

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

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 OF GEORGIA, INC.

Number and street (or P O box if mail is not delivered to street address) Room/suite
5688 PEACHTREE PARKWAY B-1

City or town, state or country, and ZIP + 4
NORCROSS GA 30092-2848

D Employer identification number
42-1534941

E Telephone number
770-379-0208

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? 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

G Website: WWW.DRUGSNO.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

I Group Exemption Number ▶ **2595**

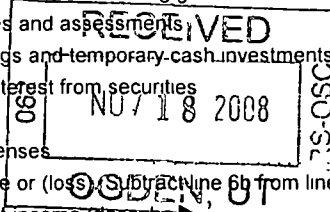
M Check if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **1,479,397**

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		31,110	
	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 \$ 31,110 noncash \$)	1e			31,110
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			1,445,837
	3 Membership dues and assessments	3			
	4 Interest on savings and temporary cash investments	4			
	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				
	8b				
	8c				
d Net gain or (loss) Combine line 8c, columns (A) and (B)	8d				
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				
	b Less cost of goods sold	10b			
	c Gross profit or (loss) from sales of inventory (attach schedule) Subtract line 10b from line 10a	10c			
11 Other revenue (from Part VII, line 103)	11			2,450	
12 Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12			1,479,397	
Expenses	13 Program services (from line 44, column (B))	13		1,380,470	
	14 Management and general (from line 44, column (C))	14		153,558	
	15 Fundraising (from line 44, column (D))	15			
	16 Payments to affiliates (attach schedule)	16			
	17 Total expenses. Add lines 16 and 44, column (A)	17			1,534,028
Net Assets	18 Excess or (deficit) for the year Subtract line 17 from line 12	18		-54,631	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		23,136	
	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			-31,495

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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
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
22b Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25a Compensation of current officers, directors, key employees, etc listed in Part V-A See Statement 1	47,000		47,000	
b Compensation of former officers, directors, key employees, etc listed in Part V-B				
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)				
26 Salaries and wages of employees not included on lines 25a, b, and c	394,999	367,499	27,500	
27 Pension plan contributions not included on lines 25a, b, and c				
28 Employee benefits not included on lines 25a - 27				
29 Payroll taxes	64,296	57,321	6,975	
30 Professional fundraising fees				
31 Accounting fees	2,381		2,381	
32 Legal fees	8,772		8,772	
33 Supplies	38,167	38,167		
34 Telephone	21,879	17,503	4,376	
35 Postage and shipping	51,878	41,502	10,376	
36 Occupancy	88,422	70,894	17,528	
37 Equipment rental and maintenance	5,235	5,235		
38 Printing and publications	12,464	9,971	2,493	
39 Travel	11,054	8,843	2,211	
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc (attach schedule)	6,072	6,072		
43 Other expenses not covered above (itemize) a See Statement 2	781,409	757,463	23,946	
b				
c				
d				
e				
f				
g				
44 Total functional expenses. Add lines 22a through 43g (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	1,534,028	1,380,470	153,558	0

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 & 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 DRUG REHAB & RECOVERY; DRUG EDUCATION; LIFE SKILLS & EDUCATION TOOLS; PUBLIC AWARENESS; OTHER RELATED PREVENTION & REHAB ACTIVITIES; AIDED 149 INDIVIDUALS WITH REHAB.

(Grants and allocations \$ **25,454**)

If this amount includes foreign grants, check here ►

1,380,470

b

(Grants and allocations \$)

If this amount includes foreign grants, check here ►

c

(Grants and allocations \$)

If this amount includes foreign grants, check here ►

d

(Grants and allocations \$)

If this amount includes foreign grants, check here ►

e Other program services (attach schedule)

(Grants and allocations \$ **0**)

If this amount includes foreign grants, check here ►

0

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

1,380,470

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	22,696	20,114
	46 Savings and temporary cash investments		
	47a Accounts receivable		
	b Less allowance for doubtful accounts		
	48a Pledges receivable		
	b Less allowance for doubtful accounts		
	49 Grants receivable		
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att schedule)		
	51a Other notes and loans receivable (attach schedule)		
	b Less allowance for doubtful accounts		
	52 Inventories for sale or use		
	53 Prepaid expenses and deferred charges		
	54a Investments—publicly-traded securities		
	b Investments—other securities (attach schedule)		
	55a Investments—land, buildings, and equipment basis		
	b Less accumulated depreciation (attach schedule)		
	56 Investments—other (attach schedule)		
	57a Land, buildings, and equipment basis	31,042	
b Less accumulated depreciation (attach schedule) See Statement 3	14,433		
58 Other assets, including program-related investments (describe See Statement 4)			
59 Total assets (must equal line 74). Add lines 45 through 58	9,951	16,609	
Liabilities	60 Accounts payable and accrued expenses	19,656	
	61 Grants payable		
	62 Deferred revenue		
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		
	64a Tax-exempt bond liabilities (attach schedule)		
	b Mortgages and other notes payable (attach schedule)		
	65 Other liabilities (describe See Statement 5)	4,088	110,175
66 Total liabilities . Add lines 60 through 65	23,744	110,175	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted		
	68 Temporarily restricted		
	69 Permanently restricted		
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds		
	71 Paid-in or capital surplus, or land, building, and equipment fund		
	72 Retained earnings, endowment, accumulated income, or other funds	23,136	-31,495
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)	23,136	-31,495	
74 Total liabilities and net assets/fund balances . Add lines 66 and 73	46,880	78,680	

