

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

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

OMB No 1545-0047

2006Open to Public
Inspection**A** For the 2006 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 OF OKLAHOMA, INC.**

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

HC 67 BOX 5

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

CANADIAN, OK 74425**D** Employer identification number**73-1589280****E** Telephone number**918-339-5800****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 ▶ **2595****G** Website: **WWW.STOPADDICTION.COM****J** Organization type (check only one) ☒ 501(c) (3) (insert no) ☐ 4947(a)(1) or ☐ 527**K** Check here ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.**M** Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **11,584,521.****Part I** Revenue, Expenses, and Changes in Net Assets or Fund Balances

1 Contributions, gifts, grants, and similar amounts received:					
a Contributions to donor advised funds	1a				
b Direct public support (not included on line 1a)	1b	82,604.			
c Indirect public support (not included on line 1a)	1c	3,000.			
d Government contributions (grants) (not included on line 1a)	1d				
e Total (add lines 1a through 1d) (cash \$ 82,604. noncash \$ 3,000.)			1e	85,604.	
2 Program service revenue including government fees and contracts (from Part VII, line 93)			2	10,970,687.	
3 Membership dues and assessments			3		
4 Interest on savings and temporary cash investments			4	107,459.	
5 Dividends and interest from securities			5		
6 a Gross rents SEE STATEMENT 2	6a	4,960.			
b Less: rental expenses SEE STATEMENT 3	6b	4,056.			
c Net rental income or (loss). Subtract line 6b from line 6a			6c	904.	
7 Other investment income (describe ▶)			7		
8 a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other		
b Less: cost or other basis and sales expenses	8a		200.		
c Gain or (loss) (attach schedule)	8b		1,772.		
d Net gain or (loss). Combine line 8c, columns (A) and (B)	8c		<1,572.		8d <1,572.>
9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>					
a Gross revenue (not including \$ of contributions reported on line 1b)	9a				
b Less: direct expenses other than fundraising expenses	9b				
c Net income or (loss) from special events. Subtract line 9b from line 9a			9c		
10 a Gross sales of inventory, less returns and allowances IRS - CSC -600	10a		391,383.		
b Less: cost of goods sold	10b		135,728.		
c Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a			10c	255,655.	
11 Other revenue (from Part VII, line 103)			11	24,228.	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	11,442,965.	
13 Program services (from line 44, column (B))			13	9,333,118.	
14 Management and general (from line 44, column (C))			14	1,132,421.	
15 Fundraising (from line 44, column (D))			15	53,683.	
16 Payments to affiliates (attach schedule) SEE STATEMENT 6			16	949,645.	
17 Total expenses. Add lines 16 and 44, column (A)			17	11,468,867.	
18 Excess or (deficit) for the year. Subtract line 17 from line 12			18	<25,902.>	
19 Net assets or fund balances at beginning of year (from line 73, column (A))			19	7,430,828.	
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	7,404,926.	

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

Form 990 (2006)

17001114 131924 NOK

2006.06010 NARCONON OF OKLAHOMA, INC. NOK 1

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
22a Grants paid from donor advised funds (attach schedule) (cash \$ <u>0</u> . noncash \$ <u>0</u> . If this amount includes foreign grants, check here <input type="checkbox"/> 22a				
22b Other grants and allocations (attach schedule) (cash \$ <u>319,522</u> . noncash \$ <u>0</u> . If this amount includes foreign grants, check here <input type="checkbox"/> 22b	319,522.	319,522.	STATEMENT 8	
23 Specific assistance to individuals (attach schedule) STATEMENT 9 23	34,338.	34,338.		
24 Benefits paid to or for members (attach schedule) 24				
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A 25a	145,430.	85,463.		54,843.
b Compensation of former officers, directors, key employees, etc. listed in Part V-B 25b	0.	0.	0.	0.
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) 25c				
26 Salaries and wages of employees not included on lines 25a, b, and c 26	3,953,173.	3,345,571.	577,559.	30,043.
27 Pension plan contributions not included on lines 25a, b, and c 27				
28 Employee benefits not included on lines 25a - 27 28	511,934.	433,453.	74,600.	3,881.
29 Payroll taxes 29	342,014.	289,447.	49,968.	2,599.
30 Professional fundraising fees 30				
31 Accounting fees 31	61,282.		61,282.	
32 Legal fees 32	244,960.	209,671.	33,673.	1,616.
33 Supplies 33	132,991.	107,838.	24,531.	622.
34 Telephone 34	149,932.	127,258.	21,553.	1,121.
35 Postage and shipping 35	216,443.	195,791.	19,631.	1,021.
36 Occupancy 36	1,281,338.	1,194,144.	83,164.	4,030.
37 Equipment rental and maintenance 37	94,618.	87,742.	6,588.	288.
38 Printing and publications 38	131,792.	130,097.	1,641.	54.
39 Travel 39	145,978.	95,778.	50,001.	199.
40 Conferences, conventions, and meetings 40				
41 Interest 41	186,959.	173,280.	13,070.	609.
42 Depreciation, depletion, etc. (attach schedule) 42	299,611.	277,688.	20,946.	977.
43 Other expenses not covered above (itemize):				
a 43a				
b 43b				
c 43c				
d 43d				
e 43e				
f 43f				
g SEE STATEMENT 7 43g	2,266,907.	2,226,037.	39,371.	1,499.
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15) 44	10,519,222.	9,333,118.	1,132,421.	53,683.

Joint Costs. Check ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?

Yes ☐ No ☒If "Yes," enter (i) the aggregate amount of these joint costs \$ 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

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? ► SEE STATEMENT 13		Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts; but optional for others.)
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.)		
a	SEE STATEMENT 10	
(Grants and allocations \$ 71,675.) If this amount includes foreign grants, check here ► <input type="checkbox"/>		8,032,199.
b	SEE STATEMENT 11	
(Grants and allocations \$ 0.) If this amount includes foreign grants, check here ► <input type="checkbox"/>		87,690.
c	SEE STATEMENT 12	
(Grants and allocations \$ 247,847.) If this amount includes foreign grants, check here ► <input type="checkbox"/>		1,213,229.
d		
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>		
e	Other program services (attach schedule) SEE STATEMENT 14	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>		
f	Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	9,333,118.

