

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  
**2007**  
Open to Public Inspection

**A** For the 2007 calendar year, or tax year beginning , and ending

- B** Check if applicable:  
☐ Address change  
☐ Name change  
☐ Initial return  
☐ Termination  
☐ Amended return  
☐ Application pending

Please use IRS label or print or type. See Specific Instructions

**C** Name of organization

**NARCONON INTERNATIONAL**

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

**4652 HOLLYWOOD BLVD**

Room/suite

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

**LOS ANGELES**

**CA 90027-5408**

**D** Employer identification number

**95-2769582**

**E** Telephone number

**323-962-2404**

**F** Accounting method ☐ Cash

☒ Accrual ☐ Other (specify)

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations

**H(a)** Is this a group return for affiliates? ☐ Yes ☒ No

**H(b)** If "Yes," enter number of affiliates

**H(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

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

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

**J** Organization type

(check only one) ☒ 501(c) ( **3** ) (insert no) ☐ 4947(a)(1) or ☐ 527

**K** Check here ☐ if the organization 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.

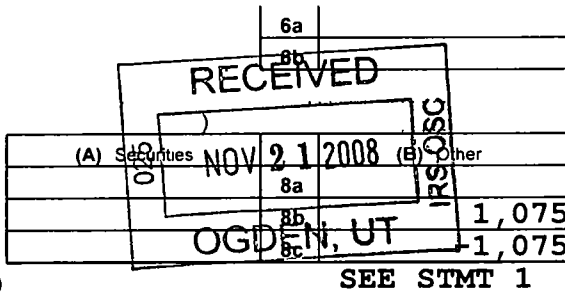
**L** Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 **6,594,752**

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

Revenue	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	582,003			
	c	Indirect public support (not included on line 1a)	1c				
	d	Government contributions (grants) (not included on line 1a)	1d				
	e	Total (add lines 1a through 1d) (cash \$ 582,003 noncash \$ )	1e	582,003			
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	5,923,715			
	3	Membership dues and assessments	3				
	4	Interest on savings and temporary cash investments	4	9,399			
	5	Dividends and interest from securities	5				
	6a	Gross rents	6a				
	Expenses	b	Less rental expenses	6b			
c		Net rental income or (loss) Subtract line 6b from line 6a	6c				
7		Other investment income (describe)	7				
8a		Gross amount from sales of assets other than inventory	8a	1,075			
b		Less cost or other basis and sales expenses	8b	1,075			
c		Gain or (loss) (attach schedule)	8c				
d		Net gain or (loss) Combine line 8c, columns (A) and (B)	8d	-1,075			
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				
10a		Gross sales of inventory, less returns and allowances	10a	71,830			
b	Less cost of goods sold	10b	58,376				
c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c	13,454				
11	Other revenue (from Part VII, line 103)	11	7,805				
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	6,535,301				
Net Assets	13	Program services (from line 44, column (B))	13	3,944,356			
	14	Management and general (from line 44, column (C))	14	360,533			
	15	Fundraising (from line 44, column (D))	15	86,784			
	16	Payments to affiliates (attach schedule)	16	1,863,335			
	17	Total expenses. Add lines 16 and 44, column (A)	17	6,255,008			
	18	Excess or (deficit) for the year Subtract line 17 from line 12	18	280,293			
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	1,349,343				
20	Other changes in net assets or fund balances (attach explanation)	20					
21	Net assets or fund balances at end of year Combine lines 18, 19, and 20	21	1,629,636				

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**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (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
<b>22a</b> Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>22a</b>			
<b>22b</b> Other grants and allocations (attach schedule) <b>STMT 4</b> (cash \$ <b>694,164</b> non-cash \$ _____) If this amount includes foreign grants, check here <input checked="" type="checkbox"/>	<b>22b</b>	<b>694,164</b>	<b>694,164</b>	
<b>23</b> Specific assistance to individuals (attach schedule)	<b>23</b>			
<b>24</b> Benefits paid to or for members (attach schedule)	<b>24</b>			
<b>25a</b> Compensation of current officers, directors, key employees, etc. listed in Part V-A <b>SEE STATEMENT 5</b>	<b>25a</b>	<b>340,653</b>	<b>256,232</b>	<b>70,286</b>
<b>b</b> Compensation of former officers, directors, key employees, etc. listed in Part V-B	<b>25b</b>			
<b>c</b> 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)	<b>25c</b>			
<b>26</b> Salaries and wages of employees not included on lines 25a, b, and c	<b>26</b>	<b>876,285</b>	<b>708,347</b>	<b>129,042</b>
<b>27</b> Pension plan contributions not included on lines 25a, b, and c	<b>27</b>			
<b>28</b> Employee benefits not included on lines 25a - 27	<b>28</b>			
<b>29</b> Payroll taxes	<b>29</b>	<b>103,614</b>	<b>82,124</b>	<b>16,972</b>
<b>30</b> Professional fundraising fees	<b>30</b>			
<b>31</b> Accounting fees	<b>31</b>	<b>29,175</b>		<b>29,175</b>
<b>32</b> Legal fees	<b>32</b>	<b>111,779</b>	<b>89,186</b>	<b>17,843</b>
<b>33</b> Supplies	<b>33</b>	<b>91,207</b>	<b>73,758</b>	<b>14,056</b>
<b>34</b> Telephone	<b>34</b>	<b>29,605</b>	<b>23,539</b>	<b>4,791</b>
<b>35</b> Postage and shipping	<b>35</b>	<b>34,232</b>	<b>32,000</b>	<b>1,799</b>
<b>36</b> Occupancy	<b>36</b>	<b>261,468</b>	<b>207,285</b>	<b>42,809</b>
<b>37</b> Equipment rental and maintenance	<b>37</b>	<b>4,175</b>	<b>3,309</b>	<b>684</b>
<b>38</b> Printing and publications	<b>38</b>	<b>40,724</b>	<b>37,579</b>	<b>3,096</b>
<b>39</b> Travel	<b>39</b>	<b>91,291</b>	<b>89,089</b>	<b>1,867</b>
<b>40</b> Conferences, conventions, and meetings	<b>40</b>	<b>46,068</b>	<b>46,068</b>	
<b>41</b> Interest	<b>41</b>			
<b>42</b> Depreciation, depletion, etc. (attach schedule)	<b>42</b>	<b>47,497</b>	<b>37,646</b>	<b>7,780</b>
<b>43</b> Other expenses not covered above (itemize) <b>a</b> <b>SEE STATEMENT 6</b> <b>b</b> <b>c</b> <b>d</b> <b>e</b> <b>f</b> <b>g</b>	<b>43a</b> <b>43b</b> <b>43c</b> <b>43d</b> <b>43e</b> <b>43f</b> <b>43g</b>	<b>1,589,736</b>       	<b>1,564,030</b>       	<b>20,333</b>       
<b>44</b> <b>Total functional expenses.</b> Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	<b>44</b>	<b>4,391,673</b>	<b>3,944,356</b>	<b>360,533</b>
				<b>86,784</b>

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

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

☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_,

(iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

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

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

What is the organization's primary exempt purpose?