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

a Total revenue, gains, and other support per audited financial statements		a	0
b Amounts included on line a but not on Part I, line 12			
1 Net unrealized gains on investments	b1		
2 Donated services and use of facilities	b2		
3 Recoveries of prior year grants	b3		
4 Other (specify)	b4		
Add lines b1 through b4		b	
c Subtract line b from line a		c	0
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	0

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

a Total expenses and losses per audited financial statements		a	0
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)	b4		
Add lines b1 through b4		b	
c Subtract line b from line a		c	0
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	0

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
MARY RIESER 115 OLD FERRY WAY	ROSWELL GA 30076	PRES/DIR 40	47,000	0
ROBERT SCHMIDT 620 PEACHTREE ST. # 102	ATLANTA GA 30308	VP/DIR. 0	0	0
DEBRA MACINTYRE 15205 LEXINGTON FARM DR.	ALPHARETTA GA 30004	SEC/DIR. 0	0	0

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" If "Yes," attach a statement that includes the information described in the instructions	75c	X
d Does the organization have a written conflict of interest policy?	75d	X

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

(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column See the instructions)

(A) Name and address	(B) Loans and Advances	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
N/A				

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 ▶ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> 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?		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		
82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		
83b			
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
84b			
85a	501(c)(4), (5), or (6) Were substantially all dues nondeductible by members?		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
c	Dues, assessments, and similar amounts from members		
85c			
d	Section 162(e) lobbying and political expenditures		
85d			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
85e			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
85f			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
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?		
85h			
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12		
b	Gross receipts, included on line 12, for public use of club facilities		
86a			
86b			
87	501(c)(12) orgs Enter a Gross income from members or shareholders		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
87a			
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		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI		X
88a			
88b			
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		X
89b			
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization 0		
e	All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?		X
89e			
f	All organizations Did the organization acquire a direct or indirect interest in any applicable insurance contract?		X
89f			
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			
90a	List the states with which a copy of this return is filed GA		
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions)		15
90b			
91a	The books are in care of GEORGE E. CLARK, CPA 400 EMBASSY ROW Located at ATLANTA, GA		
	Telephone no 404-256-1218		
	ZIP + 4 30328		
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 GA See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
91b			X

Part VI Other Information (continued)

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 ▶ | 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 DRUG REHABILITATION					1,445,837
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					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue					
a					
b COMMISSIONS RECEIVED			1	2,450	
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))			0	2,450	1,445,837
105 Total (add line 104, columns (B), (D), and (E))					1,448,287

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	REHABILITATION & PREVENTION OF SUBSTANCE ABUSE

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).

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

N/A

Yes	No

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

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

N/A

Yes	No

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

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?

N/A

Yes	No

Please Sign Here

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

Mary Rieser 11/17/08
 Signature of officer Date

MARY RIESER, PRESIDENT
 Type or print name and title

Paid Preparer's Use Only

Preparer's signature: *George E. Clark* Date: **11/17/08** Check if self-employed: Preparer's SSN or PTIN (See Gen Instr X): **58-210096**

Firm's name (or yours if self-employed), address, and ZIP + 4: **George E. Clark, CPA, Inc. 400 Embassy Row NE Suite 110 Atlanta, GA 30328** EIN: **58-210096** Phone no: **404-256-1218**

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 OF GEORGIA, INC.

Employer identification number

42-1534941

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
NONE				

Total number of other employees paid over \$50,000 ▶

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 ▶

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

	Yes	No
<p>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)</p> <p>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</p>	1	X
<p>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)</p> <p>a Sale, exchange, or leasing of property?</p> <p>b Lending of money or other extension of credit?</p> <p>c Furnishing of goods, services, or facilities?</p> <p>d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? See Part V-A, Form 990</p> <p>e Transfer of any part of its income or assets?</p>	2a 2b 2c 2d 2e	X X X X X
<p>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)</p> <p>b Did the organization have a section 403(b) annuity plan for its employees?</p> <p>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</p> <p>d Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?</p>	3a 3b 3c 3d	X X X X
<p>4a Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g</p> <p>b Did the organization make any taxable distributions under section 4966?</p> <p>c Did the organization make a distribution to a donor, donor advisor, or related person?</p>	4a 4b 4c	X
<p>d Enter the total number of donor advised funds owned at the end of the tax year ► _____</p> <p>e Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ► _____</p> <p>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 ► <u>0</u></p> <p>g Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ► <u>0</u></p>		