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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	2,802,558.	45	1,626,114.	
	46 Savings and temporary cash investments	2,347,720.	46	2,953,571.	
	47 a Accounts receivable	47a			
	b Less: allowance for doubtful accounts	47b	47c		
	48 a Pledges receivable	48a			
	b Less: allowance for doubtful accounts	48b	48c		
	49 Grants receivable		49		
	50 a Receivables from current and former officers, directors, trustees, and key employees		50a		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)		50b		
	51 a Other notes and loans receivable	51a 51,045.			
	b Less: allowance for doubtful accounts	51b	51c	51,045.	
	52 Inventories for sale or use	54,758.	52	94,834.	
	53 Prepaid expenses and deferred charges	2,993.	53	1,862.	
	54 a Investments - publicly-traded securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a		
	b Investments - other securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b		
55 a Investments - land, buildings, and equipment: basis	55a				
b Less: accumulated depreciation	55b	55c			
56 Investments - other	SEE STATEMENT 15	100,000.	56	100,000.	
57 a Land, buildings, and equipment: basis	57a 5,751,083.				
b Less: accumulated depreciation	57b 945,405.	4,465,296.	57c	4,805,678.	
58 Other assets, including program-related investments (describe <input type="checkbox"/> SEE STATEMENT 17)		221,375.	58	616,361.	
59 Total assets (must equal line 74). Add lines 45 through 58		9,994,700.	59	10,249,465.	
Liabilities	60 Accounts payable and accrued expenses	46,945.	60	26,912.	
	61 Grants payable		61		
	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	STMT 18	2,276,275.	64b	2,797,650.
	65 Other liabilities (describe <input type="checkbox"/> SEE STATEMENT 19)		240,652.	65	19,977.
66 Total liabilities. Add lines 60 through 65		2,563,872.	66	2,844,539.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted		67		
	68 Temporarily restricted		68		
	69 Permanently restricted		69		
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds	0.	70	0.	
	71 Paid-in or capital surplus, or land, building, and equipment fund	0.	71	0.	
	72 Retained earnings, endowment, accumulated income, or other funds	7,430,828.	72	7,404,926.	
	73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)		7,430,828.	73	7,404,926.
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73		9,994,700.	74	10,249,465.

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

a	Total revenue, gains, and other support per audited financial statements	a	11,582,750.
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify): SEE STATEMENT 20	b4	139,785.
	Add lines b1 through b4	b	139,785.
c	Subtract line b from line a	c	11,442,965.
d	Amounts included on Part I, line 12, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0.
e	Total revenue (Part I, line 12). Add lines c and d	e	11,442,965.

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

a	Total expenses and losses per audited financial statements	a	11,608,652.
b	Amounts included on line a but not on Part I, line 17:		
1	Donated services and use of facilities	b1	
2	Prior year adjustments reported on Part I, line 20	b2	
3	Losses reported on Part I, line 20	b3	
4	Other (specify): SEE STATEMENT 21	b4	139,785.
	Add lines b1 through b4	b	139,785.
c	Subtract line b from line a	c	11,468,867.
d	Amounts included on Part I, line 17, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify): RENTAL EXPENSES	d2	
	Add lines d1 and d2	d	0.
e	Total expenses (Part I, line 17). Add lines c and d	e	11,468,867.

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.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
LAURIE ZURN 7065 HOLLYWOOD BLVD LOS ANGELES, CA 90028	TRUSTEE 5.00	0.	0.	0.
CLARK R.N. CARR 4652 HOLLYWOOD BLVD LOS ANGELES, CA 90027	TRUSTEE 5.00	0.	0.	0.
JONI GINSBERG 6381 HOLLYWOOD BLVD, SUITE 250 LOS ANGELES, CA 90028	TRUSTEE 0.25	0.	0.	0.
GARY W. SMITH (SEE STATEMENT 1) HC 67 BOX 5 CANADIAN, OK 74425	DIRECTOR/CEO 54.00	51,240.	0.	0.
KATHLEEN GOSSELIN (SEE STATEMENT 1) HC 67 BOX 5 CANADIAN, OK 74425	DIRECTOR/TREASURER 54.00	42,607.	0.	0.
MICHAEL ST. AMAND (SEE STATEMENT 1) HC 67 BOX 5 CANADIAN, OK 74425	DIRECTOR/SECRETARY 54.00	51,584.	0.	0.

Part V-A	Current Officers, Directors, Trustees, and Key Employees <i>(continued)</i>
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Yes	No
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- | | | | |
|---|------------|----------|--|
| <p>75 a. Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings</p> <p style="text-align: right;">▶ <u>3</u></p> | | | |
| <p>b. Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)</p> <p style="text-align: right;">SEE STATEMENT 22</p> | 75b | X | |
| <p>c. Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to the organization? See the instructions for the definition of "related organization."</p> <p style="text-align: right;">SEE STATEMENT 23</p> <p>If "Yes," attach a statement that includes the information described in the instructions.</p> | 75c | X | |
| <p>d. Does the organization have a written conflict of interest policy?</p> | 75d | X | |

Part V-B	Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other
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Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

[illegible]

Part VI	Other Information <i>(See the instructions.)</i>
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	Yes	No
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- | | | | | |
|------|---|-----|----|---|
| 76 | Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change | 76 | | X |
| 77 | Were any changes made in the organizing or governing documents but not reported to the IRS?
If "Yes," attach a conformed copy of the changes. | 77 | | X |
| 78 a | Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? | 78a | | X |
| b | If "Yes," has it filed a tax return on Form 990-T for this year? | 78b | | |
| 79 | Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement | 79 | | X |
| 80 a | Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? | 80a | X | |
| b | If "Yes," enter the name of the organization NARCONON INTERNATIONAL
and check whether it is <input checked="" type="checkbox"/> exempt or <input type="checkbox"/> nonexempt | | | |
| 81 a | Enter direct or indirect political expenditures. (See line 81 instructions.) | 81a | 0. | |
| b | Did the organization file Form 1120-POL for this year? | 81b | | X |

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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?	82a	X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.			
c	Dues, assessments, and similar amounts from members	85c	N/A
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 a	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	88a	X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI	88b	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	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u>		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?	89e	X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?	89f	X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	89g	X
90 a	List the states with which a copy of this return is filed <u>OK</u>		
b	Number of employees employed in the pay period that includes March 12, 2006	90b	172
91 a	The books are in care of <u>MICHAEL ST. AMAND</u> Telephone no. <u>918-339-5800</u> Located at <u>HC 67 BOX 5, CANADIAN, OK</u> ZIP + 4 <u>74425</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

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Part VI Other Information (continued) Yes No

c. At any time during the calendar year, did the organization maintain an office outside of the United States?

