

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

2006

Open 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
Instruc-
tions.

C Name of organization

Narconon of Northern California

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

262 Gaffey Road

City or town

State or country

ZIP + 4

Watsonville

CA

95076-9731

D Employer identification number

77-0275827

E Telephone number

1-800-556-8885

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 ☒ NoH(b) If "Yes," enter number of affiliates ▶ ☐ Yes ☒ NoH(c) Are all affiliates included? N/A ☐ Yes ☒ No
(If "No," attach a list. See instructions.)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.DRUGREHAB.NET

J Organization type (check only one) ☒ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527K 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 ▶ 6,393,294

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

1	Contributions, gifts, grants, and similar amounts received:			
a	Contributions to donor advised funds	1a		0
b	Direct public support (not included on line 1a)	1b	20,504	
c	Indirect public support (not included on line 1a)	1c	0	
d	Government contributions (grants) (not included on line 1a)	1d	0	
e	Total (add lines 1a through 1d) (cash \$ 17,384 noncash \$ 3,120)	1e		20,504
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		6,239,997
3	Membership dues and assessments	3		0
4	Interest on savings and temporary cash investments	4		5,010
5	Dividends and interest from securities	5		0
6a	Gross rents	6a		
b	Less: rental expenses	6b		
c	Net rental income or (loss). Subtract line 6b from line 6a	6c		0
7	Other investment income (describe ▶)	7		0
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other
b	Less: cost or other basis and sales expenses	8a	0	0
c	Gain or (loss) (attach schedule)	8b	0	0
d	Net gain or (loss) Combine line 8c, columns (A) and (B)	8c	0	0
9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ <input type="checkbox"/>	8d		0
a	Gross revenue (not including \$ 0 of contributions reported on line 1b)	9a		0
b	Less: direct expenses other than fundraising expenses	9b		0
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c		0
10a	Gross sales of inventory, less returns and allowances	10a	112,775	
b	Less: cost of goods sold	10b	57,786	
c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c		54,989
11	Other revenue (from Part VII, line 103)	11		15,008
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12		6,335,508
13	Program services (from line 44, column (B))	13		3,905,454
14	Management and general (from line 44, column (C))	14		794,586
15	Fundraising (from line 44, column (D))	15		13,656
16	Payments to affiliates (attach schedule)	16		602,345
17	Total expenses. Add lines 16 and 44, column (A)	17		5,316,041
18	Excess or (deficit) for the year. Subtract line 17 from line 12	18		1,019,467
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		578,044
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		1,597,511

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

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(HTA)

4 317

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

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 a	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 0	0		
22 b	Other grants and allocations (attach schedule) (cash \$ <u>0</u> noncash \$ <u>0</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	22b 0	0		
23	Specific assistance to individuals (attach schedule)	23 0	0		
24	Benefits paid to or for members (attach schedule)	24 0	0		
25 a	Compensation of current officers, directors, key employees, etc. listed in Part V-A (attach schedule)	25a 486,467	278,792	207,675	0
b	Compensation of former officers, directors, key employees, etc. listed in Part V-B (attach schedule)	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) (attach schedule)	25c 0	0	0	0
26	Salaries and wages of employees not included on lines 25a, b, and c	26 1,771,487	1,533,838	228,709	8,940
27	Pension plan contributions not included on lines 25a, b, and c	27 0			
28	Employee benefits not included on lines 25a - 27	28 0			
29	Payroll taxes	29 175,075	140,550	33,842	683
30	Professional fundraising fees	30 0			
31	Accounting fees	31 0			
32	Legal fees	32 0			
33	Supplies	33 0			
34	Telephone	34 81,624	65,528	15,778	318
35	Postage and shipping	35 20,460	16,425	3,955	80
36	Occupancy	36 142,050	114,038	27,458	554
37	Equipment rental and maintenance	37 0			
38	Printing and publications	38 276,862	273,456	3,339	67
39	Travel	39 92,364	74,150	17,854	360
40	Conferences, conventions, and meetings	40 0			
41	Interest	41 97,649	78,392	18,876	381
42	Depreciation, depletion, etc. (attach schedule)	42 121,131	97,244	23,415	472
43	Other expenses not covered above (itemize):				
a	See attached statement	43a 1,448,527	1,233,041	213,685	1,801
b		43b 0	0	0	0
c		43c 0	0	0	0
d		43d 0	0	0	0
e		43e 0	0	0	0
f		43f 0	0	0	0
g		43g 0	0	0	0
44	Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	44 4,713,696	3,905,454	794,586	13,656

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 \$ 0; (ii) the amount allocated to Program services \$ 0; (iii) the amount allocated to Management and general \$ 0; and (iv) the amount allocated to Fundraising \$ 0

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? ► Drug Rehabilitation Service & Public Awareness

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 Drug rehabilitation services were provided to individuals for a total of 204,200 hours of drug rehab and life skills. Services include safe, drug-free withdrawal, detoxification to cleanse the body of drugs and other chemicals, and a carefully designed program of courses that enable students to develop essential life skills. Graduates of the Narconon drug rehabilitation program are able to leave the trap of addiction and rejoin society as stable, ethical and contributing citizens.

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

3,249,890

b Public awareness and education campaigns were done through the internet, lectures and printed media. The information provided informs the public about the mechanics of drug and alcohol addiction and the harmful effects of drug use. There were 27,674,289 hits to the organization's internet web sites during the year. Approximately 14,000 drug abuse educational items were printed and distributed. Drug-free lectures were delivered to 554 students at public schools.

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

655,564

c

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

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 ► ☐

0

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

3,905,454

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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	315,134	45	322,062
	46 Savings and temporary cash investments	85,743	46	329,479
	47 a Accounts receivable	47a 114,955		
	b Less: allowance for doubtful accounts	47b 0	56,607	47c 114,955
	48 a Pledges receivable	48a 0		
	b Less: allowance for doubtful accounts	48b 0	90,000	48c 0
	49 Grants receivable		49	
	50 a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)	0	50a	0
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (attach schedule)		50b	
	51 a Other notes and loans receivable (attach schedule)	51a 0		
	b Less: allowance for doubtful accounts	51b 0	0	51c 0
	52 Inventories for sale or use	11,540	52	7,173
	53 Prepaid expenses and deferred charges	31,102	53	30,292
	54 a Investments—publicly-traded securities. <input type="checkbox"/> Cost <input type="checkbox"/> FMV	0	54a	0
	b Investments—other securities (attach schedule). <input type="checkbox"/> Cost <input type="checkbox"/> FMV	0	54b	0
55 a Investments—land, buildings, and equipment: basis	55a 0			
b Less: accumulated depreciation (attach schedule)	55b 0	0	55c 0	
56 Investments—other (attach schedule)	0	56	0	
57 a Land, buildings, and equipment: basis	57a 2,821,298			
b Less: accumulated depreciation (attach schedule)	57b 382,228	1,912,031	57c 2,439,070	
58 Other assets, including program-related investments (describe <input type="checkbox"/> See attached statement)	72,346	58	92,650	
59 Total assets (must equal line 74). Add lines 45 through 58	2,574,503	59	3,335,681	
Liabilities	60 Accounts payable and accrued expenses	276,212	60	406,093
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)	0	63	0
	64 a Tax-exempt bond liabilities (attach schedule)	0	64a	0
	b Mortgages and other notes payable (attach schedule)	1,338,303	64b	1,332,077
	65 Other liabilities (describe <input type="checkbox"/> Settlement Payable)	381,944	65	0
	66 Total liabilities. Add lines 60 through 65	1,996,459	66	1,738,170
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	487,244	67	1,595,251
	68 Temporarily restricted	90,800	68	2,260
	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 and column (B) must equal line 21)	578,044	73	1,597,511
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73.	2,574,503	74	3,335,681

