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 SOUTHERN CALIFORNIA

Number and street (or P O box if mail is not delivered to street address): 1810 W. OCEANFRONT — Room/suite:

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

D Employer identification number: 33-0911677

E Telephone number: 949-675-8988

F Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify)

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

H and I are not applicable to section 527 organizations

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

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

H(c) Are all affiliates included? N/A ☐ Yes ☐ No (If "No," 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.USNODRUGS.COM

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

K Check here ▶ ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than $25,000 A return is not required, but if the organization chooses to file a return, be sure to file a complete return

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

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 12,021,215

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

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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	89,297		
	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 $ 89,297 noncash $)			1e	89,297
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	11,699,969
	3	Membership dues and assessments			3	
	4	Interest on savings and temporary cash investments			4	4,497
	5	Dividends and interest from securities			5	
	6a	Gross rents	6a			
	b	Less rental expenses	6b			
	c	Net rental income or (loss) Subtract line 6b from line 6a			6c	
	7	Other investment income (describe ▶)			7	
	8a	Gross amount from sales of assets other than inventory — (A) Securities / (B) Other	8a	1,000		
	b	Less cost or other basis and sales expenses	8b	659		
	c	Gain or (loss) (attach schedule)	8c	341		
	d	Net gain or (loss) Combine line 8c, columns (A) and (B) SEE STMT			8d	341
	9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ ☐				
	a	Gross revenue (not including $ of contributions reported on line 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	226,452		
	b	Less cost of goods sold	10b	110,513		
	c	Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a SEE STMT			10c	115,939
	11	Other revenue (from Part VII, line 103)			11	
	12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11			12	11,910,043
Expenses	13	Program services (from line 44, column (B))			13	9,308,034
	14	Management and general (from line 44, column (C))			14	2,199,757
	15	Fundraising (from line 44, column (D))			15	5,085
	16	Payments to affiliates (attach schedule) SEE STATEMENT			16	1,116,181
	17	Total expenses. Add lines 16 and 44, column (A)			17	12,629,057
Net Assets	18	Excess or (deficit) for the year Subtract line 17 from line 12			18	-719,014
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	2,243,041
	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	1,524,027

9/17/10 20

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
22a Grants paid from donor advised funds (attach schedule) (cash $ ___ non-cash $ ___) If this amount includes foreign grants, check here ▶ ☐	22a				
22b Other grants and allocations (attach schedule) STMT 4 (cash $ 79,283 non-cash $ ___) If this amount includes foreign grants, check here ▶ ☒	22b	79,283	79,283		
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25a Compensation of current officers, directors, key employees, etc listed in Part V-A SEE STATEMENT 5	25a	467,297	366,029	101,268	
b Compensation of former officers, directors, key employees, etc listed in Part V-B SEE STATEMENT 6	25b	188,514	39,747	146,097	2,670
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c				
26 Salaries and wages of employees not included on lines 25a, b, and c	26	3,927,356	3,089,481	837,875	
27 Pension plan contributions not included on lines 25a, b, and c	27				
28 Employee benefits not included on lines 25a – 27	28	117,570	93,603	23,967	
29 Payroll taxes	29	397,775	303,582	93,954	239
30 Professional fundraising fees	30				
31 Accounting fees	31	81,442		81,442	
32 Legal fees	32	45,551		45,551	
33 Supplies	33	190,449	145,351	44,984	114
34 Telephone	34	245,578	187,425	58,006	147
35 Postage and shipping	35	83,602	63,805	19,747	50
36 Occupancy	36	1,573,010	1,199,568	372,494	948
37 Equipment rental and maintenance	37	1,224	935	288	1
38 Printing and publications	38	12,557	9,583	2,966	8
39 Travel	39	424,956	324,327	100,374	255
40 Conferences, conventions, and meetings	40	2,750	2,750		
41 Interest	41	526,441	401,780	124,345	316
42 Depreciation, depletion, etc (attach schedule)	42	312,470	238,477	73,806	187
43 Other expenses not covered above (itemize) a SEE STATEMENT 7	43a	2,835,051	2,762,308	72,593	150
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g	43g				
44 **Total functional expenses.** Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	11,512,876	9,308,034	2,199,757	5,085

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?
▶ DRUG 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 8 (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	8,471,427
b	ONE OF THE ORGANIZATION'S PURPOSES IS TO SERVICE THE COMMUNITY BY IMPROVING PUBLIC KNOWLEDGE ABOUT DRUGS AND THEIR HARMFUL EFFECTS. DURING THE YEAR THE ORGANIZATION DELIVERED NARCONON DRUG LECTURES TO APPROXIMATELY 17,000 CHILDREN. (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	75,747
c	SEE STATEMENT 9 (Grants and allocations $ 79,283) If this amount includes foreign grants, check here ▶ ☒	760,860
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) ▶	9,308,034

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			354,551	45	274,833
	46 Savings and temporary cash investments			423,363	46	71,980
	47a Accounts receivable	47a	136,000			
	b Less allowance for doubtful accounts	47b		142,046	47c	136,000
	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)	51a				
	b Less allowance for doubtful accounts	51b			51c	
	52 Inventories for sale or use				52	
	53 Prepaid expenses and deferred charges			63,900	53	145,417
	54a Investments—publicly-traded securities ▶ ☐ Cost ☐ FMV				54a	
	b Investments—other securities (attach schedule) ▶ ☐ Cost ☐ 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	8,469,369			
	b Less accumulated depreciation (attach schedule) SEE STATEMENT 10	57b	924,404	7,436,738	57c	7,544,965
	58 Other assets, including program-related investments (describe ▶ SEE STATEMENT 11)			552,336	58	652,259
	59 **Total assets** (must equal line 74) Add lines 45 through 58			8,972,934	59	8,825,454
Liabilities	60 Accounts payable and accrued expenses			363,238	60	1,129,912
	61 Grants payable				61	
	62 Deferred revenue SEE STATEMENT 12			78,000	62	32,000
	63 Loans from officers, directors, trustees, and key employees (attach schedule)				63	
	64a Tax-exempt bond liabilities (attach schedule)				64a	
	b Mortgages and other notes payable (attach schedule) SEE WORKSHEET			6,199,949	64b	5,989,337
	65 Other liabilities (describe ▶ SEE STATEMENT 13)			88,706	65	150,178
	66 **Total liabilities.** Add lines 60 through 65			6,729,893	66	7,301,427
Net Assets or Fund Balances	**Organizations that follow SFAS 117, check here ▶** ☒ and complete lines 67 through 69 and lines 73 and 74					
	67 Unrestricted			2,243,041	67	1,524,027
	68 Temporarily restricted				68	
	69 Permanently restricted				69	
	Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74					
	70 Capital stock, trust principal, or current funds				70	
	71 Paid-in or capital surplus, or land, building, and equipment fund				71	
	72 Retained earnings, endowment, accumulated income, or other funds				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)			2,243,041	73	1,524,027
	74 **Total liabilities and net assets/fund balances.** Add lines 66 and 73			8,972,934	74	8,825,454

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	12,020,556
b	Amounts included on line a but not on Part I, line 12				
1	Net unrealized gains on investments	b1			
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify): SEE STATEMENT 14	b4	110,513		
	Add lines b1 through b4			b	110,513
c	Subtract line b from line a			c	11,910,043
d	Amounts included on Part I, line 12, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2			
	Add lines d1 and d2			d	
e	**Total revenue** (Part I, line 12) Add lines c and d ▶			e	11,910,043

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

a	Total expenses and losses per audited financial statements			a	12,739,570
b	Amounts included on line a but not Part I, line 17				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify) SEE STATEMENT 15	b4	110,513		
	Add lines b1 through b4			b	110,513
c	Subtract line b from line a			c	12,629,057
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			
	Add lines d1 and d2			d	
e	**Total expenses** (Part I, line 17) Add lines c and d ▶			e	12,629,057

