

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2005

Open to Public Inspection

Form **990**

Department of the Treasury
Internal Revenue Service

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

A For the 2005 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 INTERNATIONAL

Number and street (or P O box if mail is not delivered to street address)

7060 HOLLYWOOD BLVD.

Room/suite

220

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

LOS ANGELES, CA 90028-6015

D Employer identification number

95-2769582

E Telephone number

323-962-2404

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 **N/A**

H(c) Are all affiliates included? **N/A** ☐ Yes ☐ No (If "No," attach a list)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number **N/A**

G Website: **WWW.NARCONON.ORG**

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 chooses to file a return, be sure to file a complete return. Some states require a complete return.

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

4919286.

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a	42057.		
	b	Indirect public support	1b	206187.		
	c	Government contributions (grants)	1c			
	d	Total (add lines 1a through 1c) (cash \$ 248244. noncash \$)	1d	248244.		
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	4489809.		
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4	2066.		
	5	Dividends and interest from securities	5			
	6a	Gross rents SEE STATEMENT 2	6a	16355.		
	b	Less rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	16355.		
7	Other investment income (describe)	7				
Expenses	8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
	b	Less cost or other basis and sales expenses	8a			
	c	Gain or (loss) (attach schedule)	8b			
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c			
	9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
	a	Gross revenue (not including \$ 0. of contributions reported on line 1a)	9a	31585.		
	b	Less direct expenses other than fundraising expenses	9b	41668.		
	c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	-10083.		
	10a	Gross sales of inventory, less returns and allowances	10a	122127.		
	b	Less cost of goods sold	10b	82119.		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	40008.		
	11	Other revenue (from Part VII, line 103)	11	9100.		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	4795499.			
Net Assets	13	Program services (from line 44, column (B))	13	2178287.		
	14	Management and general (from line 44, column (C))	14	392052.		
	15	Fundraising (from line 44, column (D))	15	76332.		
	16	Payments to affiliates (attach schedule)	16	2274970.		
	17	Total expenses (add lines 16 and 44, column (A))	17	4921641.		
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	-126142.			
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	1055977.			
20	Other changes in net assets or fund balances (attach explanation)	20	0.			
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	929835.			

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

Form 990 (2005)

BIS 25

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 (attach schedule) (cash \$ <u>334787.</u> noncash \$ <u>0.</u> If this amount includes foreign grants, check here <input checked="" type="checkbox"/> X)	22 334787.	334787.	STATEMENT 8	
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc. * *	25 253777.	187907.		10533.
26 Other salaries and wages	26 781412.	656130.	94099.	31183.
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29 91033.	74219.	13145.	3669.
30 Professional fundraising fees	30			
31 Accounting fees	31 9997.		9997.	
32 Legal fees	32 212594.	173265.	30748.	8581.
33 Supplies	33 45600.	34570.	9753.	1277.
34 Telephone	34 36547.	29832.	5250.	1465.
35 Postage and shipping	35 33617.	30508.	2306.	803.
36 Occupancy	36 238752.	194614.	34517.	9621.
37 Equipment rental and maintenance	37 5101.	4159.	736.	206.
38 Printing and publications	38 48055.	45950.	1646.	459.
39 Travel	39 125781.	122224.	3035.	522.
40 Conferences, conventions, and meetings	40 37084.	37084.		
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	42 43005.	35063.	6209.	1733.
43 Other expenses not covered above (itemize).				
a	43a			
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g SEE STATEMENT 6	43g 349529.	217975.	125274.	6280.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 2646671.	2178287.	392052.	76332.

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 ☒ **X**If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A, (ii) the amount allocated to Program services \$ N/A,(iii) the amount allocated to Management and general \$ N/A, and (iv) the amount allocated to Fundraising \$ N/A

Form 990 (2005)

* * SEE STATEMENT 7

Part III Statement of Program Service Accomplishments (See the instructions)

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.

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

a SEE STATEMENT 9

(Grants and allocations \$ 279474.) If this amount includes foreign grants, check here ► ☒ 1144038.

b SEE STATEMENT 10

(Grants and allocations \$ 31903.) If this amount includes foreign grants, check here ► ☒ 507668.

c SEE STATEMENT 11

(Grants and allocations \$ 23412.) If this amount includes foreign grants, check here ► ☐ 526581.

d

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

e Other program services (attach schedule)

(Grants and allocations \$) If this amount includes foreign grants, check here ► ☐

f Total of Program Service Expenses (should equal line 44, column (B), Program services) ► 2178287.

Form 990 (2005)

Part IV Balance Sheets (See 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	140118.	45	118366.
	46 Savings and temporary cash investments	159096.	46	204556.
	47 a Accounts receivable	47a 682826.		
	b Less: allowance for doubtful accounts	47b 283979.	47c	398847.
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	48c	
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable STMT 12	51a 12000.		
	b Less: allowance for doubtful accounts	51b	51c	12000.
	52 Inventories for sale or use	34514.	52	32752.
	53 Prepaid expenses and deferred charges		53	947.
	54 Investments - securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55 a Investments - land, buildings, and equipment: basis	55a		
b Less: accumulated depreciation	55b	55c		
56 Investments - other		56		
57 a Land, buildings, and equipment: basis	57a 944506.			
b Less: accumulated depreciation STMT 13	57b 293407.	57c	651099.	
58 Other assets (describe <input type="checkbox"/> PREPAID TAX)	3785.	58	0.	
59 Total assets (must equal line 74). Add lines 45 through 58	1258729.	59	1418567.	
Liabilities	60 Accounts payable and accrued expenses	61131.	60	158954.
	61 Grants payable	16798.	61	108255.
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 14)	124823.	65	221523.
66 Total liabilities. Add lines 60 through 65)	202752.	66	488732.	
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	1051568.	67	911999.
	68 Temporarily restricted	4409.	68	17836.
	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)	1055977.	73	929835.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	1258729.	74	1418567.	

Part IV-A

Part IV-B	Reconciliation of Expenses per Audited Financial Statements With Expenses per Return	
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Part V-A **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated) (See the instructions.)