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	6,393,294
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):	b4	57,786
	COST OF GOODS SOLD		
	Add lines b1 through b4	b	57,786
c	Subtract line b from line a	c	6,335,508
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	0
	Add lines d1 and d2	d	0
e	Total revenue (Part I, line 12). Add lines c and d	e	6,335,508

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

a	Total expenses and losses per audited financial statements	a	5,373,827
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):	b4	57,786
	COST OF GOOD SOLD		
	Add lines b1 through b4	b	57,786
c	Subtract line b from line a	c	5,316,041
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):	d2	0
	Add lines d1 and d2	d	0
e	Total expenses (Part I, line 17). Add lines c and d	e	5,316,041

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
Name Daniel M Manson Str 262 Gaffey Road City Watsonville ST CA ZIP 95076	Title Exec Dir/ Director Hr/WK 40	170,783	0	0
Name Angie Manson Str 262 Gaffey Road City Watsonville ST CA ZIP 95076	Title Exec Dir Hr/WK 40	158,622	0	0
Name Matthew Guemaccini Str 262 Gaffey Road City Watsonville ST CA ZIP 95076	Title Sn Dir Production Hr/WK 40	89,324	0	0
Name Nathan Tuddenham Str 262 Gaffey Road City Watsonville ST CA ZIP 95076	Title Sn Dir Admin Hr/WK 40	67,738	0	0
Name Chuch Koch Str 18327 Christeph Dr City Morgan Hill ST CA ZIP 95037	Title Voting Member Hr/WK 1	0	0	0
Name Michael Kobrin Str 1842 Ransom Rd City Glendale ST CA ZIP 91201	Title Voting Member Hr/WK 1	0	0	0
Name David Puliafico Str 1630 Tennant Ave City Morgan Hill ST CA ZIP 95037	Title Voting Member Hr/WK 1	0	0	0
Name Jerry Nemier Str 2934 Besso Drive City Livermore ST CA ZIP 94550	Title Director Hr/WK 1	0	0	0
Name Marc Torres Str 18889 W Cavendas City Castro Valley ST CA ZIP 94552	Title Director Hr/WK 1	0	0	0
Name Edward Panelli Str 14656 Stoneridge Dr City Saratoga ST CA ZIP 95070	Title Director Hr/WK 1	0	0	0

See attached continuation schedule for Part V-A

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Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

	Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 5		
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) 75b	X	
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." 75c If "Yes," attach a statement that includes the information described in the instructions.		X
d Does the organization have a written conflict of interest policy? 75d	X	

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other 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.)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name <u>NONE</u> Str City ST ZIP	0	0	0	0
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
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Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				
Name <u>N/A</u> Str City ST ZIP				

Part VI Other Information (See the instructions.)

	Yes	No
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? 77 If "Yes," attach a conformed copy of the changes.		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	N/A	
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 ► and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a Enter direct and indirect political expenditures. (See line 81 instructions.) 81a 0		
b Did the organization file Form 1120-POL for this year? 81b		X

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 <i>quid pro quo</i> contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	N/A	
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.	N/A	
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) orgs. 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) orgs. 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		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		X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <input type="text"/> 0 ; section 4912 <input type="text"/> 0 ; section 4955 <input type="text"/> 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="text"/> 0		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization <input type="text"/> 0		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		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?		X
90 a	List the states with which a copy of this return is filed <input type="text"/> CA		
b	Number of employees employed in the pay period that includes March 12, 2006 (See instructions.)	90b	46
91 a	The books are in care of <input type="text"/> Name Kathi Horton Telephone no. <input type="text"/> 1-800-556-8885 Located at <input type="text"/> 262 Gaffey Road City Watsonville ST CA ZIP + 4 <input type="text"/> 95076-9731		
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 <input type="text"/> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X

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 ▶

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here ☐and enter the amount of tax-exempt interest received or accrued during the tax year ▶ **92** N/A**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) Exclusion code	(D) Amount	
93 Program service revenue					
a <u>Drug Rehabilitation Services</u>					6,239,997
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	5,010	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					54,989
103 Other revenue: a <u>Commissions</u>		0		0	15,008
b		0		0	0
c		0		0	0
d		0		0	0
e		0		0	0
104 Subtotal (add columns (B), (D), and (E))		0		5,010	6,309,994
105 Total (add line 104, columns (B), (D), and (E))					6,315,004

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	Revenue from Drug Rehabilitation Services
102	Revenue from Sale of Drug Rehab & Life Skills Materials as part of Narconon's Services
103	Revenue from Commissions for Drug Rehabilitation Referrals

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	%		0	0
	%		0	0
	%		0	0
	%		0	0

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).

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.	Yes	No
			N/A

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

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

	(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
			X

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: Angie Manson Date: 11/15/07

Type or print name and title: ANGIE MANSON EXECUTIVE DIRECTOR

Paid Preparer's Use Only

Preparer's signature: David Puliafico Date: 11/14/2007 Check if self-employed: ☐

Firm's name (or yours if self-employed), address, and ZIP + 4: DAVID PULIAFICO INC EIN:

1630 TENNANT AVE, MORGAN HILL, CA 95037 Phone no: 408-778-1345

SCHEDULE A
(Form 990 or 990-EZ)**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.)**

OMB No 1545-0047

2006Department of the Treasury
Internal Revenue Service▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Narconon of Northern California

Employer identification number

77-0275827

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
Dana Rebasti, 262 Gaffey Road Watsonville, CA 95076 USA	Public Registration 45	101,585		
Michael G DiPalma, 137 Marina Ave #B Watsonville, CA 95003 USA	Public Registration 45	124,590		
Jeffrey J Panelli, 413 Hickman Court Santa Cruz, CA 95062 USA	Snr. Dir. of Expansion 45	78,141		
Eleanor Jourdain, 262 Gaffey Road Watsonville, CA 95076 USA	Registered Nurse 45	71,497		
Martin Scheibal, 262 Gaffey Road Watsonville, CA 95076 USA	Dir. of Placerville 45	70,537		
Total number of other employees paid over \$50,000 ▶	4			

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
Stephen M Stein MD, 140 Pineridge Road Santa Cruz, CA 95060	Medical Services	62,225
Addiction Help Services LLC, 33 N Garden Ave Ste 770 Clearwater, FL 33755	Referral Services	71,310
Total number of others receiving over \$50,000 for professional services ▶	0	

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	

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

Schedule A (Form 990 or 990-EZ) 2006

(HTA)

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? See Statement 1	2a	X	
b Lending of money or other extension of credit?	2b		X
c Furnishing of goods, services, or facilities?	2c		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . See Part V Form 990	2d	X	
e Transfer of any part of its income or assets?	2e		X
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.)	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		X
c Did the organization make a distribution to a donor, donor advisor, or related person?	4c		X
d Enter the total number of donor advised funds owned at the end of the tax year ►			3
e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ►			2,260
f Enter the total number of separate funds or accounts owned at the end of the tax 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 held in all funds or accounts included on line 4f at the end of the tax year ►			0