91c

X

If "Yes," enter the name of the foreign country N/A92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here 92and enter the amount of tax-exempt interest received or accrued during the tax year N/A**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 DETOX & REHAB PROGRAMS					10,881,346.
b DRUG REHAB TRAINING					89,241.
c DRUG EDUCATION SERVICES					100.
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	107,459.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property			30	904.	
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18		<1,572.>
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					255,655.
103 Other revenue:					
a VENDING MACHINE INCOME			03	7,631.	
b COMMISSIONS - EXEMPT			01	16,597.	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		132,591.	11,224,770.
105 Total (add line 104, columns (B), (D), and (E))					11,357,361.

Note: Line 105 plus line 1e, 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).
93A	PAYMENTS FOR DETOX AND REHAB PROGRAMS
93B	PAYMENTS FOR DRUG REHABILITATION TRAINING
93C	PAYMENTS FOR DRUG EDUCATION SERVICES
102	SALES OF DETOX AND REHAB PROGRAM BOOKS AND MATERIALS

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
	%			
N/A	%			
	%			
	%			

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).

Part XI	Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13). N/A
----------------	--







		Yes	No
106	Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.		

Complete and concisely state for each controlled entity:				
	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- ----- -----			
b	----- ----- -----			
c	----- ----- -----			
Totals				

		Yes	No
107	Did the reporting organization receive any transfers from a controlled entry as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.		

	(A) Name, address, of each controlled entity	(B) Employer Identification Number	(C) Description of transfer	(D) Amount of transfer
a	----- ----- -----			
b	----- ----- -----			
c	----- ----- -----			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?	Yes	No

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	 Signature of officer	Date <u>11-15-07</u>		
	MICHAEL ST. AMAND, SECRETARY Type or print name and title			
Paid Preparer's Use Only	Preparer's signature 	Date	Check if self-employed  <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. X)
	Firm's name (or yours if self-employed), address, and ZIP + 4 	EIN 		Phone no. 

Form 990 (2006)

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

2006

Name of the organization	Employer identification number
NARCONON OF OKLAHOMA, INC.	73 1589280

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

(See page 2 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
JOSEPH PINELLI 6011 WALNUT GLEN LANE, MCALESTER, OK	CASE MANAGER 48.00	82,668.		
CLAIRE PINELLI 6011 WALNUT GLEN LANE, MCALESTER, OK	CASE MANAGER 48.00	70,025.		
PAUL WEISS HC 67 BOX 5, CANADIAN, OK 74425	COUNSELOR 48.00	64,304.		
RYAN THORPE HC 67 BOX 5, CANADIAN, OK 74425	COUNSELOR 48.00	59,336.		
MAUREEN ST.AMAND HC 67 BOX 5, CANADIAN, OK 74425	FINANCE DIRECTOR 48.00	51,305.		
Total number of other employees paid over \$50,000 ▶	0			

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
ALEXANDER S. MACNABB 10600 SUNLIT ROAD, OAKTON, VA 22124	GENERAL COUNSEL	128,568.
DR. GERALD WOOTAN 4320 EAST 100TH STREET, TULSA, OK 74137	MEDICAL DIRECTOR	116,150.
ADDICTION HELP SERVICES 33 N GARDEN AVENUE, STE 770, CLEARWATER, FL 33755	FIELD REPRESENTATIVES	96,866.
DENA GOAD 10632 SOUTH MEMORIAL #271, TULSA, OK 74133	FIELD REPRESENTATIVE	75,511.
WILLIAM KENT MCGREGOR 6007 WALNUT GLEN LANE, MCALESTER, OK 74501	FIELD REPRESENTATIVE	61,656.
Total number of others receiving over \$50,000 for professional services ▶	1	

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
NRS CONSULTING ENGINEERS 521 SOUTH SECOND STREET, MCALESTER, OK 74501	GENERAL CONTRACTOR	636,482.
DIAGNOSTIC LAB OF OKLAHOMA PO BOX 676324, DALLAS, TX 75267	LABORATORY SERVICES	108,234.
ROY THOMAS GENERAL CONTRACTOR PO BOX 99, MCALESTER, OK 74502	GENERAL CONTRACTOR	58,129.
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 Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.) SEE STATEMENT 24	3a	X	
b	Did the organization have a section 403(b) annuity plan for its employees?	3b		X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		X
4	a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a		X
b	Did the organization make any taxable distributions under section 4966?	4b	N/A	
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c	N/A	
d	Enter the total number of donor advised funds owned at the end of the tax year	►		0
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	►		0.
f	Enter the total number of separate funds or accounts owned at the end of the year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts	►		0.
g	Enter the aggregate value of assets in all funds or accounts included on line 4f at the end of the tax year	►		0.

Schedule A (Form 990 or 990-EZ) 2006

Part IV Reason for Non-Private Foundation Status (See pages 4 through 7 of the instructions.)I certify that 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 otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
☐ Type I ☐ Type II ☐ Type III-Functionally Integrated ☐ Type III-Other

Provide the following information about the supported organizations. (See page 7 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total ►					

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 of the instructions.)