**► REHABILITATION AND PREVENTION OF SUBSTANCE ABUSE.**

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

**Program Service Expenses**

(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)

**a SEE STATEMENT 7**

(Grants and allocations \$ **693,980** )

If this amount includes foreign grants, check here ► ☒

**2,883,544**

**b SEE STATEMENT 8**

(Grants and allocations \$ )

If this amount includes foreign grants, check here ► ☐

**515,833**

**c RAISING PUBLIC AWARENESS.**

**DURING 2007 NARCONON AND ITS RELATED EDUCATIONAL GROUPS PUBLICLY DISTRIBUTED NEARLY 450,000 DRUG ABUSE INFORMATIONAL BROCHURES AND OTHER EDUCATIONAL MATERIAL NARCONON HAD PRODUCED, INCLUDING ELECTRONIC NEWSLETTERS.**

(Grants and allocations \$ **184** )

If this amount includes foreign grants, check here ► ☒

**544,979**

**d**

(Grants and allocations \$ )

If this amount includes foreign grants, check here ► ☐

**e Other program services (attach schedule)**

(Grants and allocations \$ )

If this amount includes foreign grants, check here ► ☐

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

**3,944,356**

Form **990** (2007)

**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
<b>Assets</b>	45 Cash—non-interest-bearing	185,133	45	112,775
	46 Savings and temporary cash investments	269,318	46	373,050
	47a Accounts receivable	47a 1,304,606		
	b Less allowance for doubtful accounts	47b 637,937	537,224	47c 666,669
	48a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b		48c
	49 Grants receivable		49	
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a	
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att schedule)		50b	
	51a Other notes and loans receivable (attach schedule) <b>SEE WORKSHEET</b>	51a 113,994		
	b Less allowance for doubtful accounts	51b	35,323	51c 113,994
	52 Inventories for sale or use		42,774	52 32,691
	53 Prepaid expenses and deferred charges		925	53 230
	54a Investments—publicly-traded securities	► <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54a
	b Investments—other securities (attach schedule)	► <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54b
55a Investments—land, buildings, and equipment basis	55a			
b Less accumulated depreciation (attach schedule)	55b		55c	
56 Investments—other (attach schedule)			56	
57a Land, buildings, and equipment basis	57a 991,712			
b Less accumulated depreciation (attach schedule) <b>SEE STATEMENT 9</b>	57b 376,895	622,518	57c 614,817	
58 Other assets, including program-related investments (describe ► <b>SEE STATEMENT 10</b> )			58 121,851	
59 <b>Total assets</b> (must equal line 74) Add lines 45 through 58		1,693,215	59 2,036,077	
<b>Liabilities</b>	60 Accounts payable and accrued expenses		164,600	60 21,245
	61 Grants payable		19,731	61 19,091
	62 Deferred revenue			62
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63
	64a Tax-exempt bond liabilities (attach schedule)			64a
	b Mortgages and other notes payable (attach schedule)			64b
	65 Other liabilities (describe ► <b>SEE STATEMENT 11</b> )		159,541	65 366,105
66 <b>Total liabilities.</b> Add lines 60 through 65		343,872	66 406,441	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted		1,344,912	67 1,623,620
	68 Temporarily restricted		4,431	68 6,016
	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 <b>Total net assets or fund balances.</b> Add lines 67 through 69 or lines 70 through 72 (Column (A) must equal line 19 and column (B) must equal line 21)		1,349,343	73 1,629,636
74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73		1,693,215	74 2,036,077	

## Part IV-A

**Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)**

<b>a</b>	Total revenue, gains, and other support per audited financial statements		<b>a</b>	<b>6,593,677</b>
<b>b</b>	Amounts included on line a but not on Part I, line 12			
1	Net unrealized gains on investments	<b>b1</b>		
2	Donated services and use of facilities	<b>b2</b>		
3	Recoveries of prior year grants	<b>b3</b>		
4	Other (specify)	<b>b4</b>		
	<b>SEE STATEMENT 12</b>			
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	<b>58,376</b>
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	<b>6,535,301</b>
<b>d</b>	Amounts included on Part I, line 12, but not on line a:			
1	Investment expenses not included on Part I, line 6b	<b>d1</b>		
2	Other (specify)	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines <b>c</b> and <b>d</b>		<b>e</b>	<b>6,535,301</b>

## Part IV-B

### Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

<b>a</b>	Total expenses and losses per audited financial statements		<b>a</b>	6,313,384
<b>b</b>	Amounts included on line a but not Part I, line 17			
1	Donated services and use of facilities	<b>b1</b>		
2	Prior year adjustments reported on Part I, line 20	<b>b2</b>		
3	Losses reported on Part I, line 20	<b>b3</b>		
4	Other (specify)			
	<b>SEE STATEMENT 13</b>	<b>b4</b>	58,376	
	Add lines <b>b1</b> through <b>b4</b>		<b>b</b>	58,376
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>		<b>c</b>	6,255,008
<b>d</b>	Amounts included on Part I, line 17, but not on line <b>a</b> :			
1	Investment expenses not included on Part I, line 6b	<b>d1</b>		
2	Other (specify)	<b>d2</b>		
	Add lines <b>d1</b> and <b>d2</b>		<b>d</b>	
<b>e</b>	<b>Total expenses</b> (Part I, line 17) Add lines <b>c</b> and <b>d</b>		<b>e</b>	6,255,008

## 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 )

[illegible]