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 ☐ City ☐ ST ☐ Country
- 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.)
- 11 a ☐ 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.)
- 11 b ☐ 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					0

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 7 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) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	67,784	64,872	39,109	46,839	218,604
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	4,908,332	3,128,299	3,361,097	1,941,075	13,338,803
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	766	12	157	546	1,481
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	11,643		906	6,057	18,606
23 Total of lines 15 through 22	4,988,525	3,193,183	3,401,269	1,994,517	13,577,494
24 Line 23 minus line 17	80,193	64,884	40,172	53,442	238,691
25 Enter 1% of line 23	49,885	31,932	34,013	19,945	135,775
26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24				
					26a 0
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 0
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 0
d Add Amounts from column (e) for lines:	18	19			
	22	26b			26d 0
e Public support (line 26c minus line 26d total)					26e 0
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 0.00%
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)	50,000	(2004)	11,275	(2003)	12,342
				(2002)	19,030
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)		(2004)		(2003)	
				(2002)	8,720
c Add Amounts from column (e) for lines:	15	218,604	16		
	17	13,338,803	20		
			21		27c 13,557,407
d Add Line 27a total	92,647	and line 27b total	8,720		27d 101,367
e Public support (line 27c total minus line 27d total)					27e 13,456,040
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)				27f	13,577,494
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g	99.11%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h	0.01%
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.)

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

N/A

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

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 10 of the instructions.)(To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

Check ☒ **a** ☐ if the organization belongs to an affiliated group. Check ☐ **b** ☐ if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

		(a) Affiliated group totals	(b) To be completed for all electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38	0	0
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40	0	0
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	0	0
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	0	0
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	0	0

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.)

Calendar year (or fiscal year beginning in) ►	Lobbying Expenditures During 4-Year Averaging Period				
	(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 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.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 13 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash	
(ii) Other assets	

b Other transactions.

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

(ii) Purchases of assets from a noncharitable exempt organization

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

(iv) Reimbursement arrangements	10
---	----

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

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

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

[illegible]

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

b If "Yes," complete the following schedule:

[illegible]

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. ☒ **X**
- 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).

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only. ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization	Employer identification number
	Narconon of Northern California	77-0275827
	Number, street, and room or suite no. If a P.O. box, see instructions	
	262 Gaffey Road	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	Watsonville	CA 95076-9731

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 ► See attached worksheet

- Telephone No. ► 1-800-556-8885 FAX No. ►
- 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) 2595. If this is for the whole group, check this box. ☐. If it is for part of the group, check this box. ☒ **X** 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 section 501(c) corporation required to file Form 990-T) extension of time until 8/15/2007, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☒ calendar year 2006 or
- ☐ tax year beginning _____, and ending _____

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

3 a 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.	3a	\$
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.	3b	\$
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.	3c	\$ 0

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.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev 4-2007)

Line 1 (990) - Public Support and Contributions

YEAR END 12/31/06

	Cash	Non Cash
Line 1a - Contributions to Donor Advised Funds		
Line 1b - Direct public support		
1 Contributions	17,384	1 3,120
2 Membership dues and assessments (contributions from the public)		2
3 Commercial co-venture		3
4 Special events contributions (Line 9 - Special Events)	0	4
5		5
6		6
7		7
8		8
9		9
10 Total	17,384	10 3,120
Line 1c - Indirect public support	0	
Line 1d - Government contributions (grants)		

Line 10c (990) - Gross Profit from Sale of Inventory

112,775

57,786

54,989

TAX YEAR 12/31/06		Gross Sales	Cost of Goods Sold	Net
Category				
1	Bookstore Sales	112,775	57,786	54,989
2				0
3				0
4				0
5				0
6				0
7				0
8				0
9				0
10				0
11				0
12				0
13				0
14				0
15				0
16				0
17				0
18				0
19				0
20				0

TAX YEAR 12/31/06

[illegible]

Assets by Classification - 990

12/31/2006 Narconon of Northern California 77-0275827

Item No	Description of Property **** indicates SOLD	Date Placed In Service	Asset Code	Bus. Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec. 179, Bonus	2006 Deprec.	2006 Accum. Deprec.
Computer & Office Equipment														
	LASER PRINTER	7/27/2001	F-6	100.00%	1,469	0	0	0	1,469	5	SL/GDS HY	1,386	83	1,469
	3 DESKTOPS AND 1	3/3/2003	F-6	100.00%	6,534	0	0	0	6,534	5	SL/GDS HY	3,267	1,307	4,574
	2 DESKTOP COMPUT	6/6/2003	F-6	100.00%	1,394	0	0	0	1,394	5	SL/GDS HY	697	279	976
	** 2 LAPTOPS	6/30/2003	F-6	100.00%	5,583	0	0	0	5,583	5	SL/GDS HY	2,792	1,116	3,908
	ELECTRONICS UP	9/2/2003	F-6	100.00%	1,476	0	0	0	1,476	5	SL/GDS HY	738	295	1,033
	SAFE	1/20/2004	F-6	100.00%	969	0	0	0	969	5	SL/GDS HY	291	194	485
	FAX & LASER PRINTI	3/9/2005	F-6	100.00%	423	0	0	0	423	5	SL/GDS FM	71	84	155
	LASER PRINTER DIV	5/16/2005	F-6	100.00%	400	0	0	0	400	5	SL/GDS FM	47	80	127
	LAPTOP - TREASUR	5/27/2005	F-6	100.00%	538	0	0	0	538	5	SL/GDS FM	63	107	170
	DESK & PRINTER	6/27/2005	F-6	100.00%	1,200	0	0	0	1,200	5	SL/GDS FM	120	240	360
	SDA & DIV 2 COMPU	9/26/2005	F-6	100.00%	1,675	0	0	0	1,675	5	SL/GDS FM	84	335	419
	PHONE/INTERNET/ C	11/15/2005	F-6	100.00%	47,535	0	0	0	47,535	5	SL/GDS FM	1,585	9,507	11,092
	D/IED LAPTOP	12/15/2005	F-6	100.00%	2,234	0	0	0	2,234	5	SL/GDS FM	37	447	484
	DELL COMPUTER	12/15/2005	F-6	100.00%	2,458	0	0	0	2,458	5	SL/GDS FM	41	492	533
	POWER BACK UP	2/27/2006	F-6	100.00%	645	0	0	0	645	3	SL/GDS MM	0	179	179
	COMPUTER PSS	2/27/2006	F-6	100.00%	485	0	0	0	485	3	SL/GDS MM	0	135	135
	LASER PRINTER PAI	3/6/2006	F-6	100.00%	433	0	0	0	433	3	SL/GDS MM	0	120	120
	COVAD PHONES PAI	4/25/2006	F-6	100.00%	1,712	0	0	0	1,712	3	SL/GDS MM	0	380	380
	COMPUTER DXA	5/9/2006	F-6	100.00%	729	0	0	0	729	3	SL/GDS MM	0	162	162
	CAMCORDER DIV 2	6/14/2006	F-6	100.00%	2,995	0	0	0	2,995	3	SL/GDS MM	0	582	582
	COMPUTER SDP	6/14/2006	F-6	100.00%	750	0	0	0	750	3	SL/GDS MM	0	146	146
	FAX/COPY MACHINE	6/14/2006	F-6	100.00%	1,262	0	0	0	1,262	5	SL/GDS MM	0	147	147
	KYOCERA COPIER D	6/15/2006	F-6	100.00%	700	0	0	0	700	3	SL/GDS MM	0	136	136
	COMPUTERS FINAN	7/15/2006	F-6	100.00%	4,441	0	0	0	4,441	3	SL/GDS MM	0	740	740
	COMPUTER COB	7/18/2006	F-6	100.00%	2,422	0	0	0	2,422	3	SL/GDS MM	0	336	336
	CAMEERA DIV 2 PRC	8/25/2006	F-6	100.00%	839	0	0	0	839	5	SL/GDS MM	0	56	56
	MONITOR LYNN D	10/10/2006	F-6	100.00%	360	0	0	0	360	3	SL/GDS MM	0	30	30
	COMPUTER PVILLE	12/5/2006	F-6	100.00%	710	0	0	0	710	3	SL/GDS MM	0	20	20
	COMPUTER DIV 2	12/19/2006	F-6	100.00%	1,084	0	0	0	1,084	3	SL/GDS MM	0	0	0
Total: Computer & Office Equipment					93,455	0	0	0	93,455			11,219	17,735	28,954
Plant & Technical Equipment														
	FURNACE REPAIR	3/15/2001	F-7	100.00%	1,038	0	0	0	1,038	7	SL/GDS HY	740	149	889
	DRIER	8/15/2001	F-7	100.00%	592	0	0	0	592	7	SL/GDS HY	425	84	509
	WATER HEATER	7/1/2002	F-7	100.00%	2,137	0	0	0	2,137	5	SL/GDS HY	1,495	428	1,923
	REFRIGERATOR	7/3/2002	F-7	100.00%	216	0	0	0	216	5	SL/GDS HY	151	43	194
	WASHER/DRYER	9/3/2002	F-7	100.00%	1,633	0	0	0	1,633	5	SL/GDS FM	1,090	326	1,416
	ICE MACHINE	9/26/2002	F-7	100.00%	995	0	0	0	995	5	SL/GDS MM	655	199	854
	** GENERATOR	12/16/2002	F-7	100.00%	699	0	0	0	699	5	SL/GDS MM	426	140	566
	** GENERATOR	1/13/2003	F-7	100.00%	875	0	0	0	875	5	SL/GDS HY	438	175	613
	SEARS FREEZER	2/3/2003	F-7	100.00%	703	0	0	0	703	5	SL/GDS HY	352	140	492