Form 990 (2005)

Part VI Other Information (continued)

		Yes	No
82 a	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
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		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b	N/A		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
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.		
c	Dues, assessments, and similar amounts from members		
85c	N/A		
d	Section 162(e) lobbying and political expenditures		
85d	N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e	N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f	N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85g	N/A		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
85h	N/A		
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		
86a	N/A		
b	Gross receipts, included on line 12, for public use of club facilities		
86b	N/A		
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		
87a	N/A		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
87b	N/A		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> , section 4912 <u>0.</u> , section 4955 <u>0.</u>		
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		X
89b			
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.
90 a	List the states with which a copy of this return is filed <u>CA</u>		
b	Number of employees employed in the pay period that includes March 12, 2005	90b	36
91 a	The books are in care of <u>PETER VAN AUKEN</u> Telephone no <u>(323) 962-2404</u> Located at <u>7060 HOLLYWOOD BLVD, SUITE 220, LOS ANGELES, CA</u> ZIP + 4 <u>90028-6015</u>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country <u>N/A</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country <u>N/A</u>	91c	X
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 <u>N/A</u>	92	

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

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a DRUG REHAB. TRAINING					925.
b LICENSING FEE INCOME					4399321.
c LECTURES & SEMINARS					6800.
d CONSULTING FEES					78685.
e REFERRAL FEES-DRUG REHAB					4078.
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	2066.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property			16	16355.	
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					-10083.
102 Gross profit or (loss) from sales of inventory					40008.
103 Other revenue:					
a COMMISSIONS					9100.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		18421.	4528834.
105 Total (add line 104, columns (B), (D), and (E))					4547255.

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 the instructions.)

Line No. Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)

SEE STATEMENT 17

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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
NONE	%			
	%			
	%			
	%			

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

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

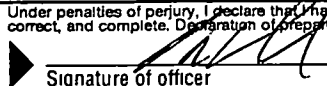
☐ Yes ☒ No

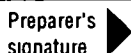
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, 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: 3 Nov 2006 Type or print name and title: PETER VAN AUKEN, TREASURER

Paid Preparer's Use Only: Preparer's signature:  Date: Preparer's SSN or PTIN:
 Firm's name (or yours if self-employed), address, and ZIP + 4:
 EIN:
 Phone no:

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 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

2005

Name of the organization

NARCONON INTERNATIONAL

Employer identification number

95 2769582

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

(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SUSAN BIRKENSHAW 7060 HOLLYWOOD BLVD SUITE 220, LOS AN	SENIOR DIR EXPANSION 45.00	52687.		
JEANNE TRAHANT 7060 HOLLYWOOD BLVD SUITE 220, LOS AN	DIR TECH EXPORT 45.00	50786.		
Total number of other employees paid over \$50,000	2			

Part II-A 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
RUBY & SCHOFIELD 125 S. MARKET STREET SUITE 1001, SAN JOSE, CA 951	LEGAL	82275.
ELLIOT J ABELSON 8491 WEST SUNSET BLVD, WEST HOLLYWOOD, CA 90069	LEGAL	51000.
Total number of others receiving over \$50,000 for professional services	2	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services

(List each contractor who performed services other than professional services, whether individuals or firms If there are none, enter "None " See page 2 of the instructions)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services	0	

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-A, FORM 990

2d X

e Transfer of any part of its income or assets?

2e X

- 3 a 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

c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?

3c X

- 4 a 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) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization **▶** ☐ Type 1 ☐ Type 2 ☐ Type 3

Provide the following information about the supported organizations (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.**
Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	386591.	134944.	320022.	247631.	1089188.
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	2565455.	2201388.	1607721.	1214514.	7589078.
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	9984.	12656.	10389.	13418.	46447.
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.	6649.	3524.	SEE STATEMENT 18 8636.	2018.	20827.
23 Total of lines 15 through 22	2968679.	2352512.	1946768.	1477581.	8745540.
24 Line 23 minus line 17	403224.	151124.	339047.	263067.	1156462.
25 Enter 1% of line 23	29687.	23525.	19468.	14776.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 23129.
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 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 52297.
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c 1156462.
d Add: Amounts from column (e) for lines 18 <u>46447.</u> 19 <u> </u> 22 <u>20827.</u> 26b <u>52297.</u>					26d 119571.
e Public support (line 26c minus line 26d total)					26e 1036891.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 89.6606%
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	(2004) N/A	(2003) N/A	(2002) N/A	(2001) N/A	
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, 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	(2004) N/A	(2003) N/A	(2002) N/A	(2001) N/A	
c Add: Amounts from column (e) for lines 15 <u> </u> 16 <u> </u> 17 <u> </u> 20 <u> </u> 21 <u> </u>					27c N/A
d Add: Line 27a total <u> </u> and line 27b total <u> </u>					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)			27f N/A		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

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?

Yes No

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)

34 a 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?

34b

If you answered "Yes" to either 34a or b, please explain using an attached statement

35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation

35

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)

N/A

(To be completed **ONLY** by an eligible organization that filed Form 5768)Check ☐ **a** if the organization belongs to an affiliated groupCheck ☐ **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)
- 37** Total lobbying expenditures to influence a legislative body (direct lobbying)
- 38** Total lobbying expenditures (add lines 36 and 37)
- 39** Other exempt purpose expenditures
- 40** Total exempt purpose expenditures (add lines 38 and 39)
- 41** Lobbying nontaxable amount Enter the amount from the following table -
- | | |
|--|---|
| If the amount on line 40 is - | The lobbying nontaxable amount is - |
| Not over \$500,000 | 20% of the amount on line 40 |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000 |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000 |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000 |
| Over \$17,000,000 | \$1,000,000 |
- 42** Grassroots nontaxable amount (enter 25% of line 41)
- 43** Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36
- 44** Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38

N/A

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.**4-Year Averaging Period Under Section 501(h)**

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

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(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

- 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
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		0.