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

<p><b>75a</b> Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings <span style="float: right;">▶ <b>3</b></span></p>			
<p><b>b</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>	<b>75b</b>		<b>X</b>
<p><b>c</b> 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>If "Yes," attach a statement that includes the information described in the instructions</p>	<b>75c</b>		<b>X</b>
<p><b>d</b> Does the organization have a written conflict of interest policy?</p>	<b>75d</b>	<b>X</b>	

<b>Part V-B</b>	<b>Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits</b>
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(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 (See the instructions.)**

<b>76</b>	Did the organization make a change in its activities or methods of conducting activities? If "Yes," attach a detailed statement of each change	<b>76</b>		<b>X</b>
<b>77</b>	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	<b>77</b>		<b>X</b>
<b>78a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>78a</b>		<b>X</b>
<b>b</b>	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year?	<b>78b</b>		
<b>79</b>	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	<b>79</b>		<b>X</b>
<b>80a</b>	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	<b>80a</b>		<b>X</b>
<b>b</b>	If "Yes," enter the name of the organization 			
	and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt			
<b>81a</b>	Enter direct and indirect political expenditures (See line 81 instructions)	<b>81a</b>	0	
<b>b</b>	Did the organization file <b>Form 1120-POL</b> for this year?	<b>81b</b>		<b>X</b>

**Part VI Other Information (continued)**

		Yes	No
<b>82a</b>	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?		<b>X</b>
<b>b</b>	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		
	N/A 82b		
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	<b>X</b>	
<b>b</b>	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<b>X</b>	
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible?		
	N/A		
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	N/A 84b		
<b>85a</b>	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members?		
	N/A 85a		
<b>b</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 85b		
<b>c</b>	Dues, assessments, and similar amounts from members		
	N/A 85c		
<b>d</b>	Section 162(e) lobbying and political expenditures		
	N/A 85d		
<b>e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
	N/A 85e		
<b>f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
	N/A 85f		
<b>g</b>	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	N/A 85g		
<b>h</b>	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
	N/A 85h		
<b>86</b>	501(c)(7) orgs. Enter a Initiation fees and capital contributions included on line 12		
	N/A 86a		
<b>b</b>	Gross receipts, included on line 12, for public use of club facilities		
	N/A 86b		
<b>87</b>	501(c)(12) orgs. Enter a Gross income from members or shareholders		
	N/A 87a		
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
	N/A 87b		
<b>88a</b>	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		<b>X</b>
<b>b</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		<b>X</b>
<b>89a</b>	501(c)(3) organizations. Enter Amount of tax imposed on the organization during the year under section 4911 <b>0</b> , section 4912 <b>0</b> , section 4955 <b>0</b>		
<b>b</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		<b>X</b>
<b>c</b>	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <b>0</b>		
<b>d</b>	Enter Amount of tax on line 89c, above, reimbursed by the organization <b>0</b>		
<b>e</b>	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		<b>X</b>
<b>f</b>	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract?		<b>X</b>
<b>g</b>	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?		<b>X</b>
<b>90a</b>	List the states with which a copy of this return is filed <b>CA</b>		
<b>b</b>	Number of employees employed in the pay period that includes March 12, 2007 (See instructions)	<b>90b</b>	<b>28</b>
<b>91a</b>	The books are in care of <b>PETER VAN AUKEN</b> <b>4652 HOLLYWOOD BLVD.</b> Located at <b>LOS ANGELES, CA</b>	Telephone no <b>323-962-2404</b> ZIP + 4 <b>90027-5408</b>	
<b>b</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 <b>See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts</b>	<b>91b</b>	<b>X</b>

**Part VI Other Information (continued)**

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

91c

Yes No

☒ ☐

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

N/A ▶ 92

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

Note: Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a <b>LICENSE FEE INCOME</b>					<b>5,878,914</b>
b <b>REFERRAL FEES</b>					<b>12,844</b>
c <b>TRAINING &amp; SEMINARS</b>					<b>15,200</b>
d <b>DETOX &amp; REHAB PROGRAMS</b>					<b>2,500</b>
e <b>NARCONON CTR - MEDITTERANEO</b>					<b>14,257</b>
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			<b>14</b>	<b>9,399</b>	
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			<b>1</b>	<b>-1,075</b>	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					<b>13,454</b>
103 Other revenue a					
b <b>FUNDRAISING FEES</b>					<b>7,805</b>
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		<b>0</b>		<b>8,324</b>	<b>5,944,974</b>
105 Total (add line 104, columns (B), (D), and (E))					<b>5,953,298</b>

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)
	<b>SEE STATEMENT 15</b>

**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
<b>N/A</b>	%			
	%			
	%			
	%			

**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 **N/A** 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

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

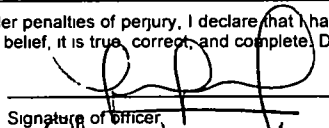
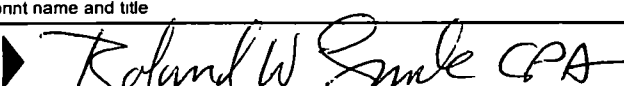
**107** Did the reporting organization **receive** any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity

Yes	No

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

**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

<b>Please Sign Here</b>	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		NOV. 17/2008 Date	
	Type or print name and title Claudia Arcabascio, SECRETARY			
<b>Paid Preparer's Use Only</b>	Preparer's signature	 Roland W. Fink, CPA	Date	11/17/08
	Firm's name (or yours if self-employed), address, and ZIP + 4	ROLAND W. FINK, CPA 2441 HONOLULU AVE., SUITE 120 MONTROSE, CA 91020-1847		Check if self-employed <input checked="" type="checkbox"/> Preparer's SSN or PTIN (See Gen Instr X) P00640573
			EIN	
			Phone no	818-249-4577

**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

OMB No 1545-0047

**2007**Department of the Treasury  
Internal Revenue Service**Supplementary Information-(See separate instructions.)**▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

**NARCONON INTERNATIONAL**Employer identification number  
**95-2769582****Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

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

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to empl. benefit plans & deferred comp	(e) Expense account and other allowances
SUSAN BIRKENSHAW 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	D/ED EXPANSN 45	72,824	0	0
ROBERT WIGGINS 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	SPEC. PROJ. 45	68,526	0	0
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
NONE		
Total number of others receiving over \$50,000 for professional services ▶		

