	Land	0	0
30	Land - Rainbow	10/15/04	218,095				218,095	0	--	Land	0	0
31	Buildings - Rainbow	10/15/04	1,891,597				1,891,597	40	MO	S/L	0	11,822
32	Equipment	6/30/04	6,475				6,475	7	MO	S/L	0	463
33	Furniture & fixtures	6/30/04	50,403				50,403	7	MO	S/L	0	3,600
34	Computer & Office Equipment	6/30/04	9,748				9,748	5	MO	S/L	0	975
35	1998 Chevrolet Van	4/22/04	20,000				20,000	3	MO	S/L	0	4,444
36	1992 Acura Vigor	6/23/04	8,000				8,000	3	MO	S/L	0	1,333
	Total Other Depreciation		3,645,701				3,645,701				136,884	96,316
	Total ACRS and Other Depreciation		3,645,701				3,645,701				136,884	96,316
Amortization:												
37	loan costs - Rainbow	10/15/04	5,000				5,000	20	MO	Amort	0	63
2	Loan Costs	3/01/02	8,008				8,008	30	MO	Amort	489	267
29	Loan Costs	8/19/03	11,428				11,428	5	MO	Amort	952	2,286
			24,436				24,436				1,441	2,616
	Grand Totals		3,670,137				3,670,137				138,325	98,932
	Less: Dispositions		0				0				0	0
	Net Grand Totals		3,670,137				3,670,137				138,325	98,932