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
SEE STATEMENT 16				

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

			Yes	No
75a	Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 3			
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	X	
	If "Yes," attach a statement that includes the information described in the instructions SEE STATEMENT 17			
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
NICHOLAS KENT 1810 W. OCEAN FRONT	NEWPORT BEACH CA 92663	0	22,350	1,544	0
DAVID WORTHINGTON 1810 W. OCEAN FRONT	NEWPORT BEACH CA 92663	0	134,150	0	0
JULIE BRYANT 1810 W. OCEAN FRONT	NEWPORT BEACH CA 92663	0	25,833	4,637	0

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? If "Yes," attach a conformed copy of the changes	77		X
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc , to any other exempt or nonexempt organization?	80a	X	
b	If "Yes," enter the name of the organization ▶ NARCONON WESTERN UNITED STATES and check whether it is [X] exempt or [ ] nonexempt			
81a	Enter direct and indirect political expenditures (See line 81 instructions) 81a 0			
b	Did the organization file **Form 1120-POL** for this year?	81b		X

Part VI Other Information (continued)

				Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		82a		X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	N/A 82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?		83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		83b	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	84a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	84b		
85a	501(c)(4), (5), or (6) Were substantially all dues nondeductible by members?	N/A	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	N/A	85b		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year				
c	Dues, assessments, and similar amounts from members	N/A 85c			
d	Section 162(e) lobbying and political expenditures	N/A 85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	N/A 85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	N/A 85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	85h		
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	N/A 86a			
b	Gross receipts, included on line 12, for public use of club facilities	N/A 86b			
87	501(c)(12) orgs Enter a Gross income from members or shareholders	N/A 87a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	N/A 87b			
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Part IX		88a		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI ▶		88b		X
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ▶ 0 , section 4912 ▶ 0 , section 4955 ▶ 0				
b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		89b		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶	0			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization ▶	0			
e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		89e		X
f	All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?		89f		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		89g		X

90a List the states with which a copy of this return is filed ▶ CA

b Number of employees employed in the pay period that includes March 12, 2007 (See instructions) 90b 123

91a The books are in care of ▶ JESSICA LOWE Telephone no ▶ 323-871-8644

6161 SANTA MONICA BLVD SUITE 208

Located at ▶ LOS ANGELES, CA ZIP + 4 ▶ 90038

			Yes	No
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)?	91b		X
	If " Yes," enter the name of the foreign country ▶			
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**, Report of Foreign Bank and Financial Accounts			

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? If "Yes," enter the name of the foreign country ▶	91c		X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the tax year N/A ▶	92		

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

Note: Enter gross amounts unless otherwise indicated	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue					
a DRUG REHABILITATION SERVICES					11,699,969
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	4,497	
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			1	341	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					115,939
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		4,838	11,815,908

105 **Total** (add line 104, columns (B), (D), and (E)) ▶ 11,820,746

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	RECEIPTS FOR DELIVERY OF DRUG REHAB & PREVENTION SERVICES
102	SALES OF DRUG REHAB PROGRAM MATERIALS TO STUDENTS

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

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

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

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

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

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

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

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

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

	Yes	No
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?		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Signature of officer — Date 11/17/08

Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Roland W Fink CPA	Date 11/17/08	Check if self-employed ▶ [X]
Preparer's SSN or PTIN (See Gen Instr X)			
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	EIN ▶	Phone no ▶ 818-249-4577

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

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

OMB No 1545-0047

2007

Name of the organization: NARCONON SOUTHERN CALIFORNIA

Employer identification number: 33-0911677

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

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

(a) Name and address of each employee paid more than $50,000		(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to empl benefit plans & deferred comp	(e) Expense account and other allowances
CHRISTOPHER BAUGE 1810 W OCEANFRONT	NEWPORT BEACH CA 92663	DIR SDT INTK 40	137,686	1,590	1,852
TONYA LAWSON 1810 W OCEANFRONT	NEWPORT BEACH CA 92663	INTAKE CNSLR 40	101,610	1,656	0
SHANNON HICKS 1810 W OCEANFRONT	NEWPORT BEACH CA 92663	DEP ED ADMIN 40	85,201	6,632	0
DANIEL CARMICHAEL 1810 W OCEANFRONT	NEWPORT BEACH CA 92663	INTAKE CNSLR 40	83,930	1,289	5,029
KELLY STEWART 1810 W OCEANFRONT	NEWPORT BEACH CA 92663	FACILITY DIR 40	84,471	1,878	1,641
Total number of other employees paid over $50,000 ▶		13			

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
CHAPMAN HOUSE 1412 E. CHAPMAN AVE	ORANGE CA 92866	TRANSITION CARE	237,676
INSTITUTE FOR PROGRESSIVE MEDICINE 16100 SAND CANYON AVE #240	IRVINE CA 92618	MEDICAL SRVCS	105,313
OC DETOX 536 HAMILTON ST	COSTA MESA CA 92627	MEDICAL SRVCS	90,198
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
ADDICTION HELP SERVICES LLC 33 N GARDEN AVE #770	CLEARWATER FL 33755	CLIENT INTAKE	217,380
Total number of other contractors receiving over $50,000 for other services ▶	0		

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

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ____________ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)	1		X
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? SEE PART V-A, FORM 990 SEE STATEMENT 18	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3a	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
4a	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		
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		

d Enter the total number of donor advised funds owned at the end of the tax year ▶ ____________

e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ ____________

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 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? Yes	(d) No	(e) Amount of support
Total ▶					

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
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	328,387	139,647	9,325	23,860	501,219
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	10,938,648	9,461,213	6,428,990	5,008,014	31,836,865
18 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	7,437	2,861	90	97	10,485
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	11,274,472	9,603,721	6,438,405	5,031,971	32,348,569
24 Line 23 minus line 17	335,824	142,508	9,415	23,957	511,704
25 Enter 1% of line 23	112,745	96,037	64,384	50,320	

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 2003 through 2006 exceeded the amount shown in line 26a **Do not file this list with your return.** Enter the total of all these excess amounts ▶ 26b

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

d Add Amounts from column (e) for lines 18 ____ 19 ____ 22 ____ 26b ____ ▶ 26d

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

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

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

(2006) 227,930 (2005) 53,000 (2004) 2,500 (2003) 0

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

(2006) 0 (2005) 0 (2004) 0 (2003) 0

c Add Amounts from column (e) for lines 15 501,219 16 ____ 17 31,836,865 20 ____ 21 ____ ▶ 27c 32,338,084

d Add Line 27a total 283,430 and line 27b total ____ ▶ 27d 283,430

e Public support (line 27c total minus line 27d total) ▶ 27e 32,054,654

f Total support for section 509(a)(2) test Enter amount from line 23, column (e) ▶ 27f 32,348,569

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g 99.0914 %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h 0.0324 %

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
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 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
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount Enter the amount from the following table-	41		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		

If the amount on line 40 is-	**The lobbying nontaxable amount is-**
Not over $500,000	20% of the amount on line 40
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

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

4-Year Averaging Period Under Section 501(h)

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

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities
(For reporting only by organizations that did not complete Part VI-A) (See page 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	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines **c** through **h.**)		X	
c Media advertisements		X	0
d Mailings to members, legislators, or the public		X	0
e Publications, or published or broadcast statements		X	0
f Grants to other organizations for lobbying purposes		X	0
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	0
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	0
i Total lobbying expenditures (Add lines **c** through **h.**)			0

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 14 of the instructions.)