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

Schedule A (Form 990 or 990-EZ) 2005

2005 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 COGS

COGS

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation

2005 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 PAGE 2

990

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	COMPUTER EQUIPMENT	063096SL		5.00	16	3864.			3864.	3864.		0.
2	MEDITERRANEO BUILDING	070198SL		25.00	16	800055.			800055.	208013.		32002.
3	BUILDING IMPROVEMENTS	070199SL		25.00	16	99982.			99982.	21995.		3999.
4	FURNITURE & EQUIPMENT	070101SL		5.00	16	270.			270.	189.		54.
5	SOFTWARE	070101SL		3.00	16	216.			216.	216.		0.
6	FURNITURE & EQUIPMENT	070102SL		5.00	16	5378.			5378.	2690.		1076.
7	SOFTWARE	070102SL		3.00	16	2144.			2144.	1787.		357.
8	LEASEHOLD IMPROVEMENTS	070103SL		5.00	16	617.			617.	185.		123.
9	COMPUTER	070103SL		5.00	16	2178.			2178.	654.		436.
10	FURNITURE & EQUIPMENT	070103SL		5.00	16	1548.			1548.	465.		310.
11	MOTOR VEHICLES	070103SL		5.00	16	885.			885.	266.		177.
12	SOFTWARE	070103SL		3.00	16	1056.			1056.	528.		352.
13	COMPUTER	070100SL		5.00	16	3164.			3164.	2849.		315.
14	COMPUTER	070101SL		5.00	16	2722.			2722.	1906.		544.
15	COMPUTER	070102SL		5.00	16	6590.			6590.	3295.		1318.
16	FURNITURE & EQUIPMENT	070194SL		5.00	16	394.			394.	394.		0.
17	FURNITURE & EQUIPMENT	070100SL		5.00	16	693.			693.	625.		68.
18	SOFTWARE	070104SL		3.00	16	486.			486.	81.		162.

528102
01-06-06

(D) - Asset disposed

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
19	COMPUTER	070104SL		5.00	16	3171.			3171.	317.		634.
20	FURNITURE & EQUIPMENT	070104SL		5.00	16	833.			833.	83.		167.
39	COMPUTER	070105SL		5.00	16	6098.			6098.			610.
40	FURNITURE & EQUIPMENT	070105SL		5.00	16	898.			898.			90.
41	SOFTWARE	070105SL		3.00	16	1264.			1264.			211.
	* TOTAL 990 PAGE 2					944506.		0.	944506.	250402.	0.	43005.
	DEPR											

FOOTNOTES

STATEMENT

1

LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES

OFFICERS, DIRECTORS AND TRUSTEES WHO ARE ALSO EMPLOYEES ARE COMPENSATED ONLY FOR THEIR DUTIES AS EMPLOYEES, NOT FOR THEIR DUTIES AS OFFICERS, DIRECTORS AND TRUSTEES.

SEE FORM 990, PART V

FORM 990	RENTAL INCOME	STATEMENT	2
KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME	
DRUG REHABILITATION CENTER, NARCONON MEDITERRANEO	2	16355.	
TOTAL TO FORM 990, PART I, LINE 6A		16355.	

FORM 990	SPECIAL EVENTS AND ACTIVITIES				STATEMENT	3
DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME	
NARCONON HOCKEY GAMES	31585.		31585.	41668.	-10083.	
TO FM 990, PART I, LINE 9	31585.		31585.	41668.	-10083.	

FORM 990

INCOME AND COST OF GOODS SOLD
INCLUDED ON PART I, LINE 10

STATEMENT 4

INCOME

1. GROSS RECEIPTS	122127	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		122127
4. COST OF GOODS SOLD (LINE 13)	82119	
5. GROSS PROFIT (LINE 3 LESS LINE 4)		40008

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR	34514	
7. MERCHANDISE PURCHASED	80357	
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		114871
12. INVENTORY AT END OF YEAR	32752	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12). .		82119

FORM 990

PAYMENTS TO AFFILIATES

STATEMENT

5

AFFILIATE'S NAME

AFFILIATE'S ADDRESS

ABLE INTERNATIONAL

LOS ANGELES

PURPOSE OF PAYMENT

AMOUNT

LICENSING FEES

1433990.

AFFILIATE'S NAME

AFFILIATE'S ADDRESS

NARCONON ANZO

SYDNEY, AUSTRALIA

PURPOSE OF PAYMENT

AMOUNT

TECHNICAL ASSISTANCE AND SUPERVISION OF NARCONON CENTERS

18178.

AFFILIATE'S NAME

AFFILIATE'S ADDRESS

NARCONON EUROPE

COPENHAGEN, DENMARK

PURPOSE OF PAYMENT

AMOUNT

TECHNICAL ASSISTANCE AND SUPERVISION OF NARCONON CENTERS

176506.

AFFILIATE'S NAME

AFFILIATE'S ADDRESS

NARCONON EASTERN UNITED STATES

SAFETY HARBOR, FL

PURPOSE OF PAYMENT

AMOUNT

TECHNICAL ASSISTANCE AND SUPERVISION OF NARCONON CENTERS

230797.

AFFILIATE'S NAME

AFFILIATE'S ADDRESS

NARCONON WESTERN UNITED STATES

LOS ANGELES

PURPOSE OF PAYMENT

AMOUNT

TECHNICAL ASSISTANCE AND SUPERVISION OF NARCONON CENTERS

409926.

AFFILIATE'S NAME

AFFILIATE'S ADDRESS

ABLE LATIN AMERICA

MEXICO

PURPOSE OF PAYMENT

AMOUNT

LICENSING FEES

5573.

TOTAL TO FORM 990, PART I, LINE 16

2274970.

FORM 990

OTHER EXPENSES

STATEMENT 6

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
COMMISSIONS	1212.	571.		641.
LICENSES & FEES	1478.	1352.	104.	22.
PROMOTION	92066.	91786.	248.	32.
BANK CHARGES	9028.	7404.	1270.	354.
STAFF TRAINING	135251.	111276.	18744.	5231.
TRAINING MATERIALS	518.	518.		
ROYALTIES	4429.	4429.		
BAD DEBT EXPENSE	0.			
INVENTORY WRITEDOWN	639.	639.		
REFUNDS	104908.		104908.	
TOTAL TO FM 990, LN 43	349529.	217975.	125274.	6280.