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	
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)	5,780	1,340	1,057	17,014	25,191
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	1,430,364	1,176,292	912,565	738,332	4,257,553
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			9	288	297
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	1,436,144	1,177,632	913,631	755,634	4,283,041
24 Line 23 minus line 17	5,780	1,340	1,066	17,302	25,488
25 Enter 1% of line 23	14,361	11,776	9,136	7,556	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	▶	26a	510
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	0
c Total support for section 509(a)(1) test Enter line 24, column (e)	▶	26c	25,488
d Add Amounts from column (e) for lines 18 <u>297</u> 19 _____ 22 _____ 26b <u>0</u>	▶	26d	297
e Public support (line 26c minus line 26d total)	▶	26e	25,191
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶	26f	98.8347%

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)	(2005)	(2004)	(2003)	N/A
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year		(2006)	(2005)	(2004)	(2003)	N/A
c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	▶	27c				
d Add Line 27a total _____ and line 27b total _____	▶	27d				
e Public support (line 27c total minus line 27d total)	▶	27e				
f Total support for section 509(a)(2) test Enter amount from line 23, column (e)	▶	27f				
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	▶	27g				%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	▶	27h				%

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?			
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?			
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?			
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?			
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?			
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?			
b	Admissions policies?			
c	Employment of faculty or administrative staff?			
d	Scholarships or other financial assistance?			
e	Educational policies?			
f	Use of facilities?			
g	Athletic programs?			
h	Other extracurricular activities? 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?			
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			
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			

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)															
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	(a) Affiliated group totals												
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	(b) To be completed for all electing organizations												
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													
<table border="0"> <tr> <td>If the amount on line 40 is-</td> <td>The lobbying nontaxable amount is-</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>		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		
If the amount on line 40 is-	The lobbying nontaxable amount is-														
Not over \$500,000	20% of the amount on line 40														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
42	Grassroots nontaxable amount (enter 25% of line 41)	42													
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43													
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44													

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below

See the instructions for lines 45 through 50 on page 13 of the instructions)

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

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

Yes	No	Amount
	X	
	X	
	X	0
	X	0
	X	0
	X	0
	X	0
	X	0
	X	0
	X	0

Depreciation and Amortization
(Including Information on Listed Property)

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

Name(s) shown on return **NARCONON OF GEORGIA, INC.** Identifying number **42-1534941**

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	

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	3,072
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		15,000	5.0	HY	200DB	3,000
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	6,072
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.

NARCONON NARCONON OF GEORGIA, INC.
42-1534941
FYE: 12/31/2007

Federal Statements

Statement 1 - Form 990, Part II, Line 25a - Compensation of Current Officers

<u>Name</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Expenses	\$	\$	\$
Officer Compensation		47,000	
Compensation	<u>\$ 0</u>	<u>\$ 47,000</u>	<u>\$ 0</u>
Total			

Federal Statements

Statement 2 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
Expenses	\$	\$	\$	\$
VEHICLES	24,718	19,774	4,944	
BANK CHARGES	15,688		15,688	
INTERNET FEES	1,612		1,612	
OUTSIDE SERVICES	74,571	74,571		
CREDIT CARD FEES	19,318	19,318		
DUES	999		999	
HOUSING/FOOD	6,998	6,998		
INSURANCE	40,689	40,689		
MARKETING	23,904	23,904		
COMMISSIONS	105,024	105,024		
LICENSES	25		25	
TRADEMARK LICENSING	109,369	109,369		
PENALTIES	4,038	3,360	678	
EDUCATION	3,886	3,886		
MISCELLANEOUS	93	93		
STUDENT MEDICAL & VITAMIN EXP	179,508	179,508		
COURSE SUPERVISION/MATERIALS	6,394	6,394		
SAUNA/EXERCISE PROGRAM	107,952	107,952		
STAFF TRAINING	5,112	5,112		
PROGRAM DELIVERY EXPENSE	51,511	51,511		
Total	<u>\$ 781,409</u>	<u>\$ 757,463</u>	<u>\$ 23,946</u>	<u>\$ 0</u>

Federal Statements

Statement 3 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

<u>Description</u>	<u>Beginning of Year</u>	<u>Accum Depr</u>	<u>End of Year</u>	<u>Accum Depr</u>
EQUIPMENT	\$ 18,312	\$ 8,361	\$ 31,042	\$ 18,289
Total	<u>\$ 18,312</u>	<u>\$ 8,361</u>	<u>\$ 31,042</u>	<u>\$ 18,289</u>

Statement 4 - Form 990, Part IV, Line 58 - Other Assets

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
LOANS TO STAFF MEMBERS	\$ 11,963	\$ 39,687
SECURITY DEPOSITS	2,270	2,270
Total	<u>\$ 14,233</u>	<u>\$ 41,957</u>

Statement 5 - Form 990, Part IV, Line 65 - Other Liabilities

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>
PAYROLL RELATED LIABILITIES	\$ 4,088	\$ 71,675
LOANS PAYABLE		38,500
Total	<u>\$ 4,088</u>	<u>\$ 110,175</u>