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

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

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

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

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

b If "Yes," complete the following schedule

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

Forms **990 / 990-PF**

Mortgages and Other Notes Payable

For calendar year 2007, or tax year beginning , and ending

2007

Name: NARCONON SOUTHERN CALIFORNIA

Employer Identification Number: 33-0911677

FORM 990, PART IV, LINE 64B - ADDITIONAL INFORMATION

	Name of lender	Relationship to disqualified person
(1)	325 EAST FOURTH STREET LLC	
(2)	HOME BANK OF CALIFORNIA	
(3)	325 EAST FOURTH STREET LLC	
(4)	HOME BANK	
(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
(1)		2,010,106	1,962,346
(2)		609,911	467,283
(3)		3,105,000	3,088,815
(4)		474,932	470,893
(5)			
(6)			
(7)			
(8)			
(9)			
(10)			
Totals		6,199,949	5,989,337

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
LAPTOP								
	PURCHASE		3/04/06	7/06/07	$ 1,000	$ 1,187	$ 528	$ 341
TOTAL					$ 1,000	$ 1,187	$ 528	$ 341

Federal Statements

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

Description	Gross Sales	COGS	Gross Profit
BOOKSTORE SALES	$ 226,452	$ 110,513	$ 115,939
TOTAL	$ 226,452	$ 110,513	$ 115,939

Federal Statements

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

Bus Name Address	Purpose	Amount
NARCONON INTERNATIONAL 4652 HOLLYWOOD BLVD. LOS ANGELES CA 90027	TRADEMARK LIC. FEE	$ 1,116,181
TOTAL		$ 1,116,181

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	Cash Contrib	Class of Activity / NonCash Contrib	Book Value	BV Expl	FMV Expl
WARNER SPRINGS RESOURCE CENTER 30951 HIGHWAY 79 WARNER SPRINGS CA 92086				$ 900	COMMUNITY RELATIONS $	$		
PARENT HELP USA 330 W BAY ST., STE. 120 COSTA MESA CA 92627				1,000	COMMUNITY RELATIONS			
CALIENTE ROTARY CLUB PO BOX 492 CALIENTE NV 89008				50	COMMUNITY RELATIONS			
SAN JOSE VALLEY PARK & REC 30951 HWY 79 WARNER SPRINGS CA 92086				300	COMMUNITY RELATIONS			
WARNER UNIFIED SCHOOL DISTRICT PO BOX 8, 30951 HWY 79 WARNER SPRINGS CA 92086				1,000	COMMUNITY RELATIONS			
BSA TROOP 516 PO BOX 756				175	COMMUNITY RELATIONS			

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

Name / Address	Relationship to Org	Class of Activity				
Date of Gift	Description of Property	Cash Contrib	NonCash Contrib	Book Value	BV Expl	FMV Expl
CALIENTE NV 89008						
NARCONON MIRACLES		$	PUBLIC AWARENESS $	$		
		5,000				
4652 HOLLYWOOD BLVD						
LOS ANGELES CA 90027						
CHURCH OF SCIENTOLOGY			PUBLIC AWARENESS			
		3,000				
210 S FORT HARRISON AVE						
CLEARWATER FL 33756						
NARCONON JOSHUA HILLS			PUBLIC AWARENESS			
		758				
27805 HOPPER ROAD						
DESERT HOT SPRINGS CA 92241						
MOJAVE ACADEMY			PUBLIC AWARENESS			
		7,100				
PO BOX 919						
DATIL NM 87821						
NARCONON ASTORE			PUBLIC AWARENESS			
		2,000				
VIA NECROPLI 22						
NOVILARA PESARO IT 61020						
NARCONON COLOMBIA			PUBLIC AWARENESS			
		2,250				

Federal Statements

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

Name / Address	Relationship to Org / Date of Gift	Description of Property	Cash Contrib	Class of Activity / NonCash Contrib	Book Value	BV Expl	FMV Expl
FINCA ALEJANDRIA CUNDINMARCA CO			$	$	$		
NARCONON DIMITROVGRAD PEREULOK LUGOVOJ 1 DIMITROVGRAD CITY RS 443510			9,958	PUBLIC AWARENESS			
NARCONON TIROL NORREGARD 26,2 KOBENHAVN K DA 1165			20,336	PUBLIC AWARENESS			
NARCONON KAZAKHSTAN 1 MAY ST 23 APT #48 PAVLODAR CITY KZ 63700			4,713	PUBLIC AWARENESS			
NARCONON KIEV AMOSOVA ST N 4/222 KIEV UP 3141			3,259	PUBLIC AWARENESS			
NARCONON KKRASNOJARSK PASTEROVSKAYA ST 25A KRASNOJARSK RS 660100			5,709	PUBLIC AWARENESS			

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	Class of Activity / NonCash Contrib	Book Value	BV Expl	FMV Expl
NARCONON LOUISIANA 35059 BEND ROAD DENHAM SPRINGS LA 70706			$ 1,775	PUBLIC AWARENESS $	$		
NARCONON NEPAL KHADKA BHADRAKLI HATTIGAUDA, KATHAMANDU NP			2,500	PUBLIC AWARENESS			
NARCONON NORGE BREDALSMARKEN 15/17 BERGEN NO 5006			401	PUBLIC AWARENESS			
NARCONON SWEDEN KRONGARDSVAGEN 3 VARVY SW 14346			1,226	PUBLIC AWARENESS			
NARCONON TAIWAN 3 DONG-HAI SECOND ST HWA-LIEN COUNTY TW 973			2,773	PUBLIC AWARENESS			
NARCONON VICTORIA 1-38 GREAT RYRIE ST			3,100	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 / Cash Contrib	NonCash Contrib	Class of Activity / Book Value	BV Expl	FMV Expl
RINGWOOD AS 3134							
			$	$	$		
TOTAL			$ 79,283	$ 0	$ 0		

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

Name	Program Services	Management & General	Fundraising
EXPENSES	$	$	$
LAWRENCE TRAHANT			
COMPENSATION	181,448		
BENEFIT PLAN CONTRIBUTION	2,130		
EXPENSE ACCOUNT	3,721		
LURIA K DION			
COMPENSATION	101,736	25,434	
BENEFIT PLAN CONTRIBUTION	4	1	
EXPENSE ACCOUNT	1,541	385	
MICHAEL KOBRIN			
COMPENSATION	65,983	65,983	
BENEFIT PLAN CONTRIBUTION	9,466	9,465	
TOTAL	$ 366,029	$ 101,268	$ 0

Federal Statements

Statement 6 - Form 990, Part II, Line 25b - Compensation of Former Officers

Name	Program Services	Management & General	Fundraising
EXPENSES	$	$	$
DAVID WORTHINGTON			
COMPENSATION		134,150	
JULIE BRYANT			
COMPENSATION	23,250		2,583
BENEFIT PLAN CONTRIBUTION	4,550		87
NICHOLAS KENT			
COMPENSATION	11,175	11,175	
BENEFIT PLAN CONTRIBUTION	772	772	
TOTAL	$ 39,747	$ 146,097	$ 2,670

Statement 7 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
EXPENSES	$	$	$	$
REFERRAL COMMISSIONS	408,749	408,749		
INSURANCE	109,950	83,914	25,970	66
TAXES, DUES & FEES	4,204	3,208	993	3
LICENSES & PERMITS	5,061	5,061		
DISSEMINATION	237,258	237,258		
BANK & CREDIT CARD FEES	149,016	132,570	16,439	7
STAFF TRAINING	120,370	91,866	28,432	72
DRUG REHAB PGM DELIVERY COSTS	1,797,232	1,797,232		
AMORTIZATION	3,211	2,450	759	2
TOTAL	$ 2,835,051	$ 2,762,308	$ 72,593	$ 150

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

Description
THE ORGANIZATION OPERATES THREE DRUG REHABILITATION FACILITIES DELIVERING THE NARCONON DRUG REHABILITATION PROGRAM UNDER A TRADEMARK LICENSE FROM NARCONON INTERNATIONAL. THIS UNIQUE 3-TO-5 MONTH PROGRAM INCLUDES THE DETOXIFICATION PROCEDURE AND COURSES IN LIFE SKILLS. DURING THE YEAR APPROXIMATELY 400 PERSONS COMPLETED THE PROGRAM, ENABLING THEM TO LEAD MORE ETHICAL AND DRUG-FREE LIVES.