Schedule A (Form 990 or 990-EZ) 2006

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) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	88,529.	150,305.	316,570.	62,115.	617,519.
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	13,140,252.	11,536,900.	8,899,702.	9,704,180.	43,281,034.
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	78,046.	26,716.	20,675.	19,441.	144,878.
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	32,976.	40,230.	23,787.	1,513.	98,506.
23 Total of lines 15 through 22	13,339,803.	11,754,151.	9,260,734.	9,787,249.	44,141,937.
24 Line 23 minus line 17	199,551.	217,251.	361,032.	83,069.	860,903.
25 Enter 1% of line 23	133,398.	117,542.	92,607.	97,872.	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	26a	N/A
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 2002 through 2005 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	26b	N/A
c Total support for section 509(a)(1) test: Enter line 24, column (e)	26c	N/A
d Add: Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____	26d	N/A
e Public support (line 26c minus line 26d total)	26e	N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f	N/A %

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: (2005) 56,567. (2004) 0. (2003) 0. (2002) 31,567.		
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: (2005) 0. (2004) 0. (2003) 0. (2002) 0.		
c Add: Amounts from column (e) for lines: 15 617,519. 16 _____ 17 43,281,034. 20 _____ 21 _____	27c	43,898,553.
d Add: Line 27a total 88,134. and line 27b total 0.	27d	88,134.
e Public support (line 27c total minus line 27d total)	27e	43,810,419.
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)	27f	44,141,937.
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g	99.2490%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h	.3282%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2002 through 2005, 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 9 of the instructions.)

N/A

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

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)	31	
<hr/>		
<hr/>		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)	32d	
<hr/>		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	
<hr/>		
<hr/>		
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? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Schedule A (Form 990 or 990-EZ) 2006

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 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 group.Check ☐ b ☐ if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred.)			
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table -			
If the amount on line 40 is -	The lobbying nontaxable amount is -		
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 13 of the instructions.)

	Lobbying Expenditures During 4-Year Averaging Period				N/A
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(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 13 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 e 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.

2006 DEPRECIATION AND AMORTIZATION REPORT

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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	Current Year Deduction
1	PLANT & TECHNICAL EQUIPMENT (2000)	070100SL		5.00	16	8,475.			8,475.	8,475.		0.
2	PLANT & TECHNICAL EQUIPMENT (2002)	070102SL		5.00	16	48,747.			48,747.	34,123.		9,749.
3	PLANT & TECHNICAL EQUIPMENT (2003)	070103SL		5.00	16	19,358.			19,358.	9,679.		3,872.
4	LEASEHOLD IMPROVEMENTS (2001)	090101SL		30.00	16	203,900.			203,900.	29,452.		6,797.
5	LEASEHOLD IMPROVEMENTS (2002)	070102SL		30.00	16	30,864.			30,864.	3,601.		1,029.
6	LEASEHOLD IMPROVEMENTS (2003)	070103SL		30.00	16	64,727.			64,727.	4,897.		2,158.
7	COMPUTERS (2002)	070102SL		4.00	16	44,408.			44,408.	38,857.		5,551.
8	COMPUTERS (2003)	070103SL		4.00	16	9,262.			9,262.	5,789.		2,315.
9	EQUIPMENT & FURNITURE (2001)	070101SL		5.00	16	112,387.			112,387.	101,149.		11,238.
10	(D)(D) EQUIPMENT & FURNITURE (2001)	070101SL		5.00	16	52,128.			52,128.	46,915.		3,440.
11	EQUIPMENT & FURNITURE (2002)	070102SL		5.00	16	60,933.			60,933.	42,653.		12,187.
12	COMPUTERS (2005)	070105SL		3.00	16	62,923.			62,923.	10,487.		20,974.
13	EQUIPMENT & FURNITURE (2003)	070103SL		5.00	16	350,444.			350,444.	145,251.		70,089.
14	VEHICLE (2001)	070101SL		5.00	16	60,545.			60,545.	54,491.		6,054.
15	(D)(D) VEHICLE (2001)	070101SL		3.00	16	5,550.			5,550.	5,550.		0.
16	VEHICLE (2001)	070101SL		3.00	16	7,550.			7,550.	7,550.		0.
17	VEHICLE (2003)	070103SL		3.00	16	3,850.			3,850.	3,208.		642.
18	LAND	120103		.000	16	7,326.			7,326.			0.

628102
07-28-06

(D) - Asset disposed

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

2006 DEPRECIATION AND AMORTIZATION REPORT

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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	Current Year Deduction
19	LEASEHOLD IMPROVEMENTS (2004)	070104SL	30.00	16	113,298.				113,298.	5,533.		3,777.
20	EQUIPMENT & FURNITURE (2005)	070105SL	5.00	16	94,893.				94,893.	9,489.		18,979.
21	PLANT & TECHNICAL EQUIPMENT (2005)	070105SL	5.00	16	54,887.				54,887.	5,489.		10,977.
22	VEHICLE (2005)	070105SL	3.00	16	4,240.				4,240.	707.		1,413.
23	LAND	110905	.000	16	351,112.				351,112.			0.
24	COMPUTERS (2004)	070104SL	3.00	16	55,120.				55,120.	27,560.		18,374.
25	EQUIPMENT & FURNITURE (2004)	070104SL	5.00	16	154,388.				154,388.	46,316.		30,878.
26	PLANT & TECHNICAL EQUIPMENT (2004)	070104SL	5.00	16	5,920.				5,920.	1,776.		1,184.
27	VEHICLE (2004)	070104SL	3.00	16	57,834.				57,834.	28,917.		19,278.
28	VEHICLE (2004)	070104SL	3.00	16	22,548.				22,548.	11,274.		7,516.
29	VEHICLE (2004)	070104SL	3.00	16	14,900.				14,900.	7,450.		4,967.
30	LEASEHOLD IMPROVEMENTS (2005)	070105SL	30.00	16	349,854.				349,854.	5,064.		11,662.
31	LEASEHOLD IMPROVEMENTS (2006)	040106SL	30.00	16	19,230.				19,230.			481.
32	LEASEHOLD IMPROVEMENTS (2006)	050106SL	30.00	16	144,178.				144,178.			2,803.
33	LEASEHOLD IMPROVEMENTS (2006)	080106SL	30.00	16	9,482.				9,482.			105.
34	LEASEHOLD IMPROVEMENTS (2006)	110106SL	30.00	16	12,213.				12,213.			34.
35	LEASEHOLD IMPROVEMENTS (2006)	120106SL	30.00	16	355,709.				355,709.			0.
36	BUILDING	SL	30.00	16	2639624.				2639624.			0.