FORM 990

OFFICER COMPENSATION ALLOCATION
PART II, LINE 25

STATEMENT 7

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
CLAUDIA ARCABASCIO	25838.			25838.
A. PROGRAM SERVICES	21962.			21962.
B. MANAGEMENT AND GENERAL	2584.			2584.
C. FUNDRAISING	1292.			1292.

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
PATRICIA ANDERSON	13279.			13279.
A. PROGRAM SERVICES	11287.			11287.
B. MANAGEMENT AND GENERAL	1328.			1328.
C. FUNDRAISING	664.			664.

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
CLARK CARR	56490.			56490.
A. PROGRAM SERVICES	50841.			50841.
B. MANAGEMENT AND GENERAL	2825.			2825.
C. FUNDRAISING	2824.			2824.

<u>NAME OF OFFICER, ETC.</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BEN. PLANS</u>	<u>EXPENSE ACCOUNTS</u>	<u>TOTALS</u>
PETER VAN AUKEN	38121.			38121.
A. PROGRAM SERVICES	1525.			1525.
B. MANAGEMENT AND GENERAL	36596.			36596.
C. FUNDRAISING				

<u>NAME OF OFFICER, ETC.</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BEN. PLANS</u>	<u>EXPENSE ACCOUNTS</u>	<u>TOTALS</u>
PHIL HART	57327.			57327.
A. PROGRAM SERVICES	45862.			45862.
B. MANAGEMENT AND GENERAL	5733.			5733.
C. FUNDRAISING	5732.			5732.

<u>NAME OF OFFICER, ETC.</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BEN. PLANS</u>	<u>EXPENSE ACCOUNTS</u>	<u>TOTALS</u>
ANGELA GARCIA	62332.			62332.
A. PROGRAM SERVICES	56099.			56099.
B. MANAGEMENT AND GENERAL	6233.			6233.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
MICHAEL LAUNITZ	390.			390.
A. PROGRAM SERVICES	332.			332.
B. MANAGEMENT AND GENERAL	39.			39.
C. FUNDRAISING	19.			19.

TOTAL PROGRAM SERVICES	187908.
TOTAL MANAGEMENT AND GENERAL	55338.
TOTAL FUNDRAISING	10531.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B	253777.

FORM 990	CASH GRANTS AND ALLOCATIONS	STATEMENT	8
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CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
DRUG REHABILITATION	NARCONON WESTERN UNITED STATES	7060 HOLLYWOOD BLVD, LOS ANGELES, CA 90028	N/A	64000.
DRUG REHABILITATION	NARCONON VENEZUELA	VENEZUELA	N/A	404.
DRUG REHABILITATION	CRIMINON INTERNATIONAL	7060 HOLLYWOOD BLVD, LOS ANGELES, CA 90028	N/A	5500.
DRUG REHABILITATION	NARCONON ITALY	ITALY	N/A	104874.
DRUG REHABILITATION	NARCONON UK	UNITED KINGDOM	N/A	2000.
DRUG REHABILITATION	NARCONON HAWAII	HAWAII	N/A	6428.
DRUG REHABILITATION	NARCONON STONE HAWK	MICHIGAN	N/A	200.
DRUG REHABILITATION	NARCONON EUROPE	COPENHAGEN, DENMARK	N/A	1456.

DRUG REHABILITATION	NARCONON NORTHERN CALIFORNIA	WATSONVILLE, CA	N/A	90000.
DRUG EDUCATION	NARCONON HAWAII	HAWAII	N/A	31155.
DRUG EDUCATION	NARCONON PAKISTAN	PAKISTAN	N/A	208.
DRUG EDUCATION	NARCONON NEW ENGLAND	MA	N/A	540.
PUBLIC AWARENESS	NARCONON HAWAII	HAWAII	N/A	22462.
DRUG REHABILITATION	NARCONON ARROWHEAD	OKLAHOMA	N/A	200.
SOCIAL BETTERMENT	ABLE INTERNATIONAL	7065 HOLLYWOOD BLVD, LOS ANGELES, CA 90028	N/A	5360.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22

334787.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT

9

DESCRIPTION OF PROGRAM SERVICE ONEDRUG DETOXIFICATION AND REHABILITATION

NARCONON INTERNATIONAL CONTINUED TO EXPERIENCE UNPRECEDENTED EXPANSION IN 2005 THROUGH ITS EXISTING DRUG REHABILITATION CENTERS, EXPANDING INTO NEW AREAS AND COUNTRIES, AND ENLIGHTENING PEOPLE ABOUT THE EFFECTIVENESS OF THE NARCONON DRUG REHABILITATION PROGRAM.

THE NUMBER OF STUDENTS ON THE NARCONON REHAB PROGRAM AROUND THE WORLD EACH WEEK INCREASED FROM AN AVERAGE OF APPROXIMATELY 910 IN 2004 TO 1080 IN 2005.

INTERNATIONALLY, THE NUMBER OF PEOPLE GRADUATING THE NARCONON DRUG REHABILITATION PROGRAM CONFIDENT OF BEING ABLE TO LIVE A "DRUG-FREE LIFE" WAS MORE THAN 1500 IN 2005, BRINGING THE INTERNATIONAL TOTAL TO DATE TO JUST UNDER 15,900.

SEVERAL NEW NARCONON DRUG REHABILITATION CENTERS OPENED DURING 2005 INCLUDING CENTERS IN FLORIDA, MEXICO AND ITALY. NARCONON INTERNATIONAL ASSISTED EACH OF THESE CENTERS TO BECOME ESTABLISHED THROUGH GRANTS, STAFFING AND TRAINING.

THESE NEW CENTERS JOINED THE ALREADY ESTABLISHED NARCONON CENTERS AND GROUPS ACTIVELY PROVIDING L. RON HUBBARD'S DRUG REHABILITATION AND PREVENTION SERVICES TO THE BROAD PUBLIC BRINGING THE TOTAL NUMBER OF CENTERS AND GROUPS TO 192.