Statement 9 - Form 990, Part III, Line c - Statement of Program Service Accomplishments

Description
ANOTHER OF THE ORGANIZATION'S PURPOSES IS TO CONDUCT BROAD PUBLIC CAMPAIGNS TO RAISE PUBLIC AWARENESS TO THE EXTENT AND EFFECTS OF SUBSTANCE ABUSE AND THE NEED FOR PREVENTION AND REHABILITATION. DURING THE YEAR OVER 375,000 INFORMATIONAL BROCHURES AND PROMOTIONAL FLIERS WERE SENT TO THE GENERAL PUBLIC. EXTENSIVE INTERNET SITES DESCRIBING THE PROBLEMS OF AND SOLUTIONS FOR DRUG AND ALCOHOL ABUSE ARE MAINTAINED AND THESE RECEIVED APPROXIMATELY 8,500,000 VISITS DURING THE YEAR.

Federal Statements

Statement 10 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Depr	End of Year	Accum Depr
LAND IMPROVEMENTS	$ 141,716	$ 23,899	$ 141,716	$ 33,347
BUILDINGS	3,012,105	207,294	3,012,105	283,185
BUILDING IMPROVEMENTS	214,175	15,615	284,374	26,272
LEASEHOLD IMPROVEMENTS	75,827	22,059	126,074	47,369
COMPUTER & OFFICE EQUIP	76,339	42,377	147,814	67,475
FURNITURE & FIXTURES	210,212	92,943	278,975	126,890
MOTOR VEHICLES	384,255	182,534	522,451	300,439
PLANT & TECHNICAL EQUIP	82,146	25,741	103,435	39,427
LAND	3,852,425		3,852,425	
TOTAL	$ 8,049,200	$ 612,462	$ 8,469,369	$ 924,404

Statement 11 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
SECURITY DEPOSITS	$ 27,008	$ 80,114
CONSTRUCTION IN PROGESS	486,658	530,076
UNAMORTIZED LOAN COSTS	15,419	12,208
REFUNDABLE PAYROLL TAXES	23,251	3,187
DEPOSITS ON FIXED ASSETS		26,674
TOTAL	$ 552,336	$ 652,259

Statement 12 - Form 990, Part IV, Line 62 - Deferred Revenue

Description	Beginning of Year	End of Year
DEFERRED REVENUE	$ 78,000	$ 32,000
TOTAL	$ 78,000	$ 32,000

Federal Statements

Statement 13 - Form 990, Part IV, Line 65 - Other Liabilities

Description	Beginning of Year	End of Year
INSTALLMENT CONTRACTS PAYABLE	$ 88,706	$ 150,178
TOTAL	$ 88,706	$ 150,178

Statement 14 - Form 990, Part IV-A - Other Revenue Included on Financial Statements

Description	Amount
COST OF PROGRAM MATERIALS SOLD	$ 110,513
TOTAL	$ 110,513

Statement 15 - Form 990, Part IV-B - Other Expenses included on Financial Statements

Description	Amount
COST OF PROGRAM MATERIALS SOLD	$ 110,513
TOTAL	$ 110,513

Federal Statements

Statement 16 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
LAWRENCE TRAHANT 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	CEO/PRES/DIR	40	181,448	2,130	3,721
MICHAEL KOBRIN 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	VP/SEC'Y	40	131,966	18,931	0
LURIA K DION 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	DEP ED PROD	40	127,170	5	1,926
PETER VAN AUKEN 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	TREAS/CFO	1	0	0	0
PATRICIA SCHWARTZ 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	DIRECTOR	1	0	0	0
SUE BIRKENSHAW 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	DIRECTOR	1	0	0	0
KAREN SEAGAL 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	TRUSTEE	1	0	0	0
CLARK CARR 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	TRUSTEE	1	0	0	0
MICHAEL ST. AMAND 1810 W. OCEANFRONT NEWPORT BEACH CA 92663	TRUSTEE	1	0	0	0

Federal Statements

Statement 16 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
		0	0	0	0
NOTE: ALL OFFICERS AND DIRECTORS		0	0	0	0
WHO RECEIVED COMPENSATION WERE		0	0	0	0
COMPENSATED ONLY AS EMPLOYEES AND		0	0	0	0
NOT AS OFFICERS OR DIRECTORS.		0	0	0	0

Federal Statements

Statement 17 - Form 990, Part V-A, Line 75c - Compensation from Related Organizations

Payee Name	Organization EIN	Related Organization Name1		Related Organization Name2		
		Relationship	Compensation	Benefits	Expenses	Compensation Description
LAWRENCE TRAHANT	65-1238009	NARCONON WESTERN UNITED STATES JOINT PGMS/EMPLOYEES				N/A
MICHAEL KOBRIN	65-1238009	NARCONON WESTERN UNITED STATES JOINT PGMS/EMPLOYEES				N/A
NICHOLAS KENT	65-1238009	NARCONON WESTERN UNITED STATES JOINT PGMS/EMPLOYEES				N/A
DAVID WORTHINGTON	65-1238009	NARCONON WESTERN UNITED STATES JOINT PGMS/EMPLOYEES				N/A
LURIA K DION	65-1238009	NARCONON WESTERN UNITED STATES JOINT PGMS/EMPLOYEES				N/A

Statement 18 - Schedule A, Part III, Line 2d - Payment of Compensation / Reimbursement of Exp

Description
SEE PART V OF FORM 990 FOR COMPENSATION OF OFFICERS AND DIRECTORS. ADDITIONALLY, CAROL TRAHANT, WIFE OF LAWRENCE TRAHANT, THE ORGANIZATION'S CEO, RECEIVED COMPENSATION OF $33,900 AS INTERNET PROMOTION SUPERVISOR. RUSSELL KOBRIN, SON OF MICHAEL KOBRIN, THE ORGANIZATION'S VICE-PRESIDENT, RECEIVED COMPENSATION OF $26,600 AS ESTABLISHMENT OFFICER. JESSICA LOWE, DAUGHTER-IN-LAW OF MICHAEL KOBRIN, RECEIVED COMPENSATION OF $75,750 AS TREASURY SUPERVISOR.

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
Group: Building - Bouquet										
124	3/17/06	Trailer		5,000	S/L-MO	7 0	536	714	1,250	3,750
		Building - Bouquet		5,000			536	714	1,250	3,750
Group: Building - Rainbow										
31	10/15/04	Buildings - Rainbow		1,884,763	S/L-MO	40 0	106,017	47,119	153,136	1,731,627
		Building - Rainbow		1,884,763			106,017	47,119	153,136	1,731,627
Group: Building - Warner										
4	12/31/01	Building - Warner		642,266	S/L-MO	40 0	84,298	16,057	100,355	541,911
		Building - Warner		642,266			84,298	16,057	100,355	541,911
Group: Building - Warner House										
6	1/01/02	Housing Structure		77,921	S/L-MO	40.0	9,740	1,948	11,688	66,233
		Building - Warner House		77,921			9,740	1,948	11,688	66,233
Group: Building - Wrnr Staff Hou										
125	4/20/06	Warner Staff House - Structure		402,155	S/L-MO	40 0	6,703	10,053	16,756	385,399
		Building - Wrnr Staff Hou		402,155			6,703	10,053	16,756	385,399
Group: Building Imp - Rainbow										
48	10/15/04	Building Additions - Rainbow		6,834	S/L-MO	40.0	385	171	556	6,278
49	3/23/05	Kitchen Wiring		7,480	S/L-MO	40 0	281	187	468	7,012
50	8/18/05	Sprinkler system		1,200	S/L-MO	40 0	45	30	75	1,125
221	1/31/07	HVAC System		49,324	S/L-MO	15.0	0	3,014	3,014	46,310
222	7/15/07	Bathroom Remodeling		4,107	S/L-MO	15 0	0	137	137	3,970
223	9/10/07	Courseroom electrical		1,584	S/L-MO	15 0	0	35	35	1,549
224	12/17/07	Water Heater		1,284	S/L-MO	10 0	0	0	0	1,284
		Building Imp - Rainbow		71,813			711	3,574	4,285	67,528
Group: Building Imp - Warner										
5	12/31/02	Bldg Additions - Warner		75,018	S/L-MO	40.0	8,439	1,876	10,315	64,703
7	12/31/03	Bldg Additions - Warner		47,014	S/L-MO	40.0	4,114	1,175	5,289	41,725
41	7/01/05	Renovations Wood/Tile/Bathrooms		42,921	S/L-MO	40 0	1,610	1,073	2,683	40,238
127	7/31/06	Electrical Improvements		3,633	S/L-MO	15 0	101	242	343	3,290
126	8/31/06	HVAC Overhaul		27,474	S/L-MO	15.0	611	1,831	2,442	25,032
128	10/17/06	AC Condenser		2,600	S/L-MO	15 0	29	173	202	2,398