628102
07-28-06

(D) - Asset disposed

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

2006 DEPRECIATION AND AMORTIZATION REPORT

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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	Current Year Deduction
37	EQUIPMENT & FURNITURE (2005)		SL	5.00	16	95,000.			95,000.			0.
38	COMPUTERS (2006)	070106SL	SL	3.00	16	14,880.			14,880.			2,479.
39	EQUIPMENT & FURNITURE (2006)	070106SL	SL	5.00	16	42,675.			42,675.			4,267.
40	PLANT & TECHNICAL EQUIPMENT (2006)	070106SL	SL	5.00	16	43,399.			43,399.			4,339.
	* TOTAL 990 PAGE 2 DEPR					5808761.		0.	5808761.	701,702.	0.	299,608.

528102
07-28-06

(D) - Asset disposed

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

FOOTNOTES

STATEMENT 1

FORM 990, PART V LIST OF OFFICERS, DIRECTORS, TRUSTEES
KEY EMPLOYEES

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

FORM 990	RENTAL INCOME	STATEMENT	2
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KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
1430 S. GEORGE HIGH EXPWY, MCALESTER, OK	1	4,960.
TOTAL TO FORM 990, PART I, LINE 6A		4,960.

FORM 990	RENTAL EXPENSES	STATEMENT	3
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DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
PROPERTY TAX		471.	
REPAIRS & MAINTENANCE		1,250.	
MORTGAGE COSTS		2,335.	
- SUBTOTAL -	1		4,056.
TOTAL TO FORM 990, PART I, LINE 6B			4,056.

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 4

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
PHONE SYSTEM	07/01/01	09/01/06	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
DISPOSAL	0.	52,128.	0.	50,356.	<1,772.>

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
1993 JEEP	06/01/01	12/01/06	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
SALE	200.	5,550.	0.	5,550.	200.
TO FM 990, PART I, LN 8	200.	57,678.	0.	55,906.	<1,572.>

FORM 990

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

STATEMENT 5

INCOME

1. GROSS RECEIPTS	391,383	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		391,383
4. COST OF GOODS SOLD (LINE 13)	135,728	
5. GROSS PROFIT (LINE 3 LESS LINE 4)		255,655

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR	54,758	
7. MERCHANDISE PURCHASED	175,804	
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		230,562
12. INVENTORY AT END OF YEAR	94,834	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12)		135,728

FORM 990	PAYMENTS TO AFFILIATES	STATEMENT	6
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AFFILIATE'S NAME

AFFILIATE'S ADDRESS

NARCONON INTERNATIONAL

4652 HOLLYWOOD BLVD
LOS ANGELES, CA 90027

PURPOSE OF PAYMENT

AMOUNT

LICENSE FEES

949,645.

TOTAL TO FORM 990, PART I, LINE 16

949,645.

FORM 990	OTHER EXPENSES	STATEMENT	7
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DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
PROMOTION	409,038.	404,761.	4,275.	2.
STAFF TRAINING	87,380.	73,796.	12,929.	655.
REFERRAL FEES	611,779.	611,779.		
PROGRAM DELIVERY	1,034,221.	1,034,221.		
LICENSES & FEES	11,227.	9,452.	1,723.	52.
COURSE MATERIALS	4,941.	4,623.	313.	5.
BANK CHARGES	103,279.	87,405.	15,089.	785.
PENALTIES	5,042.		5,042.	
TOTAL TO FM 990, LN 43	2,266,907.	2,226,037.	39,371.	1,499.

FORM 990	CASH GRANTS AND ALLOCATIONS TO OTHERS	STATEMENT 8
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CLASS OF ACTIVITY/DONEE'S NAME AND ADDRESS	AMOUNT
FINANCIAL SUPPORT NARCONON INTERNATIONAL 4652 HOLLYWOOD BLVD LOS ANGELES, CA 90027	245,059.
FINANCIAL SUPPORT ABLE INTERNATIONAL 7065 HOLLYWOOD BLVD LOS ANGELES, CA 90028	70,925.
FINANCIAL SUPPORT MCALESTER CHAMBER OF COMMERCE 10 SOUTH THIRD ST MCALESTER, OK 74501	1,820.
FINANCIAL SUPPORT CRIMINON INTERNATIONAL 7060 HOLLYWOOD BLVD LOS ANGELES, CA 90028	38.
FINANCIAL SUPPORT DISTRICT 18 DRUG COURT 115 EAST CARL ALBERT PKWY MCALESTER, OK 74501	500.
FINANCIAL SUPPORT EUFAULA CHAMBER OF COMMERCE 321 NORTH MAIN ST EUFAULA, OK 74432	180.
FINANCIAL SUPPORT LAKE EUFAULA ASSOCIATION 701 SOUTH MAIN ST EUFAULA, OK 74432	1,000.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22B	319,522.

FORM 990	SPECIFIC ASSISTANCE TO INDIVIDUALS	STATEMENT	9
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DESCRIPTIONAMOUNT

INCIDENTAL EXPENSES TO STUDENTS IN TRAINING PROGRAM
FOOD, SHELTER AND CLOTHING FOR INDIGENTS, ETC.

34,338.

TOTAL TO FORM 990, PART II, LINE 23

34,338.

FORM 990	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	STATEMENT	10
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DESCRIPTION OF PROGRAM SERVICE ONEDETOXIFICATION AND REHABILITATION PROGRAM SERVICE

NARCONON OF OKLAHOMA IS IN ITS FIFTH YEAR OF HELPING PEOPLE WITH SUBSTANCE ABUSE PROBLEMS REBUILD THEIR LIVES AND RESTORE THEMSELVES AS ETHICAL, CONTRIBUTING MEMBERS OF SOCIETY.

NARCONON OF OKLAHOMA'S PRIMARY ACTIVITY BY FAR IS A SUBSTANCE ABUSE (DRUG AND ALCOHOL) REHABILITATION PROGRAM, "NARCONON ARROWHEAD", WHICH IS BASED ON THE RESEARCH FINDINGS OF L. RON HUBBARD THAT EMPHASIZE A DRUG-FREE WITHDRAWAL PROCESS AND A GRADIENT INTEGRATION BACK INTO SOCIETY.

NARCONON ARROWHEAD HAS A 250-BED FACILITY IN SOUTHEASTERN OKLAHOMA AND A STAFF OF 171.