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	WALK IN REFRIGER/	2/18/2003	F-7	100.00%	6,284	0	0	6,284	5	SL/GDS	HY	3,142	1,257	4,399
	HOT WATER HEATE	2/24/2003	F-7	100.00%	895	0	0	895	5	SL/GDS	HY	448	179	627
	SCALE FOR SAUNA	2/24/2003	F-7	100.00%	282	0	0	282	5	SL/GDS	HY	140	57	197
	NAUTILUS SYSTEM	2/24/2003	F-7	100.00%	341	0	0	341	5	SL/GDS	HY	170	68	238
	BREATHALYZER	2/24/2003	F-7	100.00%	562	0	0	562	5	SL/GDS	HY	280	113	393
	WASHER SEARS	3/10/2003	F-7	100.00%	390	0	0	390	5	SL/GDS	HY	195	78	273
	** TREADMILL	4/22/2003	F-7	100.00%	1,061	0	0	1,061	5	SL/GDS	HY	530	212	742
	NEW OVENS	4/28/2003	F-7	100.00%	4,841	0	0	4,841	5	SL/GDS	HY	2,420	968	3,388
	WORK OUT BENCH	6/24/2003	F-7	100.00%	408	0	0	408	5	SL/GDS	HY	205	81	286
	MOWER TRIMMER B	6/24/2003	F-7	100.00%	468	0	0	468	5	SL/GDS	HY	235	93	328
	INDUSTRIAL WASHE	7/8/2003	F-7	100.00%	549	0	0	549	5	SL/GDS	HY	275	110	385
	REACH IN REFRIG	7/8/2003	F-7	100.00%	1,450	0	0	1,450	5	SL/GDS	HY	725	290	1,015
	2 DRIERS SEARS	7/8/2003	F-7	100.00%	713	0	0	713	5	SL/GDS	HY	357	142	499
	WEIGHTS	8/11/2003	F-7	100.00%	176	0	0	176	5	SL/GDS	HY	88	35	123
	RAMP WHEEL	8/25/2003	F-7	100.00%	398	0	0	398	5	SL/GDS	HY	200	79	279
	SURVEILLANCE CAM	9/8/2003	F-7	100.00%	340	0	0	340	15	SL/GDS	MM	53	22	75
	2 WATER HEATERS	10/20/2003	F-7	100.00%	355	0	0	355	5	SL/GDS	HY	178	71	249
	TABLE SAW	2/23/2004	F-7	100.00%	200	0	0	200	5	SL/GDS	HY	60	40	100
	WATER HEATER	3/22/2004	F-7	100.00%	280	0	0	280	5	SL/GDS	HY	84	56	140
	** SURVELLEILLANC	3/22/2004	F-7	100.00%	240	0	0	240	5	SL/GDS	HY	72	48	120
	MEAT SLICER	3/26/2004	F-7	100.00%	1,000	0	0	1,000	5	SL/GDS	HY	300	200	500
	GARBAGE DISPOSAL	11/5/2004	F-7	100.00%	624	0	0	624	5	SL/GDS	HY	187	125	312
	INDUSTRIAL WASHE	11/30/2004	F-7	100.00%	324	0	0	324	5	SL/GDS	HY	97	65	162
	** STAIR STEPPER	12/15/2004	F-7	100.00%	530	0	0	530	5	SL/GDS	HY	159	106	265
	PATIO HEATERS	1/18/2005	F-7	100.00%	638	0	0	638	7	SL/GDS	FM	84	91	175
	TENT COVER	3/9/2005	F-7	100.00%	3,539	0	0	3,539	7	SL/GDS	FM	421	506	927
	2 STORAGE SHEDS	5/23/2005	F-7	100.00%	1,191	0	0	1,191	5	SL/GDS	FM	232	397	629
	STORAGE SHED - TF	5/31/2005	F-7	100.00%	595	0	0	595	5	SL/GDS	FM	69	119	188
	LAWN MOWER	6/27/2005	F-7	100.00%	1,380	0	0	1,380	5	SL/GDS	FM	138	276	414
	EXERCISE EQUIPME	7/13/2005	F-7	100.00%	864	0	0	864	7	SL/GDS	FM	62	123	185
	ARCHIVE CONTAINE	8/22/2005	F-7	100.00%	3,004	0	0	3,004	7	SL/GDS	FM	143	429	572
	APPLIANCES - PLACI	9/6/2005	F-7	100.00%	1,388	0	0	1,388	7	SL/GDS	FM	66	198	264
	COMMERCIAL WASI	11/28/2005	F-7	100.00%	5,351	0	0	5,351	7	SL/GDS	FM	64	764	828
	SURVEILLANCE EQL	12/27/2005	F-7	100.00%	999	0	0	999	7	SL/GDS	FM	0	143	143
	SHEDS - ESTATES A	12/27/2005	F-7	100.00%	1,455	0	0	1,455	5	SL/GDS	FM	0	291	291
	GENERATOR	12/31/2005	F-7	100.00%	755	0	0	755	7	SL/GDS	FM	0	108	108
	STORAGE SHED PLJ	1/18/2006	F-7	100.00%	588	0	0	588	7	SL/GDS	MM	0	77	77
	SHED	2/8/2006	F-7	100.00%	1,299	0	0	1,299	7	SL/GDS	MM	0	170	170
	HEATER FARRISH PI	3/10/2006	F-7	100.00%	619	0	0	619	7	SL/GDS	MM	0	74	74
	PORTABLE SAUNA	3/21/2006	F-7	100.00%	3,302	0	0	3,302	7	SL/GDS	MM	0	354	354
	PRESSURE WASHEF	5/30/2006	F-7	100.00%	498	0	0	498	7	SL/GDS	MM	0	42	42
	UPRIGHT FREEZER	5/30/2006	F-7	100.00%	1,620	0	0	1,620	7	SL/GDS	MM	0	135	135