**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 ▶		

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

Schedule A (Form 990 or 990-EZ) 2007

**Part III Statements About Activities** (See page 2 of the instructions.)

	Yes	No
<b>1</b> 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 )	<b>1</b>	<b>X</b>
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.		
<b>2</b> 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 )		
<b>a</b> Sale, exchange, or leasing of property?	<b>2a</b>	<b>X</b>
<b>b</b> Lending of money or other extension of credit?	<b>2b</b>	<b>X</b>
<b>c</b> Furnishing of goods, services, or facilities?	<b>2c</b>	<b>X</b>
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	<b>2d</b>	<b>X</b>
<b>e</b> Transfer of any part of its income or assets?	<b>2e</b>	<b>X</b>
<b>3a</b> 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 )	<b>3a</b>	<b>X</b>
<b>b</b> Did the organization have a section 403(b) annuity plan for its employees?	<b>3b</b>	<b>X</b>
<b>c</b> 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	<b>3c</b>	<b>X</b>
<b>d</b> Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	<b>3d</b>	<b>X</b>
<b>4a</b> Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g.	<b>4a</b>	<b>X</b>
<b>b</b> Did the organization make any taxable distributions under section 4966?	<b>4b</b>	
<b>c</b> Did the organization make a distribution to a donor, donor advisor, or related person?	<b>4c</b>	
<b>d</b> Enter the total number of donor advised funds owned at the end of the tax year	►	
<b>e</b> Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year	►	
<b>f</b> 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	►	<b>0</b>
<b>g</b> Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year	►	<b>0</b>

**SEE PART V-A, FORM 990**

**Part IV Reason for Non-Private Foundation Status** (See pages 4 through 8 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 8 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	
<b>Total</b> ►					

- 14** ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 8 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) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
<b>15</b> Gifts, grants, and contributions received (Do not include unusual grants. See line 28 )	<b>303,963</b>	<b>248,244</b>	<b>386,591</b>	<b>134,944</b>	<b>1,073,742</b>
<b>16</b> Membership fees received					<b>0</b>
<b>17</b> 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	<b>5,135,428</b>	<b>4,467,768</b>	<b>2,565,455</b>	<b>2,201,388</b>	<b>14,370,039</b>
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	<b>2,423</b>	<b>2,066</b>	<b>9,984</b>	<b>12,656</b>	<b>27,129</b>
<b>19</b> Net income from unrelated business activities not included in line 18					<b>0</b>
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					<b>0</b>
<b>21</b> 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.					<b>0</b>
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets. <b>STMT 16</b>	<b>7,692</b>	<b>9,100</b>	<b>6,649</b>	<b>3,524</b>	<b>26,965</b>
<b>23</b> Total of lines 15 through 22	<b>5,449,506</b>	<b>4,727,178</b>	<b>2,968,679</b>	<b>2,352,512</b>	<b>15,497,875</b>
<b>24</b> Line 23 minus line 17	<b>314,078</b>	<b>259,410</b>	<b>403,224</b>	<b>151,124</b>	<b>1,127,836</b>
<b>25</b> Enter 1% of line 23	<b>54,495</b>	<b>47,272</b>	<b>29,687</b>	<b>23,525</b>	

<b>26 Organizations described on lines 10 or 11:</b>	<b>a</b> Enter 2% of amount in column (e), line 24	<b>26a</b>	<b>22,557</b>
<b>b</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 2003 through 2006 exceeded the amount shown in line 26a. <b>Do not file this list with your return.</b> Enter the total of all these excess amounts		<b>26b</b>	<b>0</b>
<b>c</b> Total support for section 509(a)(1) test. Enter line 24, column (e)		<b>26c</b>	<b>1,127,836</b>
<b>d</b> Add: Amounts from column (e) for lines 18 <u>27,129</u> 19 _____ 22 <u>26,965</u> 26b _____		<b>26d</b>	<b>54,094</b>
<b>e</b> Public support (line 26c minus line 26d total)		<b>26e</b>	<b>1,073,742</b>
<b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator))		<b>26f</b>	<b>95.2037%</b>

<b>27 Organizations described on line 12:</b>	<b>a</b> 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."			<b>N/A</b>
<b>Do not file this list with your return.</b> Enter the sum of such amounts for each year	(2006)	(2005)	(2004)	(2003)
<b>b</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.) <b>Do not file this list with your return.</b> 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	(2006)	(2005)	(2004)	(2003)
<b>c</b> Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____				
<b>d</b> Add: Line 27a total _____ and line 27b total _____				
<b>e</b> Public support (line 27c total minus line 27d total)				
<b>f</b> Total support for section 509(a)(2) test. Enter amount from line 23, column (e)			<b>27f</b>	
<b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator))				<b>27g</b> %
<b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				<b>27h</b> %

**28 Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, 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
<b>29</b> 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?	<b>29</b>		
<b>30</b> 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?	<b>30</b>		
<b>31</b> 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 )	<b>31</b>		
<b>32</b> Does the organization maintain the following			
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff?	<b>32a</b>		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	<b>32b</b>		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	<b>32c</b>		
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions?	<b>32d</b>		
If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )			
<b>33</b> Does the organization discriminate by race in any way with respect to			
<b>a</b> Students' rights or privileges?	<b>33a</b>		
<b>b</b> Admissions policies?	<b>33b</b>		
<b>c</b> Employment of faculty or administrative staff?	<b>33c</b>		
<b>d</b> Scholarships or other financial assistance?	<b>33d</b>		
<b>e</b> Educational policies?	<b>33e</b>		
<b>f</b> Use of facilities?	<b>33f</b>		
<b>g</b> Athletic programs?	<b>33g</b>		
<b>h</b> Other extracurricular activities?	<b>33h</b>		
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )			
<b>34a</b> Does the organization receive any financial aid or assistance from a governmental agency?	<b>34a</b>		
<b>b</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	<b>34b</b>		
<b>35</b> 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	<b>35</b>		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 11 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												
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>													
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>													
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>													
<b>39</b> Other exempt purpose expenditures	<b>39</b>													
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>													
<b>41</b> Lobbying nontaxable amount Enter the amount from the following table-														
<table border="0"> <tr> <td><b>If the amount on line 40 is-</b></td> <td><b>The lobbying nontaxable amount is-</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	<b>If the amount on line 40 is-</b>	<b>The lobbying nontaxable amount is-</b>	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	<b>41</b>	
<b>If the amount on line 40 is-</b>	<b>The lobbying nontaxable amount is-</b>													
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													
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>													
<b>43</b> Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	<b>43</b>													
<b>44</b> Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	<b>44</b>													