THIS YEAR NARCONON ARROWHEAD ALSO HELPED 886 FORMER ADDICTS TAKE BACK THEIR LIVES AND BECOME CONTRIBUTING MEMBERS OF SOCIETY.

NARCONON ARROWHEAD OPERATES AN INTERNATIONAL TRAINING CENTER FOR THE NARCONON DRUG REHABILITATION GROUP AND INDIVIDUALS INTERESTED IN NARCONON'S REHABILITATION TECHNIQUES. THIS YEAR THE PROGRAM TRAINED 36 STUDENTS FROM THROUGHOUT THE UNITED STATES AND FROM TWO FOREIGN COUNTRIES. UPON GRADUATION, THESE INDIVIDUALS RETURN TO THEIR COMMUNITIES WHERE THEY BEGIN THEIR OWN NARCONON SUBSTANCE ABUSE PUBLIC EDUCATION AND REHABILITATION PROGRAMS.

	<u>GRANTS</u>	<u>EXPENSES</u>
TO FORM 990, PART III, LINE A	71,675.	8,032,199.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT 11

DESCRIPTION OF PROGRAM SERVICE TWO

DRUG EDUCATION AND PREVENTION PROGRAM SERVICE

IN 2006, NARCONON OF OKLAHOMA'S DRUG EDUCATION AND PREVENTION PROGRAM PROVIDED EDUCATIONAL PRESENTATIONS ABOUT THE CONSEQUENCES OF SUBSTANCE ABUSE IN SCHOOLS DURING THE SCHOOL YEAR AND AT SUMMER CAMPS, CHURCHES AND COMMUNITY CENTERS IN OKLAHOMA, TEXAS, KANSAS, MISSOURI AND ARKANSAS REACHING APPROXIMATELY 6,400 CHILDREN AGED 8 TO 16.

DURING THE YEAR NARCONON ARROWHEAD ALSO DISTRIBUTED MORE THAN 4,800 COPIES OF THE EDUCATIONAL BOOKLET "TEN THINGS YOUR FRIENDS MAY NOT KNOW ABOUT DRUGS" TO SCHOOL-AGED CHILDREN, TEACHERS AND PARENTS.

IN 2006, ELEVEN HIGH SCHOOL STUDENTS FROM FLORIDA CAME TO NARCONON ARROWHEAD TO LEARN HOW TO PRESENT DRUG EDUCATION LECTURES TO THEIR PEERS. THE "YOUTH FOR A DRUG-FREE FLORIDA" GROUP SUCCESSFULLY COMPLETED THEIR TRAINING AND RETURNED TO FLORIDA WHERE IN ONE MONTH THEY DELIVERED 37 DRUG EDUCATION LECTURES IN 13 SCHOOLS THROUGHOUT FLORIDA.

TO FORM 990, PART III, LINE B

GRANTS

EXPENSES

0.

87,690.

FORM 990

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

STATEMENT 12

DESCRIPTION OF PROGRAM SERVICE THREEPUBLIC AWARENESS EDUCATIONAL PROGRAM SERVICE

DURING 2006, NARCONON OF OKLAHOMA CONTINUED TO CONDUCT A PUBLIC AWARENESS AND EDUCATION CAMPAIGN THROUGH THE INTERNET, RADIO, TELEVISION, AND PRINT MEDIA. THESE AIRINGS AND PUBLICATIONS INFORMED LISTENERS AND READERS ABOUT THE MECHANICS OF DRUG AND ALCOHOL ADDICTION, THE CONSEQUENCES OF ADDICTION AND EFFECTIVE WAYS TO KICK THE ADDICTION THROUGH NARCONON OKLAHOMA'S EFFORTS. MILLIONS OF PEOPLE ACROSS THE NATION HAVE LEARNED HOW THEY CAN HELP STOP THE SPREAD OF SUBSTANCE ABUSE EITHER BY THEMSELVES OR BY FRIEND, FAMILY MEMBER OR LOVED ONE.

IN 2006, NARCONON ARROWHEAD DISTRIBUTED APPROXIMATELY 25,000 PUBLIC SERVICE ANNOUNCEMENTS (PSA'S) EVERY WEEK TO NEWSPAPERS, TELEVISION AND INTERNET NEWS SOURCES. THESE PSA'S AIRED ACROSS THE COUNTRY IN APPROXIMATELY 100 NEWSPAPERS, 1500 TELEVISION SPOTS, AND 8,000 RADIO SPOTS EVERY WEEK REACHING MILLIONS OF PEOPLE. REPRESENTATIVES OF THE ORGANIZATION CONDUCTED HUNDREDS OF LIVE RADIO INTERVIEWS AS WELL.

AS A RESULT OF THESE PUBLIC SERVICE EDUCATIONAL EFFORTS VIA THE INTERNET AND OTHER MEDIA OUTLETS, MORE THAN 1,001,700 INDIVIDUALS CONTACTED NARCONON OF OKLAHOMA DIRECTLY FOR MORE INFORMATION AND HELP. MANY OF THESE PEOPLE WERE REFERRED TO PROGRAMS IN THEIR LOCAL AREA TO RECEIVE DRUG OR ALCOHOL REHABILITATION SERVICES CLOSER TO THEIR HOME.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE C	247,847.	1,213,229.

FORM 990

STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE
PART III

STATEMENT 13

EXPLANATION

THE CORPORATION IS ORGANIZED TO OPERATE EXCLUSIVELY FOR CHARITABLE PURPOSES BY PROVIDING DRUG REHABILITATION AND EDUCATIONAL SERVICES THROUGH THE USE OF TECHNOLOGY RESEARCHED AND DEVELOPED BY L. RON HUBBARD.

FORM 990	OTHER PROGRAM SERVICES	STATEMENT 14
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DESCRIPTION	GRANTS AND ALLOCATIONS	EXPENSES
N/A		
TOTAL TO FORM 990, PART III, LINE E		

FORM 990	OTHER INVESTMENTS	STATEMENT 15
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DESCRIPTION	VALUATION METHOD	AMOUNT
CERTIFICATE OF DEPOSIT	COST	100,000.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		100,000.