EXISTING REHABILITATION CENTERS CONTINUED TO EXPAND. FOR EXAMPLE, THE NARCONON RESIDENTIAL CENTER IN MICHIGAN, CONTINUED RENOVATIONS ON THEIR NEW ADDITIONAL CENTER WHICH WILL PROVIDE 100 MORE BEDS FOR DRUG AND ALCOHOL REHABILITATION.

AFTER FULLY MEETING THE EXTENSIVE CERTIFICATION REGULATIONS, NARCONON ARROWHEAD WAS CERTIFIED BY THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES IN OKLAHOMA FOR ITS NON-MEDICAL DETOXIFICATION SERVICES.

NARCONON ARROWHEAD PURCHASED A NEW BUILDING WHICH WILL BE USED AS THE INTERNATIONAL TRAINING CENTER. THE CURRENT INTERNATIONAL TRAINING CENTER IN NARCONON ARROWHEAD'S

EXISTING FACILITY WAS EXPANDED WITH ASSISTANCE FROM NARCONON INTERNATIONAL THROUGH ON-SITE STAFF ASSISTANCE AND TRAINING.

NARCONON ARROWHEAD TRAINED STAFF OF NARCONON CENTERS FROM AROUND THE WORLD IN ADDITION TO TRAINING PUBLIC INDIVIDUALS WHO WANT TO OPEN A NARCONON CENTER. AS AN EXAMPLE, IN 2005, AS A RESULT OF PRESIDENT NARCONON INTERNATIONAL'S MEETINGS WITH THE JORDANIAN GOVERNMENT, THREE NARCOTICS POLICE OFFICERS FROM THAT COUNTRY TRAINED AT THE INTERNATIONAL TRAINING CENTER.

NARCONON FLORIDA RECEIVED A CERTIFICATE FROM THE DEPARTMENT OF CHILDREN AND FAMILIES OFFICIALLY RECOGNIZING THEM AS A "PROMISING PROGRAM," SIGNED BY THE ASSISTANT SECRETARY FOR SUBSTANCE ABUSE AND MENTAL HEALTH.

THE REGIONAL OFFICE OF SOUTH EUROPE CONTINUED TO EXPAND. THE SCOPE OF THEIR ACTIVITIES EXTENDS FROM SPAIN IN THE WEST TO MACEDONIA AND OTHER BALKAN COUNTRIES IN THE EAST, INCLUDING CROATIA, GREECE AND ITALY. IN 2005 THEIR EXPANSION ACTIVITIES ALSO INCLUDED PROJECTS IN ROMANIA, CYPRUS, ISRAEL, FRANCE, CHINA AND AFRICA.

NARCONON SOUTH EUROPE OBTAINED ACCREDITATION FROM THE LOMBARDIA REGION WHICH ALLOWS THEM TO OBTAIN GOVERNMENT FUNDING FOR TRAINING PEOPLE IN DRUG REHABILITATION SERVICES AND DRUG PREVENTION.

NARCONON GABBIANO IN THE SOUTH OF ITALY WAS OFFICIALLY RECOGNIZED AND REGISTERED AS A DRUG REHABILITATION FACILITY IN PUGLIA REGION WHICH ALLOWS CITIZENS TO OBTAIN GOVERNMENT FUNDING FOR THEIR DRUG REHABILITATION PROGRAM AT NARCONON.

IN CAPETOWN, SOUTH AFRICA, SIX MEMBERS OF A SUBSTANCE ABUSE SUPPORT GROUP WERE TRAINED TO PROVIDE NARCONON DRUG WITHDRAWAL SERVICES TO THEIR COMMUNITY.

THERE ARE SEVERAL NARCONON CENTERS IN THE COMMONWEALTH OF INDEPENDENT STATES AND THEY ARE CONTINUING TO RAPIDLY INCREASE WITH THE NUMBER OF STUDENTS ON THE PROGRAM AT ANY ONE TIME INCREASING FROM 75 IN 2004 TO 105 IN 2005.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A	279474.	1144038.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT 10

DESCRIPTION OF PROGRAM SERVICE TWODRUG EDUCATION AND PREVENTION

IN 2005, DRUG EDUCATION LECTURES, BASED ON THE WORKS OF L. RON HUBBARD, WERE DELIVERED TO OVER 470,000 PEOPLE WORLDWIDE. THESE INCLUDE STUDENTS, TEACHERS, PARENTS, SCHOOL OFFICIALS, COMMUNITY MEMBERS AND THE GOVERNMENT SECTOR.

IN SWEDEN, NARCONON DRUG EDUCATION WAS DELIVERED OVER 1300 SOLDIERS IN MILITARY HIGH SCHOOLS AND THE SWEDISH AIR FORCE. ALTOGETHER, THE DRUG EDUCATION TEAM IN SWEDEN DELIVERED PRESENTATIONS TO NEARLY 22,000 PEOPLE.

IN RUSSIA, DRUG EDUCATION LECTURES WERE DELIVERED TO MORE THAN 106,000 PEOPLE.

THE NARCONON ARROWHEAD (OKLAHOMA) DRUG PREVENTION TEAM PRESENTED DRUG EDUCATION LECTURES TO OVER 14,700 PEOPLE IN 2005.

MANY OTHER NARCONON DRUG REHABILITATION CENTERS PRESENTED DRUG EDUCATION LECTURES TO THE PUBLIC THROUGHOUT 2005, SUCH AS THE NARCONON CENTER IN MICHIGAN TO 11,060 PEOPLE.

IN ADDITION TO THE ABOVE, NARCONON DRUG EDUCATION GROUPS PROVIDED LECTURES TO MORE THAN 29,000 CHILDREN IN LOS ANGELES AND TO 4,000 CHILDREN IN HAWAII.

SEVERAL NEW NARCONON DRUG EDUCATION GROUPS WERE ALSO ESTABLISHED IN SPAIN AS WELL AS A NEW GROUP IN INDIA.

