

Return of Organization Exempt From Income Tax

2002

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

A For the 2002 calendar year, or tax year period beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	C Name of organization NARCONON INTERNATIONAL Number and street (or P O box if mail is not delivered to street address) Room/suite 7060 HOLLYWOOD BLVD. 220 City or town, state or country, and ZIP + 4 LOS ANGELES, CA 90028-6015	D Employer identification number 95-2769582 E Telephone number 323-962-2404 F Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> 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

G Web site **WWW.NARCONON.ORG**

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

H(c) Are all affiliates included? **N/A** Yes No (If "No," attach a list)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

I Enter 4-digit GEN

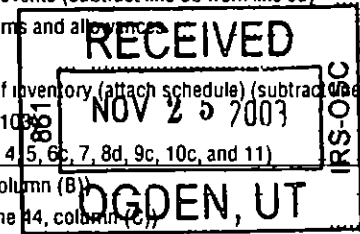
L Gross receipts Add lines 6b, 8b, 9b and 10b to line 12 **1980044.**

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1 Contributions, gifts, grants and similar amounts received			
	a Direct public support	1a	82698.	
	b Indirect public support	1b	237324.	
	c Government contributions (grants)	1c		
	d Total (add lines 1a through 1c) (cash \$ <u>320022.</u> noncash \$ _____)			1d 320022.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)			2 1596470.
	3 Membership dues and assessments			3
	4 Interest on savings and temporary cash investments			4 502.
	5 Dividends and interest from securities			5
	6 a Gross rents SEE STATEMENT 2	6a	9887.	
	b Less rental expenses	6b		
	c Net rental income or (loss) (subtract line 6b from line 6a)			6c 9887.
7 Other investment income (describe _____)			7	
8 a Gross amount from sale 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)	a Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a		
	b Less direct expenses other than fundraising expenses	9b		
	c Net income or (loss) from special events (subtract line 9b from line 9a)			9c
10 a Gross sales of inventory, less returns and allowances		10a	44527.	
	b Less cost of goods sold	10b	33276.	
c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c 11251.	
11 Other revenue (from Part VII, line 10b)			11 8636.	
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12 1946768.	
Expenses	13 Program services (from line 44, column (B))			13 1192088.
	14 Management and general (from line 44, column (C))			14 183311.
	15 Fundraising (from line 44, column (D))			15 60781.
	16 Payments to affiliates (attach schedule)		SEE STATEMENT 4	16 430201.
	17 Total expenses (add lines 16 and 44, column (A))			17 1866381.
18 Excess or (deficit) for the year (subtract line 17 from line 12)			18 80387.	
Net Assets	19 Net assets or fund balances at beginning of year (from line 73, column (A))			19 962364.
	20 Other changes in net assets or fund balances (attach explanation)			20 0.
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21 1042751.

SCANNED DEC 18 2003



Part II Statement of Functional Expenses

All organizations must complete column (A) Columns (B), (C) and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) cash \$ 85703. noncash \$	22 85703.	85703.	STATEMENT 6	
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors etc	25 215525.	173950.	19658.	21917.
26 Other salaries and wages	26 407544.	319007.	75595.	12942.
27 Pension plan contributions	27			
28 Other employee benefits	28			
29 Payroll taxes	29 55066.	43920.	8043.	3103.
30 Professional fundraising fees	30			
31 Accounting fees	31 12792.		12792.	
32 Legal fees	32 53105.	41116.	9020.	2969.
33 Supplies	33 27667.	17941.	8860.	866.
34 Telephone	34 32623.	25811.	4988.	1824.
35 Postage and shipping	35 43226.	40897.	1170.	1159.
36 Occupancy	36 129401.	102382.	19785.	7234.
37 Equipment rental and maintenance	37 1575.	1267.	233.	75.
38 Printing and publications	38 42891.	40105.	2017.	769.
39 Travel	39 127956.	123326.	3390.	1240.
40 Conferences conventions and meetings	40 12448.	12448.		
41 Interest	41			
42 Depreciation, depletion, etc (attach schedule)	42 45970.	36371.	7029.	2570.
43 Other expenses not covered above (itemize)				
a	43a			
b	43b			
c	43c			
d	43d			
e SEE STATEMENT 5	43e 142688.	127844.	10731.	4113.
44 Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D) carry these totals to lines 13-15	44 1436180.	1192088.	183311.	60781.

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

What is the organization's primary exempt purpose? **REHABILITATION AND PREVENTION OF SUBSTANCE ABUSE.**

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

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

a DRUG REHABILITATION:			
SEE STATEMENT 10.	(Grants and allocations \$	30066.)	543821.
b DRUG EDUCATION:			
SEE STATEMENT 11.	(Grants and allocations \$	0.)	203228.
c CRIMINAL REHABILITATION:			
SEE STATEMENT 12.	(Grants and allocations \$	55637.)	60591.
d PUBLIC AWARENESS:			
SEE STATEMENT 13.	(Grants and allocations \$	0.)	384448.
e Other program services (attach schedule)	(Grants and allocations \$)	
f Total of Program Service Expenses (should equal line 44, column (B) Program services)			1192088.