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
Group: Building Imp - Warner (continued)										
216	2/16/07	Water Heater		1,450	S/L-MO	10.0	0	121	121	1,329
217	3/08/07	Zone A/C System		6,500	S/L-MO	15 0	0	361	361	6,139
219	6/13/07	A/C System Improvements		5,950	S/L-MO	15 0	0	231	231	5,719
		Building Imp - Warner		212,560			14,904	7,083	21,987	190,573
Group: Computer & Office Equip										
9	7/01/00	Computer & Office Equip.		6,652	S/L-MO	5.0	6,652	0	6,652	0
10	12/31/00	Comuter & Office Equip.		1,414	S/L-MO	5.0	1,414	0	1,414	0
11	12/31/01	Computer & Office Equip.		7,652	S/L-MO	5.0	7,652	0	7,652	0
12	12/31/02	Computer & Office Equip.		1,750	S/L-MO	5 0	1,575	175	1,750	0
24	12/31/03	Computer & Office Equip.		18,851	S/L-MO	5.0	13,196	3,770	16,966	1,885
34	6/30/04	Computer & Office Equipment		9,748	S/L-MO	5.0	4,874	1,950	6,824	2,924
51	1/22/05	Computer Equip - Comp Central		1,011	S/L-MO	5 0	303	202	505	506
52	6/27/05	Computer Equip - Best Buy		766	S/L-MO	5.0	230	153	383	383
53	9/23/05	Computer Equip - Dell		748	S/L-MO	5 0	225	149	374	374
54	12/18/05	Computer Equip - Best Buy		1,521	S/L-MO	5 0	456	304	760	761
55	12/28/05	Computer Equip - Fry's		1,514	S/L-MO	5 0	454	303	757	757
129	1/03/06	Treasury Computer		1,866	S/L-MO	3.0	622	622	1,244	622
130	1/10/06	Averatec Notebook PC		920	S/L-MO	3 0	307	306	613	307
131	1/27/06	New Computer - Best Buy		1,231	S/L-MO	3 0	376	410	786	445
132	2/01/06	Computer SDA		1,373	S/L-MO	3.0	420	457	877	496
133	2/08/06	HP Computer		541	S/L-MO	3 0	165	181	346	195
134	2/08/06	Laptop		776	S/L-MO	3.0	237	259	496	280
135	2/13/06	Computer USAA		2,591	S/L-MO	3.0	792	863	1,655	936
136	3/04/06	Computer Accessories Treasury		739	S/L-MO	3 0	205	246	451	288
215	3/04/06	Laptop	*	1,187	S/L-MO	3 0	330	198	528	659
137	3/15/06	Laptop for DLA		555	S/L-MO	3.0	154	185	339	216
138	4/10/06	Canon Copier		646	S/L-MO	5 0	97	129	226	420
139	5/09/06	Canon Copier		646	S/L-MO	5.0	86	129	215	431
140	5/09/06	Desktop Computer		1,024	S/L-MO	3 0	228	341	569	455
141	5/25/06	Laptop Computer DED		840	S/L-MO	3 0	163	280	443	397
142	7/11/06	Desktop Computer		1,024	S/L-MO	3 0	171	341	512	512
143	8/10/06	Desktop Computer		787	S/L-MO	3 0	109	263	372	415
144	8/10/06	Sharp All-in-one		646	S/L-MO	5.0	54	129	183	463
145	8/10/06	Laptop Computer		974	S/L-MO	3.0	135	325	460	514
146	8/10/06	Laptop Computer		1,082	S/L-MO	3.0	150	361	511	571
147	9/11/06	Computer Equip - Dell		2,076	S/L-MO	3.0	231	692	923	1,153
148	9/11/06	Desktop Computer		884	S/L-MO	3.0	98	295	393	491
149	9/11/06	Desktop Computer		894	S/L-MO	3.0	99	298	397	497
150	10/14/06	Computer Equipment		1,408	S/L-MO	3 0	117	470	587	821
227	1/03/07	Computer		690	S/L-MO	3.0	0	230	230	460
228	1/31/07	Computer Div 6 Mgmt		1,621	S/L-MO	3.0	0	495	495	1,126
230	2/03/07	Dir Reg Computer		1,469	S/L-MO	3 0	0	449	449	1,020
231	2/08/07	DED Computer		1,392	S/L-MO	3.0	0	425	425	967
308	2/09/07	7 8 Button Display Speakerphones		2,774	S/L-MO	5 0	0	509	509	2,265
311	2/09/07	Sharp Copier - San Diego		647	S/L-MO	5 0	0	119	119	528
232	2/20/07	Photocopier - Rainbow		547	S/L-MO	5 0	0	91	91	456

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
Group: Computer & Office Equip (continued)										
233	2/26/07	2 Computers - Corporate		1,052	S/L-MO	3.0	0	292	292	760
234	3/14/07	2 Laptops SDP & Treas Sec		2,891	S/L-MO	3.0	0	803	803	2,088
235	4/06/07	Computer Equipment		953	S/L-MO	3.0	0	238	238	715
312	4/06/07	Computer - Corporate		1,137	S/L-MO	3 0	0	284	284	853
313	4/09/07	Computer - Newport		539	S/L-MO	3.0	0	135	135	404
314	4/09/07	Computer - Newport		539	S/L-MO	3.0	0	135	135	404
315	4/09/07	HP ALL-In-One Laser Copier - Treasury		974	S/L-MO	5.0	0	146	146	828
236	5/09/07	Computer - Warner		943	S/L-MO	3 0	0	210	210	733
229	5/15/07	Telephpone System - Corporate		7,221	S/L-MO	5.0	0	963	963	6,258
309	5/21/07	24 Button Display Seakerphone		201	S/L-MO	5 0	0	23	23	178
310	5/21/07	16 Button Display Speakerphone		188	S/L-MO	5.0	0	22	22	166
237	5/30/07	Scanner - Treas Office		417	S/L-MO	3.0	0	81	81	336
238	6/02/07	Monitor		215	S/L-MO	3.0	0	42	42	173
239	6/06/07	New Computers - Treas Office		11,075	S/L-MO	3.0	0	2,153	2,153	8,922
240	6/08/07	Sharp Copier - Newport		646	S/L-MO	5.0	0	75	75	571
242	8/09/07	Computer monitor - Warner		862	S/L-MO	3 0	0	120	120	742
254	7/10/07	4 Telephones Reg Office		453	S/L-MO	5.0	0	45	45	408
243	8/09/07	Copier - Warner		521	S/L-MO	5 0	0	43	43	478
244	8/09/07	Computer - Warner		377	S/L-MO	3.0	0	52	52	325
255	8/09/07	Plantronics Telephone		284	S/L-MO	5.0	0	24	24	260
241	8/15/07	Telephone System - Reg Office		24,999	S/L-MO	5.0	0	2,083	2,083	22,916
256	8/16/07	16 Button Display Speakerphone		398	S/L-MO	5.0	0	27	27	371
245	8/20/07	Telephone - SDA		298	S/L-MO	5.0	0	20	20	278
246	8/24/07	Computer - Reg		1,659	S/L-MO	3 0	0	184	184	1,475
247	9/11/07	Computer - Reg Office		700	S/L-MO	3 0	0	78	78	622
248	9/11/07	Sharp Laser Copier - Warner		539	S/L-MO	5 0	0	36	36	503
249	9/28/07	Notebook Computer, Printer		1,265	S/L-MO	3.0	0	105	105	1,160
250	10/10/07	Samsung Printer		593	S/L-MO	3 0	0	49	49	544
251	11/08/07	HP Pavilion Desktop Reg Office		803	S/L-MO	3.0	0	45	45	758
252	12/01/07	4 Speakerphones		520	S/L-MO	5.0	0	9	9	511
253	12/22/07	Two 8 Button Speakerphones		260	S/L-MO	3.0	0	0	0	260
		Computer & Office Equip		148,999			42,377	25,626	68,003	80,996
		***Less: Dispositions**		1,187			330	0	528	659
		Net Computer & Office Equip		147,812			42,047	25,626	67,475	80,337
Group: Furniture & Fixtures										
13	7/01/00	Furniture & Fixtures		27,251	S/L-MO	7 0	25,304	1,947	27,251	0
14	12/31/01	Furniture		18,238	S/L-MO	7 0	15,632	2,606	18,238	0
15	12/31/02	Furniture		16,508	S/L-MO	7.0	10,612	2,358	12,970	3,538
25	12/31/03	Furniture & Fixtures		24,077	S/L-MO	7 0	12,039	3,439	15,478	8,599
33	6/30/04	Furniture & fixtures		50,403	S/L-MO	7 0	18,001	7,201	25,202	25,201
56	3/14/05	Curtains		450	S/L-MO	7 0	96	65	161	289
57	3/15/05	Office Furn - A.B.E. Corp		588	S/L-MO	7.0	126	84	210	378
58	3/31/05	Bunk Bed		300	S/L-MO	7.0	64	43	107	193
59	4/08/05	Furniture		4,922	S/L-MO	7 0	1,055	703	1,758	3,164
60	4/14/05	Assist Table		491	S/L-MO	7 0	105	70	175	316
61	5/03/05	Dressers		1,134	S/L-MO	7.0	243	162	405	729