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AUGER		6/29/2006	F-7	100.00%	411	0	0	411	7	SL/GDS	MM	0	29	29
REFRIGERATOR		7/7/2006	F-7	100.00%	1,616	0	0	1,616	7	SL/GDS	MM	0	115	115
CHROME SHELVING		7/24/2006	F-7	100.00%	1,162	0	0	1,162	7	SL/GDS	MM	0	69	69
ICE MACHINE		8/15/2006	F-7	100.00%	2,200	0	0	2,200	7	SL/GDS	MM	0	131	131
SURVEILLANCE SYS		9/28/2006	F-7	100.00%	3,266	0	0	3,266	7	SL/GDS	MM	0	117	117
PATIO HEATERS		11/16/2006	F-7	100.00%	660	0	0	660	7	SL/GDS	MM	0	8	8
STORAGE SHEDS E		12/4/2006	F-7	100.00%	1,006	0	0	1,006	7	SL/GDS	MM	0	12	12
SAUNA LOCKERS		12/4/2006	F-7	100.00%	577	0	0	577	7	SL/GDS	MM	0	7	7
Total: Plant & Technical Equipment					71,582	0	0	71,582				17,651	10,964	28,615
Furniture & Fixtures														
** LIGHTS FOR COUF														
TOILET		2/23/2001	F-10	100.00%	128	0	0	128	5	SL/GDS	HY	128	0	128
** PARTITIONS														
LATERAL FILE CABIN		8/1/2001	F-10	100.00%	1,054	0	0	1,054	7	SL/GDS	HY	755	150	905
FURNITURE VARIOU		10/3/2001	F-10	100.00%	240	0	0	240	5	SL/GDS	HY	226	14	240
ENTERTAINMENT CE		7/1/2002	F-10	100.00%	18,198	0	0	18,198	7	SL/GDS	HY	9,100	2,599	11,699
5 DRESSERS FOR S		1/3/2003	F-10	100.00%	219	0	0	219	7	SL/GDS	MM	93	32	125
BEDS		2/3/2003	F-10	100.00%	415	0	0	415	7	SL/GDS	HY	148	60	208
TOILET		2/10/2003	F-10	100.00%	1,764	0	0	1,764	7	SL/GDS	HY	630	252	882
CARPETING		2/24/2003	F-10	100.00%	120	0	0	120	5	SL/GDS	HY	60	24	84
BUNK BEDS		3/10/2003	F-10	100.00%	8,700	0	0	8,700	7	SL/GDS	HY	3,107	1,243	4,350
2 COURSE ROOM TA		3/25/2003	F-10	100.00%	960	0	0	960	7	SL/GDS	HY	343	137	480
BEDS		3/27/2003	F-10	100.00%	110	0	0	110	7	SL/GDS	HY	40	15	55
BEDS		4/22/2003	F-10	100.00%	497	0	0	497	7	SL/GDS	HY	178	71	249
COFFEE TABLE AND		5/16/2003	F-10	100.00%	1,591	0	0	1,591	7	SL/GDS	HY	568	228	796
BEDS		5/22/2003	F-10	100.00%	278	0	0	278	7	SL/GDS	HY	100	39	139
BEDS AND DRESSES		5/23/2003	F-10	100.00%	322	0	0	322	7	SL/GDS	HY	115	46	161
BEDS AND DRESSES		5/23/2003	F-10	100.00%	1,483	0	0	1,483	7	SL/GDS	HY	530	212	742
2 ASSIST TABLES		6/6/2003	F-10	100.00%	7,629	0	0	7,629	7	SL/GDS	HY	2,725	1,090	3,815
DINING TABLE		6/6/2003	F-10	100.00%	691	0	0	691	5	SL/GDS	HY	345	138	483
BEDS		6/6/2003	F-10	100.00%	1,067	0	0	1,067	5	SL/GDS	HY	533	214	747
STORAGE CONTAINI		6/24/2003	F-10	100.00%	1,301	0	0	1,301	7	SL/GDS	HY	485	186	651
DRESSERS		6/24/2003	F-10	100.00%	585	0	0	585	5	SL/GDS	HY	293	117	410
DESKS AND LATERA		6/24/2003	F-10	100.00%	393	0	0	393	7	SL/GDS	HY	140	56	196
BEDS		6/24/2003	F-10	100.00%	795	0	0	795	7	SL/GDS	HY	285	113	398
** OFFICE CHAIRS		6/30/2003	F-10	100.00%	365	0	0	365	7	SL/GDS	HY	130	52	182
3 DESKS		6/30/2003	F-10	100.00%	1,837	0	0	1,837	7	SL/GDS	HY	655	263	918
BOOKCASES		6/30/2003	F-10	100.00%	400	0	0	400	7	SL/GDS	HY	143	57	200
7 COURSE ROOM TA		6/30/2003	F-10	100.00%	210	0	0	210	7	SL/GDS	HY	75	30	105
FILING CABINETS		6/30/2003	F-10	100.00%	500	0	0	500	7	SL/GDS	HY	178	72	250
FURNITURE		7/8/2003	F-10	100.00%	190	0	0	190	7	SL/GDS	HY	68	27	95
					7,382	0	0	7,382	7	SL/GDS	HY	2,637	1,054	3,691