FORM 990	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT	STATEMENT 16
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DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
PLANT & TECHNICAL EQUIPMENT (2000)	8,475.	8,475.	0.
PLANT & TECHNICAL EQUIPMENT (2002)	48,747.	43,872.	4,875.
PLANT & TECHNICAL EQUIPMENT (2003)	19,358.	13,551.	5,807.
LEASEHOLD IMPROVEMENTS (2001)	203,900.	36,249.	167,651.
LEASEHOLD IMPROVEMENTS (2002)	30,864.	4,630.	26,234.
LEASEHOLD IMPROVEMENTS (2003)	64,727.	7,055.	57,672.
COMPUTERS (2002)	44,408.	44,408.	0.
COMPUTERS (2003)	9,262.	8,104.	1,158.
EQUIPMENT & FURNITURE (2001)	112,387.	112,387.	0.
EQUIPMENT & FURNITURE (2002)	60,933.	54,840.	6,093.
COMPUTERS (2005)	62,923.	31,461.	31,462.
EQUIPMENT & FURNITURE (2003)	350,444.	215,340.	135,104.
VEHICLE (2001)	60,545.	60,545.	0.
VEHICLE (2001)	7,550.	7,550.	0.
VEHICLE (2003)	3,850.	3,850.	0.
LAND	7,326.	0.	7,326.
LEASEHOLD IMPROVEMENTS (2004)	113,298.	9,310.	103,988.
EQUIPMENT & FURNITURE (2005)	94,893.	28,468.	66,425.

PLANT & TECHNICAL EQUIPMENT (2005)	54,887.	16,466.	38,421.
VEHICLE (2005)	4,240.	2,120.	2,120.
LAND	351,112.	0.	351,112.
COMPUTERS (2004)	55,120.	45,934.	9,186.
EQUIPMENT & FURNITURE (2004)	154,388.	77,194.	77,194.
PLANT & TECHNICAL EQUIPMENT (2004)	5,920.	2,960.	2,960.
VEHICLE (2004)	57,834.	48,195.	9,639.
VEHICLE (2004)	22,548.	18,790.	3,758.
VEHICLE (2004)	14,900.	12,417.	2,483.
LEASEHOLD IMPROVEMENTS (2005)	349,854.	16,726.	333,128.
LEASEHOLD IMPROVEMENTS (2006)	19,230.	481.	18,749.
LEASEHOLD IMPROVEMENTS (2006)	144,178.	2,803.	141,375.
LEASEHOLD IMPROVEMENTS (2006)	9,482.	105.	9,377.
LEASEHOLD IMPROVEMENTS (2006)	12,213.	34.	12,179.
LEASEHOLD IMPROVEMENTS (2006)	355,709.	0.	355,709.
BUILDING	2,639,624.	0.	2,639,624.
EQUIPMENT & FURNITURE (2005)	95,000.	0.	95,000.
COMPUTERS (2006)	14,880.	2,479.	12,401.
EQUIPMENT & FURNITURE (2006)	42,675.	4,267.	38,408.
PLANT & TECHNICAL EQUIPMENT (2006)	43,399.	4,339.	39,060.
TOTAL TO FORM 990, PART IV, LN 57	5,751,083.	945,405.	4,805,678.

FORM 990	OTHER ASSETS	STATEMENT 17
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DESCRIPTION	AMOUNT
DEPOSITS	34,154.
CONSTRUCTION IN PROGRESS	582,207.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	616,361.

FORM 990	MORTGAGES PAYABLE	STATEMENT 18
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DESCRIPTION	BALANCE DUE
BANK OF OKLAHOMA, NA	2,797,650.
TOTAL INCLUDED ON FORM 990, PART IV, LINE 64B, COLUMN B	2,797,650.

FORM 990	OTHER LIABILITIES	STATEMENT	19
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DESCRIPTION	AMOUNT
FUNDS HELD ON BEHALF OF STUDENTS	19,977.
FUNDS HELD FOR CONSTRUCTION ON BEHALF OF LANDLORD	0.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	19,977.

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT	20
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DESCRIPTION	AMOUNT
COST OF GOODS SOLD	135,728.
RENTAL EXPENSES	4,057.
TOTAL TO FORM 990, PART IV-A	139,785.

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT	21
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DESCRIPTION	AMOUNT
COST OF GOODS SOLD	135,728.
RENTAL EXPENSES	4,057.
TOTAL TO FORM 990, PART IV-B	139,785.

FORM 990

EXPLANATION OF RELATIONSHIP
PART V-A, LINE 75B

STATEMENT 22

INDIVIDUAL'S NAMETITLE OR ROLE

CLARK R.N. CARR

TRUSTEE

INDIVIDUAL'S NAMETITLE OR ROLEEXPLANATION OF RELATIONSHIP

MR. CARR IS A TRUSTEE OF NARCONON OF OKLAHOMA WHO RECEIVES NO COMPENSATION. HE IS ALSO AN EMPLOYEE OF NARCONON INTERNATIONAL WHERE HE RECEIVES COMPENSATION FOR THOSE DUTIES.

FORM 990

PART V-A OFFICER COMPENSATION FROM
RELATED ORGANIZATIONS

STATEMENT 23

OFFICER'S NAME	COMPENSATION	EMPLOYEE BENEFIT PLAN CONTRIBUTION	EXPENSE ACCOUNT
CLARK R.N. CARR	77,271.		

NAME OF RELATED ORGANIZATION	EMPLOYER ID NUMBER
NARCONON INTERNATIONAL	95-2769582

RELATIONSHIP BETWEEN ORGANIZATIONS

LICENSING & MANAGEMENT ORGANIZATION

SCHEDULE A EXPLANATION OF QUALIFICATIONS TO RECEIVE PAYMENTS STATEMENT 24
PART III, LINE 3A

RECIPIENTS OF ASSISTANCE WERE QUALIFIED BASED ON THEIR EXPERIENCE,
ACCOMPLISHMENTS, AND DESIRE TO BE TRAINED ON THE NARCONON DRUG
REHABILITATION PROGRAM.

SCHEDULE A OTHER INCOME STATEMENT 25

DESCRIPTION	2005 AMOUNT	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT
COMMISSION EARNED	3,253.	10,382.	3,530.	1,513.
VENDING MACHINE INCOME	8,882.	7,768.	6,512.	0.
REPAY STAFF TRAINING	20,520.	5,526.	13,745.	0.
PAYROLL TAX REFUND	0.	16,554.	0.	0.
MISC INC. - SCRAP SALE	321.	0.	0.	0.
TOTAL TO SCHEDULE A, LINE 22	32,976.	40,230.	23,787.	1,513.