**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) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
<b>45</b> Lobbying nontaxable amount					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenditures					
<b>48</b> Grassroots nontaxable amount					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures					

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 14 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
	<b>X</b>	
	<b>X</b>	
	<b>X</b>	0
	<b>X</b>	0
	<b>X</b>	0
	<b>X</b>	0
	<b>X</b>	0
	<b>X</b>	0
		0

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





Forms <b>990 / 990-PF</b>	<b>Other Notes and Loans Receivable</b>	<b>2007</b>
For calendar year 2007, or tax year beginning _____, and ending _____		
Name <b>NARCONON INTERNATIONAL</b>		Employer Identification Number <b>95-2769582</b>

**FORM 990, PART IV, LINE 51A - ADDITIONAL INFORMATION**

Name of borrower	Relationship to disqualified person
(1) <b>SOCIAL BETTERMENT DEVELOPMENT CORP</b>	
(2) <b>CRIMINON INTERNATIONAL</b>	
(3) <b>NARCONON WESTERN UNITED STATES</b>	
(4) <b>NARCONON STONE HAWK</b>	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Security provided by borrower	Purpose of loan
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)	12,000	13,440	
(2)	23,323	25,200	
(3)		35,354	
(4)		40,000	
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
<b>Totals</b>	<b>35,323</b>	<b>113,994</b>	

## Federal Statements

## Statement 1 - Form 990, Part I, Line 8c - Sale of Assets Other Than Inventory - Other

Desc		How Rec'd	Whom Sold	Date Acquired	Date Sold	Sale Price	Cost & Expense	Depr	Gain/ -Loss
LEASEHOLD IMPROVEMENTS									
PURCHASE				7/01/03	1/01/07	\$	617	\$ 431	\$ -186
COMPUTER				7/01/01	1/01/07		1,757	1,757	
COMPUTER EQUIP				7/01/02	1/01/07		1,554	1,399	-155
FURNITURE & EQUIPMENT				7/01/02	1/01/07		5,161	4,647	-514
FURNITURE & EQUIPMENT				7/01/05	1/01/07		314	94	-220
TOTAL						\$ 0	\$ 9,403	\$ 8,328	\$ -1,075

**Statement 2 - Form 990, Line 10c - Sales of Inventory**

<u>Description</u>	<u>Gross Sales</u>	<u>COGS</u>	<u>Gross Profit</u>
NARCONON PROGRAM MATERIALS	\$ <u>71,830</u>	\$ <u>58,376</u>	\$ <u>13,454</u>
TOTAL	\$ <u>71,830</u>	\$ <u>58,376</u>	\$ <u>13,454</u>

# Federal Statements

## Statement 3 - Form 990, Part I, Line 16 - Payments to Affiliates

Bus Name Address	Purpose	Amount
ABLE INTERNATIONAL 7065 HOLLYWOOD BLVD. LOS ANGELES CA 90028	LICENSING FEES	\$ 1,863,335
TOTAL		<u>\$ 1,863,335</u>

## Federal Statements

Statement 4 - Form 990, Part II, Line 22b - Other Grants and Allocations

Name Address	Date of Gift	Description of Property	Relationship to Org	Class of Activity	Cash Contrib	NonCash Contrib	Book Value	BV Expl	FMV Expl
NARCONON ARROWHEAD HC 67 BOX 5 CANADIAN OK 74425 NARCONON HASTINGS CAPLE NE FERNE #2 SAINT LEANORDS ON SEA UK TN38 OLN NARCONON CANADA 449 3RD AVE QUEBEC CITY CA GIL 2W2 NARCONON STONE HAWK 216 ST. MARY'S LAKE RD. BATTLE CREEK MI 49017 NARCONON ANZO UNIT 44 4-10 THE BOULEVARD BRIGHTON-LE-SANDS AS 2216 NARCONON NEPAL PRATIGYA CENTER		LICENSEE	\$	DRUG REHABILITATION	2,325 \$				
		LICENSEE	395,500	DRUG REHABILITATION					
		LICENSEE	650	DRUG REHABILITATION					
		LICENSEE	1,125	DRUG REHABILITATION					
		LICENSEE	3,100	DRUG REHABILITATION					
		LICENSEE	490	PUBLIC AWARENESS					

## Federal Statements

Statement 4 - Form 990, Part II, Line 22b - Other Grants and Allocations (continued)

Name Address	Date of Gift	Description of Property	Relationship to Org	Class of Activity	Cash Contrib	NonCash Contrib	Book Value	BV Expl	FMV Expl
HATTIGAUDA KE GPO 1718									
NARCONON EASTERN US		LICENSEE	\$	\$ PUBLIC AWARENESS		400			
67 CRANE DR									
SAFETY HARBOR FL 34695									
HAZZE HIP HOP CULTURE DRM CTR		LICENSEE		PUBLIC AWARENESS	250				
138125 VANOWEN ST. #107									
VAN NUYS CA 91405									
NARCONON MIRACLES		LICENSEE		PUBLIC AWARENESS	-956				
4652 HOLLYWOOD BLVD.									
LOS ANGELES CA 90027									
ABLE INTERNATIONAL		LICENSOR		DRUG REHABILITATION	1,350				
7065 HOLLYWOOD BLVD.									
LOS ANGELES CA 90028									
NARCONON BELGIUM		LICENSEE		DRUG REHABILITATION	7,100				
VEILIGLAAN 46									
1831 WOLVERTEM BE									
NARCONON CIS		LICENSEE		DRUG REHABILITATION	28,235				

## Federal Statements

Statement 4 - Form 990, Part II, Line 22b - Other Grants and Allocations (continued)