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
Group: Furniture & Fixtures (continued)										
62	5/03/05	Lighting Fixtures		1,569	S/L-MO	7.0	336	224	560	1,009
63	5/31/05	Dressers - Ikea		482	S/L-MO	7.0	103	69	172	310
64	6/13/05	TV/DVD Player - Best Buy		345	S/L-MO	7.0	74	50	124	221
65	7/04/05	Dressers - Ikea		963	S/L-MO	7.0	207	137	344	619
66	7/04/05	Dressers - Ikea		2,087	S/L-MO	7.0	447	298	745	1,342
67	7/06/05	Dressers - Ikea		1,308	S/L-MO	7.0	280	187	467	841
68	7/06/05	2 TVs - Best Buy		749	S/L-MO	7.0	161	107	268	481
69	7/06/05	2 Sectionals		2,003	S/L-MO	7.0	429	286	715	1,288
70	8/03/05	TV - Best Buy		288	S/L-MO	7.0	62	41	103	185
71	8/08/05	5 Dressers, 1 Bunk Bed - Ikea		963	S/L-MO	7.0	207	137	344	619
72	8/11/05	Carpet		771	S/L-MO	7.0	165	110	275	496
73	8/11/05	18 Mattresses Nevada Set-up		2,535	S/L-MO	7.0	543	362	905	1,630
74	8/11/05	Beds		3,132	S/L-MO	7.0	671	448	1,119	2,013
75	8/17/05	Bed		427	S/L-MO	7.0	92	61	153	274
76	8/24/05	2 Bunks, 4 Dressers - Ikea		963	S/L-MO	7.0	207	137	344	619
77	8/25/05	Dressers etc		1,348	S/L-MO	7.0	289	192	481	867
78	8/25/05	Ofice Furnityre		770	S/L-MO	7.0	165	110	275	495
79	9/02/05	Dressers - Ikea		1,000	S/L-MO	7.0	214	143	357	643
80	9/15/05	Dressers		274	S/L-MO	7.0	59	39	98	176
81	9/15/05	Sofa - Levitz		918	S/L-MO	7.0	197	131	328	590
82	9/19/05	Assist Table		511	S/L-MO	7.0	109	73	182	329
83	9/21/05	Couch, Table		1,033	S/L-MO	7.0	222	147	369	664
84	9/22/05	Dressers - Big Lots		279	S/L-MO	7.0	60	40	100	179
85	9/26/05	Bunk Beds - Ikea		805	S/L-MO	7.0	172	115	287	518
86	9/28/05	Furniture - New South Point Apt		2,993	S/L-MO	7.0	642	427	1,069	1,924
87	10/03/05	Target - New Apt Set-up		1,201	S/L-MO	7.0	258	171	429	772
88	10/03/05	4 Dressers - Ikea		642	S/L-MO	7.0	138	91	229	413
89	10/05/05	Assist Table		505	S/L-MO	7.0	108	72	180	325
90	10/08/05	2 Refrigerators for Office		498	S/L-MO	7.0	107	71	178	320
91	10/14/05	Bedroom Furniture - New House Set-up		1,974	S/L-MO	7.0	423	282	705	1,269
92	10/17/05	TVs for Staff Houses		792	S/L-MO	7.0	169	113	282	510
93	10/26/05	Bunk Beds		247	S/L-MO	7.0	52	36	88	159
94	10/27/05	Furniture		141	S/L-MO	7.0	30	20	50	91
95	10/27/05	Dressers - Ikea		1,691	S/L-MO	7.0	363	241	604	1,087
96	11/22/05	Dressers - Ikea		1,216	S/L-MO	7.0	261	173	434	782
97	12/06/05	Courseroom Chairs		270	S/L-MO	7.0	58	38	96	174
151	2/28/06	Couches, bookshelves, Desk etc		650	S/L-MO	7.0	77	93	170	480
152	3/07/06	Bed & Mattress Set		487	S/L-MO	7.0	58	70	128	359
153	3/26/06	3 Assist Tables		1,335	S/L-MO	7.0	143	191	334	1,001
154	5/09/06	Hon Filing Cabinet		563	S/L-MO	7.0	54	80	134	429
155	5/13/06	Safe		453	S/L-MO	7.0	43	65	108	345
157	5/24/06	2 Window Units		278	S/L-MO	7.0	23	40	63	215
158	6/02/06	Portable A/C		540	S/L-MO	7.0	45	77	122	418
197	6/17/06	TV for Lodge		2,888	S/L-MO	7.0	206	413	619	2,269
198	7/07/06	4 Window Units for Staff Houses		1,181	S/L-MO	7.0	84	169	253	928
159	7/14/06	Portable A/C		606	S/L-MO	7.0	43	87	130	476
160	7/17/06	Window Unit		320	S/L-MO	7.0	19	46	65	255
161	8/01/06	Workstations Div 6		5,468	S/L-MO	7.0	325	782	1,107	4,361
162	7/31/06	Couch for Lodge		1,723	S/L-MO	7.0	103	246	349	1,374

Fixed Assets and Depreciation - Form 990

Group: Furniture & Fixtures (continued)