NARCONON ITALY AND ITS DRUG REHABILITATION CENTERS SIGNED MORE THAN 50 CONTRACTS WITH GOVERNMENT SCHOOLS AND AGENCIES FOR THE 2005-2006 PERIOD CONTRIBUTING TO MORE THAN 10,000 PEOPLE RECEIVING NARCONON DRUG EDUCATION LECTURES IN 2005.

THIS INCLUDED DRUG EDUCATION LECTURES DELIVERED IN THE LOMBARDIA REGION ON THE PREVENTION OF JUVENILE TOXIC DEPENDENCY IN SCHOOLS, WHICH ACTIVITY WAS FINANCED BY THE MINISTER OF STUDIES AND UNIVERSITY.

TENS OF THOUSANDS OF THE "TEN THINGS YOUR FRIENDS MAY NOT KNOW ABOUT DRUGS" DRUG EDUCATION BOOKLET, ILLUSTRATED AND

PUBLISHED IN SEVERAL LANGUAGES, CONTINUED TO BE DISTRIBUTED WORLDWIDE.

DRUG EDUCATION KITS CONSISTING OF VIDEOS AND BOOKLETS FOR TEACHERS AND STUDENTS WERE DISTRIBUTED BY FRIENDS OF NARCONON TO 530 ELEMENTARY SCHOOLS AND SECONDARY SCHOOLS IN THE UNITED STATES. MORE THAN 109,000 STUDENTS REPORTED BACK AS HAVING VIEWED THE VIDEOS, AND EXPRESSING HAVING OBTAINED GREATER AWARENESS ON THE ADVERSE EFFECTS OF DRUGS FROM THE INFORMATION PROVIDED. ALSO IN 2005, DVD VERSIONS OF THE "MARIJUANA THE MYTH" AND "THE TRUTH ABOUT DRUGS" LECTURES WERE RELEASED TO THE GENERAL PUBLIC, INCLUDING A FEATURE CALLED "WHY PARENTS ARE THE LAST TO KNOW."

NARCONON MEXICO ESTABLISHED A DRUG EDUCATION PROGRAM IN THE CITY OF PEDRO ESCOBEDO IN COOPERATION WITH THE POLICE. OVERALL, THEY DELIVERED 160 NARCONON DRUG PREVENTION PRESENTATIONS TO 10,950 STUDENTS IN 70 SCHOOLS.

FOR THE SECOND YEAR IN A ROW, NARCONON JOHANNESBURG TRAINED SEVERAL POLICE OFFICERS AS DRUG PREVENTION SPECIALISTS.

TO FORM 990, PART III, LINE B

GRANTS	EXPENSES
31903.	507668.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT 11

DESCRIPTION OF PROGRAM SERVICE THREERAISING PUBLIC AWARENESS OF THE PROBLEMS OF DRUG ABUSE AND THEIR SOLUTIONS

IN 2005 NARCONON INTERNATIONAL AND ITS LICENSED GROUPS AND CENTERS REACHED OUT THROUGH NUMEROUS ACTIVITIES TO MAKE FURTHER KNOWN NARCONON DRUG REHABILITATION AND DRUG EDUCATION PROGRAMS AND SERVICES.

THE ALARMING INCREASE OF DRUG ABUSE AND DRUG-RELATED CRIME WORLDWIDE WAS ADDRESSED BY A BROAD SERIES OF CONFERENCES, SEMINARS AND MEDIA CAMPAIGNS. THESE WERE CONDUCTED BY NARCONON INTERNATIONAL AND BY LOCAL NARCONON CENTERS WITH THE PURPOSE OF RAISING PUBLIC AWARENESS ON THE DEVASTATION CAUSED BY ALCOHOL AND OTHER DRUGS AND TO PROVIDE SOLUTIONS THROUGH THE PROVEN RESULTS OF THE NARCONON DRUG REHABILITATION AND EDUCATION PROGRAMS.

IN PHILADELPHIA, THE PRESIDENT OF NARCONON INTERNATIONAL PRESENTED THE NARCONON DRUG PREVENTION PROGRAMS TO OVER 30 POLICE OFFICERS AND COMMUNITY LEADERS AT AN ANTI-DRUG FORUM.

NARCONON INTERNATIONAL CREATED A VOLUNTEER HOCKEY TEAM CALLED THE NARCONON MIRACLES. THEY PLAYED 3 GAMES IN 2005, RAISING MONEY FOR DRUG EDUCATION AND RAISING THE AWARENESS OF THE NEED FOR EFFECTIVE DRUG PREVENTION PROGRAMS.

PRESIDENT NARCONON SOUTHERN EUROPE MET WITH MONTENEGRO OFFICIALS AND DID DRUG PREVENTION LECTURES IN THE CITY OF GRIMALDI. HE ALSO ATTENDED THE 4TH ECAD (EUROPEAN CITIES AGAINST DRUGS) CONFERENCE IN MONTENEGRO, WHERE HE INTRODUCED THE NARCONON PROGRAM TO GOVERNMENT REPRESENTATIVES OF MONTENEGRO, CROATIA, SERBIA, BOSNIA HERZEGOVINA, SLOVENIA AND MALTA. FOLLOWING THE CONFERENCE, AN OFFICIAL DELEGATION COMPOSED OF A REPRESENTATIVE FROM THE SERBIAN MINISTRY OF THE INTERIOR AND THREE MEDICAL PROFESSIONALS, VISITED NARCONON GABBIANO IN SOUTHERN ITALY TO SEE THE NARCONON DRUG REHABILITATION PROGRAM IN OPERATION.

IN PROFESSIONAL RECOGNITION FOR ITS WORK AND ACTIVITIES IN TAKING RESPONSIBILITY FOR THE AREA OF DRUG ABUSE, NARCONON SOUTHERN EUROPE WAS ACCEPTED AND REGISTERED IN THE EUROPEAN FEDERATION OF THE HOSPITAL AND SOCIAL VOLUNTEERS.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE C	23412.	526581.