Part IV Balance Sheets

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	74962.	95858.
	46 Savings and temporary cash investments	70517.	100504.
	47 a Accounts receivable	47a	
	b Less allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a	
	b Less allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees and key employees		50
	51 a Other notes and loans receivable	51a 5450.	
	b Less allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use	870.	52 5450.
	53 Prepaid expenses and deferred charges	67194.	53 75921.
	54 Investments - securities		54
	55 a Investments - land buildings and equipment basis	55a	
	b Less accumulated depreciation	55b	55c
56 Investments - other		56	
57 a Land, buildings, and equipment basis	57a 1026803.		
b Less accumulated depreciation STMT 7	57b 257052.	57c 796819.	
58 Other assets (describe PREPAID TAX)		58 770. 555.	
59 Total assets (add lines 45 through 58) (must equal line 74)	1011132.	59 1048039.	
Liabilities	60 Accounts payable and accrued expenses		60
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors trustees and key employees		63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable	36720.	64b
	65 Other liabilities (describe SEE STATEMENT 8)	12048.	65 5288.
66 Total liabilities (add lines 60 through 65)	48768.	66 5288.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74		
	67 Unrestricted		67
	68 Temporarily restricted		68
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 70 through 74		
	70 Capital stock, trust principal, or current funds	0.	70 0.
	71 Paid-in or capital surplus, or land, building and equipment fund	0.	71 0.
	72 Retained earnings, endowment, accumulated income, or other funds	962364.	72 1042751.
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19 column (B) must equal line 21)	962364.	73 1042751.	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	1011132.	74 1048039.	

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.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return

a	Total revenue, gains, and other support per audited financial statements	a	N/A
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$ _____		
(2)	Donated services and use of facilities \$ _____		
(3)	Recoveries of prior year grants \$ _____		
(4)	Other (specify) \$ _____		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$ _____		
(2)	Other (specify) \$ _____		
	Add amounts on lines (1) and (2)	d	
e	Total revenue per line 12, Form 990 (line c plus line d)	e	

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

a	Total expenses and losses per audited financial statements	a	N/A
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities \$ _____		
(2)	Prior year adjustments reported on line 20, Form 990 \$ _____		
(3)	Losses reported on line 20, Form 990 \$ _____		
(4)	Other (specify) \$ _____		
	Add amounts on lines (1) through (4)	b	
c	Line a minus line b	c	
d	Amounts included on line 17 Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$ _____		
(2)	Other (specify) \$ _____		
	Add amounts on lines (1) and (2)	d	
e	Total expenses per line 17 Form 990 (line c plus line d)	e	

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated)

(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	(E) Expense account and other allowances
LAURIE ZURN 7065 HOLLYWOOD BLVD. LOS ANGELES, CA 90028	VOTING MEMBER	0	0.	0.
MICHAEL LAUNITZ 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	SECRETARY	45	34986.	0.
CLARK CARR (SEE STATEMENT 1) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	PRESIDENT/DIRECTOR	45	37881.	0.
JEANNE TRAHANT (SEE STATEMENT 1) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	TREASURER	45	46389.	0.
PHIL HART (SEE STATEMENT 1) 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	TRUSTEE/VOTING MEMBER	45	41842.	0.
KAREN SEAGAL 7065 HOLLYWOOD BLVD. LOS ANGELES, CA 90028	DIRECTOR	0	0.	0.
PATRICIA SCHWARTZ 622 E VILLA ST SUITE 201 PASADENA, CA 91101	DIRECTOR	0	0.	0.
ANGELA GARCIA 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	KEY EMPLOYEE	45	37811.	0.
BARBRO ANDERSSON 7060 HOLLYWOOD BLVD, SUITE 220 LOS ANGELES, CA 90028	SECRETARY	45	16616.	0.

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? If "Yes," attach schedule Yes No

Part VI Other Information		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	X
78 a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b	If "Yes," enter the name of the organization and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81 a	Enter direct or indirect political expenditures. See line 81 instructions	81a	0.
b	Did the organization file Form 1120-POL for this year?	81b	X
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations Enter a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) organizations Enter a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88	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	88	X
89 a	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) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
d	Enter Amount of tax on line 89c, above reimbursed by the organization		0.
90 a	List the states with which a copy of this return is filed CALIFORNIA		
b	Number of employees employed in the pay period that includes March 12, 2002	90b	29
91	The books are in care of MICHAEL LAUNITZ Telephone no (323) 962-2404		

Located at 7060 HOLLYWOOD BLVD, SUITE 220, L.A., CA

ZIP +4 90028-6015

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year 92 N/A

Part VII Analysis of Income-Producing Activities (See page 31 of 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 REHAB. TRAINING					12166.
b TRADEMARK LICENSING FEE					1571286.
c COMMISSIONS-DRUG REHAB					9328.
d CONVENTIONS					3690.
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	502.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property			16	9887.	
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					11251.
103 Other revenue					
a COMMISSIONS					8636.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		10389.	1616357.
105 Total (add line 104 columns (B), (D), and (E))					1626746.