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2	DESKS AND 3 OFFI	7/28/2003	F-10	100.00%	480	0	0	480	7	SL/GDS	HY	172	68	240
**	OFFICE CHAIR	8/5/2003	F-10	100.00%	108	0	0	108	7	SL/GDS	HY	38	16	54
	INDUSTRIAL STACKI	8/18/2003	F-10	100.00%	1,280	0	0	1,280	5	SL/GDS	HY	640	256	896
	TV FOR STUDENT LC	8/25/2003	F-10	100.00%	648	0	0	648	5	SL/GDS	HY	325	129	454
	TABLES AND FILES (	8/25/2003	F-10	100.00%	475	0	0	475	7	SL/GDS	HY	170	68	238
	DINING TABLE AND (	8/25/2003	F-10	100.00%	685	0	0	685	7	SL/GDS	HY	245	98	343
**	PATIO FURNITURE	9/21/2003	F-10	100.00%	1,350	0	0	1,350	7	SL/GDS	HY	482	193	675
5	DRAWER LATERAL	9/26/2003	F-10	100.00%	795	0	0	795	7	SL/GDS	HY	285	113	398
3	LATERAL FILES	3/8/2004	F-10	100.00%	370	0	0	370	7	SL/GDS	HY	79	53	132
	BLINDS	3/25/2004	F-10	100.00%	385	0	0	385	7	SL/GDS	HY	83	55	138
	BED & DRESSERS	4/14/2004	F-10	100.00%	3,383	0	0	3,383	7	SL/GDS	HY	725	484	1,209
	RECEPTION FURNIT	4/26/2004	F-10	100.00%	1,232	0	0	1,232	7	SL/GDS	HY	264	176	440
2	BUNK BEDS	3/11/2005	F-10	100.00%	1,764	0	0	1,764	7	SL/GDS	FM	210	252	462
	PIN PONG TABLE	3/11/2005	F-10	100.00%	572	0	0	572	7	SL/GDS	FM	68	82	150
	BUNKBEDS	4/12/2005	F-10	100.00%	1,312	0	0	1,312	7	SL/GDS	FM	141	187	328
	RECEPTION DESK &	5/17/2005	F-10	100.00%	2,047	0	0	2,047	7	SL/GDS	FM	171	292	463
3	BUNK BEDS & DES	5/17/2005	F-10	100.00%	2,585	0	0	2,585	7	SL/GDS	FM	215	370	585
	CONFERENCE ROOM	6/1/2005	F-10	100.00%	1,000	0	0	1,000	7	SL/GDS	FM	83	143	226
	WORKCENTERS	6/21/2005	F-10	100.00%	2,009	0	0	2,009	7	SL/GDS	FM	144	287	431
	BEDS & CHESTS	7/18/2005	F-10	100.00%	1,635	0	0	1,635	7	SL/GDS	FM	97	234	331
	BED & CHESTS	9/6/2005	F-10	100.00%	1,710	0	0	1,710	7	SL/GDS	FM	81	245	326
	FURNITURES	11/28/2005	F-10	100.00%	428	0	0	428	7	SL/GDS	MM	5	61	66
	POOL TABLE - DONT	12/16/2005	F-10	100.00%	1,999	0	0	1,999	7	SL/GDS	FM	0	286	286
	DISPLAY CASE BOOI	4/14/2006	F-10	100.00%	817	0	0	817	7	SL/GDS	MM	0	88	88
	CARPETING PLACER	4/28/2006	F-10	100.00%	12,218	0	0	12,218	7	SL/GDS	MM	0	1,164	1,164
	COURSE ROOM CHAI	5/14/2006	F-10	100.00%	310	0	0	310	5	SL/GDS	MM	0	41	41
	GRADUATION PODIL	6/14/2006	F-10	100.00%	878	0	0	878	7	SL/GDS	MM	0	73	73
	DESKS & FILES TRE	7/15/2006	F-10	100.00%	1,851	0	0	1,851	7	SL/GDS	MM	0	132	132
	WOOD DRESSERS S	9/4/2006	F-10	100.00%	7,290	0	0	7,290	7	SL/GDS	MM	0	347	347
	BEDS NEW HOUSIN(	9/7/2006	F-10	100.00%	1,683	0	0	1,683	7	SL/GDS	MM	0	80	80
	DESK DIV 6	10/13/2006	F-10	100.00%	812	0	0	812	7	SL/GDS	MM	0	29	29
	BUNKBEDS & TWIN	10/13/2006	F-10	100.00%	1,024	0	0	1,024	7	SL/GDS	MM	0	24	24
	HOUSE FURNISHING	11/3/2006	F-10	100.00%	4,675	0	0	4,675	7	SL/GDS	MM	0	111	111
	FLING CABINET DIV	12/5/2006	F-10	100.00%	318	0	0	318	7	SL/GDS	MM	0	4	4
	FIREPROOF FILING (	12/12/2006	F-10	100.00%	422	0	0	422	7	SL/GDS	MM	0	5	5
	PATIO TABLES	12/13/2006	F-10	100.00%	1,735	0	0	1,735	7	SL/GDS	HY	0	21	21
Total: Furniture & Fixtures					121,999	0	0	121,999				29,721	14,900	44,621

Building Improvements

ROOFING	10/25/2000	F-11	100.00%	603	0	0	603	15	SL/GDS	HY		220	40	260
TREASURY OFFICE I	8/23/2001	F-11	100.00%	6,520	0	0	6,520	39	SL/GDS	MM		731	167	898
REMODELING VARIC	7/1/2002	F-11	100.00%	1,963	0	0	1,963	39	SL/GDS	MM		175	51	226

Assets by Classification - 990

12/31/2006 Narconon of Northern California 77-0275827

Item No.	Description of Property *** indicates SOLD	Date Placed In Service	Asset Code	Bus Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec. 179 Bonus	2006 Deprec.	2006 Accum. Deprec.
	ELECTRICAL/PLUMB	10/10/2002	F-11	100.00%	11,930	0	0	11,930	39	SL/GDS	MM	982	306	1,288
	HEATING SYSTEMS	10/28/2002	F-11	100.00%	2,043	0	0	2,043	39	SL/GDS	MM	168	53	221
	ELECTRICAL UPGRA	1/6/2003	F-11	100.00%	1,011	0	0	1,011	39	SL/GDS	MM	77	26	103
	HEATING SYSTEM	1/13/2003	F-11	100.00%	8,210	0	0	8,210	39	SL/GDS	MM	624	210	834
	SAUNA	7/18/2003	F-11	100.00%	13,003	0	0	13,003	15	SL/GDS	MM	2,131	867	2,998
	CENTRAL AIR	8/26/2003	F-11	100.00%	2,938	0	0	2,938	5	SL/GDS	HY	1,470	587	2,057
	AIR CONDITIONING	9/10/2003	F-11	100.00%	3,000	0	0	3,000	15	SL/GDS	MM	458	200	658
	NEW SAUNA	9/12/2003	F-11	100.00%	11,986	0	0	11,986	5	SL/GDS	HY	5,993	2,397	8,390
	4 OUTLETS	11/14/2003	F-11	100.00%	1,230	0	0	1,230	5	SL/GDS	HY	615	246	861
	FIRE SYSTEM UPGR	2/18/2004	F-11	100.00%	485	0	0	485	15	SL/GDS	MM	60	33	93
	OFFICE IMPROVEME	2/23/2004	F-11	100.00%	3,019	0	0	3,019	39	SL/GDS	MM	145	78	223
	VANITY & BATH TUB	10/1/2004	F-11	100.00%	2,380	0	0	2,380	5	SL/GDS	HY	714	476	1,190
	BATHROOM IMPROV	12/28/2004	F-11	100.00%	1,505	0	0	1,505	39	SL/GDS	MM	41	38	79
	GUTTERING	3/31/2005	F-11	100.00%	9,092	0	0	9,092	15	SL/GDS	MM	455	606	1,061
	DECKING-COURSER	4/30/2005	F-11	100.00%	15,223	0	0	15,223	15	SL/GDS	MM	677	1,014	1,691
	WALL MURAL	5/2/2005	F-11	100.00%	3,500	0	0	3,500	40	SL/GDS	MM	58	88	146
	HOT WATER SYSTEM	5/20/2005	F-11	100.00%	1,975	0	0	1,975	15	SL/GDS	MM	77	131	208
	AWNING - DIV 7 ARE	9/19/2005	F-11	100.00%	3,368	0	0	3,368	15	SL/GDS	MM	56	225	281
	DECKING - EXEC AR	10/21/2005	F-11	100.00%	2,422	0	0	2,422	15	SL/GDS	MM	27	161	188
	REMODEL ETHICS C	10/31/2005	F-11	100.00%	2,073	0	0	2,073	15	SL/GDS	MM	23	138	161
	SAUNA	11/30/2005	F-11	100.00%	11,018	0	0	11,018	10	SL/GDS	MM	92	1,102	1,194
	IMPROVEMENTS - W	12/15/2005	F-11	100.00%	21,413	0	0	21,413	40	SL/GDS	MM	45	535	580
	ROOM & BATHROOM	6/29/2006	F-11	100.00%	20,789	0	0	20,789	15	SL/GDS	HY	0	693	693
	SAUNA UPGRADE	8/19/2006	F-11	100.00%	3,681	0	0	3,681	10	SL/GDS	MM	0	123	123
	PATIO ENCLOSURE	12/15/2006	F-11	100.00%	97,551	0	0	97,551	15	SL/GDS	FM	0	542	542
Total: Building Improvements					263,931	0	0	263,931				16,114	11,133	27,247