FORM 990	OTHER NOTES AND LOANS REPORTED SEPARATELY	STATEMENT 12
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BORROWER'S NAME	TERMS OF REPAYMENT
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SOCIAL BETTERMENT DEVELOPMENT CORPORATION	6 MONTHS
--	----------

DATE OF NOTE	MATURITY DATE	ORIGINAL LOAN AMOUNT	INTEREST RATE	FMV OF CONSIDERATION
12/22/05	06/30/06	12000.	10.00%	0.

SECURITY PROVIDED BY BORROWER	PURPOSE OF LOAN
-------------------------------	-----------------

NONE	FUNDING FOR EXPANSION
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RELATIONSHIP OF BORROWER	DESCRIPTION OF CONSIDERATION	DOUBTFUL ACCT ALLOWANCE	BALANCE DUE
NONE	NONE	0.	12000.

TOTALS INCLUDED ON FORM 990, PART IV, LINE 51	0.	12000.
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FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT 13
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER EQUIPMENT	3864.	3864.	0.
MEDITERRANEO BUILDING	800055.	240015.	560040.
BUILDING IMPROVEMENTS	99982.	25994.	73988.
FURNITURE & EQUIPMENT	270.	243.	27.
SOFTWARE	216.	216.	0.
FURNITURE & EQUIPMENT	5378.	3766.	1612.
SOFTWARE	2144.	2144.	0.
LEASEHOLD IMPROVEMENTS	617.	308.	309.
COMPUTER	2178.	1090.	1088.
FURNITURE & EQUIPMENT	1548.	775.	773.
MOTOR VEHICLES	885.	443.	442.
SOFTWARE	1056.	880.	176.
COMPUTER	3164.	3164.	0.
COMPUTER	2722.	2450.	272.
COMPUTER	6590.	4613.	1977.
FURNITURE & EQUIPMENT	394.	394.	0.
FURNITURE & EQUIPMENT	693.	693.	0.
SOFTWARE	486.	243.	243.

NARCONON INTERNATIONAL

95-2769582

COMPUTER	3171.	951.	2220.
FURNITURE & EQUIPMENT	833.	250.	583.
COMPUTER	6098.	610.	5488.
FURNITURE & EQUIPMENT	898.	90.	808.
SOFTWARE	1264.	211.	1053.
TOTAL TO FORM 990, PART IV, LN 57	944506.	293407.	651099.

FORM 990 OTHER LIABILITIES STATEMENT 14

DESCRIPTION	AMOUNT
DEPOSITS	1035.
SALES TAX PAYABLE	405.
PAYROLL TAXES PAYABLE	903.
SALARY PAYABLE	6456.
LICENSING FEES PAYABLE	107816.
REFUNDS PAYABLE	104908.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	221523.

FORM 990 PART V-A - LIST OF OFFICERS, DIRECTORS, STATEMENT 15
 TRUSTEES AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
LAURIE ZURN 7065 HOLLYWOOD BLVD. LOS ANGELES, CA 90028	TRUSTEE/VOTING MEMBER 0.00	0.	0.	0.
CLARK CARR (SEE STATEMENT) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	PRESIDENT/DIRECTOR 45.00	56490.	0.	0.
PETER VAN AUKEN (SEE STATEMENT) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	TREASURY/TREASURER 45.00	38121.	0.	0.
PHIL HART (SEE STATEMENT) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	TRUSTEE/VOTING MEMBER 45.00	57327.	0.	0.
KAREN SEAGAL 7065 HOLLYWOOD BLVD. LOS ANGELES, CA 90028	DIRECTOR 0.00	0.	0.	0.
PATRICIA SCHWARTZ 622 E VILLA ST SUITE 201 PASADENA, CA 91101	DIRECTOR 0.00	0.	0.	0.
ANGELA GARCIA (SEE STATEMENT) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	DEP EXEC DIR/KEY EMPLOYEE 45.00	62332.	0.	0.
PATRICIA ANDERSON (SEE STATEMENT) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	LEGAL/SECRETARY 45.00	13279.	0.	0.
CLAUDIA ARCABASCIO (SEE STATEMENT) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	LEGAL/SECRETARY 45.00	25838.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		253387.	0.	0.

FORM 990	PART V-A OFFICER COMPENSATION FROM RELATED ORGANIZATIONS	STATEMENT 16
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OFFICER'S NAME	COMPENSATION	EMPLOYEE BENEFIT PLAN CONTRIBUTION	EXPENSE ACCOUNT
LAW OFFICES OF ELLIOT ABELSON	2560.		
NAME OF RELATED ORGANIZATION		EMPLOYER ID NUMBER	
APPLIED SCHOLASTICS INT		23-7250829	
RELATIONSHIP BETWEEN ORGANIZATIONS			
RELATED BY COMMON LICENSOR			
COMPENSATION DESCRIPTION			
PAYMENT FOR PROFESSIONAL ATTORNEY SERVICES.			

FORM 990	PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES	STATEMENT 17
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LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	TRAINING & EDUCATION ON DRUG REHABILITATION & DETOXIFICATION DELIVERY
93B	PAYMENTS RECEIVED FOR LICENSING FEES FROM USE OF DRUG REHAB PROGRAM
93C	PAYMENTS RECEIVED FOR DRUG REHAB & EDUCATION TRAINING SEMINARS
93D	PAYMENTS FOR CONSULTING REGARDING DRUG REHAB & EDUCATION
93E	REFERRAL FEES FROM DRUG REHAB CENTERS
102	SALE OF BOOKS REGARDING DRUG ABUSE AND OTHER MATERIALS PROMOTING DRUG FREE LIFESTYLES.
103A	FUNDRAISING COMMISSIONS RECEIVED FROM OTHER EXEMPT ORGANIZATIONS

SCHEDULE A	OTHER INCOME			STATEMENT 18
DESCRIPTION	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT	2001 AMOUNT
COMMISSIONS	6649.	3524.	8636.	2018.
TOTAL TO SCHEDULE A, LINE 22	6649.	3524.	8636.	2018.