Name Address	Date of Gift	Description of Property	Relationship to Org	Class of Activity	Cash Contrib	NonCash Contrib	Book Value	BV Expl	FMV Expl
BUTLEROVA STREET 10									
MOSCOW CITY RS 117485			\$			\$			
NARCONON DENMARK		LICENSEE		DRUG REHABILITATION	20,871				
AMOSEVEJ 73									
SKELLINGSTAD DA 4440									
NARCONON DEUTSCHWEIS		LICENSEE		DRUG REHABILITATION	6,123				
WEHNTAHLERSTRASSE 566									
ZURICH SZ 8046									
NARCONON DIMITOVGRAD		LICENSEE		DRUG REHABILITATION	29,453				
PEREULOK LUGOJOV 1									
DIMITROVGRAD CITY RS 4435100									
NARCONON ESLOV		LICENSEE		DRUG REHABILITATION	4,082				
BOX 238									
24123 ESLOV SW									
NARCONON EUROPE		LICENSEE		DRUG REHABILITATION	39,856				
NORREGADE 26,2									
KOBENHAVEN K DA DK-1165									

## Federal Statements

Statement 4 - Form 990, Part II, Line 22b - Other Grants and Allocations (continued)

Name Address	Date of Gift	Description of Property	Relationship to Org	Cash Contrib	NonCash Contrib	Book Value	BV Expl	FMV Expl
NARCONON FALCO		LICENSEE	\$	3,374	\$	DRUG REHABILITATION		
LOCALITA CONTADA MONTI								
87040 ALTILIA COZENZA IT								
NARCONON FINLAND		LICENSEE		6,550		DRUG REHABILITATION		
KEISARIN TIE 2A								
07170 PORNAINEN FI								
NARCONON GABBIANO		LICENSEE		16,226		DRUG REHABILITATION		
CONTRADA SENTINELA								
LECCE 73026 IT								
NARCONON HOLLAND		LICENSEE		7,325		DRUG REHABILITATION		
C/O GASTTHUISSINGEL 16								
2012 DN HARLEM NL								
NARCONON HUDDINGE		LICENSEE		7,998		DRUG REHABILITATION		
VARBACKAVAGAN 1-3								
STOCKHOLM SW								
NARCONON HUNGARY		LICENSEE		7,320		DRUG REHABILITATION		
KISS JOZSEF U.4.I EMELET 2								



# Federal Statements

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## Statement 4 - Form 990, Part II, Line 22b - Other Grants and Allocations (continued)

Name Address	Date of Gift	Description of Property	Relationship to Org	Class of Activity	Cash Contrib	NonCash Contrib	Book Value	BV Expl	FMV Expl
1081 BUDAPEST HU									
NARCONON KASAKHSTAN		LICENSEE	\$	\$					
1 MAY STREET 23, APT 48				DRUG REHABILITATION	18,706				
PAVLODAR CITY KZ 637000									
NARCONON LOS MOLINOS		LICENSEE		DRUG REHABILITATION	14,658				
VILLA MARI SOLEA									
LOS MOLINOS DE GUADARR SP 28460									
NARCONON MEDITERRANEO		LICENSEE		DRUG REHABILITATION	14,088				
AUTOVIA SEVILLA									
ALCALA DE GUADAIRA SP 41500									
NARCONON RETIRO		LICENSEE		DRUG REHABILITATION	14,373				
URBANIZATION LAS LOMAS									
ALCALA DE GUADAIRA SP 41500									
NARCONON SAMARA		LICENSEE		DRUG REHABILITATION	10,393				
{PROSPECT KIROVA STR 307-46									
SAMARA CITY RS 443114									
NARCONON SOUTHERN EUROPE		LICENSEE		DRUG REHABILITATION	14,783				

FYE: 12/31/2007

**Statement 4 - Form 990, Part II, Line 22b - Other Grants and Allocations (continued)**

Name Address	Date of Gift	Description of Property	Relationship to Org		Class of Activity			BV Expl	FMV Expl
			Cash Contrib	NonCash Contrib	Book Value				
VIA LEONCAVALLO, 8									
MILANO IT 20131			\$	\$		\$			
NARCONON EKATERINBURG		LICENSEE				DRUG REHABILITATION			
NABEREZHANAYA 8				7,041					
SVERDSLOVSKAYA OBLAST RS 623704									
NARCONON ZUTPHEN		LICENSEE				DRUG REHABILITATION			
DEVENTERWEG 93				11,375					
7203 AD ZUTPHEN NL									
TOTAL			\$	694,164	\$	0	\$	0	0

## Statement 5 - Form 990, Part II, Line 25a - Compensation of Current Officers

<u>Name</u>	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>
EXPENSES	\$	\$	\$
ANGELA GARCIA COMPENSATION	77,329	8,592	
CLARKE CARR COMPENSATION	70,926	3,940	3,940

## Federal Statements

Statement 5 - Form 990, Part II, Line 25a - Compensation of Current Officers (continued)

Name	Program Services	Management & General	Fundraising
CLAUDIA ARABASCIO COMPENSATION	\$ 46,375	\$ 5,456	\$ 2,728
PETER VAN AUKEN COMPENSATION	1,868	44,831	
PHIL HART COMPENSATION	59,734	7,467	7,467
TOTAL	<u>\$ 256,232</u>	<u>\$ 70,286</u>	<u>\$ 14,135</u>

**Statement 6 - Form 990, Part II, Line 43 - Other Functional Expenses**

Description	Total Expenses	Program Service	Mgt & General	Fund- Raising
EXPENSES	\$	\$	\$	\$
INSURANCE	20,360	16,137	3,335	888
ROYALTIES	1,675	1,675		
STAFF TRAINING	105,587	84,324	16,793	4,470
TAXES, DUES & FEES	1,802	1,582	205	15
CLIENT DELIVERY COSTS	2,302	2,302		
PROMOTION	92,074	92,074		
DRUG REHAB CTR SUPV & ASSISTN	1,365,936	1,365,936		
TOTAL	<u>\$ 1,589,736</u>	<u>\$ 1,564,030</u>	<u>\$ 20,333</u>	<u>\$ 5,373</u>

**Statement 7 - Form 990, Part III, Line a - Statement of Program Service Accomplishments**

Description

DRUG REHABILITATION.

NARCONON INTERNATIONAL ("NARCONON") HEADS AN EXTENSIVE NETWORK OF NON-PROFIT PUBLIC SUBSTANCE ABUSE REHABILITATION AND EDUCATION CENTERS THROUGHOUT THE WORLD.