Land

LAND FACILITIES	12/30/1998	N-1	100.00%	577,752	0	0	577,752					0	0	0
Total: Land				577,752	0	0	577,752					0	0	0

Assets not put in service and under construction

REAL PROPERTY NC	12/31/2006	N-2	100.00%	218,830	0	0	218,830					0	0	0
CONSTRUCTION IN F	12/31/2006	N-2	100.00%	22,042	0	0	22,042					0	0	0
Total: Other nondepreciable				240,872	0	0	240,872					0	0	0

Land Improvements

DRIVEWAY	10/15/1999	R-2	100.00%	19,300	0	0	19,300	15	SL/GDS	MM		7,883	1,286	9,169
SEPTIC TANK	4/5/2000	R-2	100.00%	4,500	0	0	4,500	15	SL/GDS	HY		1,650	300	1,950
PAVING	10/17/2000	R-2	100.00%	5,200	0	0	5,200	15	SL/GDS	HY		1,908	346	2,254
ROCK FOR SEPTIC	3/27/2001	R-2	100.00%	2,575	0	0	2,575	15	SL/GDS	HY		817	171	988
FENCING DONATED	2/2/2002	R-2	100.00%	3,985	0	0	3,985	15	SL/GDS	FM		1,042	265	1,307
WATER SYSTEM	9/9/2002	R-2	100.00%	4,000	0	0	4,000	15	SL/GDS	MM		879	266	1,145

Assets by Classification - 990

12/31/2006 Narconon of Northern California 77-0275827

Item No.	Description of Property *** Indicates SOLD	Date Placed In Service	Asset Code	Bus. Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec.	2006 Deprec.	2006 Accum. Deprec.
												179 Bonus		
	PAVING	10/22/2002	R-2	100.00%	4,250	0	0	4,250	15	SL/GDS	MM	896	284	1,180
	WATER SYSTEM	12/30/2002	R-2	100.00%	1,504	0	0	1,504	15	SL/GDS	MM	300	101	401
	POOL UPGRADE	2/10/2003	R-2	100.00%	1,650	0	0	1,650	39	SL/GDS	MM	121	43	164
	PAVING ROAD	5/14/2003	R-2	100.00%	4,335	0	0	4,335	15	SL/GDS	MM	759	289	1,048
	PAVING VOLLEYBAL	6/9/2003	R-2	100.00%	2,450	0	0	2,450	15	SL/GDS	MM	414	164	578
	RIVER ROCK LAND	9/2/2003	R-2	100.00%	593	0	0	593	15	SL/GDS	HY	100	39	139
	FOUNDATION B AND	10/6/2003	R-2	100.00%	7,200	0	0	7,200	15	SL/GDS	HY	1,200	480	1,680
	LEACH FIELDS	2/2/2004	R-2	100.00%	15,382	0	0	15,382	15	SL/GDS	MM	1,922	1,026	2,948
	TILE	3/18/2004	R-2	100.00%	3,850	0	0	3,850	15	SL/GDS	MM	460	256	716
	PAD - DUMPSTER AF	6/30/2005	R-2	100.00%	10,321	0	0	10,321	15	SL/GDS	MM	344	688	1,032
	ROAD IMPROVEMEN	11/21/2005	R-2	100.00%	20,880	0	0	20,880	15	SL/GDS	MM	116	1,392	1,508
	FENCEING	11/21/2005	R-2	100.00%	912	0	0	912	15	SL/GDS	MM	5	61	66
	SEPTIC SYSTEM	12/8/2005	R-2	100.00%	143,493	0	0	143,493	15	SL/GDS	MM	797	9,566	10,363
	LANDSCAPING	12/12/2005	R-2	100.00%	4,995	0	0	4,995	15	SL/GDS	MM	28	333	361
	LAMPOST	12/15/2005	R-2	100.00%	1,250	0	0	1,250	15	SL/GDS	MM	7	83	90
	OUTDOOR LAMPOST	3/20/2006	R-2	100.00%	1,030	0	0	1,030	15	SL/GDS	MM	0	52	52
	ROAD UPGRADE	5/19/2006	R-2	100.00%	76,551	0	0	76,551	15	SL/GDS	MM	0	2,977	2,977
	LANDSCAPING	10/31/2006	R-2	100.00%	5,500	0	0	5,500	15	SL/GDS	MM	0	61	61
	SEPTIC/WATER SYS	12/11/2006	R-2	100.00%	91,818	0	0	91,818	15	SL/GDS	MM	0	510	510
	ROAD UPGRADE WC	12/15/2006	R-2	100.00%	15,040	0	0	15,040	15	SL/GDS	MM	0	84	84
Total: Land Improvements					452,564	0	0	452,564				21,648	21,123	42,771
Leasehold Improvements														
	LH IMPOV. FIRE SYS	9/25/2006	R-9	100.00%	5,953	0	0	5,953	5	SL/GDS	MM	0	298	298
	LEASEHOLD IMP PAI	11/25/2006	R-9	100.00%	2,378	0	0	2,378	5	SL/GDS	MM	0	40	40
Total: Leasehold Improvements					8,331	0	0	8,331				0	338	338
Building														
	BUILDING - WATSON	12/30/1998	R-5	100.00%	847,388	0	0	847,388	39	SL/GDS	MM	152,092	21,728	173,820
	BUILDING SHED	5/17/2001	R-5	100.00%	1,293	0	0	1,293	39	SL/GDS	MM	153	33	186
	MODULAR UNIT	2/16/2003	R-5	100.00%	38,700	0	0	38,700	39	SL/GDS	MM	2,854	993	3,847
	MODULAR BUILDING	5/17/2005	R-5	100.00%	16,263	0	0	16,263	15	SL/GDS	MM	632	1,085	1,717
Total: Building					903,644	0	0	903,644				155,731	23,839	179,570
Motor Vehicles														
	1999 FORD VAN	7/8/2002	V-5	100.00%	13,759	0	0	13,759	5	SL/GDS	HY	9,632	2,752	12,384
	1993 MITSUBISHI V	1/27/2003	V-5	100.00%	3,500	0	0	3,500	5	SL/GDS	HY	1,750	700	2,450
	1999 FORD WINDST/	2/3/2003	V-5	100.00%	9,932	0	0	9,932	5	SL/GDS	HY	4,965	1,987	6,952
	** 1996 SUBARU LEG	4/4/2005	V-5	100.00%	5,600	0	0	5,600	3	SL/GDS	FM	1,400	1,867	3,267
	1999 OLDSMOBILE S	8/18/2005	V-5	100.00%	11,830	0	0	11,830	3	SL/GDS	FM	1,314	3,944	5,258
	2004 FORD ECONOL	12/18/2005	V-5	100.00%	19,000	0	0	19,000	3	SL/GDS	MM	0	6,333	6,333
	CAR WD	6/12/2006	V-5	100.00%	5,093	0	0	5,093	3	SL/GDS	MM	0	990	990