Note Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 32 of 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)
9	SEE STATEMENT 9

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of 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	%			
	%			
	%			

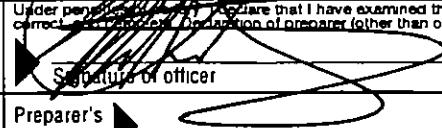
Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 33 of the instructions)

- (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), see Form 8870 and Form 4720 (see instructions)


Please Sign Here

Under penalty 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 and correct. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer:  Date: 11/17/03

Type or print name and title: Michael Lannitz - Secretary

Paid Preparer's Use Only

Preparer's signature:  Date: _____

Check if self-employed:

Preparer's SSN or PTIN: _____

Firm's name (or yours if self-employed), address and ZIP + 4: _____

EIN: _____

Phone no: _____

223161 01 22 03

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 Section 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

2002

Name of the organization: **NARCONON INTERNATIONAL** Employer identification number: **95 2769582**

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				

Total number of other employees paid over \$50,000	▶ 0			

Part II 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	▶ 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 1 of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities		X
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?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V, FORM 990	X	
e Transfer of any part of its income or assets?		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below)		X
4 Do you have a section 403(b) annuity plan for your employees?		X
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.		SEE STATEMENT 10

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions)

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 supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	247631.	1218478.	863489.	1396628.	3726226.
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	1214514.	3152380.	4372618.	2581757.	11321269.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	13418.	41805.	1286.	9361.	65870.
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	2018.	123163.	SEE STATEMENT 11		125181.
23 Total of lines 15 through 22	1477581.	4535826.	5237393.	3987746.	15238546.
24 Line 23 minus line 17	263067.	1383446.	864775.	1405989.	3917277.
25 Enter 1% of line 23	14776.	45358.	52374.	39877.	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e), line 24				26a 78346.
	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 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the sum of all these excess amounts				26b 793492.
	c Total support for section 509(a)(1) test. Enter line 24, column (e)				26c 3917277.
	d Add Amounts from column (e) for lines	18 65870.	19	26b 793492.	26d 984543.
		22 125181.			26e 2932734.
	e Public support (line 26c minus line 26d total)				26f 74.8666%
	f Public support percentage (line 26e (numerator) divided by line 26c (denominator))				
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				N/A
	(2001)	(2000)	(1999)	(1998)	
	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 11 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				N/A
	(2001)	(2000)	(1999)	(1998)	
	c Add Amounts from column (e) for lines	15	16		27c N/A
		17	20	21	27d N/A
	d Add Line 27a total and line 27b total				27e N/A
	e Public support (line 27c total minus line 27d total)				
	f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)				27f N/A
	g Public support percentage (line 27e (numerator) divided by line 27f (denominator))				27g N/A %
	h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))				27h N/A %

28 Unusual Grants For an organization described in line 10, 11 or 12 that received any unusual grants during 1998 through 2001 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 7 of the instructions)

N/A

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

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

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check a if the organization belongs to an affiliated group Check b if you checked "a" and "limited control" provisions apply

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

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

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below See the instructions for lines 45 through 50 on page 11 of the instructions)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 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	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions speeches, lectures or any other means		X	
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

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	COMPUTER/OFFICE EQUIPMENT	92	SL	5.00	16	4716.			4716.	4716.		0.
2	COMPUTER/OFFICE EQUIPMENT	93	SL	5.00	16	6881.			6881.	6881.		0.
3	COMPUTER/OFFICE EQUIPMENT	95	SL	5.00	16	7125.			7125.	7125.		0.
4	FURNITURE & EQUIPMENT	86	SL	5.00	16	24787.			24787.	24787.		0.
5	FURNITURE & EQUIPMENT	87	SL	5.00	16	4121.			4121.	4121.		0.
6	FURNITURE & EQUIPMENT	88	SL	5.00	16	1903.			1903.	1903.		0.
7	FURNITURE & EQUIPMENT	94	SL	5.00	16	1916.			1916.	1916.		0.
8	FURNITURE & EQUIPMENT	92	SL	5.00	16	2200.			2200.	2200.		0.
9	COMPUTER EQUIPMENT	063096	SL	5.00	16	3864.			3864.	3864.		0.
10	COMPUTERS FURNITURE AND	070197	SL	5.00	16	3683.			3683.	3315.		368.
11	EQUIPMENT	070197	SL	5.00	16	6751.			6751.	6075.		676.
12	MEDITERRANEO BUILDING	070198	SL	25.00	16	800055.			800055.	112007.		32002.
13	LEASEHOLD IMPROVEMENTS	070198	SL	5.00	16	6087.			6087.	4261.		1217.
14	COMPUTERS	070198	SL	5.00	16	5170.			5170.	3619.		1034.
15	FURNISHINGS	070198	SL	5.00	16	5351.			5351.	3745.		1070.
16	FURNITURE & EQUIPMENT	070199	SL	5.00	16	714.			714.	357.		143.
17	BUILDING IMPROVEMENTS	070199	SL	25.00	16	99982.			99982.	9998.		3999.
18	COMPUTERS	070199	SL	5.00	16	1252.			1252.	626.		250.