NARCONON'S 2007 REHABILITATION NETWORK SPANNED FOUR CONTINENTS AND CONSISTED OF 52 RESIDENTIAL PROGRAMS, PROVIDING A TOTAL OF 1,655 BEDS, AND FOUR OUT-PATIENT FACILITIES. OVER THE PAST YEAR 4,034 INDIVIDUALS TOOK PART IN ITS REHABILITATION PROGRAM WORLDWIDE, WITH AN AVERAGE OF 75 PERCENT OF ITS GRADUATES DRUG AND CRIME FREE THE FIRST YEAR FOLLOWING PROGRAM COMPLETION. DURING THE YEAR NARCONON PROVIDED THESE LOCAL REHABILITATION CENTERS DIRECT GRANTS AND ALLOCATIONS TOTALING \$693,980. NARCONON STAFF ALSO PROVIDED THEM WITH ONGOING ON-SITE PERSONNEL SUPPORT AND TECHNICAL ASSISTANCE, INCLUDING HELPING VOLUNTEERS OPEN THREE NEW CENTERS IN THE UNITED STATES, UKRAINE, AND CANADA.

**Statement 8 - Form 990, Part III, Line b - Statement of Program Service Accomplishments**

Description

DRUG EDUCATION.

NARCONON'S 2007 NETWORK OF EDUCATIONAL CENTERS CONSISTED OF 66 GROUPS IN 28 COUNTRIES. DURING 2007 THEIR COMBINED STAFF AND VOLUNTEERS REACHED OVER 2,200,000 PERSONS WORLDWIDE THROUGH LECTURES AND INFORMAL TALKS AT SCHOOLS, COMMUNITY MEETINGS, GOVERNMENTAL AGENCIES AND OTHER PUBLIC EVENTS. THEY ALSO DELIVERED EDUCATIONAL COURSES AND SERVICES TO YOUTH AND ADULTS, WITH OVER 13,000 COURSES DELIVERED.

IN 2007 NARCONON PROVIDED LOCAL GROUPS WITH ONGOING GUIDANCE AND TECHNICAL ASSISTANCE WHEREVER NEEDED. IT ALSO HELPED LOCAL VOLUNTEERS OPEN 18 NEW NARCONON EDUCATIONAL CENTERS IN THE UNITED STATES, CANADA, COSTA RICA, MEXICO, RUSSIA AND VENEZUELA.

# Federal Statements

## Statement 9 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Depr	End of Year	Accum Depr
BUILDINGS	\$ 800,055	\$ 272,017	\$ 800,055	\$ 304,019
BUILDING IMPROVEMENTS	99,982	29,993	99,982	33,992
COMPUTER & OFFICE EQUIPMENT	40,311	21,874	42,821	24,599
FURNITURE & EQUIPMENT	12,544	8,224	37,011	7,598
LEASEHOLD IMPROVEMENTS	617	431	3,870	387
MOTOR VEHICLES	885	620	885	797
SOFTWARE	5,850	4,567	7,088	5,503
TOTAL	\$ 960,244	\$ 337,726	\$ 991,712	\$ 376,895

## Statement 10 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
DEPOSITS	\$	\$ 121,851
TOTAL	\$ 0	\$ 121,851

## Statement 11 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
DEPOSITS	\$ 1,035	\$ 1,035
SALES TAX PAYABLE	455	430
PAYROLL TAXES PAYABLE	1,364	1,691
SALARY PAYABLE	8,873	10,718
LICENSING FEES PAYABLE	147,814	352,231
TOTAL	\$ 159,541	\$ 366,105

**Statement 12 - Form 990, Part IV-A - Other Revenue Included on Financial Statements**

<u>Description</u>	<u>Amount</u>
COST OF NARCONON MATERIALS SOLD	\$ 58,376
TOTAL	<u>\$ 58,376</u>

**Statement 13 - Form 990, Part IV-B - Other Expenses included on Financial Statements**

<u>Description</u>	<u>Amount</u>
COST OF NARCONON MATERIALS SOLD	\$ 58,376
TOTAL	<u>\$ 58,376</u>

## Federal Statements

## Statement 14 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
CLARK CARR 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	PRES/DIR	45	78,806	0	0
PHIL HART 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	ED/TRUSTEE	45	74,668	0	0
PETER VAN AUKEN 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	TREASURER	45	46,699	0	0
CLAUDIA ARCABASCIO 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	SECRETARY	45	54,559	0	0
ANGELA GARCIA 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	SR DIR PROD	45	85,921	0	0
LAURIE ZURN 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	TRUSTEE	1	0	0	0
KAREN SEAGAL 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	DIRECTOR	1	0	0	0
PATRICIA SCHWARTZ 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027-5408	DIRECTOR	1	0	0	0
NOTE:		0	0	0	0
ALL OFFICERS, DIRECTORS AND TRUSTEES		0	0	0	0



## Federal Statements

**Statement 14 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)**

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
RECEIVING COMPENSATION WERE COM- PENSATED ONLY FOR THEIR SERVICES AS EMPLOYEES AND NOT AS OFFICERS, DIRECTORS OR TRUSTEES.		0	0	0	0

Statement 15 - Form 990, Part VIII - Relationship of Activities

<u>Line No.</u>	<u>Description</u>
93A	LICENSE FEES FOR USE OF DRUG REHABILITATION PROGRAM.
93B	REFERRAL FEES FROM DRUG REHABILITATION CENTERS.
93C	TRAINING & SEMINARS ON DRUG REHAB & DETOX PGM DELIVERY.
93D	RECEIPTS FOR DELIVERY OF DRUG REHAB PROGRAM.
93E	RENTAL INCOME FROM MEDITERRANEO DRUG REHAB FACILITY.
102	SALE OF BOOKS & MATERIALS RE DRUG ABUSE & REHABILITATION.
103B	FUNDRAISING FEES FROM OTHER EXEMPT ORGANIZATIONS.