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
163	8/23/06	Artwork		1,620	S/L-MO	7.0	77	232	309	1,311
164	9/02/06	6 Dressers - Ikea		963	S/L-MO	7.0	46	137	183	780
165	9/15/06	Furniture		2,000	S/L-MO	7.0	95	286	381	1,619
166	10/10/06	Hon Filing Cabinet - Treasury		539	S/L-MO	7.0	19	77	96	443
167	10/27/06	Assist Table		552	S/L-MO	7.0	13	79	92	460
168	11/10/06	Furniture		1,187	S/L-MO	7.0	28	170	198	989
169	11/15/06	Furniture		1,366	S/L-MO	7.0	33	195	228	1,138
170	11/15/06	4 Dressers, 3 Wardrobes		901	S/L-MO	7.0	21	129	150	751
171	11/17/06	Dressers		642	S/L-MO	7.0	8	91	99	543
172	11/30/06	Couch for Apt		969	S/L-MO	7.0	12	138	150	819
173	12/04/06	Couch		926	S/L-MO	7.0	11	132	143	783
257	1/06/07	Locker Units for Sauna		1,166	S/L-MO	7.0	0	167	167	999
258	1/25/07	Management Office Furniture		1,285	S/L-MO	7.0	0	168	168	1,117
259	1/26/07	Firepfroof Filing Cabinet		538	S/L-MO	7.0	0	70	70	468
260	1/30/07	Management Office Furniture		238	S/L-MO	7.0	0	31	31	207
261	1/31/07	management Office Furniture		1,583	S/L-MO	7.0	0	207	207	1,376
262	2/09/07	Sofa for Div 6 Office		1,162	S/L-MO	7.0	0	152	152	1,010
263	2/09/07	Ceiling Fan DED Office		229	S/L-MO	7.0	0	30	30	199
264	2/09/07	8 Kitchen Chairs Mgmt Office		598	S/L-MO	7.0	0	78	78	520
265	3/16/07	Course Room chairs		723	S/L-MO	7.0	0	77	77	646
218	3/19/07	Carpeting		1,338	S/L-MO	5.0	0	201	201	1,137
316	4/09/07	4 Drawer Lateral Filing Cabinet		582	S/L-MO	7.0	0	62	62	520
317	4/09/07	Safe - Newport		409	S/L-MO	7.0	0	44	44	365
266	4/11/07	Treasury Office Furniture		11,589	S/L-MO	7.0	0	1,242	1,242	10,347
267	4/11/07	2 Loveseats 4 Sofas Newport Staff Housing		2,693	S/L-MO	7.0	0	289	289	2,404
268	4/13/07	Straight-back Bench Front Porch		772	S/L-MO	7.0	0	83	83	689
269	4/13/07	Dining Table & Chairs		4,942	S/L-MO	7.0	0	530	530	4,412
318	5/04/07	Safe - Nevada		463	S/L-MO	7.0	0	44	44	419
270	5/18/07	Table - Kitchen Renovations		1,657	S/L-MO	7.0	0	138	138	1,519
271	6/01/07	Furniture Mens Staff Housing		999	S/L-MO	7.0	0	83	83	916
273	6/22/07	Beds & Dressers		1,670	S/L-MO	7.0	0	119	119	1,551
274	6/22/07	Bunkbeds, Dressers		2,105	S/L-MO	7.0	0	150	150	1,955
275	6/26/07	Office Furniture Central Reg Office		4,564	S/L-MO	7.0	0	326	326	4,238
276	6/29/07	Beds, Dressers etc Intake Housing		2,713	S/L-MO	7.0	0	194	194	2,519
277	7/03/07	15 Dressers, 3 Bunk Beds		4,021	S/L-MO	7.0	0	287	287	3,734
220	7/05/07	Carpet - Blue Staff House		2,525	S/L-MO	5.0	0	253	253	2,272
278	7/10/07	5 Chairs Reg Office		1,304	S/L-MO	7.0	0	93	93	1,211
279	7/13/07	Reg Office Furniture		4,564	S/L-MO	7.0	0	326	326	4,238
280	7/18/07	Jerome's Furniture		2,126	S/L-MO	7.0	0	127	127	1,999
281	8/10/07	Furniture Qual Office		623	S/L-MO	7.0	0	37	37	586
282	9/11/07	Bunk Beds		215	S/L-MO	7.0	0	10	10	205
283	9/16/07	Bunk Bdds, Dressers, Mattresses		2,758	S/L-MO	7.0	0	99	99	2,659
284	9/21/07	Bedroom Furniture Reg Staff Housing		1,612	S/L-MO	7.0	0	58	58	1,554
285	11/05/07	Beds, Dressers Rainbow		2,459	S/L-MO	7.0	0	59	59	2,400
286	11/05/07	Dressers - Rainbow		355	S/L-MO	7.0	0	8	8	347
287	11/15/07	Chairs Rainbow Courseroom		459	S/L-MO	7.0	0	11	11	448
288	11/15/07	Office Furniture		484	S/L-MO	7.0	0	12	12	472
290	12/29/07	Furniture Oak Grove Staff Housing		1,240	S/L-MO	7.0	0	0	0	1,240

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
Group: Furniture & Fixtures (continued)										
		Furniture & Fixtures		278,975			92,943	33,947	126,890	152,085
Group: Land										
28	12/31/01	Land - Warner		270,331	--	0.0	0	0	0	270,331
30	10/15/04	Land - Rainbow		218,095	--	0.0	0	0	0	218,095
38	8/31/05	230 Acres - Rainbow		3,104,170	--	0.0	0	0	0	3,104,170
176	5/09/06	Land - Warner Staff House		259,828	--	0.0	0	0	0	259,828
		Land		3,852,424			0	0	0	3,852,424
Group: Land Improvements										
3	12/31/03	Land Improvements		92,309	S/L-MO	15.0	21,539	6,154	27,693	64,616
99	11/04/05	Well Repairs		4,447	S/L-MO	15.0	444	297	741	3,706
98	12/31/05	Septic System		6,265	S/L-MO	15.0	627	417	1,044	5,221
175	6/16/06	Fencing		2,203	S/L-MO	15.0	73	147	220	1,983
174	12/31/06	Septic/Water System		36,492	S/L-MO	15.0	1,216	2,433	3,649	32,843
		Land Improvements		141,716			23,899	9,448	33,347	108,369
Group: LH Improvements - Mgmt										
226	5/15/07	Improvements		44,853	S/L-MO	5.0	0	5,980	5,980	38,873
		LH Improvements - Mgmt		44,853			0	5,980	5,980	38,873
Group: LH Improvements - Newport										
8	7/01/00	Leasehold Improvements - Newport		2,010	S/L-MO	5.0	2,010	0	2,010	0
23	12/31/03	Leasehold Imp. - Newport		8,365	S/L-MO	5.0	5,855	1,673	7,528	837
100	6/30/05	Sauna Overhaul		3,018	S/L-MO	5.0	906	603	1,509	1,509
101	9/30/05	Remodeling		28,023	S/L-MO	5.0	8,407	5,604	14,011	14,012
177	3/19/06	Tile		10,673	S/L-MO	3.5	2,287	3,050	5,337	5,336
178	5/25/06	Blinds		5,911	S/L-MO	3.5	985	1,689	2,674	3,237
179	8/21/06	Carpet		8,126	S/L-MO	3.5	774	2,322	3,096	5,030
180	10/06/06	Painting		7,700	S/L-MO	3.5	550	2,200	2,750	4,950
181	12/28/06	Sauna Floor		2,000	S/L-MO	3.5	285	571	856	1,144
225	4/15/07	Improvements		5,394	S/L-MO	2.5	0	1,618	1,618	3,776
		LH Improvements - Newport		81,220			22,059	19,330	41,389	39,831
Group: Motor Vehicles										
19	7/01/00	Vehicles		3,864	S/L-MO	3.0	3,864	0	3,864	0
106	7/28/01	Car - LH		8,000	S/L-MO	3.0	8,000	0	8,000	0
107	8/06/01	Van		11,100	S/L-MO	3.0	11,100	0	11,100	0
20	12/31/00	Vehicles		2,450	S/L-MO	3.0	2,450	0	2,450	0