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
19	FURNITURE & EQUIPMENT	070100SL		5.00	16	2855.			2855.	857.		571.
20	COMPUTER	070100SL		5.00	16	9015.			9015.	2705.		1803.
21	FURNITURE & EQUIPMENT	89SL		5.00	16	524.			524.	524.		0.
22	FURNITURE & EQUIPMENT	90SL		5.00	16	1858.			1858.	1858.		0.
23	FURNITURE & EQUIPMENT	93SL		5.00	16	3220.			3220.	3220.		0.
24	FURNITURE & EQUIPMENT	070101SL		5.00	16	270.			270.	27.		54.
25	COMPUTER	070101SL		5.00	16	3385.			3385.	339.		677.
26	SOFTWARE	070101SL		3.00	16	216.			216.	36.		72.
27	COMPUTER	070102SL		5.00	16	8405.			8405.			841.
28	FURNITURE & EQUIPMENT	070102SL		5.00	16	5378.			5378.			538.
29	MOTOR VEHICLES	070102SL		5.00	16	2975.			2975.			298.
30	SOFTWARE	070102SL		3.00	16	2144.			2144.			357.
	* TOTAL 990 PAGE 2					1026803.		0.	1026803.	211082.	0.	45970.
	DEPR											

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

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

FORM 990

RENTAL INCOME

STATEMENT 2

<u>KIND AND LOCATION OF PROPERTY</u>	<u>ACTIVITY NUMBER</u>	<u>GROSS RENTAL INCOME</u>
DRUG REHABILITATION CENTER, SPAIN	1	9887.
TOTAL TO FORM 990, PART I, LINE 6A		9887.

FORM 990

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

STATEMENT 3

INCOME		
1. GROSS RECEIPTS	44527	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		44527
4. COST OF GOODS SOLD (LINE 13)	33276	
5. GROSS PROFIT (LINE 3 LESS LINE 4)		11251
COST OF GOODS SOLD		
6. INVENTORY AT BEGINNING OF YEAR	67194	
7. MERCHANDISE PURCHASED	42003	
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		109197
12. INVENTORY AT END OF YEAR	75921	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12).		33276

FORM 990	PAYMENTS TO AFFILIATES	STATEMENT	4
<u>AFFILIATE'S NAME</u>	<u>AFFILIATE'S ADDRESS</u>		
ABLE INTERNATIONAL	LOS ANGELES		
<u>PURPOSE OF PAYMENT</u>		<u>AMOUNT</u>	
LICENSING FEES		430201.	
TOTAL TO FORM 990, PART I, LINE 16			430201.

FORM 990	OTHER EXPENSES			STATEMENT	5
<u>DESCRIPTION</u>	(A) <u>TOTAL</u>	(B) <u>PROGRAM SERVICES</u>	(C) <u>MANAGEMENT AND GENERAL</u>	(D) <u>FUNDRAISING</u>	
COMMISSIONS	313.	136.		177.	
LICENSES & FEES	470.	329.	118.	23.	
PROMOTION	53877.	53592.	209.	76.	
BANK CHARGES	3899.	3085.	596.	218.	
STAFF TRAINING	72862.	59818.	9552.	3492.	
TRAINING MATERIALS	604.	477.		127.	
DRUG REHAB PGM DELIVERY	9654.	9654.			
EXCHANGE DIFFERENCES	256.		256.		
ROYALTIES	753.	753.			
TOTAL TO FM 990, LN 43	142688.	127844.	10731.	4113.	

FORM 990	CASH GRANTS AND ALLOCATIONS			STATEMENT	6
<u>CLASSIFICATION</u>	<u>DONEE'S NAME</u>	<u>DONEE'S ADDRESS</u>	<u>DONEE'S RELATIONSHIP</u>	<u>AMOUNT</u>	
CRIMINAL REHABILITATION	REENCUENTRO CON LA VIDA	MEXICO	N/A	51863.	
CRIMINAL REHABILITATION	NEW LIFE	UTAH	N/A	3774.	
DRUG REHABILITATION	ASSOCIATION NARCONON BRAZIL	SAO BERNARDO DO CAMPO (SP), BRAZIL 0973	N/A	600.	