Depreciation and Amortization COGS
(Including Information on Listed Property)

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

OMB No 1545-0172

2005
Attachment
Sequence No **67**

NARCONON INTERNATIONAL

FORM 990 COGS

95-2769582

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 the instructions for a higher limit for certain businesses	1	105000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	420000.
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 instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	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 2006. 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 allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	
18	If you are electing 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 2005 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 2005 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 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	0.
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	

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 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 property (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 allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				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		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are **not** more than 5% owners or related persons.

	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 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?		

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 2005 tax year:					
43 Amortization of costs that began before your 2005 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

Depreciation and Amortization 990
(Including Information on Listed Property)

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

OMB No 1545-0172

2005

Attachment
Sequence No 67

NARCONON INTERNATIONAL

FORM 990 PAGE 2

Identifying number
95-2769582

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 the instructions for a higher limit for certain businesses	1	105000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	420000.
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 instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2004 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	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 2006. 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 allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	43005.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2005	17	
18	If you are electing 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 2005 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 2005 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 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	43005.
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	

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 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 property (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
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25 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use

25

26 Property used more than 50% in a qualified business use:

		%						
		%						
		%						

27 Property used 50% or less in a qualified business use:

		%			S/L -		
		%			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	(b) Vehicle	(c) Vehicle	(d) Vehicle	(e) Vehicle	(f) Vehicle
30 Total business/investment miles driven during the year (do not include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year. Add lines 30 through 32						
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?						
36 Is another vehicle available for personal use?						

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See 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?		

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
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42 Amortization of costs that begins during your 2005 tax year:

43 Amortization of costs that began before your 2005 tax year

43

44 Total. Add amounts in column (f). See the instructions for where to report

44

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box ☐ **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

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

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization NARCONON INTERNATIONAL	Employer identification number 95 : 2769582
	Number, street, and room or suite no. If a P.O. box, see instructions. 7060 Hollywood Blvd. Suite 220	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions Los Angeles, California 90028	

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

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

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

- The books are in the care of
- Peter Van Auken**

Telephone No. **(323) 962-2404** FAX No. **(323) 962-6507**

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

- 4 I request an additional 3-month extension of time until November 15, 2006.
- 5 For calendar year 2005, or other tax year beginning _____, 20____, and ending _____, 20____.
- 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension _____

- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

Signature and Verification

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

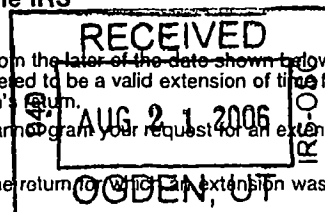
Signature 

Title

Treasurer

Date 15 Aug 2006**Notice to Applicant—To Be Completed by the IRS**

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



DENIED- YOU DID NOT STATE WHY YOU NEED AN EXTENSION. PLEASE FILE YOUR RETURN IMMEDIATELY.

Director

Alternate
returned to

Date

the copy of this application for an additional 3-month extension

Type or
print

Number and street (include suite, room, or apt. no.) or a P.O. box number

City or town, province or state, and country (including postal or ZIP code)

EXTENSION DENIED
SEP 12 2006
SUBMISSION PROCESSING, OGDEN

- Amended**
- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box ☐ **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
 - If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

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

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization NARCONON INTERNATIONAL	Employer identification number 95 : 2769582
	Number, street, and room or suite no. If a P.O. box, see instructions. 7060 HOLLYWOOD BLVD. SUITE 220	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions LOS ANGELES, CALIFORNIA 90028	

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

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

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

- The books are in the care of **PETER VAN AUKEN**

Telephone No. **323 962-2404** FAX No. **323 962-6507**

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

- 4 I request an additional 3-month extension of time until **NOVEMBER 15**, 20 **06**.
- 5 For calendar year _____, or other tax year beginning _____, 20____, and ending _____, 20____.
- 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension **ADDITIONAL TIME IS NEEDED TO COMPILE AND REVIEW BY ACCOUNTANTS THE INFORMATION REQUIRED TO SUBMIT A FULL AND ACCURATE RETURN.**

- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

Signature and Verification

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

Signature **Peter Van Auker**Title **Treasurer**Date **15 Sep 2006****Notice to Applicant—To Be Completed by the IRS**

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

By: _____ Date: _____

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

Type or print	Name
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box ☐ **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

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

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization NARCONON INTERNATIONAL	Employer identification number 95 : 2769582	
	Number, street, and room or suite no. If a P.O. box, see instructions. 7060 Hollywood Blvd. Suite 220		For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Los Angeles, California 90028		

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

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

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

- The books are in the care of
- Peter Van Auker**

Telephone No. **(323) 962-2404** FAX No. **(323) 962-6507**

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

- 4 I request an additional 3-month extension of time until **November 15**, 20 **06**.
- 5 For calendar year **2005**, or other tax year beginning _____, 20____, and ending _____, 20____.
- 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension _____

- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

Signature and Verification

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

Signature **Peter Van Auker**Title **Treasurer**Date **15 May 2006****Notice to Applicant—To Be Completed by the IRS**

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

Director _____

By: _____

Date _____

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

Type or print	Name
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

▶ File a separate application for each return.

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

Part I Automatic 3-Month Extension of Time—Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only ☐
All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile.

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization NARCONON INTERNATIONAL	Employer identification number 95 : 2769582
	Number, street, and room or suite no. If a P.O. box, see instructions. 7060 Hollywood Blvd., Suite 220	
	City, town or post office, state, and ZIP code For a foreign address, see instructions Los Angeles, California 90028	

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

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

- The books are in the care of ▶ **Peter Van Auken**

Telephone No. ▶ (**323**) **962-2404**

FAX No. ▶ (**323**) **962-6507**

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

- 1** I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until **August 15**, 20 **06**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ▶ ☒ calendar year 20 **05** or
 - ▶ ☐ tax year beginning _____, 20 ____, and ending _____, 20 ____

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

- 3a** If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____
- b** If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ _____
- c Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ _____

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.