Assets by Classification - 990

12/31/2006 Narconon of Northern California 77-0275827

Item No.	Description of Property **** Indicates SOLD	Date Placed In Service	Asset Code	Bus. Use %	Cost or Other Basis	Sec. 179 Deduction	Special Allowance	Recovery Basis	Recovery Period	Method	Conv Code	Prior Accum Deprec., 179 Bonus	2006 Deprec	2006 Accum. Deprec.
2004	CHEVY EXPRE	9/14/2006	V-5	100.00%	16,395	0	0	16,395	3	SL/GDS	MM	0	1,822	1,822
Total Motor Vehicles														
					85,109	0	0	85,109						

Amort - 197 - Intangible costs

APPRASAL FEE	11/2/2002	Z-9	100.00%	6,000	0	0	6,000	30	SL	FM	600	200	800
NEW LOAN ESCROW	12/27/2002	Z-9	100.00%	15,124	0	0	15,124	30	SL	FM	1,512	504	2,016
Total: Amortization - 197 - Intangibles (goodwill, etc.)				21,124	0	0	21,124						
SubTotals				2,840,363	0	0	2,840,363						
Less: Assets Sold				(19,065)	(0)	(0)	(19,065)						
Ending Totals				2,821,298	0	0	2,821,298						
											273,257	121,131	394,388
											(7,875)	(4,286)	(12,160)
											265,382	116,845	382,228
											2,112	704	2,816

273,257	121,131	394,388
(7,875)	(4,286)	(12,160)
265,382	116,845	382,228

Line 43 (990) - Other Deductions

1,448,527

1,233,041

213,685

1,801

TAX YEAR 12/31/06		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
Description					
1	Contributions to other nonprofit organizations	95,145	95,145	0	0
2	Insurance	117,962	94,700	22,802	460
3	Loss on sale or disposal	6,904	5,542	1,335	27
4	Maintenance	92,462	74,228	17,873	361
5	Office and Administrative	126,278	107,532	18,500	246
6	Professional fees	149,594	30,546	118,934	114
7	Program delivery costs	381,380	381,380	0	0
8	Referral fees	321,997	321,997	0	0
9	Staff training	21,483	17,247	4,152	84
10	Taxes, dues and fees	4,874	0	4,874	0
11	Utilities	130,448	104,724	25,215	509
12		0			
13		0			
14		0			
15		0			
16		0			
17		0			
18		0			
19		0			
20		0			
21		0			
22		0			
23		0			
24		0			
25		0			
26		0			
27		0			
28		0			
29		0			
30		0			

Line 47 (990) - Accounts Receivable

		TAX YEAR 12/31/06					
		Accounts receivable			Allowance for doubtful accounts		
		Beginning		End	Beginning		End
1	ACCOUNTS RECEIVABLE	1	56,607	114,955			
2		2					
3		3					
4		4					
5		5					
6		6					
7		7					
8		8					
9		9					
10		10					
11	Total accounts receivable	11	56,607	114,955	0		0

Line 48 (990) - Pledges Receivable

		TAX YEAR 12/31/06					
		Pledges receivable			Allowance for doubtful accounts		
		Beginning		End	Beginning		End
1	GRANT RECEIVABLE	1	90,000				
2		2					
3		3					
4		4					
5		5					
6		6					
7		7					
8		8					
9		9					
10		10					
11	Total pledges receivable	11	90,000	0	0		0

Line 58 (990) - Other Assets

72,346

92,650

TAX YEAR 12/31/06		Beginning	End
1	Deposits	19,146	20,250
2	Purchase Option	53,200	72,400
3			
4			
5			
6			
7			
8			
9			
10			

TAX YEAR 12/31/06

[illegible]

Line 65 (990) - Other Liabilities

		381,944	0
TAX YEAR 12/31/06		Beginning	End
1	Settlement Payable	381,944	0
2			
3			
4			
5			
6			
7			
8			
9			
10			

Part IV-A, Line b(4) and Line d(2) (990) - Reconciliation of Rev per Audited Financial Stmts

Line b(4) Other			
1	COST OF GOODS SOLD	1	57,786
2		2	
3		3	
4		4	
5		5	
6	Total Line b(4), Part IV-A	6	57,786
Line d(2) Other			
1		1	
2		2	
3		3	
4		4	
5		5	
6	Total Line d(2), Part IV-A	6	0

Part IV-B, Line b(4) and Line d(2) (990) - Reconciliation of Exp per Audited Financial Stmts

Line b(4) Other			
1	COST OF GOOD SOLD	1	57,786
2		2	
3		3	
4		4	
5		5	
6	Total Line b(4), Part IV-B	6	57,786
Line d(2) Other			
1		1	
2		2	
3		3	
4		4	
5		5	
6	Total Line d(2), Part IV-B	6	0

Narconon of Northern California

77-0275827

Tax Year: 12/31/06

Continuation schedule to list more persons in Part V-A of Form 990 page 5

Additional Current Officers, Directors Trustees and Key Employees

(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
Name <u>Scott Friend</u>	Str <u>4323 Moorpark Ave Ste A</u>	Title <u>Director</u>			
City <u>San Jose</u>	ST <u>CA</u> ZIP <u>95129</u>	Hr/WK <u>1</u>	<u>0</u>	<u>0</u>	<u>(</u>

Narconon of Northern California

77-0275827

Tax Year: 12/31/06

Line 75b (990) - Officers, directors, trustees or key employees listed in Form 990, Part V-A or highest compensated employees listed in Schedule A, Part I related to each other through family or business relationships.

Daniel M Manson, Exec Dir/Director, and Angie Manson, Exec Dir, are married.
Edward Panelli, Voting Member, is the father of Jeffrey J. Panelli, Snr. Dir. of Expansion.

Narconon of Northern California

77-0275827

Tax Year 12/31/06

Statement 1

Ref: Schedule A Form 990 Part III 2a.

Narconon of Northern California paid rent of \$8195 to Andy Moore, Former Executive Director, for use of property.

Narconon of Northern California paid rent of \$19359 to Angie Manson, Executive Director, for use of property.

Part III, Line 3a (Sch A (990/990-EZ)) - Fellowships, Scholarships, and Student Loans

TAX YEAR 12/31/06

Do you make grants for scholarships, fellowships, student loans, etc.? ☒ Yes ☐ No

If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.

Determination is made by financial and personal hardship.

Line 22 (Sch A (990/990-EZ)) - Other Income

TAX YEAR 12/31/06

Description		(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
1	COMMISSIONS	11,643	0	906	6,057	18,606
2						0
3						0
4						0
5						0
6						0
7						0
8						0
9						0
10						0
Total of Other Income		11,643	0	906	6,057	18,606