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
Group: Motor Vehicles (continued)										
102	12/31/02	Chevy Pickup DH		1,700	S/L-MO	3.0	1,700	0	1,700	0
103	12/31/02	Toyota Corolla MK		12,672	S/L-MO	3.0	12,672	0	12,672	0
104	12/31/02	1992 Acura SH		7,722	S/L-MO	3.0	7,722	0	7,722	0
105	12/31/02	2002 Saturn DW		14,294	S/L-MO	3.0	14,294	0	14,294	0
210	1/29/03	Auto - Southern Collectibles		7,500	S/L-MO	3.0	7,500	0	7,500	0
211	5/11/03	1999 Ford Tempo		11,034	S/L-MO	3.0	11,034	0	11,034	0
35	4/22/04	1998 Chevrolet Van		20,000	S/L-MO	3.0	17,778	2,222	20,000	0
36	6/23/04	1992 Acura Vigor		8,000	S/L-MO	3.0	6,667	1,333	8,000	0
212	10/27/05	2006 Econoline		33,985	S/L-MO	3.0	16,992	11,329	28,321	5,664
213	10/27/05	2006 Econoline		33,985	S/L-MO	3.0	16,992	11,329	28,321	5,664
214	10/27/05	2006 Econoline		33,823	S/L-MO	3.0	16,912	11,275	28,187	5,636
182	1/13/06	2006 Ford Freestar		26,056	S/L-MO	3.0	8,685	8,686	17,371	8,685
183	1/18/06	2006 Ford Econoline		34,696	S/L-MO	3.0	10,602	11,565	22,167	12,529
184	8/11/06	2006 Ford Fusion		21,883	S/L-MO	3.0	3,039	7,295	10,334	11,549
185	10/16/06	2006 Ford Econoline		35,824	S/L-MO	3.0	1,990	11,942	13,932	21,892
186	10/16/06	2006 Ford Econnoline		35,824	S/L-MO	3.0	1,990	11,942	13,932	21,892
187	11/18/06	2007 Ford Fusion		19,843	S/L-MO	3.0	551	6,615	7,166	12,677
291	2/26/07	2007 Ford F150		19,991	S/L-MO	3.0	0	5,553	5,553	14,438
292	2/27/07	2007 Ford Freestar		26,669	S/L-MO	7.0	0	3,175	3,175	23,494
293	5/18/07	2007 Ford Econoline Van		37,494	S/L-MO	3.0	0	7,291	7,291	30,203
294	5/24/07	2004 Ford Explorer		16,642	S/L-MO	3.0	0	3,236	3,236	13,406
295	9/25/07	2007 Ford Explorer		37,399	S/L-MO	3.0	0	3,117	3,117	34,282
		Motor Vehicles		522,450			182,534	117,905	300,439	222,011
Group: Plant & Technical Equip										
16	7/01/00	Equipment		4,166	S/L-MO	7.0	3,868	298	4,166	0
17	12/31/01	Equipment		5,731	S/L-MO	7.0	4,503	819	5,322	409
18	12/31/02	Equipment		4,356	S/L-MO	7.0	2,800	622	3,422	934
26	12/31/03	Equipment		9,167	S/L-MO	7.0	4,584	1,309	5,893	3,274
32	6/30/04	Equipment		6,475	S/L-MO	7.0	2,313	925	3,238	3,237
109	3/14/05	Washer/Dryer		300	S/L-MO	7.0	64	43	107	193
110	5/23/05	BBQ Grill		1,076	S/L-MO	7.0	231	153	384	692
111	5/31/05	New Oven		1,874	S/L-MO	7.0	402	267	669	1,205
112	6/06/05	Bug Zappers		278	S/L-MO	7.0	60	39	99	179
113	6/10/05	Tools		1,245	S/L-MO	7.0	267	178	445	800
114	6/13/05	Dishwasher		398	S/L-MO	7.0	85	57	142	256
115	7/05/05	Lawn Tractor		3,047	S/L-MO	7.0	653	436	1,089	1,958
116	7/06/05	Gym Equipment		4,606	S/L-MO	7.0	987	658	1,645	2,961
117	7/06/05	2 Refrigerators		1,094	S/L-MO	7.0	234	157	391	703
118	7/20/05	Washers		2,990	S/L-MO	7.0	641	427	1,068	1,922
119	9/08/05	Washer/Dryer		1,413	S/L-MO	7.0	303	202	505	908
120	9/30/05	Washer		721	S/L-MO	7.0	154	103	257	464
121	10/03/05	Refrigerator		396	S/L-MO	7.0	85	56	141	255
122	10/05/05	Washer		425	S/L-MO	7.0	91	60	151	274
123	11/02/05	Dryer		377	S/L-MO	7.0	81	54	135	242

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
Group: Plant & Technical Equip (continued)										
188	1/17/06	Washer & Dryer		1,471	S/L-MO	7 0	193	210	403	1,068
189	1/31/06	Sauna Scale		454	S/L-MO	7 0	59	65	124	330
190	1/31/06	Prep Table		2,127	S/L-MO	7 0	279	303	582	1,545
191	2/16/06	Pressure Washer		464	S/L-MO	7 0	55	67	122	342
108	3/11/05	Oven		3,857	S/L-MO	7 0	827	551	1,378	2,479
192	3/23/06	Stove		7,844	S/L-MO	7 0	840	1,121	1,961	5,883
193	3/31/06	Fitness Equipment		4,134	S/L-MO	7 0	443	591	1,034	3,100
194	4/14/06	Golden Era Tpe Deck		762	S/L-MO	7 0	82	109	191	571
195	4/15/06	Wsher & Dryer		1,515	S/L-MO	7 0	162	217	379	1,136
209	4/17/06	BBQ		691	S/L-MO	7 0	66	99	165	526
196	5/16/06	Water Heater		1,115	S/L-MO	7 0	93	159	252	863
199	7/23/06	Dryer		320	S/L-MO	7 0	19	46	65	255
200	7/25/06	Upright Freezer		836	S/L-MO	7 0	50	119	169	667
201	7/25/06	Refrigerator		751	S/L-MO	7.0	45	107	152	599
202	8/31/06	Refrigerator Huntington Beach		697	S/L-MO	7 0	33	100	133	564
203	10/04/06	Washer and Dryer		579	S/L-MO	7.0	21	82	103	476
204	11/04/06	Washer		352	S/L-MO	7 0	8	51	59	293
205	11/13/06	Dryer		911	S/L-MO	7 0	22	130	152	759
206	11/29/06	E-Meter		2,000	S/L-MO	7.0	24	286	310	1,690
207	12/08/06	Dryer for Blue House		475	S/L-MO	7 0	6	68	74	401
208	12/11/06	Dryer		655	S/L-MO	7 0	8	93	101	554
296	1/05/07	Refrigerator		517	S/L-MO	5.0	0	103	103	414
297	1/26/07	Chlorinator Metering Pump		532	S/L-MO	7.0	0	70	70	462
298	3/02/07	Oven		1,455	S/L-MO	7.0	0	173	173	1,282
299	3/28/07	Refrigerator - Newport		3,908	S/L-MO	7.0	0	419	419	3,489
300	4/06/07	New Kitchen Equip Newport 2nd Floor		10,475	S/L-MO	7.0	0	1,122	1,122	9,353
301	6/12/07	Chest Freezer		819	S/L-MO	7.0	0	68	68	751
302	6/29/07	Refrigerator Intake House		968	S/L-MO	5.0	0	97	97	871
303	7/03/07	Air Conditioner Women's Staff Housing		430	S/L-MO	5.0	0	43	43	387
305	7/27/07	Washer/Dryer Reg Staff Housing		794	S/L-MO	5 0	0	66	66	728
319	8/09/07	Maytag Dishwasher - Warner Detox House		429	S/L-MO	5 0	0	36	36	393
306	8/16/07	Generator		641	S/L-MO	7.0	0	31	31	610
307	8/31/07	Refrigerator Women's Staff House		322	S/L-MO	5 0	0	21	21	301
		Plant & Technical Equip		103,435			25,741	13,686	39,427	64,008
		Grand Total		8,470,550			612,462	312,470	924,932	7,545,618
		Less: Dispositions		1,187			330	0	528	659
		Net Grand Total		8,469,363			612,132	312,470	924,404	7,544,959

Form **4562**

Department of the Treasury
Internal Revenue Service

Depreciation and Amortization

(Including Information on Listed Property)

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

OMB No 1545-0172

2007

Attachment Sequence No 67

Name(s) shown on return: NARCONON SOUTHERN CALIFORNIA

Identifying number: 33-0911677

Business or activity to which this form relates: INDIRECT DEPRECIATION

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount See 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	312,470

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 ▶ ☐		

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

(a) Classification of property	(b)	(c)	(d)	(e)	(f)	(g)
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	312,470
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