Depreciation and Amortization 990
(Including Information on Listed Property)
▶ See separate instructions. ▶ Attach to your tax return.

NARCONON OF OKLAHOMA, INC.

FORM 990 PAGE 2

73-1589280

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	108,000.
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	430,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see 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 2005 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 2007. 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 qualified New York Liberty or Gulf Opportunity 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	299,608.

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 2006	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 2006 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 2006 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	299,608.
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 qualified New York Liberty or Gulf Opportunity 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.

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
42 Amortization of costs that begins during your 2006 tax year:					
43 Amortization of costs that began before your 2006 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

2006 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - NARCONON OF OKLAHOMA, INC.

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	Current Year Deduction
1	PLANT & TECHNICAL EQUIPMENT (2000)	070100SL		5.00	16	8,475.			8,475.	8,475.		0.
2	PLANT & TECHNICAL EQUIPMENT (2002)	070102SL		5.00	16	48,747.			48,747.	34,123.		9,749.
3	PLANT & TECHNICAL EQUIPMENT (2003)	070103SL		5.00	16	19,358.			19,358.	9,679.		3,872.
4	LEASEHOLD IMPROVEMENTS (2001)	090101SL		30.00	16	203,900.			203,900.	29,452.		6,797.
5	LEASEHOLD IMPROVEMENTS (2002)	070102SL		30.00	16	30,864.			30,864.	3,601.		1,029.
6	LEASEHOLD IMPROVEMENTS (2003)	070103SL		30.00	16	64,727.			64,727.	4,897.		2,158.
7	COMPUTERS (2002)	070102SL		4.00	16	44,408.			44,408.	38,857.		5,551.
8	COMPUTERS (2003)	070103SL		4.00	16	9,262.			9,262.	5,789.		2,315.
9	EQUIPMENT & FURNITURE (2001)	070101SL		5.00	16	112,387.			112,387.	101,149.		11,238.
10	(D)(D) EQUIPMENT & FURNITURE (2001)	070101SL		5.00	16	52,128.			52,128.	46,915.		3,440.
11	EQUIPMENT & FURNITURE (2002)	070102SL		5.00	16	60,933.			60,933.	42,653.		12,187.
12	COMPUTERS (2005)	070105SL		3.00	16	62,923.			62,923.	10,487.		20,974.
13	EQUIPMENT & FURNITURE (2003)	070103SL		5.00	16	350,444.			350,444.	145,251.		70,089.
14	VEHICLE (2001)	070101SL		5.00	16	60,545.			60,545.	54,491.		6,054.
15	(D)(D) VEHICLE (2001)	070101SL		3.00	16	5,550.			5,550.	5,550.		0.
16	VEHICLE (2001)	070101SL		3.00	16	7,550.			7,550.	7,550.		0.
17	VEHICLE (2003)	070103SL		3.00	16	3,850.			3,850.	3,208.		642.
18	LAND	120103		.000	16	7,326.			7,326.	7,326.		0.

828102
07-28-06

(D) - Asset disposed

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

2006 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - NARCONON OF OKLAHOMA, INC.

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	Current Year Deduction
19	LEASEHOLD IMPROVEMENTS (2004)	070104SL	30.00	16	113,298.				113,298.	5,533.		3,777.
20	EQUIPMENT & FURNITURE (2005)	070105SL	5.00	16	94,893.				94,893.	9,489.		18,979.
21	PLANT & TECHNICAL EQUIPMENT (2005)	070105SL	5.00	16	54,887.				54,887.	5,489.		10,977.
22	VEHICLE (2005)	070105SL	3.00	16	4,240.				4,240.	707.		1,413.
23	LAND	110905	.000	16	351,112.				351,112.			0.
24	COMPUTERS (2004)	070104SL	3.00	16	55,120.				55,120.	27,560.		18,374.
25	EQUIPMENT & FURNITURE (2004)	070104SL	5.00	16	154,388.				154,388.	46,316.		30,878.
26	PLANT & TECHNICAL EQUIPMENT (2004)	070104SL	5.00	16	5,920.				5,920.	1,776.		1,184.
27	VEHICLE (2004)	070104SL	3.00	16	57,834.				57,834.	28,917.		19,278.
28	VEHICLE (2004)	070104SL	3.00	16	22,548.				22,548.	11,274.		7,516.
29	VEHICLE (2004)	070104SL	3.00	16	14,900.				14,900.	7,450.		4,967.
30	LEASEHOLD IMPROVEMENTS (2005)	070105SL	30.00	16	349,854.				349,854.	5,064.		11,662.
31	LEASEHOLD IMPROVEMENTS (2006)	040106SL	30.00	16	19,230.				19,230.			481.
32	LEASEHOLD IMPROVEMENTS (2006)	050106SL	30.00	16	144,178.				144,178.			2,803.
33	LEASEHOLD IMPROVEMENTS (2006)	080106SL	30.00	16	9,482.				9,482.			105.
34	LEASEHOLD IMPROVEMENTS (2006)	110106SL	30.00	16	12,213.				12,213.			34.
35	LEASEHOLD IMPROVEMENTS (2006)	120106SL	30.00	16	355,709.				355,709.			0.
36	BUILDING	SL	30.00	16	2639624.				2639624.			0.

525102
07-28-06

(D) - Asset disposed

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

2006 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - NARCONON OF OKLAHOMA, INC.

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	Current Year Deduction
37	EQUIPMENT & FURNITURE (2005)		SL	5.00	16	95,000.			95,000.			0.
38	COMPUTERS (2006)	070106SL	SL	3.00	16	14,880.			14,880.			2,479.
39	EQUIPMENT & FURNITURE (2006)	070106SL	SL	5.00	16	42,675.			42,675.			4,267.
40	PLANT & TECHNICAL EQUIPMENT (2006)	070106SL	SL	5.00	16	43,399.			43,399.			4,339.
	* TOTAL 990 PAGE 2 DEPR					5808761.		0.	5808761.	701,702.	0.	299,608.