DRUG REHABILITATION	NARCONON OF GEORGIA	ATLANTA, GA	N/A	970.
DRUG REHABILITATION	NARCONON HARLEM	NEW YORK	N/A	500.
DRUG REHABILITATION	NARCONON ARIZONA	ARIZONA	N/A	200.
DRUG REHABILITATION	NARCONON COLOMBIA	COLOMBIA	N/A	2280.
DRUG REHABILITATION	NARCONON JOHANNESBURG	JOHANNESBURG, SOUTH AFRICA	N/A	10050.
DRUG REHABILITATION	NARCONON ITALY	MILANO, ITALY	N/A	11916.
DRUG REHABILITATION	NARCONON HAWAII	HAWAII	N/A	600.
DRUG REHABILITATION	ASSOC FOR BETTER LIVING & EDUC INT	LOS ANGELES, CA	N/A	2950.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				<u>85703.</u>

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 7

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER/OFFICE EQUIPMENT	4716.	4716.	0.
COMPUTER/OFFICE EQUIPMENT	6881.	6881.	0.
COMPUTER/OFFICE EQUIPMENT	7125.	7125.	0.
FURNITURE & EQUIPMENT	24787.	24787.	0.
FURNITURE & EQUIPMENT	4121.	4121.	0.
FURNITURE & EQUIPMENT	1903.	1903.	0.
FURNITURE & EQUIPMENT	1916.	1916.	0.
FURNITURE & EQUIPMENT	2200.	2200.	0.
COMPUTER EQUIPMENT	3864.	3864.	0.
COMPUTERS	3683.	3683.	0.
FURNITURE AND EQUIPMENT	6751.	6751.	0.
MEDITERRANEO BUILDING	800055.	144009.	656046.
LEASEHOLD IMPROVEMENTS	6087.	5478.	609.
COMPUTERS	5170.	4653.	517.
FURNISHINGS	5351.	4815.	536.
FURNITURE & EQUIPMENT	714.	500.	214.
BUILDING IMPROVEMENTS	99982.	13997.	85985.

COMPUTERS	1252.	876.	376.
FURNITURE & EQUIPMENT	2855.	1428.	1427.
COMPUTER	9015.	4508.	4507.
FURNITURE & EQUIPMENT	524.	524.	0.
FURNITURE & EQUIPMENT	1858.	1858.	0.
FURNITURE & EQUIPMENT	3220.	3220.	0.
FURNITURE & EQUIPMENT	270.	81.	189.
COMPUTER	3385.	1016.	2369.
SOFTWARE	216.	108.	108.
COMPUTER	8405.	841.	7564.
FURNITURE & EQUIPMENT	5378.	538.	4840.
MOTOR VEHICLES	2975.	298.	2677.
SOFTWARE	2144.	357.	1787.
TOTAL TO FORM 990, PART IV, LN 57	1026803.	257052.	769751.

FORM 990 OTHER LIABILITIES STATEMENT 8

DESCRIPTION	AMOUNT
DEPOSITS	1360.
SALES TAX PAYABLE	1487.
PAYROLL TAXES PAYABLE	1751.
CONTRA OWING	690.
DUE TO AFFILIATES	0.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	5288.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES STATEMENT 9

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	TRAINING & EDUCATION ON DRUG REHABILITATION & DETOXIFICATION DELIVERY.
93B	PAYMENTS RECEIVED FOR LICENSING FEES FROM USE OF DRUG REHAB PROGRAM
93C	COMMISSIONS RECEIVED ON STUDENTS IN DRUG REHAB PGMS
93D	FEES FOR DRUG REHABILITATION AND PREVENTION TRAINING CONVENTION.
102	SALE OF BOOKS REGARDING DRUG ABUSE AND OTHER MATERIALS PROMOTING DRUG FREE LIFESTYLES.
103A	COMMISSIONS RECEIVED FROM OTHER EXEMPT ORGANIZATIONS.

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

Name(s) shown on return: **NARCONON INTERNATIONAL**
 Business or activity to which this form relates: **FORM 990 PAGE 2**
 Identifying number: **95-2769582**

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

1	Maximum amount See instructions for a higher limit for certain businesses	24000.
2	Total cost of section 179 property placed in service (see instructions)	
3	Threshold cost of section 179 property before reduction in limitation	\$200,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter 0- If married filing separately, see instructions	
6	(a) Description of property	(b) Cost (business use only)
		(c) Elected cost
7	Listed property Enter 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 2001 Form 4562	10
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5	11
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12
13	Carryover of disallowed deduction to 2003 Add lines 9 and 10, less line 12	13

Note Do not use Part II or Part III below for listed property Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14
15	Property subject to section 168(f)(1) election (see instructions)	15
16	Other depreciation (including ACRS) (see instructions)	45970.

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 2002	17
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>	

Section B - Assets Placed in Service During 2002 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
10a 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 2002 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	45970.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement)
Note For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable

Section A - Depreciation and Other Information (Caution) See instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L		
		%				S/L -		
		%				S/L		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1								29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
 If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? Note If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2002 tax year					
43 Amortization of costs that began before your 2002 tax year					43
44 Total Add amounts in column (f) See instructions for where to report					44

2002 FORM 990, PART III
FEDERAL ID # 95-2769582
NARCONON INTERNATIONAL
STATEMENT # 10

DESCRIPTION OF PROGRAM SERVICE ONE
(DRUG REHABILITATION):

NARCONON INTERNATIONAL CONTINUED TO EXPERIENCE UNPRECEDENTED EXPANSION THIS YEAR, WITHIN OUR EXISTING GROUPS, OPENING NEW AREAS AND COUNTRIES, AND ENLIGHTENING PEOPLE ABOUT THE NARCONON PROGRAM