**Statement 16 - Schedule A, Part IV-A, Line 22 - Other Income**

Description	2006	2005	2004	2003
COMMISSIONS	\$ 7,692	\$ 9,100	\$ 6,649	\$ 3,524
TOTAL	<u>\$ 7,692</u>	<u>\$ 9,100</u>	<u>\$ 6,649</u>	<u>\$ 3,524</u>

## Fixed Assets and Depreciation - Form 990

Asset	Date In Service	Property Description	*	Tax Cost	Tax-Meth Conv	Tax Period	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value
<b>Group: Building Improvements</b>										
3	7/01/99	Building Imp - Mediteraneo		99,982	S/L-MO	25.0	29,993	3,999	33,992	65,990
		<b>Building Improvements</b>		<u>99,982</u>			<u>29,993</u>	<u>3,999</u>	<u>33,992</u>	<u>65,990</u>
<b>Group: Buildings</b>										
2	7/01/98	Building - Mediteraneo		800,055	S/L-MO	25.0	272,017	32,002	304,019	496,036
		<b>Buildings</b>		<u>800,055</u>			<u>272,017</u>	<u>32,002</u>	<u>304,019</u>	<u>496,036</u>
<b>Group: Computer &amp; Office Equip</b>										
1	7/01/96	Computer Equipment		3,864	S/L-MO	5.0	3,864	0	3,864	0
13	7/01/00	Computer		3,164	S/L-MO	5.0	3,164	0	3,164	0
14	7/01/01	Computer		965	S/L-MO	5.0	965	0	965	0
28	7/01/01	Computer	*	1,757	S/L-MO	5.0	1,757	0	1,757	0
15	7/01/02	Computer		5,036	S/L-MO	5.0	4,532	504	5,036	0
29	7/01/02	Computer Equip	*	1,554	S/L-MO	5.0	1,399	0	1,399	155
9	7/01/03	Computer		2,178	S/L-MO	5.0	1,526	436	1,962	216
19	7/01/04	Computer		3,171	S/L-MO	5.0	1,585	634	2,219	952
21	7/01/05	Computer		6,098	S/L-MO	5.0	1,830	1,220	3,050	3,048
24	7/01/06	Computer & Office Equip		12,524	S/L-MO	5.0	1,252	2,505	3,757	8,767
33	7/01/07	Computer Equip		5,821	S/L-MO	5.0	0	582	582	5,239
		<b>Computer &amp; Office Equip</b>		<u>46,132</u>			<u>21,874</u>	<u>5,881</u>	<u>27,755</u>	<u>18,377</u>
		<b>*Less: Dispositions</b>		<u>3,311</u>			<u>3,156</u>	<u>0</u>	<u>3,156</u>	<u>155</u>
		<b>Net Computer &amp; Office Equip</b>		<u>42,821</u>			<u>18,718</u>	<u>5,881</u>	<u>24,599</u>	<u>18,222</u>
<b>Group: Furniture &amp; Equipment</b>										
16	7/01/94	Furniture & equipment		394	S/L-MO	5.0	394	0	394	0
17	7/01/00	Furniture & equipment		693	S/L-MO	5.0	693	0	693	0
4	7/01/01	Furniture & Equipment		270	S/L-MO	5.0	270	0	270	0
6	7/01/02	Furniture & Equipment		216	S/L-MO	5.0	195	21	216	0
30	7/01/02	Furniture & equipment	*	5,161	S/L-MO	5.0	4,647	0	4,647	514
10	7/01/03	Furniture & Equipment		1,548	S/L-MO	5.0	1,085	310	1,395	153
20	7/01/04	Furniture & Equipment		833	S/L-MO	5.0	417	167	584	249
22	7/01/05	Furniture & Equipment		585	S/L-MO	5.0	176	117	293	292
31	7/01/05	furniture & equipment	*	314	S/L-MO	5.0	94	0	94	220
25	7/01/06	Furniture & Equip		2,530	S/L-MO	5.0	253	506	759	1,771
32	7/01/07	Equipment & Furniture		29,942	S/L-MO	5.0	0	2,994	2,994	26,948
		<b>Furniture &amp; Equipment</b>		<u>42,486</u>			<u>8,224</u>	<u>4,115</u>	<u>12,339</u>	<u>30,147</u>
		<b>*Less: Dispositions</b>		<u>5,475</u>			<u>4,741</u>	<u>0</u>	<u>4,741</u>	<u>734</u>
		<b>Net Furniture &amp; Equipment</b>		<u>37,011</u>			<u>3,483</u>	<u>4,115</u>	<u>7,598</u>	<u>29,413</u>

## Fixed Assets and Depreciation - Form 990

Asset	Date In Service	Property Description	*	Tax Cost	Tax-Meth Conv	Tax Period	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value
<b>Group: Leasehold Improvements</b>										
8	7/01/03	Leasehold Improvements	*	617	S/L-MO	5.0	431	0	431	186
27	7/01/07	Improvements		3,870	S/L-MO	5.0	0	387	387	3,483
		Leasehold Improvements		4,487			431	387	818	3,669
		*Less: Dispositions		617			431	0	431	186
		Net Leasehold Improvements		3,870			0	387	387	3,483
<b>Group: Motor Vehicles</b>										
11	7/01/03	Motor Vehicles		885	S/L-MO	5.0	620	177	797	88
		Motor Vehicles		885			620	177	797	88
<b>Group: Software</b>										
5	7/01/01	Software		216	S/L-MO	3.0	216	0	216	0
7	7/01/02	Software		2,144	S/L-MO	3.0	2,144	0	2,144	0
12	7/01/03	Software		1,056	S/L-MO	3.0	1,056	0	1,056	0
18	7/01/04	Software		486	S/L-MO	3.0	405	81	486	0
23	7/01/05	Software		1,264	S/L-MO	3.0	632	421	1,053	211
26	7/01/06	Software		684	S/L-MO	3.0	114	228	342	342
34	7/01/07	Software		1,238	S/L-MO	3.0	0	206	206	1,032
		Software		7,088			4,567	936	5,503	1,585
		Grand Total		1,001,115			337,726	47,497	385,223	615,892
		Less: Dispositions		9,403			8,328	0	8,328	1,075
		Net Grand Total		991,712			329,398	47,497	376,895	614,817

Form

**4562**Department of the Treasury  
Internal Revenue Service**Depreciation and Amortization**  
**(Including Information on Listed Property)**

OMB No 1545-0172

**2007**Attachment  
Sequence No **67**

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

Name(s) shown on return

**NARCONON INTERNATIONAL**

Identifying number

**95-2769582**

Business or activity to which this form relates

**INDIRECT DEPRECIATION****Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I

1	Maximum amount See the instructions for a higher limit for certain businesses	1	125,000
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	500,000
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	

(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6			
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2006 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2008 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.) (See instructions.)**

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	47,497

**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 2007	17	0
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 ▶ <input type="checkbox"/>		

**Section B-Assets Placed in Service During 2007 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 2007 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	47,497
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2007)

DAA

**THERE ARE NO AMOUNTS FOR PAGE 2**