STUDENTS ON THE PROGRAM INCREASED FROM JUST OVER 1,000 TO OVER 1,200 PER WEEK. AN AVERAGE OF NEARLY 400 STUDENTS COMPLETED ONE OF THE COURSES/STEPS ON THE NARCONON PROGRAM EACH WEEK

26 NEW GROUPS AND CENTERS WERE OPENED WHICH ARE ACTIVE AND DELIVERING, INCLUDING NARCONON CENTERS IN SIX NEW COUNTRIES WHICH WERE OPENED THIS YEAR GHANA, COSTA RICA, VENEZUELA, PAKISTAN, KYRGYZSTAN, and SCOTLAND. THE GROUPS AND CENTERS IN THESE NEW COUNTRIES ARE ACTIVELY PROVIDING SERVICES AND DRUG PREVENTION LECTURES TO THE BROAD PUBLIC USING L. RON HUBBARD'S DRUG REHABILITATION AND EDUCATION TECHNOLOGY. ADDITIONALLY, SEVERAL OTHER COUNTRIES WERE INTRODUCED TO THE NARCONON PROGRAM, INCLUDING JORDAN, CHINA, INDIA, AND BANGLADESH. WORKSHOPS AND SEMINARS WERE DELIVERED IN THESE COUNTRIES TO GOVERNMENT OFFICIALS, DOCTORS, AND OTHER PROFESSIONALS, RESULTING IN A DEMAND FOR THE NARCONON PROGRAM IN THEIR COUNTRIES. ELSEWHERE, ADDITIONAL NEW GROUPS AND CENTERS OPENED IN AUSTRALIA, BELGIUM, CANADA, ENGLAND, GEORGIA, MEXICO, RUSSIA, AND THE UNITED STATES

REHABILITATION CENTERS CONTINUED TO EXPAND. NARCONON FLORIDA WENT FROM DELIVERING JUST THE FIRST STEP PROGRAM TO A FULL NARCONON PROGRAM OUT-PATIENT CENTER; NARCONON SOUTHERN CALIFORNIA BEGAN DELIVERING THE NARCONON PROGRAM IN ITS NEW SAN DIEGO FACILITY, AND NARCONON JOHANNESBURG PURCHASED A NEW BUILDING WITH THE HELP OF A \$10,000+ GRANT FROM NARCONON INTERNATIONAL, TOWARDS ITS DOWN PAYMENT. GRANTS WERE ALSO GIVEN BY NARCONON INTERNATIONAL TO MANY GROUPS AND CENTERS, INCLUDING: MORE THAN \$2,200 FOR A PROJECT IN NARCONON COLOMBIA; OVER \$11,000 TO NARCONON ITALY FOR A SPECIAL EVENT IN ROME HIGHLIGHTING THE RESULTS FROM THE NARCONON DRUG REHABILITATION AND EDUCATION PROGRAMS, WHICH WAS ATTENDED BY MANY ITALIAN GOVERNMENT OFFICIALS; AND OVER \$50,000 TO A CRIMINON PRISON PROJECT IN MEXICO

To Form 990, Part III, line a

GRANTS
\$30,066

EXPENSES
\$543,821

**2002 FORM 990, PART III
FEDERAL ID # 95-2769582
NARCONON INTERNATIONAL
STATEMENT # 11**

**DESCRIPTION OF PROGRAM SERVICE TWO
(DRUG EDUCATION):**

IN 2002, DRUG EDUCATION LECTURES, BASED ON THE WORKS OF L. RON HUBBARD, WERE DELIVERED TO OVER 450,000 PEOPLE FROM ALL OVER THE WORLD. THESE INCLUDED STUDENTS, TEACHERS, PARENTS, SCHOOL OFFICIALS, COMMUNITY MEMBERS, AND THE GOVERNMENT SECTOR. NEW AREAS WHERE DRUG PREVENTION AND EDUCATION LECTURES WERE DELIVERED FOR THE FIRST TIME INCLUDE: NOVOSIBIRSK, CHELIABINSK, NIZHNEKAMSK, AND ST. PETERSBURG IN RUSSIA, GHANA IN AFRICA, ALASKA AND WISCONSIN IN THE UNITED STATES; AND SCOTLAND IN THE UNITED KINGDOM.

THE LOS ANGELES BASED GROUP, NARCONON DRUG PREVENTION & EDUCATION, DELIVERED DRUG EDUCATION LECTURES TO OVER 40,000 CHILDREN. NARCONON UK EXPANDED THEIR DRUG EDUCATION ACTIVITIES, DELIVERING TO OVER 11,500 CHILDREN. NARCONON CENTERS IN SWEDEN DELIVERED LECTURES TO OVER 25,000 CHILDREN, AND IN RUSSIA, THE NARCONON CENTERS DELIVERED LECTURES TO OVER 160,000 PEOPLE.

TO SUPPLEMENT THE ONGOING DELIVERY OF DRUG EDUCATION BY NARCONON GROUPS AND TO ASSIST IN THE OPENING OF NEW ONES, THE *NARCONON DRUG PREVENTION STARTER KIT* WAS PUBLISHED AND RELEASED. THE DRUG EDUCATION BOOKLET, *10 THINGS YOUR FRIENDS MAY NOT KNOW ABOUT DRUGS*, RELEASED IN 2001, WAS TRANSLATED INTO SEVERAL LANGUAGES, INCLUDING ARABIC. HUNDREDS OF THOUSANDS OF THESE BOOKLETS CONTINUE TO BE DISTRIBUTED AROUND THE WORLD THE CALIFORNIA BASED GROUP, FRIENDS OF NARCONON, THE PRODUCER OF THE DRUG EDUCATION VIDEO, *MARIJUANA - THE MYTH*, RELEASED IN 2001, BROUGHT THIS VIDEO INTO CLASSROOMS IN OVER 1700 SCHOOLS, THEREBY EDUCATING APPROXIMATELY 300,000 MORE SCHOOL CHILDREN IN THE UNITED STATES

	GRANTS	EXPENSES
To Form 990, Part III, line b	\$0	\$203,228

2002 FORM 990, PART III
FEDERAL ID # 95-2769582
NARCONON INTERNATIONAL
STATEMENT # 12

DESCRIPTION OF PROGRAM SERVICE THREE
(CRIMINAL REHABILITATION)

NARCONON INTERNATIONAL MADE A GRANT TO THE CRIMINAL REHABILITATION PROGRAM IN ENSENADA IN MEXICO AS A RESULT OF THIS GRANT, THE HUNDREDS OF INMATES ON THE PROGRAM WERE ABLE TO CONTINUE TO RID THEMSELVES OF DRUGS AND TO LEARN LIFE SKILLS WHICH WOULD PREPARE THEMSELVES FOR BECOMING CONTRIBUTING MEMBERS OF SOCIETY. DURING 2002, THE PROGRAM IN ENSENADA WAS VISITED BY MANY GOVERNMENT REPRESENTATIVES FROM SEVERAL DIFFERENT COUNTRIES, INTERESTED IN IMPLEMENTING THIS CRIMINAL REHABILITATION PROGRAM IN THEIR OWN COUNTRIES OR STATE. THIS INCLUDED MEMBERS OF THE NATIONAL FEDERATION OF WOMEN'S LEGISLATORS IN THE UNITED STATES.

	GRANTS	EXPENSES
To Form 990, Part III, line b	\$55,637	\$60,591

2002 FORM 990, PART III
FEDERAL ID # 95-2769582
NARCONON INTERNATIONAL
STATEMENT # 13

DESCRIPTION OF PROGRAM SERVICE FOUR
(PUBLIC AWARENESS).

TO FURTHER MAKE KNOWN NARCONON DRUG REHABILITATION AND DRUG EDUCATION PROGRAMS AND SERVICES IN VARIOUS PARTS OF THE WORLD, MORE ACTIVITIES OCCURRED THIS YEAR THAN EVER BEFORE, THROUGH THE CONCERTED EFFORTS OF NARCONON INTERNATIONAL AND ITS LICENSED GROUPS AND CENTERS.

A BROAD SERIES OF DRUG EDUCATION LECTURES, TRAINING WORKSHOPS, CONFERENCES, SEMINARS AND MEDIA CAMPAIGNS WERE CONDUCTED BY NEARLY ALL NARCONON CENTERS TO EDUCATE THE PUBLIC IN THE ALARMING INCREASE OF DRUG ABUSE AND DRUG-RELATED CRIME WORLDWIDE. ACTIONS WERE TAKEN TO PROVIDE THE PUBLIC WITH KNOWLEDGE ABOUT THE EFFECTIVENESS OF THE NARCONON DRUG REHABILITATION AND EDUCATION PROGRAMS AND THEIR PROVEN RESULTS THROUGH DISTRIBUTION OF THE *MARIJUANA - THE MYTH* VIDEOS AND THE "10 THINGS YOUR FRIENDS MAY NOT KNOW ABOUT DRUGS" DRUG EDUCATION BOOKLETS.

THE PRESIDENT OF NARCONON INTERNATIONAL ATTENDED A VARIETY OF EVENTS AND TOURS TO COUNTRIES AROUND THE WORLD. IN FEBRUARY 2002, HE ATTENDED AND SPOKE AT THE HOPE 2000 CONFERENCE IN BOMBAY, INDIA. LATER THAT MONTH, HE FLEW TO PAKISTAN WHERE HE DELIVERED WORKSHOPS TO DOCTORS AND OTHER PROFESSIONALS IN KARACHI AND ISLAMABAD IN MARCH 2002, HE ATTENDED THE NATIONAL FOUNDATION OF WOMEN LEGISLATORS CONFERENCE ALONG WITH NARCONON SPOKESPERSON, CELEBRITY ERIKA CHRISTENSEN, WHO ADDRESSED THE CONFERENCE AND WAS LATER INVITED TO BE ON THE DRUG PREVENTION ADVISORY BOARD OF THE DRUG ENFORCEMENT AGENCY

IN SEPTEMBER 2002, PRESIDENT NARCONON INTERNATIONAL ATTENDED THE FIRST CHINA INTERNATIONAL SYMPOSIUM ON ALCOHOL AND HEALTH IN SHANGHAI, CHINA, WHERE HE DELIVERED AN ADDRESS ON THE NARCONON SOCIAL-EDUCATION PROGRAM MODEL AND WAS INVITED TO RETURN TO DELIVER WORKSHOPS ON THE PROGRAM IN NOVEMBER 2002, HE ATTENDED THE SECOND "PROJECT BRIDGES" FAITH-BASED SUBSTANCE ABUSE TREATMENT AND PREVENTION CONFERENCE IN WASHINGTON, D.C., WHERE HE DELIVERED A SEMINAR TO MINISTERS OF VARIOUS RELIGIONS AND OTHERS, ON THE COMMUNITY-BASED *NARCONON FIRST STEP PROGRAM* (DRUG-FREE WITHDRAWAL) WORKSHOP PROGRAM. THIS WAS FOLLOWED BY A TRIP TO AMMAN, JORDAN WHERE HE MET WITH THE HEAD OF THE FAMILY PROTECTION

DEPARTMENT. FINALLY, HE WENT BACK TO BOMBAY INDIA, WHERE HE HAD BEEN INVITED TO THE 2ND ANNUAL HOPE 2002 CONFERENCE; THEN, IN DECEMBER 2002, HE TRAVELLED TO HYDERABAD, PAKISTAN, WHERE A NEW NARCONON GROUP HAD FORMED; ALSO TO ISLAMABAD, RAWALPINDI, PESHAWAR AND LAHORE, PAKISTAN, WHERE HE DELIVERED MORE SEMINARS TO PROFESSIONALS, AND TO THE PAKISTANI ANTI-NARCOTIC FORCE; THEN ENDING THIS TOUR IN DHAKA, BANGLADESH, TO DELIVER SEMINARS TO PROFESSIONALS THERE.

	GRANTS	EXPENSES
To Form 990, Part III, line c	\$0	\$384,448

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
 - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)
- Note** Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Automatic 3-Month Extension of Time—Only submit original (no copies needed)
Note Form 990-T corporations requesting an automatic 6-month extension—check this box and complete Part I only
 All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of Exempt Organization <p style="font-size: 1.2em; margin: 0;"><i>Narconon International</i></p>	Employer identification number <p style="font-size: 1.2em; margin: 0;"><i>95-2769582</i></p>
	Number, street, and room or suite, no. If a P.O. box, see instructions <p style="font-size: 1.2em; margin: 0;"><i>7060 Hollywood Blvd Suite 220</i></p>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <p style="font-size: 1.2em; margin: 0;"><i>Los Angeles, CA 90028</i></p>	

Check type of return to be filed (file a separate application for each return)

- | | | |
|--|--|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole group**, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until August 15th, 2003 to file the exempt organization return for the organization named above. The extension is for the organization's return for
 ▶ calendar year 2002 or
 ▶ tax year beginning _____, 20____, and ending _____, 20____

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

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. \$ _____

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. \$ _____

c **Balance Due** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Title ▶ Secretary Date ▶ 5/13/03

For Paperwork Reduction Act Notice, see Instruction Cat. No 27916D Form **8868** (12 2000)

- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box **Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868**
- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization Narconon International	Employer identification number 95 : 2769582
	Number, street, and room or suite no. If a P O box, see instructions 7060 Hollywood Blvd Suite 220	For IRS use only
	City, town, or post office, state, and ZIP code. For a foreign address, see instructions. Los Angeles, CA 90028	

Check type of return to be filed (File a separate application for each return)

- Form 990
- Form 990-EZ
- Form 990-T (sec 401(a) or 408(a) trust)
- Form 1041-A
- Form 5227
- Form 8870
- Form 990-BL
- Form 990-PF
- Form 990-T (trust other than above)
- Form 4720
- Form 6069

STOP- Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

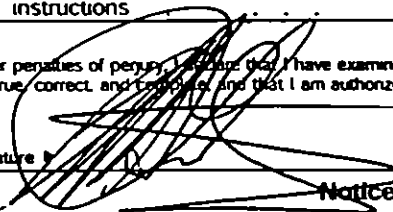
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until **November 15th**, 20 **03**
- 5 For calendar year **2002**, or other tax year beginning _____, 20 ____ and ending _____, 20 ____
- 6 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period
- 7 State in detail why you need the extension **Additional time is needed to obtain the necessary information to file a complete and accurate tax return.**

- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax less any nonrefundable credits. See instructions \$ _____
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. And that I am authorized to prepare this form.

Signature  Title **Secretary** Date **8/12/03**

Notice to Applicant—To Be Completed by the IRS

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
- Other _____

EXTENSION APPROVED
 APR 11 2003
 LINDA WEISKOPF FIELD DIRECTOR
 SUBMISSION PROCESSING, OGDEN

By _____ Date _____

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name
	Number and street (include suite, room, or apt. no.) Or a P O box number
	City or town, province or state, and country (including postal or ZIP code)